



**BPO PROPERTIES LTD.**

*(Incorporated under the Canada Business Corporations Act)*

**NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that an Annual and Special Meeting of Shareholders (the "Meeting") of **BPO Properties Ltd.** ("BPO") will be held on Monday, May 4, 2009 at 1:30 p.m. at the Hockey Hall of Fame, Brookfield Place, 30 Yonge Street, Toronto, Ontario for the following purposes:

1. to receive the annual report to shareholders, including the consolidated financial statements for the fiscal year ended December 31, 2008, 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;
4. to consider and, if deemed advisable, to approve, an ordinary resolution confirming the amendment of the bylaws of BPO; and
5. to transact such other business as may properly come before the Meeting or any adjournment or postponement 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 Thursday, April 30, 2009 or, if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment or postponement of the Meeting, as follows:

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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

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By Order of the Board of Directors

(signed) "Bryan K. Davis"

Toronto, Canada  
March 17, 2009

Bryan K. Davis  
Senior Vice President and  
Chief Financial Officer

# MANAGEMENT PROXY CIRCULAR

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# MANAGEMENT PROXY CIRCULAR

## PART ONE – VOTING INFORMATION

### SOLICITATION OF PROXIES

The information contained in this Management Proxy Circular (the “Circular”) is furnished in connection with the solicitation of proxies to be used at the Annual and Special Meeting of Shareholders (the “Meeting”) of BPO Properties Ltd. (the “Corporation” or “BPO”) to be held on Monday, May 4, 2009 at 1:30 p.m. at the Hockey Hall of Fame, Brookfield Place, 30 Yonge Street, Toronto, Ontario and at any adjournments or postponements 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 of March 17, 2009, 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 or postponement 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 Thursday, April 30, 2009 or, if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays) before any adjournment or postponement 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

### 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 Registered Retirement Savings Plans, Registered Retirement Income Funds, Registered Education Savings Plans and similar plans; or
- b) in the name of a depository (such as CDS Clearing and Depository Services Inc.) 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 2008 annual report (which includes management’s discussion and analysis and consolidated financial statements for the fiscal year ended December 31, 2008) (collectively, the “meeting materials”) to the depositories 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 Broadridge Investor Communication Solutions) 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 the Corporation, 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.***

## REVOCATION

A registered shareholder who has given a proxy may revoke the proxy (a) by completing and signing a proxy bearing a later date and depositing it as described above; (b) by depositing an instrument in writing executed by the shareholder or by the shareholder's attorney authorized in writing (i) at the registered office of BPO at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement 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 or postponement 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 that is not received by the Intermediary at least seven days prior to the Meeting.

## VOTING OF SHARES REPRESENTED BY PROXIES

A designated proxyholder must vote or withhold from voting the shares in respect of which it is appointed 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 must be voted accordingly. If a shareholder has not specified how to vote on a particular matter, then the designated proxyholder can vote those shares as he or she sees fit.

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 17, 2009, BPO had 6,654,211 outstanding common shares. Each holder of common shares of record at the close of business on March 17, 2009, 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 that 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 56.1% of the common shares outstanding and 100% of the non-voting equity shares, representing in the aggregate 89.7% of BPO’s common equity.

## PART TWO – BUSINESS OF THE MEETING

### 1. ANNUAL FINANCIAL STATEMENTS

The annual financial statements of BPO for the fiscal year ended December 31, 2008 are included in BPO's 2008 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 five directors nominated for election, you will be entitled to five 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 any other proposed nominee 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 17, 2009.

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#### 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 Chief Executive Officer and a director of Brookfield Properties since 2002. He was President and Chief Executive Officer of Brookfield Properties' U.S. operations from 2000-2002; and prior to that held senior management positions for Brookfield Properties and its predecessor companies including Chief Operating Officer, Executive Vice President and Director of Leasing. Mr. Clark is currently also Senior Managing Partner and Chief Executive Officer of Brookfield Asset Management's global real estate group. Mr. Clark is on the Executive Committee of the National Association of Real Estate Trusts and the Real Estate Board of New York and is the Former Chairman of the Real Estate Roundtable Tax Policy Advisory Committee.

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#### THE HONOURABLE WILLIAM G. DAVIS<sup>(1)</sup>

The Honourable William G. Davis has served as a director of BPO since May 1998. A resident of Brampton, Ontario, Canada, The Honourable William G. Davis is Counsel at Torys LLP and was the Premier of Ontario from 1971 until 1985 and a Member of the Ontario Legislature from 1959 to 1985. He is also a director of several companies, including First American Financial, First American Title Insurance Company, Home Capital Group and Magellan Aerospace.

