



NEWS RELEASE

BPO PROPERTIES REPORTS 2005 RESULTS

TORONTO, February 15, 2006 – BPO Properties Ltd. (TSX: BPP) today announced financial results for the year ended December 31, 2005.

RESULTS OF OPERATIONS

(Millions, except per share amounts)	Three months ended Dec. 31		Year ended Dec. 31	
	2005	2004	2005	2004
Net income	\$11.8	\$15.5	\$68.2	\$63.0
- per common share	0.31	0.45	1.98	1.83
Funds from operations	28.8	24.8	104.4	102.2
- per common share	0.91	0.77	3.25	3.20

BPO Properties' net income for the year ended December 31, 2005, was \$68.2 million (\$1.98 per share), an increase of 8% compared to \$63.0 million (\$1.83 per share) in 2004. Net income for the three months ended December 31, 2005 was \$11.8 million (\$0.31 per share) compared to \$15.5 million (\$0.45 per share) during the same period in 2004.

Funds from operations and gains was \$104.4 million (\$3.25 per share) for the year ended December 31, 2005, compared to \$102.2 million (\$3.20 per share) in 2004. The 2004 results included a property disposition gain of \$6.0 million (\$0.21 per share). Funds from operations for the three months ended December 31, 2005, was \$28.8 million (\$0.91 per share) compared to \$24.8 million (\$0.77 per share) for the same period in 2004.

MAJOR TRANSACTIONS

Completed the acquisition of O&Y Properties and O&Y REIT, adding approximately 11.6 million square feet to BPO Properties' premiere office portfolio. The \$2 billion O&Y portfolio acquisition, one of the largest real estate deals in Canadian history, comprised 24 office properties consisting of 27 buildings and one development site in five Canadian cities. BPO Properties provided 25% of the equity, approximately \$200 million, and serves as property and asset manager for a consortium of investors which includes CPP Investment Board and Arca Investments.

Completed the acquisition of the remaining 50% interest in the Bay-Adelaide development site on October 31, 2005 for \$105 million, providing the company with full flexibility to realize long-term value in the ownership of this 2.5 million square foot site which spans two city blocks in the heart of downtown Toronto.

Refinanced Atrium on Bay, Toronto, for \$40 million on a floating-rate basis at a rate ranging from 95 to 115 basis points over the one-month CDOR Interbank rate while the asset is repositioned.

OPERATIONS REVIEW

BPO Properties continued its pro-active leasing strategy in 2005, capitalizing on positive market conditions to increase occupancy and in-place rental rates throughout the portfolio. The BPO Properties portfolio was 96.1% occupied at the end of 2005, compared to 94.8% in 2004 and a Canadian national average of 91.8%. During the quarter, BPO Properties pro-actively leased 564,000 square feet of space, bringing total year-to-date leasing to 1.5 million square feet, approximately three times the amount contractually expiring.

Transactional highlights from the fourth quarter include:

- **200,000 square feet in Toronto**

- a six-year renewal and expansion with SEI Investments Canada for 15,000 square feet at the HSBC building
- a new 15-year lease with Sobeys for 10,000 square feet at Queen's Quay Terminal
- a new three-year lease with Moody's Canada for 10,000 square feet at the HSBC building

- **286,000 square feet in Calgary**

- a ten-year renewal and expansion with Hatch Optima for 53,000 square feet at 840-7th Avenue S.W.
- a new six-year lease with Precision Energy Services for 47,000 square feet at Petro-Canada Centre
- a new four-year lease with Shiningbank Energy Ltd for 19,000 square feet at Petro-Canada Centre
- a seven-year renewal and expansion with J.F. Mackie & Company for 12,000 square feet at the Royal Bank building
- a new eight year lease with PricewaterhouseCoopers for 10,000 square feet at Petro-Canada Centre

