

Court File No.: CV-10-8973-00CL

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

THE HONOURABLE MR.

JUSTICE MORAWETZ

) WEDNESDAY, THE 15TH

)

) DAY OF DECEMBER, 2010

**IN THE MATTER OF AN APPLICATION UNDER SECTION 182 OF
THE *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, c. B.16, AS
AMENDED, AND RULES 14.05(2) AND 14.05(3) OF THE RULES OF
CIVIL PROCEDURE**

**AND IN THE MATTER OF A PROPOSED ARRANGEMENT
INVOLVING BROOKFIELD REAL ESTATE SERVICES FUND, RL RES
HOLDING TRUST, RESIDENTIAL INCOME FUND L.P., RESIDENTIAL
INCOME FUND GENERAL PARTNER LIMITED, BROOKFIELD REAL
ESTATE SERVICES INC./SERVICES IMMOBILIERS BROOKFIELD
INC. and THE UNITHOLDERS and SPECIAL VOTING UNITHOLDERS
OF BROOKFIELD REAL ESTATE SERVICES FUND**

**BROOKFIELD REAL ESTATE SERVICES FUND,
RL RES HOLDING TRUST, RESIDENTIAL INCOME FUND L.P.,
RESIDENTIAL INCOME FUND GENERAL PARTNER LIMITED and
BROOKFIELD REAL ESTATE SERVICES INC./SERVICES
IMMOBILIERS BROOKFIELD INC.**

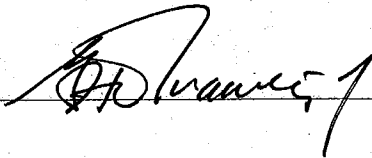
Applicants

**FINAL ORDER
(December 15, 2010)**

THIS APPLICATION made by the Applicants pursuant to section 182 of the *Business Corporations Act*, R.S.O. 1990, c. B-16, as amended (the "OBCA"), for an order approving a proposed arrangement (the "Arrangement"), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the Notice of Application, the Affidavit of Kevin Cash sworn December 10, 2010 (the "Final Cash Affidavit") together with the exhibits thereto, the Affidavit of Kevin Cash sworn November 8, 2010 (the "First Cash Affidavit") with only Exhibit "B" attached, the Interim Order of the Honourable Mr. Justice Morawetz dated November 10, 2010, all filed, and on hearing the submissions of counsel for the Applicants, no one else appearing for any other person, including any holder of trust units or special voting units of Brookfield Real Estate Services Fund as of November 5, 2010,

1. **THIS COURT ORDERS** that the Arrangement, as described in the Plan of Arrangement attached as Schedule "A" to this Order, is an arrangement within the meaning of section 182 of the OBCA and is fair and reasonable.
2. **THIS COURT ORDERS** that the Arrangement, as described in the Plan of Arrangement attached as Schedule "A" to this Order, shall be and is hereby approved.
3. **THIS COURT ORDERS** that the Applicants shall be entitled to seek leave to vary this Order upon such terms and upon the giving of such notice as this Honourable Court may direct, to seek the advice and direction of this Honourable Court as to the implementation of this Order and/or to apply for such further order or orders as may be appropriate.


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ON / BOOK NO:
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PER / PAR:

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Schedule "A"

EXHIBIT "A"
PLAN OF ARRANGEMENT
UNDER SECTION 182 OF THE
BUSINESS CORPORATIONS ACT (ONTARIO)

