



BPO PROPERTIES LTD.

(incorporated under the Canada Business Corporations Act)

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that an Annual Meeting of Shareholders (the "Meeting") of **BPO Properties Ltd.** ("BPO") will be held on Tuesday, May 1, 2007 at 1:30 p.m. at the Hockey Hall of Fame, BCE Place, 30 Yonge Street, Toronto, Ontario for the following purposes:

1. to receive the annual report to shareholders, including the consolidated financial statements of BPO for the fiscal year ended December 31, 2006, 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 of Meeting.

If you are unable to attend the Meeting, please exercise your right to vote by signing and returning the enclosed form of proxy in the envelope provided for that purpose, so as to arrive not later than the close of business on Friday, April 27, 2007 or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting, as follows:

If via mail:	If via facsimile:	If via courier or hand:
CIBC Mellon Trust Company P.O. Box 721 Agincourt, Ontario M1S 0A1	(416) 368-2502	CIBC Mellon Trust Company 320 Bay Street Banking Hall Level Toronto, Ontario M5H 4A6

By Order of the Board of Directors

Toronto, Canada
March 15, 2007

Craig J. Laurie
Senior Vice President and
Chief Financial Officer

MANAGEMENT PROXY CIRCULAR

TABLE OF CONTENTS

PART ONE:	Voting Information	1
PART TWO:	Business of the Meeting	3
	1. Annual Financial Statements	3
	2. Number of Directors	3
	3. Election of Directors	3
	4. Amendment and Restatement of the By-laws	5
	5. Appointment of Auditors	6
PART THREE:	Information Regarding Executive Compensation	7
PART FOUR:	Statement of Corporate Governance Practices	10
PART FIVE:	Other Information	14
Appendix A:	Corporate Governance Guidelines	

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 (the “Meeting”) of BPO Properties Ltd. (the “Corporation” or “BPO”) to be held on May 1, 2007 at 1:30 p.m., Toronto, Ontario and at any adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting (“Notice”). 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 BPO. **The solicitation of proxies by this Circular is being made by or on behalf of the management of BPO** and the total cost of solicitation will be borne by BPO. The information contained herein is given as at December 31, 2006, except where otherwise noted.

APPOINTMENT OF PROXIES

The persons named in the accompanying form of proxy are representatives of management and are directors and officers of BPO. **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 BPO, 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, not later than the close of business on Friday, April 27, 2007 or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment of the Meeting, as follows:

If via mail:

CIBC Mellon Trust Company
P.O. Box 721
Agincourt, Ontario M1S 0A1

If via facsimile:

(416) 368-2502

If via courier or hand:

CIBC Mellon Trust Company
320 Bay Street
Banking Hall Level
Toronto, Ontario M5H 4A6

NON-REGISTERED HOLDERS

Only registered holders of common shares of BPO, or the persons they appoint as their proxies, are permitted to attend and vote at the Meeting. However, in many cases, common shares of BPO 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, BPO has distributed copies of the accompanying Notice, this Circular, the enclosed form of proxy and BPO’s 2006 annual report (which includes management’s discussion and analysis and consolidated financial statements for the fiscal year ended December 31, 2006) (collectively, the “meeting materials”) to the depository 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. Typically, intermediaries will use a service company (such as ADP Investor Communications Fund (“ADP IC”) to forward the meeting materials 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 as described above and deposit it with the Secretary of Brookfield Properties, as follows:

If via mail:	If via facsimile:	If via courier or hand:
c/o CIBC Mellon Trust Company P.O. Box 721 Agincourt, Ontario M1S 0A1	c/o CIBC Mellon Trust Company (416) 368-2502	c/o CIBC Mellon Trust Company 320 Bay Street Banking Hall Level Toronto, Ontario M5H 4A6

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 Intermediary promptly if they need assistance.

REVOCAION

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 BPO 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. In the absence of any specification, the shares will be voted in favour of the matters to be acted upon as set out in this Circular.

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 and with respect to other matters which may properly come before the Meeting. At the date hereof, the management of BPO knows of no such amendments, variations or other matters. In the event that amendments or variations to the matters identified in the Notice are properly brought before the Meeting, it is the intention of the persons designated in the enclosed form of proxy to vote in accordance with their best judgment on the matter or business.

VOTING SHARES

As at March 15, 2007, BPO had 6,847,444 outstanding common shares. Each holder of common shares of record at the close of business on March 15, 2007, the record date established for the receipt of meeting materials and for voting in respect of 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 BPO, the only person or corporation beneficially owning, directly or indirectly, or exercising control or direction over, voting securities of BPO carrying more than 10% of the votes attached to any class of outstanding voting securities of BPO is Brookfield Properties Corporation ("Brookfield Properties"), which has advised BPO that it owns, beneficially, 3,733,655 common shares and 21,678,532 non-voting equity shares of BPO through a wholly-owned subsidiary representing approximately 54.5 % of the common shares outstanding and 100% of the non-voting equity shares, representing in the aggregate 89.1 % of BPO's common equity.

Brookfield Properties has advised BPO that the only person or corporations beneficially owning, directly or indirectly, or exercising control

or direction over, securities of Brookfield Properties entitled to vote at the Meeting carrying more than 10% of the votes attached to any class of outstanding securities of Brookfield Properties is Brookfield Asset Management Inc. ("BAM"), which, directly and indirectly, owns 129,657,020 common shares and 6,131,943 Class A Redeemable Voting preferred shares, being 49.0% and 97.1%, respectively, of the outstanding shares of each such class. BAM is a global asset management company with shares listed on the New York and Toronto stock exchanges (the "NYSE" and "TSX", respectively).

The Corporation is advised by BAM that its major shareholders are Partners Limited ("Partners") and its 49.0% owned affiliate, BAM Investments Corp., which together with the shareholders of Partners, collectively own, directly or indirectly, exercise control or direction over, or have options or warrants to acquire, approximately 69 million Class A Limited Voting Shares of BAM, representing approximately 17% of the Class A Limited Voting Shares on a fully diluted basis, and 85,120 Class B Limited Voting Shares of BAM, representing all of the Class B Limited Voting Shares. To the knowledge of the directors and officers of the Corporation, Partners Limited and BAM Investments Corp are the only persons or corporations that beneficially own, directly or indirectly, or exercise control or direction over, voting securities of BAM carrying more than 10% of the votes attached to any class of outstanding voting securities of BAM.

PART TWO – BUSINESS OF THE MEETING

1. ANNUAL FINANCIAL STATEMENTS

The annual financial statements of BPO for the fiscal year ended December 31, 2006 are included in BPO's 2006 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 BPO 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 (e.g., if you have one share and there are six directors nominated for election, you will be entitled to six votes). 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 his or her 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 his or her 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 directors. 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: (i) the names of the five 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; (ii) all major positions and offices held by the nominees in BPO; (iii) the principal occupation or employment of each nominee; (iv) the year in which each nominee was first elected a director of BPO; and (v) the approximate number of shares of each class of shares (and other derivative securities) of BPO and its subsidiaries that each nominee has advised BPO are beneficially owned, directly or indirectly, or subject to control or direction by that person as at March 15, 2007.

RICHARD B. CLARK

Richard B. Clark has served as a director of BPO since May 2002. A resident of New York, New York, U.S.A., Mr. Clark has been President and Chief Executive Officer of Brookfield Properties since 2002. He was President and CEO of Brookfield Properties' U.S. operations from 2000-2002; held senior management positions in U.S. operations for Brookfield Properties and its predecessor companies including Chief Operating Officer, Executive Vice President and Director of Leasing. Mr. Clark is currently also the Managing Partner and CEO of Commercial Real Estate and U.S. Operations for BAM.

