



MANAGEMENT PROXY CIRCULAR

This Management Proxy Circular ("Circular") is furnished in connection with the solicitation of proxies by management of BPO Properties Ltd. ("BPO Properties" or the "Corporation") to be used at the Annual Meeting of Shareholders (the "Meeting") of BPO Properties called for May 2, 2002 at the time and place and for the purposes set forth in the Notice of Annual Meeting of Shareholders (the "Notice of Meeting") accompanying this Circular and at all adjournments of the Meeting.

The information given in this Circular, unless otherwise stated, is as at March 4, 2002.

AVAILABILITY OF DISCLOSURE DOCUMENTS

The Corporation will provide to any person or company, upon request to the Corporate Secretary at its executive office, a copy of:

- (i) its latest Annual Information Form together with one copy of any document, or pertinent pages of any document, incorporated therein by reference, filed with the Ontario Securities Commission;
- (ii) its Comparative Financial Statements filed under the Securities Act (Ontario) for the year ended December 31, 2001, together with the report of its Auditor thereon and Management's Discussion and Analysis of Financial Condition and Results of Operations, all contained in its 2001 Annual Report and the interim financial statements of the Corporation for periods subsequent to the end of the Corporation's last fiscal year; or
- (iii) this Circular.

SOLICITATION OF PROXIES

The solicitation of proxies by the Corporation will be primarily by mail but proxies may be solicited by other means of delivery or in person or by telephone by regular employees of the Corporation or its subsidiaries, or by CIBC Mellon Trust Company, its transfer agent. The solicitation of proxies from non-registered shareholders will be carried out by intermediaries, or by the Corporation or its subsidiaries or its transfer agent if the names and addresses of non-registered shareholders are provided by such intermediaries (see "Non-Registered Holders"). **The solicitation of proxies by this Circular is being made by or on behalf of management of the Corporation.** The total cost of the solicitation will be borne by the Corporation.

APPOINTMENT OF PROXY

The persons named in the enclosed Form of Proxy are Directors and Officers of the Corporation. **A shareholder desiring to appoint some other person (who need not be a shareholder, Director or an Officer) to represent the shareholder at the Meeting may do so by inserting such person's name in the blank space provided in the Form of Proxy.** The shareholder may direct that the shareholder's shares be voted for, or against, or be withheld from voting on matters specified in the proxy, by marking the Form of Proxy as appropriate.

To be valid, a proxy must be executed legibly by a registered shareholder, as registered. A proxy executed by a registered shareholder which is a corporation must be properly executed. Evidence of authority to sign on behalf of a corporate shareholder, satisfactory to the Corporation, may be filed with such proxy or may be requested by the Corporation or by CIBC Mellon Trust Company, prior to accepting such proxy for use at the Meeting. Properly executed Forms of Proxy must be deposited no later than 48 hours preceding the Meeting or any adjournments thereof, with CIBC Mellon Trust Company, P.O. Box 12005, Stn BRM B,

Toronto, Ontario M7Y 2K5, or, if delivered by hand, to 200 Queen's Quay East, Unit 6, Toronto, Ontario, M5A 4K9, Attention: Proxy Department, or, if delivered by facsimile, at (416) 368-2502.

NON-REGISTERED HOLDERS

Only registered holders of common shares of the Corporation, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, common shares of the Corporation beneficially owned by a holder (a "Non-Registered Holder") are registered either:

- (A) in the name of an intermediary (an "Intermediary") that the Non-Registered Holder deals with in respect of the shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRFs, RESPs and similar plans; or
- (B) in the name of a clearing agency (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with the requirements of National Policy Statement No. 41 of the Canadian Securities Administrators, the Corporation has distributed copies of the Notice of Meeting, this Circular, the Form of Proxy, the 2001 Annual Report (which includes the audited annual financial statements and management's discussion and analysis) (collectively, the "Meeting Materials") to the clearing agencies and Intermediaries for onward distribution to Non-Registered Holders.

