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March 8, 2002

BY SEDAR

Mutual Reliance Review Application

Ontario Securities Commission
20 Queen Street West
Suite 800, Box 55
Toronto, ON M5H 3S8

Attention: Exemptive Relief Applications

Dear Sirs:

Trizec Canada Inc. - Application for Relief from the Provisions of National Instrument 81-102

1. **Summary of Application**

We are filing this application, on behalf of Trizec Canada Inc. ("**Trizec Canada**"), for an exemption pursuant to section 19.1 of National Instrument 81-102 (the "**Rule**") from the requirements of the Rule.

In accordance with section 19.1, the exemption is being sought under the Mutual Reliance Review System ("**MRRS**") from the Director of the Ontario Securities Commission (the "**Commission**") and from the securities regulatory authorities (collectively, the "**Decision Makers**") of British Columbia, Alberta, Saskatchewan, Manitoba, Newfoundland and Labrador, New Brunswick, Nova Scotia, Prince Edward Island, Quebec, the Yukon Territory, Northwest Territories and Nunavut Territory (collectively, the "**Jurisdictions**"). Pursuant to guidelines in the MRRS, Trizec Canada has selected the Commission as the principal jurisdiction to review this application and, if deemed appropriate, to grant an exemption in respect thereof.

All terms with initial capital letters not defined herein have the meanings ascribed to them in the MRRS application dated March 8, 2002 (the "**Application**"), connected to this application, that has been filed with the Commission as principal regulator and with each of the Decision Makers and seeks exemptive relief from, among other things, the Rule as part of an arrangement (the "**Arrangement**") involving Trizec Canada, 4007069 Canada Inc., Trizec Properties, Inc. ("**Trizec Properties**") and Trizec Hahn Corporation ("**TrizecHahn**").

2. The Facts

Following the Arrangement, Trizec Canada will be primarily engaged in the U.S. real estate business through an indirect interest in Trizec Properties, which will be Trizec Canada's principal asset. Following the Arrangement, Trizec Canada will indirectly own one share of the common stock of Trizec Properties (the "**Trizec Properties Common Stock**") for each outstanding subordinate voting share ("**Trizec Canada Subordinate Voting Share**") and multiple voting share ("**Trizec Canada Multiple Voting Share**") of Trizec Canada (together, the "**Trizec Canada Shares**") and Trizec Canada intends to maintain this one-to-one relationship. In addition to its interest in Trizec Properties, Trizec Canada will own TrizecHahn's existing non-U.S. assets, with some exceptions. Trizec Canada's activities not related to Trizec Properties will be restricted to the optimization and monetization of its assets and the management of its liabilities. Trizec Canada will not invest in any new business activity, other than an activity approved by each of: (a) a majority vote of the Trizec Canada Multiple Voting Shares voting separately as a class and (b) a majority vote of the Trizec Canada Subordinate Voting Shares and Trizec Canada Multiple Voting Shares voting together as a single class on a one-share one-vote basis for this purpose.

Trizec Canada will be a mutual fund corporation for the purposes of the *Income Tax Act* (Canada). With respect to Trizec Canada's status under the Legislation, the definition of "mutual fund" in the Ontario Act[1] encompasses an issuer that issues securities that entitle the holder to receive, within a specified period after demand, an amount computed by reference to the net assets of the issuer. Holders of Trizec Canada Subordinate Voting Shares and Trizec Canada Multiple Voting Shares will have the right to require Trizec Canada to redeem, at any time, all or part of the Trizec Canada Shares held by such holder upon payment of the applicable retraction price for each such share. The articles of Trizec Canada provide that the price paid, either in cash or in Trizec Properties Common Stock, on a redemption of the Trizec Canada Shares during an initial period of 63 months following the Arrangement shall be the lesser of three amounts, one of which is the per share after-tax net asset value of Trizec Canada at the close of business on the retraction pricing date, and thereafter shall be the after-tax net asset

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[1] The BC Act, s. 1 "mutual fund"; the Alberta Act, s. 1(jj); the Newfoundland Act, s. 2(aa); the PEI Act, s. 1(d.3); the Nova Scotia Act, s. 2(1)(z); the Saskatchewan Act, s. 2(dd); Blanket Order 1 under the NWT Act, s. 1(1) "mutual fund"; Blanket Order 1 under the Nunavut Act, s. 1(1) "mutual fund"; the Québec Act, s. 5 provides that "mutual fund" means a company issuing shares which must, on request of the holder, redeem them at their net asset value; the Manitoba Act, s. 1(1) provides that "mutual fund company" means a company designated by the director as a mutual fund company; the New Brunswick Act and the Yukon Act do not define "mutual fund" for the purposes of those jurisdictions.

value amount. On a technical reading of this definition, Trizec Canada qualifies as a mutual fund. However, through its subsidiaries, Trizec Canada carries on an active business and functions as a company that is not a mutual fund. Trizec Canada holds assets consisting not only of Trizec Properties Common Stock, but also the majority of TrizecHahn's non-U.S. assets including interests in real properties through its wholly-owned subsidiaries. Nevertheless, Trizec Canada's interest in Trizec Properties, and its U.S. office business, will represent the vast majority of Trizec Canada's assets, just as such interest is currently TrizecHahn's principal asset.

