



**Supplemental Information
for the year ended December 31, 2006**



Introduction

- This supplemental information package is intended to provide interested parties with additional financial and other information on BPO Properties.
- The information herein should be read in conjunction with the company's interim and annual reports, including management's discussion and analysis.
- This information is available on the company's Web site and is updated at least quarterly.

Inquiries

BPO welcomes inquiries from shareholders, analysts, media representatives and other interested parties. Questions relating to investor relations or media inquiries can be directed to Melissa Coley, Vice President Investor Relations and Communications at (416) 359-8593 or via e-mail at mcoley@bpoproperties.com. Inquiries regarding financial results should be directed to Craig Laurie, Senior Vice President and Chief Financial Officer, at (416) 956-5170 or via e-mail at claurie@bpoproperties.com.



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Corporate Profile

BPO Properties Ltd. is one of Canada's premier public real estate companies focused on the ownership and value-enhancement of premier office properties. The portfolio is comprised of interests in 35 commercial properties totalling approximately 21.6 million square feet and five development projects totalling 5.5 million square feet. Our portfolio includes landmark properties such as First Canadian Place in Toronto and Bankers Hall in Calgary. The Company's common shares trade on the Toronto Stock Exchange under the symbol "BPP".

This accompanying financial information make reference to net operating income and funds from operations ("FFO") on a total and per share basis. Net operating income is defined as income from property operations after operating expenses have been deducted, but prior to deducting financing, administrative and income tax expenses. FFO is defined as net income prior to extraordinary items, non-cash items and depreciation and amortization. The company uses net operating income and FFO to assess its operating results. Net operating income is important in assessing operating performance and FFO is a relevant measure to analyze real estate, as commercial properties generally appreciate rather than depreciate. The company provides the components of net operating income on page 18 and a full reconciliation from net income to FFO on page 13. The company reconciles FFO to net income as opposed to cashflow from operating activities as it believes net income is the most comparable measure. Net operating income and FFO are both non-GAAP measures which do not have any standard meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies.

Refer to page 39 for disclaimer on Forward-Looking Statements



Company Contacts & Research Coverage

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Common Share Trading

Common Shares

BPO Properties is listed on the Toronto Stock Exchange under the symbol “BPP”.

BPO Trading Statistics - The Toronto Stock Exchange

Source: Bloomberg

	Three Months Ended				
	Dec. 31, 2006	Sept. 30, 2006	Jun. 30, 2006	Mar. 31, 2006	Dec. 31, 2005
High	\$ 75.90	\$ 56.25	\$ 48.00	\$ 44.75	\$ 40.50
Low	\$ 52.00	\$ 43.75	\$ 41.00	\$ 39.00	\$ 36.00
Close	\$ 69.92	\$ 53.95	\$ 43.50	\$ 44.00	\$ 39.70
Volume	134,105	104,120	453,323	257,548	176,013
Dividends paid per share	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15



Selected Financial Information

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Financial Overview

(Millions)	Three months ended Dec. 31		Year ended Dec. 31	
	2006	2005	2006	2005
Commercial property net operating income - from current properties	\$ 49.9	\$ 33.8	\$ 183.0	\$ 110.8
Straight-line rental income	0.8	0.6	4.0	3.9
Commercial property net operating income	50.7	34.4	187.0	114.7
Funds from operations prior to the following items:	40.0	26.7	143.3	96.5
Straight-line rental income	0.8	0.6	4.0	3.9
Discontinued operations	1.6	1.5	23.6	4.0
Funds from operations and gains	42.4	28.8	170.9	104.4
Net income	17.3	11.8	72.7	68.2
Interest expense	10.7	10.0	44.3	40.1
Preferred share dividends	4.3	3.1	16.0	11.8
Common share dividends	4.3	4.3	17.1	17.1
Weighted average common shares outstanding	28.5	28.5	28.5	28.5

(Millions)	Dec. 31, 2006	Dec. 31, 2005 ⁽¹⁾
Total assets - book value	\$ 2,098.6	\$ 2,026.3
Commercial property - book value	1,462.1	1,399.8
Commercial property debt	933.7	867.7
Shareholders' equity	939.0	899.4
Total capitalization (market value of equity plus debt)	3,309.9	2,382.2

(1) Certain comparative information has been reclassified to conform with current presentation.



Ratio Analysis

	Dec. 31 2006	Dec. 31 ⁽¹⁾ 2005
Industry Benchmarks		
Debt to total market capitalization (total debt / market capitalization)	28%	36%
Debt to total book capitalization (total debt / total book capitalization)	44%	43%
% of Non-recourse commercial property debt	100%	100%
	Dec. 31 2006	Dec. 31 2005
Operating Ratios		
Interest coverage ratio (funds from operations prior to gains + interest expense) / interest expense	4.3x	3.4x
Debt service coverage ratio (funds from operations prior to gains + interest expense) / (interest + principal amortization)	3.1x	2.6x
Fixed charge coverage ratio (funds from operations prior to gains + interest expense) / (interest expense + preferred dividends + principal amortization)	2.5x	2.1x

(1) Certain comparative information has been reclassified to conform with current presentation.