Intermediaries are required to forward Meeting Materials to Non-Registered Holders unless a Non-Registered Holder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the Meeting Materials to Non-Registered Holders. Generally, Non-Registered Holders who have not waived the right to receive Meeting Materials will either:

- (A) be given a proxy which has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Non-Registered Holder but which is otherwise uncompleted. This Form of Proxy need not be signed by the Non-Registered Holder. In this case, the Non-Registered Holder who wishes to submit a proxy should otherwise properly complete the Form of Proxy and deposit it with CIBC Mellon Trust Company as described above; or
- (B) more typically, be given a voting instruction form which must be completed and signed by the Non-Registered Holder in accordance with the directions on the voting instruction form (which may in some cases permit the completion of the voting instruction form by telephone).

The purpose of these procedures is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. Should a Non-Registered Holder who receives either a Form of Proxy, a proxy or a voting instruction form wish to attend and vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons named in the proxy and insert the Non-Registered Holder's (or such other person's) name in the blank space provided or, in the case of a voting instruction form, follow the corresponding directions on the form. **In either case, Non-Registered Holders should carefully follow the instructions of their Intermediaries, including those regarding when and where the proxy or the proxy authorization form is to be delivered, and their service companies.**

RIGHT OF REVOCATION

A registered shareholder who has given a proxy may revoke the proxy: (a) by completing and signing a proxy bearing a later date and depositing it with CIBC Mellon Trust Company as described above; (b) under section 148(4) of the *Canada Business Corporations Act* (the "CBCA") by delivering an instrument in writing properly executed by such shareholder or by his attorney authorized in writing (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting at which the proxy is to be used or any adjournments thereof, or (ii) with the Chairman of the Meeting prior to the commencement of the Meeting on the day of the Meeting or any adjournments thereof; or (c) in any other manner permitted by law.

A Non-Registered Holder may revoke a voting instruction form or a waiver of the right to receive documents and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive documents and to vote that is not received by the Intermediary at least seven days prior to the Meeting.

VOTING OF PROXIES

The management representatives designated in the enclosed Form of Proxy will vote or withhold from voting the shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions of the shareholder as indicated on the proxy and, if the shareholder specifies a choice with respect to any matter to be acted upon, the shares will be voted accordingly. **In the absence of such direction, such shares will be voted by the management representatives: (i) for the election as Directors of the proposed nominees identified in this Circular; and (ii) for the appointment of auditor, as indicated under those headings in this Circular.**

Proxies in favour of management confer discretionary authority upon the management representatives in the Form of Proxy with respect to amendments to matters identified in the Notice of Meeting or other matters that may properly come before the Meeting and will be voted in accordance with the best judgment of the person voting the proxy. Management knows of no such amendments or other matters to come before the Meeting.

BENEFICIAL OWNER OF COMMON SHARES

Brookfield Properties Corporation ("Brookfield") has advised the Corporation that it owns, beneficially, 3,197,348 common shares of the Corporation, through a wholly-owned subsidiary, representing approximately 47% of the common shares outstanding. To the knowledge of the Directors and Officers of the Corporation, no other person beneficially owns, directly or indirectly, or exercises control or direction over common shares carrying more than 10% of the votes attached to such common shares. The registered and executive office address of Brookfield is Suite 4440, 181 Bay Street, Toronto, Ontario M5J 2T3. Messrs. J.B. Flatt and R.J. Harding, directors of the Corporation, are also directors of Brookfield.

Brookfield has advised the Corporation that Brascan Corporation ("Brascan") directly and indirectly owned 78,088,013 common shares of Brookfield and 6,126,957 Class A Redeemable Voting preferred shares of Brookfield, representing 48.3% and 97.1%, respectively, of the outstanding shares of each such class. Messrs. J.B. Flatt and R.J. Harding, directors of the Corporation, are also directors of Brascan.

