BROOKFIELD PROPERTIES CORPORATION

ANNUAL INFORMATION FORM

MAY 20, 1999

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SELECTED CONSOLIDATED FINANCIAL INFORMATION

Four Year Summary

Years ended at December 31

$millions except per share information (audited)	**1998**	1997	1996	1995
Financial position				
Commercial properties	**9,026**	6,395	4,301	2,401
Home building assets	**1,496**	1,447	1,499	1,526
Investments and other	**1,189**	1,303	577	420
Total assets	**11,711**	9,145	6,377	4,347
Commercial property debt and residential construction financing	**7,718**	5,558	5,066	3,068
Other indebtedness and payables	**384**	307	311	323
	8,102	5,865	5,377	3,391
Capital base				
Minority interests	**922**	772	216	147
Convertible debentures	**374**	300	—	—
Preference shares	**366**	366	366	366
Common shareholders' equity	**1,947**	1,842	418	443
	3,609	3,280	1,000	956
Total liabilities and shareholders' equity	**11,711**	9,145	6,377	4,347
Revenue, cashflow, net income and dividend record				
Revenue(1)	**2,363**	1,506	938	826
Cashflow from operations	**290**	164	34	10
Net income (loss)	**189**	109	7	(17)
Net income (loss) per common share(2) – basic	**$1.06**	$0.67	$(0.43)	$(1.30)
– fully diluted	**$1.04**	$0.67	$(0.43)	$(1.30)
Dividends paid				
Class A preferred shares	**$0.1875**	$0.1875	$0.1875	$0.1875
Class AA, Series E preferred shares	**$1.1616**	$0.8614	$1.0851	$1.4061
Class AAA, Series A preferred shares	**$2.25**	$2.25	$2.25	$2.25
Class AAA, Series B preferred shares	**$2.25**	$2.25	$2.25	$2.25
Class AAA, Series C preferred shares	**$2.00**	$2.00	$2.00	$2.00
Class AAA, Series D preferred shares	**$2.00**	$2.00	$2.00	$2.00
Per common share	**$0.24**	$0.10	—	—

Quarterly Revenue and Net Income

Three months ended (unaudited)

	1998				1997			
$millions except per share information	**Dec. 31**	**Sept. 30**	**June 30**	**Mar. 31**	Dec. 31	Sept. 30	June 30	Mar. 31
Revenue	**706**	**583**	**620**	**454**	458	409	384	255
Cashflow from operations	**76**	**74**	**73**	**67**	58	46	32	28
Net income	**41**	**52**	**48**	**48**	40	30	21	18
Net income per common share – fully diluted(2)	**$0.20**	**$0.29**	**$0.29**	**$0.25**	$0.25	$0.14	$0.14	$0.14

Segmented Information

As at December 31

$millions	Canada		United States		Total	
	1998	1997	**1998**	1997	**1998**	1997
Commercial property operations						
Rental revenues	**331**	207	**930**	638	**1,261**	845
Expenses	**161**	77	**350**	252	**511**	329
	170	130	**580**	386	**750**	516
Land and housing						
Home and lot sales	**226**	230	**784**	405	**1,010**	635
Expenses	**191**	201	**739**	387	**930**	588
	35	29	**45**	18	**80**	47
Other revenues	**68**	12	**24**	14	**92**	26
Operating income	**273**	171	**649**	418	**922**	589
Depreciation & amortization	**27**	13	**46**	30	**73**	43
Taxes and other provisions	**13**	5	**15**	7	**28**	12
Income before unallocated costs	**233**	153	**588**	381	**821**	534
Unallocated interest, administration & minority interest expenses					**632**	425
Net income					**189**	109
Assets						
Commercial properties	**2,124**	1,962	**6,902**	4,433	**9,026**	6,395
Land and housing	**337**	317	**1,159**	1,130	**1,496**	1,447
Receivables and other	**484**	373	**500**	630	**984**	1,003
Cash and cash equivalents	**78**	216	**127**	84	**205**	300
	3,023	2,868	**8,688**	6,277	**11,711**	9,145

Notes:

(1) There have been no extraordinary items during the four years ended December 31, 1998.

(2) Restated to reflect a 5 for 1 share consolidation completed in May 1996.

ADDITIONAL INFORMATION

Additional information relating to Brookfield Properties Corporation, including information as to directors' and executive officers' remuneration and indebtedness, the principal holders of Brookfield's securities, options to purchase securities and interests of management and others in material transactions, is set out at pages 3 through 10 of Brookfield's Management Proxy Circular dated March 30, 1999 (the "Management Proxy Circular"). Additional financial information relating to Brookfield is also provided in the consolidated financial statements for the year ended December 31, 1998 set out at pages 46 through 65 of Brookfield's Annual Report for the year ended December 31, 1998 ("Brookfield's 1998 Annual Report"). Brookfield's 1998 Annual Report also contains at pages 24 through 45 management's Financial Summary and Analysis of Brookfield's financial condition and results of operations for the 12 months ended December 31, 1998 (the "Financial Review and Analysis"), which is hereby incorporated by reference.

Additional information relating to Brookfield will be provided to any person, upon request to the secretary of the Corporation as follows:

(a) when securities of Brookfield are in the course of a distribution pursuant to a short form prospectus, or when a preliminary short form prospectus has been filed in respect of a distribution of Brookfield's securities,
    (i) one copy of this Annual Information Form ("AIF"), together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the AIF,
    (ii) one copy of Brookfield's consolidated financial statements for the year ended December 31, 1998 together with the accompanying report of the auditor and one copy of any interim financial statements of Brookfield subsequent to the financial statements for the year ended December 31, 1998,
    (iii) one copy of Brookfield's Management Proxy Circular dated March 30, 1999, and
    (iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under (i) to (iii) above; or
(b) at any other time, one copy of any document referred to in (a)(i), (ii) and (iii) above, provided that Brookfield may require the payment of a reasonable charge if the request is made by a person who is not a security holder of Brookfield.

BROOKFIELD PROPERTIES CORPORATION

Brookfield owns and manages a portfolio of premier North American office properties and also develops master-planned residential communities.

Brookfield owns interests in 50 commercial properties, mostly office buildings, containing 34 million square feet of rentable area; a property services business which manages over 100 million square feet of space; and a land and housing business which sells 4,500 residential building lots annually.

Brookfield's objective is to build shareholder value by owning quality assets and managing each of its operations to increase cashflows.

Brookfield owns its assets directly and indirectly through partnerships and incorporated companies, including: (i) a 100% common share interest in Brookfield Commercial Properties Ltd. (Ontario), a commercial property investment company, which primarily owns large Class A office properties located in central business districts in Toronto, Denver and Minneapolis (ii) a 90% interest in Brookfield Financial Properties Inc. (formerly World Financial Properties Inc.), a New York based Delaware partnership which owns large Class A office properties in downtown and midtown Manhattan and Boston; (iii) a 100% common share interest in Brookfield Management Services Ltd. (Ontario), a private real estate management services company, which conducts property and facilities management activities in selected markets across North America; (iv) a 45% interest in Gentra Inc. (Canada), a public commercial real estate company operating in the ownership and financing of commercial real estate; (v) a 100% common share interest in Brookfield Homes Ltd. (Canada), a residential real estate development company which develops and sells residential lots and builds and sells homes to individuals; and (vi) a 80% common share interest in Carma Corporation (Alberta), a public real estate development company, which develops land to produce fully-serviced residential building lots for sale.

