BROOKFIELD

BROOKFIELD PROPERTIES CORPORATION

ANNUAL INFORMATION FORM

MAY 18, 2001

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SELECTED CONSOLIDATED FINANCIAL INFORMATION

Five Year Summary

Years ended at December 31 (audited)

US Millions, except per share information	**2000**	1999	1998	1997	1996
Assets					
Commercial properties	**$6,326**	$5,897	$5,944	$4,412	$3,088
Development properties	**637**	447	446	522	712
Residential inventory	**559**	562	552	483	369
Receivables and other	**893**	945	640	691	298
Cash and cash equivalents	**209**	217	135	203	89
	$8,624	$8,068	$7,717	$6,311	$4,556
Liabilities					
Commercial property debt – recourse to properties	**$5,085**	$4,460	$4,243	$3,018	$2,496
Residential construction financing and short-term advances	**568**	765	798	881	1,243
	5,653	5,225	5,041	3,899	3,739
Accounts payable	**368**	276	254	210	146
Capital base and other shareholders' interests					
Interests of others in properties	**159**	326	255	156	40
Preference shares – subsidiaries and corporate	**607**	607	607	607	351
Common shares and convertible debentures	**1,837**	1,634	1,560	1,439	280
	2,603	2,567	2,422	2,202	671
	$8,624	$8,068	$7,717	$6,311	$4,556
Revenue, cashflow, net income and dividend record *(US$ except dividend information)*					
Revenue	**$2,100**	$1,826	$1,593	$1,011	$ 630
Cashflow from operations	**318**	259	197	110	26
Net income	**170**	153	129	73	7
Cashflow per common share – fully diluted	**$1.86**	$1.51	$1.13	$0.78	$0.03
Net income (loss) per common share – basic	**$0.98**	$0.89	$0.71	$0.46	$(0.26)
– fully diluted	**$0.94**	$0.85	$0.70	$0.46	$(0.26)
Dividends paid *(declared and paid in Canadian $)*					
Class A preferred shares	**$0.1875**	$0.1875	$0.1875	$0.1875	$0.1875
Class AA, Series E preferred shares	**$1.2549**	$1.1282	$1.1616	$0.8614	$1.0851
Class AAA, Series A preferred shares	**$2.25**	$2.25	$2.25	$2.25	$2.25
Class AAA, Series B preferred shares	**$2.25**	$2.25	$2.25	$2.25	$2.25
Class AAA, Series C preferred shares	**$2.00**	$2.00	$2.00	$2.00	$2.00
Class AAA, Series D preferred shares	**$2.00**	$2.00	$2.00	$2.00	$2.00
Per common share	**$0.38**	$0.32	$0.24	$0.10	—

Quarterly Revenue and Net Income

Three months ended (unaudited)

	2000				1999 (Proforma)[(1)]			
US Millions, except per share information	**Dec. 31**	**Sept. 30**	**June 30**	**Mar. 31**	Dec. 31	Sept. 30	June 30	Mar. 31
Revenue	**$729**	**$483**	**$493**	**$395**	$573	$462	$421	$370
Cashflow from operations	**84**	**77**	**89**	**68**	83	63	60	53
Net income	**46**	**39**	**49**	**36**	55	36	28	34
Net income per common share – fully diluted	**$0.25**	**$0.21**	**$0.28**	**$0.20**	$0.32	$0.20	$0.17	$0.16

(1) Reflects restatement of prior period with respect to accounting for income taxes.

Segmented Information

As at December 31

US Millions	United States 2000	1999	1998	Canada 2000	1999	1998	Total 2000	1999	1998
Commercial property operations									
Rental revenues*	**$ 732**	$ 686	$ 627	**$ 276**	$ 244	$ 223	**$1,008**	$ 930	$850
Expenses	**260**	250	236	**137**	111	108	**397**	361	344
	472	436	391	**139**	133	115	**611**	569	506
Land and housing									
Home and lot sales	**878**	673	528	**169**	171	153	**1,047**	844	681
Expenses	**825**	628	498	**145**	153	129	**970**	781	627
	53	45	30	**24**	18	24	**77**	63	54
Other revenues	**13**	14	16	**32**	38	46	**45**	52	62
Operating income	**538**	495	437	**195**	189	185	**733**	684	622
Depreciation and amortization	**44**	42	31	**22**	14	18	**66**	56	49
Income before unallocated costs	**494**	453	406	**173**	175	167	**667**	628	573
Unallocated costs**							**497**	475	444
Net income							**$ 170**	$ 153	$129
Assets									
Commercial properties	**$4,484**	$4,512		**$1,842**	$1,385		**$6,326**	$5,897	
Development properties	**444**	266		**193**	181		**637**	447	
Residential inventory	**540**	521		**19**	41		**559**	562	
Receivables and other	**545**	363		**348**	582		**893**	945	
Cash and cash equivalents	**192**	133		**17**	84		**209**	217	
	$6,205	$5,795		**$2,419**	$2,273		**$8,624**	$8,068	
Commercial property tenant improvements	**$ 74**	$ 36		**$ 23**	$ 12		**$ 97**	$ 48	
Acquisition and disposition of real estate (net)	**142**	25		**87**	33		**229**	58	
Development and redevelopment investments	**17**	7		**30**	35		**47**	42	
Capital investments	**4**	3		**8**	7		**12**	10	

Notes:

* *During 2000, rental revenues from Merrill Lynch and Company Inc. accounted for 10% (1999 – 11%, 1998 – 12%) of consolidated revenue.*

** *Unallocated costs include interest, administrative and development expenses, other shareholder interests, non-cash taxes and other provisions.*

