



BPO PROPERTIES LTD.

(incorporated under the laws of Canada)

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Annual Meeting of Shareholders of **BPO Properties Ltd.** (the "Corporation") will be held on Wednesday, May 19, 2004 at the Hockey Hall of Fame, BCE Place, 30 Yonge Street, Toronto Ontario at 1:30 p.m. (E.S.T.) for the following purposes:

1. to receive the annual report to shareholders, including the consolidated financial statements of the Corporation for the fiscal year ended December 31, 2003, together with the report of the auditors thereon;
2. to elect directors for the ensuing year;
3. to appoint auditors and to authorize the directors to fix the remuneration to be paid to the auditors; and
4. to transact such other business as may properly come before the meeting or any adjournment thereof.

The attached management proxy circular provides additional information relating to the matters to be dealt with at the meeting and is incorporated into and forms part of this Notice.

If you are unable to be present at the meeting, please exercise your right to vote by signing and returning the enclosed form of proxy in the envelope provided for that purpose to CIBC Mellon Trust Company, P.O. Box 12005, Station BRM B, Toronto, Ontario M7Y 2K5 (courier address: 200 Queens Quay East, Unit 6, Toronto, Ontario M5A 4K9; or if delivered by facsimile at 416-368-2502), so as to arrive not later than the close of business on Monday, May 17, 2004 or, if the meeting is adjourned, 48 hours (excluding Saturdays and holidays) before any adjournment of the meeting.

By Order of the Board of Directors

Toronto, Canada
April 14, 2004

Craig J. Laurie
Senior Vice President and
Chief Financial Officer

MANAGEMENT PROXY CIRCULAR

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MANAGEMENT PROXY CIRCULAR

PART ONE – VOTING INFORMATION

SOLICITATION OF PROXIES

The information contained in this Management Proxy Circular (the “Circular”) is furnished in connection with the solicitation of proxies to be used at the Annual Meeting of Shareholders of BPO Properties Ltd. (the “Corporation” or “BPO Properties”) to be held on Wednesday, May 19, 2004 at 1:30 p.m. (E.S.T.) at the Hockey Hall of Fame, BCE Place, 30 Yonge Street, Toronto, Ontario and at any adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting. All amounts in the Circular are expressed in Canadian dollars unless otherwise noted. It is expected that the solicitation will be made primarily by mail, but proxies may also be solicited personally by officers or regular employees of the Corporation. **The solicitation of proxies by this Circular is being made by or on behalf of the management of the Corporation** and the total cost of solicitation will be borne by the Corporation. The information contained herein is given as at April 14, 2004.

APPOINTMENT OF PROXIES

The persons named in the accompanying form of proxy are representatives of management and are directors and officers of the Corporation. **Each shareholder has the right to appoint a person other than the persons named in the enclosed form of proxy, who need not be a shareholder of the Corporation, to represent the shareholder at the meeting or any adjournment thereof.** Such right may be exercised by inserting such person’s name in the blank space provided in the form of proxy.

To be valid, proxies must be executed legibly by a registered shareholder and deposited with CIBC Mellon Trust Company, P.O. Box 12005, Station BRM B, Toronto, Ontario M7Y 2K5 (courier address: 200 Queens Quay East, Unit 6, Toronto, Ontario M5A 4K9; or if delivered by facsimile at 416-368-2502), not later than the close of business on Monday, May 17, 2004 or, if the meeting is adjourned, 48 hours (excluding Saturdays and holidays) before any adjournment of the meeting.

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, RRIFs, RESPs and similar plans; or
- b) in the name of a depository (such as The Canadian Depository for Securities Limited) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101, the Corporation has distributed copies of the accompanying Notice, this Circular, the enclosed form of proxy and the Corporation’s 2003 annual report (which includes management’s discussion and analysis and consolidated financial statements for the fiscal year ended December 31, 2003) (collectively, the “meeting materials”) to the depository and Intermediaries for onward distribution to Non-Registered Holders.

Non-Registered Holders who have not waived the right to receive meeting materials will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Holders to direct the voting of the shares they beneficially own. Non-Registered Holders should follow the procedures set out below, depending on which type of form they receive.