- **78,000 square feet in other markets**

- an 11-year renewal with Hatch Acres Inc. for 40,000 square feet at 4342 Queen Street in Niagara Falls
- a ten-year renewal with Ogilvie for 23,000 square feet at Canadian Western Bank building in Edmonton

OUTLOOK

“Our markets are in full recovery with low vacancies, high occupancies and rising rents. To take advantage of these positive economic conditions, we are actively working to secure anchor tenants in order to commence one or two of our office development projects in the near term. Having significantly expanded our premier portfolio with the O&Y acquisition, we will now look to sell interests in and reposition a number of our properties while investor demand for well-leased, high-quality office properties such as ours remains strong,” said Tom Farley, President & CEO of BPO Properties Ltd.

Net Operating Income and FFO

This press release and accompanying financial information make reference to net operating income and funds from operations ("FFO") on a total and per share basis. Net operating income is defined as income from property operations after operating expenses have been deducted, but prior to deducting financing, administrative and income tax expenses. FFO is defined as net income prior to extraordinary items, non-cash items and depreciation and amortization. The company uses net operating income and FFO to assess its operating results. Net operating income is important in assessing operating performance and FFO is a relevant measure to analyze real estate, as commercial properties generally appreciate rather than depreciate. The company provides the components of net operating income and a full reconciliation from net income to FFO with the financial statements accompanying this press release. Net operating income and FFO are both non-GAAP measures which do not have any standard meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies.

Forward-Looking Statements

This press release, particularly the “Outlook” section, contains forward-looking statements and information within the meaning of applicable securities legislation. Although BPO Properties believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and information include general economic conditions; local real estate conditions, including the development of properties in close proximity to the company’s properties; timely leasing

of newly-developed properties and re-leasing of occupied square footage upon expiration; dependence on tenants' financial condition; the uncertainties of real estate development and acquisition activity; the ability to effectively integrate acquisitions; interest rates; availability of equity and debt financing; the impact of newly-adopted accounting principles on the company's accounting policies and on period-to-period comparisons of financial results; and other risks and factors described from time to time in the documents filed by the company with the securities regulators in Canada including in the [Annual Information Form](#) under the heading "Business of BPO Properties – Company and Real Estate Industry Risks." The company undertakes no obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.

Dividend Declaration

The Board of Directors of BPO Properties declared a quarterly common share dividend of \$0.15 per share, payable on March 31, 2006 to shareholders of record at the close of business on March 1, 2006.

The Board of Directors also declared dividends on series G, J and M preferred shares, payable May 14, 2006 to shareholders of record at the close of business on April 30, 2006, for the period February 14, 2006 to May 13, 2006. The dividend per preferred share is to be computed in accordance with the terms of the shares.

Conference Call

BPO Properties' year end 2005 conference call can be accessed by teleconference on Wednesday, February 15, 2006 at 3:00 p.m. E.T. at 1-877-888-4210. The call will be archived through February 22, 2006 and can be accessed by dialing 1-888-509-0082. The conference call can also be accessed by Web cast on the BPO Properties Web site at www.bpoproperties.com.

Supplemental Information

Investors, analysts and other interested parties can access BPO Properties' Supplemental Information Package on BPO Properties' Web site under the Investor Relations/Financial Reports section. This additional financial information should be read in conjunction with this press release.

BPO Properties Profile

BPO Properties Ltd., 89% owned by Brookfield Properties Corp., is a Canadian company that invests in real estate, focusing on the ownership and value enhancement of premier office properties. The current property portfolio is comprised of interests in 43 commercial properties totalling 23 million square feet and seven development sites totalling four million square feet. Landmark properties include First Canadian Place in Toronto and Bankers Hall in Calgary. BPO Properties' common shares trade on the TSX under the symbol BPP. For more information, visit www.bpoproperties.com.

Contact

Investor relations and media inquiries should be directed to Melissa Coley, Vice President, Investor Relations and Communications at (416) 359-8593. Inquiries regarding financial results should be directed to Craig Laurie, Senior Vice President and Chief Financial Officer, at (416) 956-5170.

