

BROOKFIELD PROPERTIES SPLIT CORP.

Part 41

Class C Junior Preferred Shares, Series 3

The third series of Class C Junior Preferred Shares of the Company shall consist of 7,000,000 Class C Junior Preferred Shares, which shall be designated as Class C Junior Preferred Shares, Series 3 (hereinafter referred to as the "Series 3 Junior Preferred Shares"), which, in addition to the rights, privileges, restrictions and conditions attached to the Class C Junior Preferred Shares as a class, shall have attached thereto the following rights, privileges, restrictions and conditions:

1. Consideration for Issue

The consideration for the issue of each Series 3 Junior Preferred Share shall be C\$25.00.

2. Dividends

For the purposes hereof, the following terms shall have the following meanings, unless the context otherwise requires:

- a) "Dividend Payment Date" in respect of the dividends payable on the Series 3 Junior Preferred Shares means the seventh day of January in each year.
- b) "Dividend Period" means the period from and including the date of initial issue of the Series 3 Junior Preferred Shares up to but excluding January 7, 2018 (the "Initial Dividend Period") and, thereafter, the period from and including a Dividend Payment Date up to but excluding the next succeeding Dividend Payment Date.

2.1 Payment of Dividends

The holders of the Series 3 Junior Preferred Shares shall be entitled to receive, and the Company shall pay thereon, as and when declared by the board of directors of the Company, subject to the insolvency provisions of applicable law, but always in preference and priority to the payment of dividends for such year on the Common Shares and any other shares of any other class ranking junior to the Series 3 Junior Preferred Shares out of moneys of the Company properly applicable to the payment of dividends, non-cumulative preferential cash dividends equal to C\$1.75 per annum payable in lawful money of Canada payable annually, with respect to each Dividend Period, on the Dividend Payment Date, the first Dividend Payment Date in respect of the Initial Dividend Period to be January 7, 2018.

If in any year the board of directors of the Company in its discretion shall not declare the non-cumulative preferential cash dividends or any part thereof on the Series 3 Junior Preferred Shares for such year, then the rights of the holders of the Series 3 Junior Preferred Shares to such dividends or to any undeclared part thereof for such year shall be forever extinguished.

For any period which is less or greater than a full year with respect to any Series 3 Junior Preferred Share:

- (i) which is issued, redeemed or purchased during such year;
- (ii) in respect of which assets of the Company are distributed to the holders thereof pursuant to Article 8 during such year; or
- (iii) in respect of the Initial Dividend Period;

the dividend shall be equal to the amount calculated by multiplying C\$1.75 by a fraction of which the numerator is the number of days in such period (including the day at the beginning of such

period and excluding the day at the end of such period) and the denominator is 365 days (including the day at the beginning thereof and excluding the Dividend Payment Date at the end thereof).

2.2 Method of Payment

The Company may make payments in respect of the dividends on the Series 3 Junior Preferred Shares (less any tax required to be withheld by the Company) by either (i) wire or electronic transfer in lawful money of Canada made to the account designated by the holder of Series 3 Junior Preferred Shares or (ii) cheque payable in lawful money of Canada at par at any branch in Canada of the Company's bankers, provided that the Company and any particular holder of Series 3 Junior Preferred Shares may agree on some other means for payment of dividends to such holder. Dividends on the Series 3 Junior Preferred Shares shall be paid as hereinafter provided to the holders of Series 3 Junior Preferred Shares appearing on the Company's register of such holders at the close of business on such day (which shall not be more than 60 days preceding the date fixed for the payment of such dividend) as may be determined in advance from time to time by the directors of the Company or, if no such date is so determined, at the close of business on the date on which the directors pass the resolution relating to the payment of such dividend. The making of a payment by way of a wire or electronic transfer of funds or the mailing from the Company's registered office by prepaid first class mail, on or before any Dividend Payment Date of such a cheque to a holder of Series 3 Junior Preferred Shares, or in the case of joint holders to the joint holder whose name appears first on the Company's register of holders of Series 3 Junior Preferred Shares, shall be deemed to be payment of the dividends represented thereby and payable on such Dividend Payment Date, as applicable, unless the cheque is not paid upon presentation. Dividends which are represented by a cheque which has not been presented to the Company's bankers for payment or that otherwise remain unclaimed for a period of six years from the date on which they were declared to be payable shall be forfeited to the Company.