THE HONOURABLE WILLIAM G. DAVIS

The Honourable William G. Davis has served as a director of BPO since May 1998. A resident of Brampton, Ontario, Canada, 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

2,137 Deferred Share Units

THOMAS F. FARLEY

Thomas F. Farley has served as a director of BPO since May 2004. A resident of Calgary, Alberta, Canada, Mr. Farley was appointed President and Chief Executive Officer of BPO in February 2004. In addition, Mr. Farley has been President and Chief Operating Officer of Canadian Commercial Operations for Brookfield Properties since November 2003. In his current positions, he is responsible for overseeing BPO's and Brookfield Properties' portfolio of premier office space and development sites in Toronto, Ottawa, Calgary, Edmonton and Vancouver.

ROBERT J. MCGAVIN

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

Chairman of Audit Committee and Member
of Governance and Nominating Committee

2,137 Deferred Share Units

MICHAEL F. B. NESBITT

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

Member of Governance and Nominating
Committee and Audit Committee

3,767 Deferred Share Units

COMPENSATION OF DIRECTORS

Directors of BPO who are not officers of BPO or its affiliates (the “outside directors”) are entitled to receive an annual fee of \$55,000 (the “Annual Fee”). One half of the Annual Fee payable to an outside director will be paid in Deferred Share Units of BPO until the number of Deferred Share Units accumulated and common shares owned by the director have an aggregate investment cost equal to three 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 \$165,000, 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 Share Units.

The following is a summary of the directors’ compensation and their election to receive all or a portion of their compensation in Deferred Share Units of BPO:

	2006 Annual Compensation			Elected Percentage of Compensation in Deferred Share Units	Aggregate Deferred Share Units Issued at March 15, 2007	
	Cash ⁽¹⁾	Deferred Share Units Issued			Value (\$)	(#)
Director	(\$)	Value (\$)	(#)	(%)	Value (\$)	(#)
William G. Davis	23,750	23,750	489	50%	146,359	2,137
Robert J. McGavin	23,750	23,750	489	50%	146,359	2,137
Michael F. B. Nesbitt	—	47,500	972	100%	258,029	3,767

In 2006, three directors of BPO received a total of \$6,912 in directors’ reimbursed expenses. Messrs. Richard Clark and Thomas Farley do not receive compensation for serving as directors.

5. APPOINTMENT OF AUDITORS

At a meeting held on February 13, 2007, the Audit Committee of the board of directors recommended the reappointment of Deloitte & Touche LLP as external auditors of BPO, subject to shareholder approval. Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu and their respective affiliates (collectively “Deloitte & Touche”) are BPO’s principal external auditors. Deloitte & Touche and its predecessors have served as external auditors of BPO since 1996.

Unless directed otherwise, on any ballot that may be called for 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 BPO to hold office until the next annual meeting of shareholders, and authorizing the directors to fix the remuneration to be paid to the auditors.

AUDITORS FEES

From time to time, Deloitte & Touche also provides us with consulting and other non-audit services. In February 2004, the Audit Committee adopted a revised policy regarding the provision of non-audit services by BPO’s external auditors. This policy, which is periodically reviewed and updated, 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, audit-related and non-audit services. It also specifies a number of services the provision of which is not permitted by BPO’s external auditors, including the use of BPO’s 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 BPO for the fiscal years ended December 31, 2006 and 2005:

Service Performed	2006	2005
Audit and Audit-related services		
Consolidated, subsidiary and property level financial statements ⁽¹⁾	\$1,331,500	\$1,225,000
Accounting consultations in connection with transactions and accounting and reporting standards ⁽²⁾	—	582,000
Quarterly reviews	135,000	75,000
Tax		
Advisory	125,000	75,750
Total fees	\$1,591,500	\$1,957,750

Notes:

- (1) Included in this amount is \$990,000 (2005- \$957,900) related to audits of joint ventures of which the company’s share is \$300,200 (2005- \$279,390)
- (2) Included in this amount is nil (2005- 550,000) related to accounting consultations in connection with transactions and accounting and reporting standards of joint ventures, of which the company’s share is nil (2005- 137,500)

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 paid for assurance and related services, such as due diligence services, that traditionally are performed by the external auditor. More specifically, these services include, among others: audits required by lenders, joint venture agreements, tenants and employee benefit plan requirements, accounting consultations and audits in connection with potential transactions, internal control reviews and consultation concerning financial accounting and reporting standards.

Tax fees consist of services related to tax compliance, including the preparation of tax returns and claims for refund, and tax planning and advice, including assistance with property tax assessment and appeals and technical advice related to income tax matters.

The Audit Committee of the board of directors has received representations from Deloitte & Touche regarding their independence and has considered the relations described above in arriving at its determination that Deloitte & Touche are independent of BPO.

PART THREE – INFORMATION REGARDING EXECUTIVE COMPENSATION

EXECUTIVE COMPENSATION

No cash compensation was paid or is payable by BPO or its subsidiaries to executive officers of BPO in their capacities as such during or in respect of the fiscal year ended December 31, 2006. 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 Properties provides management and administrative services to BPO. See “Management Arrangements”.

The compensation information provided in the charts on pages 7 and 8 is excerpted from the Management Proxy Circular of Brookfield Properties dated **March 15**, 2007, but is only provided for Messrs. Thomas F. Farley and Craig J. Laurie who are BPO’s only Named Executive Officers, as the term is defined in National Instrument 51-102 F6. For further information please refer to the proxy circular of Brookfield Properties. Please note that references to options and deferred share units are to such securities of Brookfield Properties.

Messrs. Thomas Farley, BPO’s President and Chief Executive Officer, and Craig Laurie, BPO’s Senior Vice President and Chief Financial Officer, are compensated as officers of Brookfield Properties. Messrs. Farley and Laurie estimate that they spend 85% and 35%, respectively, of their time dedicated to the business and affairs of BPO.

SUMMARY COMPENSATION OF NAMED EXECUTIVE OFFICERS

The following table sets out the compensation paid by Brookfield Properties to the Chief Executive Officer and Chief Financial Officer.

		Annual Compensation			Long-term Compensation Awards ⁽⁴⁾			
		Salary Paid	Bonus Paid	Other Compensation	Share Options Granted	Deferred Share Units Issued ⁽¹⁾		Other Compensation
Name and Principal Position	Year	(\$)	(\$)	(\$)	(#)	Value (\$)	(#)	(\$)
Thomas F. Farley (C\$) President and CEO,	2006	350,000	1,025,000 ⁽¹⁾	—	—	—	—	8,640 ⁽²⁾
	2005	340,000	335,000	—	30,000	325,000	9,326	29,711 ⁽²⁾
	2004	275,000	12,500	—	120,000	275,000	9,096	79,711 ⁽²⁾
Craig J. Laurie (US\$) Senior Vice President and Chief Financial Officer	2006	235,000	226,250	—	— ⁽³⁾	—	—	—
	2005	225,000	56,250	—	15,000	112,500	3,718	—
	2004	200,000	50,000	—	31,394	100,000	4,098	—

Notes:

- (1) Mr. Farley's bonus is comprised of \$525,000 for his annual cash bonus and \$500,000 paid pursuant to a cash election in lieu of his 50,000 options granted with a present value of \$10 per share option.
- (2) Cash payments of US\$1.50 (C\$2.36) per option held at December 31, 2002 to adjust for the impact of the spin-off of Brookfield Homes Corporation.
- (3) In 2007, Craig J. Laurie, Senior Vice President and Chief Financial Officer, was granted 10,000 stock options pursuant to BAM's share option plan. The options are exercisable at a price of US\$49.85.
- (4) On February 9, 2005, the board of directors of Brookfield Properties approved a three-for-two stock split. The stock split was in the form of a stock dividend. Shareholders received one Brookfield Properties common share for each two common shares held. The stock dividend was paid on March 31, 2005 to shareholders of record at the close of business on March 15, 2005. Fractional shares were paid in cash at the prevailing market price. All numbers of options and Deferred Share Units, issued at the time of the distribution, have been adjusted to reflect this event. This adjustment has no effect on the aggregate value of the options or the Deferred Share Units

BROOKFIELD PROPERTIES SHARE OPTIONS

AGGREGATE OPTIONS EXERCISED DURING THE MOST RECENTLY COMPLETED FINANCIAL YEAR AND OPTION VALUES AT FEBRUARY 7, 2007

The following table sets forth options exercised during the fiscal year ended December 31, 2006 and the number and value of the unexercised options of Brookfield Properties at such date for the Chief Executive Officer and Chief Financial Officer.