Balance Sheet

(Millions)	Dec. 31 2006	Dec. 31 2005 ⁽¹⁾
Assets		
Commercial properties	\$ 1,462.1	\$ 1,399.8
Commercial developments	312.8	189.7
Loans receivable	100.2	100.1
Intangible assets	62.5	59.5
Tenant receivables and other assets	58.6	54.5
Cash	27.7	21.5
Future income tax asset	—	16.5
Marketable securities and other investments	—	66.7
Assets related to discontinued operations ⁽²⁾	74.7	118.0
	\$ 2,098.6	\$ 2,026.3
Liabilities		
Commercial property debt	\$ 933.7	\$ 867.7
Intangible liabilities	104.3	111.8
Accounts payable and other liabilities	69.8	64.5
Future income tax liability	10.2	—
Liabilities related to discontinued operations ⁽³⁾	41.6	82.9
Shareholders' equity		
Preferred shares	381.7	381.7
Common shares	78.9	78.9
Retained earnings	478.4	438.8
	\$ 2,098.6	\$ 2,026.3

(1) Certain comparative information has been reclassified to conform with current year presentation.

(2) Includes \$71.2 million of commercial properties and \$3.5 million of other assets at December 31, 2006 (December 31, 2005 - \$111.2 million and \$6.8 million, respectively).

(3) Includes \$40.0 million of commercial property debt and \$1.6 million other liabilities at December 31, 2006 (December 31, 2005 - \$78.8 million and \$4.1 million, respectively).



Income Statement

(Millions, except per share amounts)	Three months ended Dec. 31		Year ended Dec. 31	
	2006	2005	2006	2005
Total revenue before gains	\$ 98.5	\$ 74.8	\$ 374.3	\$ 266.6
Net operating income				
Operating income from commercial properties	\$ 50.7	\$ 34.4	\$ 187.0	\$ 114.7
Loans and investment income	4.2	6.0	21.3	34.6
	54.9	40.4	208.3	149.3
Expenses				
Interest	10.7	10.0	44.3	40.1
Administrative and large corporation tax	3.4	3.1	16.7	8.8
	40.8	27.3	147.3	100.4
Depreciation and amortization	15.8	11.0	61.7	32.1
Future income taxes	8.5	4.9	29.1	1.0
Net income from continuing operations	16.5	11.4	56.5	67.3
Discontinued operations	0.8	0.4	16.2	0.9
Net income	\$ 17.3	\$ 11.8	\$ 72.7	\$ 68.2
Net income per common share				
Continuing operations	\$ 0.43	\$ 0.30	\$ 1.42	\$ 1.95
Discontinued operations	0.03	0.01	0.57	0.03
Net income per common share	\$ 0.46	\$ 0.31	\$ 1.99	\$ 1.98
Funds from operations per common share				
Prior to property disposition gains and discontinued operations	\$ 1.28	\$ 0.86	\$ 4.60	\$ 3.11
Property disposition gains	—	—	0.55	—
Discontinued operations	0.06	0.05	0.28	0.14
Funds from operations and gains per common share	\$ 1.34	\$ 0.91	\$ 5.43	\$ 3.25



FFO – Per Share Calculations and Reconciliation of Net Income to FFO

Reconciliation of Net Income to FFO:

(Millions)	Three months ended Dec. 31		Year ended Dec. 31	
	2006	2005	2006	2005
Net income	\$ 17.3	\$ 11.8	\$ 72.7	\$ 68.2
Depreciation and amortization ⁽ⁱ⁾	16.1	11.9	64.8	34.7
Future income tax ⁽ⁱⁱ⁾	9.0	5.1	33.4	1.5
Funds from operations and gains	42.4	28.8	170.9	104.4
Property disposition gains	—	—	(15.9)	—
Funds from operations	\$ 42.4	\$ 28.8	\$ 155.0	\$ 104.4

(i) Includes depreciation and amortization from discontinued operations of \$ 0.3 million and \$3.1 million for the three and twelve months ended December 31, 2006, respectively. (\$0.9 million and \$2.6 million for the three and twelve months ended December 31, 2005, respectively.)

(ii) Includes future income taxes from discontinued operations of \$ 0.5 and \$4.3 million for the three and twelve months ended December 31, 2006, respectively. (\$0.2 and \$0.5 million for the three and twelve months ended December 31, 2005, respectively.)

After providing for preferred share dividends, BPO Properties' FFO per common share is calculated as follows:

(Millions, except per share information)	Three months ended Dec. 31		Year ended Dec. 31	
	2006	2005	2006	2005
Funds from operations	\$ 42.4	\$ 28.8	\$ 155.0	\$ 104.4
Preferred share dividends	(4.3)	(3.1)	(16.0)	(11.8)
Funds available for common shareholders	\$ 38.1	\$ 25.7	\$ 139.0	\$ 92.6
Weighted average shares outstanding	28.5	28.5	28.5	28.5
FFO per common share	\$ 1.34	\$ 0.91	\$ 4.88	\$ 3.25

The accompanying financial information makes reference to funds from operations ("FFO") on a total and per share basis. FFO is defined as net income prior to extraordinary items, non-cash items and depreciation and amortization. The company uses FFO to assess its operating results. FFO is a relevant measure to analyze real estate, as commercial properties generally appreciate rather than depreciate. The company reconciles FFO to net income as opposed to cashflow from operating activities as it believes net income is the most comparable measure. FFO is a non-GAAP measure which does not have any standard meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies.