- a) **Voting Instruction Form.** In most cases, a Non-Registered Holder will receive, as part of the meeting materials, a voting instruction form. If the Non-Registered Holder does not wish to attend and vote at the meeting in person (or have another person attend and vote on their behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. Voting instruction forms in some cases permit the completion of the voting instruction form by telephone or through the Internet. If a Non-Registered Holder wishes to attend and vote at the meeting in person (or have another person attend and vote on their behalf), the Non-Registered Holder must complete, sign and return the voting instruction form in accordance with the directions provided and a form of proxy giving the right to attend and vote will be forwarded to the Non-Registered Holder.
- b) **Form of Proxy.** Less frequently, a Non-Registered Holder will receive, as part of the meeting materials, a form of proxy that 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 not complete. If the Non-Registered Holder does not wish to attend and vote at the meeting in person (or have another person attend and vote on

their behalf), the Non-Registered Holder must complete the form of proxy and deposit it with the Secretary of the Corporation c/o CIBC Mellon Trust Company, PO Box 12005, Station BRM B, Toronto, Ontario M7Y 2K5 (courier address Attention: Proxy Department, 200 Queens Quay East, Unit 6, Toronto, Ontario M5A 4K9, or if delivered by facsimile at 416-368-2502); as described above. If a Non-Registered Holder wishes to attend and vote at the meeting in person (or have another person attend and vote on their behalf), the Non-Registered Holder must 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.

Non-Registered Holders should follow the instructions on the forms they receive and contact their Intermediaries promptly if they need assistance.

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 as described above; (b) by depositing an instrument in writing executed by the shareholder or by the shareholder's 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 adjournment thereof; or (ii) with the chairman of the meeting prior to the commencement of the meeting on the day of the meeting or any adjournment 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 meeting materials 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 materials and to vote that is not received by the Intermediary at least seven days prior to the meeting.

VOTING OF SHARES REPRESENTED BY MANAGEMENT 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 direction 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.

The enclosed form of proxy confers discretionary authority upon the management representatives designated therein with respect to amendments to or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the meeting. At the date hereof, the management of the Corporation knows of no such amendments, variations or other matters.

VOTING SHARES

As at April 14, 2004, the Corporation had outstanding 6,873,951 common shares. Each holder of common shares of record at the close of business on April 16, 2004, the record date established for the Notice of Meeting and for voting in respect to the Meeting, will be entitled to one vote in respect of each such share held by the shareholder on all matters to come before the meeting. For a description of the procedures to be followed by Non-Registered Holders to direct the voting of shares beneficially owned, see "Non-Registered Holders" on page 1 of this Circular.

PRINCIPAL HOLDERS OF VOTING SHARES

To the knowledge of the directors and officers of the Corporation, the only person or corporation beneficially owning, directly or indirectly, or exercising control or direction over, voting securities of the Corporation carrying more than 10% of the votes attached to any class of outstanding voting securities of the Corporation is Brookfield Properties Corporation ("Brookfield"), which has advised the Corporation that it owns, beneficially, 3,733,655 common shares and 21,678,532 non-voting equity shares of the Corporation, through a wholly-owned subsidiary, representing approximately 54.3% of the common shares outstanding and 100% of the non-voting equity shares, representing in the aggregate 89% of the Corporation's common equity. Mr. Richard Clark, a director of the Corporation, is also a senior officer and a director of Brookfield. Mr. Thomas Farley, a director-elect of the Corporation, is a senior officer of Brookfield.

Brookfield has advised the Corporation that the only person or corporation beneficially owning, directly or indirectly, or exercising control or direction over, voting securities of Brookfield carrying more than 10% of the votes attached to any class of outstanding voting securities of Brookfield is Brascan Corporation ("Brascan"), which, directly and indirectly, owns 78,088,013 common shares and 6,126,957 Class A Redeemable Voting preferred shares, being 50% and 97%, respectively, of the outstanding shares of each such class. Brascan is an asset management company listed on the New York and Toronto stock exchanges. Mr. Robert Harding, a director and Chairman of the Corporation, is also a director and Chairman of Brascan.

The Corporation is advised that Brascan's major shareholder is Partners Limited ("Partners"). Partners and its shareholders collectively own, directly and indirectly, exercise control over, or have options and warrants to acquire approximately 30 million

Class A Limited Voting shares, representing approximately 17% of the Class A Limited Voting shares of Brascan on a fully diluted basis, and 85,120 Class B Limited Voting shares representing 100% of the Class B Limited Voting shares of Brascan. These shareholdings include shares held through BNN Investments Ltd., a Toronto Stock Exchange listed investment company that owns 9.6 million Class A Limited Voting shares of Brascan. Partners is an investment holding company owned by 37 investors with no one shareholder holding more than a 15% effective interest. Messrs. Richard Clark and Robert Harding, who are directors of the Corporation, are also shareholders of Partners.

