

Brookfield Properties

BROOKFIELD PROPERTIES CORPORATION

(Incorporated under the laws of Canada)

NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Annual and Special Meeting of Shareholders (the "Meeting") of **Brookfield Properties Corporation** ("Brookfield Properties") will be held on Thursday, April 24, 2008 in New York City at Three World Financial Center at 10:00 a.m. (e.s.t.) for the following purposes:

1. to receive the annual report to shareholders, including the consolidated financial statements for the fiscal year ended December 31, 2007, together with the report of the auditors thereon;
2. to consider and, if deemed advisable, to approve, a special resolution authorizing an amendment to the articles of Brookfield Properties to decrease the number of directors from 13 to 12;
3. to consider and, if deemed advisable, to approve, a resolution to increase the number of shares authorized for issuance pursuant to Brookfield Properties' Share Option Plan, as described in the attached circular;
4. to elect directors for the ensuing year;
5. to appoint auditors and to authorize the directors to fix the remuneration to be paid to the auditors; and
6. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

The attached 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 attend the Meeting, please exercise your right to vote by signing and returning the enclosed form of proxy in the envelope provided for that purpose, so as to arrive not later than the close of business on Monday, April 21, 2008 or, if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment or postponement of the Meeting, as follows:

If via mail:

CIBC Mellon Trust Company
P.O. Box 721
Agincourt, Ontario M1S 0A1

If via facsimile:

(416) 368-2502

If via courier or hand:

CIBC Mellon Trust Company
320 Bay Street
Banking Hall Level
Toronto, Ontario M5H 4A6

By Order of the Board of Directors

(signed) "Brett M. Fox"

Brett M. Fox
Corporate Counsel and Secretary
Toronto, Canada
March 17, 2008



Brookfield Properties

BROOKFIELD PROPERTIES CORPORATION

MANAGEMENT PROXY CIRCULAR

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MANAGEMENT PROXY CIRCULAR

PART ONE – VOTING INFORMATION

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 and Special Meeting of Shareholders (the “Meeting”) of Brookfield Properties Corporation (“Brookfield Properties”) to be held on Thursday, April 24, 2008 in New York City at Three World Financial Center at 10:00 a.m. (e.s.t.) and at any adjournment or postponement thereof, for the purposes set forth in the accompanying Notice of Meeting (“Notice”). All amounts in the Circular are expressed in U.S. dollars unless otherwise noted. 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 Brookfield Properties. **The solicitation of proxies by this Circular is being made by or on behalf of the management of Brookfield Properties** and the total cost of solicitation will be borne by us. The information contained herein is given as at December 31, 2007, except where otherwise noted.

APPOINTMENT OF PROXIES

The persons named in the accompanying form of proxy are representatives of management and are directors and officers of Brookfield Properties. **You have the right to appoint a person other than the persons named in the enclosed form of proxy, who need not be a shareholder of Brookfield Properties, to represent you at the Meeting or any adjournment or postponement 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 executed legibly by a registered shareholder, not later than the close of business on Monday, April 21, 2008 or, if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment or postponement of the Meeting, as follows:

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

NON-REGISTERED HOLDERS

Only registered shareholders of Brookfield Properties, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, shares of Brookfield Properties beneficially owned by a holder (a “Non-Registered Holder”) are registered either:

- in the name of an intermediary that the Non-Registered Holder deals with in respect of the shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered Registered Retirement Savings Plans, Registered Retirement Income Funds, Registered Education Savings Plans and similar plans; or
- in the name of a depository (such as CDS Clearing and Depository Services Inc.) of which the intermediary is a participant.

In accordance with the requirements of National Instrument 54-101, Brookfield Properties has distributed copies of the accompanying Notice, this Circular, the enclosed form of proxy and Brookfield Properties’ 2007 Annual Report (which includes management’s discussion and analysis and consolidated financial statements for the fiscal year ended December 31, 2007) (collectively, the “meeting materials”) to the depository 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. Typically, intermediaries will use a service company (such as Broadridge Investor Communication Solutions) to forward the meeting materials to Non-Registered Holders.

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

- Voting Instruction Form.** In most cases, a Non-Registered Holder will receive, as part of the meeting materials, a voting instruction form. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on their behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. Voting instruction forms in some cases permit the completion of the voting instruction form by telephone or through the internet. If a Non-Registered Holder wishes to attend and vote at the Meeting in person (or have another person attend and vote on their behalf), they must complete, sign and return the voting instruction form in accordance with the directions provided and a form of proxy giving the right to attend and vote will be forwarded to them.

- b) **Form of Proxy.** Less frequently, a Non-Registered Holder will receive, as part of the meeting materials, a form of proxy that has already been signed by the intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise not complete. If the Non-Registered Holder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on their behalf), the Non-Registered Holder must complete the form of proxy as described above and deposit it with the Secretary of Brookfield Properties, as follows:

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

If a Non-Registered Holder wishes to attend and vote at the Meeting in person (or have another person attend and vote on their behalf), the Non-Registered Holder must strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided.

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

REVOCATION

If you are a registered shareholder who has given a proxy, you may revoke the proxy (a) by completing and signing a proxy bearing a later date and depositing it as described above; (b) by depositing an instrument in writing executed by you or your attorney authorized in writing (i) at the registered office of Brookfield Properties at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof; or (ii) with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournment or postponement thereof; or (c) in any other manner permitted by law.

If you are a Non-Registered Holder, you 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 any specification, the shares will be voted in favor of the matters to be acted upon as set out 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 and with respect to other matters which may properly come before the Meeting. At the date hereof, we know of no such amendments, variations or other matters. In the event that amendments or variations to the matters identified in the Notice are properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on the matter or business.

VOTING SHARES

At March 17, 2008, Brookfield Properties had outstanding 393,231,854 common shares and 14,201,980 Class A Redeemable Voting preferred shares. If you are a holder of common shares or Class A Redeemable Voting preferred shares of record at the close of business on March 17, 2008, the record date established for the receipt of meeting materials and for voting in respect of the Meeting, you will be entitled to one vote in respect of each such share held by you on all matters that come before the Meeting. For a description of the procedures to be followed if you are a Non-Registered Holder to direct the voting of shares beneficially owned, see "Non-Registered Holders" on page 1 of this Circular.

PRINCIPAL HOLDERS OF VOTING SHARES

To our knowledge, the only person or corporations beneficially owning, directly or indirectly, or exercising control or direction over, securities of Brookfield Properties entitled to vote at the Meeting carrying more than 10% of the votes attached to any class of outstanding securities of Brookfield Properties is Brookfield Asset Management Inc. ("BAM"), which, directly and indirectly, owns 198,394,644 common shares and 13,796,872 Class A Redeemable Voting preferred shares, being 50.5% and 97.1%, respectively, of the outstanding shares of each such class. BAM, focused on property, power and infrastructure assets, has approximately \$95 billion of assets under management and is co-listed on the New York and Toronto stock exchanges (the "NYSE" and "TSX", respectively) under the symbol "BAM".

PART TWO – BUSINESS OF THE MEETING

1. ANNUAL FINANCIAL STATEMENTS

Our annual financial statements for the fiscal year ended December 31, 2007 are included in our 2007 Annual Report, which is being mailed to you with this Circular. The 2007 Annual Report will be placed before you and other shareholders at the Meeting.

2. DECREASE IN NUMBER OF DIRECTORS

Our board of directors is currently comprised of 13 directors. At the Meeting, shareholders will be asked to consider and, if thought advisable, to pass a special resolution, the form of which is attached as Appendix A to this Circular on page 30, authorizing an amendment to the articles of Brookfield Properties to decrease the number of directors from 13 to 12 (the “Special Resolution”). The board of directors considers that its proposed size and composition is appropriate given the diversity of Brookfield Properties’ operations and the need for a variety of experience and backgrounds. In order to become effective, (i) the Special Resolution must be approved by two-thirds of the votes cast by the holders of common shares who vote in respect of the Special Resolution and by two-thirds of the votes cast by the holders of Class A Redeemable Voting preferred shares who vote in respect of the Special Resolution, in each case present in person or represented at the Meeting by proxy, in accordance with the provisions of the *Canada Business Corporations Act*, and (ii) such votes must be greater than the product of 13 and the number of votes cast against the Special Resolution.

On any ballot that may be called for on the Special Resolution, 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 in favour of the Special Resolution, unless the shareholder who has given such proxy has directed that the shares be voted against the Special Resolution.

3. AMENDMENT TO SHARE OPTION PLAN

In 2007, our Share Option Plan was amended and restated and the maximum number of common shares (the “Specified Maximum”) which may be reserved for issuance under the Share Option Plan is currently 20,250,000 common shares. In order to accommodate option grants relating to the 2007 fiscal year and going forward, our board of directors approved amendments to our Share Option Plan, subject to shareholder approval, to increase the Specified Maximum to 39,000,000 common shares. The rules of the TSX require that the amendment be approved by an ordinary resolution passed by a majority of the votes cast by holders of voting securities present in person or represented by proxy at the Meeting.

At the Meeting, shareholders will be asked to consider and, if thought advisable, to pass an ordinary resolution, the form of which is attached as Appendix B to this Circular on page 29 authorizing an amendment to the Share Option Plan to increase the Specified Maximum to 39,000,000 common shares.

On any ballot that may be called for the approval of the amendment to the Share Option Plan, the management representatives designated in the enclosed form of proxy intend to vote such shares in favor of approving the amendment to the Share Option Plan, unless the shareholder who has given such proxy has directed that the shares be voted against the resolution.

4. ELECTION OF DIRECTORS

Our articles provide for cumulative voting so 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 (e.g., if you have one share and if there are 12 directors nominated for election, you will be entitled to 12 votes). You may cast all such votes in favor of one candidate or distribute your votes among the candidates in any manner you see fit. If you vote for more than one candidate without specifying the distribution of your votes among such candidates, you will be deemed to have distributed your votes equally among the candidates for whom you 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 you wish to distribute your votes other than equally among the proposed nominees for whom you have directed the management representatives designated in the enclosed form of proxy to vote, you must do so personally at the Meeting or by another proper form of proxy. We believe that all of the proposed nominees will be able to serve as directors. If a proposed nominee is unable to serve as a director 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 any other proposed nominee at their discretion.

NOMINEES FOR DIRECTORS

The following table sets out the names of the 12 persons 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 Brookfield Properties, the principal occupation or employment of each nominee, the year in which each nominee was first elected a director of Brookfield Properties and the approximate number of shares of each class of shares (and other derivative securities including deferred share units) of Brookfield Properties and its subsidiaries that each nominee has advised Brookfield Properties, are beneficially owned, directly or indirectly, or subject to control or direction by that person at March 14, 2008.



GORDON E. ARNELL

Gordon E. Arnell has served as a director of Brookfield Properties since January 1989. A resident of Calgary, Alberta, Canada, he has been Chairman of Brookfield Properties and its board of directors since October 1995. Mr. Arnell was President of Brookfield Properties from 1990-1995 and Chief Executive Officer from 1990-2000. He has also previously held senior executive roles at Oxford Development Group Ltd. and Trizec Corporation Ltd.

95,400 Common Shares
528,750 Options



WILLIAM T. CAHILL

Member of the Audit Committee and Governance and Nominating Committee

William T. Cahill has served as a director of Brookfield Properties since January 2000. A resident of Ridgefield, Connecticut, U.S.A., Mr. Cahill is Senior Credit Officer, Citi Community Capital and a director of Brookfield Financial Properties, Inc. He has held various positions, including Managing Director at Citicorp Real Estate, Inc.; OREO from 1996-2002 and Senior Asset Manager from 1991-1996; and Vice President and Senior Asset Manager, Mellon Real Estate Investment Advisors Inc. from 1983-1991.

6,750 Options
7,263 Deferred Share Units



RICHARD B. CLARK

Richard B. Clark has served as a director of Brookfield Properties since April 2002. A resident of New York, New York, U.S.A., Mr. Clark has been President and Chief Executive Officer of Brookfield Properties since 2002. He was President and Chief Executive Officer of Brookfield Properties' U.S. operations from 2000-2002; held senior management positions in U.S. operations for Brookfield Properties and its predecessor companies including Chief Operating Officer, Executive Vice President and Director of Leasing. Mr. Clark is currently also Managing Partner and Chief Executive Officer of Commercial Real Estate and U.S. operations for BAM. Mr. Clark is also on the Executive Committee of the National Association of Real Estate Trusts and the Real Estate Board of New York and is the Former Chairman of the Real Estate Roundtable Tax Policy Advisory Committee.

3,078,750 Options
395,551 Deferred Share Units



JACK L. COCKWELL

Jack L. Cockwell has served as a director of Brookfield Properties since February 1999. A resident of Toronto, Ontario, Canada, Mr. Cockwell is a director and Group Chairman of BAM and a director of a number of BAM's affiliates. Mr. Cockwell is a governor of the Royal Ontario Museum and Ryerson University and a director of the C.D. Howe Institute, Astral Media Inc. and the Toronto Waterfront Corporation.

221,940 Common Shares



J. BRUCE FLATT

Chairman of the Human Resources and Compensation Committee

J. Bruce Flatt has served as a director of Brookfield Properties since February 1996. A resident of Toronto, Ontario, Canada, Mr. Flatt is Managing Partner and Chief Executive Officer and a director of BAM and a number of its affiliates. Mr. Flatt was previously President and Chief Executive Officer of Brookfield Properties from 2000-2001; President and Chief Operating Officer of Brookfield Properties from 1995-2000; and held other senior management positions at Brookfield Properties since 1992.

236,610 Common Shares
326,250 Options
77,649 Deferred Share Units

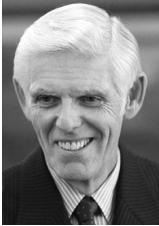


RODERICK D. FRASER, Ph.D., O.C.