Discontinued Operations

The Company adopted the provisions of CICA Handbook Section 3475. The Company's application of this section results in the presentation of the net operating results of qualifying properties sold or held for sale during 2006 and 2005 as income from discontinued operations for all periods presented. The following table summarizes income from discontinued operations:

(Millions, except per share amounts)	Three months ended Dec. 31		Year ended Dec. 31	
	2006	2005	2006	2005
Revenue from discontinued operations	\$ 4.8	\$ 5.3	\$ 22.4	\$ 17.5
Expense	(2.7)	(3.0)	(11.5)	(10.4)
Net operating income - discontinued operations	2.1	2.3	10.9	7.1
Interest expense	(0.5)	(0.8)	(3.2)	(3.1)
Funds from operations - discontinued operations	1.6	1.5	7.7	4.0
Gain on sale of discontinued operations	—	—	15.9	—
Depreciation and amortization	(0.3)	(0.9)	(3.1)	(2.6)
Future income taxes related to discontinued operations	(0.5)	(0.2)	(4.3)	(0.5)
Net income	\$ 0.8	\$ 0.4	\$ 16.2	\$ 0.9
Net income per share - discontinued operations	\$ 0.03	\$ 0.01	\$ 0.57	\$ 0.03
Funds from operations per share - discontinued operations and gains	\$ 0.06	\$ 0.05	\$ 0.83	\$ 0.14

Discontinued operations sold during Q2 2006:

Calgary, Alberta	840 - 7th Avenue SW McFarlane Tower Franklin Atrium Altalink Place Mount Royal Place Franklin Building
Winnipeg, Manitoba	330 St. Mary Avenue 175 Hargrave Street

Discontinued operations held for sale effective Q4, 2006:

Toronto, Ontario	Atrium On Bay
Ottawa, Ontario	2200 Walkley Ave
Ottawa, Ontario	2204 Walkley Ave



Income Statement by Quarter

(Millions, except per share amounts)	2006				2005			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenue	\$ 98.5	\$ 96.2	\$ 88.8	\$ 90.8	\$ 74.8	\$ 63.4	\$ 63.7	\$ 64.7
Operating income from commercial properties	50.7	48.6	44.8	42.9	34.4	26.1	26.7	27.5
Loans and investment income	4.2	6.3	3.2	7.6	6.0	9.0	9.6	10.0
	54.9	54.9	48.0	50.5	40.4	35.1	36.3	37.5
Expenses								
Interest	10.7	11.1	11.2	11.3	10.0	10.0	10.0	10.1
Administrative and large corporation tax	3.4	4.2	5.3	3.8	3.1	1.9	1.8	2.0
	40.8	39.6	31.5	35.4	27.3	23.2	24.5	25.4
Depreciation and amortization	15.8	15.9	15.7	14.3	11.0	7.0	6.8	7.3
Future income taxes	8.5	8.1	5.0	7.5	4.9	6.5	(7.4)	(3.0)
Net income from continuing operations	16.5	15.6	10.8	13.6	11.4	9.7	25.1	21.1
Discontinued operations	0.8	0.7	14.1	0.6	0.4	0.2	0.1	0.2
Net income	\$ 17.3	\$ 16.3	\$ 24.9	\$ 14.2	\$ 11.8	\$ 9.9	\$ 25.2	\$ 21.3
Net income per common share								
Continuing operations	\$ 0.43	\$ 0.40	\$ 0.23	\$ 0.36	\$ 0.30	\$ 0.23	\$ 0.78	\$ 0.64
Discontinued operations	0.03	0.02	0.50	0.02	0.01	0.01	—	0.01
	\$ 0.46	\$ 0.42	\$ 0.73	\$ 0.38	\$ 0.31	\$ 0.24	\$ 0.78	\$ 0.65
Funds from operations per common share								
Prior to property disposition gains and discontinued operations	\$ 1.28	\$ 1.25	\$ 0.95	\$ 1.12	\$ 0.86	\$ 0.71	\$ 0.75	\$ 0.79
Property disposition gains	—	—	0.55	—	—	—	—	—
Discontinued operations	0.06	0.05	0.08	0.09	0.05	0.03	0.03	0.03
	\$ 1.34	\$ 1.30	\$ 1.58	\$ 1.21	\$ 0.91	\$ 0.74	\$ 0.78	\$ 0.82



Cashflow Statement

(Millions)	Three months ended Dec. 31		Twelve months ended Dec. 31	
	2006	2005 ⁽¹⁾	2006	2005
Operating Activities				
Net income	\$ 17.3	\$ 11.8	\$ 72.7	\$ 68.2
Add (deduct):				
Gains on disposition of properties	—	—	(15.9)	—
Depreciation and amortization	16.2	11.9	64.8	34.7
Future income taxes	9.0	5.1	33.4	1.5
Amortization of above/below market leases	(3.6)	(1.6)	(14.1)	(1.6)
Amortization of above/below market debt	0.3	(0.4)	(2.4)	(0.4)
Other working capital	(14.7)	(1.0)	(8.2)	(24.0)
Cashflow provided by operating activities	24.5	25.8	130.3	78.4
Investing Activities				
Development and redevelopment expenditures	(13.0)	(5.3)	(49.8)	(9.5)
Capital expenditures	(5.7)	(5.6)	(11.3)	(11.9)
Tenant installation costs	(2.9)	(5.6)	(9.6)	(15.1)
Acquisition of properties	(45.1)	(426.7)	(184.5)	(426.7)
Dispositions of properties, net	—	—	26.0	—
Decrease/(increase) in restricted cash	—	(2.7)	1.4	(2.7)
Loans receivable	—	—	7.0	—
Marketable securities and other investments	—	173.0	66.7	311.2
Cashflow used in investing activities	(66.7)	(272.9)	(154.1)	(154.7)
Financing Activities				
Commercial property debt arranged	25.0	169.4	100.0	169.4
Commercial property debt amortization	(5.6)	(5.4)	(16.8)	(14.0)
Commercial property debt repayments	—	(39.0)	(20.1)	(39.0)
Repurchase of common shares	—	—	—	(0.9)
Preferred share dividends paid	(4.3)	(3.1)	(16.0)	(11.8)
Common share dividends paid	(4.3)	(4.3)	(17.1)	(17.1)
Cashflow provided by financing activities	10.8	117.6	30.0	86.6
(Decrease) increase in cash	(31.4)	(129.5)	6.2	10.3
Cash, beginning of period	59.1	151.0	21.5	11.2
Cash, end of period	\$ 27.7	\$ 21.5	\$ 27.7	\$ 21.5