The Corporation was formed under the *Canada Business Corporations Act* on September 5, 1978 to continue the business of Canadian Arena Corporation which was incorporated in 1923 under the *Quebec Companies Act*, 1920. The articles of the Corporation have been amended from time to time to change its capital structure and, in March 1989, to change its name from Carena Bancorp Inc. to Carena Developments Limited. On May 7, 1996, the articles of the Corporation were amended to change the name of the Corporation to Brookfield Properties Corporation. The Corporation's registered and head office is Suite 4400, BCE Place, 181 Bay Street, Toronto, Ontario, M5J 2T3. References to the "Corporation" refer to Brookfield Properties Corporation. References to "Brookfield Properties" refer to the Corporation and its consolidated subsidiaries other than Brookfield Commercial Properties Ltd. ("Brookfield Commercial"), Gentra Inc. ("Gentra"), Brookfield Homes Ltd. ("Brookfield Homes"), Carma Corporation ("Carma"), Brookfield Management Services Ltd. ("Brookfield Management") and Brookfield Financial Properties Inc. ("Brookfield Financial Properties"). References to "Brookfield" refer to the Corporation and all of its consolidated and proportionately consolidated subsidiaries unless the context requires otherwise.

Brookfield prepares its annual audited consolidated financial statements in accordance with generally accepted accounting principles in Canada ("Canadian GAAP"), which differ in certain respects from US generally accepted accounting principles ("US GAAP"). For a discussion of these differences, together with a reconciliation of the Corporation's net income and shareholders' equity to US GAAP, see Note 15 of the notes to the consolidated financial statements of the Corporation. The Corporation prepares its consolidated financial statements in Canadian dollars, and, unless otherwise indicated, all financial data set forth in this AIF have been prepared in accordance with Canadian GAAP. In this AIF, all references to "C$" or "$" are to Canadian dollars and references to "US$" are to US dollars. Unless otherwise indicated, the statistical and financial data contained in this AIF are presented as at December 31, 1998.

History and Current Developments

In 1924, Canadian Arena Corporation, the predecessor company to Brookfield, built the Montreal Forum to provide facilities for hockey and other sporting and cultural events. Until 1972, Brookfield's earnings were derived principally from the ownership of the Montreal Forum and the Montreal Canadiens of the National Hockey League.

In 1976, Brookfield expanded its real estate interests by acquiring a 25% equity interest and effective voting control of Trizec Corporation Ltd. ("Trizec"). Brookfield subsequently increased its equity interest in Trizec to approximately 30%. The severity of the recession in the real estate markets during the early 1990's and the limitation on capital available to the real estate industry led the Corporation to refrain from participating in a major recapitalization completed by Trizec in August 1994. This resulted in Brookfield's ownership of Trizec being reduced to a nominal amount.

Instead, the Corporation elected to allocate its capital resources to increasing its ownership of its other real estate subsidiaries. This resulted in Brookfield Properties' ownership of Brookfield Commercial increasing from 50% to 100% early in 1994; ownership of Brookfield Homes increasing from 56% to 96% during 1994 and 1995; and ownership of Carma increasing from 51% to 80% in 1995. In addition, Brookfield Properties acquired a 70% ownership interest in Brookfield Management in 1995 and a 46% ownership interest in Brookfield Financial Properties in 1996.

As a result of the strategy of increasing its ownership of these entities, Brookfield increased its net effective ownership interest in prime Class A commercial rental properties and residential land holdings, notwithstanding the reduction of its interest in Trizec. In the process, the Corporation and its subsidiaries also strengthened their capital bases. This enabled the Corporation to consolidate and rationalize the group's real estate operations into four distinct operating units and establish greater control and co-ordination of its subsidiaries' operations. During this period, several equity issues and market purchases of shares of subsidiaries were completed by the Corporation.

On December 29, 1994, the Corporation issued 20 million common shares for total proceeds of $200 million to its major shareholder, EdperBrascan Corporation (amalgamated entity formed by the amalgamation of The Edper Group Limited and Brascan Limited) ("EdperBrascan"). Also, on each of January 31, 1994 and July 31, 1994, the Corporation issued 6 million Class AAA Preferred Shares to EdperBrascan for total proceeds of $150 million. Funds generated by these issues were utilized to repay corporate debt largely held by EdperBrascan.

On April 4, 1995, the shareholders of Carma approved a recapitalization plan whereby Carma repurchased all of its outstanding participating preferred shares owned by Brookfield Properties for a combination of cash and common shares. This transaction, together with a normal course issuer bid program initiated by Carma, increased Brookfield Properties' common share interest in Carma from 51% to 80%.

On October 23, 1995, the Corporation issued an additional 20 million common shares to EdperBrascan for total proceeds of $200 million. Proceeds of the issue were utilized to strengthen Brookfield Homes' capital base through Brookfield Properties' subscription for 20 million common shares of Brookfield Homes for $200 million. Concurrently, Brookfield Homes repaid indebtedness owing to EdperBrascan.

In December 1995, Brookfield's real estate management services group agreed to combine its operations with Royal LePage's real estate management operations to form Brookfield Management. Since 1995, Brookfield's real estate management operations have been expanded to over 100 million square feet (including 11 million square feet in Brookfield Financial Properties), ranking it as one of the largest real estate management services companies in Canada.

On November 21, 1996, Brookfield Properties completed the acquisition of a 46% interest in Brookfield Financial Properties. Brookfield Financial Properties owned 10 million square feet of Class A office space in New York City and Boston, including three of the four towers of World Financial Center, One Liberty Plaza, and 245 Park Avenue in Manhattan and Exchange Place in Boston. Brookfield Financial Properties is one of New York's largest office property landlords.

Also on November 21, 1996, Brookfield Financial Properties completed the refinancing of $1.8 billion of securitized long-term property financing related to the World Financial Center assets at an average rate of 6.92%. The proceeds of this financing were used to retire existing debt and for general corporate purposes. The balance of the financings completed were long-term mortgage financings on Brookfield Financial Properties' other real estate assets totalling approximately $1.6 billion, the proceeds of which were used to repay existing mortgages.

In February 1997, the Corporation completed a $600 million debt and equity offering of 230,770 Units consisting of an aggregate of $300 million 6% convertible unsecured subordinated debentures and 23,077,000 common shares at a price of $13.00 per share, represented by instalment receipts due and collected February 14, 1998.

In April 1997, the Corporation acquired from the Canadian Imperial Bank of Commerce ("CIBC") and Dragon Holdings Limited ("Dragon Holdings") a further 25% interest in Brookfield Financial Properties for approximately $200 million in cash and the issuance of 2.9 million warrants of the Corporation, each warrant entitling the holder to purchase one Common Share of the Corporation at $15.00 per Common Share and having a term of 5 years from the date of their issue. Following the acquisition, Brookfield Properties owned a 70% interest in Brookfield Financial Properties.

On May 8, 1997, the Corporation completed an amalgamation transaction with Brookfield Homes pursuant to which shareholders of Brookfield Homes received one common share of the Corporation for each 1.5 common shares of Brookfield Homes held. Prior to the amalgamation, public shareholders owned approximately 4% of the total shares outstanding in Brookfield Homes. On the amalgamation, Brookfield issued 784,435 additional common shares of the Corporation.

In May 1997, the Corporation completed a $300 million equity offering of 19,672,132 common shares at a price of $15.25 per share, represented by instalment receipts due and collected on February 14, 1998.

In August 1997, the Corporation completed a $400 million equity offering of 21,052,632 common shares at a price $19.00 per share.

