THIRD QUARTER REPORT
SEPTEMBER 30, 2004

FINANCIAL HIGHLIGHTS

Unaudited (Millions, except per share amounts)	Three months ended Sept. 30 **2004**	 2003	Nine months ended Sept. 30 **2004**	 2003
Funds from operations (FFO) and gains	**$ 21.9**	$ 41.1	**$ 77.4**	$108.2
FFO and gains per share	**0.68**	1.33	**2.43**	3.46
Net income	**14.1**	24.9	**47.5**	66.4
Net income per share	**0.41**	0.77	**1.38**	1.99

Dear Shareholders:

For the nine months ended September 30, 2004, BPO Properties' funds from operations and gains was $2.43 per share compared with $3.46 per share during the same period in 2003. Net income was $1.38 per share compared with $1.99 per share during the same period in 2003.

For the three months ended September 30, 2004, BPO Properties' funds from operations was $0.68 per share compared with $1.33 per share during the same period in 2003. Net income was $0.41 per share compared with $0.77 per share during the same period in 2003. These changes are primarily attributable to lower interest income after the payment of the special common share dividend totaling $428 million in the first quarter of 2004.

MAJOR INITIATIVES

> ***Acquired a $35.9 million, seven-year, 11.2% fixed rate mezzanine debt investment for the Bank of America Center,*** San Francisco's premiere office property, which comprises the junior-most tier of a US$750 million financing for the 1.78 million square foot tower.

> ***Instituted a small shareholder selling and purchase arrangement.*** The Toronto Stock Exchange has accepted a notice filed by BPO Properties to institute a small shareholder selling and purchase arrangement (the "Program") pursuant to the Policy Statement on Small Shareholder Selling and Purchase Arrangements of the Toronto Stock Exchange.

The Program is voluntary and offers eligible shareholders resident in Canada the opportunity to sell all, but not less than all, of their holdings or to purchase a sufficient number of shares so that they hold at least one-hundred shares. Under the Program, shareholders holding 99 or fewer common shares of BPO Properties, as of November 8, 2004, are eligible to participate. Participating shareholders will not incur commission charges. However, shareholders whose shares are held by a nominee may be required to pay a fee to their nominee. The Program will terminate December 15, 2004 at 4:00 p.m. (Toronto time), unless extended.

The offer is open to both registered and beneficial holders resident in Canada whose shares are held by a broker, bank, trust company or other nominee. Participating organizations are requested to contact clients eligible to participate and provide them with the relevant information.

Further details of the Program are set out in the information packages being distributed by CIBC Mellon Trust Company to eligible shareholders on or about November 15, 2004. Additional copies may be obtained by contacting CIBC Mellon, toll-free at 1-800-387-0825.

> ***Renewed the normal course issuer bid,*** permitting the company to acquire up to 342,830 common shares during the period from September 15, 2004 to September 14, 2005.

OPERATIONS REVIEW

BPO Properties' portfolio was 95.6% leased at the end of the third quarter, compared to a Canadian national average of 88.9%. The company leased 491,000 square feet during the third quarter of 2004.

Highlights include:

361,000 square feet in Toronto -

> a ten-year renewal with Canadian Imperial Bank of Commerce for 331,000 square feet at Atrium on Bay;
> a new seven-year lease with Everest Reinsurance Company for 9,000 square feet at Exchange Tower;

123,000 square feet in Calgary -

> a new six-year lease with Imperial Oil for 68,000 square feet at Fifth Avenue Place;
> a ten-year renewal and expansion with management consulting firm Towers Perrin for 45,000 square feet at Petro-Canada Centre; and

7,000 square feet in Vancouver -

> a new seven-year lease with Hybridge Investment Management for 4,000 square feet.

This brings the total amount of square feet leased year-to-date to 794,000 square feet, approximately four times the amount of space contractually expiring.

CHANGE IN ACCOUNTING POLICY

Historically, BPO Properties' accounting policy has been to record revenues in accordance with the actual payments received under the terms of the company's leases, which typically increase over time, and to record depreciation on a sinking-fund basis. However, commencing January 1, 2004, accounting standards require both straight-line rent recognition and straight-line depreciation. This change resulted in additional revenue of $4.9 million and additional depreciation of $3.0 million before the effect of taxes for the nine months ended September 30, 2004 ($1.6 million of additional revenue and $1.1 million of additional depreciation for the three months ended September 30, 2004). A schedule reconciling FFO to a non straight-line rent basis can be found in the supplemental information package to allow for comparability with prior periods.

DIVIDEND DECLARATION

The Board of Directors of BPO Properties declared a quarterly common share dividend of $0.15 per share, payable on December 31, 2004 to shareholders of record at the close of business on December 1, 2004. The quarterly dividends payable for the Class G, J, and M preferred shares were also declared payable on February 14, 2005 to shareholders of record on January 31, 2005.

OUTLOOK

BPO Properties' overall occupancy rate of 95.6% compares favourably to our markets. These high lease levels reflect the premier quality of our assets and keep us well-positioned for growth.

Tom Farley

Thomas F. Farley
President and Chief Executive Officer

November 8, 2004

Management's Discussion and Analysis

INTRODUCTION

The following discussion and analysis is intended to provide an assessment of our performance for the third quarter of the past two years as well as our financial position and future prospects. It should be read in conjunction with the unaudited consolidated interim financial statements and appended notes which are included on page 11 of this report. Additional information, including the company's Annual Report and Annual Information Form, are available on the company's Web site at www.bpoproperties.com or on SEDAR's Web site at www.sedar.com. BPO Properties' financial results are as follows:

	Three months ended Sept. 30		Nine months ended Sept. 30	
(Millions, except per share amounts)	**2004**	2003	**2004**	2003
Funds from operations (FFO) and gains	**$ 21.9**	$ 41.1	**$ 77.4**	$ 108.2
FFO and gains per share	**0.68**	1.33	**2.43**	3.46
Net income	**14.1**	24.9	**47.5**	66.4
Net income per share	**0.41**	0.77	**1.38**	1.99

(Millions)	**Sept. 30, 2004**	Dec. 31, 2003
Total assets	**$ 1,575.8**	$ 2,022.2
Commercial properties	**1,003.3**	1,039.7
Commercial property debt	**662.6**	703.5
Capital base	**852.4**	1,254.0

COMMERCIAL PROPERTIES

BPO Properties' strategy is to own, develop and manage premier commercial properties in downtown locations of select cities in Canada. The commercial property portfolio is comprised of interests in 16 properties with a book value of $1,003.3 million at September 30, 2004. The decrease of $36.4 million in book value of commercial properties is primarily related to the disposition of the company's interest in Gulf Canada Square in Calgary, Alberta during the first quarter of 2004. A breakdown of the company's commercial properties is as follows:

	Number of Properties	Leasable Area (000s Sq. Ft.)	BPO Owned Interest (000s Sq. Ft.)	**Sept. 30, 2004 Book Value (Millions)**	Dec. 31, 2003 Book Value (Millions)
Office	14	10,693	6,327	**$ 881.7**	$ 923.7
Development	2	2,770	1,112	**121.6**	116.0
Total	16	13,463	7,439	**$ 1,003.3**	$ 1,039.7

At September 30, 2004, development properties consisted of the following commercial property development sites:

	Location	Ownership	Buildable (000s Sq. Ft.)
Bay-Adelaide Centre	Bay and Adelaide Streets, Toronto, Ontario	50%	1,678
Hudson's Bay Centre	Yonge and Bloor Streets, Toronto, Ontario	25%	1,092
Total			2,770

Although BPO Properties is not a speculative developer, the company is a full-service real estate company with development expertise. With approximately three million square feet of high-quality, centrally-located development properties in Toronto, the company would undertake development of these sites only when the risk-adjusted return criteria and significant pre-leasing levels for at least 50% to 60% of the space have been achieved.

CASH AND MARKETABLE SECURITIES

BPO Properties maintains high levels of liquidity to ensure that it can react quickly to potential investment opportunities. This liquidity consists of cash and marketable securities which contribute investment returns. To ensure the company maximizes its returns, cash balances are generally carried at a modest level and excess cash is invested in short-term marketable securities, which provide a source of liquidity to fund investment initiatives. Marketable securities are comprised of a portfolio of fixed-rate corporate bonds which are carried at amortized cost with a fair value which approximates their book value and an average yield of 2.5%, and mature over the period of 2005 to 2007. As at September 30, 2004, cash balances totaled $23.0 million compared to $491.1 million at December 31, 2003. The decrease of approximately $468 million is attributable to the payment of the special common share dividend of $15 per share in the first quarter of 2004 totaling approximately $428 million. The remaining funds were used to invest in additional investment grade corporate bonds which totaled $379.6 million at September 30, 2004, an increase of $30.0 million over $349.6 million held at December 31, 2003.

LOANS RECEIVABLE

Loans receivable increased by $40.2 million and is primarily due to the acquisition of a $35.9 million mezzanine debt investment in the Bank of America Center, San Francisco's premiere office property. It comprises the junior-most tier of a US$750 million financing for the 1.78 million square foot tower. Terms of the investment are seven-years interest only, with a fixed coupon of 11.21%. The balance of the increase is primarily accrued interest.

FUTURE INCOME TAXES

At September 30, 2004, BPO Properties' future income tax assets decreased to $49.7 million from $59.5 million at December 31, 2003 primarily as a result of utilization of tax losses.

OTHER ASSETS

Other assets include receivables from tenants as well as prepaid expenses. At September 30, 2004, other assets decreased to $29.6 million from $31.9 million at December 31, 2003. The decrease is related to the collection of receivables related to the company's retail/condominium joint venture development No. 10 Bellair, offset by additional straight-line rental income recognized as required with the adoption of CICA Handbook section 1100, "Generally Accepted Accounting Principles." See Note 2 to the consolidated interim financial statements for further discussion.

COMMERCIAL PROPERTY DEBT

Commercial property debt totaled $662.6 million at September 30, 2004, compared with $703.5 million at December 31, 2003. The decrease primarily relates to the disposition of the company's interest in Gulf Canada Square in Calgary, Alberta in the first quarter of 2004. Commercial property debt at September 30, 2004 had an average interest rate of 7.1% and an average term to maturity of eight years, consistent with the first and second quarters of 2004. All of BPO Properties' commercial property debt is recourse only to specific properties, thereby reducing the overall financial risk to the company. The largest property debt in order of maturity is as follows:

Commercial Property	Location	Interest Rate %	Maturity Date	BPO Properties' Proportionate Share (Millions)	Mortgage Details
Atrium on Bay	Toronto, Ontario	7.71	2005	$ 40.0	Non-recourse, fixed rate
105 Adelaide	Toronto, Ontario	5.77	2007	25.1	Non-recourse, fixed rate
Petro-Canada Centre	Calgary, Alberta	6.43	2008	135.1	Non-recourse, fixed rate
Queen's Quay Terminal	Toronto, Ontario	7.26	2011	37.7	Non-recourse, fixed rate
Fifth Avenue Place	Calgary, Alberta	7.59	2011	78.6	Non-recourse, fixed rate
HSBC Building	Toronto, Ontario	8.19	2012	25.2	Non-recourse, fixed rate
Exchange Tower	Toronto, Ontario	6.83	2012	67.7	Non-recourse, fixed rate
Bankers Hall	Calgary, Alberta	7.20	2013	183.3	Non-recourse, fixed rate
Royal Centre	Vancouver, B.C.	7.50	2022	53.3	Non-recourse, fixed rate
Other	—			16.6	Non-recourse, various rates
Total		7.10		$ 662.6	

Commercial property scheduled debt amortization and maturities for the next five years and thereafter are as follows:

(Millions) Year	Scheduled Amortization	Maturities	Total	Weighted Average Interest Rate at Sept. 30, 2004
Remainder 2004	$ 4.2	$ 2.5	$ 6.7	7.1%
2005	12.9	39.3	52.2	7.0%
2006	13.2	—	13.2	7.0%
2007	13.5	30.8	44.3	7.1%
2008	14.2	125.0	139.2	7.3%
2009 and thereafter	47.1	359.9	407.0	7.3%
Total	$ 105.1	$ 557.5	$ 662.6	7.1%

ACCOUNTS PAYABLE AND OTHER LIABILITIES

Accounts payable and other liabilities decreased to $60.8 million at September 30, 2004 compared with $64.7 million at December 31, 2003 primarily due to the timing of payments.

SHAREHOLDERS' EQUITY

The company's shareholders' equity is summarized as follows:

(Millions)	**Sept. 30, 2004**	Dec. 31, 2003
Shareholders' equity		
Common shares	**$ 78.9**	$ 78.9
Preferred shares	**381.7**	381.7
Retained earnings	**391.8**	793.4
Total	**$ 852.4**	$ 1,254.0

Shareholders' equity decreased to $852.4 million at September 30, 2004 from $1,254.0 million primarily due to the payment of a special common share dividend of $15 per share in the first quarter of 2004 totaling approximately $428 million.

COMMON SHARES

At September 30, 2004 and December 31, 2003, the company had 28.5 million common shares issued and outstanding. The weighted average common shares outstanding for the three and nine month periods ended September 30, 2004 and 2003 was 28.5 million. There were no dilutive instruments outstanding. Common share dividends in the amount of $4.3 million were paid during the third quarter of 2004. Year-to-date, $440.9 million of common share dividends have been paid, which included a $428.0 million special common share dividend paid on March 31, 2004. Common share dividends totaling $4.3 million were paid during the three and nine months ended September 30, 2003.