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 5 through 9 of Brookfield's Management Proxy Circular dated February 22, 2001 (the "Management Proxy Circular"). Additional financial information relating to Brookfield is also provided in the consolidated financial statements for the year ended December 31, 2000 set out in pages 36 through 56 of Brookfield's Annual Report for the year ended December 31, 2000 ("Brookfield's 2000 Annual Report"). Brookfield's 2000 Annual Report also contains, in pages 23 through 35, management's Financial Summary and Analysis of Brookfield's financial condition and results of operations for the 12 months ended December 31, 2000 (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, 2000 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, 2000,
   (iii) one copy of Brookfield's Management Proxy Circular dated February 22, 2001, 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, develops and manages a portfolio of premier North American office properties. Brookfield also operates service businesses for real estate properties and develops master-planned residential communities. The Corporation's portfolio includes 60 commercial and development properties totaling more than 47 million square feet, including properties such as the World Financial Center in New York and BCE Place in Toronto. Brookfield's objective is to build shareholder value by owning quality assets and managing each of its operations intensively to increase cashflows and maximize return on capital.

Brookfield owns its assets directly and indirectly through partnerships and incorporated companies, including: (i) a 100% common share interest in Brookfield Properties Ltd. (Ontario) (formerly Brookfield Commercial Properties Ltd.), 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 95% interest in Brookfield Financial Properties Inc. (formerly World Financial Properties Inc.), a New York-based Delaware partnership which owns large Class A office properties, primarily in downtown and midtown Manhattan and Boston; (iii) an 87% equity (representing 48% of the voting securities and 100% of the non-voting securities) interest in BPO Properties Ltd., a public commercial real estate company that owns predominantly office properties in Canada; (iv) a 100% common share interest in Brookfield Homes Inc., a master-planned residential development company (Delaware).

The Corporation was formed under the *Canada Business Corporations Act* on September 5, 1978 to continue the company which was incorporated in 1923. The articles of the Corporation have been amended from time to time to change its capital structure and name, and 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 head office is Suite 4440, BCE Place, 181 Bay Street, Toronto, Ontario, M5J 2T3. However, the company operates head offices in both New York and Toronto. Unless otherwise noted or the context otherwise indicates, references to the "Corporation" are to Brookfield Properties Corporation and its consolidated subsidiaries.

Brookfield prepares its annual audited consolidated financial statements in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), which in some cases, 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 16 of the notes to the consolidated financial statements of the Corporation. The Corporation prepares its consolidated financial statements in US 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 "US$" are to US dollars and "C$" are to Canadian dollar and all references to "$" are in US dollars unless otherwise stated. Unless otherwise indicated, the statistical and financial data contained in this AIF are presented as at December 31, 2000.

History and Current Developments

Brookfield Properties Corporation was incorporated in the early 1920's and has been active in various facets of the real estate business since the 1960's.

In 1990, a strategic decision was made to invest capital into the premier office property business in select, high growth, supply constrained markets in North America. This led to the acquisition of over 46 million square feet of prime office properties and office development sites predominantly in New York City, Toronto and Boston.

The accumulation of these assets was completed through various corporate and property purchases since 1990, including three major portfolio acquisitions of approximately 10 million square feet respectively.

In 1990, Brookfield acquired 50% of a portfolio of office properties from BCE Inc. containing approximately 10 million square feet in Toronto, Denver and Minneapolis. In 1994, the interest in this portfolio was increased to 100%.

During 1994 and 1995, Brookfield issued $293 million of common equity and $109 million of preferred shares to Brascan Ltd. to support the acquisition and refinancing of the company's real estate interests.

On November 21, 1996, Brookfield 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 the World Financial Center, One Liberty Plaza, and 245 Park Avenue in Manhattan and Exchange Place in Boston.

In February 1997, the Corporation completed a $442 million convertible debentures and equity offering of 230,770 units consisting of an aggregate of $221 million 6% convertible unsecured subordinated debentures and 23,077,000 common shares at a price of $9.59 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 $145 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 $10.07 per common share with a term of five years from the date of their issue. Following the acquisition, Brookfield owned a 70% interest in Brookfield Financial Properties.

On May 8, 1997, Brookfield 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 $217 million equity offering of 19,672,132 common shares at a price of $11.05 per share, represented by installment receipts due and collected on February 14, 1998.

In August 1997, the Corporation completed a $290 million equity offering of 21,052,632 common shares at a price of $13.80 per share.

On September 30, 1997, Brookfield purchased 14,582,252 common shares of BPO Properties for an aggregate purchase price of $190 million. The purchase price was satisfied by delivery of $127 million in cash and 4,610,773 common shares of the Corporation. On completion of the transaction, Brookfield held approximately 43% of the outstanding common shares of BPO Properties. On September 30, 1997, Brookfield also entered into an agreement to purchase $36 million of Series R preferred shares (the "Preferred Shares") of BPO Properties. Subsequently, the preferred shares were converted into common shares of BPO Properties on October 15, 1997, increasing Brookfield's ownership to 45%. BPO Properties is Brookfield's Canadian commercial property operating company and owns approximately 15 million square feet of office 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 $167 million. As partial consideration for the acquisition, Brookfield issued a $50 million 6% unsecured debenture convertible into 2,622,100 common shares of the Corporation.

In addition to acquisitions of the Corporation's own shares, Brookfield increased its interest in its subsidiaries through capital repurchases undertaken by BPO Properties and Carma. During 1999, Brookfield's subsidiary, BPO Properties, acquired 5.8 million of its own common shares at below net asset value for a total of $57 million, thereby increasing Brookfield's equity interest to 52%. Subsequent to December 31, 1999, a further 4 million common shares of BPO Properties were repurchased by BPO Properties for total cost of $40 million, thereby increasing Brookfield's equity interest in BPO Properties 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.