Chairman of Governance and Nominating Committee and Member of Audit Committee

3,732 Deferred Share Units

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**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 was appointed President and Chief Executive Officer, Canadian Commercial Operations for Brookfield Properties in January 2009 and prior to that was President and Chief Operating Officer, 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 office space and development sites in Toronto, Ottawa, Calgary, Edmonton and Vancouver.

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**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

3,732 Deferred Share Units

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**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 Mortgage Investment Co. Ltd., an investment company. Mr. Nesbitt currently serves on the board of Morguard Real Estate Investment Trust. and as Chairman of HEPP Investment Committee, the pension plan for healthcare employees in the Province of Manitoba.

Member of Governance and Nominating  
Committee and Audit Committee

6,873 Deferred Share Units

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**Note:**

- (1) The Honourable William Davis, a director of the Corporation, was a director of Dylex Ltd. ("Dylex") from 1995 to May 16, 2001. Prior to his appointment, Dylex filed for protection under the provision of the *Companies' Creditors' Arrangement Act* (Canada) (the "CCAA"). Dylex emerged from CCAA protection in 1995. On May 16, 2001, following a change of control, Mr. Davis resigned as a director. Following his resignation as a director, Dylex again filed for protection under the CCAA. The proposed reorganization of Dylex under the CCAA was not effected and Dylex became bankrupt in September 2001. Dylex shares ceased trading as a result. The trustee in bankruptcy of Dylex commenced proceedings against the former directors, officers and legal counsel of Dylex, including Mr. Davis, in connection with the change of control transaction. The claim was defended and the matter was settled in January 2006 without admission of liability.

## COMPENSATION OF DIRECTORS

### *Annual Fee*

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”).

### *Deferred Share Units*

We established the Deferred Stock Unit Plan for Non-Employee Directors to enhance BPO’s ability to attract and retain high quality individuals to serve as members of BPO’s board and to promote a greater alignment of interests between outside directors and BPO shareholders.

A Deferred Share Unit is a unit, equivalent in value to a BPO common share, credited by means of a bookkeeping entry in the books of the Corporation, to an account in the name of the outside director. At the end of the director’s tenure as a member of BPO’s board, the director is paid, in cash, the market value of the common shares represented by the Deferred Share Units or, at the option of the director, that number of common shares purchased by a trustee, acting on the Corporation’s behalf, that is equal to the market value of the common shares represented by the Deferred Share Units.

Our board of directors has determined that 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 table provides details of the compensation received by the directors during the year ended December 31, 2008.

Name	Fees Earned (\$)	Share-based Awards (Deferred Share Units) <sup>(1)</sup> (\$)	Option-based Awards (\$)	Non-equity Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total Compensation (\$)
William G. Davis	27,500	\$20,577.18	—	—	—	\$ 48,077.18
Robert J. McGavin	27,500	\$20,577.18	—	—	—	\$ 48,077.18
Michael F.B. Nesbitt	—	\$41,154.35	—	—	—	\$ 41,154.35

Note:

- (1) The market value of the Deferred Share Units on February 18, 2009 was based on the closing price of BPO’s common shares on the Toronto Stock Exchange of \$32.50 on that date.

Directors are also reimbursed for travel and other out-of-pocket expenses incurred in attending board or committee meetings. For the year ended December 31, 2008, one director received \$2,972.70 in reimbursed expenses.

Messrs. Richard B. Clark and Thomas F. Farley do not receive compensation for serving as directors.

### 3. APPOINTMENT OF AUDITORS

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. On February 10, 2009, the Audit Committee recommended to BPO’s board of directors that Deloitte & Touche be appointed as external auditors of BPO, subject to shareholder approval.

To be effective, this resolution must be passed by more than 50% of the votes cast by holders of BPO’s shares entitled to vote in respect of the appointment of Deloitte & Touche, present in person or represented at the Meeting by proxy, in accordance with the provisions of the *Canada Business Corporations Act*.

***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 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 BPO with consulting and other non-audit services. BPO maintains a 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 that are not permitted to be provided by BPO’s external auditors, including services related to financial information systems design and implementation.

