

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

and

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

and

In the Matter of
Brookfield Residential Properties Inc.
(the **Filer**)

Decision

Background

The securities regulatory authority or regulator of each of the Jurisdictions (the **Decision Maker**) has received an application from the Filer for a decision under the securities legislation of the Jurisdictions (the **Legislation**) that the Filer is not a reporting issuer (the **Exemptive Relief Sought**).

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

- (a) the Alberta Securities Commission is the principal regulator for this application;
and
- (b) this 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 herein.

Representations

This decision is based on the following facts represented by the Filer:

1. The Filer was formed under, and is governed by, the *Business Corporations Act* (Ontario) (the **OBCA**).

2. The Filer's head office is located at 4906 Richard Road S.W., Calgary, Alberta, T3E 6L1.
3. The Filer's registered office is located at Suite 100, 7303 Warden Avenue, Markham, Ontario, Canada L3R 5Y6.
4. The Filer is a reporting issuer under the laws of each of the Jurisdictions and is not in default of its obligations under the securities laws of any of the Jurisdictions.
5. At a special meeting of shareholders of the Filer held on March 10, 2015, requisite shareholder approval was received in connection with a "going-private" transaction pursuant to a statutory plan of arrangement under Section 182 of the OBCA (the **Arrangement**) whereby Brookfield Asset Management Inc. (**Brookfield Asset Management**) would directly or indirectly acquire the remaining approximately 30% of the Filer's common shares (**Common Shares**) that it did not already own. The holders of Notes (as defined below) were not required to vote. At the final order hearing held on March 12, 2015, the Filer received a final order of the Ontario Superior Court of Justice (Commercial List) approving the Arrangement. The Arrangement was completed on March 13, 2015. The full details of the Arrangement and the intention of the Filer to make an application to cease to be a reporting issuer were contained in a management information circular of the Filer dated January 12, 2015 and filed on SEDAR.
6. The Filer issued a news release on March 3, 2015 announcing that it has applied to each of the Decision Makers for a decision that it is not a reporting issuer in the applicable Jurisdiction and, if those orders are granted, the Filer will no longer be a reporting issuer in any jurisdiction of Canada.
7. The authorized capital of the Filer consists of an unlimited number of Common Shares and an unlimited number of convertible preferred shares (the **Preferred Shares**). As at the date hereof there are 113,900,674 issued and outstanding Common Shares and no issued and outstanding Preferred Shares.
8. All of the Common Shares are beneficially held by a single shareholder, Brookfield Asset Management, a company whose head office is located in Ontario. Brookfield Asset Management Inc. owns 100% of the Common Shares directly and indirectly through three subsidiaries.
9. The Filer has two classes of debt securities outstanding:
 - (a) US\$600 million principal amount of 6.5% unsecured senior notes due 2020 (the **2020 Notes**). The 2020 Notes were issued pursuant to an indenture (the **2020 Notes Indenture**) dated as of December 14, 2012 between the Filer, the subsidiary guarantors named therein and Wells Fargo Bank, National Association, as trustee (the **Trustee**); and

- (b) US\$500 million principal amount of 6.125% unsecured senior notes due 2022 (the **2022 Notes**, and with the 2020 Notes, the **Notes**). The 2022 Notes were issued pursuant to an indenture (the **2022 Notes Indenture**, and with the 2020 Notes Indenture, the **Indentures**) dated as of June 25, 2013 between the Filer, Brookfield Residential US Corporation, as co-issuer, the subsidiary guarantors named therein and the Trustee.

The Notes are not convertible or exchangeable into any other voting or equity securities. The Notes were initially issued on a private placement basis, primarily in the United States to “qualified institutional buyers” under U.S. federal securities law with a relatively small portion (less than 10%) sold in Canada to “accredited investors” under applicable Canadian securities legislation.

10. All of the outstanding incentive awards issued under the Filer’s incentive plans that entitle holders thereof to receive Common Shares upon vesting, conversion or exchange thereof were accelerated. Other than the 17 optionholders, whose options were cancelled in exchange for certain cash payments, all other holders of such incentive awards received Common Shares that were sold in connection with the Arrangement. The Filer has no incentive awards outstanding that are convertible or exchangeable into Common Shares. The only incentive awards outstanding are deferred share units held by directors and senior officers of the Filer, which are only redeemable for a cash payment.
11. The Filer has no securities issued and outstanding other than as set out in paragraphs 7, 9 and 10 above.
12. Prior to the completion of the Arrangement, the Common Shares were listed and posted for trading on the Toronto Stock Exchange (the **TSX**) and the New York Stock Exchange (the **NYSE**). The Common Shares have been delisted from the TSX and the NYSE.
13. The Notes have never been listed for trading on any stock exchange or other marketplace (as that term is defined in National Instrument 21-101 *Marketplace Operation*).
14. The Indentures do not contain any provision requiring that the Filer remain subject to the reporting requirements of Canadian securities legislation, the reporting requirements of Section 13 or 15(d) of the 1934 Act, or the reporting requirements of any other jurisdiction. The Indentures, including all applicable amendments and supplements, have been filed on SEDAR. The Indentures do not contain any provision requiring ongoing reporting to holders of Notes or to the trustee once the Filer is no longer subject to reporting requirements under applicable securities law.
15. The Filer is no longer subject to any reporting requirements under the 1934 Act; however, under U.S. federal securities law the Filer is required to furnish holders of the Notes, or prospective holders of the Notes, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the 1933 Act, which is comprised of a brief statement of the nature of the business of the Filer and the products and services it