Brascan has advised the Corporation that Brascan's major shareholder is EdperPartners Limited ("EdperPartners"). EdperPartners and its shareholders collectively own, directly and indirectly, exercise control over, or have options to acquire 85,120 Class B Limited Voting Shares representing all of the Class B Limited Voting Shares of Brascan, and approximately 27.1 million Class A Limited Voting Shares representing 15% of the Class A Limited Voting Shares of Brascan on a fully diluted basis. Messrs. D.D. Arthur, J.B. Flatt and R.J. Harding, who are directors of the Corporation, are also shareholders of EdperPartners. EdperPartners is an investment holding company owned by 37 investors, with no one shareholder holding more than a 15% effective interest.

RECORD DATE AND SHARES ENTITLED TO BE VOTED

The Corporation has outstanding 6,867,566 common shares. Subject to the right to cumulate votes attached to common shares in the election of Directors, and to the CBCA, holders of the outstanding common shares included on the list of registered shareholders as at the close of business on March 21, 2002, the record date for the Meeting and voting in respect of the Meeting, will be entitled to one vote for each common share held by them.

To the extent that holders of common shares transfer ownership of any of their shares after March 21, 2002 and the transferees produce properly endorsed share certificates or otherwise establish that they own the shares and demand, before the commencement of the Meeting, that they be included on the list of shareholders entitled to vote, the transferees will be entitled to vote such transferred shares at the Meeting.

APPROVAL OF MATTERS AT MEETING

The Chairman of the Meeting may conduct the vote on any matter by a show of hands of shareholders and proxyholders present at the Meeting and entitled to vote thereat unless a ballot is demanded by a shareholder present at the Meeting or by a proxyholder entitled to vote at the Meeting or unless the Chairman declares that proxies representing not less than 5% of the shares entitled to be voted at the Meeting would be voted against what would otherwise be the decision of the Meeting on such matter.

Proxies in favour of management will be voted on any ballot that may be called for and where instructions are given with respect to a particular matter to be acted upon, such proxies will be voted in accordance with such instructions. **If no instructions are given with respect to the particular matters to be acted upon, such proxies will be voted in favour of the matters listed on the proxy.** The election of Directors by holders of common shares is by cumulative voting as described below. See "Matters for Consideration at Meeting" for the percentage of the votes cast required to carry other matters to be voted upon at the Meeting.

Under cumulative voting, each holder of common shares entitled to vote at an election of Directors has a right to cast a number of votes equal to the number of votes attached to the common shares held by such shareholder, multiplied by the number of Directors to be elected by the holders of common shares (seven Directors), and such shareholder may cast all such votes in favour of one candidate or distribute them among the candidates in any manner. The enclosed Form of Proxy provides for the shares represented thereby to be voted either for the election of the Directors or withheld from voting for the Directors. A shareholder that indicates that his shares are to be voted for the election of Directors (or who does not provide instructions with respect to the election of Directors) will have his votes distributed equally among all of the nominees described in this Circular unless additional nominees for election are nominated from the floor at the Meeting so that the total number of nominees exceed the number of Directors to be elected at the Meeting. **In this case, the cumulative voting rights attached to proxies in favour of management will be voted (in the absence of specific instructions from the shareholder) in accordance with the best judgement of the person voting the proxy in such a manner as to maximize the number of unrelated Directors elected at the Meeting.** Management is not aware of any intention of any person to nominate additional persons as Directors. If a shareholder desires to distribute votes otherwise than as described herein, such shareholder must do so personally at the Meeting, or by another Form of Proxy.

On any ballot that may be called for the election of Directors by the holders of common shares, the persons named in the enclosed Form of Proxy intend to cast the votes to which the shares represented by such proxy are entitled equally among all the proposed nominees whose names are set forth in the first table under "Election of Directors" below, except those, if any, excluded by the shareholder in the proxy, or unless the shareholder who has given such proxy has directed that the shares be withheld from voting in the election of Directors.