The following table sets forth further information on the fees billed or expected to be billed by Deloitte & Touche to BPO for the fiscal years ended December 31, 2008 and 2007:

Service Performed	2008	2007
Audit Fees	\$310,000	\$230,000
Audit-Related Fees <sup>(1)</sup>	\$1,097,000	\$1,181,000
Tax Fees	–	–
All Other Fees	–	\$85,000
Total fees	\$1,407,000	\$1,496,000

Note:

- (1) Included in this amount is \$980,000 (2007 - \$1,020,000) related to audits of joint ventures of which the Corporation’s share is \$570,000 (2007 - \$560,000)

Audit fees were for professional services rendered for the audit of BPO’s consolidated financial statements as of and for the years ended December 31, 2008 and 2007 and the audit of internal control over financial reporting as of December 31, 2008, quarterly review of the financial statements included in BPO’s quarterly reports, consents and comfort letters issued and review of filings with securities commissions.

Audit-related fees consisted of assurance and related services that are reasonably related to the performance of the audit and are not reported under “Audit Fees.” Audit-related fees include employee benefit plans, operating cost and escalation, joint venture and lender audits, as well as consultations concerning financial accounting and reporting standards.

The Audit Committee of the board of directors has determined that the provision of these services is compatible with the maintenance of the independence of Deloitte & Touche.

#### **4. AMENDMENT OF BYLAWS**

The bylaws of BPO previously provided that any dividend unclaimed after a period of six years from the date it was declared would be forfeited and returned to the Corporation. In response to changes in the legislation relating to unclaimed dividends, on April 29, 2008, BPO's board of directors unanimously adopted a resolution, subject to shareholder confirmation, to approve an amendment to its bylaws to update the unclaimed dividend limitation period from six years to two years, with such amendment having retroactive effect.

At the Meeting, shareholders will be asked to consider, and if deemed advisable, to approve, the following ordinary resolution confirming the amendment of the bylaws of BPO:

BE IT RESOLVED:

1. THAT Section 10.5 of the Bylaws be deleted and replaced in its entirety with the following:

*10.5 Unclaimed Dividends. Subject to applicable law, any dividend unclaimed after a period of two years from the date on which the same has been declared to be payable shall be forfeited.*

2. AND THAT the Bylaws, as so amended, apply to all dividends currently unclaimed, so that any dividend that has been unclaimed after a period of two years from the date on which the same has been declared to be payable shall be forfeited.

To be effective, this resolution must be passed by more than 50% of the votes cast by holders of BPO's shares entitled to vote in respect of the bylaw amendment, present in person or represented at the Meeting by proxy, in accordance with the provisions of the *Canada Business Corporations Act*.

***Unless directed otherwise, on any ballot that may be called for the bylaw amendment, the management representatives designated in the enclosed form of proxy intend to vote such shares in favour of the bylaw amendment.***

## **PART THREE – INFORMATION REGARDING EXECUTIVE COMPENSATION**

### **COMPENSATION DISCUSSION AND ANALYSIS**

#### **OVERVIEW AND MANAGEMENT ARRANGEMENTS**

The following discussion is intended to supplement the information concerning executive compensation that appears in the tables that follow. For 2008, BPO's only named executive officers (as the term is defined in Form 51-102 F6 of National Instrument 51-102) were: (a) Richard B. Clark (BPO's Chairman); (b) Bryan K. Davis (BPO's Senior Vice President and Chief Financial Officer); and (c) Thomas F. Farley (BPO's President and Chief Executive Officer).

BPO is a subsidiary of Brookfield Properties, which is a public company listed on the Toronto Stock Exchange (the "TSX") and the New York Stock Exchange ("NYSE"). Brookfield Properties, directly and indirectly, owns shares representing in the aggregate 89.7% of BPO's common equity. BPO effectively operates within the Canadian division of Brookfield Properties, amounting to about 90% of that division. Brookfield Properties Ltd. ("BPL"), a wholly-owned subsidiary of Brookfield Properties, provides all of the personnel required in the operation of the business of BPO and, as a result, BPO does not have any employees. As described below, BPL provides such resources by way of two Services Support Agreements with BPO's, wholly-owned subsidiary, Brookfield Properties Management Corporation ("BPMC"). The address of BPMC and BPL is Brookfield Place, 181 Bay Street, Suite 330, Toronto, Ontario, M5J 2T3.