During 2000, Brookfield continued the consolidation of its subsidiaries through both normal course issuer bids and tender offers for the shares of Carma and BPO Properties not already owned by Brookfield. In September 2000, Carma was privatized through the issuance of 1.9 million common shares and the payment of $1 million in cash. Also in September 2000, the effective ownership of BPO Properties was increased to 85% through the issuance of 5.3 million common shares and the payment of $5 million in cash. Brookfield subsequently acquired an additional 2% of BPO Properties through capital repurchases, bringing its equity ownership interest in BPO Properties to 87% (47% on a voting basis).

On April 26, 2000, the Corporation announced that its New York-based subsidiary, Brookfield Financial Properties, formed a strategic office property alliance with Deutsche Grundbesitz Management GmbH, a 100% indirectly owned subsidiary of Deutsche Bank A.G., a multi-national financial services company. Deutsche Grundbesitz Management GmbH agreed to acquire a 49% interest in two of Brookfield's landmark office properties in Boston. Closed April 2, 2001, the total proceeds of the transaction were $337 million, $168 million of cash for the equity component and the assumption of $169 million of property level debt.

In June 2000, $201 million of the Corporation's 6% subordinated convertible debentures were converted by the holders of those debentures into 19,986,682 common shares in accordance with the terms of the trust indenture governing the debentures.

In June 2000, Brookfield acquired, through BPO Properties, a western Canadian office portfolio, consisting of four office towers in Calgary and Vancouver. These properties, formerly part of the TrizecHahn portfolio, comprise a total of 3.5 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.

In August 2000, Brookfield renewed a normal course issuer bid under which 1,586,300 shares were acquired for cancellation at an average price of $12.50 per share in 2000. For the three months ended March 31, 2001, a further 496,200 shares were acquired for cancellation at an average per share price of $16.50.

In October 2000, Brookfield completed a secondary offering of 8 million shares held by the CIBC at $14.50 per share.

In March 2000, Brookfield acquired a development site in midtown Manhattan at 300 Madison Avenue for $150 million. Brookfield announced in March 2001 that it had signed a 30-year lease with CIBC World Markets for 100% of the 1.2 million square foot office tower for its US headquarters. The 35-storey office tower will be completed early in 2004.

On January 16, 2001, the Corporation announced that Lehman Brothers Inc. ("Lehman") signed a 20-year lease for 460,000 square feet at One World Financial Center in downtown Manhattan. The agreement covers the entire eighth floor, as well as floors 19 to 21 and 30 to 40 in the 40-storey office tower. In aggregate, along with other leasing commitments, Lehman is now committed to 682,000 square feet at One World Financial Center.

On January 31, 2001, the Corporation announced that it completed a $432 million refinancing of its 2.2 million square foot One Liberty Plaza property in downtown Manhattan. The investment grade financing, recourse only to the property, has a term of 10 years and a fixed rate coupon of 6.75%. The financing was underwritten by Goldman, Sachs & Co. and was placed with investors in the single asset CMBS securitization market. The financing followed the signing in mid-2000 of approximately 630,000 square feet of new leases with Goldman, Sachs & Co. and the National Association of Securities Dealers Inc. ("NASD"), who are relocating their world headquarters from Washington to the Corporation's One Liberty Plaza property. A portion of the funds was allocated for the extinguishment of debt currently on the property, and the balance was utilized for general corporate purposes.

On February 5, 2001, the Corporation announced that it completed a $500 million refinancing of its 1.7 million square foot 245 Park Avenue property in New York. The investment grade financing, recourse only to the property, has a term of 10 years and a fixed rate coupon of 6.65%. The financing was underwritten by JP Morgan Chase and placed with investors in the single asset CMBS securitization market. The financing follows the signing in November 2000 of JP Morgan Chase and Bear Stearns to approximately 800,000 square feet of new 20-year leases, as well as a complete renovation of the lobby, elevators and plaza over the past two years. A portion of the funds were utilized by the Corporation to extinguish debt currently on the property, and the balance was utilized for general corporate purposes. 245 Park Avenue is a 1.7 million square foot office tower located in midtown Manhattan immediately adjacent to Grand Central Station.

On February 13, 2001, the Corporation acquired a 50% joint venture interest in the Bay-Adelaide development site in downtown Toronto for an investment of $40 million or $37 per buildable square foot. Canapen (Bay-Adelaide) Limited, a subsidiary of the CN Pension Trust Funds, currently holds the other 50% interest in the project. The Corporation, in addition to its 50% investment interest, will be responsible for the development, leasing and ongoing management of the project. The Bay-Adelaide site consists of two blocks of land in Toronto's downtown financial core, bounded by Richmond, Bay, Adelaide and Yonge Streets. The project currently includes a 1,100 car below-grade parking garage, construction completed to grade including all foundation work, and plans and permits for at least a 1 million square foot premier office tower.

In March 2001, Brookfield completed a secondary offering of 4,610,773 million shares held by Trilon Financial Corporation. The secondary offering of shares by Trilon was sold to a syndicate of investment dealers.

On May 10, 2001, the Corporation announced that it reached agreement to acquire a further 5.4% of its New York and Boston assets owned through Brookfield Financial Properties from an affiliate of Citibank N.A. for a total cost of $202 million, $60 million of cash and the assumption of $142 million of long-term non-recourse property debt. This transaction brings the company's interest in Brookfield Financial Properties to 95% and is expected to close on May 30, 2001.