PREFERRED SHARES

At September 30, 2004, the company has $381.7 million of preferred equity outstanding, consistent with December 31, 2003. This equity represents low cost capital for the company, without dilution to the common equity base. The company has the following preferred shares outstanding:

(Millions, except share information)	Shares Outstanding	Cumulative Dividend Rate	**Sept. 30, 2004**	Dec. 31, 2003
Series G	1,805,489	70% of bank prime	**$ 45.1**	$ 45.1
Series J	3,816,527	70% of bank prime	**95.4**	95.4
Series K	300	30-day BA + 0.4%	**150.0**	150.0
Series M	2,847,711	70% of bank prime	**71.2**	71.2
Series N	800,000	30-day BA + 0.4%	**20.0**	20.0
Total			**$ 381.7**	$ 381.7

RESULTS OF OPERATIONS

For the nine month period ended September 30, 2004, total commercial property operations contributed $82.7 million of net operating income, compared with $83.1 million for the same period in 2003. The decrease is primarily related to the disposition of Gulf Canada Square in Calgary, which was sold during the first quarter of 2004. In addition, the second quarter of 2003 included $3.9 million of non-recurring items consisting of prior period recoveries and miscellaneous tenant termination payments. Offsetting these items is an increment of $4.9 million of straight-line rental income due to a change in accounting policy ($1.6 million during the three months ended September 30, 2004). See Note 2 of the consolidated interim financial statements for further discussion. For the three month period ended September 30, 2004, total commercial property operations contributed $27.7 million of net operating income compared with $26.4 million for the same period in 2003.

COMPONENTS OF NET OPERATING INCOME

The components of net operating income are as follows:

	Three months ended Sept. 30		Nine months ended Sept. 30	
(Millions)	**2004**	2003	**2004**	2003
Rental revenue	**$ 52.7**	$ 52.4	**$ 160.5**	$ 162.9
Property operating costs	**25.0**	26.0	**77.8**	79.8
Net operating income	**$ 27.7**	$ 26.4	**$ 82.7**	$ 83.1

Net operating income growth is comprised of contractual increases on in-place leases, rental increases achieved on in-place rents when re-leased, lease-up of vacancies, dispositions, net of acquisitions, straight-line rental income and other non-recurring adjustments.

	Three months ended Sept. 30		Nine months ended Sept. 30	
(Millions)	**2004**	2003	**2004**	2003
Net operating income, prior period	**$ 26.4**	$ 26.6	**$ 83.1**	$ 88.5
(a) Contractual increases on in-place leases	**0.7**	—	**1.7**	0.8
(b) Rental increases achieved on in-place rents when re-leased	**0.3**	—	**0.2**	0.4
(c) Lease-up of vacancies	**—**	1.6	**0.1**	4.9
(d) Dispositions, net of acquisitions	**(0.7)**	(1.8)	**(3.4)**	(15.4)
(e) Straight-line rental income	**1.6**	—	**4.9**	—
(f) Other	**—**	—	**(3.9)**	3.9
Net operating income, end of period	**$ 27.7**	$ 26.4	**$ 82.7**	$ 83.1

(a) Contractual increases on in-place leases

BPO Properties' leases generally have clauses which provide for the collection of rental revenues in amounts that increase every five years, with these increases negotiated at the signing of the lease. The high-credit quality of tenants in the company's portfolio in general lowers the risk of not realizing these increases. During the nine months ended September 30, 2004, net operating income increased by $1.7 million, due to contractual increases, compared with $0.8 million during the same period in 2003. During the three months ended September 30, 2004, net operating income increased by $0.3 million compared with nil during the same period in 2003.

(b) Rental increases achieved on in-place rents when re-leased

During the nine months ended September 30, 2004, higher rental rates on the re-leasing of space in the portfolio contributed $0.2 million of increased net operating income over 2003. At September 30, 2004, average in-place net rents throughout the portfolio remained consistent with the prior quarter at $19 per square foot and increased from $18 per square foot at September 30, 2003.

	Gross Leasable Area (000s Sq. Ft.)	Avg. Lease Term (Years)	Avg. In-place Net Rent	Avg. Market Net Rent ($ per Sq. Ft.)
Toronto, Ontario	3,509	6	$ 18	$ 27
Calgary, Alberta	6,331	9	20	23
Vancouver, British Columbia	853	12	14	20
Total*	10,693	8	$ 19	$ 24

**Excludes developments.*

(c) Lease-up of vacancies

Contribution to net operating income from lease-ups decreased to $0.1 million for the nine months ended September 30, compared with $4.9 million for the same period in 2003. Contributions from vacancy lease-ups were greater in 2003 due to vacancies leased in properties acquired in 2000. BPO Properties' total portfolio occupancy rate at September 30, 2004 decreased to 95.6% compared with 96.2% at year-end. A summary of current and historical occupancy levels are as follows:

	Sept. 30, 2004		Dec. 31, 2003	
	Total (000s Sq. Ft.)	**% Leased**	Total (000s Sq. Ft.)	% Leased
Toronto, Ontario	**3,509**	**92.2%**	3,319	95.2%
Calgary, Alberta	**6,331**	**98.3%**	7,472	97.6%
Vancouver, British Columbia	**853**	**89.1%**	853	85.7%
Total*	**10,693**	**95.6%**	11,644	96.2%

**Excludes developments.*

(d) Dispositions, net of acquisitions

The value created in BPO Properties' mature commercial properties provides the company with the opportunity to generate additional gains and capital in order to reinvest in other assets at higher returns. For the three and nine month periods ended September 30, 2004, the disposition of properties reduced net operating income by $0.7 million and $3.4 million respectively, compared to $1.8 million and $15.4 million in 2003.

(e) Straight-line rental income

As a result of adopting CICA Handbook section 1100, "Generally Accepted Accounting Principles," commencing January 1, 2004, the company recognized an additional $4.9 million of straight-line rental income during the nine month period ended September 30, 2004 ($1.6 million in the third quarter of 2004). This adoption was on a prospective basis, and therefore no adjustments were made to prior periods. See Note 2 to the consolidated interim financial statements for further discussion.

(f) Other

Net operating income in the second quarter of 2003 included $3.9 million of non-recurring items consisting of prior period recoveries and miscellaneous tenant termination payments.

LOANS AND INVESTMENT INCOME

Loans and investment income for the nine month period ended September 30, 2004 decreased to $28.0 million from $61.3 million during the same period in 2003. Loans and investment income for the third quarter of 2004 decreased to $7.1 million from $26.0 million during the same period in 2003. This reduction is primarily attributable to lower income earned on cash deposits due to the payment of the special common share dividend of approximately $428 million in March 2004. The third quarter of 2003 included the collection of a previously written-off vendor take back mortgage from a disposed retail property.