(1) Certain comparative information has been reclassified to conform with current year presentation.



Components of Total Revenue

The components of total revenue are as follows:

(Millions)	Three months ended Dec. 31		Year ended Dec. 31	
	2006	2005	2006	2005
Commercial property operations				
Revenue from continuing operations	\$ 82.7	\$ 62.1	\$ 314.0	\$ 213.1
Fee income	\$ 6.8	1.4	16.6	1.4
Revenue from discontinued operations	4.8	5.3	22.4	17.5
Total commercial property revenue	94.3	68.8	353.0	232.0
Loans and investment income	4.2	6.0	21.3	34.6
Total revenue	\$ 98.5	\$ 74.8	\$ 374.3	\$ 266.6



Commercial Net Operating Income

The components of commercial net operating income are as follows:

(Millions)	Dec. 31 2006	Three months ended Sept. 30, 2006	Dec. 31, 2005
Commercial property operations			
Revenue from continuing operations and fee income	\$ 89.6	\$ 85.0	\$ 63.5
Operating expenses	38.9	36.4	29.1
Net operating income	\$ 50.7	\$ 48.6	\$ 34.4

(Millions)	Dec. 31 2006	Three months ended Sept. 30, 2006	Dec. 31, 2005
Same-store net operating income	\$ 29.8	\$ 30.3	\$ 27.6
Acquisitions	18.3	17.2	6.8
Non recurring and other income	2.6	1.2	—
Net operating income	\$ 50.7	\$ 48.7	\$ 34.4

(Millions)	Dec. 31 2006	Three months ended Sept. 30, 2006	Dec. 31, 2005
Straight-line rental revenue	\$ 0.8	\$ 1.1	\$ 0.6

This supplemental financial information makes reference to net operating income. Net operating income is defined as income from property operations after operating expenses have been deducted, but prior to deducting financing, administrative and income tax expenses. The company uses net operating income to assess its operating results. Net operating income is important in assessing operating performance. The company provides the components of net operating income. Net operating income is a non-GAAP measure which does not have any standard meaning prescribed by GAAP and therefore may not be comparable to similar measures presented by other companies.



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Summary of Properties

Commercial Properties

Commercial property assets consist largely of office properties containing approximately 27 million square feet of space, in which BPO Properties has a net interest in approximately 14 million square feet.

Dec. 31, 2006	Leasable Area (000's Sq.Ft.)	BPO Owned Interest (000's Sq.Ft.)	Book Value (Millions)	Debt (Millions)	Net Book Equity (Millions)
Region					
Toronto, Ontario	7,753	3,876	\$ 631.9	\$ 373.5	\$ 258.4
Ottawa, Ontario	2,780	695	103.3	53.9	49.4
Calgary, Alberta	7,845	3,544	598.3	434.9	163.4
Edmonton, Alberta	710	177	17.8	10.4	7.4
Vancouver, B.C.	853	853	106.8	49.5	57.3
Other	212	55	4.0	—	4.0
Continuing operations	20,153	9,200	1,462.1	922.2	539.9
Discontinued operations	1,400	661	71.2	40.0	31.2
	21,553	9,861	1,533.3	962.2	571.1
Commercial developments	5,500	4,595	312.8	11.5	301.3
Total	27,053	14,456	\$ 1,846.1	\$ 973.7	\$ 872.4

Geographic Distribution

Year Ended Dec. 31, 2006	Net Operating Income (Millions)	Net Operating Income % Contribution
Region		
Toronto, Ontario	78.5	42.0%
Ottawa, Ontario	11.9	6.4%
Calgary, Alberta	83.7	44.8%
Edmonton, Alberta	2.6	1.4%
Vancouver, B.C.	9.8	5.2%
Other	0.5	0.2%
Total	\$ 187.0	100.0%



