

THE SECURITIES ACT) Order No. 3940
)
Section 20) October 30, 2002

Consolidated Properties Ltd. and 3635961 Canada Inc.

WHEREAS:

(A) Application has been made by Consolidated Properties Ltd. ("Consolidated") and 3635961 Canada Inc. (the "Offeror") to The Manitoba Securities Commission for an order pursuant to Section 20 of *The Securities Act*, R.S.M. 1988, c. S50 (the "Act") exempting from Part IX and Section 6 of the Act the offer and acquisition by the Offeror of all the outstanding Preferred Shares, series 1 (the "Preferred Shares") of Consolidated from the two holders thereof resident in Manitoba (the "Offerees") and any subsequent acquisition, directly or indirectly, of the Preferred Shares by Consolidated from the Offeror.

(B) It has been represented to the Commission that:

1. Consolidated was incorporated under the *Business Corporations Act* (Alberta) on September 9, 1994 as 624097 Alberta Ltd. and on November 24, 1994, the Company changed its name to Consolidated Properties Ltd. On August 26, 1998, Consolidated received a Certificate of Continuance under *The Canada Business Corporations Act*.
2. On November 30, 1998, the Corporation was amalgamated with two of its wholly owned subsidiaries, Evergreen Management Inc. and Southland Financial Corporation.
3. On November 30, 1999, 1631 St. Mary's Ltd., Henderson McIvor Mall Ltd., Transcona Square Ltd. and Consolidated Properties Ltd. were amalgamated and the operations continued thereafter as Consolidated.
4. The address of Consolidated's principal place of business and corporate head office is 1120, 833 – 4th Avenue S.W., Calgary, Alberta T2P 3T5
5. Consolidated is a reporting issuer in the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario and is not in default in making statutory filings required under the securities laws to which it is subject.
6. As at the date hereof, 81,437,680 common shares of Consolidated are issued and outstanding. In addition, there are common shares reserved for issuance pursuant to option agreements with certain directors, officers, and employees of Consolidated and common shares reserved for issuance pursuant to a 7%

convertible debenture of Consolidated. The common shares are posted and listed for trading on the TSX Exchange.

7. In addition, as at the date hereof, 1,000,000 Preferred Shares are issued and outstanding. The Preferred Shares are convertible into common shares of Consolidated and are redeemable as follows:

(a) by the holders once annually during the 20 year period (the "Conversion Period") following the date of issuance of the Preferred Shares, based upon the \$1 face value of the Preferred Shares and the closing price of the common shares on the trading day prior to the conversion;

(b) 10 days after the expiry of the Conversion Period, all Preferred Shares outstanding in excess of 600,000 shares will be automatically converted into common shares, pro rata on the basis of the \$1 face value of the Preferred Shares and the average closing price of the common shares over the 30 trading days preceding such conversion; and

(c) Any preferred shares outstanding at the end of the first month following the expiry of the Conversion Period shall be redeemed at a price of \$1 per share plus accrued and unpaid dividends.

8. The Preferred Shares are non-voting and hold a preference over the common shares and any other preference shares ranking junior to the Preferred Shares with respect to the payment of dividends and the distribution of assets of Consolidated in the event of liquidation, dissolution or winding-up.

9. The outstanding Preferred Shares are presently owned by two Manitoba shareholders as follows:

(a) 600,000 Preferred Shares are owned by Toldo Grande Ltd. ("Toldo"), a Manitoba corporation with head office in Winnipeg. All the equity shares of Toldo are owned by Luise Martens, the mother of Mr. Cornelius Martens. Mr. Martens was formerly a director of Consolidated; and

(b) 400,000 Preferred Shares are owned by Tammar Holdings Ltd. ("Tammar"), a Manitoba corporation with head office in Winnipeg. All the equity shares of Tammar are owned by Tamira Martens, the wife of Mr. Cornelius Martens.

Toldo and Tammar are herein collectively referred to as the "Offerees"

10. The Offeror is a federally incorporated company with its head office in Winnipeg, all the equity shares of which are owned by Marc Raymond.

11. The Offeror is a private company as defined under the Act and is not affiliated or associated with Consolidated. Mr. Raymond is not an insider of Consolidated.

12. The Offeror does not currently have any material assets and it is expected that the only material assets which it will hold in the future will be the Preferred Shares.

13. Pursuant to a purchase and sale agreement dated effective the 22nd day of October, 2002 between the Offeror and the two Manitoba holders of the Preferred Shares, the Offeror proposes to acquire all the issued and outstanding Preferred Shares of Consolidated at a price negotiated at arm's length with the Offerees. The proposed closing date of the purchase and sale is November 1, 2002. The Offeror does not intend to acquire the Preferred Shares with a view to the conversion or distribution to the public of such shares.

14. Consolidated has agreed to lend to the Offeror the funds required to enable the Offeror to pay the purchase price for the Preferred Shares in accordance with the purchase and sale agreement.

15. Although there is no agreement or commitment to do so, it is currently anticipated that, at some point, Consolidated will acquire all the outstanding common shares of the Offeror or, in the alternative, Consolidated and the Offeror will agree to merge or amalgamate. The net result of the foregoing transactions would be that Consolidated would acquire all its issued and outstanding Preferred Shares for cancellation.

16. The Offerees have consented to this application being made.

(C) The Commission is of the opinion that it would not be prejudicial to the public interest to grant the Order requested.

IT IS ORDERED:

1. THAT, pursuant to subsection 20(1) of the Act, any trade in Preferred Shares in connection with the offer and acquisition of the Preferred Shares from the Offerees by the Offeror and any subsequent acquisition, directly or indirectly, of the Preferred Shares by Consolidated from the Offeror is exempt from Section 6 of the Act;

2. THAT, pursuant to subsection 95(2)(c) of the Act, the offer and acquisition of the Preferred Shares from the Offerees by the Offeror and any subsequent acquisition, directly or indirectly, of the Preferred Shares by Consolidated from the Offeror is exempt from Part IX of the Act;

3. THAT the fee for this order shall be \$1,300.00.

BY ORDER OF THE COMMISSION.

DEPUTY DIRECTOR – LEGAL

