



BROOKFIELD PROPERTIES CORPORATION

ANNUAL INFORMATION FORM

MAY 1, 2000

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SELECTED CONSOLIDATED FINANCIAL INFORMATION

Four Year Summary

Years ended at December 31 (audited)

<i>Cdn Millions, except per share information</i>	1999	1998	1997	1996
Assets				
Commercial properties	\$ 8,556	\$ 9,026	\$6,395	\$4,301
Home building assets	1,428	1,496	1,447	1,499
Investments and other	1,728	1,189	1,303	577
	\$11,712	\$11,711	\$9,145	\$6,377
Liabilities				
Commercial property debt	\$ 6,467	\$ 6,466	\$4,357	\$3,354
Other indebtedness and payables	1,427	1,636	1,508	2,023
	7,894	8,102	5,865	5,377
Capital base and minority shareholders' interests				
Minority interests	1,018	922	772	216
Convertible debentures	372	374	300	—
Preference shares	366	366	366	366
Common shareholders' equity	2,062	1,947	1,842	418
	3,818	3,609	3,280	1,000
	\$11,712	\$11,711	\$9,145	\$6,377
Revenue, cashflow, net income and dividend record				
Revenue ⁽¹⁾	\$ 2,721	\$ 2,363	\$1,506	\$ 938
Cashflow from operations	386	290	164	35
Net income	228	189	109	7
Net income (loss) per common share ⁽²⁾ – basic	\$1.33	\$1.06	\$0.67	\$(0.43)
– fully diluted	\$1.26	\$1.04	\$0.67	\$(0.43)
Dividends paid				
Class A preferred shares	\$0.1875	\$0.1875	\$0.1875	\$0.1875
Class AA, Series E preferred shares	\$1.1282	\$1.1616	\$0.8614	\$1.0851
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	\$0.32	\$0.24	\$0.10	—

Quarterly Revenue and Net Income

Three months ended (unaudited)

<i>Cdn Millions, except per share information</i>	1999				1998			
	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31
Revenue	\$855	\$687	\$621	\$558	\$706	\$583	\$620	\$454
Cashflow from operations	124	93	88	81	76	74	73	67
Net income	63	61	53	51	41	52	48	48
Net income per common share ⁽²⁾ – fully diluted	\$0.34	\$0.34	\$0.30	\$0.28	\$0.21	\$0.29	\$0.29	\$0.25

Segmented Information

As at December 31

<i>Cdn Millions</i>	Canada		United States		Total	
	1999	1998	1999	1998	1999	1998
Commercial property operations⁽³⁾						
Rental revenues	\$ 364	\$ 331	\$1,022	\$ 930	\$ 1,386	\$ 1,261
Expenses	165	161	373	350	538	511
	199	170	649	580	848	750
Master-planned communities						
Home and lot sales	257	226	1,001	784	1,258	1,010
Expenses	230	191	934	739	1,164	930
	27	35	67	45	94	80
Other revenues	56	68	21	24	77	92
Operating income	282	273	737	649	1,019	922
Depreciation and amortization	21	27	62	46	83	73
Taxes and other provisions	(50)	13	125	15	75	28
Income before unallocated costs	311	233	550	588	861	821
Unallocated interest, administration & minority interest expenses					633	632
Net income					\$ 228	\$ 189
Assets						
Commercial properties	\$ 2,061	\$2,124	\$6,495	\$6,902	\$ 8,556	\$ 9,026
Land and housing	212	337	1,216	1,159	1,428	1,496
Receivables and other	867	484	544	500	1,411	984
Cash and cash equivalents	126	78	191	127	317	205
	\$ 3,266	\$3,023	\$8,446	\$8,688	\$11,712	\$11,711
Commercial property tenant improvements	\$ 18	\$ 16	\$ 53	\$ 28	\$ 71	\$ 44
Acquisition and disposition of real estate (net)	51	61	36	598	87	659
Redevelopment expenditures	53	33	10	28	63	61
Capital expenditures	9	15	6	7	15	22

Notes:

- (1) There have been no extraordinary items during the four years ended December 31, 1999.
- (2) Restated to reflect a 5 for 1 share consolidation completed in May 1996.
- (3) During 1999, rental revenues from Merrill Lynch & Company Inc. accounted for 11% (1998 – 12%) of consolidated revenue.

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 in pages 4 through 10 of Brookfield's Management Proxy Circular dated March 25, 2000 (the Management Proxy Circular). Additional financial information relating to Brookfield is also provided in the consolidated financial statements for the year ended December 31, 1999 set out in pages 38 through 57 of Brookfield's Annual Report for the year ended December 31, 1999 (Brookfield's 1999 Annual Report). Brookfield's 1999 Annual Report also contains, in pages 25 through 37, management's Financial Summary and Analysis of Brookfield's financial condition and results of operations for the 12 months ended December 31, 1999 (the Financial Review and Analysis), which is included here 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, 1999 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, 1999,
 - (iii) one copy of Brookfield's Management Proxy Circular dated March 25, 2000, 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, operates service businesses for real estate properties and also develops master-planned residential communities. Brookfield's objective is to build shareholder value by owning quality assets and managing each of its operations intensively to increase cashflows and net asset values.