On September 30, 1997, the Corporation completed the purchase from Trilon Financial Corporation of 14,582,252 common shares (on a post-consolidation basis) of Gentra for an aggregate purchase price of $262 million. The purchase price was satisfied by delivery of $175 million in cash and 4,604,239 common shares of Brookfield. On completion of the transaction, Brookfield held approximately 43% of the outstanding common shares of Gentra. On September 30, 1997, Brookfield also entered into an agreement to purchase $50 million of Series R preferred shares (the "Preferred Shares") of Gentra from Trilon Financial Corporation. The Preferred Shares were converted into common shares of Gentra on October 15, 1997 pursuant to a reorganization of Gentra, increasing Brookfield's ownership in Gentra to 45%. Gentra operates as a real estate investment company which owns commercial properties, primarily in Canada. Gentra's primary focus is the acquisition and repositioning of commercial properties.

In April 1998, Brookfield completed the acquisition of the other half of its previously 50% owned, 1.2 million square foot Exchange Place office tower in Boston, Massachusetts for US$145 million. Brookfield also closed the refinancing of 100% of the property with a securitized 10-year, US$165 million first mortgage at 6.9%.

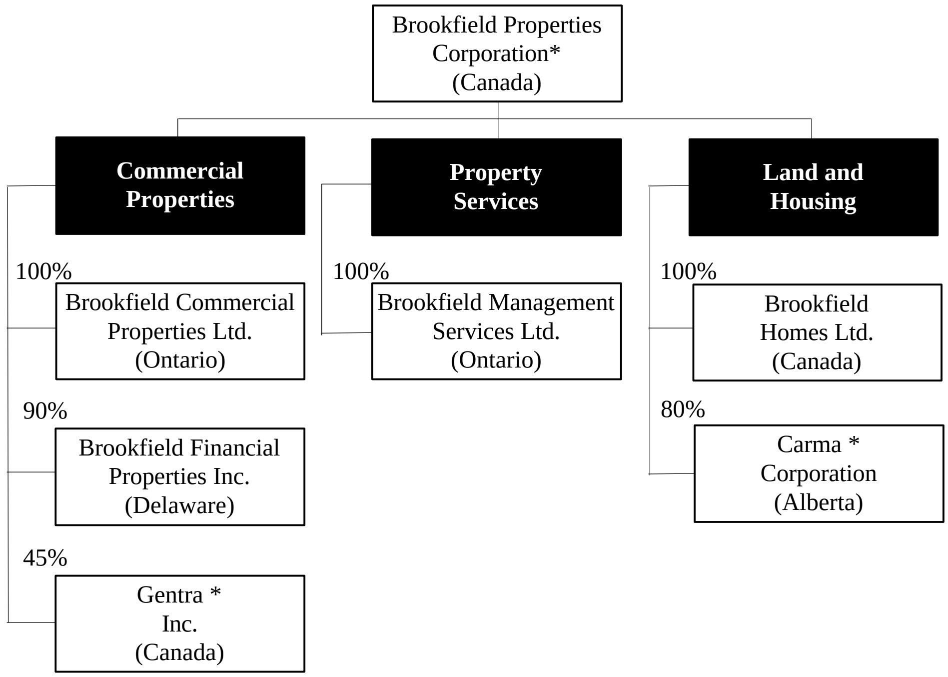
In June 1998, Brookfield increased its interest in Brookfield Financial Properties by purchasing from Citicorp Real Estate Inc. ("Citicorp") 19% of the entity to increase its interest to 89%. The cost of the acquisition was US$167 million. As partial consideration for the acquisition, the Corporation issued a US$50 million 6% unsecured debenture convertible into 2,622,100 common shares of the Corporation. Citicorp continues to own 5% of Brookfield Financial Properties which, under certain circumstances will be convertible at Citicorp's option after five years, into Brookfield common shares.

In September 1998, Brookfield Financial Properties acquired the 75 State Street office building, a 1,002,000 square foot premier property in downtown Boston. The property was financed at closing with a US$185 million non-recourse thirty year first mortgage with the rate fixed for the first ten years.

In December 1998, Brookfield, through Gentra, acquired a 50% interest in Petro-Canada Centre, for $200 million. Petro-Canada Centre is the largest office complex in Western Canada, containing 2.0 million square feet in the heart of Calgary's central business district. On closing, the project's lead tenant, Petro-Canada, entered into a new 15-year lease to occupy 50% of the building. The acquisition was financed with a $220 million 6.66% fixed-rate mortgage bond due December 2008.

Corporate Chart

The following chart identifies Brookfield's principal subsidiaries, together with the other companies through which Brookfield conducts its business operations, the jurisdiction of incorporation of each company and the interest in each company held by Brookfield.



Notes:
(1) These interests are held directly and indirectly through wholly-owned subsidiaries.

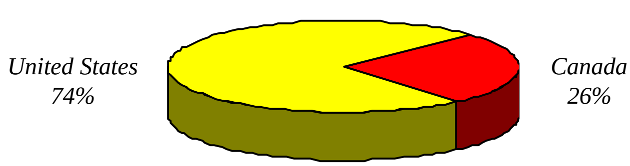
All percentages represent voting and equity interests unless otherwise indicated.

* Public company.

BUSINESS OF BROOKFIELD

Brookfield participates in three sectors of the real estate business: the ownership of commercial properties; property services; land development; and home building. In the commercial property business, Brookfield's 50 office buildings and retail centres contain more than 34 million square feet of rentable area in which Brookfield has a net ownership interest in 30 million square feet. The property services business manages over 100 million square feet of office, retail, residential and other properties. The residential land and housing business sells 4,500 residential building lots annually. Brookfield employs approximately 3,000 people throughout the organization. Unless otherwise indicated, the information appearing below is stated as at, or in respect of the 12 months ended December 31, 1998. The following describes each of these businesses and Brookfield's investment strategy for each business.

Geographic Distribution of Assets
(by carrying value)



Commercial Property Investments

Brookfield's strategy is to own the highest quality premier office properties in prime downtown locations of major cities in North America. Brookfield's portfolio consists of interests in 50 commercial properties, mostly office buildings, containing 34 million square feet of rentable area in which Brookfield has an ownership interest in 30 million square feet. Premier office properties are generally considered to be those that have the most favourable locations and physical attributes and attract the highest rents and experience the highest tenant retention rates within their markets.

The carrying value of Brookfield's commercial properties increased by 41% to $9 billion compared with $6.4 billion in 1997. The increase resulted principally from the acquisition in 1998 of a net 4.8 million square feet of premier commercial office space. The following table provides a summary of Brookfield's commercial property portfolio by region.

	Total Net Rentable Area	Brookfield Interest	**Dec. 31 1998**	Dec. 31 1997
	(000s sq.ft.)	*(000s sq.ft.)*	*(millions)*	*(millions)*
New York, New York	9,667	8,810	**$4,578**	$3,024
Toronto, Ontario	9,523	7,518	**1,504**	1,482
Boston, Massachusetts	2,122	2,122	**996**	156
Denver, Colorado	3,128	2,921	**560**	515
Minneapolis, Minnesota	3,009	3,009	**602**	646
Calgary, Alberta	5,528	4,556	**565**	427
Other	1,458	1,458	**221**	145
Total	34,435	30,394	**$9,026**	$6,395

On a book value basis, 76% of Brookfield's commercial properties are located in the United States and 24% in Canada. Rental revenue and net operating income from US-based properties comprised 74% of revenue and 77% of net operating income, with the balance from Canadian operations.