offers and the Filer's most recent balance sheet and profit and loss and retained earnings statements, and similar financial statements for such part of the two preceding fiscal years. The Filer undertakes to provide the same disclosure to each holder of a Note in Canada.

16. The Notes are issued in book-entry form and are represented by global certificates registered in a nominee name of The Depository Trust Company (**DTC**), with beneficial interests therein recorded in records maintained by DTC and its participants as financial intermediaries that hold securities on behalf of their clients. In accordance with industry practice and custom, the Filer has obtained from Broadridge Financial Solutions Inc. (**Broadridge**) a geographic survey of beneficial holders of Notes as of January 20, 2015 (the **Geographic Report**), which provides information as to the number of noteholders and Notes held in each jurisdiction of Canada, the United States and elsewhere. Broadridge advised the Filer that its reported information is based on securityholder addresses of record identified in the data files provided to it by the financial intermediaries holding Notes. Accordingly, insofar as such intermediaries do not accurately or completely respond to the survey, or address information is not representative of residency, the information is imperfect.
17. The Geographic Report covers approximately 85% of the outstanding US\$600 million principal amount of 2020 Notes and reports a total of 305 noteholders residing in the following jurisdictions:
 - (a) 13 in Ontario holding US\$31,941,000 principal amount of 2020 Notes;
 - (b) 1 in Alberta holding US\$15,000 principal amount of 2020 Notes;
 - (c) 3 in Quebec holding US\$100,000 principal amount of 2020 Notes;
 - (d) 248 in the United States holding US\$430,677,500 principal amount of 2020 Notes; and
 - (e) 40 in unknown jurisdictions holding US\$49,401,000 principal amount of 2020 Notes through US financial intermediaries.
18. The Canadian holders of the 2020 Notes represent approximately 5% of the total principal amount of the 2020 Notes outstanding or approximately 6% of the principal amount of the 2020 Notes reported. Extrapolating these numbers across the full US\$600 million principal amount of 2020 Notes outstanding would imply a total of 20 Canadian holders of 2020 Notes.
19. The Geographic Report covers approximately 96% of the outstanding US\$500 million principal amount of 2022 Notes and reports a total of 355 noteholders residing in the following jurisdictions:

- (a) 17 in Ontario holding US\$23,040,000 principal amount of 2022 Notes;
 - (b) 282 in the United States holding US\$403,056,000 principal amount of 2022 Notes; and
 - (c) 56 in unknown jurisdictions holding US\$54,736,000 principal amount of 2022 Notes through US financial intermediaries.
20. The Canadian holders of the 2022 Notes represent approximately 5% of the total principal amount of the 2022 Notes outstanding and approximately 5% of the principal amount of the 2022 Notes reported. Extrapolating these numbers across the full US\$600 million principal amount of 2022 Notes outstanding would imply a total of 18 Canadian holders of 2022 Notes.
21. The Filer is applying for a decision from each of the Jurisdictions that it cease to be a reporting issuer in that Jurisdiction. If each of the Decision Makers grants the requested relief, the Filer will no longer be a reporting issuer in any jurisdiction of Canada.
22. The Filer has no intention to seek a financing by way of an offering of securities.
23. The Filer is not eligible to use the simplified procedure under CSA Staff Notice 12-307 *Applications for a Decision that an Issuer is not a Reporting Issuer* because its outstanding securities, including debt securities, are beneficially owned, directly or indirectly, by more than 15 securityholders in a jurisdiction in Canada and by more than 51 securityholders in total worldwide. The Filer could not surrender its status as a reporting issuer in British Columbia under British Columbia Instrument 11-502 *Voluntary Surrender of Reporting Issuer Status* because the Filer has more than 50 securityholders.
24. No securities of the Filer, including debt securities, are traded in Canada or another country on a marketplace as defined in National Instrument 21-101 *Marketplace Operation* or any other facility for bringing together buyers and sellers of securities where trading data is publicly reported.

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.



Tom Graham
Director, Corporate Finance