Brookfield owns interests in 46 commercial properties, mostly office buildings, containing more than 33 million square feet of rentable area; a property services business which manages over 100 million square feet of space; and a master-planned community business which sells approximately 5,000 residential building lots annually.

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 100% interest in *e-ffinity properties inc.*, a Delaware company focussed on providing business-to-business and business-to-consumer e-commerce services through an internet-enabled platform for customers of office and other properties; (v) a 59% equity (47% voting) interest in Gentra Inc. (Canada), a public commercial real estate company that owns and finances commercial real estate; (vi) 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 (vii) a 82% 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 4440, 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 accounting principles generally accepted 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 14 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 Cdn\$ 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, 1999.

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 1990s 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 the reduction of Brookfield's ownership of Trizec to a nominal amount.

Instead, the Corporation elected to allocate its capital resources to increased 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 World Financial Properties (later renamed 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 premier commercial rental properties. 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, Brascan Corporation (amalgamated entity formed by the amalgamation of The Edper Group Limited and Brascan Limited, and subsequently renamed from EdperBrascan Corporation to Brascan Corporation in April 2000) (Brascan). Also, on each of January 31, 1994 and July 31, 1994, the Corporation issued 6 million Class AAA Preferred Shares to Brascan for total proceeds of \$150 million. Funds generated by these issues were utilized to repay corporate debt largely held by Brascan.

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 Brascan 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 Brascan.

On November 21, 1996, Brookfield Properties completed the acquisition of a 46% interest in Brookfield Financial Properties, one of New York's largest office property landlords. 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.

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 installment 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 entitles the holder to purchase one common share of the Corporation at \$15.00 per common share with a term of five 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 in 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, the Corporation 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 installment 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 of \$19.00 per share.

On September 30, 1997, the Corporation completed the purchase of Gentra, from Trilon Financial Corporation, of 14,582,252 common shares (on a post-consolidation basis), 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 the Corporation. 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 following the 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 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, after five years, at Citicorp's option into common shares of the Corporation.

During 1999, Brookfield disposed of eight non-core commercial properties for total proceeds of \$202 million.

In August 1999, the Corporation implemented a normal course issuer bid under which 389,200 shares were acquired for cancellation at an average price of \$15.58 per share in 1999. Subsequent to December 31, 1999, a further 925,900 shares were acquired for cancellation at an average price of \$17.40.

In November 1999, Brookfield launched *e-ffinity properties inc.*, a wholly-owned subsidiary. *e-ffinity's* mandate is to develop business-to-business and business-to-consumer e-commerce services through an internet-enabled platform for customers of office and other properties in order to provide Brookfield's tenants with continued superior levels of service.

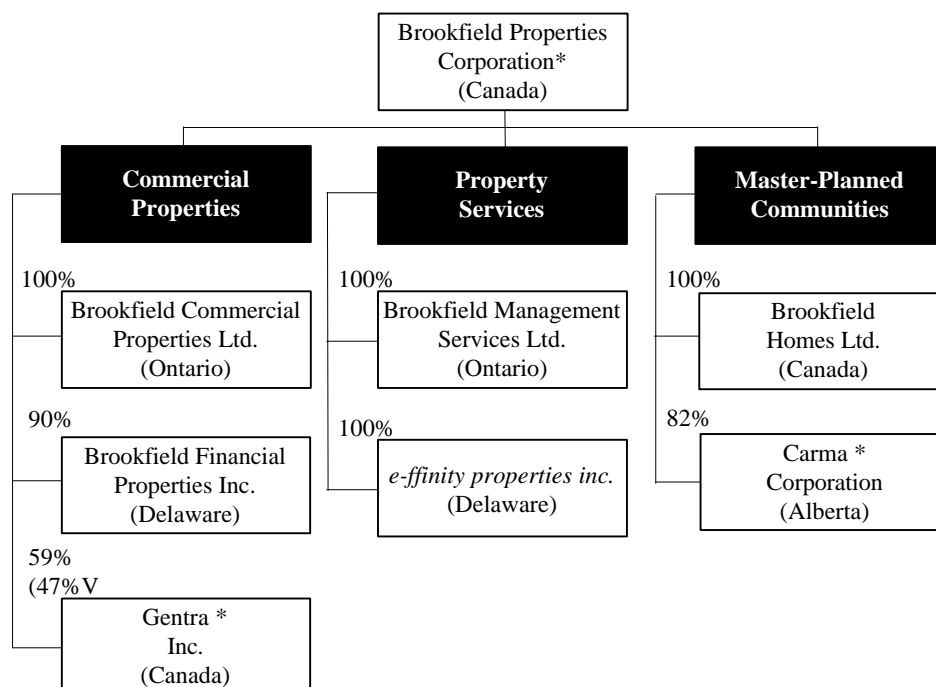
In addition to acquisitions of the Corporation's own shares, the Corporation increased its interest in its subsidiaries through capital repurchases undertaken by Gentra and Carma. During 1999, Brookfield's subsidiary, Gentra, acquired 5.8 million common shares of its own shares at below net asset value for a total of \$84.3 million, thereby increasing Brookfield's equity interest to 52%. Subsequent to December 31, 1999, a further 3.8 million common shares of Gentra were repurchased by Gentra for total cost of \$56.8 million, thereby increasing Brookfield's equity interest in Gentra to 59%, 47% on a voting basis. On May 13, 1999, the Corporation also purchased 1,000,000 common shares of Carma. This purchase increased Brookfield's equity interest in Carma to 35,395,499 common shares or approximately 82% of Carma's issued and outstanding common shares.