Property Listing

Dec. 31, 2006	Number of Properties	Leased %	Office 000's Sq. Ft.	Retail 000's Sq. Ft.	Parking 000's Sq. Ft.	Leasable Area 000's Sq. Ft.	Effective Ownership Interest %	BPO's Effective Interest 000's Sq. Ft.
TORONTO								
First Canadian Place	1	95.5%	2,379	232	170	2,781	25%	695
Atrium on Bay	1	85.7%	914	137	190	1,241	50%	621
Exchange Tower	1	95.2%	963	66	131	1,160	50%	580
Hudson's Bay Centre	1	92.8%	536	261	295	1,092	100%	1,092
2 Queen St E.	1	98.6%	448	16	81	545	25%	136
Queen's Quay Terminal	1	100.0%	429	75	—	504	100%	504
151 Yonge Street	1	96.8%	289	10	72	371	25%	93
2-24 St. Clair Ave West	1	96.0%	219	12	68	299	25%	75
18 King Street East	1	98.4%	219	9	23	251	25%	63
105 Adelaide Street West	1	100.0%	176	7	49	232	100%	232
HSBC Building	1	100.0%	188	6	31	225	100%	225
40 St. Clair Ave. West	1	96.5%	117	4	28	149	25%	37
20-22 Front St. W	1	99.2%	136	8	—	144	100%	144
	13	94.8%	7,013	843	1,138	8,994		4,497
OTTAWA								
Place de Ville I	2	99.0%	569	18	502	1,089	25%	272
Place de Ville II	2	98.5%	591	19	433	1,043	25%	261
Jean Edmonds Tower	2	100.0%	540	13	95	648	25%	162
2204 Walkley	1	99.9%	104	—	—	104	25%	26
2200 Walkley	1	100.0%	55	—	—	55	25%	14
	8	99.2%	1,859	50	1,030	2,939		735
CALGARY								
Bankers Hall	3	99.6%	1,944	224	525	2,693	50%	1,347
Petro-Canada Centre	2	100.0%	1,708	24	220	1,952	50%	976
Fifth Avenue Place	2	100.0%	1,430	45	206	1,681	50%	841
Gulf Canada Square	1	99.5%	1,047	73	21	1,141	25%	285
Altius Centre	1	100.0%	303	3	72	378	25%	95
	9	99.8%	6,432	369	1,044	7,845		3,544
EDMONTON								
Canadian Western Bank	1	97.7%	375	31	91	497	25%	124
Enbridge Tower	1	100.0%	179	4	30	213	25%	53
	2	98.4%	554	35	121	710		177
VANCOUVER								
Royal Centre	1	95.4%	494	95	264	853	100%	853
OTHER								
4342 Queen, Niagara Falls	1	84.9%	149	—	60	209	25%	52
Merivale Place, Nepean	1	100.0%	—	3	—	3	100%	3
	2	85.2%	149	3	60	212		55
TOTAL PORTFOLIO	35	97.2%	16,501	1,395	3,657	21,553		9,861



Historical Occupancy Analysis

The occupancy in BPO properties' portfolio, excluding development properties, is shown over the past five quarters:

(000's Sq.Ft.)	Dec. 31, 2006		Sept. 30, 2006		Jun. 30, 2006		Mar. 31, 2006		Dec. 31, 2005	
	Total Sq. Ft.	% Leased	Total Sq. Ft.	% Leased	Total Sq. Ft.	% Leased	Total Sq. Ft.	% Leased	Total Sq. Ft.	% Leased
Toronto, Ontario	8,994	94.8%	8,995	94.4%	8,995	92.5%	8,995	92.9%	8,997	93.1%
Ottawa, Ontario	2,939	99.2%	2,938	99.2%	2,936	99.4%	2,936	99.7%	2,935	99.7%
Calgary, Alberta	7,845	99.8%	7,851	99.5%	7,851	99.7%	8,936	99.0%	8,936	99.1%
Edmonton, Alberta	710	98.4%	709	98.2%	709	95.9%	709	95.3%	708	94.8%
Vancouver, B.C.	853	95.4%	853	94.9%	853	95.5%	853	92.9%	853	93.0%
Other	212	85.2%	212	83.2%	212	83.2%	463	83.3%	463	90.5%
Total	21,553	97.2%	21,558	96.9%	21,556	96.1%	22,892	96.0%	22,892	96.1%



Largest Tenants

Tenant	Location	Year of Expiry ⁽¹⁾	000's Sq Ft ⁽²⁾	% of Sq Ft ⁽²⁾	Credit Rating ⁽³⁾
Rated					
Government of Canada	Various	2010	2,003	11.2%	AAA
Bank of Montreal/Nesbitt Burns	Fifth Avenue, Bankers Hall, Exchange Tower, First Canadian Place, 2 Queen, Place de Ville, Gulf Canada Square	2018	1,128	6.3%	AA-
Petro-Canada	Petro-Canada Centre	2013	914	5.1%	BBB
CIBC	Bankers Hall, 22 Front and Atrium on Bay	2023	653	3.6%	A+
Imperial Oil	Fifth Avenue	2011	633	3.5%	AAA
Talisman Energy	Bankers Hall	2015	527	2.9%	BBB+
RBC Financial Group	Royal Centre, Bankers Hall, Hudson's Bay Centre, Queen's Quay, First Canadian Place, Canadian Western Bank	2021	496	2.8%	AA-
CP Rail	Gulf Canada Square	2013	455	2.5%	BBB
ConocoPhillips	Gulf Canada Square	2010	445	2.5%	A-
Enbridge Inc.	Fifth Avenue, Enbridge Tower, Canadian Western Bank Place	2015	392	2.2%	A-
Canadian Natural Resources	Bankers Hall	2011	278	1.6%	BBB+
EnCana Corporation	Bankers Hall	2014	258	1.4%	A-
Anadarko Canada Corp.	Fifth Avenue	2011	235	1.3%	BBB-
Manufacturers Life Insurance	2 Queen Street East	2013	169	0.9%	AAA
Bell Canada	Petro-Canada Centre	2009	159	0.9%	A-
Amdocs Canada Inc	Hudson's Bay Centre, First Canadian Place	2012	155	0.9%	BBB-
CIT Financial Ltd.	Queen's Quay Terminal	2009	147	0.8%	A
Lombard Insurance	105 Adelaide	2012	134	0.7%	BBB
Westcoast Energy	Fifth Avenue and Royal Centre	2012	132	0.7%	BBB+
State Street Trust Company	First Canadian Place	2008	118	0.7%	AA-
HSBC Of Canada	HSBC Building	2011	103	0.6%	AA
National Bank of Canada	Exchange Tower	2013	89	0.5%	A
Falconbridge	Queen's Quay Terminal	2013	81	0.5%	BBB+
Other investment grade	Various	Various	405	2.3%	BBB- or higher
			10,109	56.4%	
Government Agencies and Other					
Osler, Hoskin & Harcourt	First Canadian Place	2015	285	1.6%	
Bennett Jones	Bankers Hall and First Canadian Place	2010	237	1.3%	
Fraser Milner Casgrain	Fifth Avenue and First Canadian Place	2010	222	1.2%	
The Hudson's Bay Company	Hudson's Bay Centre	2009	209	1.2%	
CI Investments Inc.	151 Yonge Street and 2 Queen Street East	2012	195	1.1%	
Toronto Stock Exchange	Exchange Tower	2018	179	1.0%	
Ministry of the Environment	2-24 St. Clair Street West and 40 St. Clair Street West	2008	178	1.0%	
Gowlings Canada Inc.	First Canadian Place	2020	170	0.9%	
Davies Ward Phillips Vineberg	First Canadian Place	2013	119	0.7%	
Precision Drilling Corp.	Petro-Canada Centre	2011	93	0.5%	
Other Government Agencies	Various	Various	349	2.0%	
Total			12,345	68.9%	