PART TWO – BUSINESS OF THE MEETING

1. ANNUAL FINANCIAL STATEMENTS

The annual financial statements of the Corporation for the fiscal year ended December 31, 2003 are included in the Corporation's 2003 Annual Report, which is being mailed to shareholders with this Circular. The annual report will be placed before the shareholders at the meeting.

2. ELECTION OF DIRECTORS

The articles of the Corporation provide that each shareholder entitled to vote in the election of directors has the right to cast a number of votes equal to the number of votes attached to the shares held by the shareholder multiplied by the number of directors to be elected. The shareholder may cast all such votes in favour of one candidate or distribute such votes among the candidates in any manner the shareholder sees fit. Where the shareholder has voted for more than one candidate without specifying the distribution of the shareholder's votes among such candidates, the shareholder will be deemed to have distributed the shareholder's votes equally among the candidates for whom the shareholder voted.

On any ballot that may be called for in the election of directors, the management representatives designated in the enclosed form of proxy intend to cast the votes to which the shares represented by such proxy are entitled equally among the proposed nominees whose names are set forth below, unless the shareholder who has given such proxy has directed that the shares be otherwise voted or withheld from voting in the election of directors.

If a shareholder wishes to distribute the shareholder's votes other than equally among the proposed nominees for whom the shareholder has directed the management representatives designated in the enclosed form of proxy to vote, the shareholder must do so personally at the meeting or by another proper form of proxy. Management anticipates that all of the proposed nominees will be able to serve as a director. If a proposed nominee is unable to serve as a director for any reason prior to the meeting, the management representatives designated in the enclosed form of proxy, unless directed to withhold from voting in the election of directors, reserve the right to vote for other nominees at their discretion.

NOMINEES FOR DIRECTORS

The following table sets out the names of the persons proposed by management to be nominated for election as directors to hold office until the next annual meeting or until their successors are elected or appointed, all major positions and offices in the Corporation, the principal occupation or employment of each nominee, the year in which each nominee was first elected a director of the Corporation and the approximate number of shares of each class of shares (and other derivative securities) of the Corporation and its subsidiaries that each nominee has advised the Corporation, are beneficially owned, directly or indirectly, or subject to control or direction by that person at April 14, 2004.

RICHARD B. CLARK

Richard B. Clark has served as a director of the Corporation since May 2002. A resident of New York, New York, Mr. Clark has been President and Chief Executive Officer of Brookfield since 2002. He was President and CEO of Brookfield's U.S. operations 2000-2002; held senior management positions in U.S. operations for Brookfield and its predecessor companies including Chief Operating Officer, Executive Vice President and Director of Leasing.

THE HONOURABLE WILLIAM G. DAVIS

The Honourable William G. Davis has served as a director of the Corporation since May 1998. A resident of Brampton, Ontario, Mr. Davis is Counsel at Torys LLP. The Honourable William G. Davis was the Premier of Ontario from 1971 until 1985 and a Member of the Ontario Legislature from 1959 to 1985.

Chairman of Governance and
Nominating Committee and Member
of Audit Committee

1,000 Deferred Share Units

THOMAS FARLEY

Thomas Farley was appointed President and Chief Executive Officer of the Corporation in February 2004. In addition, Mr. Farley has been President and Chief Operating Officer of Canadian Commercial Operations for Brookfield since November 2003. In his current positions, he is responsible for overseeing the Corporation's and Brookfield's portfolio of premier office space and development sites in Toronto, Calgary and Vancouver.

ROBERT J. HARDING

Robert J. Harding has served as a director of the Corporation since October 1999. A resident of Toronto, Ontario, Mr. Harding is a director and Chairman of Brascan Corporation. He is also a director of Burlington Resources Inc. and a number of Brascan Corporation's operating companies. He is Chairman of the Board of Governors of the University of Waterloo, Chair of Campaign Waterloo and a Trustee of the United Way of Greater Toronto.

ROBERT J. MCGAVIN

Robert J. McGavin has served as a director of the Corporation since April 1999. A resident of Aurora, Ontario, Mr. McGavin is a Corporate Director.

Chairman of Audit Committee and
Member of Governance and
Nominating Committee

1,000 Deferred Share Units

MICHAEL F. B. NESBITT

Michael F. B. Nesbitt has served as a director of the Corporation since April 2000. A resident of Winnipeg, Manitoba, Mr. Nesbitt is a President, Montrose Investment Co. Ltd., an investment company.