EXPENSES

A breakdown of the company's expenses is as follows:

	Three months ended Sept. 30		Nine months ended Sept. 30	
(Millions)	**2004**	2003	**2004**	2003
Interest	**$ 10.9**	$ 11.0	**$ 33.1**	$ 32.7
Administrative expenses and large corporations tax	**2.0**	3.0	**6.2**	7.1
	$ 12.9	$ 14.0	**$ 39.3**	$ 39.8

Interest expense was $33.1 million for the nine months ended September 30, 2004, compared with $32.7 million during the same period in 2003. The increase is primarily related to the addition of $37 million of second-mortgage bonds on the Petro-Canada Centre in Calgary, which were issued in December 2003, offset by decreased interest on the sale of the company's interest in Gulf Canada Square in Calgary in February 2004. Interest expense was $10.9 million in the third quarter of 2004, compared with $11.0 million during the same period in 2003. This decrease is a result of the reduction of debt through amortization and the sale of the company's interest in Gulf Canada Square in Calgary in February 2004, offset by the addition of $37 million of second-mortgage bonds on the Petro-Canada Centre in Calgary.

Administrative expenses and large corporations tax during the three and nine months ended September 30, 2004 decreased to $2.0 million and $6.2 million from $3.0 million and $7.1 million during the same periods in 2003. The decrease is attributable to costs incurred in the third quarter of 2003 in pursuing development and acquisition opportunities.

DEPRECIATION EXPENSE

Depreciation during the nine months ended September 30, 2004 increased by $3.1 million to $20.1 million compared with $17.0 million during the same period in 2003. Depreciation expense was $6.8 million during the third quarter of 2004, an increase of $1 million compared with $5.8 million during the same period in 2003. The majority of this increase was due to additional depreciation recognized with the adoption of CICA Handbook section 1100 requiring a change to a straight-line basis. See Note 2 to the consolidated interim financial statements for further discussion.

NET INCOME

BPO Properties' net income per share during the first nine months of 2004 was $1.38 per share and $0.41 per share during the third quarter of 2004. Net income per share is calculated as follows:

	Three months ended Sept. 30		Nine months ended Sept. 30	
(Millions, except per share information)	**2004**	2003	**2004**	2003
Net income	**$ 14.1**	$ 24.9	**$ 47.5**	$ 66.4
Preferred share dividends	**(2.5)**	(3.4)	**(8.2)**	(9.8)
Net income available for common shareholders	**$ 11.6**	$ 21.5	**$ 39.3**	$ 56.6
Weighted average common shares outstanding	**28.5**	28.5	**28.5**	28.5
Net income per share	**$ 0.41**	$ 0.77	**$ 1.38**	$ 1.99

FUNDS FROM OPERATIONS

Funds from operations ("FFO") is defined as net income prior to non-cash items and depreciation and amortization of capital assets. While BPO Properties believes that FFO is the most relevant measure to analyze real estate based on the fact that commercial properties generally appreciate rather than depreciate, the company believes that both FFO and net income are relevant measures. The company computes FFO in accordance with the definitions provided by the Canadian Institute of Public and Private Real Estate Companies ("CIPPREC"). FFO does not represent cash generated from operating activities determined in accordance with Generally Accepted Accounting Principles ("GAAP") in Canada and should not be considered as an alternative to such GAAP measures.

For the nine months ended September 30, 2004, BPO Properties' FFO and gains was $77.4 million or $2.43 per share compared with $108.2 million or $3.46 per share during the same period in 2003. The decrease is attributable to lower interest income with the utilization of cash for the payment of the special common share dividend totaling $428 million in the first quarter of 2004, the completion of the retail/condominium joint venture development No. 10 Bellair and the collection of a previously written-off vendor take back mortgage from a disposed retail property in the third quarter of 2003.

For the three months ended September 30, 2004, BPO Properties' FFO and gains decreased to $21.9 million or $0.68 per share from $41.1 million or $1.33 per share during the same period in 2003.

LIQUIDITY AND CAPITAL RESOURCES

BPO Properties employs a broad range of financing strategies to facilitate growth and manage financial risk, with particular focus on the overall reduction of the weighted average cost of capital, thereby enhancing returns for common shareholders. BPO Properties' FFO represents the primary source of liquidity to fund debt service, dividend payments and recurring capital and leasing costs in the company's commercial property portfolio. Sufficient cashflows are generated by the company's properties to service these obligations. In addition, BPO Properties' tax status as a corporation and substantial tax loss pools allow it to reinvest and retain cash generated by operations without incurring cash taxes.

As at September 30, 2004, BPO Properties had no outstanding demand deposits (December 31, 2003 - $480.7 million) with its parent company, Brookfield Properties Corporation. The deposits of $480.7 million at December 31, 2003 were repaid during the first quarter of 2004 and the cash was used to pay the special dividends to common shareholders of $15 per share totaling approximately $428 million. The remainder was used to invest in additional investment grade corporate bonds.

Commercial property debt assumed by BPO Properties is primarily fixed-rate and non-recourse to the company. These investment-grade financings are typically structured on a 50% to 60% loan-to-appraised-value basis. In addition, in certain circumstances when a building is leased almost exclusively to a high-quality tenant, a higher loan-to-value financing, based on the tenant's credit quality, is put in place at rates commensurate with the cost of funds for the tenant. This reduces the company's equity requirements to finance the property and, as a result, enhances equity returns.

REAL ESTATE INDUSTRY AND RISKS

Industry risks are unchanged from those discussed in the December 31, 2003 Annual Report. In addition, further discussion on risk factors to consider in evaluating BPO Properties can be found in our Annual Information Form. Both resources are posted on the company's Web site at www.bpoproperties.com or on SEDAR's Web site at www.sedar.com.

DERIVATIVE FINANCIAL INSTRUMENTS

The company utilizes derivative financial instruments primarily to manage foreign exchange risks. Realized and unrealized gains and losses on derivative financial instruments designated as hedges of financial risks are included in income in the same period as when the underlying asset, liability or anticipated transaction affects income. Financial instruments that are not designated as hedges are carried at estimated fair values, and gains and losses arising from changes in fair values are recognized in income in the period the changes occur. The use of derivative contracts is governed by documented risk management policies and approved limits. At September 30, 2004, the company had foreign exchange contracts to sell a notional amount of US$310 million to manage the company's foreign exchange risk in respect to its U.S. dollar-denominated marketable securities and mezzanine debt investment.