(1) Weighted average based on square feet.

(2) Prior to considering partnership interests in partially owned properties and excludes parking.

(3) From Standard and Poor's, Moody's or DBRS.



Leasing Activity

During the year ended December 31, 2006 BPO Properties has leased 2,762,000 square feet of space, approximately six times the amount contractually expiring. In addition we have pre leased 482,000 square feet of space in our Bay Adelaide and Bankers Court developments.

Dec. 31, 2005	2006 Activity										Dec. 31, 2006			
	GLA ⁽¹⁾ (000's Sq. Ft.)	Leased (000's Sq. Ft.)	Avg In-Place Net Rent (\$ per Sq.Ft.)	Expiries (000's Sq. Ft.)	Accelerated Expiries (000's Sq. Ft.)	Expiring Net Rent (\$ per Sq.Ft.)	Leasing (000's Sq. Ft.)	Year One ^(2,4) Leasing Net Rent (\$ per Sq.Ft.)	Average ^(3,4) Leasing Net Rent (\$ per Sq.Ft.)	Acq./ (Disp.)/ Adjustments	GLA ⁽¹⁾ (000's Sq. Ft.)	Leased (000's Sq. Ft.)	Avg. In-Place Net Rent (\$ per Sq.Ft.)	Avg. Mkt. Net Rent (\$ per Sq.Ft.)
Toronto, Ontario	8,997	8,453	\$20	(327)	(372)	\$22	833	\$22	\$23	(3)	8,994	8,584	\$21	\$27
Ottawa, Ontario	2,935	2,930	12	(38)	(928)	10	957	19	19	4	2,939	2,924	12	17
Calgary, Alberta	8,936	8,865	19	(68)	(702)	21	797	32	33	(1,091)	7,845	7,830	21	35
Edmonton, Alberta	708	677	9	(6)	(31)	8	58	15	16	2	710	701	9	14
Vancouver, B.C.	853	812	14	(22)	(65)	18	101	21	23	—	853	826	14	25
Other	463	413	10	(7)	(22)	11	16	9	9	(251)	212	189	8	9
Total	22,892	22,150	\$18	(468)	(2,120)	\$17	2,762	\$23	\$24	(1,339)	21,553	21,054	\$19	\$28
Development Pre Leasing							482							
Total Leasing							3,244							

⁽¹⁾ Excludes developments.

⁽²⁾ Represent net rent in the first year

⁽³⁾ Represents average net rent over lease term

⁽⁴⁾ Rates exclude non-core properties sold during second quarter of 2006



Leasing Profile

BPO Properties' portfolio has a weighted average lease life of seven years. The expiry profile of the company's portfolio, excluding development properties, is as follows:

(000's Sq.Ft.)	Currently									2014 &			
Dec. 31, 2006	Available	2007	2008	2009	2010	2011	2012	2013	Beyond	Subtotal	Parking	Total	
Toronto, Ontario	410	381	504	752	600	425	749	1,293	2,742	7,856	1,138	8,994	
Ottawa, Ontario	15	142	78	138	2	29	4	952	549	1,909	1,030	2,939	
Calgary, Alberta	15	48	287	322	915	1,602	499	1,286	1,827	6,801	1,044	7,845	
Edmonton, Alberta	9	27	34	40	98	75	26	5	275	589	121	710	
Vancouver, B.C.	27	44	11	26	52	51	41	68	269	589	264	853	
Other	23	71	1	4	—	5	—	1	47	152	60	212	
Total	499	713	915	1,282	1,667	2,187	1,319	3,605	5,709	17,896	3,657	21,553	
Percentage of Total	2.8%	4.0%	5.1%	7.2%	9.3%	12.2%	7.4%	20.1%	31.9%	100.0%	—	100.0%	