The consolidated carrying value of Brookfield's interest in 30.4 million square feet of rentable area is approximately $296 (US$193) per square foot, while the cost to replace the portfolio is estimated at $445 (US$290) per square foot. The average size of Brookfield's major properties is 1.4 million square feet of rentable area.

In 1998, tenant improvements were $44 million and redevelopment expenditures, which included lease-up expenditures on redevelopment properties, were $83 million. With the core portfolio now 98% leased, tenant improvements are expected to decline in 1999 and 2000 and level off at approximately $30 million annually.

1998 Acquisitions and Divestitures

In 1998, Brookfield acquired a further 19% interest in Brookfield Financial Properties for US$117 million of cash, the issuance of a US$50 million unsecured convertible debenture and the assumption of property related debt. As a result of this acquisition, Brookfield commenced full consolidation of Brookfield Financial Properties.

Brookfield also acquired the remaining 50% interest in 53 State Street in Boston not previously owned as well as a 100% interest in the neighbouring property, 75 State Street, a 1 million square foot office property.

In Canada, Brookfield acquired a 50% interest in Petro-Canada Centre, a 2 million square foot office property in Calgary, for $200 million. This transaction, combined with the disposition of six Class B office properties for proceeds of $65 million, greatly enhanced the quality of Brookfield's portfolio in Calgary without adding significantly to the company's overall exposure to this market.

Tenant Profile

Brookfield's strategy is to maximize asset values over the long-term focusing on not only the physical attributes of the asset and location but also on the quality of tenants, in particular their long-term financial strength.

The current profile of Brookfield's most significant tenants is as follows:

Tenant	Industry	Tenant	Industry
Greater than 300,000 Square Feet			
Bear Stearns	Financial	Canadian Imperial Bank	
Canada Trust	Financial	of Commerce	Financial
Cleary, Gottlieb, Steen & Hamilton	Legal	Dayton Hudson Corporation	Retail
Dow Jones & Company Inc.	Publishing	Imperial Oil	Oil & Gas
Merrill Lynch & Company	Financial	Petro-Canada	Oil & Gas
Teachers Insurance Annuity		TransCanada Pipelines	Oil & Gas
Association	Insurance		
150,000 – 300,000 Square Feet			
Bank of Nova Scotia	Financial	Bell Mobility	Communications
Deloitte & Touche	Professional Services	Fidelity Investments	Financial
Fleet National Bank	Financial	Goodwin, Proctor & Hoar	Legal
Gruntal & Co.	Financial	Dain Rauscher Corporation	Financial
Long-Term Credit Bank of Japan	Financial	National Financial Services	Financial
New York Life Health Care	Insurance	Renaissance Energy	Oil & Gas
Royal Bank of Canada	Financial	Saks Fifth Avenue	Retail
Wellington Management	Financial	Zurich Insurance	Insurance
75,000 – 150,000 Square Feet			
Boston Consulting Group	Consulting	Choate, Hall & Stewart	Legal
Fireman's Fund	Insurance	International Multifoods	Consumer
Major League Baseball	Entertainment	Newcourt Credit Group	Financial
Nieman Marcus	Retail	Odyssey Reinsurance Corporation	Insurance
Rabobank International	Financial	Tucker Anthony	Financial
Union Pacific Resources	Oil & Gas	William M. Mercer	Consulting
Xerox Corporation	Consumer		

Rental Rate Renewal Schedule

As a result of a shortage of high-quality office space rental rates rose during 1998 in all markets, except Minneapolis, where Brookfield operates and are higher than Brookfield's average portfolio rents in all markets. The following table compares the average net rents in Brookfield's portfolio to estimated current market rents for similar quality space and services:

Region	Average Lease Term	Average Net Portfolio Rents	Est. Current Net Market Rents*
	(years)	*(US$ per sq.ft.)*	*(US$ per sq.ft.)*
New York – Midtown	7	$32	$40
New York – Downtown	13	29	30
Toronto	8	14	22
Boston	7	20	40
Denver	6	12	18
Minneapolis	8	9	17
Western Canada	9	10	13

* Management's estimate of current net market rent for similar quality space and services in the same market.

The following is a brief overview prepared by management of the commercial property markets in which Brookfield operates:

- *Manhattan, New York*

The New York market contains the largest area of office space in North America. The greater New York area has in excess of 400 million square feet of office space. Manhattan itself contains approximately two-thirds of this space. Manhattan in turn is broken into three sub-markets: midtown with 220 million square feet; midtown south with 61 million square feet; and downtown with 112 million square feet. 245 Park Avenue is located in midtown and the balance of Brookfield's New York properties are located downtown.

The midtown office recovery, which started in 1994, continues at a steady pace. Leasing activity stabilized in 1998 resulting in net absorption of 2.3 million square feet. This is less than the 4.1 million square feet absorbed in 1997 primarily because a few large blocks of direct and sublease space became available due to consolidations and relocations to other neighbourhoods including downtown and the less traditional West Side, both of which offer certain economic benefits. Midtown continues to be the most desirable location in New York City for office tenants because of its accessibility and the quality of the properties in the area. It attracts high profile tenants from all industries.

At the beginning of 1994, the midtown vacancy rate was 16.4%, falling to 8.9% at year end 1997 and to 8.1% at year end 1998. Class A overall vacancy is 7.5% and Class A direct vacancy is 5.3%. As vacancy rates continue to decline, asking rents rose 20% last year. Net effective rents grew more dramatically because of reduced concessions and stable operating costs. Large blocks of space are still scarce and attract premium rates as space users in New York require large blocks of contiguous space to gain operational efficiencies. There are only ten Class A locations in midtown that are larger than 100,000 square feet and six that are larger than 200,000 square feet.

The downtown commercial office market, the third largest business district in the United States, consists of 112 million square feet of Class A, B and C space in approximately 245 buildings. 1998 saw a continuation of the recovery in the downtown commercial office market, with the overall vacancy rate dropping to 9.5% from 12.4% at year end 1997 and from 17.6% at year end 1996. Class A inventory accounted for most of the reduction in the vacancy rate, decreasing to 5.2%. At year end 1997, the Class A vacancy rate was 8.2%.

A record 10.1 million square feet was leased in 1998. This is after leasing nine million square feet in 1997 and 5.7 million square feet in 1996. Net absorption totaled three million square feet in 1998 compared with 3.8 million square feet in 1997.

More than half of the buildings in downtown New York were built before World War II. There is a substantial disparity in vacancy rates between older and newer properties which reflects not only a movement to quality buildings, but also underscores the fact that the financial services sector, which is the main employer in downtown, generally needs to be housed in modern, functional and efficient buildings. This trend has in effect created two downtown markets - the historical but less functional, older buildings and the modern, highly functional, newer buildings which meet the needs of a much broader tenant base. Within the latter group, World Financial Center and One Liberty Plaza rank near the top in terms of desirability due to their quality and location. Based on the quality of these properties and the outlook for growth of major downtown headquartered institutions, Brookfield Financial Properties continues to expect above-market occupancies in its properties. Over the next few years, it is anticipated that net absorption will also result from a continuing trend toward downtown living which is enabling developers to convert older office buildings into co-operative and rental apartment buildings.

- *Toronto, Ontario*

Toronto is Canada's largest office market and has shown steady recovery since 1993. Toronto's financial core has a total office space inventory of over 35 million square feet. Peak vacancy levels were 18.9% in 1993 and have declined steadily to 5.9% at year end 1998. The continued decline in vacancy rates coupled with tenant expansion have continued to increase rental rates over that period. As a result of occupancies having risen, net effective rents have increased, particularly in Class A buildings. In the large bank-owned towers, which compete with Brookfield's properties, vacancy rates have dropped to 8% at year end 1998 and net effective rents are in the $25 to $33 per square foot range. Brookfield's principal Toronto office properties are all located in the financial core and are connected to other major downtown office buildings, the metro subway system and other amenities.