Member of the Governance and Nominating Committee

Roderick D. Fraser has served as a director of Brookfield Properties since April 2005. A resident of Edmonton, Alberta, Canada, Dr. Fraser served as President and Vice-Chancellor of the University of Alberta from 1995-2005. Prior to joining the University of Alberta, Dr. Fraser served in various positions at Queen's University in Kingston, including terms as Dean of the Faculty of Arts and Science and Vice-Principal (Resources). Dr. Fraser is an officer of the Order of Canada, was awarded the Centenary Medal, Royal Society of Canada and received the "Order of the Rising Sun, neck ribbon with gold rays" from the Japanese Government. Dr. Fraser is currently also a director of The Canada-U.S. Fulbright Program, the Aga Khan University and the Alberta Ballet.

4,123 Deferred Share Units



PAUL D. MCFARLANE

Chairman of the Audit Committee and member of the Human Resources and Compensation Committee

Paul D. McFarlane has served as a director of Brookfield Properties since April 1998. A resident of Mississauga, Ontario, Canada, Mr. McFarlane is a corporate director. He retired from a Canadian chartered bank in December 2002 after more than 40 years of service in numerous branch, regional and head office positions, most recently as Senior Vice President, Special Loans, from 1994 until his retirement.

6,750 Options

7,639 Deferred Share Units



ALLAN S. OLSON

Lead Independent Director

Chairman of the Governance and Nominating Committee and Member of the Audit Committee

Allan S. Olson has served as a director of Brookfield Properties since August 1995. A resident of Spruce Grove, Alberta, Canada, Mr. Olson has been Chairman and Chief Executive Officer of First Industries Corporation, an investment and management company, since 1991. He was President and Chief Executive Officer of Churchill Corp. from 1989-1990 and Banister Construction Group from 1990-1991 and held various positions at Stuart Olson Construction, including President and Chief Executive Officer from 1965-1989. Mr. Olson is also a director of ZCL Composites Inc. and an Advisory Director to Carma Corporation, a Brookfield Properties subsidiary.

71,528 Common Shares

20,250 Options

8,361 Deferred Share Units



LINDA D. RABBITT

Member of the Human Resources and Compensation Committee

Linda D. Rabbitt has served as a director of Brookfield Properties since July 2005. A resident of Bethesda, Maryland, U.S.A., Ms. Rabbitt has been Chief Executive Officer, Chairman and founder of Rand Construction Corporation since 1989. She was Executive Vice President, Hart Construction Company Inc.; and co-founder and co-owner of Hart Construction Co., Inc., founded in 1985. Ms. Rabbitt is also a director of Washington Performing Arts Society, Greater Washington Board of Trade and Watson Wyatt & Co. Holdings; and a trustee of George Washington University and Federal City Council.

6,909 Deferred Share Units

**ROBERT L. STELZL***Member of the Audit Committee*

Robert L. Stelzl has served as a director of Brookfield Properties since April 2005. A resident of Los Angeles, California, U.S.A., Mr. Stelzl is a private real estate investor and investment manager. In 2003, he retired from Colony Capital, LLC, a large real estate private equity investor, after 14 years as a principal and member of the Investment Committee. Mr. Stelzl was previously president of Bren Investment Properties from 1982-1989 and has held senior management positions with several international real estate companies including Cadillac Fairview Corporation Limited and Cabot, Cabot and Forbes of New England, Inc. Mr. Stelzl is currently a director and Chairman of Brookfield Homes Corporation and serves as a director of the Van Eck Family of Mutual Funds in New York. He was previously Chairman of Aman Hotels in 1998.

2,250 Common Shares
3,769 Deferred Share Units

**DIANA L. TAYLOR**

A resident of New York, New York, U.S.A, Diana L. Taylor is a managing director of Wolfensohn & Co. She served from June 2003 to March 2007 as the Superintendent of Banks for the State of New York. Ms. Taylor joined New York Governor Pataki's staff in 1996, where she has served in several capacities, including as Deputy Secretary for Finance and Housing. Prior thereto she also served as Chief Financial Officer for the Long Island Power Authority, an investment banker with Smith Barney and Lehman Brothers and as a founding partner of M. R. Beal & Company. Ms. Taylor serves as a director of the New York Women's Foundation, the Mailman School of Public Health at Columbia University and ACCION International. She is a member of the Council on Foreign Relations.

3,284 Deferred Share Units

**JOHN E. ZUCCOTTI**

John E. Zuccotti has served as a director of Brookfield Properties since August 1998. A resident of New York, New York, U.S.A., Mr. Zuccotti has been Co-Chairman of Brookfield Properties and its board of directors since 2002, Chairman of the Board of Directors of Brookfield Financial Properties, Inc. since 1996 and Senior Counsel, Weil, Gotshal and Manges LLP since 1998. Mr. Zuccotti was Chairman of the Real Estate Board of New York from 2004-2006, Deputy Chairman of Brookfield Properties from 1999-2002; President and Chief Executive Officer, Olympia & York Companies U.S.A. from 1990-1996; Partner, Brown & Wood LLP from 1986-1990 and Tufo & Zuccotti from 1978-1986; First Deputy Mayor of the City of New York from 1975-1977; and Chairman, New York City Planning Commission from 1973-1975. Mr. Zuccotti is also Trustee Emeritus at Columbia University.

360,000 Options

COMPENSATION OF DIRECTORS

The board of directors' compensation is designed to attract and retain highly talented and experienced directors. This requires that directors be fairly and competitively compensated. In 2007, Brookfield Properties adopted a new compensation arrangement for directors.

Directors who are resident in Canada receive their compensation in Canadian dollars, while U.S. resident directors receive their compensation in U.S. dollars. Directors of Brookfield Properties who are not officers of Brookfield Properties or its affiliates (the "outside directors") are entitled to receive an annual fee of \$75,000 in U.S. funds (or the equivalent in Canadian funds, as adjusted for exchange rate fluctuations on an annual basis) (the "Annual Fee"). The board of director's lead independent director and the Chairman of the Audit Committee, are also entitled to receive a supplemental annual retainer of \$7,500 in U.S. funds (or the equivalent in Canadian funds, as adjusted for exchange rate fluctuations on an annual basis) (the "Annual Retainer").

At least half of the Annual Fee payable to an outside director will be paid in Deferred Share Units of Brookfield Properties until the number of Deferred Share Units accumulated and common shares owned by the director have an aggregate investment cost equal to five times the then current Annual Fee. This is equivalent to \$375,000 in U.S. funds (or the equivalent in Canadian funds, as adjusted for exchange rate fluctuations on a quarterly basis), based on the current Annual Fee. Thereafter the director may elect to take all of the Annual Fee in cash or Deferred Share Units. An outside director may elect to receive all or part of the other half of the Annual Fee in cash or Deferred Shares Units. The lead independent director and the Chairman of the Audit Committee may elect to receive all or part of their Annual Retainers in cash or Deferred Shares Units.

The following is a summary of the directors' compensation for 2007, their election to receive all or a portion of their compensation in Deferred Share Units and the value of the Deferred Share Units as of February 12, 2008:

Director	2007 Annual Compensation ⁽¹⁾			Elected Percentage of Compensation in Deferred Share Units (%)	Aggregate Deferred Share Units Issued at February 12, 2008	
	Cash (\$)	Deferred Share Units Issued			Value (\$)	(#)
	(\$)	Value (\$)	(#)	(%)	Value (\$)	(#)
William T. Cahill (US\$)	42,500	39,700	1,583	50	120,916	6,288
Roderick D. Fraser (C\$)	46,582	42,611	1,556	50	69,363	3,633
Paul D. McFarlane (C\$)	50,652	48,225	1,784	50	135,601	7,099
Allan S. Olson (C\$)	57,946	48,305	1,789	50	139,093	7,282
Sam Pollock (C\$)	1,416	67,482	2,289	—	—	—
Linda D. Rabbitt (US\$)	5,000	76,747	3,014	100	114,108	5,933
Robert L. Stelzl (US\$)	42,500	38,499	1,514	50	63,099	3,281
Diana Taylor (US\$)	—	56,459	2,308	100	44,392	2,308

Notes:

(1) The Deferred Share Unit awards shown for 2007 were granted on a quarterly basis at the then prevailing share price.

Directors are also reimbursed for travel and other out-of-pocket expenses incurred in attending board or committee meetings. In 2007, 13 directors of Brookfield Properties received a total of \$68,871 in directors' reimbursed expenses.

Messrs. Cockwell, Flatt, Arnell, Zuccotti and Clark do not receive the Annual Fee.

In 2007, Gordon E. Arnell was also paid \$404,221 for his services as Chairman of the board of directors and for his consultancy services.

5. APPOINTMENT OF AUDITORS

Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu and their respective affiliates (collectively “Deloitte & Touche”), are our principal external auditors. Deloitte & Touche and its predecessors have served as external auditors of Brookfield Properties since 1978. On February 7, 2008, the Audit Committee recommended to our board of directors that Deloitte & Touche be reappointed as external auditors of Brookfield Properties, subject to shareholder approval.

Unless directed otherwise, on any ballot that may be called for the appointment of auditors, the management representatives designated in the enclosed form of proxy intend to vote such shares in favor of reappointing Deloitte & Touche, as auditors of Brookfield Properties to hold office until the next annual meeting of shareholders, and authorizing the directors to fix the remuneration to be paid to the auditors.

AUDITORS FEES

From time to time, Deloitte & Touche also provides us with tax and other non-audit services. In February 2005, the Audit Committee adopted a revised policy regarding the provision of non-audit services by our external auditors. This policy, which is periodically reviewed and updated, encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditors’ independence and requires Audit Committee pre-approval of permitted audit, audit-related and non-audit services. It also specifies a number of services that are not permitted to be provided by our external auditors, including services related to financial information systems design and implementation.

The following table sets forth further information on the fees billed or expected to be billed by Deloitte & Touche to Brookfield Properties relating to the fiscal years ended December 31, 2007 and 2006:

Service Performed	2007	2006
Audit fees ⁽¹⁾	\$2,535,000	\$2,990,000
Audit related fees ⁽²⁾⁽³⁾	4,650,000	6,350,000
Tax fees	605,000	905,000
Total fees	\$7,790,000	\$10,245,000

Notes:

- (1) Included in this amount is \$140,000 and \$60,000 (2006 - \$130,000 and \$45,000), respectively, relating to the audits of BPO Properties Ltd. and FPT Brookfield Properties Inc., which are listed on the TSX.
- (2) Included in this amount is \$3,475,000 (2006 - \$3,890,000), related to audit of joint ventures of which Brookfield Properties’ share is \$2,155,000 (2006 - \$2,200,000).
- (3) Included in this amount is \$nil (2006 - \$1,400,000) related to accounting consultations in connection with accounting and reporting standards related to transactions of joint ventures, of which Brookfield Properties’ share is \$nil (2006 - \$630,000).

Audit fees were for professional services rendered for the audit of our consolidated financial statements as of and for the years ended December 31, 2007 and 2006 and the audit of internal control over financial reporting as of December 31, 2007, quarterly review of the financial statements included in our quarterly reports, consents and comfort letters issued and review of filings with securities commissions.

Audit-related fees consisted of assurance and related services that are reasonably related to the performance of the audit and are not reported under “Audit Fees.” Audit-related fees include employee benefit plans, operating cost and escalation, joint venture and lender audits, as well as consultations concerning financial accounting and reporting standards.

Tax fees consist of services related to tax compliance, including the preparation of tax returns and claims for refund, and tax planning and advice, including assistance with property tax assessment and appeals and technical advice related to income tax matters.

The Audit Committee of the board of directors has determined that the provision of these services is compatible with the maintenance of the independence of Deloitte & Touche.

PART THREE – EXECUTIVE COMPENSATION REPORT

REPORT OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

The Human Resources and Compensation Committee is comprised of three directors: J. Bruce Flatt (Chairman), Paul McFarlane and Linda Rabbitt. The Human Resources and Compensation Committee meets as required, and at least quarterly, to monitor and review management compensation policies and benefits, management succession planning and the overall composition and quality of our management resources. The Human Resources and Compensation Committee met on four occasions in 2007. The Human Resources and Compensation Committee has a specific mandate to, among other things, review and approve executive compensation. This includes an annual evaluation of the performance of the Chief Executive Officer, and a review of performance reports for other executive officers. The Human Resources and Compensation Committee makes recommendations to the board of directors with respect to the compensation of the executive officers and the board of directors gives final approval on compensation matters.

Executive compensation is based on the relative role and responsibility of the executive officers as compared to other executive officers within Brookfield Properties, as well as on the executive officer's individual performance. This applies equally to all executive officers, including the Chief Executive Officer. Our compensation arrangements are focused on rewarding performance, taking into account length of service, level of responsibility and experience of the individual. A specific objective 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

Base salaries of executive officers are reviewed annually and are based on individual performance, responsibility and experience to ensure that they reflect the contribution of each executive officer. We believe that base salaries for executive officers should be lower than average for the industry with compensation weighted to share performance in order to align these executive officers' interests with shareholder interests.

SHORT-TERM INCENTIVES

Short-term incentives are represented by cash bonus awards. Awards are determined based on both the performance of Brookfield Properties and the individual executive officers. Our performance is measured by the achievement of financial and other operational objectives, also taking into consideration the performance of competitors in the real estate industry and macro-economic factors, as well as the efforts and achievements of the executive team. The performance of the individual executive officer is based on the degree to which that executive officer has met specific predetermined objectives. In order to further align management objectives with shareholder objectives, certain senior executive officers may elect to receive all or a portion of their annual bonus awards in Deferred Share Units, as described below under "Long-Term Incentives."