BUSINESS OF BROOKFIELD

Brookfield owns, develops and manages premier office properties. These assets comprise 90% of the company's total assets while its service businesses and master-planned residential business make up the balance of the company's assets and income.

In the *commercial property business*, Brookfield's portfolio spans 60 properties and development sites, primarily office, totaling 47 million square feet of rentable area in which Brookfield has a net effective ownership interest in 37 million square feet.

Brookfield's goal is to earn a 20% total return on equity with moderate risk of capital.

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, 2000. The following describes each of these businesses and Brookfield's investment strategy for each business.

Total assets were $8.6 billion at December 31, 2000, compared to $8.1 billion as at December 31, 1999. The book value of the Corporation's assets segmented by area of operation is as follows:

US Millions	**2000**	1999	%
Operating assets			
Commercial properties	**$6,326**	$5,897	91%
Development properties	**637**	447	9%
	6,963	6,344	100%
Other assets			
Residential inventory	**559**	562	
Receivables, prepaids and other	**675**	645	
Future income tax assets	**218**	300	
Cash and cash equivalents	**209**	217	
	$8,624	$8,068	

On a book value basis, commercial properties represent approximately 91% of the Corporation's operating assets. The commercial property portfolio is substantially weighted to premier downtown office properties in six North American cities. Development properties account for the balance of the operating assets at 9%. Residential inventory represents current inventory of completed or near completed homes awaiting delivery as well as fully serviced lots being actively marketed to customers. The receivables, prepaids and other assets are predominantly loans to third-party commercial real estate borrowers and normal course operating receivables. The loans are of a short-term nature and are in the process of being collected in the near term as the Corporation completes its withdrawal from this business.

Commercial Property Portfolio

The commercial property portfolio is focused in six North American cities, with New York, Toronto and Boston accounting for 80% of the portfolio on a book value basis.

Asset Profile

The consolidated carrying value of Brookfield's interest in 37 million square feet of rentable area is approximately US$192 per square foot, significantly less than the estimated replacement cost of these assets. The average size of Brookfield's core properties is 1.4 million square feet of rentable area.

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

	Total Net Rentable Area	Brookfield Interest	**Dec. 31 2000**	Dec. 31 1999
	000s sq.ft.	*000s sq.ft.*	*US Millions*	*US Millions*
New York, New York	9,846	8,987	**$3,102**	$3,047
Toronto, Ontario	8,023	6,044	**892**	899
Boston, Massachusetts	2,163	2,163	**648**	643
Denver, Colorado	3,156	2,950	**368**	364
Calgary, Alberta	6,471	5,496	**574**	250
Minneapolis, Minnesota	3,008	3,008	**392**	395
Other	4,233	4,233	**350**	299
Total*	36,900	32,881	**$6,326**	$5,897

** Excludes development sites.*

Over 5.2 million square feet of space was leased in 2000, including 4.2 million square feet of new occupancies and 1 million square feet of renewals. Brookfield's total portfolio occupancy rate in 2000 increased to 97%, a 1% increase over 1999. This increase in occupancy contributed $7 million to net operating income over 1999 and was represented by the following:

	Dec. 31, 2000		Dec. 31, 1999		Dec. 31, 1998	
Thousands of square feet	**Total Square Feet**	**% Leased**	Total Square Feet	% Leased	Total Square Feet	% Leased
New York, New York	**9,846**	**100%**	9,667	99%	9,667	98%
Toronto, Ontario	**8,023**	**99%**	8,113	96%	8,352	94%
Boston, Massachusetts	**2,163**	**100%**	2,122	95%	2,122	99%
Denver, Colorado	**3,156**	**94%**	3,147	97%	3,128	94%
Calgary, Alberta	**6,471**	**94%**	3,770	95%	3.919	94%
Minneapolis, Minnesota	**3,008**	**96%**	3,009	96%	3,009	93%
Other	**4,233**	**95%**	3,453	92%	4,238	96%
	36,900	**97%**	33,281	96%	34,435	96%

At December 31, 2000, average in-place net rents throughout the portfolio increased to $20 per square foot compared with $19 per square foot at December 31, 1999 and $17 per square foot at December 31, 1998. This increase was largely a result of re-leasing initiatives which were completed at an average net rate of $25 per square foot in 2000. The following table shows the average in-place rents and current market rents for similar space and services in each of Brookfield's markets:

	Gross Leasable Area	Average Lease Term	Average In-Place Net Rent Dec. 31, 2000	Average Market Net Rent Dec. 31, 2000
	sq.ft. 000's	*Years*	*per sq.ft.*	*per sq.ft.*
New York, New York				
Midtown	1,622	15	$36	$60
Downtown	8,224	12	32	50
Toronto, Ontario	8,023	6	17	21
Boston, Massachusetts	2,163	7	26	50
Denver, Colorado	3,156	5	12	21
Calgary, Alberta	6,471	9	11	14
Minneapolis, Minnesota	3,008	6	10	16
Other	4,233	9	13	17
	36,900	10	$20	$30

Tenant Relationships

An important characteristic of Brookfield's portfolio is the strong credit quality of its tenants. Special attention is directed at credit quality to ensure the long-term sustainability of rental revenues through economic cycles. The following list shows the largest tenants in Brookfield's portfolio and their respective lease commitments at December 31, 2000:

Tenant	Primary Location	Year of Expiry	000's Sq.Ft.	% of Sq.Ft.
Merrill Lynch & Company	New York/Toronto	2013	4,509	12.2%
Royal Bank, RBC Dain Rauscher	Calg/Vancr/Minn/New York	2003/2006	908	2.5%
Petro-Canada	Calgary	2013	843	2.3%
Canadian Imperial Bank of Commerce	Toronto/Calgary	2005/2007	762	2.1%
Lehman Brothers Inc.	New York	2021	682	1.8%
Dayton Hudson Corporation	Minneapolis	2013	632	1.7%
JP Morgan Chase	New York	2022	556	1.5%
TransCanada Pipelines Ltd.	Calgary	2001/2009	494	1.3%
Imperial Oil	Calgary	2011	476	1.3%
Talisman Energy	Calgary	2015	390	1.1%
TD Canada Trust	Toronto	2005	372	1.0%
Goldman, Sachs & Co.	New York	2015	361	1.0%
Goodwin Procter LLP	Boston	2006	360	1.0%
Renaissance Energy	Calgary	2012	349	1.0%
Cleary, Gottlieb, Steen & Hamilton	New York	2010	344	0.9%
Wellington Management	Boston	2011	330	0.9%
Teacher Insurance Annuity Association	Denver	2008	323	0.9%
Dow Jones and Company	New York	2005	309	0.8%
The Toronto Stock Exchange	Toronto	2018	283	0.8%
National Association of Securities Dealers	New York	2021	269	0.7%
Bank of Nova Scotia	New York	2014	267	0.7%
Canadian National Resources	Calgary	2010	229	0.6%
Sovereign Bank	Boston	2008	213	0.6%
Bear Stearns and Company	New York	2022	199	0.5%
			14,460	39.2%

Where possible, Brookfield endeavors to sign long-term leases with rent escalation clauses to further reduce risk. While each market is different, the majority of the company's leases, when signed, are for 10 to 20 year terms. As a result, approximately 5% of Brookfield's leases mature annually. New York and Boston are the exceptions, where the 2001 to 2004 maturities were aggressively leased in 2000, resulting in virtually no scheduled maturities of space during this period. The following is the breakdown of the lease maturities by market:

Thousands of square feet	Currently Available	2001	2002	2003	2004	2005	2006	2007 & Beyond	Total Leaseable Area
New York, New York	41	33	30	18	196	578	424	8,526	9,846
Boston, Massachusetts	1	26	24	26	86	240	587	1,173	2,163
	42	59	54	44	282	818	1,011	9,699	12,009
Toronto, Ontario	181	112	368	453	566	1,220	433	4,690	8,023
Denver, Colorado	145	141	161	293	176	482	293	1,465	3,156
Calgary, Alberta	393	292	135	99	176	336	166	4,874	6,471
Minneapolis, Minnesota	111	85	355	393	162	94	509	1,299	3,008
Other	198	264	239	586	314	314	192	2,126	4,233
Total	1,070	953	1,312	1,868	1,676	3,264	2,604	24,153	36,900
	3%	3%	4%	5%	5%	9%	6%	65%	100%

Tenant Installation Costs and Capital Expenditures

Brookfield typically grants financial concessions or provides capital to tenants which is then invested in tenant installations to renew and attract new tenants to its properties. These concessions include funds for tenant build out allowances and leasing commissions to third-party brokers representing tenants. In virtually all of Brookfield's properties, dedicated leasing teams represent Brookfield and deal with tenant representatives. These costs are capitalized in the year incurred, amortized over the terms of the lease to which they pertain, and recovered through rental payments over the term of the lease.

Expenditures for tenant installations were $97 million in 2000 compared with $48 million in 1999 and $30 million in 1998. This amount is greater than the $30 million expected on a normalized basis, due to the lease-up of vacant space in newly acquired properties and the costs associated with the opportunistic take back of space in advance of contractual expiry. On an annual basis, approximately 2 million square feet will be leased with a tenant installation cost on average of $15.00 per square foot. The average over the past three years was approximately $17.50 per square foot, due to a greater amount of space leasing in New York. Further details of the tenant installation costs incurred during the past three years are as follows:

Millions, except per square foot information	**2000**	1999	1998
Tenant installation costs	**$97**	$48	$30
Square footage leased			
New space	**4.2**	2.1	1.2
Renewal space	**1.0**	1.3	0.6
	5.2	3.4	1.8
Per square foot	**$19**	$14	$17

Brookfield also invests in the ongoing capital maintenance of its properties. Due to the young age, quality and the advanced technological infrastructure in most of Brookfield's major properties, recurring capital maintenance expenditures are substantially lower than industry norms. Capital maintenance expenditures in 2000 were $12 million compared to $10 million in 1999. It is expected that annual capital maintenance expenditures on a levelized basis will be approximately $6 million annually.

Primary Markets

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 approximately 500 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 108 million square feet. Brookfield's 245 Park Avenue and 300 Madison Avenue properties are located in midtown, the company's Penn Station property is located in the west side-midtown south market and the World Financial Center properties and One Liberty Plaza are located downtown.

The midtown office market is one of the strongest markets in North America, with vacancies reaching an 18-year low of 3.6% at December 31, 2000. Class A overall vacancy declined from 5.4% at year-end 1999, to 3% at the end of 2000. With vacancy rates below the equilibrium rate of 10%, asking rents increased substantially last year. Average asking rents and net effective rents continued to grow as the market remained in dis-equilibrium.

The midtown leasing market was robust, ending the year with absorption for 4 million square feet, surpassing 1999's total of 3.1 million square feet.

At the end of the year, large blocks of space remained scarce, prompting several major midtown tenants to renew leases 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) continued to fall and as of December 31, 2000 was 3.6%, compared with 8.9% year-end 1999.

Net absorption surpassed 5 million square feet in 2000, compared with 600,000 square feet in 1999. As a result, the downtown market now has the lowest Class A vacancy rate of the three Manhattan sub-markets, with a Class A vacancy rate of just 1.1%.