On April 13, 2000, Brookfield announced, through Gentra, an agreement to acquire two premier properties, consisting of four office towers in Calgary and Vancouver. These properties, formerly part of the TrizecHahn portfolio, comprise a total of 2.9 million square feet of prime office, retail and parking space. The two projects include the flagship Bankers Hall East and West Towers and the Royal Bank Building in downtown Calgary as well as the Royal Centre in downtown Vancouver. These properties include a high quality roster of tenants such as Royal Bank, CIBC, Talisman Energy, Canadian Natural Resources and Bennett Jones. They also have net effective rents that are below market, providing Brookfield with significant upside potential as leases rollover.

On April 26, 2000, the Corporation announced that its New York-based subsidiary, Brookfield Financial Properties, formed a strategic office property alliance with Deutsche Bank Realty Advisors, a 100% indirectly owned subsidiary of Deutsche Bank A.G., a multi-national financial services company. Deutsche Bank Realty Advisors will acquire a 49% interest in two of Brookfield's landmark office properties in Boston. The transaction entails Brookfield selling 49% of its interest in the properties, based on a value of US\$685 million. Brookfield's cash equity proceeds will be approximately US\$169 million for the 49% interest with US\$168 million of property related debt to be assumed by the purchases. The transaction is expected to close prior to year end 2000.

Corporate Chart

The following chart identifies the Corporation's principal subsidiaries, together with the other companies through which the Corporation 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.
- (2) Brookfield holds a 59% equity interest in Gentra, 47% on a voting basis.

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; service businesses for real estate properties; and the development of master-planned communities. In the commercial property business, Brookfield's 46 office buildings and retail centres contain more than 33 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 119 million square feet of office, retail, residential and other properties. The master-planned communities business sells approximately 5,000 residential building lots annually. Brookfield employs approximately 2,500 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, 1999. The following describes each of these businesses and Brookfield's investment strategy for each business.

Total assets were Cdn\$11.7 billion at December 31, 1999 unchanged from December 31, 1998. The book value of the Corporation's assets segmented by area of operation is as follows:

Year ended December 31 Millions	Book Value			Book Value		
	1999 Cdn\$	1998 Cdn\$	%	1999 US\$	1998 US\$	%
Operating assets						
Commercial properties	\$ 8,556	\$ 9,026	86%	\$5,942	\$5,899	86%
Residential home building	806	843	8%	560	551	8%
Development land	622	653	6%	432	427	6%
	9,984	10,522	100%	6,934	6,877	100%
Other assets						
Receivables and other	965	984		670	647	
Future income tax assets	446	—		310	—	
Cash and cash equivalents	317	205		220	134	
	\$11,712	\$11,711		\$8,134	\$7,658	

On a book value basis, commercial properties represent 86% of the Corporation's operating assets. The commercial property portfolio is substantially weighted to premier downtown office properties in six North American cities. Residential home building assets represent 8% of Brookfield's assets and development land accounts for the balance of 6% of operating assets. Long-term land holdings will decline as these assets are developed and capital is recovered. The receivables and other assets are predominantly loans to third-party commercial real estate borrowers. The loans are of a short-term nature and will be liquidated over the next 12 to 18 months as the Corporation completes its withdrawal from this business. The Corporation's tax losses were recorded as an asset in 1999 in accordance with recent accounting pronouncements.

Commercial Property Portfolio

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 respectively, with the balance from Canadian operations.

The consolidated carrying value of Brookfield's interest in 29.3 million square feet of rentable area is approximately US\$203 per square foot, while the cost to replace the portfolio is estimated at over US\$300 per square foot. The average size of Brookfield's major properties is 1.4 million square feet of rentable area.

The carrying value of Brookfield's commercial properties remained unchanged from 1998 at US\$5.9 billion after taking into account acquisitions and disposals of commercial property interests.