Name	Securities Acquired on Exercise (#)	Aggregate Value Realized (\$)	Unexercised Options at December 31, 2006 (#)		In-the-Money Value of Unexercised Options ⁽¹⁾ at December 31, 2006 (\$)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Thomas F. Farley (C\$)	30,000	776,918	176,803	149,836	5,182,623	3,801,509
Craig J. Laurie (US\$)	22,200	387,556	26,658	53,036	632,949	1,224,490

Notes:

- (1) "In-the-Money" means the market value of the common shares under option exceed the exercise price of the options prior to related income taxes. The closing price of Brookfield Properties' common shares on February 7, 2007 on the NYSE was US\$46.81 per share and on the TSX was C\$54.60.

BROOKFIELD PROPERTIES DEFERRED SHARE UNIT PLAN

The number of units owned by the Chief Executive Officer and Chief Financial Officer and the value of the deferred share units of Brookfield Properties as of February 7, 2007 were as follows:

Name	Units Allocated as of February 7, 2007		Units Owned in Deferred Share Unit Plan		Value of Units as of February 7, 2007	
	(#)	(\$)	Vested (#)	Unvested (#)	Vested (\$)	Unvested (\$)
Thomas F. Farley (C\$)	—	—	11,196	15,972	514,431	733,892
Craig J. Laurie (US\$)	—	—	5,191	6,963	204,142	273,847

MANAGEMENT ARRANGEMENTS

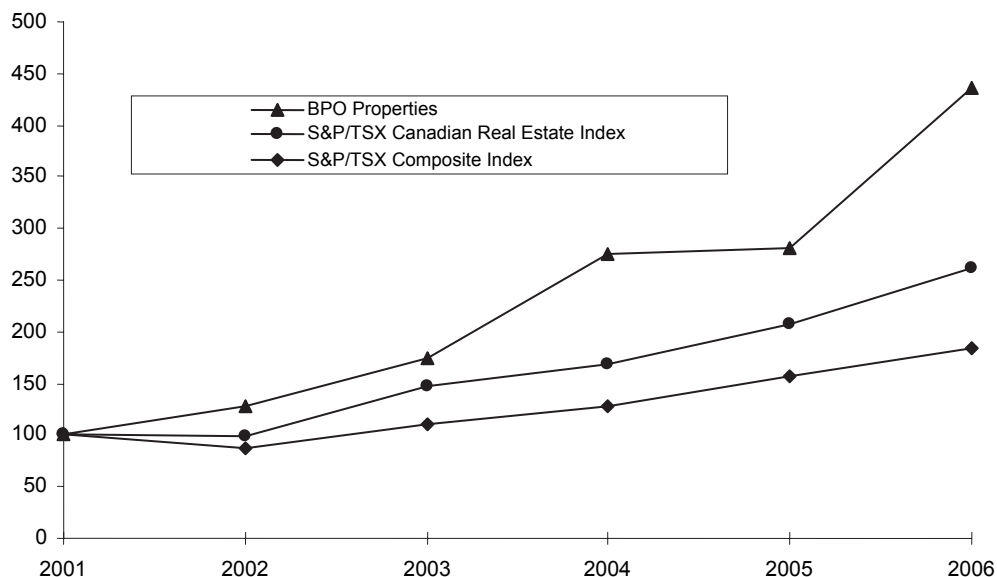
In connection with the acquisition of the O&Y portfolio, Brookfield Properties Management Corporation ("BPMC"), a wholly-owned subsidiary of BPO, was established to perform property management and leasing services. Brookfield Properties Ltd. ("BPL") has entered into a Services Support Agreement with BPMC to provide the necessary personnel and infrastructure to enable BPMC to fulfill its obligations under the Property Management Agreements to which BPMC is a party. BPL provides such personnel and infrastructure on a cost recovery basis. Effective January 1, 2006, BPMC was the property manager for all properties owned by BPO. A similar Services Support Agreement was entered into between BPL and BPMC wherein BPL agrees to provide the necessary personnel and infrastructure on a cost recovery basis to enable BPMC to perform its obligations under the various property management agreements for balance of the BPO assets which do not constitute former O&Y portfolio assets. The former Management Services Agreement between Brookfield Properties Corporation and BPO dated January 1, 2001 has been superceded by the above arrangement and was terminated effective January 1, 2006.

The fees paid under the Services Supports Agreement by BPMC to BPL totaled \$11.1 million in 2006. In addition the Support Services Agreements permit BPL to recover cost, and expenses on a cost recovery basis. Total costs charged by BPMC to BPL in 2006 totaled \$0.4 million.

PERFORMANCE GRAPH

The following shows the cumulative total S&P/TSX shareholder return (assuming re-investment of dividends) over the last five fiscal years, in comparison with the S&P/TSX Composite Index and the S&P/TSX Canadian Real Estate Index. The Composite Index reflects the cumulative return of the TSX Canadian Real Estate Index, including dividend re-investment.

Five-Year Cumulative Total Return on \$100 Investment
Assuming Dividends Are Reinvested
December 31, 2001 – December 31, 2006



<i>December 31</i>	2001	2002	2003	2004	2005	2006
BPO Properties	100	128	174	275	281	435
S&P/TSX Canadian Real Estate Index	100	100	148	168	207	262
S&P/TSX Composite Index	100	88	111	127	158	185

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 BPO, or any associate of any such person, is or has been indebted to BPO at any time since January 1, 2006.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

BPO maintains directors and officers insurance under policies arranged by BAM Inc. with a combined annual limit of \$50 million subject to a corporate deductible of \$250,000 per loss. The limit is not exclusive to each corporation insured under the policies. Under this insurance coverage, BPO 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 BPO. 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. The cost of such insurance is borne by BPO and is currently \$120,000 annually.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed below, as of March 15, 2007, no director, senior officer or associate of a director or senior officer nor, to the knowledge of the directors or senior officers of BPO after having made reasonable inquiry, any person or company who beneficially owns, directly or indirectly, voting securities of BPO carrying more than 10% of the voting rights attached to any class of voting securities of BPO outstanding at the date hereof, or any associate or affiliate thereof, had any material interest, direct or indirect, in any material transaction of BPO or its affiliates nor do any such persons have a material interest, direct or indirect, in any proposed transaction of BPO or its affiliates.

The Corporation has retained the services of Brookfield Properties for the property management of some of its office properties under contracts based on the fair market value of the services provided by Brookfield Properties. The fees paid in connection with these property management services totaled \$5.4 million in 2006. In order to ensure BPO's directors exercise independent judgment in considering agreements such as this in respect of which a director or senior officer has a material interest, interested directors of BPO abstain from voting on such matters at meetings of BPO's board of directors.

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 BPO. The board of directors of BPO encourages sound corporate governance practices designed to promote the well being and ongoing development of BPO, having always as its ultimate objective the best long-term interests of BPO and the enhancement of value for all shareholders.

In January 2004, BPO undertook a review of its corporate governance practices. As a result of this review, the board of directors adopted Corporate Governance Guidelines for the board of directors and each of BPO'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.