ARTICLE 1 - INTERPRETATION

1.1 In this Plan of Arrangement, the following terms have the following meanings:

- (a) **"Affiliate"** has the meaning ascribed to the term "affiliated companies" in the *Securities Act* (Ontario);
- (b) **"Arrangement"**, **"herein"**, **"hereof"**, **"hereto"**, **"hereunder"** and similar expressions mean and refer to the arrangement under the provisions of Section 182 of the OBCA set forth in this Plan of Arrangement as amended, modified or supplemented, and not to any particular article, section or other portion hereof;
- (c) **"Arrangement Agreement"** means the agreement dated as of November 8, 2010, among the Fund, the Holding Trust, the General Partner, the Partnership and Brookfield NewCo with respect to the Arrangement and all amendments thereto;
- (d) **"Articles of Arrangement"** means the articles of arrangement in respect of the Arrangement required under subsection 183(1) of the OBCA to be filed with the Director after the Final Order has been granted giving effect to the Arrangement;
- (e) **"Associate"** has the specified in the *Securities Act* (Ontario);
- (f) **"Brookfield NewCo"** means Brookfield Real Estate Services Inc./Services immobiliers Brookfield Inc., a corporation incorporated under the laws of the Province of Ontario;
- (g) **"Business Day"** means a day, other than a Saturday, Sunday or statutory holiday, when banks are generally open in the City of Toronto, in the Province of Ontario, for the transaction of banking business;
- (h) **"Certificate"** means the certificate which may be issued by the Director pursuant to subsection 183(2) of the OBCA giving effect to the Arrangement;
- (i) **"Class A LP Units"** means the Class A limited partnership units of the Partnership;
- (j) **"Class B LP Units"** means the Class B limited partnership units of the Partnership;
- (k) **"Class B Unitholders"** means the holders from time to time of the Class B LP Units;
- (l) **"Court"** means the Ontario Superior Court of Justice;
- (m) **"Director"** means the director appointed under Section 278 of the OBCA;
- (n) **"Effective Date"** means the date the Arrangement is effective under the OBCA;
- (o) **"Effective Time"** means 12:01 a.m. (Eastern standard time) on the Effective Date or such other time on the Effective Date as may be specified in writing by the Parties;

- (p) **"Final Order"** means the final order of the Court approving the Arrangement pursuant to subsection 182(5) of the OBCA, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;
- (q) **"Fund"** means Brookfield Real Estate Services Fund, a trust established under the laws of the Province of Ontario and governed by the Fund Declaration of Trust and , where the context requires, its Subsidiaries;
- (r) **"Fund Declaration of Trust"** means the amended and restated declaration of trust dated August 7, 2003, pursuant to which the Fund was created and is governed, as the same may be amended, supplemented or restated from time to time;
- (s) **"Fund Units"** means the trust units of the Fund;
- (t) **"Fund Unitholders"** means the holders from time to time of Fund Units;
- (u) **"General Partner"** means Residential Income Fund General Partner Limited, a corporation incorporated under the laws of the Province of Ontario;
- (v) **"Holding Trust"** means RL RES Holding Trust, a trust established under the laws of the Province of Ontario and governed by the Holding Trust Declaration of Trust;
- (w) **"Holding Trust Declaration of Trust"** means the amended and restated declaration of trust dated as of August 7, 2003, pursuant to which the Holding Trust was created and is governed, as the same may be amended, supplemented or restated from time to time;
- (x) **"Independent"** has the meaning ascribed to such term in National Policy 58-101 – *Disclosure of Corporate Governance Practices*;
- (y) **"Information Circular"** means the management information circular of the Fund dated on or about November 11, 2010, together with all appendices thereto, distributed to Voting Unitholders in respect of the Meeting;
- (z) **"Initial Share"** means the common share in the capital of Brookfield NewCo held by the Fund, which will be re-designated as a Restricted Voting Share prior to the Effective Date;
- (aa) **"Interim Order"** means the interim order of the Court under subsection 182(5) of the OBCA containing declarations and directions with respect to this Arrangement, as such order may be affirmed, amended, modified or supplemented by any court of competent jurisdiction;
- (bb) **"Meeting"** means the special meeting of the Voting Unitholders to be held on December 10, 2010, and any adjournment(s) thereof, to consider and vote on the Arrangement and related matters;
- (cc) **"OBCA"** means the *Business Corporations Act*, R.S.O. 1990, c. B.16, including the regulations promulgated thereunder, in either case as amended;

- (dd) **"Parties"** means the parties to the Arrangement Agreement, and **"Party"** means any one of them;
- (ee) **"Partnership"** means Residential Income Fund L.P., a limited partnership established under the laws of the Province of Ontario;
- (ff) **"Partnership Agreement"** means the amended and restated limited partnership agreement made as of August 7, 2003 in respect of the Partnership, as the same may be amended, modified or supplemented from time to time;
- (gg) **"Person"** includes an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, corporation or other body corporate, trustee, executor, administrator, legal representative, government (including any governmental entity) or any other entity, whether or not having legal status;
- (hh) **"Restricted Voting Shares"** means the restricted voting shares in the capital of Brookfield NewCo, which will be designated as "restricted voting shares" prior to the Effective Date;
- (ii) **"Special Voting Share"** means the special voting share in the capital of Brookfield NewCo to be created prior to the Effective Date and issued to represent voting rights in Brookfield NewCo other than the right to vote in respect of the Independent directors of Brookfield NewCo and which will entitle the holder, until it and/or its affiliates cease to hold in the aggregate at least 10% of the Restricted Voting Shares then outstanding (calculated on the basis that all the Class B LP Units held by the holder and its affiliates have been exchanged for Restricted Voting Shares), to appoint two-fifths of the directors of Brookfield NewCo (provided that if two-fifths of the directors is not an integral multiple of one, then the number of directors that TBI is entitled to appoint shall be rounded up to the next highest integral multiple of one);
- (jj) **"Special Voting Unitholders"** means the holders from time to time of Special Voting Units;
- (kk) **"Special Voting Units"** means the special voting units of the Fund;
- (ll) **"Subsidiary"** means, with respect to any Person, an entity that is a "subsidiary company" (as such terms is defined in the Securities Act (Ontario) (for such purposes, if such entity is not a corporation, as if such person were a corporation)) of such Person and includes any limited partnership, limited liability company, limited liability partnership, trust, joint venture, association or other association, whether or not having legal status, that would constitute a "subsidiary company" (as described above) if such entity were a corporation and **"Subsidiaries"** means more than one Subsidiary;
- (mm) **"TSX"** means the Toronto Stock Exchange;
- (nn) **"Voting Unitholders"** means the holders from time to time of Voting Units; and
- (oo) **"Voting Units"** means, collectively, the Fund Units and Special Voting Units.

- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders.
- 1.5 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

ARTICLE 2 - ARRANGEMENT AGREEMENT

- 2.1 This Plan of Arrangement is made pursuant to, and is subject to the provisions of, and forms part of, the Arrangement Agreement.
- 2.2 This Plan of Arrangement, upon the filing of the Articles of Arrangement and the issue of the Certificate, if any, shall become effective on, and be binding on and after, the Effective Time on: (i) Voting Unitholders and Class B Unitholders; (ii) the Fund; (iii) the Holding Trust, (iv) the General Partner, (v) the Partnership; and (vi) Brookfield NewCo.
- 2.3 The Articles of Arrangement and Certificate shall be filed and issued, respectively, with respect to this Arrangement in its entirety. The Certificate shall be conclusive evidence that the Arrangement has become effective and that each of the provisions of Article 4 has become effective in the sequence and at the times set out therein.
- 2.4 Other than as expressly provided for herein, no portion of this Plan of Arrangement shall take effect with respect to any Party or Person until the Effective Time. Furthermore, each of the events listed in Article 4 shall be, without affecting the timing set out in Article 4, mutually conditional, such that no event described in said Article 4 may occur without all steps occurring, and those events shall effect the integrated transaction which constitutes the Arrangement.

ARTICLE 3 - PRE-ARRANGEMENT MATTERS

- 3.1 Unless otherwise consented to by the Fund in writing, prior to the Effective Date, the Fund Declaration of Trust, the Holding Trust Declaration of Trust, the Partnership Agreement and the articles of incorporation of Brookfield NewCo will be amended to the extent necessary to facilitate the Arrangement and the implementation of the Arrangement steps as provided in Article 4 and as contemplated in the Information Circular, including, without limitation, with respect to the articles of incorporation of Brookfield NewCo to create the Special Voting Share and to designate the common shares in the capital of Brookfield NewCo, including the Initial Share, as Restricted Voting Shares.

ARTICLE 4 - ARRANGEMENT

- 4.1 Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following order, each occurring five minutes apart (unless otherwise noted), without any further act or formality except as otherwise provided herein:

Redemption of the Special Voting Units and Issuance of Special Voting Share

- (a) The Special Voting Units will be redeemed by the Fund for no consideration and TBI will subscribe, for nominal consideration, for one Special Voting Share.

Exchange of Fund Units for Restricted Voting Shares

- (b) The outstanding Fund Units shall be transferred to Brookfield NewCo, free and clear of any claims, solely in consideration for Restricted Voting Shares on the basis of one Restricted Voting Share for each Fund Unit so transferred. At the time the Restricted Voting Shares are so issued, an amount determined by the directors of Brookfield NewCo shall be added to the stated capital account maintained for the Restricted Voting Shares issued under the Arrangement, and the stated capital maintained in respect of the Restricted Voting Shares shall be subsequently reduced by an amount determined by the directors of Brookfield NewCo, in respect of which no amount is to be distributed to the shareholders of Brookfield NewCo, as contemplated by Section 34(1)(b)(ii)(B) of the OBCA.