The following table provides a summary of Brookfield's commercial property portfolio by region:

	Total Net Rentable Area	Brookfield Interest	Dec. 31 1999	Dec. 31 1998	Dec. 31 1999	Dec. 31 1998
	<i>000s sq.ft.</i>	<i>000s sq.ft.</i>	<i>Cdn Millions</i>	<i>Cdn Millions</i>	<i>US Millions</i>	<i>US Millions</i>
New York, New York	9,667	8,810	\$4,388	\$4,578	\$3,047	\$2,992
Toronto, Ontario	9,284	7,300	1,467	1,504	1,019	983
Boston, Massachusetts	2,122	2,122	925	996	643	650
Denver, Colorado	3,147	2,941	524	560	364	366
Minneapolis, Minnesota	3,009	3,009	569	602	395	394
Calgary, Alberta	5,379	4,406	575	565	399	370
Other	673	673	108	221	75	144
	33,281	29,261	\$8,556	\$9,026	\$5,942	\$5,899

Occupancy levels remained at 96%, unchanged from 1998 levels. Over 3.4 million square feet of space was leased in 1999, including: 1.2 million square feet of new occupancies; 1.3 million square feet of renewals; and 0.9 million square feet of space acquired and re-leased during the year. Portfolio occupancy rates by market remained largely consistent with 1998 as follows:

<i>Thousands of square feet</i>	Dec. 31, 1999		Dec. 31, 1998	
	Total Square Feet	% Leased	Total Square Feet	% Leased
New York, New York	9,667	99%	9,667	98%
Toronto, Ontario	9,284	96%	9,523	94%
Boston, Massachusetts	2,122	95%	2,122	99%
Denver, Colorado	3,147	97%	3,128	94%
Minneapolis, Minnesota	3,009	96%	3,009	93%
Calgary, Alberta	5,379	94%	5,528	94%
Other	673	94%	1,458	96%
	33,281	96%	34,435	96%

At December 31, 1999, average in-place net rents throughout the portfolio increased to US\$19 per square foot compared with US\$17.50 per square foot at December 31, 1998. This increase was largely a result of the expiry of 3.4 million square feet of space at an average net rate of US\$13 per square foot, and the subsequent re-leasing of this space at higher rates. After re-leasing this space, and taking into account contractual increases in rent during 1999 on other leases, the following table shows the average in-place rents and current market rents for similar space and services in each of the Corporation's markets:

	GLA	Currency	Average Lease Term	Average In-Place Net Rent Dec. 31, 1999	Avg. Market Net Rent Dec. 31, 1999
	<i>sq.ft. 000's</i>		<i>Years</i>	<i>per sq.ft.</i>	<i>per sq.ft.</i>
New York, New York					
Midtown	1,618	US\$	7	\$35	\$47
Downtown	8,049	US\$	11	30	38
Toronto, Ontario	9,284	Cdn\$	8	25	32
Boston, Massachusetts	2,122	US\$	7	24	45
Denver, Colorado	3,147	US\$	5	12	20
Minneapolis, Minnesota	3,009	US\$	7	9	16
Calgary, Alberta	5,379	Cdn\$	9	15	20
Other	673	US\$	7	14	14
	33,281	US\$	8	\$19	\$27

An important characteristic of Brookfield's portfolio is the credit quality of its tenants. Special focus is directed at credit quality to ensure the long-term sustainability of rental revenues. The following list shows the largest tenants in Brookfield's portfolio and their respective lease commitments:

Tenant	Primary Location	Year of Expiry	000's Sq.Ft.	% of Sq.Ft.
Merrill Lynch & Company	New York/Toronto	2013	4,509	13.5%
Canadian Imperial Bank of Commerce	New York/Toronto	2006	1,128	3.4%
Petro-Canada	Calgary	2013	843	2.5%
Bear Stearns and Company	New York	2003	756	2.3%
Dayton Hudson Corporation	Minneapolis	2013	629	1.9%
TransCanada Pipelines Ltd.	Calgary	2009	496	1.5%
Imperial Oil	Calgary	2011	476	1.4%
TD Canada Trust	Toronto	2005	361	1.1%
Goodwin Procter & Hoar	Boston	2006	360	1.1%
Renaissance Energy	Calgary	2008	349	1.0%
Teacher Insurance Annuity Association	Denver	2008	323	0.9%
Cleary, Gottlieb, Steen & Hamilton	New York	2010	301	0.9%
Wellington Management	Boston	2011	283	0.9%
Sovereign Bank	Boston	2008	268	0.8%
Bank of Nova Scotia	New York/Toronto	2014	255	0.8%
			11,337	34.0%

The Corporation signs long-term leases with rent escalation clauses to further reduce risk. Approximately 4% of the Corporation's leases mature in each of the next four years. The combination of a long lease maturity profile with contractual rental rate increases should enable Brookfield to increase rents in its office portfolio by 10% measured at the operating income level over the next two years. The following is the breakdown of the lease maturities by market:

<i>Thousands of square feet</i>	Currently Available	2000	2001	2002	2003	2004 & Beyond	Total Leaseable Area
New York, New York	131	106	43	106	775	8,506	9,667
Toronto, Ontario	479	262	343	539	478	7,183	9,284
Boston, Massachusetts	115	46	61	—	26	1,874	2,122
Denver, Colorado	104	250	279	179	353	1,982	3,147
Minneapolis, Minnesota	125	137	89	358	410	1,890	3,009
Calgary, Alberta	311	230	447	251	253	3,887	5,379
Other	40	85	14	14	133	387	673
Total	1,305	1,116	1,276	1,447	2,428	25,709	33,281
Percentage of total	4%	4%	4%	4%	7%	77%	100%
Average expiring rent – US\$		\$13	\$13	\$16	\$16	\$19	\$19

Property owners typically grant financial concessions or invest capital in tenant installations to renew and attract new tenants to the Corporation's properties. These concessions include provision of build-out allowances to tenants and payment of leasing commissions to third-party brokers representing tenants. Expenditures for tenant installation were US\$48 million in 1999. This amount is greater than the US\$27 million expected on an ongoing basis, due to the lease-up of previously vacant space in 1999 and the costs involved in acquiring and re-leasing space prior to lease expiry. It is expected that costs per square foot in the future will remain consistent with 1999 levels. Further details of the tenant installation costs incurred during the past two years are as follows:

<i>Millions, except per square foot information</i>	1999	1998
Square footage leased		
New space	2.1	1.2
Renewal space	1.3	0.6
	3.4	1.8
Tenant installation costs	US\$48	US\$30
Per square foot	US\$14	US\$17

Brookfield also invests capital for the ongoing capital maintenance of its properties. Due to the age, type of property and the advanced technological infrastructure in most of Brookfield's major properties, recurring capital maintenance expenditures are lower than industry norms. Capital maintenance expenditures in 1999 were US\$10 million. It is expected that annual capital maintenance expenditures on a levelized basis will be approximately US\$6 million.

The following is a brief overview 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 224 million square feet; midtown south with 61 million square feet; and downtown with 112 million square feet. Brookfield's 245 Park Avenue property is located in midtown and the balance of Brookfield's New York properties are located downtown.

The midtown office market is one of the strongest markets in North America, with vacancies reaching a 17-year low of 5.9% at December 31, 1999. Midtown's overall vacancy rate (including sublease space) continued to drop, reaching a 17-year low of 5.9% at the end of 1999. Class A overall vacancy declined from 7.5% at year end 1998, to 5.4% at the end of 1999. Class A direct vacancy stands at 4% down from 5.3% at 1998 year end. With vacancy rates below the equilibrium rate of 10%, asking rents rose 20% last year. Average asking rents and net effective rents continued to grow as the market remained in dis-equilibrium.

The midtown leasing market reversed its slow start and ended the year with 18.8 million square feet leased compared to 18.6 million in 1998. As a result, absorption for 1999 of 3.1 million square feet surpassed 1998's total of 2.3 million square feet.

Large blocks of space remained scarce, prompting several major midtown tenants to renew at their present locations as well as consider new construction.

The downtown commercial office market, the third largest business district in the United States, consists of 108 million square feet of Class A, B and C space. The downtown overall vacancy rate (including sublease space) as of December 31, 1999 was 8.9%, 0.6% better than 1998 year end. Class A buildings accounted for most of the reduction, decreasing to 4.6% overall, with a 3.3% Class A direct vacancy.

As a result of the shortage of available Class A space, leasing results in the downtown market fell behind the previous year's results. 7.5 million square feet were leased, down from a record 10.1 million in 1998 and 9 million in 1997. Net absorption of 600,000 square feet in 1999, was below the 3 million square feet absorbed in 1998 and 3.8 million square feet absorbed in 1997.

Looking forward, several large tenants are still expected to make space commitments in the downtown market in 2000 which should ensure significant positive results for the fourth year in a row. Average asking rents and net effective rents continue to increase as large blocks of space in quality buildings remain scarce.

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 downtown, requires space 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 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 5.1% at year end 1999. The continued decline in vacancy rates coupled with tenant expansion continued to drive rental rate increases over that period. As a result of rising occupancies, net effective rents increased, particularly in Class A buildings. In the large bank-owned towers, which compete with Brookfield's properties, vacancy rates dropped to 8% at year end 1999 and net effective rents to the \$25 to \$31 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 Toronto subway system and other amenities.

In the coming year, vacancy rates in the financial core are anticipated to decline as business confidence and economic expansion continues. Of course, any significant consolidations in financial services could alter this outlook.

The projections for continued economic growth and the resultant increase in white-collar employment will maintain downward pressure on vacancy rates and for rental levels to be maintained as stable for the next year or so.