Looking forward, since several large tenants are expected to make space commitments in the downtown market in 2001 and new construction remains unlikely, positive results are expected downtown for the fifth year in a row.

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, technologically advanced, newer buildings which meet the needs of a much broader tenant base. Within the latter group, World Financial Center and One Liberty Plaza rank at the top in terms of desirability due to their quality and location. These factors, combined with severe supply constraints in this market, ensures Brookfield continues to achieve above-market occupancy rates in its properties.

Toronto, Ontario

Toronto is Canada's largest office market with steadily increasing occupancy since 1993. Toronto's financial core has a total office space inventory of over 33 million square feet. The overall office vacancy at year-end 2000 was 4.6%. The steady decline in vacancy rates over the past five years, coupled with tenant expansion, continued to drive rental rate increases over that period. As a result of rising occupancies, net effective rents increased in 2000, particularly in Class A buildings.

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 large bank-owned towers, which compete with Brookfield's premier properties, vacancy rates dropped to 1% at year-end 2000 and net effective rents increased to the C$28 to C$33 per square foot range.

It is anticipated that in the coming year, vacancy rates in the financial core will continue to decline as demand for Class A office space remains strong in a market place that has seen no new supply in over a decade. Of course, any significant consolidation in the financial services sector may change this outlook.

Boston, Massachusetts
Boston's commercial office market continues to be one of the healthiest in the United States with vacancies down to historically low levels. Boston's strong economy is rooted in the financial services and technology sectors.

The Boston downtown office market consists of 49 million square feet in nine sub-markets. The central financial district sub-market, where Brookfield's 53 and 75 State Street properties are located, is the largest with 34.9 million square feet. The overall vacancy rate in Boston's financial district was 1% at year-end 2000, down from 2.5% over the same period a year ago, the result of continued growth and demand by the city's financial services and law firms. The Class A segment of the market ended the year with virtually no vacancy (0.2%), encouraging tenants to consider alternatives outside of perceived boundaries of the financial district. While showing some relief in early 2001, the Boston office market remains tight with rental rates as high as $75 to $85 per square foot ($60 to $70 net) for floors with harbor views.

Denver, Colorado
Denver is an economically strong market, 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. The movement into Denver of a number of cable and telecommunication companies has also helped diversify the economy, which was largely dependent on the energy and mining industries.

The downtown office market in Denver has an inventory of approximately 22 million square feet. Strong demand for space by telecommunications and technology sectors in Denver pushed the vacancy rate down to 5% at year-end 2000 from year-end 1999 levels of 6.2%. Class A rental rates in the downtown office market have increased with net effective rents ranging from $17 to $22 per square foot.

Minneapolis, Minnesota
Minneapolis is a diverse market distinguished by its large population of company head offices, including 3M and Pillsbury.

The Minneapolis' downtown office market has a total inventory of 23 million square feet and has Class A office space vacancies of 5.3%. Recently announced build-to-suit head office towers will add approximately 5 million square feet of new office space in Minneapolis over the next three to four years, slowing the growth in rental rates.

Given this unique market dynamic, Brookfield's properties, totaling over 3 million square feet, are well positioned 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. Net effective rents in Class A downtown buildings in the Minneapolis office market now range from $10 to $12 per square foot.

Calgary, Alberta
With robust oil and gas prices, the demand for office space in downtown Calgary is strong. The market is largely still driven by the oil and natural gas industries; however, the economy is diversifying, with Calgary boasting the second highest number of head offices in Canada, outranked only by Toronto.

Brookfield's office properties, located centrally in downtown Calgary account for over 6 million square feet of a total downtown office market inventory of over 31 million square feet.

The Calgary market has shown a steady improvement with vacancies dropping from a peak of 17.3% in 1992 to 10.7% at December 31, 2000. In the first quarter of 2001, the demand for office space was significant with over 725,000 square feet of office space leased, close to the total for the space leased in 2000 of 989,000 square feet. 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 C$18 to C$23 per square foot.

Development Properties

Development properties consist of both commercial property development sites and density rights, as well as residential land used in the home building business and sold to other builders. The total book value of this development land and infrastructure was $637 million at December 31, 2000 compared with $447 million in 1999. The increase was largely the result of the addition of a midtown Manhattan office development site at 300 Madison Avenue. Brookfield's strategic approach to office development is to build on a selective basis in markets where the company has a major presence and tenants require expansion space.

Brookfield's commercial sites and density have a book value of $220 million. In early 2000, the company added the development site at 42nd Street and Madison Avenue in New York, where a 1.2 million square foot office tower will be constructed for CIBC World Markets. Total cost of the site was approximately $150 million. Demolition has commenced on the site, with completion and occupancy expected to be in early 2004. Total costs to complete the project will be funded by a development loan secured by the project.

In February 2001, Brookfield acquired a 50% interest in the Bay-Adelaide development project, located at the corner of Bay and Adelaide Streets in downtown Toronto. The investment for Brookfield's 50% is $40 million. The company intends to leverage its 8 million square foot market presence in Toronto to advance this project to the launch phase in 2001. Construction costs will be less than a building of similar quality owing to the substantial infrastructure which exists on the site, including a 1,100 car below-grade parking garage, construction completed to grade, including all foundation work as well as plans and permits for at least a 1 million square foot premier office tower. The development site also includes an adjacent block where the company anticipates the construction of a hotel and residential project of approximately 800,000 square feet which will be sold to, or joint ventured with a residential developer.