The Services Support Agreements consist of: (1) a Services Support Agreement dated October 21, 2005 relating to services provided in connection with the assets of the former O&Y Properties Corporation and O&Y Real Estate Investment Trust (the "O&Y Assets"); and (2) a Services Support Agreement dated January 1, 2006 relating to services provided in connection with the Corporation's assets, other than the O&Y Assets. Neither agreement has a fixed term, and each state that BPL will 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. The fees paid under the agreements are on a cost recovery basis, and totaled \$13.0 million in 2008 (compared with \$11.4 million in 2007). In addition, the agreements permit both BPL and BPMC to recover costs and expenses on a cost recovery basis. Total cost charged to BPL in 2008 totaled \$0.8 million (compared with \$0.6 million in 2007).

Pursuant to the Service Support Agreements, senior management receives its compensation from BPL, an apportioned amount of which is reimbursed by BPMC. No cash compensation was paid or is payable by BPO or its subsidiaries to executive officers of BPO in respect of the fiscal year ended December 31, 2008.

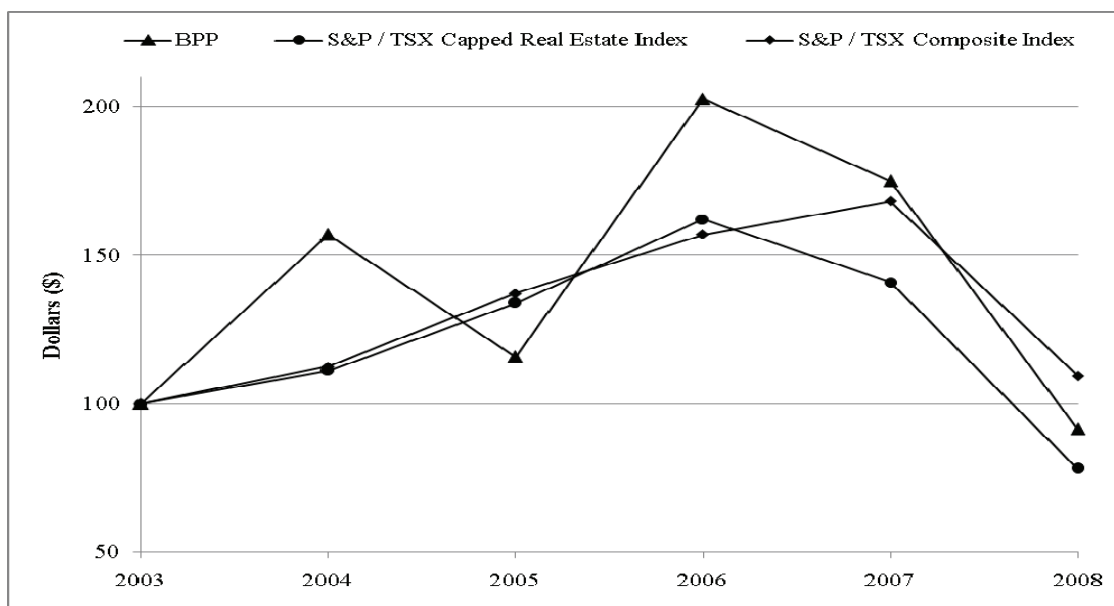
In respect of the year ended December 31, 2008, BPMC paid \$892,799 to BPL to reimburse it for a portion of the base salary, short-term incentives and benefits paid to Mr. Farley and \$73,355 for travel and other out-of-pocket expenses incurred by Mr. Farley. In 2008, Mr. Farley devoted approximately 86% of his time to the business and affairs of BPO, and these amounts represent approximately 86% of the associated incurred costs.

In 2008, Messrs. Clark and Davis devoted a portion of their time to the business and affairs of BPO in their roles as executive officers of Brookfield Properties, as BPO represents the majority of Brookfield Properties' Canadian Commercial Operations. BPMC did not pay BPL any amounts as reimbursement for the services of Messrs. Clark and Davis in respect of the year ended December 31, 2008.

Brookfield Properties' total compensation for its executives, including BPO's named executive officers, takes into account, among other things, Brookfield Properties' business, results of operations and financial condition taken as a whole, including BPO's operations within its Canadian division. For a detailed discussion of the objectives of Brookfield Properties' compensation program, the elements of its compensation program and how compensation is determined, please refer to "Part Three – Statement of Executive Compensation – Compensation Discussion and Analysis" on pages 7 to 13 of the Management Proxy Circular of Brookfield Properties dated March 17, 2009 which is available on Brookfield Properties' website at [www.brookfieldproperties.com](http://www.brookfieldproperties.com) and SEDAR, [www.sedar.com](http://www.sedar.com).

## PERFORMANCE GRAPH

The following shows the cumulative total S&P/TSX shareholder return for BPO (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.