Boston, Massachusetts

The Boston downtown office market consists of 59 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 was 7.9% at year end 1999, an increase over the 1998

level of 5.3% as a result of over 200,000 square feet of negative absorption. In the Class A market, over 500,000 square feet became available, pushing the vacancy rate to 8.7%. This was partially (100,000 square feet) due to upgrading available Class B space to Class A classification including 300,000 square feet which became available at 470 Atlantic Avenue and 150,000 square feet which became available at One Beacon Place.

While showing some relief, the Boston office market remains tight with rental rates as high as US\$60 per square foot (US\$45 net) for floors with harbour views.

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 1980s. Boston's strong economy is rooted in the financial services and high technology sectors.

Denver, Colorado

The downtown office market in Denver has an inventory of approximately 21.9 million square feet. Strong demand for space telecommunications and technology sectors in Denver pushed the vacancy rate to 6.2% at year end 1999 from year end 1998 levels of 6.9%. Class A rental rates in the downtown office market have increased with net effective rents ranging from US\$12 to US\$20 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. Denver's economy continues to be one of the country's top performers with 4% average annual job growth recently. However, employment growth dropped to a 2.1% annual rate in November raising some concern that new supply, particularly in the suburbs, may start to outstrip demand. 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 22 million square feet and has Class A office space vacancies of 4.2%. Recently announced build-to-suit buildings will add approximately 5 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 7.2% at December 31, 1999. 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. 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.

Projections for 2000 indicate that absorption will be flat during the first quarter given the new space available for lease in the Ernst & Young Towers and Bankers Hall - West Tower along with the resulting vacancy in the existing inventory when tenancies re-locate to the new buildings.

Service Businesses

Brookfield, directly and with partners, provides services to owners of properties and tenants of properties. Capitalizing on the scale of operations provided by Brookfield's properties, Brookfield has the ability to offer cost effective services to a wider audience of tenants. The business also provides Brookfield with a stable source of revenue streams and income.

Brookfield provides services in over 119 million square feet of rental space in markets across North America. During 1999, *e-ffinity properties* was established as a priority initiative in order to build on the broad range of

services offered to our tenants. This will include broadband communication, application software, office products and services and facilities management services through jointly owned Brookfield Johnson Controls. This company is developing business-to-business and business-to-consumer e-commerce services through an internet-enabled platform for customers of office and other properties. Brookfield transferred its facilities and residential management services businesses to this company in order to more closely co-ordinate the benefits from these operations. As part of this new initiative, *e-ffinity properties* entered into a strategic alliance with Cypress Communications, Inc. of Atlanta in November 1999 in the United States, and started a new venture with Cypress in Canada.

Brookfield's Facilities Services operations continue to expand with two major new contracts with Nortel Networks and the Royal Bank of Canada encompassing over 20 million square feet. These major contracts clearly establish this business as the leading facilities management company in Canada. From a start up four years ago, these operations now manage over 50 million square feet of premises across Canada.

Master-Planned Communities

Brookfield owns approximately 36,000 building lots which are fully entitled. The basic servicing has been substantially completed and these lots are ready to be sold to home builders or used in Brookfield's own home building operations. Brookfield also owns land designated for a further 27,000 unentitled residential lots, which will be developed over the next 10 to 15 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 over the next three to five years in the normal course of its operations through the sale of approximately 4,500 residential building lots annually. The capital recovered will be deployed to reduce indebtedness and expand its other operations. However, select parcels of short 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 US\$432 million. Brookfield also has US\$560 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 provided below:

<i>US Millions</i>	Land Under Development	Land Held for Development	Total
San Francisco Bay Area, California	\$ 34	\$ —	\$ 34
Los Angeles Area, California	18	27	45
San Diego Area, California	13	48	61
Northern Virginia	30	3	33
North Miami, Florida	44	—	44
Denver, Colorado	28	—	28
Toronto, Ontario	25	12	37
Calgary, Alberta	62	46	108
Edmonton, Alberta	20	15	35
Other	4	3	7
	\$278	\$154	\$432

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 from master-planned communities for the year ended December 31, 1999 increased 25% to 5,563 lots compared with 4,461 lots in 1998. The breakdown of the home and lot sales is provided below:

<i>Units</i>	Homes Sales		Lot Sales	
	1999	1998	1999	1998
San Francisco Bay Area, California	383	310	384	315
Los Angeles Area, California	324	383	324	449
San Diego Area, California	435	528	1,251	568
Northern Virginia	525	490	1,427	763
North Miami, Florida	38	63	65	239
Denver, Colorado	—	—	39	—
Toronto, Ontario	630	364	794	541
Calgary, Alberta	274	391	935	1,208
Edmonton, Alberta	—	—	344	378
	2,609	2,529	5,563	4,461