3. Redemption

3.1 Optional Redemption

Subject to the provisions of this Article 3 and Article 6 and to the rights, privileges, restrictions and conditions attaching to any shares of the Company ranking prior to the Series 3 Junior Preferred Shares, the Company may, upon giving notice as hereinafter provided, redeem at any time all, or from time to time any part, of the then outstanding Series 3 Junior Preferred Shares on payment for each share to be redeemed of C\$25.00 together with an amount equal to all declared and unpaid dividends thereon up to the redemption date (the whole constituting and being herein referred to as the "Redemption Price").

3.2 Partial Redemption

In case a part only of the Series 3 Junior Preferred Shares is to be redeemed at any time, the shares to be redeemed shall be selected by lot or some other random selection method as the board of directors of the Company in its sole discretion determines or in such other manner as the board of directors of the Company in its sole discretion determines to be equitable. If a part only of the Series 3 Junior Preferred Shares represented by any certificate shall be redeemed, a new certificate representing the balance of such shares shall be issued to the holder thereof at the expense of the Company upon presentation and surrender of the first mentioned certificate.

3.3 Method of Redemption

In any case of redemption of Series 3 Junior Preferred Shares, the Company shall, at least 30 days before the date specified for redemption, send by prepaid first class mail or deliver to each person who at the date of mailing or delivery is a holder of Series 3 Junior Preferred Shares to be redeemed a notice in writing of the intention of the Company to redeem such Series 3 Junior Preferred Shares. Such notice shall be mailed or delivered to each holder of Series 3 Junior Preferred Shares to be redeemed at the last address of such holder as it appears on the securities register of the Company, or in the event of the address of any such holder not so appearing, then to the last address of such holder known to the Company. Accidental failure or omission to give such notice to one or more holders shall not affect the validity of such redemption, but if such failure or omission is discovered notice as aforesaid shall be given forthwith to such holder or holders and shall have the same force and effect as if given in due time. Such notice shall set out the number of Series 3 Junior Preferred Shares held by the person to whom it is addressed which are to be redeemed, the Redemption Price, the date specified for redemption and the place or places in Canada at which holders of Series 3 Junior Preferred Shares may present and surrender the certificate or certificates representing such shares for redemption.

On and after the date so specified for redemption, the Company shall pay or cause to be paid to or to the order of the holders of the Series 3 Junior Preferred Shares to be redeemed the Redemption Price of such shares on presentation and surrender, at the registered office of the Company or any other place or places in Canada specified in the notice of redemption, of the certificate or certificates representing the Series 3 Junior Preferred Shares called for redemption. Payment in respect of Series 3 Junior Preferred Shares being redeemed shall be made by either (i) wire or electronic transfer in lawful money of Canada made to the account designated by the holder of Series 3 Junior Preferred Shares or (ii) cheque payable to the respective holders thereof in lawful money of Canada at any branch in Canada of the Company's bankers.

The Company shall have the right, at any time after the mailing or delivery of notice of its intention to redeem Series 3 Junior Preferred Shares, to deposit the Redemption Price of the Series 3 Junior Preferred Shares so called for redemption, or of such of the Series 3 Junior Preferred Shares which are represented by certificates which have not, at the date of such deposit, been surrendered by the holders thereof in connection with such redemption, in a separate account in any chartered bank or trust company in Canada named in the redemption notice or in a subsequent notice in writing to the holders of the Series 3 Junior Preferred Shares in respect of which the deposit is made, to be paid without interest to or to the order of the respective holders of the Series 3 Junior Preferred Shares called for redemption upon presentation and surrender to such bank or trust company of the certificates representing such shares. Upon such deposit being made or upon the date specified for redemption in such notice, whichever is the later, the Series 3 Junior Preferred shares in respect of which such deposit shall have been made shall be deemed to be redeemed and the rights of the holders thereof shall be limited to receiving, without interest, the Redemption Price of their respective Series 3 Junior Preferred Shares being redeemed upon presentation and surrender of the certificate or certificates representing such shares. Any interest allowed on any such deposit shall belong to the Company.

