



NEWS RELEASE

BPO PROPERTIES REPORTS THIRD QUARTER 2006 RESULTS

All dollar references are in Canadian dollars.

TORONTO, November 7, 2006 – BPO Properties Ltd. (TSX: BPP) today announced net income of \$16.3 million or \$0.42 per common share and funds from operations (“FFO”) of \$41.2 million or \$1.30 per common share for the quarter ended September 30, 2006.

After leasing 531,000 square feet during the third quarter, BPO Properties’ year-to-date leasing totalled 2,031,000 square feet, including leasing of 481,000 square feet for new developments.

FINANCIAL RESULTS

Net income for the three months ended September 30, 2006 totalled \$16.3 million, or \$0.42 per common share, compared to \$9.9 million, or \$0.24 per common share during the same period in 2005.

For the three months ended September 30, 2006, funds from operations totalled \$41.2 million, or \$1.30 per common share, up from \$24.1 million or \$0.74 per common share during the same period in 2005.

Net income for the nine months ended September 30, 2006 totalled \$55.4 million, or \$1.53 per common share, compared to \$56.4 million, or \$1.67 per common share during the same period in 2005.

For the nine months ended September 30, 2006, funds from operations totalled \$112.6 million, or \$3.54 per common share, up from \$75.6 million, or \$2.34 per common share, during the same period in 2005. Funds from operations and gains for the nine months ended September 30, 2006 was \$128.5 million or \$4.09 per common share, which includes a \$15.9 million gain in the second quarter on the sale of eight non-strategic properties acquired with the O&Y portfolio.

Commercial property net operating income for the third quarter of 2006 was \$50.7 million, up from \$27.8 million for the third quarter of 2005. Commercial property net

operating income for the first nine months of 2006 was \$143.0 million, up from \$85.1 million for the first nine months of 2005.

OPERATIONS REVIEW

The BPO Properties portfolio was 96.9% leased at the end of the third quarter of 2006, compared to a Canadian national average of 92.9%.

After leasing 401,000 square feet, and an additional 130,000 square feet in development properties, BPO Properties' leasing for the third quarter totalled 531,000 square feet. The company's year-to-date leasing totalled approximately 2 million square feet. BPO Properties' portfolio-wide occupancy rate finished the third quarter at 96.9%, up 80 basis points from the prior quarter. Highlights include:

305,000 square feet in Toronto

- Ten-year lease for 44,000 square feet with Halcrow Yolles at Queen's Quay Terminal
- Five and a half year lease for 43,000 square feet with University Health Network at Atrium on Bay
- Two-year expansion for 43,000 square feet with Bennett Jones at First Canadian Place

159,000 square feet in Calgary

- Ten-year lease for 130,000 square feet with Compton Petroleum Corp., relocating from Fifth Avenue Place to the new Bankers Court development
- Five-year renewal for 17,000 square feet with Norsk Hydro Canada Oil & Gas at Petro Canada Centre

28,000 square feet in Ottawa

- Two-year renewal for 27,000 square feet with Public Works at Place de Ville I

39,000 square feet in other markets

OUTLOOK

"Our Bay Adelaide Centre development in Toronto and our Bankers Court development in Calgary are both proceeding on schedule," said Tom Farley, President & CEO of BPO Properties, Ltd. "In addition to advancing these developments, we are focused on the asset management of our premier portfolio of office properties with the goal of surfacing value."

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 the last business day of December 2006 to shareholders of record at the close of business on December 1, 2006.

The Board of Directors also declared dividends on series G, J and M preferred shares, payable February 14, 2007 to shareholders of record at the close of business on January 31, 2007, for the period November 14, 2006 to February 13, 2007. The dividend per preferred share is to be computed in accordance with the terms of the shares.