MATTERS FOR CONSIDERATION AT MEETING

APPOINTMENT OF AUDITOR

Management proposes that Deloitte & Touche LLP ("Deloitte & Touche"), Chartered Accountants of Toronto, Ontario, be re-appointed as auditor of the Corporation and that the Directors be authorized to fix the remuneration of the auditor. Deloitte & Touche have served as auditor of BPO Properties since 1996. The resolution to appoint Deloitte & Touche as auditor must be passed by a simple majority of the votes cast either in person or by proxy. For the fiscal year ended December 31, 2001, the Corporation paid Deloitte & Touche \$347,000: \$87,500 relating to the audit of the Corporation's consolidated financial statements, and \$259,500 relating to the audits of certain individual assets to support tenant, lender and joint venture agreements.

ELECTION OF DIRECTORS

The Corporation's articles provide that the Board of Directors be comprised of seven directors, all of whom will be elected at the Meeting. Of the current directors Mr. J. Bruce Flatt is not standing for re-election as Director. The persons listed in the table below are the nominees proposed by the Board of Directors for election by holders of common shares as Directors of the Corporation to hold office until the next annual meeting of shareholders of the Corporation or until their successors are elected or appointed. The election of directors is conducted by cumulative voting as described above under "Approval of Matters at Meeting".

Management does not contemplate that any of the proposed nominees will be unable to serve as a director

but, if that should occur for any reason before the Meeting, the management representatives designated in the enclosed Form of Proxy reserve the right to vote for another nominee at their discretion.

The table below lists the nominees for Director, together with their principal occupations, their dates of first election as Directors and the number of common shares beneficially owned, directly or indirectly, or over which control or direction is exercised by such nominees.

Name and Municipality of Residence	Office and Principal Occupation	Year First Elected A Director	Common Shares
1. David D. Arthur Toronto, Ontario	President and Chief Executive Officer, BPO Properties Ltd.	1998	None
2. Richard B. Clark ⁽¹⁾ New York, New York	President and Chief Executive Officer, Brookfield Properties Corporation	Director-elect	None
3. The Hon. William G. Davis ⁽²⁾ Brampton, Ontario	Counsel, Torys LLP	1998	None
4. Robert J. Harding ⁽²⁾ Toronto, Ontario	Chairman of the Board, BPO Properties Ltd. and Chairman, Brascan Corporation (property, financial and power company)	1999	None
5. C. Kent Jespersen ⁽³⁾ Calgary, Alberta	Chairman and Chief Executive Officer, La Jolla Resources International Ltd., (international business advisory and investment company)	2000	None
6. Robert J. McGavin ⁽³⁾ Aurora, Ontario	Corporate Director	1999	None
7. Michael F. B. Nesbitt ⁽²⁾ Winnipeg, Manitoba	Chairman, Montrose Mortgage Corporation Ltd. (investment company)	2000	None

Notes:

(1) *Richard Clark has held the position of President and Chief Executive Officer of Brookfield since February 2002, prior to which he held various senior positions within Brookfield including President and Chief Executive Officer, US Commercial Operations during 2000 and 2001, and Executive Vice President from 1996 to 2000.*

(2) *Member of Nominating and Governance Committee.*

(3) *Member of Audit Committee.*

DIRECTORS' COMPENSATION

The board of directors currently consists of seven members. Each director receives a retainer of \$15,000 per annum and a fee of \$1,000 per board or committee meeting attended. A committee chairman receives an additional \$5,000 per annum to reflect the substantial commitment of time and experience. In 2001, the directors of the Corporation received an aggregate of \$138,500 in retainer and attendance fees.

EXECUTIVE COMPENSATION

No cash compensation was paid or is payable by the Corporation or its subsidiaries to executive officers of the Corporation in their capacities as such during or in respect of the financial year ended December 31, 2001. Effective January 1, 2001, the employment arrangements of all employees, including executive officers, were replaced pursuant to the terms of a Management Services Agreement whereby Brookfield provides management and administrative services to the Corporation. See "Management Arrangements" on page 6.