Brookfield's home building activities are operated as a complementary business to Brookfield's master-planned community operations. The home building operations currently construct and sell over 2,700 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 projects the development and sale of more than 2,700 home sales annually by the year 2000. Overall sales increased 3% to 2,609 units in 1999 compared with 2,529 units in 1998. 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 provided below:

	1999			1998		
	# of	Average		# of	Average	
	Units	Price		Units	Price	
		<i>US Millions</i>	<i>US Thousands</i>		<i>US Millions</i>	<i>US Thousands</i>
San Francisco Bay Area, California	383	\$145	\$378	310	\$117	\$376
Los Angeles Area, California	324	150	463	383	125	326
San Diego Area, California	435	160	368	528	141	268
Northern Virginia	525	126	240	490	94	193
North Miami, Florida	38	15	394	63	20	321
Toronto, Ontario	630	92	146	364	50	137
Calgary, Alberta	274	29	106	391	40	102
	2,609	\$717	\$275	2,529	\$587	\$232

Challenges and Risks

In evaluating the Corporation and its businesses, the following challenges and risk factors should be considered in addition to the other information outlined in the AIF.

Real Estate Industry

Real estate investments are generally subject to varying degrees of risk depending on the nature of the property. These 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 these 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.

Master-Planned Communities

Brookfield has substantial master-planned community assets. The sales levels and value of these assets 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. These laws could hold Brookfield 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 its real estate or to borrow using 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 Revenue in Service Businesses

While Brookfield's facilities and management operations are well established, a number of other service businesses are in their infancy and, while not material to the overall affairs of the Corporation, are more speculative in nature than the asset-based real estate business in which most of the Corporation's assets are invested. The Corporation will continue to limit its exposure by disposing of matured investments and possibly by raising venture capital to fund the growth of these initiatives.

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 in 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 made will revert to the owner of the land upon the expiration of the lease term. Three properties in New York City, 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 in Toronto which expires in 2085. The Corporation holds the right of first purchase to acquire this ground lease from a significant 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 in which it operates, 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 war 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, and Brookfield would continue to be obligated to repay any

recourse mortgage indebtedness on such properties. Additionally, although Brookfield generally obtains owners' title insurance policies for its United States properties, the amount of coverage under these policies may be less than the full value of the 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 a 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 the 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 do file for 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, for retail tenants, a reduction in percentage rent payable. 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.

STOCK EXCHANGE LISTINGS

The common shares of Brookfield are listed on the New York and Toronto Stock Exchanges under the symbol "BPO." The unsecured subordinated convertible debentures due 2007 are listed on The Toronto Stock Exchange under the symbol BPO.DB.

DIVIDENDS

On November 5, 1998, the board of directors increased the semi-annual common share dividend to 14 cents per common share payable on December 31, 1998 to shareholders of record December 15, 1998. During 1999, the board declared a 14 cent per common share dividend payable on June 30, 1999 to shareholders of record on June 10, 1999 and increased the semi-annual dividend payable on the common shares of the Corporation to \$0.18 per common share payable December 31, 1999 to shareholders of record dated December 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 provided below:

Name and Municipality of Residence	Office Held and Year First Elected a Director	Principal Occupation
Gordon E. Arnell Calgary, Alberta	Director (since 1989) and Chairman	Executive of the Corporation
Jean Beliveau, O.C.⁽²⁾ Montreal, Quebec	Director (since 1978)	President of Jean Beliveau Inc. (management company)
William T. Cahill⁽¹⁾ Ridgefield, Connecticut	Director (since 2000)	Managing Director, Citicorp Real Estate, Inc. (an operating subsidiary of Citibank N.A., a real estate and debt equity transactions company)
Ian G. Cockwell Oakville, Ontario	Director and Deputy Chairman (since 1997)	Chairman of Brookfield Homes Ltd. (master-planned community company)
Jack L. Cockwell⁽²⁾ Toronto, Ontario	Director (since 1998)	President and Chief Executive Officer of Brascan Corporation (diversified natural resources, energy and property development company)
Robert A. Ferchat⁽²⁾ Mississauga, Ontario	Director (since 1997)	Corporate Director
J. Bruce Flatt Toronto, Ontario	Director (since 1995) President and Chief Executive Officer	Executive of the Corporation
Roger N. Garon⁽²⁾ Montreal, Quebec	Director (since 1998)	Chairman of Multi-Vet Ltd. (veterinary products company)
Robert J. Harding⁽²⁾⁽³⁾ Toronto, Ontario	Director (since 1994)	Chairman of Brascan Corporation
David A. Lewis⁽¹⁾⁽²⁾ Toronto, Ontario	Director (since 1997)	Corporate Director
John R. McCaig, O.C.⁽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)
David D. Arthur Toronto, Ontario	President and Chief Executive Officer, Canadian Commercial Operations	President and Chief Executive Officer, Gentra Inc. (commercial property company)