BOARD OF DIRECTORS

MANDATE OF THE BOARD OF DIRECTORS

BPO's board of directors oversees the management of BPO's business and affairs which is conducted by its officers under the direction of the Chief Executive Officer and by Brookfield Properties 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 BPO. The board of directors endeavors to enhance shareholder value on a sustainable basis and in a manner that recognizes the interests of other stakeholders including our employees, suppliers, customers and the communities in which we operate. In fulfilling our responsibilities, the board of directors adopted Corporate Governance Guidelines. The Corporate Governance Guidelines are reviewed on an annual basis and otherwise as appropriate. A copy of our Corporate Governance Guidelines is attached hereto as Appendix A. Position descriptions for the Chairman, the Chief Executive Officer and the lead independent director can be found as a schedule to the Corporate Governance Guidelines on BPO's web site at www.bpoproperties.com.

COMPOSITION OF THE BOARD AND REPRESENTATION OF SHAREHOLDERS' INTERESTS

The board of directors is currently comprised of five directors, three of whom are independent directors as defined in Multilateral Instrument 52-110 ("MI 52-110"). Only Mr. Thomas Farley, President and Chief Executive Officer of BPO, is not considered to be independent because he is a member of management. Mr. Richard Clark is unrelated to BPO, but he is considered not to be independent because he has a relationship with Brookfield Properties, owner of approximately 0% of BPO's common shares. The Honourable William Davis, Mr. Robert McGavin and Mr. Michael Nesbitt are independent directors and do not have any relationships with Brookfield Properties.

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

BOARD MEETINGS

Each director is expected to attend all meetings of the board of directors and any committee of which he is a member. 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 four times in 2006 and took action by written consent three times. There are four regular meetings scheduled for 2007. In addition, the independent directors meet separately from management directors and directors related to Brookfield Properties at each regularly scheduled board meeting and whenever otherwise appropriate. Because Mr. Richard Clark, as Chairman, is not an independent director, meetings of independent directors are conducted under the direction of Mr. William Davis, in his capacity as lead independent director, who is responsible for raising matters reviewed during these meetings with the board of directors and senior management of BPO, consulting with the Chairman on the agenda for these meetings, and ensuring an appropriate system is in place to evaluate the performance of the board of directors and its committees.

Meeting frequency and agendas may change from time to time depending on opportunities or risks faced by BPO. Additional meetings may be called by the Chairman of the Board, the President or any director on proper notice.

The following is a record of the directors' attendance at meetings of the board of directors and committees during 2006:

<i>Director</i>	<i>Board Meetings Attended (4 Meetings)</i>	<i>Board Meeting Attendance Percentage</i>	<i>Audit Committee (4 Meetings)</i>	<i>Governance and Nominating Committee (4 Meetings)</i>
Richard B. Clark	4 out of 4	100%	—	—
William G. Davis	4 out of 4	100%	4 out of 4	4 out of 4
Thomas F. Farley	4 out of 4	100%	—	—
Robert J. Harding ⁽¹⁾	2 out of 2	100%	—	—
Robert J. McGavin	4 out of 4	100%	4 out of 4	4 out of 4
Michael F. B. Nesbitt	4 out of 4	100%	4 out of 4	4 out of 4

Notes:

⁽¹⁾ Mr. Harding served as a director from January 1 – May 1, 2006 and was not re-elected as a director at the 2006 Annual and Special Meeting and was eligible to attend only 2 meetings in 2006.

The Chairman of the board of directors 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 to be 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 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 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. A description of the responsibilities of the board committee chairs can be found in the Corporate Governance Guidelines on BPO's web site at www.bpoproperties.com.

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

The Audit Committee met four times in 2006. There are four Audit Committee meetings scheduled for 2007. Meeting frequency and agendas may change from time to time depending on opportunities or risks faced by BPO. The charter for the Audit Committee is reviewed annually by the Audit Committee, Governance and Nominating Committee and the board of directors. A copy of the Audit Committee charter is included in our Annual Information Form.

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. The responsibilities of the Governance and Nominating Committee are as follows:

- consider from time to time the appropriate size and composition of the board of directors and its committees, and submit recommendations on the number of Board positions to be filled and the overall composition of the board of directors taking into consideration the business experience and specific areas of expertise of each current director;

- to the extent feasible, ensure the Chief Executive Officer and the other executive officers of BPO are acting with integrity and developing a culture of integrity throughout BPO;
- develop and maintain a Board succession plan that is responsive to BPO's needs and the interests of its shareholders;
- establish the qualifications (consistent with any criteria approved by the board of directors) for new directors and procedures for identifying possible nominees who meet these criteria;
- review and assess the qualifications of persons proposed for appointment or election to the board of directors and submit to the board of directors for consideration and decision, consistent with any criteria approved by the board of directors, the names of persons to be nominated for election as directors at the annual meeting of shareholders, or to be appointed to fill vacancies between annual meetings and assess whether these candidates would be considered Independent Directors, Financially Literate or an Audit Committee Financial Expert;
- be available as a forum for addressing the concerns of individual directors;
- confirm that procedures are in place and resources are made available to provide new directors with a proper orientation to both BPO and their responsibilities and duties as directors and to provide directors with appropriate continuing education opportunities;
- together with the Chairman of the board of directors establish a process for reviewing directors' performance and oversee the evaluation of the board of directors;
- periodically review the adequacy and form of directors' compensation and make recommendations to the board of directors where appropriate;
- review the program of the board of directors for each year, and the methods and processes to be pursued in carrying out this program including:
 - the frequency and content of Board meetings, the requirement for any special meetings and meetings of independent directors;
 - the foreseeable issues to be presented to the board of directors at its meetings, including a list of topics for presentation and discussion;
 - the material to be provided to directors generally and with respect to meetings of the board of directors or its committees; and
 - the communication process between the board of directors and management, including monitoring the quality of the relationship between management and the board of directors and recommending improvements as may be deemed necessary or advisable;
- review and make recommendations with respect to the disclosure required concerning corporate governance to be contained in public disclosure documents of BPO;
- report on an annual basis on the effectiveness of the performance of the board of directors as a whole, including specifically reviewing areas in which the board of directors' effectiveness may be enhanced taking into account suggestions of the board of directors;
- review and assess the corporate governance guidelines of BPO which includes a description of the board of directors' mandate and make recommendations to the board of directors, where appropriate;
- develop charters for any new committees established by the board of directors and annually review the charters of each existing committee and recommend any amendments to the board of directors, where appropriate;
- periodically review the position descriptions for the Chairman of the board of directors and recommend any amendments to the board of directors, where appropriate;
- review and recommend the implementation of structures and procedures to facilitate the board of directors' independence from management and to avoid conflicts of interest;
- monitor relationships between senior management of BPO and the board of directors, and recommend procedures to allow directors to have access to, and an effective relationship with, senior management;

- review all significant proposed related party transactions and situations involving a potential conflict of interest that are not required to be dealt with by an “independent special committee” pursuant to securities law rules (where appropriate under applicable laws, the committee may sit as an independent special committee);
- develop a policy governing charitable contributions by BPO;
- review and assess BPO’s code of business conduct and ethics for directors, officers and employees (the “Code”) to confirm that it addresses, among other things, conflicts of interest, corporate opportunities, confidentiality, fair dealing, protection and proper use of BPO’s assets, compliance with applicable laws, rules and regulations (including insider trading laws) and the reporting of illegal or unethical behaviour, and establishes mechanisms to facilitate the effective operation of the Code and the granting of waivers of the Code;
- approve any waivers of the Code sought by directors or members of senior management and confirm that any waivers of the Code for directors or members of senior management are promptly disclosed to shareholders; and
- review and make recommendations to the board of directors with respect to any shareholder proposal that relates to corporate governance including a director nomination by a shareholder.