SEGMENTED INFORMATION

During 2003, the company completed its strategy of exiting the retail market, which further strengthened the company's position as a leading office property company in Canada. As a result, commencing in 2004, the company has only one business segment.

CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Effective January 1, 2004, the company adopted CICA Handbook section 1100, "Generally Accepted Accounting Principles." The section establishes standards for financial reporting in accordance with Canadian GAAP, and provides guidance on sources to consult when selecting accounting policies and determining appropriate disclosures when a matter is not dealt with explicitly in the primary sources of Canadian GAAP. In particular, this section requires the company to record income arising from tenant leases and depreciation on buildings on a straight-line basis. Adoption of this section resulted in recognition of additional straight-line rental revenue of $4.9 million and additional depreciation of $7.3 million before any tax effects during the nine month period ended September 30, 2004.

On January 1, 2004, in conjunction with adoption of the new accounting standards under section 1100 which require straight-line depreciation, the company reassessed the useful lives of its commercial properties and determined that the useful life is sixty years. Accordingly, depreciation on commercial properties has been determined using this revised estimated useful life with the effect being accounted for as a change in estimate. For the nine months ended September 30, 2004, the change in estimate resulted in a reduction in depreciation expense of approximately $4.3 million before any tax effects.

Effective January 1, 2004, the company adopted CICA Handbook section 3063, "Impairment of Long-Lived Assets." The section provides that an impairment loss be recognized when the carrying value of an asset exceeds the total undiscounted cash flows expected from its use and eventual disposition. The impairment recognized is measured as the amount by which the carrying value exceeds its fair value. The adoption of section 3063 did not have a significant impact on the company's consolidated interim financial statements.

Effective January 1, 2004, the company adopted CICA Handbook section 3110, "Asset Retirement Obligations." The section addresses the recognition and re-measurement of obligations associated with the retirement of a tangible long-lived asset. This standard provides that obligations associated with the retirement of tangible long-lived assets be recorded as liabilities when those obligations are incurred, with the amount of the liability initially measured at fair value. These obligations are capitalized to the book value of the related long-lived assets and are depreciated over the useful life of the related asset. The adoption of section 3110 did not have a significant impact on the company's consolidated interim financial statements.

Effective January 1, 2004, the company adopted Accounting Guideline 13, "Hedging Relationships," (AcG 13), a new accounting guideline issued by the CICA Handbook addressing identification, designation, documentation and effectiveness of hedging relationships for the purposes of applying hedge accounting. Under AcG 13, hedge designation of derivative financial instruments is only allowed if, both at the inception of the hedge and throughout the hedge period, the changes in the fair value or cash flows of the derivative instruments are expected to substantially offset the fair value or cash flows of the underlying asset, liability or anticipated transaction. Realized and unrealized gains and losses on derivative financial instruments designated as hedges of financial risks are included in income in the same period as when the underlying asset, liability or anticipated transaction affects income. The adoption of AcG 13 did not have a significant impact on the company's consolidated interim financial statements.

The company has adopted EIC-140, "Accounting for Operating Leases Acquired in either an Asset Acquisition or a Business Combination," issued in September 2003. EIC-140 requires that where a company acquires real estate in either an asset acquisition or business combination, a portion of the purchase price should be allocated to the intangible amounts of leasing costs, above or below market leases and tenant relationship values, if any. These intangible costs are amortized over their respective lease terms. The adoption of EIC-140 did not have a significant impact on the company's consolidated interim financial statements

FORWARD-LOOKING STATEMENTS

The interim report to shareholders contains "forward-looking statements." The words "believe," "expect," "anticipate," "intend," "estimate," and other expressions which are predictions of or indicate future events and trends and which do not relate to historical matters identify forward-looking statements. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievement expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include general economic conditions, local real estate conditions, timely re-leasing of occupied square footage upon expiration, interest rates, availability of equity and debt financing and other risks detailed from time to time in the documents filed by the companies with the securities regulators in Canada. BPO Properties Ltd. undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In particular, estimates are required in the determination of future cash flows utilized in assessing net recoverable amounts and net realizable values; depreciation and amortization; ability to utilize tax losses; hedge effectiveness; and fair values for disclosure purposes. These estimates are impacted by, among other things, movements in interest rates and other factors as described in the analysis of business environment and risks included in our annual MD&A. The interrelated and complex nature of these factors prevents us from quantifying the overall impact of movements on the company's financial statements.

ADDITIONAL INFORMATION

A supplementary information package with more detailed financial information is posted on BPO Properties' Web site and should be read in conjunction with this Interim Report.

Craig J. Laurie
Senior Vice President and Chief Financial Officer
November 8, 2004

DIVIDENDS PAID

Cash dividends paid per share by the company during the first nine months of 2004 and in the past three fiscal years are as follows.

	Sept. 30, 2004	Dec. 31, 2003	Dec. 31, 2002	Dec. 31, 2001
Common shares	**$ 0.45***	$ 0.30	$ —	$ —
Series G	**0.57**	0.82	0.76	1.19
Series J	**0.55**	0.82	0.73	1.15
Series K	**9,921.85**	16,760.82	14,421.01	24,058.11
Series M	**0.55**	0.82	0.73	1.18
Series N	**0.50**	0.84	0.72	1.20

**Excludes the special common share dividend of $15 per share.*

QUARTERLY FINANCIAL STATISTICS

Unaudited	2004			2003			
(Millions, except per share information)	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1
Total							
Funds from operations and gains	**$ 21.9**	$ 22.5	$ 33.0	$ 24.3	$ 41.1	$ 33.4	$ 33.7
Net income	**14.1**	12.6	20.8	27.5	24.9	20.7	20.8
Common equity - book value	**470.7**	463.4	457.7	872.3	841.4	828.4	815.4
Common shares outstanding	**28.5**	28.5	28.5	28.5	28.5	28.5	28.5
Per common share							
Funds from operations and gains	**$ 0.68**	$ 0.70	$ 1.05	$ 0.74	$ 1.33	$ 1.05	$ 1.08
Net income	**0.41**	0.35	0.62	0.85	0.77	0.60	0.62
Dividends	**0.15**	0.15	0.15*	0.15	0.15	—	—
Book value	**16.50**	16.24	16.04	30.57	29.49	29.03	28.58
Market trading price (TSX) - C$	**40.00**	38.00	41.25	34.50	30.65	26.25	26.15

**Excludes the special common share dividend of $15 per share.*

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEET

(Millions)	Note	**Sept. 30, 2004 Unaudited**	Dec. 31, 2003 Audited
Assets			
Commercial properties	3	**$ 1,003.3**	$ 1,039.7
Marketable securities	4	**379.6**	349.6
Loans receivable	5	**90.6**	50.4
Future income taxes		**49.7**	59.5
Other assets		**29.6**	31.9
Cash and cash equivalents	6	**23.0**	491.1
		$ 1,575.8	$ 2,022.2
Liabilities and Shareholders' Equity			
Commercial property debt	7	**$ 662.6**	$ 703.5
Accounts payable and other liabilities		**60.8**	64.7
Shareholders' equity	8	**852.4**	1,254.0
		$ 1,575.8	$ 2,022.2

