



NEWS RELEASE

BPO PROPERTIES REPORTS FIRST QUARTER 2006 RESULTS

All dollar references are in Canadian dollars.

TORONTO, May 1, 2006 – BPO Properties Ltd. (TSX: BPP) today announced net income of \$14.2 million or \$0.38 per share and funds from operations (“FFO”) of \$37.9 million or \$1.21 per share for the quarter ended March 31, 2006.

After leasing approximately 500,000 square feet during the first quarter, BPO Properties’ portfolio-wide occupancy rate finished the quarter at 96.0%, consistent with the 2005 year end.

FINANCIAL RESULTS

Net income for the three months ended March 31, 2006 totalled \$14.2 million, or \$0.38 per share, compared to \$21.3 million, or \$0.65 per share, during the same period in 2005. For the three months ended March 31, 2006, funds from operations totalled \$37.9 million, or \$1.21 per share, up from \$26.2 million, or \$0.82 per share, during the same period in 2005.

Commercial property net operating income for the first quarter of 2006 was \$45.2 million, up from \$29.0 million for the first quarter of 2005.

MAJOR TRANSACTIONS

Acquired two buildings at Yonge and Adelaide Streets in Toronto, for approximately \$10.8 million, adding 100,000 square feet of density to the Bay Adelaide Centre development site, and completing the parcel bounded by Yonge, Bay, Temperance and Adelaide Streets. The company is working toward the commencement of construction on a 1.2 million square foot office tower during the summer of 2006, the first of three phases in the 2.6 million square foot development project.

Acquired two ground leases in Toronto. The company purchased the ground leases of 74 York Street and 76 York Street, both under the HSBC building in Toronto, for approximately \$7.0 million.

Acquired remaining 75% interest in Hudson's Bay Centre, Toronto, for \$112.5 million, subsequent to the end of the first quarter. The 1.1 million square foot mixed-use complex is located in the heart of the dynamic Yorkville shopping and entertainment district.

OPERATIONS REVIEW

The BPO Properties portfolio was 96.0% occupied at the end of the first quarter of 2006, compared to a Canadian national average of 92.6%. During the quarter, BPO Properties pro-actively leased approximately 500,000 square feet of space.

Transactional highlights from the first quarter include:

240,000 square feet in Toronto

- Renewal and expansion with Davies, Ward, Phillips and Vineberg for 120,000 square feet at First Canadian Place for a five year term
- Renewal and expansion with Frank Russell Canada for 36,000 square feet at First Canadian Place for an eleven year term

220,000 square feet in Calgary

- Renewal and expansion with Tusk Energy for 24,000 square feet at McFarlane Tower for a five year term
- New lease with Enbridge Inc. for 23,000 square feet at Fifth Avenue Place for a six year term

40,000 square feet in other markets

OUTLOOK

“With a half million square feet of leasing completed during the first quarter and construction nearing at two of our development projects, BPO Properties is off to an exciting start for the year 2006,” 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 June 30, 2006 to shareholders of record at the close of business on June 1, 2006.

The Board of Directors also declared dividends on series G, J and M preferred shares, payable August 14, 2006 to shareholders of record at the close of business on July 31, 2006, for the period May 14, 2006 to August 13, 2006. The dividend per preferred share is to be computed in accordance with the terms of the shares.

Annual General Meeting

The Annual General Meeting of shareholders will be held in Toronto, Ontario, at the Hockey Hall of Fame, BCE Place, 181 Bay Street, at 1:30 p.m. on May 1, 2006. Shareholders may also participate in the meeting by webcast through BPO Properties' Web site at www.bpoproperties.com.

Conference Call

BPO Properties' first quarter 2006 conference call can be accessed by teleconference on Monday, May 1, 2006 at 4:00 p.m. E.T. at 888-789-0089. The call will be archived through May 31, 2006 and can be accessed by dialing 888-509-0081, passcode # 9618057. 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 four development projects 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)	March 31, 2006	December 31, 2005 ⁽¹⁾
Assets		
Commercial properties	\$ 1,466.9	\$ 1,471.7
Development properties	204.9	189.7
Loans receivable	94.6	100.1
Marketable securities and other investments	—	66.7
Cash and cash equivalents	96.4	21.5
Receivables and other assets	61.4	56.5
Intangible assets	55.5	60.0
Assets related to discontinued operations	43.2	43.6
Future income taxes	8.8	16.5
	\$ 2,031.7	\$ 2,026.3
Liabilities		
Commercial property debt	\$ 908.8	\$ 912.4
Intangible liabilities	108.8	111.9
Accounts payable and other liabilities	71.2	65.4
Liabilities related to discontinued operations	36.9	37.2
Shareholders' equity		
Preferred shares	381.7	381.7
Common shares	78.9	78.9
Retained earnings	445.4	438.8
	\$ 2,031.7	\$ 2,026.3

(1) Certain comparative information has been reclassified to conform with current year presentation.

CONSOLIDATED STATEMENT OF INCOME

(Millions, except per share amounts)	Three months ended March 31	
	2006	2005
Commercial properties		
Revenue	\$ 81.3	\$ 54.7
Expenses	36.1	25.7
Net operating income	45.2	29.0
Loans and investment income	7.6	10.0
	52.8	39.0
Expenses		
Interest	11.8	10.8
Administrative and large corporation tax	3.8	2.0
	37.2	26.2
Depreciation and amortization	15.1	7.8
Future income taxes	7.9	(2.9)
Net income from continuing operations	14.2	21.3
Discontinued operations	—	—
Net income	\$ 14.2	\$ 21.3
Net income per common share	\$ 0.38	\$ 0.65

RECONCILIATION OF NET INCOME TO FUNDS FROM OPERATIONS

(Millions)	Three months ended March 31	
	2006	2005
Net income	\$ 14.2	\$ 21.3
Depreciation and amortization ⁽ⁱ⁾	15.8	7.8
Future income taxes	7.9	(2.9)
Funds from operations	\$ 37.9	\$ 26.2

(i) Includes depreciation and amortization from discontinued operations of \$0.7 million and nil for the three months ended March 31, 2006 and March 31, 2005, respectively.

FUNDS FROM OPERATIONS PER COMMON SHARE

(Millions, except per share information)	Three months ended March 31	
	2006	2005
Funds from operations	\$ 37.9	\$ 26.2
Preferred share dividends	(3.3)	(2.9)
Funds available to common shareholders	34.6	23.3
Weighted average shares outstanding	28.5	28.5
Funds from operations per common share	\$ 1.21	\$ 0.82

DISCONTINUED OPERATIONS

(Millions)	Three months ended March 31	
	2006	2005
Revenue from discontinued operations	\$ 1.9	\$ —
Operating expenses	0.7	—
	1.2	—
Interest expense	0.5	—
Funds from operations – discontinued operations	0.7	—
Depreciation and amortization	0.7	—
Discontinued operations	\$ —	\$ —