Cancellation of the Initial Share of Brookfield NewCo

- (c) The Initial Share issued to the Fund in connection with the organization of Brookfield NewCo will be purchased for cancellation by Brookfield NewCo for consideration of ten dollars (\$10.00) and shall be cancelled.
- 4.2 Upon the redemption of the Special Voting Units, pursuant to Section 4.1, each former holder of Special Voting Units shall cease to be the holder of the Special Voting Units so redeemed and the name of such former holder of Special Voting Units shall be removed from the register of Special Voting Units.
- 4.3 Upon the exchange of Fund Units for Restricted Voting Shares, pursuant to Section 4.1:
- (a) each former holder of Fund Units shall cease to be the holder of the Fund Units so exchanged and the name of each such former holder of Fund Units shall be removed from the register of Fund Units and Brookfield NewCo shall become the sole holder of the Fund Units and shall be added to the register of Fund Units as the sole owner of the Fund Units; and
- (b) each such holder of Fund Units shall become the holder of the Restricted Voting Shares exchanged for Fund Units by such holder and shall be added to the register of holders of Restricted Voting Shares in respect thereof.

ARTICLE 5 - OUTSTANDING CERTIFICATES AND FRACTIONAL SECURITIES

- 5.1 From and after the Effective Time, any certificates formerly representing Fund Units shall represent only the right to receive Restricted Voting Shares in respect thereof as provided in this Plan of Arrangement.
- 5.2 If any certificate which immediately prior to the Effective Time represented an interest in outstanding Fund Units that were transferred pursuant to Section 4.1 hereof has been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to have been lost, stolen or destroyed, the former registered holder thereof in the register of Fund Units shall, as a condition precedent to the receipt of any Restricted Voting Shares to be issued to such person, provide to Brookfield NewCo, the Fund and the Partnership a bond, in form and substance satisfactory to Brookfield NewCo, or otherwise indemnify Brookfield NewCo, the Fund and the Partnership to their satisfaction, in their sole and absolute discretion, against any claim that may be made against them with respect to the certificate alleged to have been lost, stolen or destroyed.
- 5.3 No fractional Restricted Voting Shares, and no certificates representing fractional Restricted Voting Shares, shall be issued pursuant to the Plan of Arrangement.

ARTICLE 6 - AMENDMENTS

- 6.1 The Fund, the Holding Trust, the General Partner, the Partnership and Brookfield NewCo may amend this Plan of Arrangement at any time and from time to time prior to the Effective Time, provided that each such amendment must be: (i) set out in writing; (ii) approved by the other Parties to the Arrangement Agreement; and (iii) filed with the Court.
- 6.2 Notwithstanding Sections 6.1, 6.3 and 6.4, any amendment, modification or supplement to this Plan of Arrangement may be made prior to the Effective Time by the Fund, the Holding Trust, the General Partner, the Partnership and Brookfield NewCo (or, following the Effective Time, by Brookfield NewCo) without the approval of the Court or the Voting Unitholders, provided that it concerns a matter which, in the reasonable opinion of the Fund, the Holding Trust, the General Partner, the Partnership and Brookfield NewCo (or, following the Effective Time, Brookfield NewCo), is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement or is not adverse to the financial or economic interests of any former holder of Fund Units.
- 6.3 Subject to Section 7.2, any amendment to this Plan of Arrangement may be proposed by the Fund, the Holding Trust, the General Partner, the Partnership and Brookfield NewCo at any time prior to or at the Meeting (provided that the other Parties to the Arrangement Agreement shall have consented thereto) with or without any prior notice or communication to Voting Unitholders, and if so proposed and accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 6.4 Subject to Section 7.2, the Fund, the Holding Trust, the General Partner, the Partnership and Brookfield NewCo may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Meeting and prior to the Effective Time with the approval of the Court and, if and as required by the Court, after communication to the Voting Unitholders.

ARTICLE 7 - GENERAL

- 7.1 Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur in the order set out in this Plan of Arrangement without any further act or formality, each of the Parties to the Arrangement Agreement shall make, do and execute, or cause to be made, done and executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.
- 7.2 If, prior to the Effective Date, any term or provision of this Plan of Arrangement is held by the Court to be invalid, void or unenforceable, the Court, at the request of any Parties, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan of Arrangement shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation.
- 7.3 This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein. Any questions as to the interpretation or application of this Plan of Arrangement and all proceedings taken in connection with this Plan of Arrangement and its provisions shall be subject to the exclusive jurisdiction of the Court.

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IN THE MATTER OF AN APPLICATION UNDER SECTION 182, *BUSINESS CORPORATIONS ACT*, R.S.O. 1990, c. B-16, as amended

Court File No.: CV-10-8973-00CL

BROOKFIELD REAL ESTATE SERVICES FUND, *et al.*
Applicants

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

FINAL ORDER
(December 15, 2010)

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