- *Boston, Massachusetts*

The Boston downtown office market consists of fifty-nine million square feet in nine sub markets. The central business district sub-market, where 53 and 75 State Street are located, is the largest with 32 million square feet. The Boston central business district's overall vacancy rate of 5.3% at year end 1998 was the same as at year end 1997.

Boston's commercial office market continues to be one of the healthiest in the United States with vacancies down to levels not seen since the 1980's. Boston's strong economy is rooted in the financial services and high technology sectors. As of November 1998, its unemployment rate was 2.2%, one of the lowest rates nationally.

- *Denver, Colorado*

The downtown office market in Denver has an inventory of approximately 18.5 million square feet. The impact of the strong demand for space telecommunications and technology sectors in Denver pushed the vacancy rate to 7.3% at year end 1998 from year end 1997 levels of 8.2%. Class A rental rates in the downtown office market have increased with net effective rents ranging from US$12 to US$18 per square foot. Colorado's population has increased 15% since 1990, with six of the United States' fastest growing communities lying within 75 miles of Denver. The movement into Denver of a number of cable and telecommunication companies has also helped diversify the economy which was formerly largely dependent on the energy and mining industries.

- *Minneapolis, Minnesota*

Minneapolis' downtown office market has a total inventory of 21 million square feet and has Class A office space vacancies of 4.2%. Recently announced build-to-suit buildings will add approximately 3 million square feet of new office space in Minneapolis over the next four years. Net effective rents in Class A downtown buildings in the Minneapolis office market now range from US$12 to US$17 per square foot. Brookfield's properties are at the center of the financial and retail district in downtown Minneapolis and are all connected to the city's above-ground, enclosed walkway system and its pedestrian malls.

- *Calgary, Alberta*

The downtown office market in Calgary has a total inventory of over 29 million square feet. The Calgary market has shown a steady improvement with vacancies dropping from a peak of 17.3% in 1992 to 4.6% at December 31, 1998. The demand for office space in downtown Calgary is still substantially driven by the oil and gas industry; however, Calgary now has the second highest number of head offices in Canada, outranked only by Toronto. Class A space availability has become limited especially for larger, contiguous blocks of space. This has favourably affected centrally located Class B office buildings where vacancies have dropped to 5.9%. The tightening in the rental market has also contributed to an increase in Class A rental rates with net effective rental rates in the range of $15 to $20 per square foot. Brookfield's office properties are all located centrally in downtown Calgary.

Property Services

Brookfield provides property services for its own properties and for third party property owners. The property services business provides Brookfield with synergies from being involved in both the management and ownership of properties. Capitalizing on these synergies provides Brookfield with the ability to manage its own properties on a more cost effective basis. The business also provides Brookfield with a stable source of income from fees earned from third party contracts. As a result of the scope of this business, it provides Brookfield with a well trained and motivated management operating team focused on providing the best possible service to its clients on a cost effective basis.

Brookfield's property services operations include the management of properties for building owners, the leasing of rentable space, the supervision and construction of premises for tenants and the provision of other real estate services to clients. Brookfield also has a facilities management division which manages corporate and government facilities for single-user tenants. The broad range of services provided to clients in the facilities management business includes virtually all areas of operating the physical facilities of office buildings or manufacturing plants for single-purpose and user-owned facilities, primarily aimed at reducing overall operating costs to the owner.

Brookfield manages over 109 million square feet of rental space in eight core markets across North America. The distribution of this portfolio by type of property is as follows:

(Thousands of square feet)	Office Properties	Retail Properties	Commercial & Industrial Properties	Residential Properties	Facilities Management	Total
Ottawa/Montreal	890	1,430	420	—	13,800	16,540
Toronto	8,600	2,220	34	28,400	14,900	54,154
Calgary/Regina	5,000	2,020	750	400	5,350	13,520
Vancouver	1,175	1,700	3	790	3,250	6,918
Minneapolis	2,058	951	—	—	—	3,009
Denver	3,083	45	—	—	—	3,128
Boston	2,080	42	—	—	—	2,122
New York	9,242	425	—	—	—	9,667
	32,128	8,833	1,207	29,590	37,300	109,058

On October 30, 1998, Brookfield completed the acquisition of the remaining 30% interest in Brookfield Management for a total acquisition price of $18.2 million. This increased Brookfield's interest in Brookfield Management to 100%.

Brookfield LePage Johnson Controls, Brookfield's facilities management joint venture with Johnson Controls, increased its total facilities management portfolio to over 37 million square feet through the addition of contracts to manage 300 properties from Public Works Canada in June 1998. Brookfield has now established itself as a leading provider of facility management services in Canada. Brookfield continues to pursue further facilities management contracts as the trend to outsourcing management of owned facilities grows in Canada.

Land and Housing

Brookfield owns approximately 36,000 building lots which are fully entitled and on which the basic servicing has been substantially completed such that they are ready to be sold to home builders or used in Brookfield's own home building operations. Brookfield also owns land for a further 24,000 entitled residential lots which will be developed at various times over the next ten to fifteen years.

Brookfield continues to reduce the level of its inventory of building lots in order to recover a substantial portion of the capital it currently has invested in these operations. This is being accomplished in the normal course of its operations which entails the sale of 4,500 residential building lots annually. The importance of the land development operations to Brookfield over the next three to five years will be the capital recovery that they will provide Brookfield in order to allow it to reduce indebtedness and expand its other operations. Select parcels of shorter to medium-term land will continue to be acquired as the returns from these properties are expected to be superior to those earned on certain of Brookfield's own properties and are complementary to the development of Brookfield's home building operations.

The aggregate book value of Brookfield's residential land under or held for future development is $653 million. Brookfield also has $843 million invested in homes and entitled building lots under sales contracts or held for sale in the near term. An analysis of the investment in residential land under or held for future development is as follows. A more detailed description of projects currently being developed by Brookfield is included as Schedule B.

(Millions)	Land Under Development	Land Held for Development	Total
San Francisco Bay Area	$ 27	$ —	$ 27
Southland/Los Angeles	39	45	84
San Diego/Riverside	6	87	93
Virginia/Maryland	55	10	65
Florida	83	—	83
Denver	29	—	29
Toronto	48	21	69
Calgary	76	78	154
Edmonton	12	25	37
Other	4	8	12
Total	$379	$274	$653

One new market was added to the operations in 1998. The successful assembly of over 1,000 acres of land in Denver, Colorado created the Tallyn's Reach master-planned community. The sale of lots to home builders in this community will begin in 1999.

While ongoing land development operations will continue to be carried out in each of Brookfield's areas of operation, the capital investment in a number of the regions will be reduced through the sale of serviced lots to other builders and Brookfield's own home building operations over the next five years. At the same time, shorter-term land will be acquired in Brookfield's core regions to accommodate Brookfield's own home building requirements.

Lot sales for the year ended December 31, 1998 declined 4% to 4,461 lots compared with 4,658 lots in 1997. The breakdown of the lot sales is as follows:

	1998	1997
San Francisco Bay Area	**315**	41
Southland/Los Angeles	**449**	40
San Diego/Riverside	**568**	1,218
Virginia/Maryland	**763**	578
Florida	**239**	241
Ontario	**541**	669
Calgary	**1,208**	968
Edmonton	**378**	366
Other	**—**	537
	4,461	4,658

Specific information about the major projects from which Brookfield derives lot sales is set out in Brookfield's 1998 Annual Report on pages 35 to 38 and is incorporated by reference herein.