LONG-TERM INCENTIVES

Long-term incentives are intended to reward management based on increases in the value of our common shares. The purpose of these arrangements is to achieve a commonality of interest between shareholders and management and to motivate executives to improve Brookfield Properties' financial success, measured in terms of enhanced shareholder wealth over the longer term. The allocation of long-term incentives to officers is based on criteria similar to those for short-term incentives.

Our long-term incentive plans consist of two elements:

- a) a Share Option Plan under which Brookfield Properties grants options to certain employees and officers to purchase common shares at a fixed price. Provided that shareholders approve the increase to the Specified Maximum, the Share Option Plan will provide for the issuance of up to 39,000,000 common shares under the plan, representing 10.2% of the total number of outstanding common shares. As at February 19, 2008, 9,862,957 common shares are issuable upon exercise of outstanding options, representing 1.0% of the total number of outstanding common shares; 3,677,785 common shares have been issued under the plan, representing 2.6% of the total number of outstanding common shares; and 730,546 common shares remain available for issuance under the plan, representing 0.002% of the total number of outstanding common shares (19,480,546 common shares if the increase to the Specified Maximum is approved, representing 5.0% of the total number of outstanding common shares). The maximum number of common shares reserved for issuance to any one person under the Share Option Plan is 5% of the outstanding common shares (on a non-diluted basis) less the aggregate number of common shares reserved for issuance under any other security based compensation arrangement of the corporation. The number of common shares issuable to insiders, at any time, under the plan and all security based compensation arrangements of Brookfield Properties cannot exceed 10% of the issued

and outstanding common shares. The number of common shares issued to insiders, within any one year period, under the plan and all security based compensation arrangements of Brookfield Properties cannot exceed 10% of the issued and outstanding common shares. The exercise price of options under the Share Option Plan is determined by the board of directors and may not be less than the closing trading price of the common shares on the TSX for Canadian participants, or the NYSE for U.S. participants, on the last trading day preceding the date of grant of such option, and shall, in all cases, be not less than such amount required by applicable regulatory authorities from time to time. The number of options granted each year is determined based on a multiple of the officer's base salary for that year. The board of directors may determine vesting terms for options and the practice has been for options to vest as to 20% at the end of each year on a cumulative basis and are exercisable over a 10-year period. Certain senior executive officers may elect to receive all or a portion of their option award in cash. The options are not assignable.

Commencing in February 2003, in order to minimize any appearance of certain senior executive officers opportunistically exercising options for personal gains, our board of directors adopted a policy requiring the named executive officers to hold, for at least one year, common shares or Deferred Share Units of Brookfield Properties equal to the net after-tax cash realized from the exercise of option grants, starting with options granted in 2003. All options cease to be exercisable immediately if the holder ceases to be an eligible person under the plan for any reason other than death, retirement or disability. If the holder retires or becomes disabled, options continue to vest and be exercisable. If the holder dies, the holder's representatives have six months to exercise vested options. Options are not transferable, except by testate or intestate succession. On a change of control, the board of directors has the discretion to accelerate the vesting of options and make such changes to the terms of the options as it considers fair and appropriate in the circumstances, including, but not limited to, providing that options which are not exercised in connection with the change of control expire.

In 2007, we asked shareholders to approve changes to the amendment procedures to our Share Option Plan to clarify that shareholder approval is not required for certain amendments to the Share Option Plan, except for the following types of amendments: (i) amendments to the maximum number of common shares issuable under the Share Option Plan; (ii) amendments reducing the exercise price or purchase price of an option, except in connection with a stock dividend or split, recapitalization, merger, consolidation or other corporate change or a shareholder rights or similar plan, where such reduction does not include the cancellation or termination of an option prior to its expiry date for the purpose of reissuing options to the same participant with a lower exercise price; (iii) amendments to termination provisions providing an extension beyond the original expiry date, or a date beyond a permitted automatic extension in the case of an option expiring during a blackout period; (iv) amendments extending eligibility to participate in the plan to non-employee directors; (v) amendments to permit options to be transferred other than by testate or intestate session; (vi) amendments to permit the addition or modification of a cashless exercise feature, payable in cash or common shares, unless it provides for a full deduction of the number of underlying common shares from the Share Option Plan reserve; and (vii) amendments to permit awards, other than options, to be made under the Share Option Plan. We also asked shareholders to approve amendments to the Share Option Plan to provide that the expiry date of an option which expires during a blackout period (including a period when an insider has material undisclosed information) will be automatically extended until 10 business days after the end of the blackout period. These amendments were approved by the shareholders; and

- b) a Deferred Share Unit Plan under which certain senior executive officers may, at their option, receive all or a portion of their annual bonus awards in the form of Deferred Share Units. The annual bonus awards are converted to Deferred Share Units based on a rate set at the discretion of the board of directors on the award date. The portion of the annual bonus award elected to be received in Deferred Share Units by the senior executive officer may, at the discretion of the board of directors, be increased by a factor of up to two times for purposes of calculating the number of Deferred Share Units to be allocated. A senior executive officer who holds Deferred Share Units will receive additional Deferred Share Units as dividends are paid on the common shares of Brookfield Properties, on the same basis as if the dividends were re-invested. The Deferred Share Units vest over a five-year period and participants are only allowed to redeem them during the year following cessation of employment through retirement, resignation, termination or death, for cash or an actuarially equivalent pension annuity. The cash value of the Deferred Share Units when redeemed will be equivalent to the market value of an equivalent number of common shares of Brookfield Properties.

CHIEF EXECUTIVE OFFICER

Richard B. Clark, the President and Chief Executive Officer of Brookfield Properties, has been charged by the board of directors to develop and implement a business strategy focused on building shareholder value by investing in commercial property assets and pro-actively managing these assets to maximize cashflow and return on capital throughout economic cycles.

Mr. Clark's overall compensation as an officer of Brookfield Properties is linked largely to our performance as reflected by the growth in Brookfield Properties' earnings and operating cashflow and the translation of these attributes over time into a higher common share price.

Mr. Clark's performance is rated each year by the board of directors in relation to the achievement of predetermined objectives. Achievements in 2007 versus objectives included:

- increasing Funds From Operations (FFO) per share by 26% to \$1.57 per share, exceeding the expectations of our business plan;
- repurchasing 4.5 million common shares under our normal course issuer bid at an average price of \$22.87;
- acquiring 1201 Louisiana Street, an 844,000 square foot office tower in Houston to complement our existing Houston portfolio. In addition, we purchased the 49% interest in 53 and 75 State Street in Boston that we did not own;
- completing the refinancing of five properties raising gross proceeds of \$1.5 billion and reducing the existing cost of capital on these assets by 50 basis points;
- completing the sale of the office component of the Waterview development in Rosslyn, Virginia for \$435 million, resulting in a \$58 million gain;
- completing the sale of six non-strategic properties from our Canadian portfolio, recognizing an \$85 million gain;
- continuing to build our development platform and advancing the development pipeline now totaling over 18 million square feet, including:
 - advancing construction on four development sites totaling 4.4 million square feet: phase I of Bay Adelaide Centre in Toronto, Bankers Court in Calgary and 77K Street and Reston Crescent in Washington, D.C.;
 - advancing the design of our 9th Avenue development site in New York and positioning for the commencement of the deck construction in 2008; and
 - completing the redevelopment of 4 Allen Centre in Houston and commencing the redevelopment and repositioning of 1225 Connecticut Avenue in Washington, D.C.;
- leasing 8.8 million square feet of space versus 8.4 million square feet of expiries, exceeding our business plan and in the process increasing our occupancy by 50 basis points from 95.1% to 95.6%; and
- increasing results from our residential development business by 65% to \$237 million, exceeding the expectation of our business plan.

Mr. Clark received a salary of \$600,000 in 2007 and \$500,000 in 2006. In addition, taking into account Mr. Clark's accomplishments as described above, the Human Resources and Compensation Committee, at its meeting in February 2008, awarded Mr. Clark 750,000 options and a cash bonus of \$750,000.

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

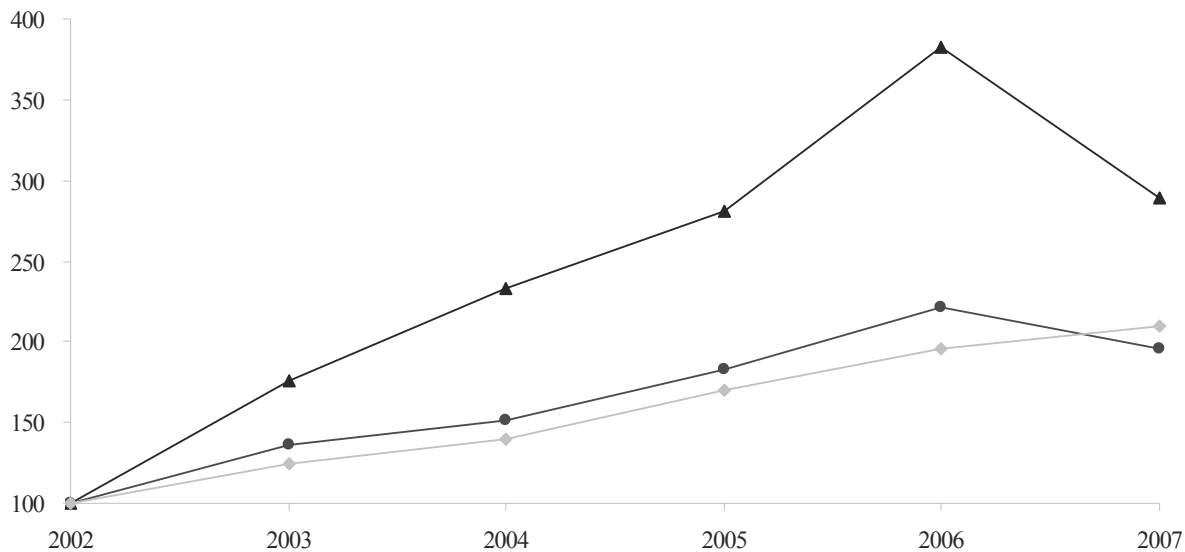
J. Bruce Flatt, *Chairman*

Paul McFarlane

Linda Rabbitt

PERFORMANCE GRAPH

The following shows the cumulative total S&P/TSX shareholder return (assuming re-investment of dividends) over the last five fiscal years, in comparison with the S&P/TSX Composite Index and the S&P/TSX Canadian Real Estate Index. The Composite Index reflects the cumulative return of the TSX Canadian Real Estate Index, including dividend re-investment.



—▲— Brookfield Properties —●— S&P / TSX Capped Real Estate Index —◆— S&P / TSX Composite Index

December 31	2002	2003	2004	2005	2006	2007
Brookfield Properties Corporation	100	176	233	281	383	289
S&P/TSX Canadian Real Estate Index	100	137	152	183	222	195
S&P/TSX Composite Index	100	124	140	170	195	210

SUMMARY COMPENSATION OF NAMED EXECUTIVE OFFICERS

The following table sets out the compensation paid to the Chief Executive Officer, Chief Financial Officer and other named executive officers.

Name and Principal Position	Year	Annual Compensation			Long-term Compensation Awards ⁽⁵⁾⁽⁶⁾			
		Salary Paid (\$)	Bonus Paid (\$)	Other Compensation (\$)	Share Options Granted ⁽¹⁾ (#)	Deferred Share Units Issued ⁽¹⁾		Other Compensation (\$)
					Value (\$)	(#)		
Richard B. Clark (US\$) President and Chief Executive Officer	2007	600,000	750,000	—	750,000	—	—	—
	2006	500,000	650,000	—	750,000	—	—	52,500 ⁽⁴⁾
	2005	500,000	600,000	—	150,000	—	—	69,000 ⁽⁴⁾
Bryan K. Davis (US\$) ⁽²⁾ Senior Vice President and Chief Financial Officer	2007	300,000	150,000	—	45,000	—	—	—
	2006	—	—	—	—	—	—	—
	2005	—	—	—	—	—	—	—
Craig J. Laurie (US\$) ⁽³⁾ Senior Vice President and Chief Financial Officer	2007	—	—	—	—	—	—	—
	2006	235,000	226,250	—	— ⁽⁸⁾	—	—	—
	2005	225,000	56,250	—	22,500	112,500	3,718	—
John E. Zuccotti (US\$) Co-Chairman	2007	500,000	700,000	—	45,000	—	—	—
	2006	500,000	775,000	—	45,000	—	—	—
	2005	500,000	775,000	—	45,000	—	—	—
Thomas F. Farley (C\$) President and COO, Cdn Commercial Operations	2007	375,000	562,500	—	75,000	—	—	—
	2006	350,000	1,025,000 ⁽⁷⁾	—	—	—	—	8,640 ⁽⁴⁾
	2005	340,000	335,000	—	45,000	325,000	9,326	29,711 ⁽⁴⁾
Dennis H. Friedrich (US\$) President and COO, US Commercial Operations	2007	415,000	623,000	—	250,000	—	—	—
	2006	400,000	600,000	—	150,000	—	—	—
	2005	345,000	555,000	—	112,500	—	—	—
Alan Norris (C\$) President, US Residential Operations	2007	400,000	4,691,000 ⁽⁹⁾	—	—	—	—	—
	2006	300,000	4,213,000	—	—	—	—	—
	2005	300,000	2,468,000	—	—	—	—	—

Notes:

- (1) The Share Option and Deferred Share Unit awards shown for 2007 were granted on February 19, 2008. The options and units are exercisable at a price of US\$19.11 (C\$19.21).
- (2) Mr. Davis was appointed Senior Vice President and Chief Financial Officer on March 31, 2007. His annualized base salary is \$300,000. Mr. Davis was previously employed by BAM as Managing Partner and Senior Vice President, Finance. In 2006, Mr. Davis received an annual salary of C\$250,000 from BAM and was granted 187,500 stock options pursuant to BAM's share option plan and 3,663 deferred share units valued at C\$150,000 from BAM. In 2005, Mr. Davis received an annual salary of C\$215,000 from BAM and was granted 33,750 stock options pursuant to BAM's share option plan and 1,960 deferred share units valued at C\$100,000 from BAM.
- (3) Mr. Laurie resigned as Senior Vice President and Chief Financial Officer on March 31, 2007.
- (4) Cash payments of US\$1.50 (C\$2.36) per option held at December 31, 2002 to adjust for the impact of the spin-off of Brookfield Homes Corporation.
- (5) On February 12, 2007, the board of directors approved a three-for-two stock split. The stock split occurred on April 27, 2007. All numbers of options and Deferred Share Units issued at the time of the stock split have been adjusted to reflect this event. The adjustment has no effect on the aggregate value of the options or the Deferred Share Units.
- (6) On February 9, 2005, the board of directors approved a three-for-two stock split. The stock split was in the form of a stock dividend. Shareholders received one Brookfield Properties common share for each two common shares held. The stock dividend was paid on March 31, 2005 to shareholders of record at the close of business on March 15, 2005. Fractional shares were paid in cash at the prevailing market price. All numbers of options and Deferred Share Units, issued at the time of the distribution, have been adjusted to reflect this event. This adjustment has no effect on the aggregate value of the options or the Deferred Share Units.
- (7) In 2007, Mr. Farley's bonus was comprised of C\$525,000 for his annual cash bonus and C\$500,000 paid pursuant to a cash election in lieu of his 50,000 options granted with a present value of C\$10 per share option.
- (8) In 2007, Mr. Laurie was granted 10,000 stock options pursuant to BAM's share option plan. The options are exercisable at a price of \$49.85.
- (9) In 2007, Mr. Norris was provided with a payment of C\$25 million in connection with an amended incentive plan agreement. See "Employment Contracts" below.