CONSOLIDATED BALANCE SHEET

(Millions)	Dec. 31, 2005	Dec. 31, 2004
Assets		
Commercial properties	\$ 1,700.9	\$ 1,003.9
Loans receivable	100.1	91.7
Marketable securities and other investments	66.7	377.9
Cash and cash equivalents	24.2	11.2
Other assets	54.0	28.5
Intangible assets	63.9	—
Future income taxes	16.5	49.2
	\$ 2,026.3	\$ 1,562.4
Liabilities and shareholders' equity		
Commercial property debt	\$ 946.5	\$ 655.8
Accounts payable and other liabilities	66.9	45.6
Intangible liabilities	113.5	—
Shareholders' equity	899.4	861.0
	\$ 2,026.3	\$ 1,562.4

CONSOLIDATED STATEMENT OF INCOME

(Millions, except per share amounts)	Three months ended Dec. 31		Year ended Dec. 31	
	2005	2004	2005	2004
Commercial Properties				
Revenue	\$ 68.8	\$ 57.5	\$ 232.0	\$ 218.0
Expenses	32.1	27.0	110.2	104.8
Net operating income	36.7	30.5	121.8	113.2
Loans and investment income	6.0	7.0	34.6	35.0
	42.7	37.5	156.4	148.2
Expenses				
Interest expense	10.8	10.8	43.1	43.9
Administrative expenses and large corporation tax	3.1	1.9	8.9	8.1
	28.8	24.8	104.4	96.2
Gains on disposition of properties	—	—	—	6.0
	28.8	24.8	104.4	102.2
Depreciation and amortization	11.9	8.8	34.7	28.9
Future income taxes and other provisions	5.1	0.5	1.5	10.3
Net income	\$ 11.8	\$ 15.5	\$ 68.2	\$ 63.0
Net income per common share	\$ 0.31	\$ 0.45	\$ 1.98	\$ 1.83

RECONCILIATION OF NET INCOME TO FUNDS FROM OPERATIONS (“FFO”)

(Millions)	Three months ended Dec. 31		Year ended Dec. 31	
	2005	2004	2005	2004
Net income	\$ 11.8	\$ 15.5	\$ 68.2	\$ 63.0
Add:				
Depreciation and amortization	11.9	8.8	34.7	28.9
Future income taxes and other provisions	5.1	0.5	1.5	10.3
FFO and gains	\$ 28.8	\$ 24.8	\$ 104.4	\$ 102.2
Property disposition gains	—	—	—	(6.0)
FFO prior to property disposition gains	\$ 28.8	\$ 24.8	\$ 104.4	\$ 96.2

FUNDS FROM OPERATIONS PER COMMON SHARE

(Millions, except per share information)	Three months ended Dec. 31		Year ended Dec. 31	
	2005	2004	2005	2004
FFO and gains	\$ 28.8	\$ 24.8	\$ 104.4	\$ 102.2
Property disposition gains	—	—	—	(6.0)
FFO prior to property disposition gains	28.8	24.8	104.4	96.2
Preferred share dividends	(3.1)	(2.7)	(11.8)	(10.9)
Funds available to common shareholders	\$ 25.7	\$ 22.1	\$ 92.6	\$ 85.3
Weighted average shares outstanding	28.5	28.5	28.5	28.5
FFO prior to property disposition gains per common share	\$ 0.91	\$ 0.77	\$ 3.25	\$ 2.99

COMMERCIAL PROPERTY NET OPERATING INCOME

(Millions)	Three months ended Dec. 31		Year ended Dec. 31	
	2005	2004	2005	2004
Revenue	\$ 68.8	\$ 57.5	\$ 232.0	\$ 218.0
Operating expenses	32.1	27.0	110.2	104.8
Net operating income	\$ 36.7	\$ 30.5	\$ 121.8	\$ 113.2