

2009 BCSECCOM 615

October 13, 2009

Headnote

National Policy 11-203 *Process for Exemptive Relief Applications in Multiple Jurisdictions – Securities Act*, s. 88 - Cease to be a reporting issuer in BC - The securities of the issuer are beneficially owned by more than 50 persons and are not traded through any exchange or market - The issuer became a wholly owned subsidiary of another company; the issuer has debt securities outstanding that are held by more than 50 holders; there is no market for the debt securities; the issuer is not required under the terms of the debt instrument to provide certain continuous disclosure to the holders of the debt securities as long as the securities are outstanding, or to remain a reporting issuer; the issuer does not intend to do a public offering of its securities to Canadian residents; the issuer will not be a reporting issuer in any Canadian jurisdiction

Applicable British Columbia Provisions

Securities Act, R.S.B.C. 1996, c. 418, s. 88

In the Matter of
the Securities Legislation of
British Columbia, Alberta, Saskatchewan, Manitoba,
Ontario, Quebec, New Brunswick, Nova Scotia,
Prince Edward Island, Newfoundland and Labrador,
and Yukon (the “Jurisdictions”)

and

In the Matter of
the Process for Exemptive Relief Applications
in Multiple Jurisdictions

and

In the Matter of
First Place Tower Brookfield Properties Inc.
(the “Filer”)

Decision

Background

The securities regulatory authority or regulator in each of the Jurisdictions (the “Decision Maker”) has received an application from the Filer for a decision under

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the securities legislation of the Jurisdictions (the “Legislation”) that the Filer is not a reporting issuer (the “Exemptive Relief Sought”).

Under the Process for Exemptive Relief Applications in Multiple Jurisdictions (for a coordinated review application):

- (a) the Ontario Securities Commission is the principal regulator for this application, and
- (b) the decision is the decision of the principal regulator and evidences the decision of each other Decision Maker.

Interpretation

Terms defined in National Instrument 14-101 Definitions have the same meaning if used in this decision, unless otherwise defined.

Representations

1. The Filer was formed pursuant to an amalgamation under the *Business Corporations Act* (Ontario) (the “OBCA”) on October 21, 2005.
2. The Filer’s registered and head office is at 181 Bay Street, Brookfield Place, Suite 330, Toronto, Ontario, M5J 2T3.
3. As of the date hereof, the Filer has issued and outstanding approximately \$1.1 million (principal amount) in subordinated debentures maturing December 15, 2015 (the “Debentures”).
4. First Place Tower Inc. (the predecessor in interest to the Filer) was established in 1995 for the business purpose of owning and managing a substantial economic interest in First Canadian Place. In connection with the acquisition, First Place Tower Inc. issued, among other securities, \$86 million principal amount of Debentures. The Debentures were issued as a part of a unit consisting of \$10 principal amount of Debentures and 40 common shares.
5. The Debentures were created pursuant to a trust indenture made as of December 15, 1995 among First Place Tower Inc., Computershare Trust Company of Canada (as successor to Montreal Trust Company of Canada) (the “Canadian Trustee”) and The Bank of Nova Scotia Trust Company of New York (together with the Canadian Trustee, the “Trustees”) (the “Original Trust Indenture”). As originally issued, the Debentures were convertible and redeemable debentures of First Place Tower Inc.