SHARE OPTIONS

SHARE OPTION PLAN INFORMATION

For details of the Share Option Plan refer to the “Report of the Human Resources and Compensation Committee – Long-term Incentives.” The following table sets out the information regarding the Share Option Plan at February 19, 2008:

Shares to be issued upon exercise of outstanding options (#)	Weighted-average exercise price of outstanding options (\$)	Shares remaining available for future issuance under an equity compensation plan (#)
9,862,957	13.51	695,015

OPTIONS GRANTED ON FEBRUARY 19, 2008

Options are granted each year at the discretion of our board of directors to officers to purchase common shares under the terms of the Share Option Plan. The following table shows the most recent grant of options to purchase common shares to named executive officers, granted on February 19, 2008, which grants were made as compensation for services provided in 2007.

Named Executive Officer	Common Share Options Granted (#)	Percentage of Total Options Granted to Employees of the Corporation for 2007 (%)	Exercise Price per Option (\$) ⁽¹⁾	Market Value of Securities Underlying Options on the Date of Grant (\$/Security)	Expiration Date
Richard B. Clark (US\$)	750,000	39	19.11	5.38	12/31/2017
Bryan K. Davis (US\$)	45,000	2	19.11	5.38	12/31/2017
Craig J. Laurie (US\$)	—	—	—	—	—
John E. Zuccotti (US\$)	45,000	2	19.11	5.38	12/31/2017
Thomas F. Farley (C\$)	75,000	4	19.21	5.54	12/31/2017
Dennis H. Friedrich (US\$)	250,000	5	19.11	5.38	12/31/2017
Alan Norris (C\$)	—	—	—	—	—

Notes:

- (1) The Share Option awards shown for 2007 were granted on February 19, 2008. The options are exercisable at a price of US\$19.11 (C\$19.21).

AGGREGATE OPTIONS EXERCISED DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR AND OPTION VALUES AT FEBRUARY 19, 2008

The following table sets forth options exercised during the fiscal year ended December 31, 2007 and the number and value of the unexercised options at such date for the named executive officers.

Named Executive Officer	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at December 31, 2007 (#)		Value of Unexercised In-the-Money Options ⁽¹⁾ at December 31, 2007 (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Richard B. Clark (US\$)	—	—	1,465,500	863,250	12,764,040	1,126,135
Bryan K. Davis (US\$)	—	—	—	—	—	—
Craig J. Laurie (US\$)	11,100	239,825	37,255	65,636	118,081	323,508
John E. Zuccotti (US\$)	—	—	225,000	90,000	2,165,690	145,360
Thomas F. Farley (C\$)	—	—	355,513	135,000	1,271,952	161,000
Dennis H. Friedrich (US\$)	135,000	2,613,006	349,241	337,414	2,879,441	821,786
Alan Norris (C\$)	—	—	—	—	—	—

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 Brookfield Properties’ common shares on February 5, 2008 on the NYSE was US\$20.38 per share and on the TSX was C\$20.75.

DEFERRED SHARE UNIT PLAN

Deferred Share Units may be granted each year at the discretion of board of directors to certain senior executives in lieu of all or part of their annual cash bonus awards as described above under “Report of the Human Resources and Compensation Committee – Long-Term Incentives” on page 11 of this Circular.

The number of units owned by the named executive officers and the value of the Deferred Share Units were as follows:

Named Executive Officer	Units Allocated as of February 19, 2008(1)		Units Owned in Deferred Share Unit Plan		Value of Units as of December 31, 2007	
	(#)	(\$)	Vested (#)	Unvested (#)	Vested (\$)	Unvested (\$)
Richard B. Clark (US\$)	—	—	391,726	3,824	7,540,742	73,612
Bryan K. Davis (US\$)	—	—	—	—	—	—
Craig J. Laurie (US\$)	—	—	—	—	—	—
John E. Zuccotti (US\$)	—	—	—	—	—	—
Thomas F. Farley (C\$)	—	—	25,583	16,141	491,723	310,225
Dennis H. Friedrich (US\$)	—	—	77,138	13,209	1,484,912	254,270
Alan Norris (C\$)	—	—	—	—	—	—

Notes:

(1) The units allocated as of February 19, 2008 were made as compensation for services provided in 2007.

EMPLOYMENT CONTRACTS

In July 2007, a subsidiary of Brookfield Properties entered into an employment arrangement with Alan Norris for a period of eight years until December 31, 2014, providing for payment of an annual salary of \$400,000 and a maximum annual bonus of \$400,000 based on the attainment of pre-set objectives. In addition, in July 2007, Mr. Norris entered into an amended incentive plan agreement extending his current incentive arrangements, which originated from his arrangements with the company in 1993, and was agreed in the current form in January 1, 2000. The original arrangements were to terminate in December 31, 2009 and were extended until December 31, 2014. Mr. Norris’ original incentive arrangement allowed him to participate in the value created within the residential business, Carma Corporation (“Carma”). This generated incentives valued at approximately C\$40 million based on the eight fold increase in residential value over the previous seven years. The amended incentive plan agreement provided Mr. Norris with a C\$25 million cash payment upon execution, and provides Mr. Norris with an entitlement to a future “at risk” payment of up to a maximum of C\$15 million, plus a further annual accrual of 10% payable in 2015. In the event that the value of Carma declines during this period, this future amount will decrease in accordance with a predetermined formula. In connection with the July 2007 amendments to Mr. Norris’ incentive arrangements, Mr. Norris was provided with the opportunity to subscribe for shares in an affiliate of Brookfield Properties. These shares entitle Mr. Norris to receive annual dividends in amounts equal to 2.5% in Carma’s pre-tax operating income, net of the cost of all prior ranking capital, during the period between January 1, 2007 and December 31, 2014. On January 1, 2015, Brookfield Properties has a 120 day option to purchase Mr. Norris’ shares at a price equal to 5% of the aggregate of the fair market value of Carma’s net asset value, after all prior ranking capital, with the fair market value being calculated on a valuation basis typical for a land and housing company. If Brookfield Properties does not exercise its option to purchase Mr. Norris’ shares, then Mr. Norris has a further 60 days within which to exercise his option to sell his shares to Brookfield Properties for the same amount. This option to purchase is also triggered upon the death or disability of Mr. Norris, or upon Mr. Norris’ termination without cause (as defined in the agreement). Please see “Summary Compensation of Named Executive Officers” for the amounts paid to Mr. Norris in 2007 pursuant to these arrangements.

In December 2005, Brookfield Properties entered into an agreement with John E. Zuccotti for a period of three years until December 31, 2008. As compensation for providing consultancy services, Mr. Zuccotti will receive (i) an annual retainer of \$500,000 during the period January 2, 2006 through December 31, 2008, (ii) for services in each of 2005 through 2008, additional compensation of \$600,000 per year payable promptly after the end of the year, and (iii) an additional retainer with respect to his contribution to Brookfield Properties in the discretion of the Human Resources and Compensation Committee. Commencing in 2006 and continuing through 2008, Mr. Zuccotti will receive a grant of options for the purchase of 30,000 common shares of Brookfield Properties which shall vest over the then remaining term of the agreement. In 2006, pursuant to the same contract and in compensation for services rendered to BAM as Chairman of Brookfield Power U.S., Mr. Zuccotti received \$50,000 in cash compensation and options issued under BAM’s management share option plan (as in effect on December 31, 2006) for 75,000 common shares of BAM at an exercise price of \$35.43 which vest over the three year period of the contract. These options were granted by BAM at no cost to Brookfield Properties.

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

In response to changing U.S. guidelines on executive loans, in 2002 the board of directors discontinued granting any further executive loans under our share purchase plan. At December 31, 2007, the aggregate indebtedness (other than “routine indebtedness” under applicable Canadian securities laws) to Brookfield Properties or its subsidiaries of all officers, directors, proposed directors and employees and former officers, directors and employees of Brookfield Properties and its subsidiaries made in connection with the purchase of common shares of Brookfield Properties, publicly traded securities of subsidiary and associated companies (“Designated Shares”) was C\$698,726. No additional loans have been extended subsequent to July 30, 2002 to directors, executives or senior officers of Brookfield Properties.

The following is a summary of the aggregate indebtedness:

Purpose	To Brookfield Properties or its Subsidiaries	To Another Entity
Share Purchases	C\$698,726	—
Other	—	—

At March 17, 2008, Richard B. Clark, the President and Chief Executive Officer of Brookfield Properties, had an outstanding loan from Brookfield Properties of C\$698,726. The largest amount outstanding of such loan during the 12 months ended December 31, 2007 was C\$698,726. Designated Shares are held as security for the loan.

Name and Principal Position	Involvement of Brookfield Properties or Subsidiary	Largest Amount Outstanding During 2007 (C\$)	Amount Outstanding as at March 17, 2008 (C\$)	Financially Assisted Securities Purchased During 2007 (#)	Security for Indebtedness	Amount Forgiven During 2007 (C\$)
<i>Securities Purchase Programs</i>						
Richard B. Clark, President and Chief Executive Officer	Brookfield Properties	698,726	698,726	—	Designated Shares	—

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

At December 31, 2007, there were no outstanding loans to officers, directors and employees and former officers, directors and employees of Brookfield Properties or its subsidiaries, other than in connection with purchases of securities of Brookfield Properties or subsidiaries of Brookfield Properties (other than “routine indebtedness” under applicable Canadian securities laws). No loans were made to officers, directors or employees for any purpose in 2007.

DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE

Brookfield Properties maintains directors and officers insurance under policies arranged by BAM with a combined annual limit of C\$50,000,000 subject to a corporate deductible of C\$250,000 per loss (C\$500,000 for certain of our U.S. subsidiaries). The limit is not exclusive to each corporation insured under the policies. Under this insurance coverage, Brookfield Properties is reimbursed for indemnity payments made to directors or officers as required or permitted by law or under provisions of its by-laws as indemnity for losses, including legal costs, arising from acts, errors or omissions committed by directors and officers during the course of their duties as such. This insurance also provides coverage to individual directors and officers without any deductible if they are not indemnified by Brookfield Properties. The insurance coverage for directors and officers has certain exclusions, including, but not limited to, those acts determined to be deliberately fraudulent or dishonest or have resulted in personal profit or advantage. The cost of such insurance is borne by Brookfield Properties and is currently C\$566,250 annually.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

As of December 31, 2007, no director, senior officer or associate of a director or senior officer nor, to the knowledge of our directors or senior officers after having made reasonable inquiry, any person or company who beneficially owns, directly or indirectly, voting securities of Brookfield Properties carrying more than 10% of the voting rights attached to any class of voting securities of Brookfield Properties outstanding at the date hereof, or any associate or affiliate thereof, had any material interest, direct or indirect, in any material transaction of Brookfield Properties or its affiliates nor do any such persons have a material interest, direct or indirect, in any proposed transaction of Brookfield Properties or its affiliates.

Our parent company, BAM, and its affiliates may, from time to time, hold certain indebtedness of Brookfield Properties and its subsidiaries by way of transactions executed through market intermediaries and under prevailing market terms and conditions at

the time of such transactions. At December 31, 2007, we had approximately \$15 million (December 31, 2006 - \$345 million) of indebtedness outstanding to BAM and its affiliates. Interest expense related to this indebtedness, including preferred share dividends classified as interest expense in the consolidated financial statements, totaled \$11 million for the year ended December 31, 2007, compared to \$35 million for the year ended December 31, 2006, and was recorded at the exchange amount. Additionally, included in rental revenues are amounts received from BAM and its affiliates for the rental of office premises of \$2 million for the year ended December 31, 2007 (2006 - \$4 million). These amounts have been recorded at the exchange amount. In addition, we have certain arrangements with BAM and its affiliates to acquire insurance in the normal course and at market rates or at cost. The expense for these arrangements for the year ended December 31, 2007 was nil.