From and after the date specified for redemption in any notice of redemption, the Series 3 Junior Preferred Shares called for redemption shall cease to be entitled to dividends or any other participation in any distribution of the assets of the Company and the holders thereof shall not be entitled to exercise any of their other rights as shareholders in respect thereof unless payment of the Redemption Price shall not be made upon presentation and surrender of the certificates representing such shares in accordance with the foregoing provisions, in which case the rights of the holders shall remain unaffected. Redemption moneys which are represented by a cheque which has not been

presented to the Company's bankers for payment or that otherwise remain unclaimed (including moneys held on deposit in a separate account as provided for above) for a period of six years from the date specified for redemption shall be forfeited to the Company.

4. Purchase for Cancellation

Subject to the provisions of Article 6 and to the rights, privileges, restrictions and conditions attaching to any shares of the Company ranking prior to the Series 3 Junior Preferred Shares, the Company may purchase for cancellation at any time all or from time to time any part of the outstanding Series 3 Junior Preferred Shares in the open market (including, without limitation, purchase through or from an investment dealer or firm holding membership or trading privileges on a stock exchange on which the Series 3 Junior Preferred Shares are listed for trading) or by invitation for tenders addressed to all the holders of Series 3 Junior Preferred Shares then outstanding, at the lowest price or prices at which, in the opinion of the board of directors of the Company, such shares are then obtainable but not exceeding a price per share equal to the then applicable Redemption Price, plus an amount equal to the costs of purchase. If, in response to an invitation for tenders under the provisions of this Article 4, more Series 3 Junior Preferred Shares are tendered at a price or prices acceptable to the Company than the Company is prepared to purchase, then the Series 3 Junior Preferred Shares to be purchased by the Company shall be purchased as nearly as may be pro rata according to the number of shares tendered by each holder who submits a tender to the Company, provided that when shares are tendered at different prices, the pro rating shall be effected only with respect to the shares tendered at the price at which more shares were tendered than the Company is prepared to purchase after the Company has purchased all the shares tendered at lower prices.

5. Retraction Privilege

5.1 Right to Require Retraction

Subject to the provisions of sections 5.2 and 5.3, a holder of Series 3 Junior Preferred Shares shall be entitled to require the Company to redeem at any time or times after the date of issue thereof all or any of the Series 3 Junior Preferred Shares registered in the name of such holder. Retraction payments for Series 3 Junior Preferred Shares will be made on or before the 15th day of each month (a "Retraction Payment Date") provided that certificate(s) representing the Series 3 Junior Preferred Shares to be retracted have been surrendered for retraction and notice of retraction has been delivered to all holders of the Series 3 Senior Preferred Shares at least one Business Day before the 15th day of the preceding month.

5.2 Retraction Procedure

The Company shall redeem Series 3 Junior Preferred Shares duly tendered pursuant to the above retraction privilege at a price equal to C\$25.00 per share, together with an amount equal to all declared and unpaid dividends thereon up to the Retraction Payment Date (the whole constituting and being herein referred to as the "Retraction Price"). In order to elect to have the Company redeem Series 3 Junior Preferred Shares pursuant to the above retraction privilege, a holder of Series 3 Junior Preferred Shares must, on or before at least one Business Day before the 15th day of the preceding month, tender to the Company, at its registered office, at any place at which the Series 3 Junior Preferred Shares may be transferred or at such other place or places in Canada as shall have been specified by the Company to the holders of the Series 3 Junior Preferred Shares, the certificate or certificates representing the Series 3 Junior Preferred Shares which the holder wishes the Company to redeem. Such tender shall be irrevocable unless payment of the Retraction Price shall not be duly made by the Company to the holder on or before the Retraction Payment Date. In the event that payment of

the Retraction Price is not made by the Company on or before the Retraction Payment Date, the Company shall forthwith thereafter return the holder's deposited share certificate or certificates to the holder.

