

IN THE MATTER OF  
THE SECURITIES LEGISLATION OF  
BRITISH COLUMBIA, ALBERTA,  
SASKATCHEWAN, MANITOBA, ONTARIO,  
Quebec, NEW BRUNSWICK, NOVA SCOTIA, NEWFOUNDLAND AND LABRADOR,  
PRINCE EDWARD ISLAND,  
THE NORTHWEST TERRITORIES,  
THE YUKON TERRITORY AND  
THE TERRITORY OF NUNAVUT

AND

IN THE MATTER OF  
THE MUTUAL RELIANCE REVIEW SYSTEM  
FOR EXEMPTIVE RELIEF APPLICATIONS

AND

IN THE MATTER OF  
TRIZEC HAHN CORPORATION,  
TRIZEC CANADA INC.,  
4007069 CANADA INC. AND  
TRIZEC PROPERTIES, INC.

MRRS DECISION DOCUMENT

WHEREAS the local securities authority or regulator (the "Decision Maker") in each of the Provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Quebec, New Brunswick, Nova Scotia, Newfoundland and Labrador, Prince Edward Island, the Northwest Territories, the Yukon Territory and the Territory of Nunavut (collectively, the "Jurisdictions") has received an application (the "Application") from Trizec Hahn Corporation ("TrizecHahn"), on its own behalf and on behalf of Trizec Properties, Inc. ("Trizec Properties"), and from Trizec Canada Inc. ("Trizec Canada") on its own behalf and on behalf of 4007069 Canada Inc. ("Trizec Subco"), for a decision under the securities legislation of the Jurisdictions (the "Legislation") that:

1. except in British Columbia, the provisions relating to mutual funds in the Legislation shall not apply to Trizec Canada;
2. the requirements contained in the Legislation to be registered to trade in a security and to file a preliminary prospectus and a prospectus and receive receipts therefor (the "Registration and Prospectus Requirements") shall not apply to certain intended trades in connection with an arrangement involving TrizecHahn, Trizec Canada, Trizec Subco and Trizec Properties (the "Arrangement") which are not otherwise exempt from such requirements;

3. certain requirements contained in the Legislation relating to the first trades of securities shall not apply to first trades in Trizec Canada Shares, shares of Trizec Properties Common Stock, Trizec Properties Warrants and Exchange Certificates (all as defined below) acquired pursuant to the Arrangement and the exercise of certain securities;

4. Trizec Canada and Trizec Properties be deemed to have been reporting issuers in Québec for a twelve-month period preceding the effective date of the Arrangement (the "Effective Date");

5. Trizec Canada be granted a waiver from the provisions of section 2.1 of National Instrument 44-101 ("NI 44-101") so as to permit Trizec Canada to make distributions of securities using a short form prospectus pursuant to NI 44-101 without having to file an initial AIF (as defined in NI 44-101);

6. Trizec Canada be permitted to modify certain form requirements applicable to short form prospectuses as set out in NI 44-101 on the basis described under "Short Form Prospectus" below;

7. Trizec Canada be permitted to file with the Decision Makers and deliver to its shareholders its interim and annual financial statements for 2002 and 2003 on the basis described below under "2002 Financial Statements" and "2003 Financial Statements"; and

8. TrizecHahn, Trizec Canada, Trizec Subco and Trizec Properties be exempt from the requirements contained in the Legislation to pay fees in Ontario associated with the Arrangement;

AND WHEREAS under the Mutual Reliance Review System for Exemptive Relief Applications (the "System"), the Ontario Securities Commission is the principal regulator for this application;

AND WHEREAS TrizecHahn and Trizec Canada have represented to the Decision Makers that:

Trizec Hahn Corporation

1. TrizecHahn is a corporation incorporated under the Business Corporations Act (Ontario) is a reporting issuer (and has been for a period of at least twelve months) in each of the Jurisdictions in which such concept exists and, to the best of its knowledge, is not in default of any of the requirements of the Legislation. TrizecHahn is one of the largest public real estate companies in North America.