PART FOUR – STATEMENT OF CORPORATE GOVERNANCE PRACTICES

CORPORATE GOVERNANCE

Corporate governance relates to the activities of the board of directors who are elected by and are 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 Brookfield Properties. Our board of directors encourages sound corporate governance practices designed to promote the well being and ongoing development of Brookfield Properties, having always as its ultimate objective the long-term interests of Brookfield Properties and the enhancement of value for shareholders.

We conduct a comprehensive review of our corporate governance practices annually. As a result of this review, the board of directors has adopted a code of business conduct and ethics, a disclosure and an insider trading policy and has adopted corporate governance guidelines for the board of directors and charters for each committee. These charters are in compliance with the New York Stock Exchange rules on corporate governance (the “NYSE Rules”), the provisions of the Sarbanes-Oxley Act of 2002 and Canadian securities laws.

As set out under “Principal Holders of Voting Shares,” on page 4 of this Circular, BAM owns approximately 50.5% of our common shares and 97.1% of our Limited Class A Redeemable Voting preferred shares. As such, we are a controlled company as defined by the NYSE Rules and have chosen to rely on the “controlled companies exemption” with respect to certain independence requirements under the NYSE Rules. The Human Resources and Compensation Committee is comprised of a majority of independent directors and has one BAM representative. The Governance and Nominating Committee and the Audit Committee are comprised solely of independent directors. The board of directors believes this is an appropriate mix of directors and that the involvement of BAM with Brookfield Properties promotes effective oversight of the business plan and assessment of management’s performance on an ongoing basis.

BOARD OF DIRECTORS

MANDATE OF THE BOARD OF DIRECTORS

Our board of directors oversees the management of Brookfield Properties’ business and affairs which is conducted by our officers and employees under the direction of the Chief Executive Officer. In doing so, the board of directors acts at all times with a view to the best interests of Brookfield Properties. The board of directors endeavors to enhance shareholder value on a sustainable basis and in a manner that recognizes the interests of other stakeholders, including our employees, suppliers, customers and the communities in which we operate. In fulfilling its responsibilities, the board of directors adopted its Corporate Governance Guidelines. The Corporate Governance Guidelines, which include a detailed mandate for the board of directors, are reviewed on an annual basis and otherwise as appropriate. A copy of our Corporate Governance Guidelines is attached hereto as Appendix C and also includes position descriptions for the Chairman, the Chief Executive Officer and the lead independent director.

COMPOSITION OF THE BOARD AND REPRESENTATION OF SHAREHOLDERS’ INTERESTS

The board of directors is currently composed of 12 directors and there is currently one vacancy. We are proposing to decrease the number of directors to 12. Twelve nominees are standing for election as directors. The board of directors considers that its proposed size and composition is appropriate given the diversity of Brookfield Properties’ operations and the need for a variety of experience and backgrounds. The board of directors believes that a combination of independent directors, directors related to BAM and directors drawn from management leads to a constructive exchange in deliberations resulting in objective, well-balanced and informed discussion and decision making.

Each director must have an understanding of the Brookfield Properties’ principal operational and financial objectives, plans and strategies, financial position and performance as well as the performance of Brookfield Properties relative to its principal competitors. Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with or be incompatible with board of directors membership. Directors who experience a significant change in their personal circumstances, including a change in their principal occupation, are expected to advise, and submit a written resignation letter to, the Chairperson of the Governance and Nominating Committee and, if determined appropriate by the board on the recommendation of the Governance and Nominating Committee, the board of directors shall accept such offer of resignation.

The board of directors, with the assistance of the Governance and Nominating Committee, determines whether each director is an independent director. In determining independence, the board of directors utilized the definition of “independent” in the NYSE listing standards and in Multilateral Instrument 52-110. In making these determinations, the board of directors examines the results of annual questionnaires completed by each director, as well as each individual director’s circumstances and his or her relationship to Brookfield Properties and its affiliates. For a director to be independent, the board must affirmatively determine that such director has no material relationship with Brookfield Properties and such director did not receive any consulting, advisory, or other compensatory fee from Brookfield Properties except in his or her capacity as a member of the board of directors or a committee thereof.

The board of directors has determined that the 12 director nominees are classified as follows:

- Seven independent directors: William T. Cahill, Roderick D. Fraser, Paul D. McFarlane, Allan S. Olson, Linda D. Rabbitt, Robert L. Stelzl and Diana L. Taylor. In determining that all of these directors are independent, the board of directors considered all relevant facts and circumstances, including that in the normal course of business, Brookfield Properties provides real estate and/or services to, and receives rental income and/or services from, companies that some of our directors are affiliated with.
- Two BAM directors: Jack L. Cockwell and J. Bruce Flatt. While the board of directors considers that these directors’ interests are fully aligned with the interests of minority shareholders, and that they act independently of management, the applicable rules suggest that they be considered not independent.
- Three management representatives: Gordon E. Arnell, Chairman, John E. Zuccotti, Co-Chairman and Richard B. Clark, President and Chief Executive Officer are not independent because they are members of senior management of Brookfield Properties.

In addition, the board of directors has appointed Allan S. Olson as the lead independent director. As lead independent director, Mr. Olson presides over all sessions of Brookfield Properties’ independent directors and is responsible for ensuring that matters raised during these meetings are reviewed with the full board and Brookfield Properties’ senior management and acted upon in a timely fashion. In addition, as lead independent director, Mr. Olson performs the following actions:

- consults with the Chairman of the board on the preparation of the agenda for each meeting of the board of directors; and
- in consultation with the Chairman of the board, ensures that an appropriate system is in place to evaluate the performance of the board of directors as a whole and its committees.

BOARD MEETINGS

Each director is expected to attend all meetings of the board of directors and any committee of which he or she is a member. The board of directors may also take action from time to time by unanimous written consent.

The board of directors meets at least once in each quarter, with additional meetings held when required. The board of directors met four times in 2007 and took action by written consent two times. There are four regular meetings scheduled for 2008. In addition, the independent directors met separately from management directors and directors related to BAM at each board meeting. These meetings were conducted under the direction of the lead independent director.

Meeting frequency and agendas may change from time to time depending on opportunities or risks faced. Additional meetings may be called by the Chairman, the Chief Executive Officer or any two directors on proper notice.

The following is a record of the directors' attendance at the meetings of the board of directors and the committees during 2007:

Director	Board Meetings (4 meetings)	Board Meeting Attendance Percentage	Committee Meeting Attendance		
			Audit Committee (4 Meetings)	Governance and Nominating Committee (4 Meetings)	Human Resources and Compensation Committee (4 Meetings)
Gordon E. Arnell	4 of 4	100%			
William T. Cahill	4 of 4	100%	4 of 4	4 of 4	
Richard B. Clark	4 of 4	100%			
Jack L. Cockwell ⁽⁴⁾	4 of 4	100%			3 of 3
J. Bruce Flatt ⁽⁵⁾	4 of 4	100%			1 of 1
Roderick D. Fraser	4 of 4	100%		4 of 4	
Paul D. McFarlane	4 of 4	100%	4 of 4		4 of 4
Allan S. Olson	3 of 4	75%	3 of 4	3 of 4	
Samuel P.S. Pollock ⁽³⁾	2 of 2	100%		2 of 2	
Linda D. Rabbitt	4 of 4	100%			4 of 4
Robert L. Stelzl	4 of 4	100%	4 of 4		
Diana L. Taylor ⁽²⁾	3 of 3	100%			
William C. Wheaton ⁽¹⁾	1 of 1	100%			1 of 1
John E. Zuccotti	4 of 4	100%			

Notes:

- (1) Mr. Wheaton was not re-elected at the Annual Shareholders' Meeting on April 26, 2007 and therefore was eligible to attend only one meeting in 2007.
- (2) Ms. Taylor was elected as a director at the Annual Shareholders' Meeting on April 26, 2007 and therefore was eligible to attend only three meetings in 2007.
- (3) Mr. Pollock passed away on August 15, 2007 and therefore was eligible to attend only two meetings in 2007.
- (4) Mr. Cockwell resigned as a member of the Human Resources and Compensation Committee on October 29, 2007 and therefore was eligible to attend only three meetings in 2007.
- (5) Mr. Flatt was appointed as a member of the Human Resources and Compensation Committee on October 29, 2007 and therefore was eligible to attend only one meeting in 2007.

The Chairman is primarily responsible for the agenda. Prior to each board meeting, the Chairman discusses agenda items for the meeting with the Chief Executive Officer, lead independent director, other members of senior management and other members of the board of directors. Any director may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or raise subjects that are not on the agenda for that meeting.

In advance of each board of directors and committee meeting, members receive the proposed agenda and other materials important to the directors' understanding of the matters to be considered. Directors are expected to spend the time needed to review the materials in advance of such meetings and to actively participate in such meetings.

COMMITTEES OF THE BOARD OF DIRECTORS

We believe that committees of the board of directors assist in its effective functioning and that the appropriate composition of board committees should enable the views of independent directors to be effectively expressed.

Our board of directors has three standing 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 Governance and Nominating and the Audit Committees are comprised solely of independent directors and the Human Resources and Compensation Committee is comprised of a majority of independent members and one member related to BAM. The members of each committee are selected by the board of directors on the recommendation of the Governance and Nominating Committee. A description of the responsibilities of the board committee chairs can be found in the Corporate Governance Guidelines on Brookfield Properties' website at www.brookfieldproperties.com.

The following is a brief description of the charters of each committee, its composition and the meetings held during the past year. The full text of each committee's charter is available on Brookfield Properties' website at www.brookfieldproperties.com.

AUDIT COMMITTEE

The Audit Committee is comprised of four directors all of whom are independent: Paul D. McFarlane (Chairman), William T. Cahill, Allan S. Olson and Robert L. Stelzl. In addition to being independent directors as described above, all members of the Audit Committee must meet an additional “independence” test under the Sarbanes-Oxley Act and Multilateral Instrument 52-110, in that their directors’ fees are the only compensation they, or their firms, receive from Brookfield Properties and that they are not affiliated with Brookfield Properties. Each member of the Audit Committee is Financially Literate and Mr. McFarlane is considered to be an Audit Committee Financial Expert, as these terms are defined under the applicable regulations.

The Audit Committee is responsible for monitoring Brookfield Properties’ systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of the external auditors. The Audit Committee is also responsible for reviewing Brookfield Properties’ annual audited financial statements, unaudited quarterly financial statements and management’s discussion and analysis of financial results of operations and review of related operations prior to their approval by the full board of directors.

The Audit Committee met four times in 2007. There are four Audit Committee meetings scheduled for 2008. Meeting frequency and agendas may change from time to time depending on opportunities or risks faced by Brookfield Properties. The charter for the Audit Committee is reviewed annually by the Audit Committee, the Governance and Nominating Committee and approved by the board of directors. A copy of the Audit Committee charter is included in our Annual Information Form.

HUMAN RESOURCES AND COMPENSATION COMMITTEE

The Human Resources and Compensation Committee is comprised of three directors: J. Bruce Flatt (Chairman), Paul D. McFarlane and Linda D. Rabbitt. Mr. Flatt is related to BAM. Paul McFarlane and Linda Rabbitt are independent directors. Taking into account the alignment of interests between BAM and the minority shareholders of Brookfield Properties, the independence of the BAM representative from Brookfield Properties’ management and the majority of the members of the Human Resources and Compensation Committee being independent directors, the board believes that the Human Resources and Compensation Committee is positioned to fulfill its responsibilities objectively and in the interests of all shareholders. The responsibilities of the Human Resources and Compensation Committee are as follows:

- review the existing human resources and plans to ensure that qualified personnel will be available for succession to senior management positions within Brookfield Properties and report on this matter to the board of directors at least annually;
- consider proposed changes in senior management, and submit for the board of directors’ consideration and approval, the names of persons proposed to be appointed as officers;
- annually review the position description of the Chief Executive Officer and establish objectives against which to review and assess the Chief Executive Officer’s performance;
- assess the performance of the Chief Executive Officer against the pre-agreed objectives and determine, either as a committee or together with other independent directors (as directed by the board of directors), the Chief Executive Officer’s compensation level based on this assessment;
- in consultation with the Chief Executive Officer, review and make recommendations to the board of directors with respect to salaries, performance awards and other remuneration including any severance arrangements of Brookfield Properties’ senior management (other than the Chief Executive Officer); and should the Human Resources and Compensation Committee consider that any adjustment thereto or awards thereunder would be appropriate, recommend such adjustments and awards to the board of directors for consideration and approval;
- review and make recommendations to the board of directors with respect to Brookfield Properties’ incentive-based compensation and equity-based compensation plans, and make recommendations to the board of directors for consideration with respect to any proposed material amendments to, and any proposed awards (or changes in previous awards) under, such plans;
- review and make recommendations to the board of directors with respect to any change to Brookfield Properties’ compensation and benefit plans involving a material annual change in cost to Brookfield Properties, and if Brookfield Properties is required to prepare an accounting restatement due to material non-compliance with any financial reporting requirements, the Human Resources and Compensation Committee will:
 - determine the amount, if any, of any bonus or other incentive-based or equity-based compensation and profits realized from the sale of securities of Brookfield Properties that must be reimbursed to Brookfield

Properties by the Chief Executive Officer and the Chief Financial Officer in accordance with section 304 of the Sarbanes-Oxley Act of 2002; and

- take appropriate steps to ensure that such amount is reimbursed;
- annually review the reimbursement of the expenses of both Brookfield Properties' senior officers and each member of the board of directors; and
- oversee the preparation of the "Compensation of Executive Officers" and "Report on Executive Compensation" sections of Brookfield Properties' management proxy circular.

The Human Resources and Compensation Committee met four times in 2007. There are four Human Resources and Compensation Committee meetings scheduled for 2008. Meeting frequency and agendas may change from time to time depending on opportunities or risks faced by Brookfield Properties. The charter for the Human Resources and Compensation Committee is reviewed annually by the committee and the Governance and Nominating Committee and approved the board of directors.