The trend shown by the above performance graph is a consistent increase in the cumulative shareholder return from 2004 to 2006, followed by a decrease starting in late 2007. The trend in BPO's compensation to the named executive officers has generally followed the trend in the performance graph, with the exception of 2007. In 2007, Brookfield Properties increased the total salary and short-term incentive compensation of several of the named executive officers in that year. These increases reflected the additional responsibilities resulting from significant increases in revenues and assets of Brookfield Properties due to the acquisition of the Trizec portfolio in 2007.

The Corporation is of the view that the market price of BPO's common shares during the last financial year has been predominately affected by external factors over which BPO has no control and does not reflect the performance of the Corporation, given the overall improvement in revenues and earnings during that period and more importantly, given the fact that BPO has continued to meet its financial targets.

## SUMMARY COMPENSATION OF NAMED EXECUTIVE OFFICERS

As Messrs. Clark, Davis and Farley are compensated as officers of Brookfield Properties, certain compensation information provided in this section is excerpted from the Management Proxy Circular of Brookfield Properties dated March 17, 2009. All references to options, common shares and Deferred Share Units (“DSUs”) in this Part Three are to such securities of Brookfield Properties.

The following table sets out the compensation paid to the named executive officers relating to the year ended December 31, 2008.

Name and Principal Position	Year	Salary (\$)	Option-based Awards <sup>(5)</sup> (\$)	Non-equity Incentive Plan Compensation (\$)		All Other Compensation (\$)	Total Compensation (\$)
				Annual Incentive Plans	Long-term Incentive Plans		
Richard B. Clark <sup>(1)(2)(3)</sup> Chairman	2008	952,923	333,523	1,191,153	–	–	2,477,599
Bryan K. Davis <sup>(2)(3)</sup> Senior Vice President and Chief Financial Officer	2008	409,786	160,378	204,893	–	–	775,057
Thomas F. Farley <sup>(4)</sup> President and Chief Executive Officer	2008	400,000	108,774	600,000	–	–	1,108,774

### Notes:

- (1) In February 2009, Mr. Clark was granted 375,000 stock options pursuant to Brookfield Asset Management’s stock option plan in connection with his role as Senior Managing Partner and Chief Executive Officer of Brookfield Asset Management Inc.’s global real estate group. The options are exercisable at a price of \$14.10. Such amounts were paid by Brookfield Asset Management Inc. at no cost to Brookfield Properties.
- (2) Compensation was awarded, earned, paid or payable in U.S. dollars and is presented based on the exchange rate on February 18, 2009 of US\$1.260879817 for each C\$1.00.
- (3) BPMC did not pay BPL any amounts relating to the services of Messrs. Clark and Davis.
- (4) BPMC paid \$892,799 to BPL in connection with the base salary, short-term incentives and benefits paid to Mr. Farley and \$73,355 for travel and other out-of-pocket expenses incurred by Mr. Farley, representing approximately 86% of such costs.
- (5) These amounts represent the value of the options issued on the date of grant derived by application of the Black-Scholes option pricing model, discounted by 25% to reflect the five-year vesting and one year holding provisions of the Brookfield Properties’ Share Option Plan.

## INCENTIVE PLAN AWARDS

### OUTSTANDING SHARE-BASED AWARDS AND OPTION-BASED AWARDS

The following table indicates for each of the named executive officers all option and share awards outstanding as at December 31, 2008.

Name	Option-based Awards					Share-based Awards (DSUs)	
	Number of Securities Underlying Unexercised Options Vested (#)	Number of Securities Underlying Unexercised Options Unvested (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised In-the-money Options <sup>(1)</sup> (\$)	Number of Shares or Units of Shares That Have Vested (#)	Market or Payout Value of Share-based Awards that Have Vested (\$) <sup>(2)</sup>
Richard B. Clark <sup>(3)</sup>	123,750	–	US\$6.89	12/31/2010	–	411,086	2,907,828.43
	393,750	–	US\$7.43	12/31/2011	–		
	168,750	–	US\$8.17	12/31/2012	–		
	618,750	–	US\$13.08	12/31/2013	–		
	99,000	24,750	US\$16.27	12/31/2014	–		
	90,000	60,000	US\$20.17	12/31/2015	–		
	300,000	450,000	US\$31.21	12/31/2016	–		
	150,000	600,000	US\$19.11	12/31/2017	–		
–	1,000,000	US\$6.15	12/31/2018	–			
Bryan K. Davis <sup>(3)</sup>	9,000	36,000	US\$19.11	12/31/2017	–	–	–
	–	605,691	US\$6.15	12/31/2018	–	–	–
Thomas F. Farley	41,741	–	11.88	12/31/2011	–	–	–
	43,772	–	12.42	12/31/2012	–	–	–
	180,000	–	17.47	12/31/2013	–	–	–
	144,000	36,000	20.16	12/31/2014	–	–	–
	27,000	18,000	23.23	12/31/2015	–	–	–
	15,000	60,000	19.21	12/31/2017	–	–	–
	–	402,866	7.85	12/31/2018	–	–	–