A summary of Brookfield's commercial development density is as follows:

	Location	Density	Status
New York*			
300 Madison	42nd Street at Madison Avenue	1,200,000	- Under construction - Expected delivery in early 2004
Penn Station	West 31st Street at 9th Avenue	2,500,000	- Currently being zoned for 2.5 million square feet of office
Toronto			
Bay-Adelaide Centre	Bay and Adelaide Streets	1,800,000	- Pre-leasing
BCE Place III	Third tower of current BCE Place project	800,000	- Planning
Denver			
Republic Plaza	Downtown Denver	400,000	- Pre-leasing
		6,700,000	

** Does not include certain rights relative to the development site located adjacent to the World Financial Center.*

In addition to these commercial property developments, Brookfield's residential group holds longer-term land, primarily in later phases of master-planned residential communities which are converted into lots and utilized in the company's housing business or sold to other builders. Brookfield's land development and housing operations are located in nine markets across North America. The aggregate book value of Brookfield's residential land under development or held for future development is $417 million. Brookfield also has $559 million invested in active housing inventory for its home building businesses. This inventory consists of partially built homes and entitled building lots under sales contracts or held for sale in the near term.

The total breakdown of the book values assigned by Brookfield to its commercial and residential development properties is as follows:

Millions	Buildable Sq.Ft.	Under Development	For Development	Dec. 31, 2000 Total
Commercial developments and infrastructure				
300 Madison	1,200,000	$171	$ —	$171
Penn Station	2,500,000			
Bay-Adelaide Centre*	1,800,000			
BCE Place III	800,000			
Republic Plaza	400,000			
	5,500,000	5	44	49
	6,700,000	176	44	220
Residential development land and infrastructure				
San Francisco Bay area, California		38	—	38
Los Angeles area, California		29	—	29
San Diego area, California		76	18	94
North Miami, Florida		11	—	11
Denver, Colorado		45	7	52
Toronto, Ontario		11	4	15
Calgary, Alberta		61	77	138
Edmonton, Alberta		22	18	40
		293	124	417
		$469	$168	$637

** Acquired in February 2001, and as a result, not included in December 31, 2000 book value.*

Earnings from Brookfield's development operations are derived solely from the residential operations. Residential development income increased to $77 million in 2000, compared with $63 million in 1999. Lot sales for 2000, including lots sold to other builders, totaled 6,187, compared with 5,563 in 1999. Total home sales were 2,660 for the year compared with 2,609 in 1999.

The breakdown of the lot and home sales by region is as follows:

	Home Sales			Lot Sales		
Units	**2000**	1999	1998	**2000**	1999	1998
San Francisco Bay area, California	**339**	383	310	**563**	384	315
Los Angeles area, California	**391**	324	383	**778**	324	449
San Diego area, California	**426**	435	528	**1,093**	1,251	568
Northern Virginia	**566**	525	490	**797**	1,427	763
North Miami, Florida	**158**	38	63	**158**	65	239
Denver, Colorado	**—**	—	—	**83**	39	—
Toronto, Ontario	**480**	630	364	**1,413**	794	541
Calgary, Alberta	**300**	274	391	**983**	935	1,208
Edmonton, Alberta	**—**	—	—	**319**	344	378
	2,660	2,609	2,529	**6,187**	5,563	4,461

Brookfield's home building operations achieved average home prices in 2000 of $335,000 per unit, an increase of 22% over 1999 levels. The increase in the average home price was largely due to a higher end mix of houses sold by Brookfield, especially in California and northern Virginia.

The following is a breakdown of average prices realized on home sales in the last three years:

	2000		1999		1998	
	Sales	**Average Price**	Sales	Average Price	Sales	Average Price
	US Millions	*US Thousands*	*US Millions*	*US Thousands*	*US Millions*	*US Thousands*
San Francisco Bay area, California	**$145**	**$428**	$145	$378	$117	$376
Los Angeles area, California	**214**	**547**	150	463	125	326
San Diego area, California	**183**	**430**	160	368	141	268
Northern Virginia	**172**	**304**	126	240	94	193
North Miami, Florida	**77**	**487**	15	394	20	321
Toronto, Ontario	**71**	**148**	92	146	50	137
Calgary, Alberta	**30**	**100**	29	106	40	102
	$892	**$335**	$717	$275	$587	$232

The December 31, 2000 backlog of orders for delivery in 2001 stood at 1,150 units representing 40% of our expected 2001 closings. This backlog increased to approximately 50% by the first week of February 2001 and 70% by April 2001.

Service Businesses

Brookfield, directly and with partners, provides leading services to owners and tenants of commercial properties. Capitalizing on the scale of its operations, Brookfield has the ability to offer cost effective services to a wider audience of tenants and to produce a stable source of incremental revenue streams and income.

Brookfield provides management services in over 120 million square feet of rental space in markets across North America through its partnership with Johnson Controls in Brookfield LePage Johnson Controls (BLJC), a leading integrated facilitates management business. During 2000, BLJC was awarded a new contract to manage the operations of Royal Bank of Canada's financial group, including 1,300 branches. In addition, BLJC won a contract to manage Nortel Network's Canadian operations. From a start-up four years ago, BLJC has generated 40% compound bottom-line growth.

Building on this service foundation, Brookfield launched, *e-ffinity properties inc.* in 1999 to bring technological and service innovations to Brookfield's customers and create new streams of income. Brookfield entered strategic partnerships with several broadband service providers, bringing high-speed, fiber-optic technologies to tenants in its properties. Brookfield is also piloting a web-based procurement portal to provide cost effective, convenient procurement of products and services for small and medium-sized tenants.

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 Residential Communities

Brookfield has substantial master-planned residential community assets. The sales levels and value of these assets are affected by consumer confidence and labor 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, conservatively providing for investments when made, and ensuring its exposure is minimal in relation to the size of the company.