Brookfield's home building activities are operated as a complementary business to Brookfield's land development operations. The home building operations currently construct and sell over 2,500 homes annually. Home building is conducted in Toronto and Calgary in Canada and Virginia, Maryland, Florida, San Francisco, Southland/Los Angeles and San Diego in the United States.

Brookfield's business plan for its home building operations provides for the development and sale of more than 3,000 home sales annually by the year 2000. Progress was made in 1998 with increased volumes being achieved in the latter part of the year. Overall sales increased 29% to 2,529 units in 1998 compared with 1,955 units in 1997. The expansion of sales volumes in years ahead will occur largely by building on Brookfield's own land inventory which is currently under development.

Sales volumes by region, number of units and total dollar volume are as follows:

	1998			1997		
	# of Units	**Sales**	**Average Home Price**	# of Units	Sales	Average Home Price
		(millions)	*(thousands)*		*(millions)*	*(thousands)*
San Francisco Bay Area	**310**	**$173**	**$558**	40	$ 24	$600
Southland/Los Angeles	**383**	**185**	**483**	40	13	325
San Diego/Riverside	**528**	**210**	**398**	381	105	276
Virginia/Maryland	**490**	**140**	**286**	417	82	197
Florida	**63**	**30**	**476**	241	99	411
Toronto	**364**	**74**	**203**	419	83	198
Calgary	**391**	**59**	**151**	259	37	143
Other	**—**	**—**	**—**	158	17	108
Total	**2,529**	**$871**	**$344**	1,955	$460	$235

Brookfield's housing operations are currently concentrated in 28 projects which are under active development. Details of Brookfield's home building operations by region are detailed on pages 35 to 38 in Brookfield's 1998 Annual Report and are incorporated by reference herein.

Challenges and Risks

In evaluating the Corporation and its business, the following challenges and risk factors should be considered in addition to the other information contained herein.

Real Estate Industry

Real estate investments are generally subject to varying degrees of risk depending on the nature of the property. Such risks include changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the area), the attractiveness of the properties to tenants, competition from others with available space and the ability of the owner to provide adequate maintenance at an economic cost.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made regardless of whether or not a property is producing sufficient income to service such expenses. Brookfield's properties are subject to mortgages which require significant debt service payments. If Brookfield were unable or unwilling to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or of sale.

Real estate is relatively illiquid. Such illiquidity will tend to limit Brookfield's ability to vary its portfolio promptly in response to changing economic or investment conditions. Also, financial difficulties of other property owners resulting in distress sales may depress real estate values in the markets in which Brookfield operates.

Financing

Upon the expiry of the term of the financing on any particular property owned by Brookfield, refinancing on a conventional mortgage loan basis may not be available in the amounts required or may be available only on terms less favourable to Brookfield than the existing financing. This will be dependent upon the economic circumstances prevailing at such time. To mitigate the risks of refinancing, Brookfield has reduced loan to value ratios, fixed interest rates, increased cashflow coverages and extended the term of most of its loans. Despite this, Brookfield relies on lenders to refinance long-term property mortgages as they come due and on bank lenders for house construction and land development financing. Also, a credit disruption in the capital markets could have an adverse impact on Brookfield's ability to implement its current leasing plans and would affect the recovery of capital from the land development sector. Brookfield has been reducing its exposure to interest rate movements, but approximately 18% of Brookfield's debt continues to be floating rate, primarily financing Brookfield's home-building operations. This relates to land and housing loans and corporate shareholders' advances. Brookfield's operating performance would be negatively affected if interest rates increase.

Commercial Properties

Brookfield's income producing properties generate income through rent payments made by tenants of the properties. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. The terms of any subsequent lease may be less favourable to Brookfield than the existing lease. Brookfield could be adversely affected, in particular, if any major tenant ceases to be a tenant and cannot be replaced on similar or better terms.

Brookfield is dependent on leasing markets to ensure vacant commercial space is leased, expiring leases are renewed and new tenants are found to fill vacancies. While it is not expected that markets will significantly change in the near future, a disruption in the economy, could have a significant impact on how much space tenants will lease and the rental rates paid by tenants. This would affect the income produced by Brookfield's commercial property group as a result of downward pressure on net effective rents.

Land and Housing Assets

Brookfield has substantial land and housing assets, the sales levels and value of which are affected by consumer confidence and labour market stability due to their impact on home buyers' decisions. These conditions can either negatively or positively affect consumers' views and, as a result, home purchases. Any such changes could affect Brookfield's ability to recover capital from its land assets and to earn traditional profit margins on the sale of lots and homes. Low interest rates generally encourage investors to purchase homes as they become more affordable to a greater sector of the population. An increase in interest rates could negatively affect Brookfield's income from sales of lots and homes.

Environmental Matters

As an owner and manager of real property, Brookfield is subject to various United States and Canadian federal, provincial, state and municipal laws relating to environmental matters. Such laws provide that Brookfield could be liable for the costs of removal and remediation of certain hazardous substances or wastes released or deposited on or in its properties or disposed of at other locations. The failure to remove or remediate such substances, if any, could adversely affect Brookfield's ability to sell such real estate or to borrow using such real estate as collateral and could potentially also result in claims or other proceedings against Brookfield. Brookfield is not aware of any material non-compliance with environmental laws at any of its properties. Brookfield is also not aware of any pending or threatened investigations or actions by environmental regulatory authorities in connection with any of its properties or any material pending or threatened claims relating to environmental conditions at its properties. Brookfield has formal policies and procedures to review and monitor environmental exposure. Brookfield has made and will continue to make the necessary capital expenditures for compliance with environmental laws and regulations. Environmental laws and regulations can change rapidly and Brookfield may become subject to more stringent environmental laws and regulations in the future. Compliance with more stringent environmental laws and regulations could have a material adverse effect on its business, financial condition or results of operation.

Loss of Real Estate Management Contracts

Real estate management contracts are generally short-term contracts which can be terminated on short notice. The risk of termination of property management contracts is mitigated by a number of factors. Brookfield and its affiliates have ownership control over 30% of the properties on a square footage basis, which represent over 64% of the revenues of the properties managed by Brookfield and therefore these contracts are less likely to be terminated. As well, Brookfield endeavours to negotiate all contracts with long terms and with automatic renewal options whenever possible. Brookfield strives to develop ancillary services that will position Brookfield above other management companies. Finally, the development of strong relationships with major property investors is a key focus of Brookfield's property management operations.

Foreign Exchange Fluctuations

A substantial component of Brookfield's assets and revenues are in the United States and, as a result, Brookfield's financial performance and position could be affected by changes in currency exchange rates. Brookfield matches its United States assets with United States liabilities. As a result, Brookfield is generally not significantly affected by foreign currency fluctuations.

Ground Lease Risks

Four of Brookfield's major properties are subject to long-term ground leases and similar arrangements pursuant to which the underlying land is owned by a third party and leased to Brookfield and any co-venturers or partners. Under the terms of a typical ground lease, Brookfield and any co-venturers or partners pay rent for the use of the land and are generally responsible for all costs and expenses associated with the building and improvements. Unless the lease term is extended, the land together with all improvements thereon will revert to the owner of the land upon the expiration of the lease term. Three properties which Brookfield has an ownership interest in, through Brookfield Financial Properties, are subject to land leases from the Battery Park City Authority in New York City. These three ground leases expire in 2069. If possible, Brookfield will attempt to purchase these leases as they become available. The fourth major ground lease is on the land under the Bay Wellington Tower in BCE Place and expires in 2085. The Corporation holds the right of first purchase to acquire this ground lease from its majority shareholder for $104 million plus its carried cost until acquisition. An event of default by Brookfield under the terms of a ground lease could also result in a loss of the property subject to such ground lease should the default not be rectified in a reasonable period of time.