#### Notes:

- (1) The “in-the-money” value is the amount by which the market value of the common shares under option exceeded the exercise price of such options. The market value used for the options was the closing price of Brookfield Properties’ common shares on the NYSE on February 18, 2009 of US\$5.61 for U.S. dollar denominated options and the closing price of Brookfield Properties’ common shares on the TSX on February 18, 2009 of \$7.11 for Canadian dollar denominated options.
- (2) The market value of a DSU on February 18, 2009 was based on the closing price of Brookfield Properties’ common shares on the NYSE of US\$5.61 for DSUs granted to U.S. participants and the closing price of Brookfield Properties’ common shares on the TSX of \$7.11 for DSUs granted to Canadian participants.
- (3) Compensation was awarded, earned, paid or payable in U.S. dollars and is presented based on the exchange rate on February 18, 2009 of US\$1.260879817 for each C\$1.00.

### VALUE VESTED OR EARNED DURING THE YEAR

The value of all option-based awards that vested during the year ended December 31, 2008 was \$nil for each of the named executive officers.

### 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, 2008.

### DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE

BPO maintains directors and officers insurance under policies arranged by Brookfield Asset Management Inc. (“BAM”) 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 bylaws 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 \$134,730 annually.

## **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as disclosed above under “Overview and Management Arrangements”, as of the date of this Circular, 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 at any time since January 1, 2008.

BAM, Brookfield Properties and their affiliates may, from time to time, hold certain indebtedness of BPO and its subsidiaries by way of transactions executed through market intermediaries and under prevailing market terms and conditions at the time of such transactions. Included in loans receivable at December 31, 2008 is a \$125.0 million (compared to \$220.3 million on December 31, 2007) on-demand deposit placed with Brookfield Properties. In two separate transactions during the second quarter of 2008, Brookfield Properties repaid the original \$220.3 million on-demand deposit that was issued in December 2007 and a new \$125.0 million on-demand deposit was placed with Brookfield Properties. Subsequent to the year ended December 31, 2008, the Corporation received the full balance of the loan receivable outstanding from Brookfield Properties in the amount of \$125.0 million. For the year ended December 31, 2008, interest income of \$7.0 million was recorded on these deposits (compared to \$0.2 million in 2007). Included in rental revenues during the year ended December 31, 2008 are amounts received from BAM of \$0.4 million (compared to \$0.4 million in 2007). In addition, BPO has certain arrangements with BAM and its affiliates to acquire insurance in the normal course and at market rates or at cost. These fees are based on a percentage of the annual premiums paid.

BPO has certain arrangements with an affiliate of BAM, the ultimate parent of BPO, and Brookfield Properties to provide various information technology services and with Brookfield Properties to provide various administrative services including accounts payable processing and accounts receivable collection. The costs for these services amounted to \$8.2 million for the year ended December 31, 2008, and are charged to BPO on a cost recovery basis and replaced similar costs that were incurred directly by BPO in the prior year when these services were performed internally.

## **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 long-term interests of BPO and the enhancement of value for shareholders.

BPO conducts a review of its corporate governance practices annually. 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 Canadian securities laws.

### **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 President and Chief Executive Officer and by Brookfield Properties (See "Part Three – Information Regarding Executive Compensation – Overview and Management Arrangements"). 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 BPO's suppliers, customers and the communities in which it operates. In fulfilling BPO's responsibilities, the board of directors adopted Corporate Governance Guidelines. The Corporate Governance Guidelines, which include a detailed mandate for the board of directors, are reviewed on an annual basis and otherwise as appropriate. A copy of BPO's Corporate Governance Guidelines, including position descriptions for the Chairman, the Chief Executive Officer and the lead independent director, is attached hereto as [Appendix A](#).

#### **COMPOSITION OF THE BOARD AND REPRESENTATION OF SHAREHOLDERS' INTERESTS**

Each director must have an understanding of BPO's principal operational and financial objectives, plans and strategies, financial position and performance as well as the performance of BPO 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 of directors membership.