Lease Expiry Analysis

An analysis of BPO Properties' expiring net rents at December 31, 2006 is as follows:

Year of Expiry	Total Portfolio			Toronto, Ontario			Ottawa, Ontario			Calgary, Alberta		
	(000's) Sq.Ft.	%	Net Rate per \$ Sq.Ft.	(000's) Sq.Ft.	%	Net Rate per \$ Sq.Ft.	(000's) Sq.Ft.	%	Net Rate per \$ Sq.Ft.	(000's) Sq.Ft.	%	Net Rate per \$ Sq.Ft.
Currently available	499	2.8%		410	5.2%		15	0.8%		15	0.2%	
2007	713	4.0%	\$18	381	4.8%	\$20	142	7.4%	\$15	48	0.7%	\$23
2008	915	5.1%	20	504	6.4%	21	78	4.1%	13	287	4.2%	22
2009	1,282	7.2%	18	752	9.6%	18	138	7.2%	13	322	4.7%	22
2010	1,667	9.3%	24	600	7.6%	24	2	0.1%	30	915	13.5%	25
2011	2,187	12.2%	21	425	5.4%	25	29	1.5%	11	1,602	23.6%	20
2012	1,319	7.4%	25	749	9.5%	23	4	0.2%	35	499	7.3%	29
2013	3,605	20.1%	23	1,293	16.5%	26	952	49.9%	19	1,286	18.9%	24
2014 & beyond	5,709	31.9%	21	2,742	35.0%	21	549	28.8%	15	1,827	26.9%	24
Parking	3,657	—	—	1,138	—	—	1,030	—	—	1,044	—	—
Total	21,553	100.0%	\$21	8,994	100.0%	\$22	2,939	100.0%	\$17	7,845	100.0%	\$23
Weighted average market net rents			\$28			\$27			\$17			\$35

	Edmonton, Alberta			Vancouver, B.C.			Other		
	(000's) Sq.Ft.	%	Net Rate per \$ Sq.Ft.	(000's) Sq.Ft.	%	Net Rate per \$ Sq.Ft.	(000's) Sq.Ft.	%	Net Rate per \$ Sq.Ft.
Currently available	9	1.6%		27	4.6%		23	14.8%	
2007	27	4.6%	\$14	44	7.5%	\$20	71	46.7%	\$10
2008	34	5.8%	11	11	1.9%	21	1	0.7%	32
2009	40	6.8%	9	26	4.4%	19	4	2.6%	6
2010	98	16.6%	10	52	8.8%	18	—	—	—
2011	75	12.7%	11	51	8.7%	22	5	3.3%	9
2012	26	4.4%	8	41	7.0%	22	—	—	—
2013	5	0.8%	15	68	11.5%	20	1	0.7%	32
2014 & beyond	275	46.7%	13	269	45.6%	12	47	31.2%	10
Parking	121	—	—	264	—	—	60	—	—
Total	710	100.0%	\$11	853	100.0%	\$16	212	100.0%	\$11
Weighted average market net rents			\$14			\$25			\$9



Other Financial Information

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Commercial Development Lands and Rights

The details of commercial developments are as follows:

City, Province	Number of Sites	Number of Buildings	Location	Ownership %	Total Sq. Ft.	BPO's Sq. Ft.
Toronto, Ontario						
Bay Adelaide Centre	1	3	Bay and Adelaide streets	100%	2,600,000	2,600,000
BCE Place III	1	1	Third tower of current BCE project	65%	800,000	520,000
Ottawa, Ontario						
Place de Ville III	1	1	Third phase of current Place de Ville project	25%	500,000	125,000
Calgary, Alberta						
Herald Block	1	1	1st Street and 7th Avenue	100%	1,100,000	1,100,000
Bankers Court	1	2	Parkade adjacent to Bankers Hall	50%	500,000	250,000
Total	5	8			5,500,000	4,595,000



Commercial Developments - Detail

The book value of commercial development properties as at December 31, 2006 are as follows:

(Millions, except square feet)	Buildable Square Feet	Square Feet Currently Under Construction	Dec.31 2006	Dec.31 2005
Active Developments				
Bay Adelaide Centre	2,600,000	1,100,000	\$ 254.1	\$ 184.7
Bankers Court	500,000	265,000	8.7	0.1
Planning				
Herald Block	1,100,000		45.2	—
Other:				
Place de Ville III	500,000			
BCE Place III	800,000			
	1,300,000		4.8	5.1
Calgary, Alberta				
Total	5,500,000	1,365,000	\$ 312.8	\$ 189.9



Tenant Installation Costs and Capital Expenditures

A detailed analysis of commercial property tenant installation costs, development and redevelopment investments, and capital expenditures is as follows:

(Millions)	Three months ended Dec. 31		Year ended Dec. 31	
	2006	2005	2006	2005
Commercial property tenant installation costs				
Leasing commissions	\$ 0.9	\$ 1.2	\$ 2.6	\$ 3.4
Tenant improvements	2.0	4.4	7.0	11.7
	\$ 2.9	\$ 5.6	\$ 9.6	\$ 15.1
Development and redevelopment				
Construction costs	\$ 4.0	\$ 1.2	\$ 17.1	\$ 2.4
Interest Capitalized	5.0	2.4	14.3	4.6
Property taxes and other	4.0	1.7	18.4	2.5
	\$ 13.0	\$ 5.3	\$ 49.8	\$ 9.5
Capital expenditures				
Revenue enhancing capital expenditures	\$ 4.9	\$ 3.6	\$ 8.8	\$ 6.8
Non-revenue enhancing capital expenditures	0.8	2.0	2.5	5.1
	\$ 5.7	\$ 5.6	\$ 11.3	\$ 11.9