The Governance and Nominating Committee met four times in 2006. There are four Governance and Nominating Committee meetings scheduled for 2007. Meeting frequency and agendas may change from time to time depending on opportunities or risks faced by BPO. The charter for the Governance and Nominating Committee is reviewed annually by the Governance and Nominating Committee and the board of directors.

ORIENTATION AND CONTINUING EDUCATION

The Chief Financial Officer and the Secretary, under the oversight of the Governance and Nominating Committee, are responsible for providing orientation and continuing education programs for new directors regarding the role of the board of directors, its committees and its directors. Generally, new directors are provided with materials describing our business and governance policy and procedures and they also meet individually with the Chief Executive Officer and the Chairman to learn about BPO and its operations. In order to ensure that BPO’s directors maintain the skill and knowledge necessary to meet their obligations as directors, the board of directors and the committees receive reports from management and third parties from time to time regarding changes in securities laws and regulations and changes in corporate governance practices. In addition, as part of the board of directors’ regular quarterly meetings, management provides an update of the business conditions in our primary markets.

EVALUATION OF BOARD, DIRECTORS AND COMMITTEES

The Governance and Nominating Committee, in consultation with the Chairman of the board of directors, ensures that an appropriate system is in place to evaluate and perform an annual evaluation of the effectiveness of the Board as a whole, as well as the committees of the Board to ensure they are fulfilling their respective responsibilities and duties as set out in BPO’s Corporate Governance Guidelines and in the respective committee charters. In connection with these evaluations, each director has been requested to provide his assessment of the effectiveness of the board of directors and each committee. The board of directors has decided not to evaluate its fellow board members’ contributions and effectiveness because it believes that doing so will impair the cooperative and productive character of the board.

BOARD OF DIRECTORS ACCESS TO OUTSIDE ADVISORS

The board of directors may at any time retain outside financial, legal or other advisors at the expense of BPO and have the authority to determine the advisors’ fees and other retention terms. Each committee of the board of directors may retain outside advisors, at the expense of BPO, without the Board’s approval, at any time. Any director may, subject to the approval of the Chairman, retain an outside advisor at the expense of BPO.

CODE OF BUSINESS CONDUCT AND ETHICS

The board of directors expects all directors, officers and employees to conduct themselves in accordance with the highest ethical standards and to adhere to Brookfield Properties’ written Code of Business Conduct and Ethics. The Code is given to each new director and officer upon commencement of employment, and it is distributed to all employees annually. The board of directors encourages senior officers to create a culture of integrity throughout the organization. The board of directors monitors compliance with the Code through its whistle blowing procedure described therein which mandates that all directors, officers and employees report breaches of the Code and may do so anonymously if they prefer. Any waiver of the Code for officers and directors may only be made by both the board of directors, and the board of directors of Brookfield Properties, and will be disclosed by BPO to the extent required by law, regulation or stock exchange requirement. No waivers have been sought or granted since the adoption of the Code in February 2007. This Code is reviewed annually by the board of directors and is posted on BPO’s web site at www.bpoproperties.com.

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 BPO’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 BPO's web site at 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 BPO and ready access to its published reports, press releases, statutory filings and supplementary information provided to analysts and investors. Directors and management meet with BPO'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 BPO'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 BPO's designated spokespersons.

PART FIVE – OTHER INFORMATION

SHAREHOLDER PROPOSALS

The *Canada Business Corporations Act* permits eligible shareholders of BPO to submit shareholder proposals to BPO, which proposals may be included in a management proxy circular relating to an annual meeting of shareholders. We did not receive any shareholder proposals for the upcoming Meeting. The final date by which BPO must receive shareholder proposals for the annual meeting of shareholders of BPO to be held in 2008 is December 14, 2007.

AVAILABILITY OF DISCLOSURE DOCUMENTS

We will provide any person or corporation, upon request to the Secretary of BPO, with a copy of:

- (a) the most recent annual information form of BPO, together with a copy of any document or the pertinent pages of any document incorporated therein by reference;
- (b) the comparative financial statements of BPO for the fiscal year ended December 31, 2006, together with the report of the auditors thereon;
- (c) the most recent annual report of BPO, which includes management's discussion and analysis of financial conditions and results of operations ("MD&A");
- (d) the interim financial statements of BPO for the periods subsequent to the end of BPO's fiscal year and the MD&A thereon; and
- (e) the management proxy circular of BPO dated March 15, 2007, in connection with the Meeting.

Copies of these documents are also available on BPO's SEDAR profile at www.sedar.com.

OTHER BUSINESS

We know 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 BPO.

Toronto, Canada
March 15, 2007

Craig J. Laurie
Senior Vice President and
Chief Financial Officer

CORPORATE GOVERNANCE GUIDELINES

1. INTRODUCTION

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 the senior officers of BPO Properties Ltd. (“BPO” or the “Corporation”) who are appointed by the board of directors and who are charged with the ongoing management of the corporation.

The Board is of the view that the corporate governance policies and practices of BPO, outlined below (the “Guidelines”) are comprehensive and consistent with requirements of the Toronto Stock Exchange, applicable Canadian Securities laws and the practices of Canadian public companies in similar circumstances to the Corporation.

The board of directors (the “Board”) of the Corporation will revise these Guidelines from time to time based on its assessment of the Corporation’s needs and legal and regulatory developments and changes in practices. The Corporation’s Governance and Nominating Committee will review these Guidelines annually, or more often if warranted, and recommend to the Board such changes as it deems necessary and appropriate.

2. ROLE AND FUNCTIONS OF THE BOARD

The role of the Board is to oversee the business and affairs of the Corporation which are conducted by its officers under the direction of the Chief Executive Officer. In doing so, the Board acts at all times with a view to the best interests of BPO. The Board 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, both directly and through its various committees, shall:

Strategic planning

- (a) oversee 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;
- (b) oversee the financial and business strategies and objectives included within the business plan;

Oversight of management

- (a) oversee the provision of management, human resource, legal and other services by Brookfield Properties Corporation (“Brookfield”), the Corporation’s parent company, pursuant to a management services agreement between BPO and Brookfield (the “Management Agreement”);
- (b) together with Brookfield, develop a position description for the Chief Executive Officer including the corporate objectives that the Chief Executive Officer is responsible for meeting;
- (c) together with Brookfield, oversee the selection and evaluation of the Chief Executive Officer;
- (d) together with Brookfield, oversee the selection and evaluation of other senior officers;
- (e) together with Brookfield, monitor succession planning of the Chief Executive Officer and other senior officers;
- (f) to the extent feasible, satisfy itself as to the integrity of the Chief Executive Officer and other senior officers;

Risk assessment and management

- (a) assess the major risks facing the Corporation and its businesses and review, approve, monitor and oversee the implementation of appropriate systems to manage those risks;

Public disclosure and financial reporting

- (a) oversee the Corporation’s public disclosure and financial reporting, review and monitor the Corporation’s management information systems and disclosure controls and procedures, its internal controls and procedures for financial reporting;
- (b) oversee compliance with the code of business conduct and ethics of Brookfield (the “Code of Business Conduct and Ethics”), which the Board has adopted for the Corporation, and which applies to the officers and directors of the Corporation to ensure that the Corporation maintains its integrity and accountability;

Corporate governance

- (a) ensure an appropriate system of corporate governance is in place so the Board and the senior officers can operate effectively, in the best interests of the Corporation;
- (b) confirm 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;
- (c) oversee the creation of a culture of integrity throughout the organization;

Approval of certain matters

- (d) approve all material transactions for the Corporation;
- (e) approve all transactions (other than diminimus transactions) involving related parties to the Corporation, including those with Brookfield; and
- (f) approve those matters which may not be delegated by the Board under applicable corporate law including, among others, the issuance of securities of the Corporation (except in the manner and on terms authorized by the Board), 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, or any other matter which the Board reserved to itself the right to approve notwithstanding the delegation of the day-to-day management of the business of the Corporation.