Member of Governance and Nominating
Committee and Audit Committee

1,000 Deferred Share Units

COMPENSATION OF DIRECTORS

In 2004, the corporation adopted a new compensation arrangement for directors.

Directors of the Corporation who are not officers of the Corporation or its affiliates (the “outside directors”) are entitled to receive an annual fee \$40,000 (the “Annual Fee”). One half of the Annual Fee payable to an outside director will be paid in Deferred Share Units of the Corporation until the number of Deferred Share Units accumulated and common shares owned by the director have an aggregate investment cost equal to five times the then current Annual Fee, thereafter he or she may elect to take all of the Annual Fee in cash or Deferred Share Units. This is equivalent to \$200,000, based on the current Annual Fee. An outside director may elect to receive all or part of the other half of the Annual Fee in cash or Deferred Shares Units.

The outside directors of the Corporation received an aggregate of \$163,638 in retainer and attendance fees for regular and special board and committee meetings and 1,500 Deferred Share Units for 2003.

3. APPOINTMENT OF AUDITORS

Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu and their respective affiliates (collectively “Deloitte & Touche”) are the principal external auditors of the Corporation. Deloitte & Touche and its predecessors have served as external auditors of the Corporation since 1996. From time to time, Deloitte & Touche also provides consulting and other non-audit services to the Corporation and its subsidiaries. In February 2004, the Audit Committee of the Corporation’s board of directors adopted a revised policy regarding the provision of non-audit services by the Corporation’s external auditors. This policy encourages consideration of whether the provision of services other than audit services is compatible with maintaining the auditors’ independence and requires Audit Committee pre-approval of permitted audit and audit-related services and specifies a number of services the provision of which is not permitted by the Corporation’s external auditors, including the use of its external auditors for financial information system design and implementation assignments.

The following table sets forth further information on the fees billed by Deloitte & Touche to the Corporation for the fiscal years ended December 31:

Service Performed	2003	2002
Audit		
The Corporation’s consolidated financial statements	\$91,900	\$87,500
Property level financial statements	216,450	237,850
Audit-related services	—	—
Tax compliance services	—	—
Total fees	\$308,350	\$325,350

Audit fees include fees that would normally be provided by the external auditor in connection with statutory and regulatory filings or engagements, including fees for services necessary to perform an audit or review in accordance with generally accepted auditing standards. This category also includes services that generally only the external auditor reasonably can provide, including comfort letters, statutory audits, attest services, consents and assistance with and review of certain documents filed with securities regulatory authorities.

Audit-related fees are assurance and related services, such as due diligence services, that traditionally are performed by the external auditor. More specifically, these services include, among others: employee benefit plan audits, due diligence related to mergers and acquisitions, accounting consultations and audits in connection with acquisitions, internal control reviews, attest services that are not required by statute or regulation and consultation concerning financial accounting and reporting standards.

Unless directed otherwise, on any ballot that may be called for in the appointment of auditors, the management representatives designated in the enclosed form of proxy intend to vote such shares in favour of reappointing Deloitte & Touche LLP, Chartered Accountants, as auditors of the Corporation to hold office until the next annual meeting of shareholders, and authorizing the directors to fix the remuneration to be paid to the auditors.

PART THREE – INFORMATION REGARDING EXECUTIVE COMPENSATION

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 fiscal year ended December 31, 2003. 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”.

MANAGEMENT ARRANGEMENTS

The Corporation is a party to a management services agreement made as of January 1, 2001 (the “Management Agreement”) 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

As of the date of this Circular, 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, 2003.

DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE

The Corporation maintains directors and officers insurance with an annual policy limit of \$50,000,000 subject to a corporate deductible of \$250,000 per loss at a cost of \$118,300 for 2004. Under this insurance coverage, the Corporation and certain of its associated companies is reimbursed for indemnity payments made to directors or officers as required or permitted by law or under provisions of its by-laws as indemnity for losses, including legal costs, arising from acts, errors or omissions committed by directors and officers during the course of their duties as such. This insurance also provides coverage to individual directors and officers without any deductible if they are not indemnified by the Corporation. The insurance coverage for directors and officers has certain exclusions including, but not limited to, those acts determined to be deliberately fraudulent or dishonest or have resulted in personal profit or advantage.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed below, as of April 14, 2004, no director, senior officer or associate of a director or senior officer nor, to the knowledge of the directors or senior officers of the Corporation after having made reasonable inquiry, any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation outstanding at the date hereof, or any associate or affiliate thereof, had any material interest, direct or indirect, in any material transaction of the Corporation or its affiliates nor do any such persons have a material interest, direct or indirect, in any proposed transaction of the Corporation or its affiliates.