2. The authorized share capital of TrizecHahn consists of an unlimited number of preferred shares, issuable in one or more series, an unlimited number of subordinate voting shares ("TrizecHahn Subordinate Voting Shares"), without par value, carrying one vote per share, and 7,522,283 multiple voting shares ("TrizecHahn Multiple Voting Shares"), carrying 50 votes per share. As at February 28, 2002, no preferred shares, 142,061,665 TrizecHahn Subordinate Voting Shares and 7,522,283 TrizecHahn Multiple Voting Shares were issued and outstanding. The TrizecHahn Multiple Voting Shares and TrizecHahn Subordinate Voting Shares are hereinafter collectively referred to as the "TrizecHahn Shares".

3. Options ("TrizecHahn Stock Options") have been granted under the amended and restated 1987 stock option plan of TrizecHahn. As at February 28, 2002, options to acquire 17,322,350 TrizecHahn Subordinate Voting Shares were outstanding.

4. TrizecHahn is currently eligible to make distributions under a preliminary short form prospectus and short form prospectus (collectively, a "Short Form Prospectus") pursuant to NI 44-101 and the eligibility criteria set forth therein which permit issuers which meet specified market capitalization thresholds and certain other criteria to utilize NI 44-101.

5. The TrizecHahn Subordinate Voting Shares are listed and posted for trading on the Toronto Stock Exchange (the "TSE") and the New York Stock Exchange (the "NYSE").

Trizec Canada Inc.

6. Trizec Canada is a corporation incorporated under the Canada Business Corporations Act ("CBCA") on January 29, 2002.

7. The authorized share capital of Trizec Canada consists of an unlimited number of subordinate voting shares ("Trizec Canada Subordinate Voting Shares"), of which no shares will be outstanding prior to the Arrangement and an estimated 52,295,296 shares are expected to be outstanding after giving effect to the Arrangement; and 7,522,283 multiple voting shares ("Trizec Canada Multiple Voting Shares"), of which no shares will be outstanding prior to the Arrangement and all of which are expected to be outstanding after giving effect to the Arrangement. The Trizec Canada Subordinate Voting Shares and Trizec Canada Multiple Voting Shares are hereinafter collectively referred to as "Trizec Canada Shares".

8. Conditional listing approval has been granted by the TSE to have the Trizec Canada Subordinate Voting Shares listed and posted for trading on the TSE.

9. It is intended that Trizec Canada will be a "mutual fund corporation" under the Income Tax Act (Canada) upon completion of the Arrangement. Trizec Canada's articles will include restrictions on ownership that are intended to prevent it from becoming majority foreign-owned.

4007069 Canada Inc.

10. Trizec Subco is a corporation incorporated under the CBCA on January 29, 2002 and is a wholly-owned subsidiary of Trizec Canada.

Trizec Properties, Inc.

11. Trizec Properties, an indirect subsidiary of TrizecHahn, was incorporated under the laws of the State of Delaware as Trizec (USA) Holdings, Inc. on October 25, 1989 and changed its name to TrizecHahn (USA) Corporation in 1996 and to Trizec Properties, Inc. in February 2002.

12. The outstanding share capital of Trizec Properties as at February 25, 2002 consisted of 38,220,000 shares of common stock ("Trizec Properties Common Stock"), 100 shares of special

voting stock ("Trizec Properties Special Stock"), 1,100,000 shares of series B convertible preferred stock ("Trizec Properties Series B Convertible Preferred Stock"), 376,504 shares of class C convertible preferred stock ("Trizec Properties Class C Convertible Preferred Stock") and 100,000 shares of class F convertible stock ("Trizec Properties Convertible Stock").