GOVERNANCE AND NOMINATING COMMITTEE

The Governance and Nominating Committee is comprised of three directors, all of whom are independent: Allan S. Olson (Chairman), William T. Cahill and Roderick D. Fraser. The responsibilities of the Governance and Nominating Committee are as follows:

- consider from time to time the appropriate size and composition of the board of directors and its committees, and submit recommendations on the number of board positions to be filled and the overall composition of the board of directors taking into consideration the business experience and specific areas of expertise of each current director;
- to the extent feasible, ensure the Chief Executive Officer and the other executive officers of Brookfield Properties are acting with integrity and developing a culture of integrity throughout Brookfield Properties;
- develop and maintain a board succession plan that is responsive to Brookfield Properties' needs and the interests of its shareholders;
- establish the qualifications (consistent with any criteria approved by the board of directors) for new directors and procedures for identifying possible nominees who meet these criteria, namely:
 - the competencies and skills necessary for the board, as a whole, to possess;
 - the competencies and skills that each existing director possesses; and
 - the competencies and skills each new nominee will bring to the boardroom;
- review and assess the qualifications of persons proposed for appointment or election to the board of directors and submit to the board of directors for consideration and decision, consistent with any criteria approved by the board of directors, the names of persons to be nominated for election as directors at the annual meeting of shareholders, or to be appointed to fill vacancies between annual meetings and assess whether these candidates would be considered Independent Directors, Financially Literate or an Audit Committee Financial Expert as these terms are defined under the applicable regulations;
- be available as a forum for addressing the concerns of individual directors;
- confirm that procedures are in place and resources are made available to provide new directors with a proper orientation to both Brookfield Properties and their responsibilities and duties as directors and to provide directors with appropriate continuing education opportunities;
- together with the Chairman of the board of directors, establish a process for reviewing directors' performance and oversee the evaluation of the board of directors;
- periodically review the adequacy and form of directors' compensation and make recommendations to the board of directors, where appropriate;
- review the program of the board of directors for each year and the methods and processes to be pursued in carrying out this program, including:

- the frequency and content of board meetings, the requirement for any special meetings and meetings of independent directors;
 - the foreseeable issues to be presented to the board of directors at its meetings, including a list of topics for presentation and discussion;
 - the material to be provided to directors generally and with respect to meetings of the board of directors or its committees; and
 - the communication process between the board of directors and management, including monitoring the quality of the relationship between management and the board of directors and recommending improvements as may be deemed necessary or advisable;
- review and make recommendations with respect to the disclosure required concerning corporate governance to be contained in public disclosure documents of Brookfield Properties;
- report on an annual basis on the effectiveness of the performance of the board of directors as a whole, including specifically reviewing areas in which the board of directors' effectiveness may be enhanced taking into account suggestions of the board of directors;
- review and assess the corporate governance guidelines of Brookfield Properties which includes a description of the board of directors' mandate and make recommendations to the board of directors, where appropriate;
- develop charters for any new committees established by the board of directors and annually review the charters of each existing committee and recommend any amendments to the board of directors, where appropriate;
- periodically review the position description for the Chairman of the board of directors and recommend any amendments to the board of directors, where appropriate;
- review and recommend the implementation of structures and procedures to facilitate the board of directors' independence from management and to avoid conflicts of interest;
- monitor relationships between senior management of Brookfield Properties and the board of directors, and recommend procedures to allow directors to have access to, and an effective relationship with, senior management;
- review all significant proposed related party transactions and situations involving a potential conflict of interest that are not required to be dealt with by an "independent special committee" pursuant to securities law rules (where appropriate under applicable laws, the Governance and Nominating Committee may sit as an independent special committee);
- develop a policy governing charitable contributions by Brookfield Properties;
- review and assess Brookfield Properties' Code of Business Conduct and Ethics for Directors, Officers and Employees (the "Code") to confirm that it addresses, among other things, conflicts of interest, corporate opportunities, confidentiality, fair dealing, protection and proper use of Brookfield Properties' assets, compliance with applicable laws, rules and regulations (including insider trading laws) and the reporting of illegal or unethical behaviour, and establish mechanisms to facilitate the effective operation of the Code and the granting of waivers of the Code;
- approve any waivers of the Code sought by directors or members of senior management and confirm that any waivers of the Code for directors or members of senior management are promptly disclosed to shareholders; and
- review and make recommendations to the board of directors with respect to any shareholder proposal that relates to corporate governance, including a director nomination by a shareholder.

During its annual review of the effectiveness of the performance of the board of directors and the corporate governance guidelines, the Governance and Nominating Committee determined not to recommend a mandatory retirement age or term limits for directors as such limits may deprive Brookfield Properties and its shareholders of the contributions of members who have been able to develop, over time, valuable insights into Brookfield Properties, its strategy and business operations.

The Governance and Nominating Committee met four times in 2007. There are four Governance and Nominating Committee meetings scheduled for 2008. Meeting frequency and agendas may change from time to time depending on opportunities or risks faced by Brookfield Properties. The charter for the Governance and Nominating Committee is reviewed annually by the committee and approved by the board of directors.

SERVICE ON OTHER BOARDS AND AUDIT COMMITTEES

The board does not believe that its members should be prohibited from serving on the boards of other public companies so long as these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a member of the board. Directors must advise the Chairperson in advance of accepting an invitation to serve on the board of another public company and, as a general rule, directors are not allowed to join a board of another public company on which two or more other directors of the Corporation serve. Members of the Audit Committee may not serve on the audit committees of more than three other public companies without the prior approval of the board.

ORIENTATION AND CONTINUING EDUCATION

The Chief Financial Officer and the Secretary, under the oversight of the Governance and Nominating Committee, are responsible for providing orientation and continuing education programs for new directors regarding the role of the board of directors, its committees and its directors. Generally, new directors are provided with materials describing our business and governance policy and procedures and they also meet individually with the Chief Executive Officer and the Chairman of the board to learn about Brookfield Properties and its operations. In order to ensure that Brookfield Properties' directors maintain the skill and knowledge necessary to meet their obligations as directors, the board of directors and the committees receive reports from management and third parties from time to time regarding changes in securities laws and regulations and changes in corporate governance practices. In addition, as part of the board of directors' regular quarterly meetings, management provides an update of the business conditions in our primary markets.

EVALUATION OF BOARD, DIRECTORS AND COMMITTEES

The Governance and Nominating Committee, in consultation with the Chairman of the board of directors, ensures that an appropriate system is in place to evaluate and perform an annual evaluation of the effectiveness of the board as a whole, as well as the committees of the board, to ensure they are fulfilling their respective responsibilities and duties as set out in our Corporate Governance Guidelines and in the respective committee charters. The process used for undertaking these assessments includes a written survey of the effectiveness of the board of directors and its committees and detailed discussion of the results of such survey. In connection with these evaluations, each director has been requested to provide his or her assessment of the effectiveness of the board of directors and each committee. The board of directors has decided not to evaluate its fellow board members' contributions and effectiveness because it believes that doing so will detract from the cooperative and productive character of the board.

BOARD OF DIRECTORS ACCESS TO OUTSIDE ADVISORS

The board of directors may at any time retain outside financial, legal or other advisors at the expense of Brookfield Properties and has the authority to determine the advisors' fees and other retention terms. Each committee of the board of directors may retain outside advisors, at the expense of Brookfield Properties, without the board's approval, at any time. Any director may, subject to the approval of the Chairman, retain an outside advisor at the expense of Brookfield Properties.

MANAGEMENT

MANAGEMENT'S ROLE

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

Brookfield Properties' corporate governance practices are designed to encourage autonomy and effective decision making on the part of management, while ensuring appropriate oversight through its board of directors and its committees.

MANAGEMENT'S RELATIONSHIP TO THE BOARD OF DIRECTORS

Senior management, primarily through the Chief Executive Officer, reports to and is accountable to the board of directors. At its meetings, the board of directors regularly engages in private sessions with the Chief Executive Officer without other members of senior management present.

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

BOARD OF DIRECTORS ACCESS TO MANAGEMENT

Information provided by management to directors is critical to their effectiveness. In addition to the reports presented to the board of directors at its regular and special meetings, the board of directors is kept informed on a timely basis by management of

corporate developments and key decisions taken by management in pursuing Brookfield Properties' business plan. The directors periodically assess the quality, completeness and timeliness of information provided by management to the board of directors. Directors also have the opportunity to meet with senior management and to participate in work sessions to obtain further insight into the operations of Brookfield Properties.

MANAGEMENT PERFORMANCE REVIEW AND REWARDS

The Human Resources and Compensation Committee annually reviews the position description of the Chief Executive Officer and establishes objectives against which his performance is reviewed, with his compensation or level being assessed against these pre-agreed objectives. Similar reviews and assessments are undertaken by the Chief Executive Officer of the position descriptions of other members of senior management in consultation with the Human Resources and Compensation Committee.

MANAGEMENT SUCCESSION

The board of directors, in consultation with the Human Resources and Compensation Committee, maintains a succession plan for the Chief Executive Officer and other members of senior management. The objective of the plan is to ensure the orderly succession of senior management, including providing for any required recruiting, training and development.

COMMUNICATION AND DISCLOSURE POLICIES

Brookfield Properties has adopted a Disclosure and Insider Trading Policy which summarizes its policies and practices regarding disclosure of material information to investors, analysts and the media. The purpose of this policy is to ensure that Brookfield Properties' communications with the investment community are timely, consistent and in compliance with all applicable securities legislation. The Disclosure and Insider Trading Policy is reviewed annually by the board of directors and is available on our website at www.brookfieldproperties.com.

We endeavor to keep our shareholders informed of our progress through a comprehensive annual report, annual information form, quarterly interim reports and periodic press releases. We also maintain a website that provides summary information about Brookfield Properties and ready access to its published reports, press releases, statutory filings and supplementary information provided to analysts and investors. Directors and management meet with Brookfield Properties' shareholders at the annual meeting and are available to respond to questions at that time.

We also have an investor relations program to respond to inquiries in a timely manner. Management meets on a regular basis with investment analysts, financial advisors and interested members of the public to ensure that accurate information is available to investors, including quarterly conference calls and webcasts to discuss our financial results. We also endeavor to ensure that the media are kept informed of developments as they occur, and have an opportunity to meet and discuss these developments with our designated spokespersons.

CODE OF BUSINESS CONDUCT AND ETHICS

The board of directors expects all directors, officers and employees to conduct themselves in accordance with the highest ethical standards and to adhere to Brookfield Properties' written Code of Business Conduct and Ethics for Directors, Officers and Employees. The Code is given to each new director and officer upon commencement of employment and it is distributed to all employees annually. The board of directors encourages senior officers to create a culture of integrity throughout the organization. The board of directors monitors compliance with the Code in part through its whistle blowing procedures described therein which mandate that all directors, officers and employees report breaches of the Code and may do so anonymously if they prefer. Any waiver of the Code for officers and directors may only be made by the board of directors or the Governance and Nominating Committee and will be disclosed by Brookfield Properties to the extent required by law, regulation or stock exchange requirement. No waivers have been sought or granted since the adoption of the Code in April 2004. The Code is reviewed annually by the board of directors and the Governance and Nominating Committee and is posted on Brookfield Properties' website at www.brookfieldproperties.com.

PART FIVE – OTHER INFORMATION

SHAREHOLDER PROPOSALS

The Canada Business Corporations Act permits eligible shareholders to submit shareholder proposals to Brookfield Properties, which proposals may be included in a management proxy circular relating to an annual meeting of shareholders. We did not receive any shareholder proposals for the upcoming Meeting. The final date by which we must receive shareholder proposals for the annual meeting of shareholders to be held in 2009 is December 22, 2008.

AVAILABILITY OF DISCLOSURE DOCUMENTS

We will provide any person or corporation, upon request to the Secretary of Brookfield Properties, with a copy of:

- (a) our most recent annual information form, together with a copy of any document or the pertinent pages of any document incorporated therein by reference;
- (b) our comparative financial statements for the fiscal year ended December 31, 2007, together with the report of the auditors thereon;
- (c) our most recent annual report, which includes management's discussion and analysis of financial conditions and results of operations ("MD&A");
- (d) our interim financial statements for the periods subsequent to the end of Brookfield Properties' fiscal year and the MD&A thereon; and
- (e) our management proxy circular dated March 17, 2008, in connection with the Meeting.

Copies of these documents and additional information relating to Brookfield Properties are also available on Brookfield Properties' SEDAR profile at www.sedar.com. Financial information for the fiscal year ended December 31, 2007 is provided in our comparative financial statements and MD&A, which are included in the our most recent annual report.

OTHER BUSINESS

We know 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 Brookfield Properties.

(signed) "*Brett M. Fox*"

Brett M. Fox
Corporate Counsel and Secretary

Toronto, Canada
March 17, 2008

APPENDIX A
RESOLUTION TO DECREASE THE NUMBER OF DIRECTORS

BE IT RESOLVED AS A SPECIAL RESOLUTION:

1. THAT the Articles of Brookfield Properties Corporation (the “Corporation”) be amended to decrease the number of directors from 13 to 12;
2. AND THAT any director or officer of the Corporation is hereby authorized and directed for an on behalf of the Corporation to execute and deliver Articles of Amendment, in duplicate, to the Director under the *Canada Business Corporations Act*, in order to give effect to this special resolution and to execute and deliver all such other documents and to do all such acts and things as in the opinion of such director or officer may be necessary or desirable in connection with the foregoing, the execution of any such document or the doing of any such act or thing being conclusive evidence of such determination.