MANAGEMENT ARRANGEMENTS

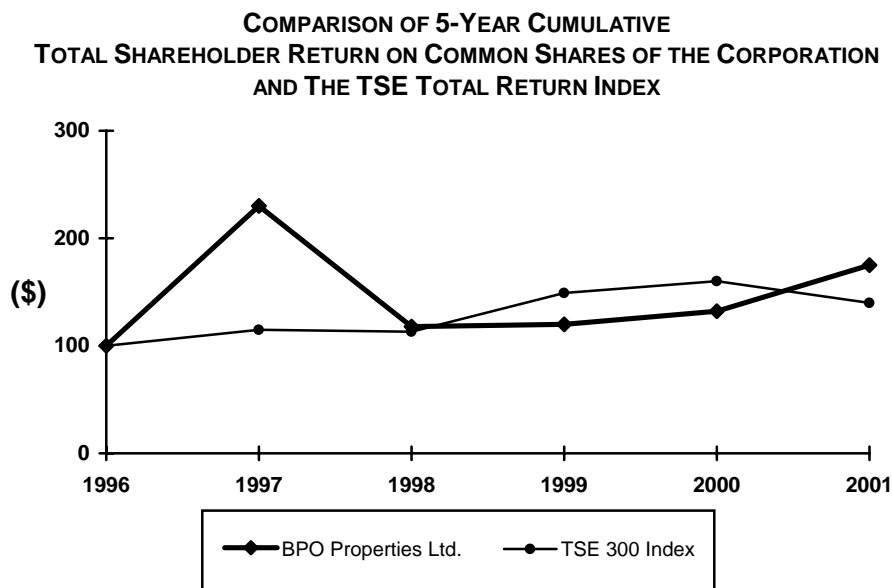
The Corporation is a party to a Management Services Agreement made as of January 1, 2001 with Brookfield, the principal shareholder of the Corporation, under which Brookfield provides day-to-day management and administrative services to the Corporation including management resources, human resources, computer services and legal and development services. The independent members of the Board of Directors reviewed and approved this Management Services Agreement. The annual fee for these services is \$4.6 million and has resulted in a net savings when compared to the Corporation's prior administrative expenses.

INDEBTEDNESS OF DIRECTORS, EXECUTIVE OFFICERS AND SENIOR OFFICERS OF THE CORPORATION

As at March 4, 2002, no officer, director, employee or former officer, director or employee of the Corporation, or any associate of any such person, is or has been indebted to the Corporation at any time since January 1, 2001, with the exception of Mauro Pambianchi, a former senior officer of the Corporation. An employment related loan in the amount of \$100,000 was granted to Mr. Pambianchi on an interest free basis for a term of five years, with the outstanding principal to be forgiven at a rate of \$10,000 per annum. The outstanding balance of the loan was settled in 2001.

SHAREHOLDERS' RETURN PERFORMANCE GRAPH

The chart below compares the yearly change in the Corporation's cumulative total shareholders' return on the Corporation's common shares against the cumulative total shareholders' return of the TSE 300 Total Return Index for the five years commencing December 31, 1996 and ending December 31, 2001 (the "Index Return"). The chart is based on the assumption that \$100 was invested in the Corporation's common shares and in the TSE 300 Total Return Index on December 31, 1996 and that dividends were reinvested.



BPO Properties Ltd.	1996	1997	1998	1999	2000	2001
BPO Properties Common Shares	100	230	118	120	132	175
TSE 300 Index	100	115	113	149	160	140

INTERESTS OF INSIDERS IN MATERIAL TRANSACTIONS

The Corporation has retained the services of Brookfield for the property management of some of its office and retail properties under contracts based on the fair market value of the services provided by Brookfield. The fees paid in connection with these services totalled \$8.3 million in 2001.

The Corporation had a demand deposit of \$125 million with a subsidiary of Brookfield's principal shareholder as at December 31, 2001, which earns interest at prime. The Corporation also had a demand deposit of up to \$350 million with Brookfield as at December 31, 2001, which earns interest at prime.

CORPORATE GOVERNANCE PRACTICES

The Corporation recognizes that sound corporate governance practices promote and protect the interests of BPO Properties' shareholders while enhancing the environment in which BPO Properties carries on its business activities. The following describes BPO Properties' current corporate governance practices as approved by the Board of Directors.

