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## EXHIBITION PLACE

January 20, 2006

To: The Board of Governors of Exhibition Place

From: Dianne Young  
General Manager & CEO

Subject: **Consent to the Assignment of the Partnership Interest in O&Y SMG Canada from O&Y Trade and Convention Centre Management Company Ltd. to O&Y Enterprise Limited Partnership**

Purpose:

This report advises the Board of a request received from O&Y-SMG Canada to consent to the assignment of the partnership interest in O&Y SMG Canada and recommends approval of the request, subject to certain conditions as set out in this report.

Financial Implications & Impact Statement:

There are no financial implications to this report.

Recommendation(s):

**It is recommended that the Board consent to the assignment of the partnership interest in O&Y SMG Canada from O&Y Trade and Convention Centre Management Company Ltd. ("OYTC") to O&Y Enterprise Limited Partnership ("OYE LP") and consent to allow OYE LP to assume the obligations of Brookfield Properties (PI) Inc. ("BPI") as an indemnifier under the Management Agreement and to release BPI from any and all obligations under the Management Agreement on the terms and conditions as set out in this report, and such other terms and conditions as may be required by the General Manager & CEO and the City Solicitor.**

Background:

At its meeting of July 3, 1996, the Board approved of entering into an agreement with O&Y-SMG Canada (the "Agreement") for the management of the National Trade Centre, which report was subsequently approved by the Council of the former Municipality of Metropolitan Toronto. The Agreement approved provided for a term of 5 years with a possible extension at the sole option of the Board for a second 5-year term. At its meeting of November, 2000, the Board approved a renewal of the Agreement extending the Term for 3 of the 5 years to December 31, 2004. At its meeting of November 2003, the Board approved the terms and conditions of the

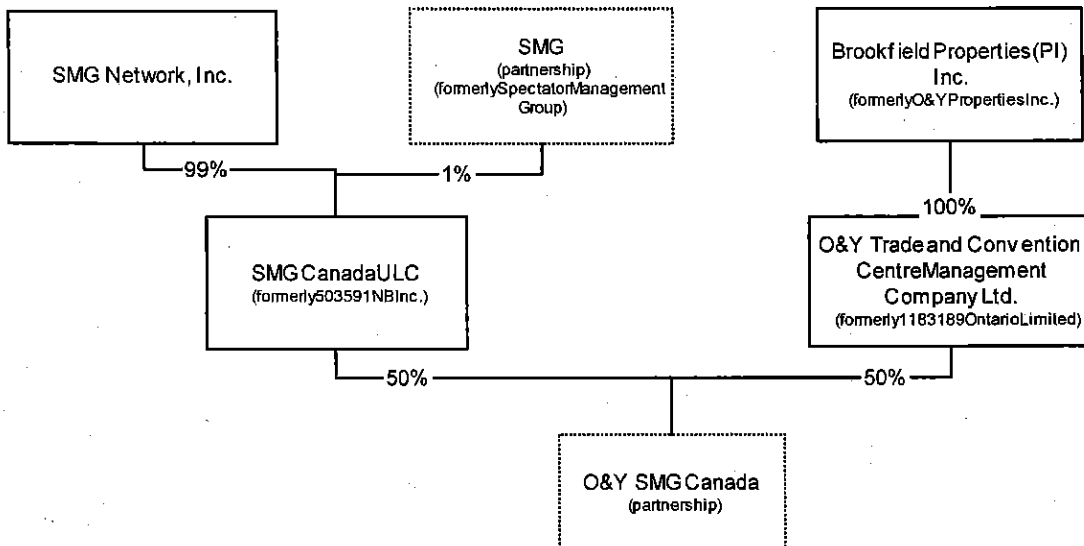
Further Renewal Agreement between the Board and O&Y SMG Canada which agreement expires December 31, 2006.

At its meeting of November 3, 2005 the Board approved of the change in effective control of O&Y SMG Canada, resulting from the purchase of O&Y Properties Corporation by 2072790 Ontario Inc. being a corporation owned directly or indirectly by a group of investors consisting of CPP Investment Board Real Estate Holdings Inc., Arca Investments Inc. and BPO Properties Ltd.. Brookfield Properties (PI) Inc. replaced OYPI as indemnifier of O&Y SMG's obligations under the Agreement.