The board of directors, with the assistance of the Governance and Nominating Committee, determines whether each director is an independent director. In determining independence, the board of directors utilized the definition of "independent" in Multilateral Instrument 52-110. In making these determinations, the board of directors examines the results of annual questionnaires completed by each director, as well as each individual director's circumstances and his or her relationship to BPO and its affiliates. For a director to be independent, the board must affirmatively determine that such director has no material relationship with BPO and such director did not receive any consulting, advisory, or other compensatory fee from BPO except in his or her capacity as a member of the board of directors or a committee thereof.

The board of directors is currently comprised of five directors, three of whom are independent directors. Mr. Thomas F. Farley, President and Chief Executive Officer of BPO, is not considered to be independent because he is a member of management. Mr. Richard B. Clark is unrelated to BPO, but he is considered not to be independent because he is the Chief Executive Officer of Brookfield Properties, the owner of approximately 89.7% of BPO's common equity. The Honourable William G. Davis, Mr. Robert J. McGavin and Mr. Michael F.B. Nesbitt are independent directors and do not have any relationships with BPO.

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 or she 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 2008 and took action by written consent four times. There are four regular meetings scheduled for 2009. 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 B. Clark, as Chairman, is not an independent director, meetings of independent directors are conducted under the direction of The Honourable William G.

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, the President and Chief Executive Officer or any director on proper notice. These meetings were conducted under the direction of the lead independent director.

The following is a record of the directors' attendance at the meetings of the board of directors and the committees during 2008:

<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. McGavin	4 out of 4	100%	4 out of 4	4 out of 4
Michael F.B. Nesbitt	3 out of 4	75%	3 out of 4	3 out of 4

The Chairman is primarily responsible for setting the agenda. Prior to each board meeting, the Chairman discusses agenda items for the meeting with the President and Chief Executive Officer, lead independent director, 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 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 independent 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 Committee and Governance and Nominating Committee 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 attached hereto as [Appendix A](#).

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](http://www.bpoproperties.com).

#### **AUDIT COMMITTEE**

The Audit Committee is comprised of three directors, all of whom are independent directors: Mr. Robert J. McGavin (Chairman), The Honourable William G. Davis and Mr. Michael F.B. 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 condition and results of operations prior to their approval by the full board of directors.

The Audit Committee met four times in 2008. There are four Audit Committee meetings scheduled for 2009. 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 BPO's Annual Information Form and is available on BPO's web site at [www.bpoproperties.com](http://www.bpoproperties.com).

## **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 J. McGavin and Michael F.B. Nesbitt.

The Governance and Nominating Committee is responsible for reviewing the performance of the board of directors as a whole on an annual basis, including specifically reviewing areas in which the board of directors' effectiveness may be enhanced. It is also responsible for reviewing the credentials of proposed nominees for election or appointment to the board and for recommending candidates for board membership. Candidates are assessed in relation to the criteria established by the board to ensure it has the appropriate mix of talents, quality and skills necessary to promote sound governance and an effective board. The Governance and Nominating Committee is responsible for reviewing and reporting to the board of directors on: director compensation; the charters of each existing committee; the position description for the Chairman; BPO's corporate; and any recommended amendments to such documents. The committee also oversees the orientation of new directors, reviews all significant proposed related party transactions and situations involving a potential conflict of interest and to the extent feasible, strives to ensure the President and Chief Executive Officer and the other executive officers of BPO are acting with integrity and developing a culture of integrity throughout BPO.

The Governance and Nominating Committee met four times in 2008. There are four Governance and Nominating Committee meetings scheduled for 2009. 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. A copy of the Governance and Nominating Committee charter is available on BPO's web site at [www.bpoproperties.com](http://www.bpoproperties.com).

## **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 BPO's business and governance policy and procedures and they also meet individually with the President and 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 BPO's 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. The process used for undertaking these assessments includes a written survey of the effectiveness of the board of directors and its committees and detailed discussion of the results of such survey. 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](http://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. The 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](http://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. BPO 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 2010 is December 17, 2009.

### AVAILABILITY OF DISCLOSURE DOCUMENTS

BPO 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, 2008, 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 17, 2009, in connection with the Meeting.

Copies of these documents and additional information relating to BPO are also available on BPO's SEDAR profile at [www.sedar.com](http://www.sedar.com). Financial information for the fiscal year ended December 31, 2008 is provided in BPO's comparative financial statements and MD&A, which are included in the BPO's most recent annual report.