Please refer to the Application for a further description of the Arrangement and Trizec Canada.

3. **Submissions**

It is submitted that the policy reasons for regulating mutual fund corporations differently from corporations that are not mutual funds under the Legislation are not relevant to Trizec Canada. Trizec Canada will be subject to all the continuous disclosure and various other requirements applicable and relevant to a reporting issuer that is not a mutual fund. The time and expense involved in complying with the mutual fund requirements in the Legislation would be detrimental to the shareholders of Trizec Canada. In fact, for a company like Trizec Canada that does not operate as a conventional mutual fund, the requirements imposed on reporting issuers that are not mutual funds by the Legislation and The Toronto Stock Exchange (the "**TSE**") are more appropriate, and in many instances more comprehensive, than the requirements imposed on mutual funds.

It is submitted that the mutual fund requirements in the Legislation do not properly apply to Trizec Canada for the reasons cited above and for the following reasons:

(a) Trizec Canada Shares will not be issued on a continuous basis once Trizec Canada has made its primary distribution under the Arrangement. Generally, the units of a conventional mutual fund are continually distributed.

(b) Trizec Canada will invest in Trizec Properties Common Stock. The policy of Trizec Canada will be to maintain this investment and not engage in any trading, except in the limited circumstances described in the Circular. The portfolio of a conventional mutual fund is typically managed by an investment company in accordance with the fund's investment objectives and is actively traded.

(c) Trizec Canada's principal business will be carried on through its 40% interest in Trizec Properties. This interest will represent the majority of the net assets of Trizec Canada and Trizec Canada will not be able to, and is not intended to, satisfy the concentration limits and control restrictions applicable to mutual funds under Part 2 of NI 81-102. In addition, Trizec Canada will own, indirectly through wholly-owned subsidiaries, real properties and will borrow money and provide security interests over its assets. Although none of these activities are different than the activities currently carried on by TrizecHahn, they are not in compliance with NI 81-102. Shareholders who acquire Trizec Canada Shares in the Arrangement will effectively be in the same position as they were as holders of shares of TrizecHahn in this regard.

(d) The Trizec Canada Subordinate Voting Shares are expected to be listed and posted for trading on the TSE and therefore holders of such shares will not be relying solely on the retraction privilege to provide liquidity for their investment. There is normally no market for units of conventional mutual funds. As a result, unitholders of a conventional mutual fund who wish to liquidate their holdings cause the fund to redeem their units. The Trizec Canada Multiple Voting Shares will not be held by the public.

(e) The holders of Trizec Canada Shares will have the benefit of the provisions in the *Canada Business Corporations Act*, whereas holders of units of conventional mutual funds would not.

(f) Trizec Canada will be managed by a board of directors elected by it shareholders, unlike a conventional mutual fund.

4. **Relief Sought**

Based on the foregoing, it is submitted that the requirements of the Rule are not properly applicable to Trizec Canada and, accordingly, we hereby respectfully request, on behalf of Trizec Canada, an exemption, pursuant to section 19.1 of the Rule, from all of the provisions of the Rule.

5. **Other Matters**

(a) We enclose with this application a verification of Trizec Canada confirming our authority to prepare this application on its behalf.

(b) Pursuant to the MRRS, a copy of this application will be filed in the Jurisdictions concurrently.

We have not enclosed a draft ruling in respect of the relief requested under NI 81-102 as we understand that it is not necessary that an order be issued. Should you have any questions or require any additional information with respect to the foregoing, please contact the undersigned at 416-863-5564 or Emer Kelly at 416-367-7439.

Yours very truly,

(signed) TIMOTHY MORAN

Timothy Moran

cc: British Columbia Securities Commission
Alberta Securities Commission
Saskatchewan Securities Commission
Manitoba Securities Commission
commission des valeurs mobilières du Québec
Securities Commission of Newfoundland and Labrador
New Brunswick Office of the Administrator
Nova Scotia Securities Commission
Prince Edward Island Registrar of Securities
Securities Registry (Northwest Territories)
Registrar of Securities (Yukon)
Registrar of Securities (Nunavut)