3. QUALIFICATIONS OF DIRECTORS

Directors are expected to have the highest personal and professional ethics and values and be committed to advancing the best interests of the Corporation and its shareholders. They are also expected to possess skills and competencies in areas that are relevant to the Corporation's activities and that enhance the ability of the Board to effectively oversee the business and affairs of the Corporation.

Each director must have an understanding of the Corporation's principal operational and financial objectives, plans and strategies, financial position and performance as well as the performance of the Corporation relative to its principal competitors. Directors must have sufficient time to carry out their duties and not assume responsibilities that would materially interfere with or be incompatible with Board membership. Directors who experience a significant change in their personal circumstances, including a change in their principal occupation, are expected to advise the Chairperson of the Governance and Nominating Committee and, if determined appropriate by the Board on the recommendation of the Governance and Nominating Committee, resign from the Board.

4. COMPOSITION OF BOARD

Size of Board and selection process

The directors of the Corporation are elected each year by the shareholders at the annual meeting of shareholders. The Governance and Nominating Committee recommends to the full Board the nominees for election to the Board and based on this recommendation the Board proposes a slate of nominees to the shareholders for election. Any shareholder may propose a nominee for election to the Board either by means of a shareholder proposal in compliance with the requirements prescribed by the *Canada Business Corporations Act* ("CBCA") or at the annual meeting.

The Board also recommends the number of directors on the Board for approval to the shareholders, again based on the recommendation of the Governance and Nominating Committee. Presently, the Board believes that not less than six directors is an appropriate size for the Board and its committees to operate effectively. Between annual meetings, the Board may appoint directors to serve until the next annual meeting, subject to the relevant provisions of the CBCA.

Independence of directors and representation of shareholders interests

Brookfield owns approximately 54.3% of the Corporation's common shares and 100% of the Corporation's non-voting equity shares, representing in the aggregate 89% of the Corporation's common equity. Brookfield Asset Management Inc. ("BAM") owns approximately 50.4% of Brookfield's common shares and 97.1% of Brookfield's Limited Class A redeemable voting preferred shares. Brookfield has two representatives on the Board, one of whom is also the Chief Executive Officer of the Corporation, BAM has one representative, and the remaining three are Independent Directors. The Board considers that its current 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 believes that a combination of Independent Directors and directors related to Brookfield and BAM leads to a constructive exchange in board deliberations resulting in objective, well-balanced and informed discussion and decision-making.

The Board, with the assistance of the Governance and Nominating Committee, determines whether each director is an "Independent Director". In making these determinations, the Board examines each individual director's circumstances and his or her relationship to the Corporation and its affiliates and evaluates if he or she meets the definition of an Independent Director.

“Independent Director” means a director who has been affirmatively determined by the Board to have no material relationship with the Corporation, its parent or a subsidiary corporation, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Corporation. In addition, a director will be deemed to have a material relationship if he or she has one of the following relationships with the Corporation (which in each case below must be read as including a parent company or subsidiary of the Corporation):

- (a) the director is or was within the last three years an employee or executive officer (or has an immediate family member who is or was within the last 3 years an executive officer) of the Corporation. A director is not disqualified from being independent if he or she previously acted as an interim chief executive officer of the Corporation, or currently acts or previously acted as a part-time chair or vice-chair of the Board or any Board committee;
- (b) the director (a) is a partner of or is employed by the Corporation’s internal or external auditor; (b) was within the last three years a partner or employee of that auditing firm and personally worked on the Corporation’s audit within that time; or (c) has a spouse, minor child or a child who lives in the director’s home and who (i) is a partner of the Corporation’s internal or external auditor; (ii) is an employee of the auditing firm and works in the audit, assurance or tax compliance (but not tax planning) practice; or (iii) was within the last three years a partner or employee of that auditing firm and personally worked on the Corporation’s audit during that time. For this purpose a “partner” does not include a partner whose interest in the auditing firm is limited to the receipt of fixed amounts of compensation (including deferred compensation) for prior service, if the compensation is not contingent in any way on continued service;
- (c) the director is or was within the last three years (or has an immediate family member who is or was within the last three years) an executive officer of another entity if any of the Corporation’s current executive officers serve or served at the same time on the compensation committee of that entity; or
- (d) the director has (or an immediate family member who is employed as an executive officer of the Corporation has) received more than Cdn. \$75,000 in direct compensation from the Corporation in any 12-month period within the last three years, other than (a) fees for acting as a director or committee member, including as the Chairperson of the Board or a Board committee; and (b) fixed amounts of compensation under a retirement or deferred compensation plan for prior service with the Corporation, if receipt is not contingent in any way on continued service.

For the purposes of the definition above, the term “executive officer” means the chair, vice-chair, president, vice-presidents in charge of principal business units, divisions or functions, and any other individual (whether employed by the Corporation or not) who performs a policy-making function in respect of the Corporation, and the term “immediate family member” means the director’s spouse, parents, children, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers and sisters-in-law and anyone (other than a domestic employee) who lives in the director’s home.

Members of the Audit Committee are subject to two additional requirements to be considered independent for audit committee purposes:

- (a) the director cannot after appointment to the Audit Committee accept, directly or indirectly, any consulting, advisory, or other compensatory fee from the Corporation or any of its subsidiaries, other than (a) fees for acting as a director, committee member, or part-time chair or vice-chair of the Board or any Board Committee; and (b) fixed amounts of compensation under a retirement or deferred compensation plan for prior service with the Corporation (provided such compensation is not contingent in any way on continued service). A fee is considered to have been indirectly received by the director if it is received by (a) the director’s spouse, a minor child or a child who lives in the director’s home; or (b) an entity in which the director is a partner, a member or an officer (such as a managing director or executive officer) if that entity provides accounting, consulting, legal, investment banking or financial advisory services to the Corporation or any of its subsidiaries, unless the director is a limited partner or a non-managing member of the entity and plays no active role in providing services to the entity; and
- (b) the director cannot be an affiliated entity of the Corporation or any of its subsidiaries.

For the purposes of the Audit Committee requirements above, the term “affiliated entity” means an individual or company that controls, is controlled by or is under common control with the Corporation. In addition, an individual is himself or herself an affiliated entity of the Corporation if the individual holds any of the following positions with an affiliated entity: a director who is an employee, an executive officer, a general partner or a managing member, and the term “control” means having the direct or indirect power to control the Corporation, whether through ownership of voting securities or otherwise. An individual who owns, directly or indirectly, 10% or less of any class of voting securities of the Corporation will be deemed not to control the Corporation if the individual is not an executive officer of the Corporation.

Each member of the Audit Committee shall be financially literate.

The term “**financially literate**” means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation’s financial statements.

The Board will review the independence of all directors on an annual basis and will publish its determinations in the management proxy circular for the Corporation’s annual meeting of shareholders and in accordance with other applicable laws. Directors have an ongoing obligation to inform the Board of any material changes in their circumstances or relationships that may affect the Board’s determination as to their independence.

Chairperson(s)

The Board will in each year elect from among its members a Chairperson who is not the Chief Executive Officer. The Chairperson of the Board is principally responsible for overseeing the operation and affairs of the Board. The Board has established a position description for the Chairperson which is attached as an appendix to these Guidelines. The Board may also appoint a Co-Chairperson or Vice-Chairperson where it believes this would enhance the operations of the Board. In this case, the Co-Chairperson or Vice-Chairperson will share the responsibilities of the Chairperson.