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 property management services totaled \$5.4 million in 2003.

The Corporation had a demand deposit of \$481 million on account with Brookfield as at December 31, 2003. At February 18, 2004, the board of directors declared a special common share dividend of \$15 per share (approximately of \$428 million in the aggregate), which was paid on March 31, 2004 to shareholders of record at the close of business on March 1, 2004. This special dividend was funded from the Corporation’s demand deposit with Brookfield. Thereafter, the remainder of the outstanding demand deposit was repaid in its entirety and, at the date of this Circular, the Corporation does not have any such funds on deposit with Brookfield.

PART FOUR – STATEMENT OF CORPORATE GOVERNANCE PRACTICES

CORPORATE GOVERNANCE

Corporate governance relates to the activities of the board of directors who are elected by and are accountable to the shareholders, and takes into account the role of management who are appointed by the board of directors and who are charged with the ongoing management of the Corporation. The board of directors of BPO Properties encourages sound corporate governance practices designed to promote the well being and ongoing development of the Corporation, having always as its ultimate objective the best long-term interests of the Corporation and the enhancement of value for all shareholders.

In January 2004, the Corporation undertook a review of its corporate governance practices. As a result of this review, the board of directors adopted revised charters for the board of directors and each of the Corporation's standing committees. These charters are in compliance with current Canadian securities laws regarding audit committees and the Toronto Stock Exchange's corporate governance guidelines. The Corporation's specific disclosure relative to these guidelines is set out in "Appendix A" of this Circular.

BOARD OF DIRECTORS

MANDATE OF THE BOARD OF DIRECTORS

BPO Properties' board of directors oversees the management of the Corporation's business and affairs which is conducted by its officers under the direction of the Chief Executive Officer and by Brookfield under the terms of the Management Agreement. In doing so, the board of directors acts at all times with a view to the best interests of the Corporation. The board of directors endeavors to ensure that shareholder value is enhanced on a sustainable basis and in a manner that recognizes the interests of other stakeholders in the Corporation including its suppliers, customers and the communities in which it operates.

In fulfilling its responsibilities, the board of directors, both directly and through its various committees, is responsible for:

STRATEGIC PLANNING

- overseeing the strategic planning process including, on an annual basis, reviewing and approving the business plan for the Corporation and monitoring performance of the Corporation under the plan;
- overseeing the financial and business strategies and objectives included within the business plan;

APPOINTING AND MONITORING SENIOR MANAGEMENT

- developing a position description for the Chief Executive Officer including the corporate objectives that the Chief Executive Officer is responsible for meeting;
- overseeing the selection and evaluation of the Chief Executive Officer;
- monitoring succession planning of the Chief Executive Officer;
- to the extent feasible, satisfying itself as to the integrity of the Chief Executive Officer and other members of senior management;

RISK ASSESSMENT AND MANAGEMENT

- assessing the major risks facing the Corporation and its businesses and reviewing, approving, monitoring and overseeing the implementation of appropriate systems to manage those risks;

PUBLIC DISCLOSURE AND FINANCIAL REPORTING

- overseeing the Corporation's public disclosure and financial reporting, reviewing and monitoring the Corporation's management information systems and disclosure controls and procedures, its internal controls and procedures for financial reporting to ensure that the Corporation maintains its integrity and accountability;

CORPORATE GOVERNANCE

- ensuring an appropriate system of corporate governance is in place so the board of directors and management can operate effectively, in the best interests of the Corporation;
- confirming that processes are in place for the Corporation and its businesses to address and comply with applicable legal, regulatory, corporate, securities and other compliance matters;
- overseeing the creation of a culture of integrity throughout the organization;

APPROVAL OF CERTAIN MATTERS

- approving all material transactions of the Corporation;
- approve all transactions (other than diminimus transactions) involving related parties to the Corporation; and
- approving matters which under corporate law may not be delegated by the board of directors including, among others, the issuance of securities of the Corporation, the declaration of dividends, the repurchase or redemption of shares of the Corporation and the adoption, repeal or amendment of the by-laws of the Corporation.