### OTHER BUSINESS

The Corporation is not aware of any 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.

(signed) "Bryan K. Davis"

Toronto, Canada  
March 17, 2009

Bryan K. Davis  
Senior Vice President and  
Chief Financial Officer

## APPENDIX A– 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, in consultation with Brookfield Properties Corporation (“Brookfield”) 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

- c) oversee the provision of management, human resource, legal and other services;
- d) 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;
- e) together with Brookfield, oversee the selection and evaluation of the Chief Executive Officer;
- f) together with Brookfield, oversee the selection and evaluation of other senior officers;
- g) together with Brookfield, monitor succession planning of the Chief Executive Officer and other senior officers;
- h) to the extent feasible, satisfy itself as to the integrity of the Chief Executive Officer and other senior officers;

#### Risk assessment and management

- i) 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

- j) 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;
- k) 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 senior management and directors of the Corporation to ensure that the Corporation maintains its integrity and accountability;

#### Corporate governance

- l) ensure an appropriate system of corporate governance is in place so the Board and the senior management can operate effectively, in the best interests of the Corporation;
- m) 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;

- n) oversee the creation of a culture of integrity throughout the organization;

#### **Approval of certain matters**

- o) approve all material transactions for the Corporation; and
- p) 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 bylaws 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 five 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 56.1% of the Corporation's common shares and 100% of the Corporation's non-voting equity shares, representing in the aggregate 89.7% of the Corporation's common equity. Brookfield Asset Management Inc. owns approximately 50.5% of Brookfield's common shares and 97.1% of Brookfield's 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, 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 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. In determining independence, the Board relies on the definition of "independent" as referenced in National Instrument 58-101 "Disclosure of Corporate Governance Practices". Generally, an independent director means a director who has been affirmatively determined by the Board to have no material relationship with the Corporation, either directly or indirectly as a partner, shareholder or officer of an organization that has a relationship with the Corporation. A material relationship is a relationship which could, in the Board's determination, reasonably interfere with the exercise of a director's independent judgment.

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 members of senior management 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 four times 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 bylaws of the Corporation or a resolution of the Board.

Procedures for committee meetings are determined by the committee chairperson unless otherwise determined by the bylaws 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. Each year 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.

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](http://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 Arrangements**

BPO is a major component of the Canadian real estate division of Brookfield. 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.

There are two Service Support Agreements between Brookfield Properties Management Corporation, a wholly-owned subsidiary of BPO and Brookfield Properties Ltd., a wholly-owned subsidiary of Brookfield: (i) a Services Support Agreement dated October 21, 2005 relating to services provided in connection with the former O&Y Properties Corporation and O&Y REIT assets (collectively, the "O&Y Assets"); and (ii) a Services Support Agreement dated January 1, 2006 relating to services provided in connection with the Company's assets other than the O&Y Assets (collectively, the "Services Support Agreements"). The purpose of the Services Support Agreements 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 management of the Corporation apportion their time between matters related to the Corporation and matters related to other parts of Brookfield's business as necessary. No cash compensation is paid by the Corporation directly to its senior management in their capacity as such. Senior management receives their compensation from Brookfield, an apportioned amount of which is paid by BPO to Brookfield.

It is the responsibility of the Board and the senior management 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 management of the Corporation or Brookfield is found to be inadequate, the Board has the responsibility to bring about appropriate change.

The Board annually reviews the terms of the Services Support Agreements to evaluate whether they continue to be in the best interests of the Corporation's shareholders, and the Board has the right to terminate them if it determines they are 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 management personnel 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 senior management 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 management 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 management 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 management 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 management 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 management to the Board.

#### **Management succession**

The Board in consultation with Brookfield maintains a succession plan for the Chief Executive Officer and other members of senior management. The objective of the plan is to ensure the orderly succession of senior management, 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](http://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 management meet with the Corporation's shareholders at the annual meeting and are available to respond to questions at that time.

The Corporation also maintains an investor relations program to respond to inquiries in a timely manner. Management meets on a regular basis with investment analysts, financial advisors and interested members of the public to ensure that accurate information is available to investors, including quarterly conference calls and webcasts to discuss the Corporation's financial results. The Corporation also 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.

### **12. BROOKFIELD'S CODE OF BUSINESS CONDUCT AND ETHICS**

The Board expects all directors and members of management 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 senior management 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 bylaws 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. 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 bylaws 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](mailto:boardofdirectors@bpoproperties.com)

## 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.