Election of directors

Every shareholder of the Corporation entitled to vote at an election of directors has the right to cast a number of votes equal to the number of votes attached to the shares held by him or her, multiplied by the number of directors to be elected. The shareholder may cast all of his or her votes in favour of one candidate or distribute them among the candidates in such manner as he or she sees fit. Where he or she has voted for more than one candidate without specifying the distribution of his or her votes among such candidates, he or she shall be deemed to have divided his or her votes equally among the candidates for whom he or she voted.

Term

All directors are elected at the annual meeting of shareholders of the Corporation for a term of one year. The Board does not believe it is advisable to establish term limits or mandatory retirement ages for its members as such limits may deprive the Corporation and its shareholders of the contributions of members who have been able to develop, over time, valuable insights into the Corporation, its strategy and business operations.

Board succession

The Governance and Nominating Committee is responsible for maintaining a Board succession plan that is responsive to the Corporation’s needs and the interests of its shareholders. In considering new nominees to the Board, the Committee shall consider the following criteria:

- (a) the competencies and skills necessary for the Board, as a whole, to possess;
- (b) the competencies and skills that each existing director possesses; and
- (c) the competencies and skills each new nominee will bring to the boardroom.

5. MEETINGS

The Board has meetings at least once in each quarter, with additional meetings held when required. Additional meetings may be called by the Chairperson, the Chief Executive Officer or any director on proper notice.

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

The Governance and Nominating Committee generally has meetings twice a year and the Audit Committee generally has meetings four times a year, and both committees have additional meetings when required. Meeting frequency and agendas for the standing committees may change from time to time, however, depending on opportunities or risks faced by the Corporation. Any member of a committee may call a committee meeting, request that an item be included on the committee’s agenda or raise subjects that are not on the agenda for that meeting. Audit Committee meetings can also be called by the Chairperson of the Board, the Chief Executive Officer, the Chief Financial Officer or the Corporation’s auditor.

Notice of the place, day and time of each Board or committee meeting must be served on each director at least 48 hours prior to the meeting, however, meetings may be held at any time without notice if all of the directors or committee members are present, or if all absent directors or committee members have waived notice. The notice need not state the purpose or purposes for which the meeting is being held.

Procedures for Board meetings

Procedures for Board meetings are determined by the Chairperson unless otherwise determined by the by-laws of the Corporation or a resolution of the Board.

Procedures for committee meetings are determined by the committee chairperson unless otherwise determined by the by-laws of the Corporation or a resolution of the committee or the Board.

A quorum for any Board or committee meeting is not less than a majority of directors, unless the directors fix the quorum otherwise.

The Chairperson may vote as a director at any meeting, but does not have a second or casting vote in the case of an equality of votes.

The Secretary of the Corporation keeps minutes of the meeting of the Board and each of its committees and circulates copies of the minutes to each Board or committee member, as the case may be, on a timely basis.

Independent Directors' meetings

The Independent Directors have at least four meetings a year with only Independent Directors present. At each meeting of Independent Directors, the directors will appoint an Independent Director to act as lead Independent Director to chair these meetings and to report to the Board on these meetings as is appropriate (the "Lead Independent Director"). The Board has developed a position description for the Lead Independent Director which is attached as an appendix to these Guidelines.

6. DIRECTORS RESPONSIBILITIES

Director 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 Chairperson to learn about the Corporation and its operations.

Attendance and participation

Each director is expected to attend all meetings of the Board 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 may also take action from time to time by unanimous written consent.

In advance of each Board and committee meeting, members will 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.

Service on other boards and audit committees

The Board does not believe that its members should be prohibited from serving on the boards of other public companies so long as these commitments do not materially interfere and are compatible with their ability to fulfill their duties as a member of the Board. Directors must advise the Chairperson in advance of accepting an invitation to serve on the board of another public company and, as a general rule, directors are not allowed to join a board of another public company on which two or more other directors of the Corporation serve.

Members of the Audit Committee may not serve on the audit committees of more than two other public companies without the prior approval of the Board.

Access to independent advisors

The Board and any committee may at any time retain outside financial, legal or other advisors at the expense of the Corporation and have the authority to determine the advisors' fees and other retention terms. Any director may, subject to the approval of the Chairperson, retain an outside advisor at the expense of the Corporation.

7. COMMITTEES OF THE BOARD

General

BPO believes that Board committees assist in the effective functioning of the Board.

The Board 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 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 Board does not have a separate committee responsible for executive compensation because management compensation is determined by Brookfield under the terms of the Management Agreement.

The Audit Committee and Governance and Nominating Committee are comprised solely of Independent Directors.

The following is a brief description of the mandate of each standing committee:

Audit Committee

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 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 and review of related operations prior to their approval by the full Board.

Governance and Nominating Committee

It is the responsibility of the Governance and Nominating Committee, in consultation with the Chairperson, to assess periodically the size and composition of the Board and its committees, to implement procedures for director appointment and removal, to assess effectiveness of the performance of the Board and its directors, to review Brookfield's Code of Business Conduct and Ethics as adopted by the Board and to ensure its continued applicability, to review the Corporation's Guidelines, to review and recommend directors' compensation, and to monitor its relations with Brookfield in its capacity as manager of BPO.

Committee Chairpersons

The Audit and Governance and Nominating Committees are each chaired by an Independent Director. Each committee chairperson is selected by the Board on the recommendation of the Governance and Nominating Committee and is responsible for determining the agenda and the frequency and conduct of committee meetings.

Committee charters

Each committee has its own charter that sets out its responsibilities and duties, qualifications for membership, procedures for committee member removal and appointment and reporting to the Board. Copies of each charter are posted on the Corporation's Web site, www.bpoproperties.com.

8. EVALUATION OF BOARD, DIRECTORS AND COMMITTEES

The Governance and Nominating Committee in consultation with the Chairperson will ensure that an appropriate system is in place to evaluate and perform an annual evaluation of the effectiveness of the Board as a whole, as well as the committees of the Board, to ensure they are fulfilling their respective responsibilities and duties as set out in these Guidelines and in their respective committee charters. In connection with these evaluations, each director will be requested to provide his or her assessment of the effectiveness of the board and each committee. These evaluations should take into account the competencies and skills each director is expected to bring to his or her particular role on the Board or on a committee, as well as any other relevant facts.

9. MANAGEMENT

Management Agreement

The day-to-day management of the Corporation is provided by employees of Brookfield under the terms of the Management Agreement. Brookfield provides the Corporation with management resources and strategic guidance, human resource, legal and development services, as well as administrative and office services such as book-keeping and record-keeping, management of computer services and preparation of maintenance and other records.

BPO is a major component of the Canadian real estate division of Brookfield. The purpose of the Management Agreement is to allow the Corporation and Brookfield to work together to streamline their respective costs and to create efficiencies that would not be possible if the Corporation managed itself.

The senior officers of the Corporation are employees of Brookfield but the selection and evaluation of the senior officers is done by the Board in consultation with Brookfield. The senior officers of the Corporation apportion their time between matters related to the Corporation and matters related to other parts of Brookfield's business as necessary.

It is the responsibility of the Board and the senior officers of the Corporation to ensure the Corporation's assets are being used in the best interests of the Corporation, including to create wealth for its shareholders. When performance of either the senior officers of the Corporation or Brookfield is found to be inadequate, the Board has the responsibility to bring about appropriate change.

Compensation to Brookfield pursuant to the terms of the Management Agreement is an annual flat fee of Cdn. \$4.6 million. No cash compensation is paid by the Corporation to its senior officers in their capacity as such. The Board annually reviews the terms of the Management Agreement to evaluate whether it continues to be in the best interests of the Corporation's shareholders, and the Board has the right to terminate it if it determines it is no longer in the shareholders' best interests.