Competition

Each segment of the real estate business is competitive. Numerous other developers, managers and owners of office and retail properties compete with Brookfield in seeking tenants, management revenues and, for its non-strategic properties, prospective purchasers. Although it is Brookfield's strategy to own premier office properties in each market it operates in, some of the office and retail properties of Brookfield's competitors may be newer, better located or better capitalized. The existence of competing developers, managers and owners and competition for Brookfield's tenants could have a material adverse effect on Brookfield's ability to lease space in its properties and on the rents charged or concessions granted, and could adversely affect Brookfield's revenues and its ability to meet its obligations.

General Uninsured Losses

Brookfield carries comprehensive general liability, fire, flood, extended coverage and rental loss insurance with policy specifications, limits and deductibles customarily carried for similar properties. Brookfield also self insures a portion of certain of these risks. There are, however, certain types of risks (generally of a catastrophic nature such as from wars or environmental contamination) which are either uninsurable or not economically insurable. Brookfield currently has insurance for earthquake risks, subject to certain policy limits, deductibles and self insurance arrangements, and will continue to carry such insurance if it is economical to do so. Should an uninsured or underinsured loss occur, Brookfield could lose its investment in, and anticipated profits and cashflows from, one or more of its properties, but Brookfield would continue to be obligated to repay any recourse mortgage indebtedness on such properties. Additionally, although Brookfield generally obtains owner's title insurance policies with respect to its United States properties, the amount of coverage under such policies may be less than the full value of such properties. If a loss occurs resulting from a title defect with respect to a property where there is no title insurance or the loss is in excess of insured limits, Brookfield could lose all or part of its investment in, and anticipated profits and cashflows from, such property.

Tenant Defaults

At any time, a tenant of any of Brookfield's properties may seek the protection of bankruptcy, insolvency or similar laws, which could result in the rejection and termination of such tenant's lease and thereby cause a reduction in the cashflow available to Brookfield. Although Brookfield has not experienced material losses from tenant bankruptcies, no assurance can be given that tenants will not file for bankruptcy or similar protection in the future or, if any tenants file for such protection, that they will affirm their leases and continue to make rental payments in a timely manner. In addition, a tenant from time to time may experience a downturn in its business which may cause the loss of the tenant or may weaken its financial condition and result in the failure to make rental payments when due or a reduction in percentage rent payable with respect to retail tenants. Merrill Lynch, which is rated Aa3 by Moody's and A+ by Standard & Poors, is a major tenant of Brookfield and occupies approximately 12% of the effective square feet owned by Brookfield. If Merrill Lynch were not in a position to make rental payments, this could have an adverse effect on the profits and cashflow of Brookfield's commercial property operations.

Year 2000 Compliance

Brookfield's operations are, to a significant extent, dependent on technology which might be affected by the Year 2000 problems associated with the capability of computer and other data processing systems ("systems") to properly recognize and process date sensitive data beyond year 1999. Systems that do not properly recognize such information could generate erroneous data or cause a system to fail.

Brookfield's operations utilize systems in the processing of accounting and administrative data. These systems are an important component of Brookfield's management systems. The inability of Brookfield to utilize these systems could have a negative affect on its ability to manage its properties, including to collect lease payments from its tenants on a timely basis.

The commercial properties owned and managed by Brookfield utilize systems to perform a number of functions including building security, elevator controls and lighting and mechanical systems. The failure of any of these systems could require additional capital expenditures by Brookfield and/or could have a negative effect on the service provided by Brookfield to its tenants. Management believes, based on its review of such systems to date, that systems failures are unlikely to be significant and has developed adequate contingency plans for its commercial properties to mitigate the effects of any such failures.

Brookfield could also be adversely affected if any of its tenants suffer business interruption or cease to carry on business because of Year 2000 problems. Management believes that Brookfield is unlikely to be materially adversely affected by such issues because of the quality of its tenants and because, other than Merrill Lynch, no single tenant occupies a material percentage of Brookfield's commercial properties.

Brookfield relies on a variety of third-party suppliers of services to its properties including services for electrical power, gas, water, and telecommunications. The interruption in or failure of such services arising from Year 2000 problems could have an adverse affect on Brookfield's operations and business. Brookfield is consulting with these suppliers to seek to determine their Year 2000 readiness and their contingency plans and is developing its own contingency plans to address known Year 2000 issues.

While management believes that any systems failure resulting from Year 2000 problems will be of a short term nature and that adequate precautions have been taken by Brookfield with respect to this issue, there can be no assurance that all Year 2000 problems affecting Brookfield's operations and business, including those related to the efforts of tenants, suppliers or other third parties, will be fully resolved by January 1, 2000, or that Year 2000 problems will not have a material adverse impact on the Brookfield's operations and business. (See the Financial Review and Analysis for a description of Brookfield's Year 2000 program.)

STOCK EXCHANGE LISTINGS

The common shares and unsecured convertible debentures due 2007 of Brookfield are listed on The Toronto Stock Exchange.

DIVIDENDS

On November 5, 1998, the board of directors increased the common share dividend to 14 cents per common share payable on December 31, 1998 to shareholders of record December 15, 1998. The board also declared a 14 cent per common share dividend payable on June 30, 1999 to shareholders of record on June 10, 1999. It is the current intention of the Corporation to review the payout of dividends semi-annually on June 30 and December 31 of each year. Brookfield continues to pay dividends on its Class A preference shares semi-annually and dividends on the Class AA and Class AAA preference shares quarterly. A complete record of dividends paid on all classes of shares for the past four years is presented on page 1.

DIRECTORS AND OFFICERS

Directors of the Corporation hold office until the next annual shareholders' meeting or until their successors are elected or appointed. The name, municipality of residence and principal occupations of the directors and officers of Brookfield are as follows:

Name and Municipality of Residence	Office Held and Year First Elected a Director	Principal Occupation
Gordon E. Arnell Calgary, Alberta	Director (since 1989) Chairman and Chief Executive Officer	Executive of the Corporation
Jean Beliveau, O.C.[(2)] Montreal, Quebec	Director (since 1978)	President of Jean Beliveau Inc. (management company)
Ian G. Cockwell Oakville, Ontario	Director and Deputy Chairman (since 1997)	Chairman of Brookfield Homes Ltd. (land and housing company)
Jack L. Cockwell Toronto, Ontario	Director (since 1998)	President and Chief Executive Officer of EdperBrascan Corporation (diversified natural resources, energy and property development company)
Robert A. Ferchat[(2)] Mississauga, Ontario	Director (since 1997)	Chairman and Chief Executive Officer of BCE Mobile Communications Inc. (wireless communications services)
J. Bruce Flatt Toronto, Ontario	Director (since 1995) President and Chief Operating Officer	Executive of the Corporation
Roger N. Garon[(2)] Montreal, Quebec	Director (since 1998)	Chairman of Multi-Vet Ltd. (veterinary products company)