Foreign Exchange Fluctuations

While twenty percent of Brookfield's assets and revenues originate in Canada, Brookfield has substantially matched its Canadian assets with Canadian liabilities. As a result, Brookfield is generally not substantially affected by the movement in the Canadian to US dollar exchange rate.

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, in which Brookfield has an ownership interest, through Brookfield Financial Properties, are subject to land leases held by 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. 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 owner's 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 & Poor's, 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".

DIVIDENDS AND DIVIDEND POLICY

The declaration and payment of dividends on Brookfield's common shares are at the discretion of the Board of Directors, which supports a stable and consistent dividend policy. Dividends are paid semi-annually. It is the intention of the Corporation to continue to review the pay-out of dividends semi-annually on June 30 and December 31 of each year and to increase the amount in accordance with increases in reported cashflow.

In early 2001, Brookfield changed its policy to declare dividends in US dollars and to remit payment to shareholders in accordance with the country of the registered address of shareholders. Shareholders with registered addresses in Canada will receive payment in Canadian dollars (based on the exchange rate on the record date) unless they elect otherwise. On April 23, 2001, Brookfield's Board of Directors declared a semi-annual dividend payment of US$0.13 per share on the issued and outstanding common shares of the Corporation, to be paid on June 30, 2001 to shareholders of record at the close of business on June 1, 2001.

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 Cobh, Ireland	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 and Chief Executive Officer, Brookfield Residential
Jack L. Cockwell[(2)] Toronto, Ontario	Director (since 1998)	President and Chief Executive Officer, 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

Name and Municipality of Residence	Office Held and Year First Elected a Director	Principal Occupation
Roger N. Garon(2) Montreal, Quebec	Director (since 1998)	Chairman, Multi-Vet Ltd. (veterinary products company)
Robert J. Harding(2)(3) Toronto, Ontario	Director (since 1994)	Chairman, 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) Mississauga, Ontario	Director (since 1998)	Senior Vice President, 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, Canada	Executive of the Corporation
Richard B. Clark New York, New York	President and Chief Executive, US	Executive of the Corporation
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
Kieran Mulroy Toronto, Ontario	Senior Vice President and General Counsel	Executive of the Corporation
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 or her 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.; 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 Properties Ltd., and prior to 1996 he was with the Restructuring and Advisory Services Group of Deloitte & Touche; 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 at 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 approximately 80 million common shares representing 51% of Brookfield's outstanding voting shares (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

As at December 31, 2000

	Number of Properties	Occupancy	Office	Retail / Other*	Rentable Area	Effective Ownership Interest	Brookfield's 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	1,457	105	1,562	100	1,562
Tower Two	1	100	2,455	36	2,491	100	2,491
Tower Four	1	100	1,711	41	1,752	51	893
Retail and Winter Garden	1	85	—	287	287	100	287
One Liberty Plaza	1	100	2,112	19	2,131	100	2,131
245 Park Avenue	1	99	1,563	60	1,623	100	1,623
Development sites							
300 Madison	1	—	1,200	—	1,200	100	1,200
Penn Station	1	—	2,500	—	2,500	100	2,500
	8	100	12,998	548	13,546		12,687
Toronto							
BCE Place							
Canada Trust Tower	1	100	1,127	18	1,145	40	458
Bay Wellington Tower	1	99	1,295	42	1,337	100	1,337
Retail, parking and office	2	100	142	804	946	75	705
Exchange Tower Block	3	99	1,397	268	1,665	94	1,561
HSBC Building	1	100	188	37	225	100	225
Queen's Quay Terminal	1	97	395	76	471	100	471
Other	6	98	1,394	840	2,234	58	1,287
Development sites							
Bay-Adelaide Centre	1	—	1,000	800	1,800	50	900
BCE Place III	1	—	800	—	800	65	520
	17	99	7,738	2,885	10,623		7,464
Boston							
53 State Street	1	100	1,090	71	1,161	100	1,161
75 State Street	1	100	742	260	1,002	100	1,002
	2	100	1,832	331	2,163		2,163
Denver							
Republic Plaza							
Office	1	98	1,245	—	1,245	100	1,245
Development and other	1	—	400	548	948	100	948
World Trade Center	2	93	766	43	809	100	809
Colorado State Bank Building	1	97	412	—	412	50	206
Other	1	65	142	—	142	100	142
	6	94	2,965	591	3,556		3,350
Calgary							
Bankers Hall	3	87	1,956	643	2,599	100	2,599
Fifth Avenue Place	2	99	1,436	247	1,683	100	1,683
Petro-Canada Centre	2	97	1,707	244	1,951	50	976
Other	2	82	121	117	238	100	238
	9	94	5,220	1,251	6,471		5,496
Minneapolis							
City Center	2	94	1,082	695	1,777	100	1,777
Dain Plaza	2	98	593	638	1,231	100	1,231
	4	96	1,675	1,333	3,008		3,008
Other							
Royal Centre, Vancouver	1	98	493	361	854	100	854
Chicago Place, Chicago	1	99	—	311	311	100	311
Bramalea City Centre, Toronto	1	97	75	1,093	1,168	100	1,168
Londonderry Centre, Edmonton	1	92	—	736	736	100	736
Other	10	93	2,710	954	3,664	100	3,664
	14	95	3,278	3,455	6,733		6,733
Total portfolio	60	97	35,706	10,394	46,100		40,901
Less: other shareholders' interests							3,515
Brookfield's net effective ownership interest							37,386

** Includes parking facilities in mixed-use centers of 3,510,000 square feet.*