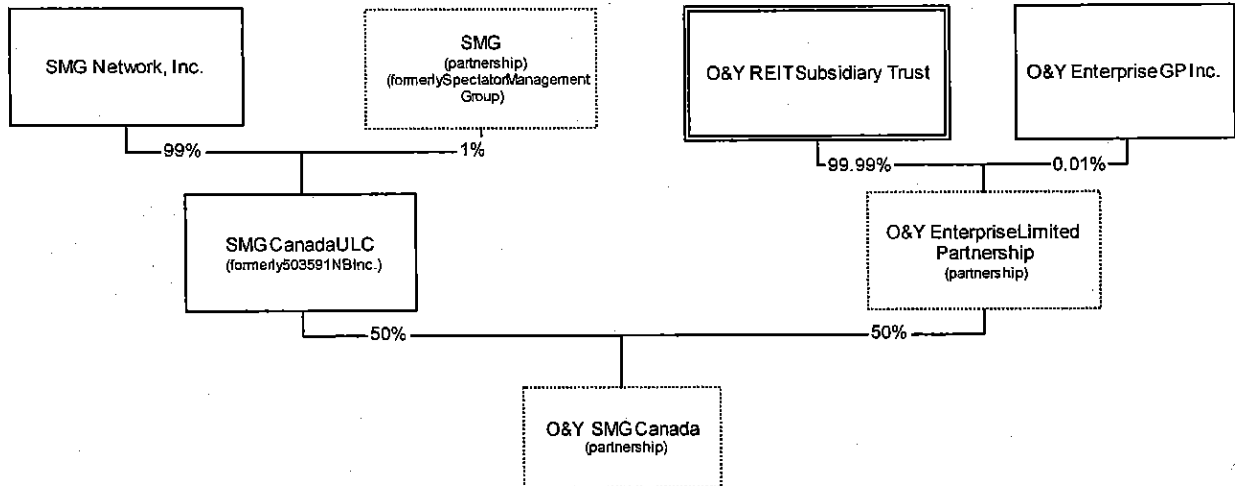
Comments:

On January 12, 2006, the Board received a letter from O&Y SMG Canada to consent to the assignment of the partnership interest in O&Y SMG Canada from O&Y Trade and Convention Centre Management Company Ltd. ("OYTC") to O&Y Enterprise Limited Partnership ("OYE LP") and consent to allow OYE LP to assume the obligations of Brookfield Properties (PI) Inc. ("BPI") as an indemnifier under the Management Agreement and to release BPI from any and all obligations under the Management Agreement.

The following diagram sets out the OYSMG ownership structure as it stands today:



The following diagram sets out the proposed OYSMG ownership structure upon completion of the assignment of the 50% partnership interest from O&Y Trade to O&Y Enterprise LP:



Ultimately, the parent company continues to be a corporation owned directly or indirectly by a group of investors consisting of CPP Investment Board Real Estate Holdings Inc., Arca Investments Inc. and BPO Properties Ltd..

The purpose of the proposed assignment is to consolidate O&Y's third party management business (both property/leasing management and facilities management) under one entity, namely, O&Y Enterprise Limited Partnership.

O&Y Enterprise Limited Partnership, is a financially-viable and fully-operational entity with several hundred employees nationwide. OYELP is the entity that operates O&Y's third party property and leasing management business and provides back-office support to OYSMG.

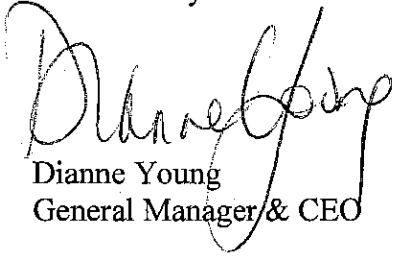
Conclusion:

This report recommends consenting to the assignment of the partnership interest in O&Y SMG Canada from O&Y Trade and Convention Centre Management Company Ltd. ("OYTC") to O&Y Enterprise Limited Partnership ("OYE LP") and consent to allow OYE LP to assume the obligations of Brookfield Properties (PI) Inc. ("BPI") as an indemnifier under the Management Agreement and to release BPI from any and all obligations under the Management Agreement, on the conditions stated in this report and such other terms and conditions required by the City Solicitor.

Contact:

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Submitted by:



Dianne Young  
General Manager & CEO