13. The authorized share capital of Trizec Properties as of the Effective Date is expected to consist of 300 million shares of Trizec Properties Common Stock, of which approximately 150 million shares will be outstanding, 100 shares of Trizec Properties Special Stock, all of which are expected to be outstanding, and 100,000 shares of Trizec Properties Convertible Stock, all of which are expected to be outstanding. There will be no shares of the Series B Convertible Preferred Stock, and it is expected that there will be no shares of Class C Convertible Preferred Stock, outstanding as of the Effective Date.

14. The NYSE has approved the listing of the Trizec Properties Common Stock and Exchange Certificates (as hereinafter defined). The TSE has conditionally approved the listing of the Exchange Certificates.

#### Summary of and Effects of the Arrangement

15. Under the Arrangement, Trizec Canada and its wholly-owned subsidiary, Trizec Subco, will acquire all of the TrizecHahn Shares from their holders in exchange for Trizec Canada Shares, shares of Trizec Properties Common Stock (some of which may be represented by Exchange Certificates) or a combination thereof. All holders of TrizecHahn Subordinate Voting Shares may elect in the letter of transmittal and share election form that accompanied the Circular (the "Share Election Form") to exchange their TrizecHahn Shares (i) with Trizec Subco for shares of Trizec Properties Common Stock, (ii) with Trizec Subco for Trizec Canada Subordinate Voting Shares or (iii) in certain cases, with Trizec Canada for Trizec Canada Subordinate Voting Shares, in each case to the extent they are available and subject to pro-rata. Holders of TrizecHahn Subordinate Voting Shares who do not elect a particular exchange in the Share Election Form will be deemed to have elected to exchange such shares for Trizec Canada Subordinate Voting Shares. Any holder of TrizecHahn Subordinate Voting Shares who is a "Qualifying U.S. Person" and who validly completes the required information in the Share Election Form will have first priority to exchange TrizecHahn Shares for shares of Trizec Properties Common Stock. A "Qualifying U.S. Person" is a U.S. person who falls within certain categories of eligibility for the purposes of the U.S. Internal Revenue Code of 1986, as amended. Subject to this priority and ensuring that the allocation of Trizec Canada Shares results in at least 55% of the Trizec Canada Shares being owned by Canadian Residents, over-elections for either shares of Trizec Properties Common Stock or Trizec Canada Subordinate Voting Shares will be satisfied on a pro rata basis. Any TrizecHahn Shareholder who exchanges its TrizecHahn Shares with Trizec Subco for shares of Trizec Properties Common Stock and who has not delivered the Share Election Form duly completed and validly certifying that the shareholder is a Qualifying U.S. Person will receive exchange certificates ("Exchange Certificates") representing any shares of Trizec Properties Common Stock it acquires. Additionally, if there is an over-election for Trizec Canada Subordinate Voting Shares, then, as a result of pro ration, TrizecHahn Shareholders electing to exchange TrizecHahn Subordinate Voting Shares for Trizec Canada Subordinate Voting Shares

may receive Exchange Certificates representing their pro rata number of shares of Trizec Properties Common Stock.

16. The plan of arrangement relating to the Arrangement (the "Plan of Arrangement") also provides that TrizecHahn Shareholders who hold TrizecHahn Shares indirectly through a holding company (a "Holding Company") meeting certain requirements (including that the number of outstanding shares of such Holding Company is equal to the number of TrizecHahn Shares owned by such Holding Company) and who are electing to exchange their shares for Trizec Canada Subordinate Voting Shares have the option of participating in the Arrangement by exchanging their common shares in the capital of the Holding Company (the "Holding Company Shares") for Trizec Canada Subordinate Voting Shares. Pursuant to the terms of the Plan of Arrangement, all Holding Company Shares held by the TrizecHahn Shareholder will be exchanged in the Arrangement such that the TrizecHahn Shareholder will receive the identical consideration that would have been received by the Holding Company in the Arrangement if the TrizecHahn Shares held by such Holding Company were acquired directly by Trizec Canada or Trizec Subco, as applicable, under the Arrangement.