Name and Municipality of Residence	Office Held and Year First Elected a Director	Principal Occupation
Richard B. Clark New York, New York	President and Chief Executive Officer, US Commercial Operations	President and Chief Executive Officer, Brookfield Financial Properties Inc.
Steven J. Douglas Mississauga, Ontario	Senior Vice President, Chief Financial Officer	Executive of the Corporation
P. Keith Hyde Toronto, Ontario	Vice President, Taxation	Executive of the Corporation
John D. Kennedy Oakville, Ontario	Vice President, Finance	Executive of the Corporation
Peter E. Nesbitt Oakville, Ontario	President and Chief Executive Officer, Land and Housing, Eastern Region	President and Chief Executive Officer, Eastern Region, Brookfield Homes Ltd.
Alan Norris Calgary, Alberta	President and Chief Executive Officer, Land and Housing, Mountain Region	President and Chief Executive Officer, Carma Corporation (master-planned community company)
William J. Pringle Calgary, Alberta	President and Chief Executive Officer, <i>e-ffinity properties inc.</i>	President and Chief Executive Officer, <i>e-ffinity properties inc.</i> (e-commerce company)
Katherine C. Vyse Toronto, Ontario	Vice President, Investor Relations and Communications	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 principal occupation for the past five years, with the exception of: Mr. Cahill who has held his present principal occupation since 1996, prior to which he was Regional Director of Asset Management of 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); Mr. Clark who has held his principal occupation since 1998, prior to which he was Senior Vice President of Brookfield Financial Properties Inc., and prior to 1996 he was Senior Vice President of Olympia & York Companies (USA); Mr. Kennedy who has held his present principal occupation since 1999, prior to which he was Senior Vice President and Chief Financial Officer of Brookfield Commercial Properties Ltd., and prior to 1996 he was with the Restructuring and Advisory Services Group of Deloitte & Touche; Mr. Nesbitt who has held his principal occupation since 1998, prior to which he was Vice President of Carma Developers Ltd.; Mr. Pringle has held his principal occupation with *e-ffinity properties inc.* since 2000, prior to which he was President and Chief Executive Officer, West Coast Region, Brookfield Homes Ltd.; and Ms. Vyse who has held her principal occupation since 2000, prior to which she was Director, Investor Communications of Cadillac Fairview Corporation, and prior to 1997 she was Senior Manager, Communications of The Bank of Nova Scotia.

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 Brascan Corporation (see the information on page 2 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 000s of sq.ft.	Retail / Other** 000s of sq.ft.	Rentable Area 000s of sq.ft.	Effective Ownership Interest %	Brookfield's Effective Interest 000s of sq.ft.
New York							
World Financial Center							
Tower One	1	95	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		78	—	177	177	100	177
One Liberty Plaza	1	100	2,055	68	2,123	100	2,123
245 Park Avenue	1	99	1,560	58	1,618	100	1,618
	5	99	9,242	425	9,667		8,810
Toronto							
BCE Place							
Canada Trust Tower	1	97	1,127	—	1,127	40	451
Bay Wellington Tower	1	97	1,244	—	1,244	100	1,244
Retail, Parking & 22 Front	2	99	191	807	998	74*	742
Exchange Tower Block	3	97	1,413	264	1,677	94*	1,573
Hongkong Bank Building	1	98	188	36	224	100*	224
Queen's Quay Terminal	1	89	368	83	451	100*	451
Bramalea City Centre	1	86	76	1,095	1,171	100*	1,171
Other	7	94	1,181	1,211	2,392	60*	1,444
	17	96	5,788	3,496	9,284		7,300
Boston							
53 State Street	1	90	1,090	30	1,120	100*	1,120
75 State Street	1	100	742	260	1,002	100*	1,002
	2	95	1,832	290	2,122		2,122
Denver							
Republic Plaza	1	100	1,239	548	1,787	100	1,787
World Trade Center	2	96	764	43	807	100	807
Colorado State Bank Building	1	85	412	—	412	50	206
Highland Place	1	99	141	—	141	100	141
	5	97	2,556	591	3,147		2,941
Minneapolis							
Minneapolis City Center	1	94	1,082	695	1,777	100	1,777
Dain / Gaviidae Center	2	99	593	639	1,232	100	1,232
	3	96	1,675	1,334	3,009		3,009
Calgary							
Fifth Avenue Place	2	100	1,436	247	1,683	100*	1,683
Petro-Canada Centre	2	97	1,702	244	1,946	50*	973
Londonderry Mall	1	81	—	769	769	100*	769
Other	4	90	121	860	981	100	981
	9	94	3,259	2,120	5,379		4,406
Other							
Chicago Place	1	100	—	311	311	100	311
Other	4	90	199	163	362	100	362
	5	94	199	474	673		673
Total Portfolio	46	96	24,551	8,730	33,281		29,261
* Less: Minority Shareholders' Interests							5,319
Brookfield's Net Effective Ownership Interest							23,942

** Includes parking facilities in mixed-use centres of 2,628,000 square feet.