Conference Call

BPO Properties' third quarter 2006 conference call can be accessed by teleconference on Tuesday, November 7, 2006 at 3:00 p.m. E.T. at 1-800-766-6630. To ensure your participation, please call five minutes prior to the scheduled start of the call. The call will be archived through December 6, 2006 and can be accessed by dialing toll free 1-888-509-0081, pass code # 631985. 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 35 commercial properties totalling 22 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)	September 30, 2006	December 31, 2005 ⁽¹⁾
Assets		
Commercial properties	\$ 1,541.9	\$ 1,471.7
Development properties	254.6	189.7
Loans receivable	97.1	100.1
Cash and cash equivalents	59.1	21.5
Tenant receivables and other assets	67.4	56.5
Intangible assets	66.6	60.0
Future income taxes	—	16.5
Marketable securities and other investments	—	66.7
Assets related to discontinued operations	—	43.6
	\$ 2,086.7	\$ 2,026.3
Liabilities		
Commercial property debt	\$ 953.9	\$ 912.4
Intangible liabilities	107.6	111.9
Accounts payable and other liabilities	86.3	65.4
Future income tax liability	8.0	—
Liabilities related to discontinued operations	0.6	37.2
Shareholders' equity		
Preferred shares	381.7	381.7
Common shares	78.9	78.9
Retained earnings	469.7	438.8
	\$ 2,086.7	\$ 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 Sept. 30		Nine months ended Sept. 30	
	2006	2005	2006	2005
Commercial properties				
Revenue	\$ 89.9	\$ 54.4	\$ 255.4	\$ 163.2
Expenses	39.2	26.6	112.4	78.1
Net operating income	50.7	27.8	143.0	85.1
Loans and investment income	6.3	9.0	17.1	28.6
	57.0	36.8	160.1	113.7
Expenses				
Interest	11.6	10.8	35.2	32.3
Administrative and large corporation tax	4.2	1.9	13.3	5.8
	41.2	24.1	111.6	75.6
Depreciation and amortization	16.5	7.6	48.0	22.8
Future income taxes	8.4	6.6	21.5	(3.6)
Net income from continuing operation	16.3	9.9	42.1	56.4
Discontinued operations	—	—	13.3	—
Net income	\$ 16.3	\$ 9.9	\$ 55.4	\$ 56.4
Net income per common share				
Continuing operations	\$ 0.42	\$ 0.24	\$ 1.06	\$ 1.67
Discontinued operations	—	—	0.47	—
	\$ 0.42	\$ 0.24	\$ 1.53	\$ 1.67

RECONCILIATION OF NET INCOME TO FUNDS FROM OPERATIONS

(Millions)	Three months ended Sept. 30		Nine months ended Sept. 30	
	2006	2005	2006	2005
Net income	\$ 16.3	\$ 9.9	\$ 55.4	\$ 56.4
Depreciation and amortization ⁽ⁱ⁾	16.5	7.6	48.7	22.8
Future income taxes ⁽ⁱⁱ⁾	8.4	6.6	24.4	(3.6)
Funds from operations and gains	41.2	24.1	128.5	75.6
Property disposition gains	—	—	(15.9)	—
Funds from operations	\$ 41.2	\$ 24.1	\$ 112.6	\$ 75.6

(i) Includes depreciation and amortization from discontinued operations of \$nil and \$0.7 million for the three and nine months ended September 30, 2006, respectively.

(ii) Includes future income taxes from discontinued operations of \$nil and \$2.9 million for the three and nine months ended September 30, 2006, respectively.

COMMERCIAL PROPERTY NET OPERATING INCOME

(Millions)	Three months ended Sept. 30		Nine months ended Sept. 30	
	2006	2005	2006	2005
Commercial property operations and fee income	\$ 89.9	\$ 54.4	\$ 255.4	\$ 163.2
Operating expenses	39.2	26.6	112.4	78.1
Net operating income	\$ 50.7	\$ 27.8	\$ 143.0	\$ 85.1

FUNDS FROM OPERATIONS PER COMMON SHARE

(Millions except per share amounts)	Three months ended Sept. 30		Nine months ended Sept. 30	
	2006	2005	2006	2005
Funds from operations	\$ 41.2	\$ 24.1	\$ 112.6	\$ 75.6
Preferred share dividends	(4.2)	(2.9)	(11.7)	(8.7)
Funds available to common shareholders	\$ 37.0	\$ 21.2	\$ 100.9	\$ 66.9
Weighted average shares outstanding	28.5	28.5	28.5	28.5
Funds from operations per common share	\$ 1.30	\$ 0.74	\$ 3.54	\$ 2.34

DISCONTINUED OPERATIONS

(Millions)	Three months ended Sept. 30		Nine months ended Sept. 30	
	2006	2005	2006	2005
Property disposition gains	\$ —	\$ —	\$ 15.9	\$ —
Revenue from properties sold	—	—	3.3	—
Operating expenses	—	—	(1.2)	—
	—	—	18.0	—
Interest expense	—	—	(1.1)	—
Funds from discontinued operations and gains	—	—	16.9	—
Depreciation and amortization	—	—	(0.7)	—
Future income taxes	—	—	(2.9)	—
Discontinued operations	\$ —	\$ —	\$ 13.3	\$ —