See accompanying notes to the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

Unaudited	Three months ended Sept. 30		Nine months ended Sept. 30	
(Millions)	**2004**	2003	**2004**	2003
Retained earnings, beginning of period	**$ 384.5**	$ 756.0	**$ 793.4**	$ 720.9
Net income	**14.1**	24.9	**47.5**	66.4
Preferred share dividends	**(2.5)**	(3.4)	**(8.2)**	(9.8)
Common share dividends	**(4.3)**	(4.3)	**(440.9)**	(4.3)
Retained earnings, end of period	**$ 391.8**	$ 773.2	**$ 391.8**	$ 773.2

CONSOLIDATED STATEMENT OF INCOME

Unaudited (Millions, except per share amounts)	Note	Three months ended Sept. 30 **2004**	 2003	Nine months ended Sept. 30 **2004**	 2003
Commercial properties					
Revenue		**$ 52.7**	$ 52.4	**$ 160.5**	$ 162.9
Expenses		**25.0**	26.0	**77.8**	79.8
		27.7	26.4	**82.7**	83.1
Loans and investment income		**7.1**	26.0	**28.0**	61.3
		34.8	52.4	**110.7**	144.4
Expenses					
Interest expense		**10.9**	11.0	**33.1**	32.7
Administrative expenses and large corporation tax		**2.0**	3.0	**6.2**	7.1
Income before the following items		**21.9**	38.4	**71.4**	104.6
Gains on disposition of properties		**—**	2.7	**6.0**	3.6
Income before undernoted		**21.9**	41.1	**77.4**	108.2
Depreciation and amortization		**6.8**	5.8	**20.1**	17.0
Future income taxes		**1.0**	10.4	**9.8**	24.8
Net income		**$ 14.1**	$ 24.9	**$ 47.5**	$ 66.4
Net income per common share	8	**$ 0.41**	$ 0.77	**$ 1.38**	$ 1.99

See accompanying notes to the consolidated interim financial statements.

CONSOLIDATED STATEMENT OF CASHFLOW

Unaudited (Millions)	Three months ended Sept. 30 **2004**	2003	Six months ended Sept. 30 **2004**	2003
Operating Activities				
Net income	**$ 14.1**	$ 24.9	**$ 47.5**	$ 66.4
Add (deduct):				
Depreciation and amortization	**6.8**	5.8	**20.1**	17.0
Future income taxes	**1.0**	10.4	**9.8**	24.8
Gains on dispositions of properties	**—**	(2.7)	**(6.0)**	(3.6)
Tenant improvements	**(2.8)**	(2.0)	**(7.4)**	(6.5)
Other working capital	**0.2**	12.1	**(6.1)**	27.2
Cashflow from operating activities	**19.3**	48.5	**57.9**	125.3
Investing Activities				
Development and redevelopment expenditures	**(0.9)**	(1.3)	**(3.7)**	(4.6)
Capital expenditures	**(4.9)**	(5.9)	**(8.4)**	(8.6)
Dispositions of properties, net	**—**	27.2	**21.3**	29.0
Loans receivable	**(35.9)**	—	**(35.9)**	—
Marketable securities	**35.1**	—	**(30.0)**	—
Cashflow (used in) provided by investing activities	**(6.6)**	20.0	**(56.7)**	15.8
Financing Activities				
Commercial property debt amortization and repayments	**(2.2)**	(1.5)	**(20.2)**	(7.7)
Common share dividends paid	**(4.3)**	(4.3)	**(440.9)**	(4.3)
Preferred share dividends paid	**(2.5)**	(3.4)	**(8.2)**	(9.8)
Cashflow used in financing activities	**(9.0)**	(9.2)	**(469.3)**	(21.8)
Increase (decrease) in cash and cash equivalents	**3.7**	59.3	**(468.1)**	119.3
Cash and cash equivalents, beginning of period	**19.3**	726.7	**491.1**	666.7
Cash and cash equivalents, end of period	**$ 23.0**	$ 786.0	**$ 23.0**	$ 786.0

Notes to the Consolidated Interim Financial Statements

NOTE 1. SUMMARY OF ACCOUNTING POLICIES

Reference is made to the most recently-issued Annual Report of BPO Properties Ltd. (the "company") which includes information necessary or useful to understanding the company's businesses and financial statement presentation. In particular, the company's significant accounting policies and practices were presented as Note 1 to the Consolidated Financial Statements included in that Report, and have been consistently applied in the preparation of these interim financial statements, except for the changes in accounting policies described in Note 2. Financial information in this report reflects any adjustments (consisting only of normal recurring adjustments) that are, in the opinion of management, necessary to reflect a fair statement of results for the interim periods in accordance with Canadian generally accepted accounting principles.

The results reported in these consolidated interim financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. Certain prior period amounts have been restated or reclassified to conform to the current period's presentation.

NOTE 2. CHANGES IN ACCOUNTING POLICIES AND ESTIMATES

Effective January 1, 2004, the company adopted CICA Handbook section 1100, "Generally Accepted Accounting Principles." The section establishes standards for financial reporting in accordance with Canadian GAAP, and provides guidance on sources to consult when selecting accounting policies and determining appropriate disclosures when a matter is not dealt with explicitly in the primary sources of Canadian GAAP. In particular, this section requires the company to record income arising from tenant leases and depreciation on buildings on a straight-line basis. Adoption of this section resulted in recognition of additional straight-line rental revenue of $4.9 million, and additional depreciation of $7.3 million, before any tax effects during the nine months ended September 30, 2004 ($1.6 million of additional straight-line rental revenue and $2.5 million of additional depreciation during the three months ended September 30, 2004).

On January 1, 2004, in conjunction with the adoption of the new accounting standards under section 1100 which require straight-line depreciation, the company reassessed the useful lives of its commercial properties and determined that the useful life is sixty years. Accordingly, depreciation on commercial properties has been determined using this revised estimated useful life with the effect being accounted for as a change in estimate. For the three and nine months ended September 30, 2004, the change in estimate resulted in a reduction in depreciation expense of approximately $1.4 million and $4.3 million respectively, before any tax effects.

Effective January 1, 2004, the company adopted CICA Handbook section 3063, "Impairment of Long-Lived Assets." The section provides that an impairment loss be recognized when the carrying value of an asset exceeds the total undiscounted cash flows expected from its use and eventual disposition. The impairment recognized is measured as the amount by which the carrying value exceeds its fair value. The adoption of section 3063 did not have a significant impact on the company's consolidated interim financial statements.