Subject to section 5.3 and Article 6, the Company shall redeem all the Series 3 Junior Preferred Shares tendered pursuant to the above retraction privilege. If a holder of Series 3 Junior Preferred Shares wishes to tender for redemption pursuant to the above retraction privilege a part only of the Series 3 Junior Preferred Shares represented by any certificate or certificates, the holder may deposit the certificate or certificates and at the same time advise the Company in writing as to the number of Series 3 Junior Preferred Shares with respect to which tender is being made, and the Company shall issue and deliver to such holder at the expense of the Company a new certificate representing the Series 3 Junior Preferred Shares which are not being tendered.

The holder of a Series 3 Junior Preferred Share duly tendered pursuant to the above retraction privilege will not be entitled to exercise any of the rights of a holder thereof unless payment of the Retraction Price is not made in accordance with the provisions of this Part, in which case the rights of the holder will thereupon be restored.

The provisions of Article 3 shall apply to any redemption pursuant to this Article 5 except to the extent that such provisions are inconsistent with the provisions of this Article 5.

5.3 Retraction Subject to Applicable Law

If, as a result of insolvency provisions or other provisions of applicable law or the rights, privileges, restrictions and conditions attaching to any shares of the Company ranking prior to the Series 3 Junior Preferred Shares, the Company is not permitted to redeem all of the Series 3 Junior Preferred Shares duly tendered pursuant to the above retraction privilege, the Company shall redeem only the maximum number of Series 3 Junior Preferred Shares (rounded to the next lower multiple of 1,000 shares) which the board of directors of the Company determines the Company is then permitted to redeem. Such redemption shall be made pro rata, disregarding fractions of shares, from each holder of tendered Series 3 Junior Preferred Shares according to the number of Series 3 Junior Preferred Shares tendered for redemption by each such holder and the Company shall issue and deliver to each such holder at the expense of the Company a new certificate representing the Series 3 Junior Preferred Shares not redeemed by the Company.

If, as a result of insolvency provisions or other provisions of applicable law or the rights, privileges, restrictions and conditions attaching to any shares of the Company ranking prior to the Series 3 Junior Preferred Shares, the Company fails to redeem all of the Series 3 Junior Preferred Shares duly tendered pursuant to the above retraction privilege, then the Company shall redeem on each Dividend Payment Date thereafter, from Series 3 Junior Preferred Shares tendered for redemption by the holders thereof on or before the 30th day preceding such Dividend Payment Date in the same manner as set forth in section 5.2, the lesser of (i) the number of Series 3 Junior Preferred Shares so tendered, and (ii) the number of Series 3 Junior Preferred Shares (rounded to the next lower multiple of 1,000 shares and selected pro rata, disregarding fractions of shares, from each holder of tendered Series 3 Junior Preferred Shares according to the number of Series 3 Junior Preferred Shares tendered by each such holder) which the board of directors of the Company determines the Company is then permitted to redeem. The Company shall be under no obligation to give any notice to the holders of Series 3 Junior Preferred Shares in respect of the redemptions provided for in this paragraph.

So long as the board of directors of the Company has acted in good faith in making any of

the determinations referred to above as to the number of Series 3 Junior Preferred Shares which the Company is permitted at any time to redeem, neither the Company nor the directors shall have any liability in the event that any such determination proves to be inaccurate.

6. Restrictions on Dividends and Retirement of Shares

So long as any of the Series 3 Junior Preferred Shares are outstanding, the Company shall not, without the approval of the holders of the Series 3 Junior Preferred Shares given as hereinafter specified:

6.1.1 declare, pay or set apart for payment any dividends on any junior shares (other than dividends payable in shares of the Company ranking as to capital and dividends junior to the Series 3 Junior Preferred Shares);

6.1.2 call for redemption, redeem, purchase or otherwise pay off or retire for value, or make any capital distributions in respect of, any junior shares (except in connection with the retirement thereof pursuant to a right of redemption exercised by the holder of junior shares attaching thereto or out of the net cash proceeds of a substantially concurrent issue of junior shares);

6.1.3 except in connection with the redemption of Series 3 Junior Preferred Shares pursuant to any retraction privilege provided for in Article 5 hereof, call for redemption, redeem, purchase or otherwise pay off or retire for value, or make any capital distribution in respect of, less than all of the Series 3 Junior Preferred Shares; or