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6. Effective as of September 8, 1999, O&Y Properties Corporation (“OYPC”) completed the acquisition of First Place Tower Inc. (the “1999 Acquisition”). In connection with the 1999 Acquisition, the Original Trust Indenture was amended with the approval of holders of Debentures (the “Debentureholders”) to remove, on a going forward basis, certain transfer rights and covenants, and to remove (among other things) the redemption rights of the Debentures, and the right of the Debentures to be converted into common shares of First Place Tower Inc. (the Original Trust Indenture as so amended is referred to as the “1999 Trust Indenture”).
7. As part of the 1999 Acquisition, approximately \$85 million of the \$86 million (principal amount) of the Debentures were tendered to First Place Tower Inc. for repurchase. The remaining Debentures, in accordance with the 1999 Trust Indenture, became unsecured, non-convertible and non-redeemable obligations of First Place Tower Inc. and the Debentures were delisted from the Toronto Stock Exchange on September, 9, 1999.
8. As a result of the 1999 Acquisition, the successor in interest to First Place Tower Inc., O&Y FPT Inc., was created under the OBCA by Articles of Arrangement dated September 8, 1999.
9. In 2005, a consortium (the “Brookfield Consortium”) comprised of BPO Properties Ltd., a subsidiary of Brookfield Properties Corporation, and two institutional investors acquired all the issued and outstanding common shares of OYPC (the “2005 Arrangement”). As a result of the completion of the 2005 Arrangement, the Filer (as successor in interest to O&Y FPT Inc.) was created under the OBCA by Articles of Amalgamation on October 21, 2005.
10. The Filer continues to be a reporting issuer in each of the Jurisdictions and remains subject to the continuous disclosure obligations set out under National Instrument 51-102 – Continuous Disclosure Obligations.
11. The Filer has the following securities outstanding: (i) common shares, all of which are owned by the Brookfield Consortium, and (ii) a principal amount of Debentures which are owned as described below. None of the Filer’s securities are traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation;
12. The principal amount of Debentures currently outstanding is \$1,116,910.00. Based on search results conducted as of June 9, 2009 and carried out on behalf of the Filer, there are 64 beneficial holders of the Debentures across Canada, the United States and in other jurisdictions. Of these 64 beneficial holders of the Debentures, 52 beneficial owners are located in Canada, as follows:

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<u>Jurisdiction</u>	<u>Number of Securityholders</u>
Alberta	4
British Columbia	6
Manitoba	3
New Brunswick	0
Newfoundland and Labrador	0
Northwest Territories	0
Nova Scotia	0
Ontario	32
Prince Edward Island	0
Québec	6
Saskatchewan	1
Yukon	0

13. At a meeting of Debentureholders held on September 30, 2009, Debentureholders approved a series of amendments to the 1999 Trust Indenture that allow the Filer to legally defease the outstanding Debentures. On July [7], 2009, the Filer entered into a supplement to the 1999 Trust Indenture (as amended, the “Amended Trust Indenture”) to allow the Filer to legally defease the Debentures, and the Filer has exercised its option to legally defease the Debentures.
14. Legal defeasance was accomplished by the Filer depositing in trust with the Canadian Trustee for the sole benefit of the Debentureholders, Government of Canada bonds which are sufficient to satisfy all principal and interest payments of the Debentures when due and payable, up to and including the maturity date of December 15, 2015. The defeased Debentures are now deemed to be fully paid, satisfied and discharged and the provisions of the Amended Trust Indenture are no longer binding on the Filer, except certain provisions dealing with payment of principal and interest, executing certificates for transfers and replacement certificates, maintaining a register of Debentureholders, and obligations vis-à-vis the Trustees with respect to payment and indemnity. Holders of defeased Debentures are now entitled to payment of principal and interest in accordance with the Amended Trust Indenture.
15. After giving effect to the defeasance, the Debentures now constitute essentially a right to receive payments of principal and interest, when due and payable, from the funds held in trust by the Canadian Trustee for the benefit of the Debentureholders. The Debentures are not traded on a marketplace as defined in National Instrument 21-101 Marketplace Operation, and are not

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convertible or redeemable at the option of the Debentureholder. Taken in this context, the Debentures no longer have the characteristics of a true security, but instead merely represent a right to receive cash which is being held in trust. From the perspective of a Debentureholder, the legal defeasance has, in effect, changed the Debentures from being an unsecured obligation of the Filer to being secured since the money needed to satisfy the payment of principal and interest, when due and payable, has been irrevocably deposited by the Filer with the Canadian Trustee and is being held solely for the benefit of the Debentureholders.

16. There is currently no obligation in the Amended Trust Indenture for the Filer to file any information or reports, including annual or interim financial statements, with any securities regulatory authority or regulator in the Jurisdictions, and there is no obligation contained in the Amended Trust Indenture that the Filer must be a reporting issuer in any of the Jurisdictions.
17. The Filer is seeking a decision that it is not a reporting issuer from the local securities regulatory authority or regulator in each of the jurisdictions in which it is a reporting issuer;
18. The Filer is not in default of any of its obligations under the Legislation as a reporting issuer.
19. The Filer has no plans to seek public financing by way of an offering of securities in Canada.

Decision

Each of the Decision Makers is satisfied that the decision meets the test set out in the Legislation for the Decision Maker to make the decision.

The decision of the Decision Makers under the Legislation is that the Exemptive Relief Sought is granted.

Paulette Kennedy

Margot Howard