The Corporation's Board of Directors oversees the management of the Corporation's business and affairs. The Board supervises management's activities and monitors its performance. All major decisions of the Corporation are approved by the Board. Two committees have been constituted by the Board with prescribed mandates described below. The main functions of the Board are to: approve the Corporation's business plan and oversee its implementation; approve all major investment and asset management decisions of the Corporation; monitor the Corporation's governance practices and implement necessary changes; ensure that the business risks of the Corporation are properly identified and managed; ensure that an adequate system of internal controls exists to safeguard the assets of the Corporation and support comprehensive financial reporting; establish and monitor the Corporation's Code of Conduct; monitor performance objectives and undertake succession planning for senior management; and oversee corporate communications including the review and approval of communications with shareholders through quarterly and annual financial statements and the annual report.

The Board's expectations of management are established as part of the Corporation's annual strategic planning process and are measured as part of that process and again in connection with more specific performance appraisals.

The Board meets at least once in each quarter, with additional meetings when appropriate. The Board and committees are entitled to meet without management at their discretion and are entitled to engage outside advisers in circumstances they consider appropriate.

Communications from shareholders and other interested parties are directed to an investor relations representative who responds with the guidance of senior management. The Corporation also maintains a web site providing access to information on the Corporation.

BOARD COMPOSITION

The Board is currently composed of seven Directors, the majority of which are unrelated Directors. The President and Chief Executive Officer is an inside Director of the Corporation. On the current Board, the six non-management "outside Directors" reflect the interests of the Corporation's shareholders. Two outside Directors, including the Corporation's non-executive Chairman, are unrelated to the Corporation but have relationships with Brookfield, owner of approximately 47% of the Corporation's common shares. Four outside Directors are unrelated and independent of any interests or relationships with Brookfield. The Board believes that this composition reflects an appropriate and effective balance of interests between the major shareholder and other shareholders. All Directors are elected to exercise independent judgement on all issues concerning the Corporation.

BOARD COMMITTEES

The Corporation has constituted two committees with prescribed mandates summarized below.

The Nominating and Governance Committee is responsible for the identification and selection of prospective Directors and matters relating generally to corporate governance. In addition, the Committee is mandated to

consider and make recommendations to the Board in relation to Board effectiveness, the size of the Board and the level of Directors' fees. The Corporation provides new Directors with background materials for orientation. Matters with potential conflicts of interest are reviewed and approved by independent Directors. The Nominating and Governance Committee is composed of three persons, two of whom are outside Directors independent of Brookfield and one who is not. During 2001, the Committee members were The Honourable William G. Davis, Robert J. Harding and Michael F.B. Nesbitt.

The Audit Committee is mandated to monitor the Corporation's financial reporting and internal controls and is composed of three persons, two of whom are outside Directors independent of Brookfield and one of whom is not. The Committee may, at its discretion, engage in direct communications with the Corporation's Chief Financial Officer and external auditors. During 2001, the Committee members were J. Bruce Flatt, C. Kent Jespersen and Robert J. McGavin.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During 2001, a Directors' and Officers' liability insurance policy in favour of Directors and Officers of the Corporation and subsidiaries was in place. The policy provides for a limit of liability of \$50 million per loss and per policy year. The policy was purchased for an annual premium of \$87,500.

SHAREHOLDER PROPOSALS FOR NEXT YEAR'S ANNUAL MEETING

The CBCA permits certain eligible shareholders of the Corporation to submit shareholder proposals to the Corporation, which proposals may be included in a management proxy circular relating to an annual meeting of shareholders. The final date by which the Corporation must receive shareholder proposals for the annual meeting of shareholders of the Corporation to be held in 2003 is December 4, 2002.

APPROVAL BY BOARD OF DIRECTORS

The Board of Directors of the Corporation has approved the contents and the sending of this Management Proxy Circular to the shareholders.

By order of the Board of Directors,

Michael Zessner
General Counsel and Corporate Secretary
Toronto, Ontario
March 4, 2002