COMPOSITION OF THE BOARD AND REPRESENTATION OF SHAREHOLDERS' INTERESTS

The board of directors is comprised of six directors, the majority of which are unrelated directors as defined in the Toronto Stock Exchange guidelines. Upon his election to the board of directors, Mr. Thomas Farley, President and Chief Executive Officer of the Corporation, will be a related director. The other five non-management directors represent the interests of the Corporation's shareholders and are unrelated directors. Messrs. Robert Harding, the Corporation's Chairman, and Richard Clark are unrelated to the Corporation, but they have relationships with Brookfield, owner of approximately 89% of the Corporation's common equity. The Honourable William Davis, Mr. Robert McGavin and Mr. Michael Nesbitt are unrelated directors and do not have any relationships with Brookfield.

The board of directors considers that its size and composition is appropriate given the diversity of the Corporation's operations and the need for a variety of experience and backgrounds. The board of directors believes that a combination of unrelated directors, directors related to Brookfield and directors drawn from management leads to a constructive exchange in board deliberations resulting in objective, well-balanced and informed discussion and decision making.

ORIENTATION AND CONTINUING EDUCATION

The Chief Financial Officer and the Secretary of the Corporation, under the oversight of the Governance and Nominating Committee, are responsible for providing orientation and continuing education programs for new directors. Generally, new directors are provided with materials describing the Corporation's business and governance policy and procedures and they also meet individually with the Chief Executive Officer and the Chairman to learn about the Corporation and its operations.

BOARD MEETINGS

Each director is expected to attend all meetings of the board of directors and any committee of which he or she is a member. A director who is unable to attend a meeting in person may participate by telephone or teleconference. The board of directors may also take action from time to time by unanimous written consent.

The board of directors meets at least once in each quarter, with additional meetings held when required. The board of directors met five times in 2003. There are four regular meetings scheduled for 2004.

Meeting frequency and agendas may change from time to time depending on opportunities or risks faced by the Corporation. Additional meetings may be called by the Chairman, the Chief Executive Officer or any two directors on proper notice.

During 2003, the Corporation's board of directors held five meetings. The following is a record of directors' attendance at these meetings.

<i>Director</i>	<i>Meetings Attended in 2003</i>
Richard B. Clark	5
The Hon. William G. Davis	4
Robert J. Harding	5
Robert J. McGavin	5
Michael F. B. Nesbitt	5

The Chairman is primarily responsible for setting the agenda. Prior to each board meeting, the Chairman discusses agenda items for the meeting with the Chief Executive Officer, other members of senior management and other members of the board of directors. Any director may propose the inclusion of items on the agenda, request the presence of or a report by any member of senior management, or at any board meeting raise subjects that are not on the agenda for that meeting.

In advance of each board and committee meeting, members receive the proposed agenda and other materials important to the directors' understanding of the matters considered. Directors are expected to spend the time needed to review the materials in advance of such meetings and to actively participate in such meetings.

COMMITTEES OF THE BOARD

BPO Properties believes that board committees assist in the effective functioning of the board of directors and that the appropriate composition of board committees should enable the views of unrelated directors to be effectively expressed.

The board of directors of BPO Properties has two standing committees: the Audit Committee and the Governance and Nominating Committee. Special committees may be formed from time to time as required to review particular matters or transactions. While the board of directors retains overall responsibility for corporate governance matters, the Audit and Governance and Nominating Committees have specific responsibilities for certain aspects of corporate governance as described below.

The following is a brief description of the charters of each committee, its composition and the meetings held during the past year. The full text of each committee's charter is available on BPO Properties' Web site, www.bpoproperties.com.

AUDIT COMMITTEE

The Audit Committee is comprised of three directors, all of whom are independent directors: Mr. Robert McGavin (Chairman), The Honourable William Davis and Mr. Michael Nesbitt

The Audit Committee is responsible for monitoring the Corporation's systems and procedures for financial reporting and internal control, reviewing certain public disclosure documents and monitoring the performance and independence of the Corporation's external auditors. The committee is also responsible for reviewing the Corporation's annual audited financial statements, unaudited quarterly financial statements and management's discussion and analysis of financial results of operations and review of related operations prior to their approval by the full board of directors.

The Audit Committee met four times in 2003 (including meeting with the Corporation's auditors and independent of management twice). There are four Audit Committee meetings scheduled for 2004. Meeting frequency and agendas may change from time to time depending on opportunities or risks faced by the Corporation. The charter for the Audit Committee is reviewed annually by the Audit Committee, Governance and Nominating Committee and the board of directors.