17. Pursuant to the Arrangement, the TrizecHahn Stock Options will be cancelled and the holders thereof will be issued, in consideration for each cancelled TrizecHahn Stock Option, one of: (i) an option (a "Trizec Canada Stock Option") exercisable to acquire one Trizec Canada Subordinate Voting Share; (ii) an option (a "Trizec Properties Stock Option") exercisable to acquire one share of Trizec Properties Common Stock; or (iii) a warrant (a "Trizec Properties Warrant") exercisable to acquire one share of Trizec Properties Common Stock. Whether a holder of a TrizecHahn Stock Option will receive a Trizec Canada Stock Option, Trizec Properties Stock Option or a Trizec Properties Warrant has been determined by the compensation committee of the TrizecHahn Board.

18. On and after the Effective Date, the following trades involving the issuance of underlying securities upon the exercise of exchangeable securities issued under the Arrangement may occur: (i) the issuance of Trizec Canada Subordinate Voting Shares pursuant to the exercise of Trizec Canada Stock Options; (ii) the issuance of shares of Trizec Properties Common Stock pursuant to the exercise of Trizec Properties Stock Options; (iii) the issuance of shares of Trizec Properties Common Stock pursuant to the exercise of Trizec Properties Warrants; and (iv) the delivery of shares of Trizec Properties Common Stock pursuant to the exercise of Exchange Certificates.

19. The following definitions are used herein in respect of all trades made in connection with or subsequent to the Arrangement (collectively, the "Trades"):

(a) all trades in securities made in connection with the Arrangement are referred to herein as "Type 1 Trades";

(b) all trades involving the issuance of underlying securities upon the exercise of exchangeable securities issued under the Arrangement are referred to herein as "Type 2 Trades";

(c) the delivery of shares of Trizec Properties Common Stock upon a redemption of Trizec Canada Shares is referred to herein as a "Type 3 Trade";

(d) first trades in securities issued under the Arrangement are referred to herein as "Type 4 Trades";

(e) first trades of underlying securities issued upon the exercise of exchangeable securities issued under the Arrangement are referred to herein as "Type 5 Trades";  
and

(f) first trades in shares of Trizec Properties Common Stock delivered upon a redemption of Trizec Canada Shares are referred to herein as "Type 6 Trades".

#### Miscellaneous

20. The Arrangement is subject to shareholder approval at the meeting on April 23, 2002 with respect to the Arrangement and requires the final approval of the Superior Court of Justice of Ontario.

21. In connection with the shareholder meeting to approve the Arrangement, the Circular was prepared in conformity with the provisions of the Legislation and the OBCA, contained prospectus level disclosure regarding the particulars of the Arrangement and was mailed to TrizecHahn shareholders.

22. TrizecHahn shareholders who do not vote in favour of the Arrangement will be entitled to exercise their right to dissent and seek to be paid the fair value of their shares in accordance with section 185 of the OBCA as modified by the Plan of Arrangement.

AND WHEREAS under the System this MRRS Decision Document evidences the decision of the Decision Makers (the "Decision");

AND WHEREAS each of the Decision Makers is satisfied that the test contained in the Legislation that provides the Decision Maker with the jurisdiction to make the Decision has been met;

THE DECISION of the Decision Makers under the Legislation is that the Registration and Prospectus Requirements shall not apply to the Type 4 Trades, Type 5 Trades and Type 6 Trades provided that:

(a) except in Qu<sup>102</sup>c, the conditions in subsection (4) of section 2.6 of Multilateral Instrument 45-102 are satisfied; and

(b) in Qu<sup>102</sup>c:

(i) the issuer or one of the parties to the Arrangement is a reporting issuer and has complied with the applicable requirements for 12 months immediately preceding the trade;

(ii) no unusual effort is made to prepare the market or to create a demand for the securities that are the subject of the trade;