Name and Municipality of Residence	Office Held and Year First Elected a Director	Principal Occupation
Patricia Goldstein New York, New York	Director (since 1998)	Division Executive, Global Real Estate, Citicorp Real Estate, Inc. (an operating subsidiary of Citibank N.A., a real estate and debt equity transactions company)
Robert J. Harding(2)(3) Toronto, Ontario	Director (since 1994)	Chairman of EdperBrascan Corporation
David A. Lewis(1)(2) Toronto, Ontario	Director (since 1997)	Corporate Director
John R. McCaig(3) Calgary, Alberta	Director (since 1995)	Chairman, Trimac Corporation (diversified company)
Paul D. McFarlane(1) Toronto, Ontario	Director (since 1998)	Senior Vice President of Canadian Imperial Bank of Commerce (chartered bank)
Allan S. Olson(1)(3) Edmonton, Alberta	Director (since 1995)	President, First Industries Corporation (investment and management company)
Sam Pollock, O.C.(1)(3) Toronto, Ontario	Director (since 1978) and Vice Chairman	Executive of the Corporation
John E. Zuccotti New York, New York	Director (since 1998) and Deputy Chairman	Chairman, Brookfield Financial Properties Inc. (commercial property company)
Steven J. Douglas Mississauga, Ontario	Senior Vice President, Chief Financial Officer	Executive of the Corporation

(1) Member of the Audit Committee. (2) Member of the Human Resources Committee. (3) Member of the Corporate Governance Committee.

Each of the directors and officers of the Corporation has held his or her principal occupation for the past five years, with the exception of Ms. Goldstein who has held her present principal occupation since 1996, prior to which she was Managing Director, Vice President, Citicorp Real Estate, Inc.; Mr. Zuccotti who has held his present principal occupation since 1997, prior to which he was President & Chief Executive Officer of Olympia & York Companies (USA); and Mr. Douglas who was associated with Ernst & Young chartered accountants prior to June 1994.

As at the date hereof, the directors and senior officers of Brookfield own, directly or indirectly, or exercise control or direction over 5,332,539 common shares representing 4% of Brookfield's outstanding voting shares. In addition, certain of the directors and senior officers hold interests in Brookfield's outstanding voting securities as a result of their indirect holdings in EdperBrascan Corporation (see the information on page 3 of the Management Proxy Circular under the heading "Voting Shares and Principal Holders Thereof" which is incorporated by reference herein).

Schedule A - Commercial Properties By Region

	Number of Properties	Occupancy	Office	Retail / Other**	Net Rentable Area	Effective Ownership Interest	Brookfield Effective Interest
		(%)	*(000s of sq.ft.)*	*(000s of sq.ft.)*	*(000s of sq.ft.)*	*(%)*	*(000s of sq.ft.)*
New York							
World Financial Center							
Tower One	1	100	1,461	50	1,511	100	1,511
Tower Two	1	100	2,455	35	2,490	100	2,490
Tower Four	1	100	1,711	37	1,748	51	891
Retail and Galleria		85	—	177	177	100	177
One Liberty Plaza	1	100	2,055	68	2,123	100	2,123
245 Park Avenue	1	93	1,560	58	1,618	100	1,618
	5	98	9,242	425	9,667		8,810
Toronto							
BCE Place							
Canada Trust Tower	1	100	1,127	—	1,127	40	451
Bay Wellington Tower	1	98	1,244	—	1,244	100	1,244
Retail, Parking & 22 Front	2	100	196	809	1,005	74*	747
Exchange Tower Block	3	94	1,419	378	1,797	95*	1,715
Hongkong Bank Building	1	82	188	6	194	100*	194
Newcourt Centre	1	87	377	74	451	100*	451
Bramalea City Centre	1	94	73	1,041	1,114	100*	1,114
Other	9	90	1,264	1,327	2,591	62*	1,602
	19	94	5,888	3,635	9,523		7,518
Boston							
Exchange Place	1	99	1,090	30	1,120	100	1,120
Fleet Center	1	100	755	247	1,002	100	1,002
	2	99	1,845	277	2,122		2,122
Denver							
Republic Plaza	1	99	1,235	549	1,784	100	1,784
World Trade Center	2	99	745	43	788	100	788
Colorado State Bank Building	1	75	415	—	415	50	208
Highland Place	1	85	141	—	141	100	141
	5	94	2,536	592	3,128		2,921
Minneapolis							
Minneapolis City Center	1	90	1,082	695	1,777	100	1,777
Dain Plaza	1	95	593	247	840	100	840
Gaviidae Common	1	100	—	392	392	100	392
	3	93	1,675	1,334	3,009		3,009
Calgary							
Fifth Avenue Place	1	100	1,447	137	1,584	100*	1,584
Petro-Canada Centre	1	91	1,702	243	1,945	50*	973
First Alberta Place	1	96	280	17	297	100*	297
Londonderry Mall	1	92	—	769	769	100*	769
Other	5	92	130	803	933	100	933
	9	94	3,559	1,969	5,528		4,556
Other							
Chicago Place	1	98	—	311	311		311
Imperial Promenade	1	90	239	—	239	100	239
Other	5	96	268	640	908	100	908
	7	96	507	951	1,458		1,458
Total Portfolio	50	96	25,252	9,183	34,435		30,394
* Less: Interests held by Gentra's and other shareholders in these properties							5,742
Brookfield net effective ownership interest							24,652

* Partly owned properties.

** Includes parking facilities in mixed-use centres of 2,601,000 square feet.

Schedule B – Land and Housing By Region

	Residential Building Lots			
	Home Building	Land Under Development	Land For Development	Total Lots
San Francisco Bay Area				
Palmia	143	—	—	143
Brentwood Lakes	798	—	—	798
Northeast Ridge	319	168	—	487
Other (3 projects)	282	—	—	282
	1,542	168	—	1,710
Southland/Los Angeles				
La Vina	103	—	—	103
Estancia and Virazon	178	—	—	178
Tesoro Villas	50	—	—	50
Coto de Caza	37	—	—	37
Other (4 projects)	174	161	392	727
	542	161	392	1,095
San Diego/Riverside				
Scripps Ranch	283	—	—	283
Calavera Hills	50	393	—	443
Chase Ranch	180	—	—	180
Bella Lago	56	—	—	56
Other (7 projects)	638	—	3,434	4,072
	1,207	393	3,434	5,034
Virginia/Maryland				
Braemar	264	2,311	—	2,575
Northlake	349	—	—	349
Russett Center	—	680	—	680
Villages of Marlborough	382	—	—	382
Other (12 projects)	351	109	358	818
	1,346	3,100	358	4,804
Florida				
The Point at the Waterways	204	456	—	660
Presidential Estates	163	—	—	163
Metropolitan	199	—	—	199
	566	456	—	1,022
Denver				
Tallyn's Reach	—	2,691	—	2,691
Toronto				
Whitby Shores	418	—	—	418
Port Union Village	135	—	—	135
Harrowsmith	72	572	—	644
Other (12 projects)	500	1,036	3,482	5,018
	1,125	1,608	3,482	6,215
Calgary				
McKenzie Towne	24	399	7,268	7,691
Cranston	—	198	3,873	4,071
Tuscany	39	369	3,048	3,456
Other (4 projects)	86	178	10,415	10,679
	149	1,144	24,604	25,897
Edmonton				
Parkland	—	—	2,041	2,041
Terwillegar Towne	—	91	2,005	2,096
Ellerslie	—	—	7,175	7,175
Other (5 projects)	—	197	48	245
	—	288	11,269	11,557
Total Lots	6,477	10,009	43,539	60,025
Less: Unentitled lots	—	—	23,609	23,609
Total entitled lots	6,477	10,009	19,930	36,416