Effective January 1, 2004, the company adopted CICA Handbook section 3110, "Asset Retirement Obligations." The section addresses the recognition and re-measurement of obligations associated with the retirement of a tangible long-lived asset. This standard provides that obligations associated with the retirement of tangible long-lived assets be recorded as liabilities when those obligations are incurred, with the amount of the liability initially measured at fair value. These obligations are capitalized to the book value of the related long-lived assets and are depreciated over the useful life of the related asset. The adoption of section 3110 did not have a significant impact on the company's consolidated interim financial statements.

Effective January 1, 2004, the company adopted Accounting Guideline 13, "Hedging Relationships," (AcG 13), a new accounting guideline issued by the CICA Handbook addressing identification, designation, documentation and effectiveness of hedging relationships for the purposes of applying hedge accounting. Under AcG 13, hedge designation of derivative financial instruments is only allowed if, both at the inception of the hedge and throughout the hedge period, the changes in the fair value or cash flows of the derivative instruments are expected to substantially offset the fair value or cash flows of the underlying asset, liability or anticipated transaction. Realized and unrealized gains and losses on derivative financial instruments designated as hedges of financial risks are included in income in the same period as when the underlying asset, liability or anticipated transaction affects income. The adoption of AcG 13 did not have a significant impact on the company's consolidated interim financial statements.

The company has adopted CICA Emerging Issue Committee Abstract 140, "Accounting for Operating Leases Acquired in Either an Asset Acquisition or Business Combination," (EIC 140), issued in September 2003. EIC 140 requires that when a company acquires real estate in either an asset acquisition or business combination, a portion of the purchase price should be allocated to the in-place leases to reflect the intangible amounts of leasing costs, above or below market leases and tenant relationship values, if any. These intangible costs are amortized over their respective lease terms. The adoption of EIC 140 did not have a significant impact on the company's consolidated interim financial statements.

NOTE 3. COMMERCIAL PROPERTIES

A breakdown of commercial properties is as follows:

(Millions)	**Sept. 30, 2004**	Dec. 31, 2003
Commercial properties	**$ 881.7**	$ 923.7
Development properties	**121.6**	116.0
Total	**$ 1,003.3**	$ 1,039.7

NOTE 4. MARKETABLE SECURITIES

Marketable securities are comprised of a portfolio of fixed-rate corporate bonds which are carried at amortized cost with a fair value which approximates their book value and an average yield of 2.5% and matures over the period of 2005 to 2007.

NOTE 5. LOANS RECEIVABLE

Loans receivable are comprised of the following:

(Millions)	**Sept. 30, 2004**	Dec. 31, 2003
Loans receivable	**$ 88.7**	$ 51.0
Accrued interest	**7.9**	5.4
Provisions	**(6.0)**	(6.0)
Total	**$ 90.6**	$ 50.4

NOTE 6. CASH AND CASH EQUIVALENTS

The company has no demand deposits as at September 30, 2004 (December 31, 2003 - $480.7 million) with its parent company, Brookfield Properties Corporation.

NOTE 7. COMMERCIAL PROPERTY DEBT

All of the commercial property mortgages are secured by individual properties without recourse to the company. Approximately 89% of the company's commercial property debt is due after 2006.

	Weighted Average	Principal Repayments						**Sept. 30**	Dec. 31
	Interest Rate at	Remainder					2009 &	**2004**	2003
(Millions)	**Sept. 30, 2004**	2004	2005	2006	2007	2008	Beyond	**Total**	Total
Commercial property debt	**7.1%**	$ 6.7	$ 52.2	$ 13.2	$ 44.3	$ 139.2	$ 407.0	**$ 662.6**	$ 703.5

NOTE 8. SHAREHOLDERS' EQUITY

Consolidated statement of changes in shareholders' equity are as follows:

	September 30, 2004				December 31, 2003			
(Millions)	**Preferred Shares**	**Common Shares**	**Retained Earnings**	**Total**	Preferred Shares	Common Shares	Retained Earnings	Total
Balance, beginning of period	**$ 381.7**	**$ 78.9**	**$ 793.4**	**$1,254.0**	$ 381.7	$ 78.9	$ 720.9	$ 1,181.5
Net Income	**—**	**—**	**47.5**	**47.5**	—	—	93.9	93.9
Common share dividends paid	**—**	**—**	**(440.9)**	**(440.9)**	—	—	(8.5)	(8.5)
Preferred share dividends paid	**—**	**—**	**(8.2)**	**(8.2)**	—	—	(12.9)	(12.9)
Balance, end of period	**$ 381.7**	**$ 78.9**	**$ 391.8**	**$ 852.4**	$ 381.7	$ 78.9	$ 793.4	$ 1,254.0

Common shares issued and outstanding at September 30, 2004 totaled 28.5 million (December 31, 2003 - 28.5 million) shares, which included 21.7 million (December 31, 2003 - 21.7 million) non-voting equity shares.

Net income per common share during the three and nine months is calculated as follows:

(Millions, except per share information)	Three months ended Sept. 30 **2004**	2003	Nine months ended Sept. 30 **2004**	2003
Net income	**$ 14.1**	$ 24.9	**$ 47.5**	$ 66.4
Preferred share dividends	**(2.5)**	(3.4)	**(8.2)**	(9.8)
Net income available for common shareholders	**$ 11.6**	$ 21.5	**$ 39.3**	$ 56.6
Weighted average common shares outstanding	**28.5**	28.5	**28.5**	28.5
Net income per share	**$ 0.41**	$ 0.77	**$ 1.38**	$ 1.99

Authorized share capital consists of 300,000 senior preferred shares, unlimited priority preferred shares, unlimited preferred shares issuable in series, unlimited common shares and unlimited non-voting equity shares. No senior preferred shares or priority preferred shares were issued and outstanding. Details of the preferred shares issued by the company are as follows:

(Millions except share information)		Shares Outstanding	Cumulative Dividend Rate	**Sept. 30, 2004**	Dec. 31, 2003
Series G	(a)	1,805,489	70% of bank prime	**$ 45.1**	$ 45.1
Series J	(b)	3,816,527	70% of bank prime	**95.4**	95.4
Series K	(c)	300	30-day BA + 0.4%	**150.0**	150.0
Series M	(b)	2,847,711	70% of bank prime	**71.2**	71.2
Series N	(d)	800,000	30-day BA + 0.4%	**20.0**	20.0
Total				**$ 381.7**	$ 381.7

(a) Series G preferred shares are entitled to cumulative dividends at an annual rate equal to 70% of the average bank prime rate. The company may, at its option, redeem the shares at a price of $25 per share plus arrears on any accrued and unpaid dividends.