(iii) no extraordinary commission or consideration is paid to a person or company in respect of the trade; and

(iv) if the seller of the securities is an insider or officer of the issuer the selling shareholder has no reasonable grounds to believe that the issuer is in default of any requirement of securities legislation;

THE DECISION of the Decision Makers under NI 44-101 and the Legislation is that Trizec Canada be granted a waiver from the provisions of section 2.1 of NI 44-101 so as to permit Trizec Canada, until the earlier of May 20, 2003 and the date that Trizec Canada files an AIF in respect of its 2002 financial year, to make distributions of securities using a Short Form Prospectus pursuant to NI 44-101 without having to file an initial AIF (as defined in NI 44-101), in reliance upon the renewal AIF of TrizecHahn expected to be filed no later than May 20, 2002 under section 3.2 of NI 44-101; and

THE DECISION of the Decision Makers under NI 44-101 and the Legislation is that Trizec Canada be permitted to:

#### Short Form Prospectus

1. incorporate by reference in any Short Form Prospectus filed by Trizec Canada prior to the approval by the directors of Trizec Canada of its financial statements for the year ended December 31, 2002:

(a) the audited financial statements relating to TrizecHahn for the year ended December 31, 2001, giving effect to reclassifications, if any, to make such financial statements consistent with the presentation of Trizec Canada's financial statements, together with the report of the auditor thereon;

(b) the interim financial statements of TrizecHahn for the three-month periods ended March 31, 2002 and March 31, 2001, and, if applicable, the interim financial statements of TrizecHahn for the six-month period ended June 30, 2001 and the interim financial statements of TrizecHahn for the nine-month period ended September 30, 2001, giving effect to reclassifications, if any, to make such financial statements consistent with the presentation of Trizec Canada's financial statements; and

(c) any material change reports and annual filings filed by TrizecHahn from January 1, 2002 to April 30, 2002, including the Circular;

2. calculate the coverage ratios required by the form of Short Form Prospectus specified in NI 44-101 (the "Prospectus Form"), to the extent that the calculation would include information from the period pre-dating the Effective Date, on the basis of the combined results of the operations of TrizecHahn during such periods; and

3. include in any Short Form Prospectus of Trizec Canada, in lieu of information in respect of Trizec Canada, the description of the business, financial information and management's discussion and analysis of financial condition and results of operation in respect of TrizecHahn for periods pre-dating the Effective Date to the extent that such information would otherwise be required by the Prospectus Form in respect of Trizec Canada.

May 3, 2002.

"Iva Vranic"

THE DECISION of the Decision Makers under the Legislation is that, except in British Columbia, the provisions in the Legislation applicable to mutual funds shall not apply to Trizec Canada;

THE DECISION of the Decision Makers under the Legislation is that the Registration and Prospectus Requirements contained in the Legislation shall not apply to Type 1 Trades, Type 2 Trades or Type 3 Trades to the extent that there are no Registration and Prospectus Requirement exemptions available in the Legislation for such trades and any notification required by the Legislation in respect of the Type 3 Trades may be satisfied by one notification filed by Trizec Canada upon the Arrangement becoming effective;

THE DECISION of the Decision Maker in Québec under the Québec Legislation is that Trizec Canada and Trizec Properties shall be deemed to have been reporting issuers in Québec for a twelve-month period preceding the Effective Date;

THE DECISION of the Decision Makers under the Legislation is that Trizec Canada be permitted to:

#### 2002 Financial Statements

(a) provided that the Effective Date is prior to June 30, 2002, prepare interim financial statements for the six-month period ended June 30, 2002 based on TrizecHahn's results from January 1 to the Effective Date and Trizec Canada's results from the Effective Date to June 30 which will be compared to TrizecHahn's results for the comparable period in 2001, giving effect to reclassifications, if any, to make such results consistent with the presentation of Trizec Canada's results;