APPENDIX B
RESOLUTION TO INCREASE THE NUMBER OF AUTHORIZED SHARES
UNDER THE SHARE OPTION PLAN

BE IT RESOLVED AS AN ORDINARY RESOLUTION:

1. THAT Subsection 1.4(b) of the Share Option Plan of the Corporation be amended to increase the Specified Maximum (as defined in the Share Option Plan) from 20,250,000 common shares to 39,000,000 common shares;
2. AND THAT any director or officer of the Corporation is hereby authorized and directed for an on behalf of the Corporation to execute and deliver all such documents and instruments, and to do all such acts and things as in the opinion of such director or officer may be necessary or desirable in connection with the foregoing, the execution of any such document or the doing of any such act or thing being conclusive evidence of such determination.

APPENDIX C CORPORATE GOVERNANCE GUIDELINES

1. INTRODUCTION

Corporate governance relates to the activities of the board of directors who are elected by and are 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 corporation.

The Board is of the view that the corporate governance policies and practices of Brookfield Properties Corporation (“Brookfield” or the “Corporation”), outlined below (the “Guidelines”) are comprehensive and consistent with requirements of the New York Stock Exchange, the Toronto Stock Exchange and the applicable provisions under the U.S. Sarbanes-Oxley Act of 2002 and applicable Canadian Securities laws and the practices of Canadian public companies in similar circumstances to the Corporation.

The board of directors (the “Board”) of the Corporation will revise these Guidelines from time to time based on its assessment of the Corporation’s needs and legal and regulatory developments and changes in practices. The Corporation’s Governance and Nominating Committee will review these Guidelines annually, or more often if warranted, and recommend to the Board such changes as it deems necessary and appropriate.

2. ROLE AND FUNCTIONS OF THE BOARD

The role of the Board is to oversee the business and affairs of the Corporation which are conducted by its officers and employees under the direction of the Chief Executive Officer. In doing so, the Board acts at all times with a view to the best interests of Brookfield. The Board endeavors to ensure that shareholder value is enhanced on a sustainable basis and in a manner that recognizes the interests of other stakeholders in the Corporation including its employees, suppliers, customers and the communities in which it operates.

In fulfilling its responsibilities, the Board, both directly and through its various committees, shall:

Strategic planning

- a) oversee the strategic planning process including, on an annual basis, reviewing and approving the business plan for the Corporation and monitoring performance of the Corporation under the plan;
- b) oversee the financial and business strategies and objectives included within the business plan;

Appoint and monitor senior management

- a) develop a position description for the Chief Executive Officer including the corporate objectives that the Chief Executive Officer is responsible for meeting;
- b) oversee the selection, evaluation and compensation of the Chief Executive Officer;
- c) oversee the selection, evaluation and compensation of other senior management;
- d) monitor succession planning of the Chief Executive Officer and other members of senior management;
- e) to the extent feasible, satisfy itself as to the integrity of the Chief Executive Officer and other members of senior management;

Risk assessment and management

- a) assess the major risks facing the Corporation and its businesses and review, approve, monitor and oversee the implementation of appropriate systems to manage those risks;

Public disclosure and financial reporting

- a) oversee the Corporation’s public disclosure and financial reporting, review and monitor the Corporation’s management information systems and disclosure controls and procedures, its internal controls and procedures for financial reporting and compliance with the Corporation’s code of business conduct and ethics (the “Code of Business Conduct and Ethics”) to ensure that the Corporation maintains its integrity and accountability;

Corporate governance

- a) ensure an appropriate system of corporate governance is in place so the Board and management can operate effectively, in the best interests of the Corporation;

- b) confirm that processes are in place for the Corporation and its businesses to address and comply with applicable legal, regulatory, corporate, securities and other compliance matters;
- c) oversee the creation of a culture of integrity throughout the organization;

Approval of certain matters

- a) approve all material transactions for the Corporation;
- b) approve all transactions (other than diminimus transactions) involving related parties to the Corporation, including those with its parent Brookfield Asset Management, Inc. (“BAM”); and
- c) approve those matters which may not be delegated by the Board under applicable corporate law including, among others, the issuance of securities of the Corporation (except in the manner and on terms authorized by the Board), the declaration of dividends, the repurchase or redemption of shares of the Corporation and the adoption, repeal or amendment of the by-laws of the Corporation, or any other matter which the Board reserved to itself the right to approve notwithstanding the delegation to senior management of the authority to manage the business of the Corporation.

3. QUALIFICATIONS OF DIRECTORS

Directors are expected to have the highest personal and professional ethics and values and be committed to advancing the best interests of the Corporation and its shareholders. They are also expected to possess skills and competencies in areas that are relevant to the Corporation’s activities and that enhance the ability of the Board to effectively oversee the business and affairs of the Corporation.

Each director must have an understanding of the Corporation’s principal operational and financial objectives, plans and strategies, financial position and performance as well as the performance of the Corporation relative to its principal competitors. Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with or be incompatible with Board membership. Directors who experience a significant change in their personal circumstances, including a change in their principal occupation, are expected to advise, and submit a written resignation letter to, the Chairperson of the Governance and Nominating Committee and, if determined appropriate by the Board on the recommendation of the Governance and Nominating Committee, the Board shall accept such offer of resignation.

4. COMPOSITION OF BOARD

Size of Board and selection process

The directors of the Corporation are elected each year by the shareholders at the annual meeting of shareholders. The Governance and Nominating Committee recommends to the full Board the nominees for election to the Board and based on this recommendation the Board proposes a slate of nominees to the shareholders for election. Any shareholder may propose a nominee for election to the Board either by means of a shareholder proposal in compliance with the requirements prescribed by the Canada Business Corporations Act (“CBCA”) or at the annual meeting.

The Board also recommends the number of directors on the Board for approval to the shareholders, again based on the recommendation of the Governance and Nominating Committee. Presently, the Board believes that not less than twelve directors is an appropriate size for the Board and its committees to operate effectively. Between annual meetings, the Board may appoint directors to serve until the next annual meeting, subject to the relevant provisions of the CBCA.

Independence of directors and representation of shareholders interests

BAM owns a majority of the Corporation’s voting shares. As such, the Corporation is a controlled company as defined by the New York Stock Exchange rules on corporate governance (the “NYSE Rules”) and has chosen to rely on the NYSE Rules “controlled companies exemption” with respect to certain independence requirements. Seven of the Corporation’s 12 directors are independent of management and of BAM. The Chairperson of the Board is not an Independent Director. BAM will have two representatives on the Board and the remaining three will be members of management. The Board considers that its current size and composition is appropriate given the diversity of the Corporation’s operations and the need for a variety of experience and backgrounds. The Board believes that a combination of Independent Directors, directors related to BAM and directors drawn from management leads to a constructive exchange in board deliberations resulting in objective, well-balanced and informed discussion and decision making.

The Board, with the assistance of the Governance and Nominating Committee, determines whether each director is an “Independent Director”. In making these determinations, the Board examines each individual director’s circumstances and his or her relationship to the Corporation and its affiliates and evaluates if he or she meets the definition of an Independent Director.

“**Independent Director**” means a director who has been affirmatively determined by the Board to have no material relationship with the Corporation, its parent or a subsidiary corporation, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Corporation. In addition, a director will be deemed to have a material relationship if he or she has one of the

following relationships with the Corporation (which in each case below must be read as including a parent company or subsidiary of the Corporation):

- a) the director is or was within the last three years an employee or executive officer (or has an immediate family member who is or was within the last 3 years an executive officer) of the Corporation. A director is not disqualified from being independent if he or she previously acted as an interim chief executive officer of the Corporation, or currently acts or previously acted as a part-time chair or vice-chair of the Board or any Board committee;
- b) the director (a) is a partner of or is employed by the Corporation's internal or external auditor; (b) was within the last three years a partner or employee of that auditing firm and personally worked on the Corporation's audit within that time; or (c) has a spouse, minor child or a child who lives in the director's home and who (i) is a partner of the Corporation's internal or external auditor; (ii) is an employee of the auditing firm and works in the audit, assurance or tax compliance (but not tax planning) practice; or (iii) was within the last three years a partner or employee of that auditing firm and personally worked on the Corporation's audit during that time. For this purpose, a "partner" does not include a partner whose interest in the auditing firm is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service, if the compensation is not contingent in any way on continued service;
- c) the director is or was within the last three years (or has an immediate family member who is or was within the last three years) an executive officer of another entity if any of the Corporation's current executive officers serve or served at the same time on the compensation committee of that entity;
- d) the director has (or an immediate family member who is employed as an executive officer of the Corporation has) received more than Cdn.\$75,000 in direct compensation from the Corporation in any 12-month period within the last three years, other than (a) fees for acting as a director or committee member, including as the Chairperson of the Board or a Board committee; and (b) fixed amounts of compensation under a retirement or deferred compensation plan for prior service with the Corporation, if receipt is not contingent in any way on continued service; or
- e) the director is an employee of (or has an immediate family member who is an executive officer of), another company that has, in the last three fiscal years made payments to, or received payments from, the Corporation in excess of the greater of US\$1 million and 2% of the other company's consolidated gross revenues.

For the purposes of the definition above, the term "executive officer" means the chair, vice-chair, president, vice-presidents in charge of principal business units, divisions or functions, and any other individual (whether employed by the Corporation or not) who performs a policy-making function in respect of the Corporation, and the term "immediate family member" means the director's spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in-law and anyone (other than a domestic employee) who lives in the director's home.

Members of the Audit Committee are subject to two additional requirements to be considered independent for audit committee purposes:

- a) the director cannot after appointment to the Audit Committee accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the Corporation or any of its subsidiaries, other than (a) fees for acting as a director, committee member, or part-time chair or vice-chair of the Board or any Board Committee; and (b) fixed amounts of compensation under a retirement or deferred compensation plan for prior service with the Corporation (provided such compensation is not contingent in any way on continued service). A fee is considered to have been indirectly received by the director if it is received by (a) the director's spouse, a minor child or a child who lives in the director's home; or (b) an entity in which the director is a partner, a member or an officer (such as a managing director or executive officer) if that entity provides accounting, consulting, legal, investment banking or financial advisory services to the Corporation or any of its subsidiaries, unless the director is a limited partner or a non-managing member of the entity and plays no active role in providing services to the entity; and
- b) the director cannot be an affiliated entity of the Corporation or any of its subsidiaries.

For the purposes of the Audit Committee requirements above, the term "affiliated entity" means an individual or company that controls, is controlled by or is under common control with the Corporation. In addition, an individual is himself or herself an affiliated entity of the Corporation if the individual holds any of the following positions with an affiliated entity: a director who is an employee, an executive officer, a general partner or a managing member, and the term "control" means having the direct or indirect power to control the Corporation, whether through ownership of voting securities or otherwise. An individual who owns, directly or indirectly, 10% or less of any class of voting securities of the Corporation will be deemed not to control the Corporation if the individual is not an executive officer of the Corporation.

Each member of the Audit Committee shall be financially literate.

The term "**financially literate**" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

The Board will review the independence of all directors on an annual basis and will publish its determinations in the management proxy circular for the Corporation's annual meeting of shareholders and in accordance with other applicable laws. Directors have an ongoing obligation to inform the Board of any material changes in their circumstances or relationships that may affect the Board's determination as to their independence.

Chairperson(s)

The Board will in each year elect from among its members a Chairperson who is not the Chief Executive Officer. The Chairperson of the Board is principally responsible for overseeing the operation and affairs of the Board. The Board has established a position description for the Chairperson which is attached as an appendix to these Guidelines. The Board may also appoint a Co-Chairperson or Vice-Chairperson where it believes this would enhance the operations of the Board. In this case, the Co-Chairperson or Vice-Chairperson will share the responsibilities of the Chairperson.

Election of directors

Every shareholder of the Corporation entitled to vote at 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 him or her, multiplied by the number of directors to be elected. The shareholder may cast all of his or her votes in favour of one candidate or distribute them among the candidates in such manner as he or she sees fit. Where he or she has voted for more than one candidate without specifying the distribution of his or her votes among such candidates, he or she shall be deemed to have divided his or her votes equally among the candidates for whom he or she voted.

Term

All directors are elected at the annual meeting of shareholders of the Corporation for a term of one year. The Board does not believe it is advisable to establish term limits or mandatory retirement ages for its members as such limits may deprive the Corporation and its shareholders of the contributions of members who have been able to develop, over time, valuable insights into the Corporation, its strategy and business operations.

Board succession

The Governance and Nominating Committee is responsible for maintaining a Board succession plan that is responsive to the Corporation's needs and the interests of its shareholders. In considering new nominees to the Board, the Committee shall consider the following criteria:

- a) the competencies and skills necessary for the Board, as a whole, to possess;
- b) the competencies and skills that each existing director possesses; and
- c) the competencies and skills each new nominee will bring to the boardroom.

5. MEETINGS

The Board has meetings at least once in each quarter, with additional meetings held when required. Additional meetings may be called by the Chairperson, the Chief Executive Officer or any two directors on proper notice.

The Chairperson is primarily responsible for the agenda. Prior to each Board meeting, the Chairperson discusses agenda items for the meeting with the Chief Executive Officer, other members of senior management and other members of the Board. Any director may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

The Human Resources and Compensation Committee, the Governance and Nominating Committee and the Audit Committee generally have meetings quarterly, with additional meetings held when required. Meeting frequency and agendas for the standing committees may change from time to time, however, depending on opportunities or risks faced by the Corporation. Any member of a committee may call a committee meeting, request that an item be included on the committee's agenda or raise subjects that are not on the agenda for that meeting. Audit Committee meetings can also be called by the Chairperson of the Board, the Chief Executive Officer, the Chief Financial Officer or the Corporation's auditor.

Notice of the place, day and time of each Board or committee meeting must be served on each director at least 48 hours prior to the meeting. Directors or committee members may waive notice of any meeting and attendance at a meeting is deemed to be waiver of notice. The notice need not state the purpose or purposes for which the meeting is being held.