(b) Series J and M preferred shares are entitled to cumulative dividends at an annual rate equal to 70% of the average bank prime rate for the previous quarter. The company may, at its option, redeem the shares at a price of $25 per share plus arrears on any accrued and unpaid dividends.

(c) Series K preferred shares are entitled to cumulative dividends at the 30 day bankers' acceptance rate plus 0.4%. The company may, at its option, redeem the shares at a price of $500,000 per share plus an amount equal to all accrued and unpaid dividends.

(d) Series N preferred shares are entitled to cumulative dividends at the 30 day bankers' acceptance rate plus 0.4%. The company may, at its option, redeem the shares at $25 per share plus arrears on any accrued and unpaid dividends.

NOTE 9. GUARANTEES

In the normal course of operations, the company and its consolidated subsidiaries execute agreements that provide for indemnification and guarantees to third parties in transactions such as dispositions and acquisitions of assets. In particular, the company provided income guarantees to the co-owners in connection with the sale of certain properties. These guarantees are based on a specified level of contractual occupancy until July 2007 and a specified rate of return until July 2005. Based on estimated levels of contractual occupancy and rate of return, the company has provided for potential payments of $3 million at the time of sale.

The company has also agreed to indemnify its directors and certain of its officers and employees. The nature of substantially all of the indemnification undertakings prevent the company from making a reasonable estimate of the maximum potential amount that could be required to pay third parties, as the agreements do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, neither the company nor its consolidated subsidiaries have made significant payments nor do they expect to make any significant payments under such indemnification agreements.

NOTE 10. OTHER INFORMATION

Cash taxes totaled $0.3 million and $1.7 million during the three and nine months ended September 30, 2004, respectively (2003 - $0.7 million and $2.0 million). Cash interest totaled $8.3 million and $33.1 million during the three and nine months ended September 30, 2004, respectively (2003 - $7.3 million and $32.1 million).

NOTE 11. SEGMENTED INFORMATION

During 2003, the company completed its strategy of exiting the retail market. As a result, commencing in 2004, the company has only one business segment.

PROPERTIES PORTFOLIO

September 30, 2004	% Leased	Major Tenants	Net Rentable Area (000's Sq. Ft.)	Percentage Owned
Toronto, Ontario				
Exchange Tower and TSE Pavilion	97.9%	Toronto Stock Exchange, WeirFoulds LLP, Department of Justice, Altamira Investment Services/National Bank of Canada	1,029	50%
Atrium on Bay	87.1%	CIBC, Alcohol and Gaming Commission	1,051	50%
Queen's Quay Terminal	89.3%	Labatt Brewing Co., CIT Financial, Noranda	504	100%
HSBC Building	100.0%	HSBC, SEI Investments Canada	194	100%
105 Adelaide Street West	83.2%	Lombard Insurance	184	100%
20-22 Front Street West	99.2%	CIBC	144	100%
Bay-Adelaide Centre (1)	—		1,266	50%
Hudson's Bay Centre (2)	—		797	25%
Calgary, Alberta				
Bankers Hall	97.9%	Canadian Natural Resources, EnCana Corporation, Talisman Energy, CIBC, Bennett Jones, RBC Financial Group	2,173	50%
Petro-Canada Centre	97.8%	Petro-Canada, Precision Drilling, Bell West	1,732	50%
Fifth Avenue Place	99.6%	Imperial Oil, Anadarko Canada, Enbridge, Westcoast Energy	1,475	50%
Vancouver, B.C.				
Royal Centre	89.1%	RBC Financial, Lang Michener Westcoast Energy, Bull Housser	595	100%
Parking and other			2,319	54%
Total commercial properties	95.6%		13,463	55%
Less: Proportionate share owned by others			(6,024)	
BPO's net effective ownership interest			**7,439**	

(1) *Development site.*
(2) *Property under redevelopment.*

Shareholder Information

STOCK EXCHANGE LISTINGS

	Symbol	Stock Exchange
Common Shares	BPP	Toronto
Preferred Shares		
Series G	BPP.PR.G	Toronto
Series J	BPP.PR.J	Toronto
Series K	Not Listed	—
Series M	BPP.PR.M	Toronto
Series N	Not Listed	—

DIVIDEND RECORD AND PAYMENT DATES*

	Record Date	Payment Date
Common Shares	First day of March, June, September and December	Last day of March, June, September and December
Preferred Shares		
Series G, J	Last business day of January, April, July and October	Fourteenth day of February, May, August and November
Series K	First business day preceding payment date	The day after the third Wednesday of every month
Series M	Last business day of January, April, July and October	Fourteenth day of February, May, August and November
Series N	Nine business days preceding payment date	The day after the third Wednesday of every month

**All dividends are subject to declaration by the company's Board of Directors.*

COMMON SHARE DIVIDEND HISTORY

	2003	2004
March 31	—	0.15[2]
June 30	—	0.15
September 30	0.15[1]	0.15
December 31	0.15	0.15

(1) *Effective September 2003, the Board of Directors instituted a quarterly common share dividend.*

(2) *Excludes the special common share dividend of $15 per share.*

Corporate Information

CORPORATE PROFILE

BPO Properties Ltd. is a Canadian real estate investment company focussed on the ownership and value enhancement of premier office properties. The current portfolio is comprised of interests in 16 commercial properties and development sites totalling 13.5 million square feet. The company's objective is to realize superior financial returns for shareholders by enhancing the value of its real estate assets and by making opportunistic investments in new assets. BPO Properties' common shares trade on the TSX under the symbol BPP. Further information about the company can be found on the Web site at bpoproperties.com..

SHAREHOLDER INQUIRIES

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

BPO Properties Ltd.
BCE Place, 181 Bay Street
Suite 330, P.O. Box 770
Toronto, Ontario M5J 2T3
Tel: (416) 359-8555
Fax: (416) 359-8596
www.bpoproperties.com

Shareholder questions relating to shares, preferred shares, dividends, address changes and share certificates should be directed to the company's Transfer Agent:

CIBC Mellon Trust Company

By mail:	P.O. Box 7010 Adelaide Street Postal Station Toronto, Ontario, M5C 2W9
By courier:	199 Bay Street Commerce Court West Securities Level Toronto, Ontario, M5L 1G9 Attention: Courier Window
Tel:	(800) 387-0825; (416) 643-5500
Fax:	(416) 643-5501
Web site:	www.cibcmellon.com
E-mail:	inquiries@cibcmellon.com

COMMUNICATIONS

We strive to keep our shareholders updated on our progress through a comprehensive annual report, quarterly interim reports and periodic press releases.

BPO Properties maintains a Web site, www.bpoproperties.com, which provides access to our published reports, press releases, statutory filings and stock and dividend information as well as summary information on the company.

www.bpoproperties.com