The Board, in consultation with Brookfield, has developed a position description of the Chief Executive Officer which is attached as an appendix to these Guidelines. The Board, in consultation with Brookfield, annually reviews the position description of the Chief Executive Officer and establishes objectives against which his or her performance is reviewed. Similar reviews and assessments are undertaken for other senior officers in consultation with Brookfield and the Chief Executive Officer.

Management's and Brookfield's relationship to the Board

Brookfield, in its capacity as manager of BPO, and the senior officers of the Corporation report to and are accountable to the Board. At its meetings, the Board regularly engages in private sessions with the Corporation's Chairperson and Chief Executive Officer without other senior officers present.

Business plans are developed for the Corporation to ensure the compatibility of shareholder, Board and senior officers' views on the Corporation's strategic direction, performance targets and utilization of shareholders' equity. A special meeting of the Board is held each year to review the strategic initiatives and the business plan submitted by the Chief Executive Officer. The Board's approval of the annual business plan then provides a mandate for senior officers and Brookfield to conduct the affairs of the Corporation knowing it has the necessary support of the Board. Material deviations from the plan are reported to and considered by the Board.

Board access to management

Information provided by senior officers to directors is critical to their effectiveness. In addition to the reports presented to the Board at its regular and special meetings, the Board is also kept informed on a timely basis by the senior officers of corporate developments and key decisions taken by them in pursuing the Corporation's business plan. The directors periodically assess the quality, completeness and timeliness of information provided by the senior officers to the Board.

Management succession

The Board in consultation with Brookfield maintains a succession plan for the Chief Executive Officer and other senior officers. The objective of the plan is to ensure the orderly succession of senior officers, including providing for any required recruiting, training and development.

10. 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 and available on the Corporation's Web site, www.bpoproperties.com.

The Corporation endeavors 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 Company and ready access to its published reports, press releases, statutory filings and supplementary information provided to analysts and investors. Directors and senior officers 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 endeavors 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.

11. DIRECTOR COMPENSATION

Directors who are officers of the Corporation or any of its affiliates do not receive any compensation for service as directors of the Corporation.

Annually, the Governance and Nominating Committee recommends to the Board the form and adequacy of compensation and benefits directors who are not senior officers. During this recommendation process, the committee seeks to ensure that the compensation and benefits reflect the responsibilities and risks involved in being a director of the Corporation and to align the interests of the directors with the best interests of the Corporation and its stakeholders.

Directors are reimbursed by the Corporation for reasonable travel expenses and other out-of-pocket expenses incurred in connection with their duties as 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 of Cdn. \$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 three 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 Cdn. \$120,000, 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 share units.

12. BROOKFIELD'S CODE OF BUSINESS CONDUCT AND ETHICS

The Board expects all directors and officers of the Corporation to conduct themselves in accordance with the highest ethical standards and to adhere to Brookfield's Code of Business Conduct and Ethics, which has been adopted by the Board. Any waiver

of the Code of Business Conduct and Ethics for officers and directors of the Corporation may only be made by the Board or the Governance and Nominating Committee (in addition to the waivers required by Brookfield's board of directors) and will be disclosed to shareholders by the Corporation to the extent required by law, regulation or stock exchange requirement.

13. PROHIBITION ON PERSONAL LOANS

The Corporation will not, either directly or indirectly, including through its subsidiaries, extend or maintain credit, arrange for the extension of credit, or renew an extension of credit, in the form of a personal loan to or for any director or officer.

14. INDEMNIFICATION AND INSURANCE

In accordance with the by-laws of the Corporation and applicable laws, present and former directors and officers are each indemnified by the Corporation.

In addition, the Corporation maintains directors and officers insurance with an annual policy limit of Cdn. \$50,000,000 subject to a corporate deductible of Cdn. \$250,000 per loss. Under this insurance coverage, the Corporation and certain of its associated companies are 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.

15. CONFLICTS OF INTEREST

Each director is required to inform the Board of any potential or actual conflicts, or what might appear to be a conflict of interest he or she may have with the Corporation. If a director has a personal interest in a matter before the Board or a committee, he or she must not participate in any vote on the matter except where the Board or the committee has expressly determined that it is appropriate for him or her to do so.

16. CONTACT BOARD AND COMMITTEES

The Board welcomes input and comments from shareholders of the Corporation. You may contact one or more members of the Board or its committees by writing to the Corporation's Secretary at:

Board of Directors of BPO Properties Ltd.
c/o BPO Properties Ltd.
181 Bay Street, Suite 330
Toronto, Ontario M5J 2T3

E-mail: boardofdirectors@bpoproperties.com

Approved by the Board of Directors February 15, 2005.

APPENDIX

Position description of Chairperson

The Chairperson of the Board of BPO is principally responsible for overseeing the operations and affairs of the Board. In fulfilling his or her responsibilities, the Chairperson will:

- (a) provide leadership to foster the effectiveness of the Board;
- (b) ensure there is an effective relationship between the Board, senior officers of the Corporation and Brookfield, in its role as provider of management, human resource and other services;
- (c) ensure that the appropriate committee structure is in place and assist the Governance and Nominating Committee in making recommendations for appointments to such committees;
- (d) in consultation with the other members of the Board and the Chief Executive Officer, prepare the agenda for each meeting of the Board;
- (e) ensure that all directors receive the information required for the proper performance of their duties, including information relevant to each meeting of the Board;
- (f) chair Board meetings, including stimulating debate, providing adequate time for discussion of issues, facilitating consensus, encouraging full participation and discussion by individual directors and confirming that clarity regarding decision-making is reached and accurately recorded;
- (g) together with the Governance and Nominating Committee, ensure that an appropriate system is in place to evaluate the performance of the Board as a whole, the Board's committees and individual directors, and make recommendations to the Governance and Nominating Committee for changes when appropriate;
- (h) work with the Chief Executive Officer and Brookfield to monitor progress on strategic planning, policy implementation and succession planning; and
- (i) provide additional services requested by the Board.

Position description of Lead Independent Director

The Lead Independent Director will preside over all sessions of the Corporation's Independent Directors and is responsible for ensuring that matters raised during these meetings are reviewed with the full Board and Corporation's senior management and acted upon in a timely fashion. In addition, the Lead Director performs the following functions:

- (a) consults with the Chairperson of the board on the preparation of the agenda for each meeting of the board; and
- (b) in consultation with the Chairperson, ensures that an appropriate system is in place to evaluate the performance of the board as a whole and its committees.

Position description of Chief Executive Officer

The Chief Executive Officer of BPO is responsible for providing the leadership of the Corporation and, subject to the direction provided by the Board, managing the business and affairs of the Corporation. In fulfilling his or her responsibilities, the Chief Executive Officer will:

- (a) develop and present to the Board for approval a business plan for the Corporation, which includes the fundamental objectives and goals of the plan, the strategies to achieve the objectives and goals, the risks and alternatives to these strategies and specific steps and performance indicators which will enable the Board to evaluate management's progress on implementing such strategies and achieving the objectives and goals, and report regularly to the Board on the progress of the business plan;
- (b) develop and present to the Board for approval annual capital and operating plans to implement the Corporation's business plan, together with key financial and other performance goals for the Corporation's activities, and report regularly to the Board on the progress against these goals;
- (c) manage the operations of the Corporation in accordance with the business, capital and operating plans approved by the Board;
- (d) act as the primary spokesperson for the Corporation;
- (e) recommend to the Board the appointment or termination of senior officers of the Corporation;
- (f) present to the Board for approval annually an assessment of the senior officers of the Corporation together with a succession plan that provides for the orderly succession of senior officers including the recruitment, training and development required;
- (g) together with the Corporation's Chief Financial Officer, establish and maintain disclosure controls and procedures and internal controls and procedures for financial reporting appropriate to ensure the accuracy and integrity of the Corporation's financial reporting and public disclosure; and
- (h) foster a corporate culture that promotes ethical practices and encourages individual integrity and social responsibility.