(b) provided that the Effective Date is prior to September 30, 2002, prepare interim financial statements for the nine-month period ended September 30, 2002 based on TrizecHahn's results from January 1 to the Effective Date and Trizec



Canada's results from the Effective Date to September 30 which will be compared to TrizecHahn's results for the comparable period in 2001, giving effect to reclassifications, if any, to make such results consistent with the presentation of Trizec Canada's results; and

(c) provided that the Effective Date is prior to December 31, 2002, prepare audited financial statements for the year ended December 31, 2002 based on TrizecHahn's results from January 1 to the Effective Date and Trizec Canada's results from the Effective Date to December 31 which will be compared to TrizecHahn's results for the year ended 2001, giving effect to reclassifications, if any, to make such results consistent with the presentation of Trizec Canada's results;

#### 2003 Financial Statements

(d) prepare interim financial statements for the three-month period ended March 31, 2003 based on a comparison of Trizec Canada's actual results to TrizecHahn's results for the comparable period in 2002, giving effect to reclassifications, if any, to make such results consistent with the presentation of Trizec Canada's results;

(e) prepare interim financial statements for the six-month period ended June 30, 2003 based on a comparison of Trizec Canada's actual results to the combined financial statements for the six-month period ended June 30, 2002, as described above under "2002 Financial Statements";

(f) prepare interim financial statements for the nine-month period ended September 30, 2003 based on a comparison of Trizec Canada's actual results to the combined financial statements for the nine-month period ended September 30, 2002, as described above under "2002 Financial Statements"; and

(g) prepare audited 2003 year-end financial statements based on a comparison of Trizec Canada's actual results to the combined annual financial statements for the year ended December 31, 2002 as described above under "2002 Financial Statements";

provided that the basis of presentation note to the financial statements includes an explanation in the cases where the financial statements of TrizecHahn and Trizec Canada are combined; and

THE DECISION of the Decision Maker in Ontario is that TrizecHahn, Trizec Canada, Trizec Subco and Trizec Properties are exempt from the requirements contained in the Legislation to pay the fees payable in Ontario in respect of the trades made in securities in connection with the Arrangement.

May 3, 2002.

"Howard I. Wetston"

"H. Lorne Morphy"

## **Headnote**

Mutual Reliance Review System for Exemptive Relief Applications - relief from prospectus and registration requirements in respect of trades made pursuant to a statutory arrangement; relief from strict application of resale provisions requiring twelve month reporting issuer history - reporting issuer history of predecessor issuer considered in granting relief following plan of arrangement; relief granted to "successor issuer" as defined in the rule regarding the Prompt Offering Qualification System, from requirement to file an annual information form promptly after a reorganization; issuer granted relief from form and legislative requirements to allow issuer's short form prospectus and 2002 and 2003 financial statements to be prepared on the basis of combined results of the issuer and the predecessor issuer; Subsection 59(1) of Schedule 1 - issuers granted exemption from the payment of fees in respect of certain trades in securities pursuant to a statutory arrangement, where the issuers will not acquire new or additional capital from the public as a result of such trades, or where such trades would merely reorganize interests represented by currently outstanding securities; relief from mutual fund requirements in legislation; two issuers in the arrangement be deemed reporting issuers in Quebec for 12 months before effective date of arrangement.

Applicable Ontario Statutory Provisions

Statute Cited

Securities Act, R.S.O. 1990, c.S.5, as am. ss. 25, 53,74(1), 80(b).

Regulation Cited

Regulation made under the Securities Act, R.R.O. 1990, Reg. 1015, as am., ss. 23(3)(b), 59(1) of Schedule 1.

Rules Cited

Rule 45-501 Exempt Distributions, s. 2.8.

## **National and Multilateral Instruments Cited**

National Instrument 44-101 Short Form Prospectus Distributions, ss. 2.1, 3.2.

Multilateral Instrument 45-102 Resale of Securities, s. 2.6.