GOVERNANCE AND NOMINATING COMMITTEE

The Governance and Nominating Committee is comprised of three directors, all of whom are independent: The Honourable William G. Davis (Chairman), Messrs Robert McGavin and Michael Nesbitt. It is the responsibility of the Governance and Nominating Committee, in consultation with the Chairman, to periodically assess the size and composition of the board of directors and its committees, to assess the effectiveness of the performance of the board of directors and its directors, to monitor its relations with management, its relationship with Brookfield under the Management Agreement and to review and recommend directors' compensation.

The Governance and Nominating Committee met once in 2003. There are four Governance and Nominating Committee meetings scheduled for 2004. Meeting frequency and agendas may change from time to time depending on opportunities or risks faced by the Corporation. The charter for the Governance and Nominating Committee is reviewed annually by the Governance and Nominating Committee and the board of directors.

COMMUNICATION AND DISCLOSURE POLICIES

The Corporation has adopted a Disclosure and Insider Trading Policy which summarizes its policies and practices regarding disclosure of material information to investors, analysts and the media. The purpose of this policy is to ensure that the Corporation's communications with the investment community are timely, consistent and in compliance with all applicable securities legislation. This Disclosure and Insider Trading Policy is reviewed annually by the board of directors and is available on the Corporation's Web site, www.bpoproperties.com.

The Corporation endeavours to keep its shareholders informed of its progress through a comprehensive annual report, annual information form, quarterly interim reports and periodic press releases. It also maintains a Web site that provides summary information about the Corporation and ready access to its published reports, press releases, statutory filings and supplementary information provided to analysts and investors. Directors and management meet with the Corporation's shareholders at the annual meeting and are available to respond to questions at that time.

The Corporation also maintains an investor relations program to respond to inquiries in a timely manner. Management meets on a regular basis with investment analysts, financial advisors and interested members of the public to ensure that accurate information is available to investors, including quarterly conference calls and webcasts to discuss the Corporation's financial results. The Corporation also endeavours to ensure that the media are kept informed of developments as they occur, and have an opportunity to meet and discuss these developments with the Corporation's designated spokespersons.

PART FIVE – OTHER INFORMATION

SHAREHOLDER PROPOSALS

The *Canada Business Corporations Act* permits 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 2005 is February 12, 2005.

AVAILABILITY OF DISCLOSURE DOCUMENTS

The Corporation will provide any person or Corporation, upon request to the Secretary of the Corporation, with a copy of:

- (a) the most recent annual information form of the Corporation, together with a copy of any document or the pertinent pages of any document incorporated therein by reference;
- (b) the comparative financial statements of the Corporation for the fiscal year ended December 31, 2003, together with the report of the auditors thereon;
- (c) the most recent annual report of the Corporation, which includes management's discussion and analysis of financial conditions and results of operations;
- (d) the interim financial statements of the Corporation for the periods subsequent to the end of its fiscal year; and
- (e) the management proxy circular of the Corporation dated April 14, 2004, in connection with the annual meeting of shareholders.

OTHER BUSINESS

The Corporation knows of no matter to come before the meeting other than the matters referred to in the accompanying Notice of Meeting.

DIRECTORS' APPROVAL

The contents and sending of this Circular have been approved by the directors of the Corporation.

Toronto, Canada
April 14, 2004
Chief Financial Officer

Craig J. Laurie
Senior Vice President and

APPENDIX A

TSX CORPORATE GOVERNANCE GUIDELINES

The Board of Directors is of the view that BPO Properties' corporate governance practices and procedures are comprehensive and consistent with the 14 guidelines for improved corporate governance in Canada adopted by the Toronto Stock Exchange (the "TSX Guidelines"). The following summarizes these guidelines and sets out the Corporation's current practices in each case.

1. The Board of Directors should explicitly assume responsibility for stewardship of the Corporation, including the areas described below.

The board has adopted the following specific responsibilities:

(a) Adoption of a strategic planning process

The board meets annually to review the Corporation's overall business strategies, and also reviews major strategic initiatives to ensure that the Corporation's proposed actions accord with shareholder objectives.

(b) Identification of principal risks and the implementation of appropriate risk management systems

The board, directly and through its Audit Committee, reviews the principal risks of the Corporation's businesses to ensure that these risks are within acceptable limits and that appropriate systems are in place to manage these risks.

(c) Succession planning including monitoring senior management

The board appoints the Chief Executive Officer and other members of senior management. The board directly reviews the Corporation's succession plan and the annual performance of senior management.

(d) Communications policy

The board has approved a Disclosure and Insider Trading Policy which summarizes its policies and practices regarding disclosure of material information to investors, analysts and the media. This policy is posted on the Corporation's web site.