6.1.4 issue any shares ranking as to capital or dividends prior to or on a parity with the Series 3 Junior Preferred Shares;

unless, in each such case, (i) all declared and unpaid dividends on the Series 3 Junior Preferred Shares then outstanding and on all other shares of the Company ranking as to dividends prior to or on a parity with the Series 3 Junior Preferred Shares which have accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon shall have been declared and paid or set apart for payment, (ii) the Company shall have redeemed all of the Series 3 Junior Preferred Shares tendered for redemption pursuant to Article 5, and (iii) the Company is not otherwise in default under the rights, privileges, restrictions and conditions attached to the Series 3 Junior Preferred Shares or any other shares of the Company ranking as to dividends or as to capital prior to or on a parity with the Series 3 Junior Preferred Shares.

7. Voting Rights

Except as herein referred to or as required by law, the holders of the Series 3 Junior Preferred Shares as a series shall not be entitled as such to receive notice of, to attend or to vote at any meeting of the shareholders of the Company.

8. Liquidation, Dissolution or Winding-Up

In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, the holders of the Series 3 Junior Preferred Shares shall be entitled to receive from the assets of the Company a sum equal to

C\$25.00 for each Series 3 Junior Preferred Share held by them respectively, plus an amount equal to all dividends declared and unpaid thereon up to the date of payment, the whole before any amount shall be paid by the Company or any assets of the Company shall be distributed to holders of shares of any class of the Company ranking as to capital junior to the Series 3 Junior Preferred Shares. After payment to the holders of the Series 3 Junior Preferred Shares of the amounts so payable to them, they shall not be entitled to share in any further distribution of the assets of the Company.

9. Interpretation

In the event that any date on which any dividend on the Series 3 Junior Preferred Shares is payable by the Company, or on or by which any other action is required to be taken by the Company or the holders of Series 3 Junior Preferred Shares hereunder, is not a Business Day, then such dividend shall be payable, or such other action shall be required to be taken, on or by the next succeeding date that is a Business Day.

For the purpose of these share provisions:

9.1.1 "Business Day" means a day other than Saturday, Sunday or any other day that is treated as a statutory holiday in the jurisdiction in which the Company's registered office is located;

9.1.2 "junior share" means a share of the Company ranking junior to the Series 3 Junior Preferred Shares with respect to the payment of dividends or the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs.

9.1.3 "ranking as to capital" means ranking with respect to the distribution of assets in the event of a liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or in the event of any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs.

10. Amendment

The rights, privileges, restrictions and conditions attached to the Series 3 Junior Preferred Shares may be added to, changed or removed by an amendment to these Articles and the Notice of Articles of the Company, as applicable, but only with the approval of the holders of the Series 3 Junior Preferred Shares given as hereinafter specified in addition to any vote or authorization required by law.

11. Approval of Holders of the Series 3 Junior Preferred Shares

Any approval of the holders of the Series 3 Junior Preferred Shares with respect to any and all matters referred to herein or of any other matters requiring the consent of the holders of the Series 3 Junior Preferred Shares may be given in such manner as may then be required by law, subject to a minimum requirement that such approval be given by resolution signed by all the holders of outstanding Series 3 Junior Preferred Shares or passed by the affirmative vote of at least 2/3 of the votes cast by the holders of Series 3 Junior Preferred Shares who voted in respect of that resolution at a meeting of the holders of the Series 3 Junior Preferred Shares duly called for that purpose and at which at least 25% of the outstanding Series 3 Junior Preferred Shares are present or represented by proxy. If at any such meeting at least 25% of the outstanding Series 3 Junior Preferred Shares are not present or represented by proxy within one-half hour after the time appointed for such meeting, then the meeting

shall be adjourned to such date not less than 15 days thereafter and to such time and place as may be designated by the chairman of such meeting, and not less than 10 days' written notice shall be given of such adjourned meeting. At such adjourned meeting, the holders of the Series 3 Junior Preferred represented in person or by proxy may transact the business for which the meeting was originally called and the holders of the Series 3 Junior Preferred Shares represented in person or by proxy shall form the necessary quorum. At any meeting of the holders of the Series 3 Junior Preferred Shares as a series, each holder of Series 3 Junior Preferred Shares shall be entitled to one (1) vote in respect of each Series 3 Junior Preferred Share held.