Procedures for Board meetings

Procedures for Board meetings are determined by the Chairperson unless otherwise determined by the by-laws of the Corporation or a resolution of the Board.

Procedures for committee meetings are determined by the committee chairperson unless otherwise determined by the by-laws of the Corporation or a resolution of the committee or the Board.

A quorum for any Board or committee meeting is not less than a majority of directors, unless the directors fix the quorum otherwise.

The Chairperson may vote as a director at any meeting, but does not have a second or casting vote in the case of an equality of votes.

The Secretary of the Corporation keeps minutes of the meeting of the Board and each of its committees and circulates copies of the minutes to each Board or committee member, as the case may be, on a timely basis.

Independent Directors' meetings

The Independent Directors have at least four meetings a year with only Independent Directors present. Each year, the directors will appoint an Independent Director to act as lead Independent Director to chair these meetings and to report to the Board on these meetings as is appropriate (the "Lead Independent Director"). The Board has developed a position description for the Lead Independent Director which is attached as an appendix to these Guidelines.

6. DIRECTORS RESPONSIBILITIES

Director orientation and continuing education

The Chief Financial Officer and the Secretary of the Corporation, under the oversight of the Governance and Nominating Committee, are responsible for providing orientation and continuing education programs for new directors. Generally, new directors are provided with materials describing the Corporation's business and governance policy and procedures and they also meet individually with the Chief Executive Officer and the Chairperson to learn about the Corporation and its operations.

Attendance and participation

Each director is expected to attend all meetings of the Board and any committee of which he or she is a member. A director who is unable to attend a meeting in person may participate by telephone or teleconference. The Board may also take action from time to time by unanimous written consent.

In advance of each Board and committee meeting, members will receive the proposed agenda and other materials important to the directors' understanding of the matters considered. Directors are expected to spend the time needed to review the materials in advance of such meetings and to actively participate in such meetings.

Service on other boards and audit committees

The Board does not believe that its members should be prohibited from serving on the boards of other public companies so long as these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Chairperson in advance of accepting an invitation to serve on the board of another public company and, as a general rule, directors are not allowed to join a board of another public company on which two or more other directors of the Corporation serve.

Members of the Audit Committee may not serve on the audit committees of more than three other public companies without the prior approval of the Board.

Access to independent advisors

The Board and any committee may at any time retain outside financial, legal or other advisors at the expense of the Corporation and have the authority to determine the advisors' fees and other retention terms. Any director may, subject to the approval of the Chairperson, retain an outside advisor at the expense of the Corporation.

7. COMMITTEES OF THE BOARD

General

Brookfield believes that Board committees assist in the effective functioning of the Board.

The Human Resource and Compensation Committee is comprised of a majority of Independent Directors and has one BAM representative. The Audit Committee and Governance and Nominating Committee are comprised solely of Independent Directors.

The Board has three standing 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 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 standing committee:

Audit Committee

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 and independence of the Corporation's auditors. The committee is also responsible for reviewing the Corporation's annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis and review of related operations prior to their approval by the full Board.

Human Resources and Compensation Committee

The Human Resources and Compensation Committee is responsible for reviewing and reporting to the Board on human resource planning, including senior management appointments, succession planning and the levels and form of executive compensation in general, and the specific compensation of senior executives. The committee also reviews the positions descriptions and annual objectives of the Corporation's Chief Executive Officer and his or her performance in relation to these objectives, and reports to the Board.

Governance and Nominating Committee

It is the responsibility of the Governance and Nominating Committee, in consultation with the Chairperson, to assess periodically the size and composition of the Board and its committees, to implement procedures for director appointment and removal, to assess effectiveness of the performance of the Board and its directors, to review the Corporation's Code of Business Conduct and Ethics and its Guidelines, to monitor its relations with management, and to review and recommend directors' compensation.

Committee Chairpersons

The Audit and Governance and Nominating Committees are each chaired by an Independent Director. The Human Resources and Compensation Committee is chaired by a director related to BAM. Each committee chairperson is selected by the Board on the recommendation of the Governance and Nominating Committee and is responsible for determining the agenda and the frequency and conduct of committee meetings.

Committee charters

Each committee has its own charter that sets out its responsibilities and duties, qualifications for membership, procedures for committee member removal and appointment and reporting to the Board. Copies of each charter are posted on the Corporation's Web site, www.brookfieldproperties.com.

8. EVALUATION OF BOARD, DIRECTORS AND COMMITTEES

The Governance and Nominating Committee in consultation with the Chairperson will ensure that an appropriate system is in place to evaluate and perform an annual evaluation of the effectiveness of the Board as a whole, as well as the committees of the Board, to ensure they are fulfilling their respective responsibilities and duties as set out in these Guidelines and in their respective committee charters. In connection with these evaluations, each director will be requested to provide his or her assessment of the effectiveness of the board and each committee. These evaluations should take into account the competencies and skills each director is expected to bring to his or her particular role on the Board or on a committee, as well as any other relevant facts.

9. 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 Board has 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 appropriate oversight by the Board and its committees.

Management of the Corporation is under the direction of the Chief Executive Officer. The Board has developed a position description of the Chief Executive Officer which is attached as an appendix to these Guidelines.

Management's relationship to the Board

Senior management of the Corporation, primarily through the Chief Executive Officer, reports to and is accountable to the Board. At its meetings, the Board regularly engages in private sessions with the Corporation's Chairperson and Chief Executive Officer without other members of senior management present.

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 the 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 access to management

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. The directors periodically assess the quality, completeness and timeliness of information provided by management to the Board.

Management succession

The Board in consultation with the Human Resources and Compensation Committee maintains a succession plan for the Chief Executive Officer and other members of senior management. The objective of the plan is to ensure the orderly succession of senior management, including providing for any required recruiting, training and development.

Management performance review and rewards

The Human Resources and Compensation Committee annually reviews the position description of the Chief Executive Officer and establishes objectives against which his or her performance is reviewed, with his or her compensation or level being assessed against these pre-agreed objectives. Similar reviews and assessments are undertaken for other members of senior management in consultation with the Chief Executive Officer.

Brookfield's compensation plans are based on maintaining a direct link between management rewards and the wealth created for shareholders. The Corporation attempts to reward the most senior executives with primary compensation earned through share appreciation. Annually, members of senior management receive allocations of share options to augment their compensation and to encourage further share ownership, and in 1999 a deferred share unit plan was introduced for the most senior members of management to reward increases in share performance. Brookfield is also committed to maintaining periodic reviews of its compensation practices to ensure that management is fairly rewarded over time based on performance.

10. COMMUNICATION AND DISCLOSURE POLICIES

The Corporation has adopted a Disclosure and Insider Trading Policy which summarizes its policies and practices regarding disclosure of material information to investors, analysts and the media. The purpose of this policy is to ensure that the Corporation's communications with the investment community are timely, consistent and in compliance with all applicable securities legislation. This Disclosure and Insider Trading Policy is reviewed annually by the Board and available on the Corporation's Web site, www.brookfieldproperties.com.

The Corporation endeavors to keep its shareholders informed of its progress through a comprehensive annual report, annual information form, quarterly interim reports and periodic press releases. It also maintains a Web site that provides summary information about the Company and ready access to its published reports, press releases, statutory filings and supplementary information provided to analysts and investors. Directors and management meet with the Corporation's shareholders at the annual meeting and are available to respond to questions at that time.

The Corporation also maintains an investor relations program to respond to inquiries in a timely manner. Management meets on a regular basis with investment analysts, financial advisors and interested members of the public to ensure that accurate information is available to investors, including quarterly conference calls and webcasts to discuss the Corporation's financial results. The Corporation also endeavors to ensure that the media are kept informed of developments as they occur, and have an opportunity to meet and discuss these developments with the Corporation's designated spokespersons.

11. DIRECTOR COMPENSATION

Directors who are employees of the Corporation do not receive any compensation for service as directors of the Corporation. The compensation owing to the BAM representatives shall be paid to BAM.

Annually, the Governance and Nominating Committee recommends to the Board the form and adequacy of compensation and benefits for non-management directors. During this recommendation process, the committee seeks to ensure that the compensation and benefits reflect the responsibilities and risks involved in being a director of the Corporation and to align the interests of the directors with the best interests of the Corporation and its stakeholders.

Directors are reimbursed by the Corporation for reasonable travel expenses and other out-of-pocket expenses incurred in connection with their duties as directors.

12. CODE OF BUSINESS CONDUCT AND ETHICS

The Board expects all directors, officers and employees of the Corporation to conduct themselves in accordance with the highest ethical standards and to adhere to the Corporation's Code of Business Conduct and Ethics. Any waiver of the Code of Business Conduct and Ethics for officers

and directors may only be made by the Board or the Governance and Nominating Committee and will be disclosed to shareholders by the Corporation to the extent required by law, regulation or stock exchange requirement.

13. PROHIBITION ON PERSONAL LOANS

The Corporation will not, either directly or indirectly, including through its subsidiaries, extend or maintain credit, arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any director or officer.

14. INDEMNIFICATION AND INSURANCE

In accordance with the by-laws of the Corporation and applicable laws, present and former directors and officers are each indemnified by the Corporation.

In addition, the Corporation maintains directors and officers insurance. Under this insurance coverage, the Corporation and certain of its associated companies are reimbursed for indemnity payments made to directors or officers as required or permitted by law or under provisions of its by-laws as indemnity for losses, including legal costs, arising from acts, errors or omissions committed by directors and officers during the course of their duties as such. This insurance also provides coverage to individual directors and officers without any deductible if they are not indemnified by the Corporation. The insurance coverage for directors and officers has certain exclusions including, but not limited to, those acts determined to be deliberately fraudulent or dishonest or have resulted in personal profit or advantage.

15. CONFLICTS OF INTEREST

Each director is required to inform the Board of any potential or actual conflicts, or what might appear to be a conflict of interest he or she may have with the Corporation. If a director has a personal interest in a matter before the Board or a committee, he or she must not participate in any vote on the matter except where the Board or the committee has expressly determined that it is appropriate for him or her to do so.

16. CONTACT BOARD AND COMMITTEES

The Board welcomes input and comments from shareholders of the Corporation. You may contact one or more members of the Board or its committees by writing to the Corporation's CC&AO at:

Board of Directors of Brookfield Properties Corporation
c/o Brookfield Properties Corporation
Three World Financial Center
New York, New York 10281-1021
U.S.A.

E-mail: boardofdirectors@brookfieldproperties.com

Adopted by the Board of Directors March 22, 2004.

Affirmed by the Board of Directors October 29, 2004.

Affirmed by the Board of Directors November 1, 2005.

Affirmed by the Board of Directors November 1, 2006.

Amended and Affirmed by the Board of Directors October 29, 2007.

APPENDIX

Position description of Chairperson

The Chairperson of the Board of Brookfield is principally responsible for overseeing the operations and affairs of the Board. In fulfilling his or her responsibilities, the Chairperson will:

- a) provide leadership to foster the effectiveness of the Board;
- b) ensure there is an effective relationship between the Board and senior management of the Corporation;
- c) ensure that the appropriate committee structure is in place and assist the Governance and Nominating Committee in making recommendations for appointments to such committees;
- d) in consultation with the other members of the Board and the Chief Executive Officer, prepare the agenda for each meeting of the Board;
- e) ensure that all directors receive the information required for the proper performance of their duties, including information relevant to each meeting of the Board;
- f) chair Board meetings, including stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual directors and confirming that clarity regarding decision-making is reached and accurately recorded;
- g) together with the Governance and Nominating Committee, ensure that an appropriate system is in place to evaluate the performance of the Board as a whole, the Board's committees and individual directors, and make recommendations to the Governance and Nominating Committee for changes when appropriate;
- h) work with the Chief Executive Officer and other members of senior management to monitor progress on strategic planning, policy implementation and succession planning; and
- i) provide additional services requested by the Board.

Position description of Lead Independent Director

The Lead Independent Director will preside over all sessions of the Corporation's Independent Directors and is responsible for ensuring that matters raised during these meetings are reviewed with the full Board and Corporation's senior management and acted upon in a timely fashion. In addition, the Lead Director performs the following functions:

- a) consults with the Chairperson of the board on the preparation of the agenda for each meeting of the board; and
- b) in consultation with the Chairperson, ensures that an appropriate system is in place to evaluate the performance of the board as a whole and its committees.

Position description of Chief Executive Officer

The Chief Executive Officer of Brookfield is responsible for providing the leadership of the Corporation and, subject to the direction provided by the Board, managing the business and affairs of the Corporation. In fulfilling his or her responsibilities, the Chief Executive Officer will:

- a) develop and present to the Board for approval a business plan for the Corporation, which includes the fundamental objectives and goals of the plan, the strategies to achieve the objectives and goals, the risks and alternatives to these strategies and specific steps and performance indicators which will enable the Board to evaluate management's progress on implementing such strategies and achieving the objectives and goals, and report regularly to the Board on the progress of the business plan;
- b) develop and present to the Board for approval key financial and other performance goals for the Corporation's activities, and report regularly to the Board on the progress against these goals;
- c) manage the operations of the Corporation in accordance with the business plan approved by the Board;
- d) act as the primary spokesperson for the Corporation;
- e) recommend to the Board the appointment or termination of senior management of the Corporation;
- f) present to the Board for approval annually an assessment of the senior management of the Corporation together with a succession plan that provides for the orderly succession of senior management including the recruitment, training and development required;
- g) together with the Corporation's Chief Financial Officer, establish and maintain disclosure controls and procedures and internal controls and procedures for financial reporting appropriate to ensure the accuracy and integrity of the Corporation's financial reporting and public disclosure; and
- h) foster a corporate culture that promotes ethical practices and encourages individual integrity and social responsibility.

Brookfield Properties