2-3. The Board should be composed of a majority of unrelated directors, that is directors who are independent of management and free from any business interests, other than shareholdings, which could interfere with his or her ability to act in the best interests of the Corporation. The Board has the responsibility to apply the definition of unrelated director and disclose annually the principles and conclusions of this application.

The board considers that five of its six directors proposed for election are unrelated directors within the meaning of the TSX Guidelines. The proposed directors who are considered to be unrelated are Richard B. Clark, The Honourable William G. Davis, Robert J. Harding, Robert J. McGavin and Michael F. B. Nesbitt. The Honourable William G. Davis, Robert J. McGavin and Michael F. B. Nesbitt are unrelated and independent of any interests or relationships with Brookfield. In making this determination, the board has examined the circumstances of each director in relation to a number of factors, including each director's current and past role in the management of the Corporation or its affiliates. Thomas Farley, the remaining director is a member of management.

4-5. The Board should appoint a Committee of non-management directors, a majority of whom are unrelated, to propose new nominees for election to the board and for assessing directors on an ongoing basis. The board should implement a process for assessing the effectiveness of the board as a whole, the committees of the board and the contribution of individual directors.

The board has appointed a Governance and Nominating Committee ("GNC") with the responsibility, among other things, for reviewing credentials of nominees for election or appointment to the board and for recommending candidates for board membership. All of the members of the GNC are unrelated directors and independent of Brookfield. The GNC is responsible, among other things, for reviewing the effectiveness of the board's operations and for assessing the performance of the board and its directors.

6. The board should provide an orientation and education program for new directors.

The Chief Financial Officer and the Secretary of the Corporation, under the oversight of the Governance and Nominating Committee, are responsible for providing orientation and continuing education programs for new directors. Generally,

new directors are provided with materials describing the Corporation's business and governance policy and procedures and they also meet individually with the Chief Executive Officer and the Chairman to learn about the Corporation and its operations.

7. The board should examine its size in relation to effective decision-making and adjust its size where appropriate.

The GNC is responsible, among other things, for periodically assessing the size and composition of the board and its committees and making recommendations to the board. The board considers that its current size is appropriate given the scope of the Corporation's operations.

8. The board should review the adequacy and form of director compensation to reflect the risk and responsibilities of its directors.

The GNC is responsible for reviewing and recommending director compensation to the board and does so on an annual basis. As described on page 5 of this Circular, the director compensation was revised in the beginning of 2004 to include an equity based component.

9. Board committees should generally be composed of non-management directors, a majority of whom are unrelated.

No committees of the board have officers of the Corporation as members. Committees of the board are composed primarily of outside directors, all of whom are unrelated directors.

10. The board or one of its committees should expressly assume responsibility for developing the Corporation's approach to governance issues, including its response to the TSX Guidelines.

While the board of directors retains overall responsibility for corporate governance matters, its committees each have specific responsibilities for certain aspects of corporate governance. In particular, the GNC is responsible for reviewing the Corporation's statement of corporate governance practices, including its response to the TSX Guidelines and has approved this summary.

11. The board, together with the CEO, should define management's role and responsibilities, including the CEO's corporate objectives.

The board of directors believes in the importance of developing business plans to ensure the compatibility of shareholder, board and management views on the Corporation's strategic direction and performance targets, and the effective utilization of shareholder capital. The board's approval of the annual business plan provides a mandate for senior management to conduct the affairs of the Corporation within the terms of the plan, knowing it has the necessary board support. Material deviations from the plan are reported to and considered by the board.

12. The board should have in place appropriate structures to ensure that it can function independent of management.

At its meetings, the board regularly engages in a private session with the Corporation's most senior officers without other members of management present. The board also periodically meets independently of all senior management.

13. The audit committee of the board should be comprised only of non-management members, should have a specific mandate, and have direct access to the Corporation's external and internal auditors and oversight over these functions.

The Audit Committee is composed solely of unrelated and outside directors. The mandate of the Audit Committee is set out in a charter which is reviewed by that committee and approved by the board. Among other things, the Audit Committee is responsible for monitoring the Corporation's systems and procedures for internal controls, monitoring the performance of the Corporation's external and internal auditors and appointing the Corporation's external auditors, subject to shareholder approval. The Audit Committee also meets regularly in private with the Corporation's external and internal financial personnel to discuss and review specific issues as appropriate.

14. Individual directors should be able to engage outside advisers under appropriate conditions.

Individual directors of the board are free to consult with members of senior management, whenever they so require, and to engage outside advisors with board authorization.