Intangible Assets

The components of the company's intangible assets are as follows:

(Millions)	Dec. 31, 2006	Dec. 31, 2005
Intangible assets		
Lease origination costs	\$ 69.1	\$ 50.8
Tenant relationships	9.2	8.4
Above-market in-place operating leases	3.6	2.6
Less accumulated amortization	81.9	61.8
Lease origination costs	(17.8)	(1.9)
Tenant relationships	(0.8)	(0.3)
Above-market in-place operating leases	(0.8)	(0.1)
Total	\$ 62.5	\$ 59.5



Tenant Receivables and Other Assets

The components of the company's tenant receivables and other assets are as follows:

(Millions)	Dec. 31, 2006	Dec. 31, 2005
Tenant and other receivables	\$ 36.4	\$ 30.7
Prepaid expenses and other assets ⁽¹⁾	22.2	23.8
Total	\$ 58.6	\$ 54.5

(1) Includes restricted cash and deposits of \$1.3 million as of December 31, 2006 (December 31, 2005 - \$2.7 million)



Cash and Marketable Securities

A breakdown of the company's cash and marketable securities is as follows:

(Millions)	Dec. 31, 2006	Dec. 31, 2005
Cash	\$ 27.7	\$ 21.5
Marketable securities and other investments	—	66.7
Total	\$ 27.7	\$ 88.2



Commercial Property Debt Analysis

All of the commercial property debt is recourse only to specific properties and has an average life of seven years. The repayment schedule at December 31, 2006 is as follows:

(Millions) Year	Scheduled Amortization	Maturities	Total	Weighted Average Interest Rate
2007	\$ 20.8	\$ 114.5	\$ 135.3	5.4%
2008	19.9	238.0	257.9	6.0%
2009	18.1	65.1	83.2	8.0%
2010	14.0	4.2	18.2	6.1%
2011	12.0	122.9	134.9	7.0%
2012 and thereafter	14.5	289.7	304.2	7.1%
Total	\$ 99.3	\$ 834.4	\$ 933.7	6.7%



Commercial Property Debt

At December 31, 2006, commercial property mortgages, in order of maturity, are as follows:

Commercial Property	Location	Interest Rate %	Maturity Date	BPO's Share (Millions)	Mortgage Details
O&Y Acquisition Facility	Various	5.17%	2007	\$ 84.3	Non-recourse - variable rate
105 Adelaide	Toronto	5.77%	2007	23.8	Non-recourse - fixed rate
Queen's Quay Terminal	Toronto	6.50%	2007	6.9	Non-recourse - fixed rate
Petro-Canada Centre	Calgary	6.43%	2008	126.5	Non-recourse - fixed rate
Bay Adelaide VTB	Toronto	—	2008	11.5	—
22 Front St	Toronto	11.88%	2008	6.7	Non-recourse - fixed rate
Hudson's Bay Centre	Toronto	5.84%	2008	100.0	Non-recourse - variable rate
First Canadian Place	Toronto	8.06%	2009	64.5	Non-recourse - fixed rate
Place de Ville I	Ottawa	7.81%	2009	6.9	Non-recourse - fixed rate
Enbridge Tower	Edmonton	6.72%	2009	2.5	Non-recourse - fixed rate
18 King Street E	Toronto	6.08%	2010	4.5	Non-recourse - fixed rate
Fifth Avenue Place	Calgary	7.59%	2011	75.1	Non-recourse - fixed rate
Queen's Quay Terminal	Toronto	7.26%	2011	35.9	Non-recourse - fixed rate
Gulf Canada Square	Calgary	5.47%	2011	30.6	Non-recourse - fixed rate
Exchange Tower	Toronto	6.83%	2012	64.3	Non-recourse - fixed rate
HSBC Building	Toronto	8.19%	2012	24.0	Non-recourse - fixed rate
151 Yonge Street	Toronto	6.01%	2012	11.7	Non-recourse - fixed rate
Bankers Hall	Calgary	7.20%	2013	165.6	Non-recourse - fixed rate
Bankers Hall	Calgary	6.69%	2013	12.0	Non-recourse - fixed rate
Jean Edmonds Tower	Ottawa	5.55%	2014	1.8	Non-recourse - fixed rate
Royal Centre	Vancouver	8.00%	2022	25.2	Non-recourse - fixed rate
Royal Centre	Vancouver	6.25%	2022	24.3	Non-recourse - fixed rate
Jean Edmonds Tower	Ottawa	6.79%	2024	15.6	Non-recourse - fixed rate
Mark-Mkt Adjmt O&Y debt	Various	—	—	9.5	—
Continuing operations		6.75%		\$ 933.7	
Discontinued operations ⁽¹⁾		5.49%	2007	40.0	Non-recourse - variable rate
Total		6.70%		\$ 973.7	

⁽¹⁾ Represents commercial property debt at Atrium on Bay which has been classified as discontinued operations



Intangible Liabilities

The components of the company's intangible liabilities are as follows:

(Millions)	Dec. 31, 2006	Dec. 31, 2005
Intangible liabilities		
Below-market in-place operating leases	\$ 74.6	\$ 63.5
Above-market ground leases	45.8	50.0
Less accumulated amortization	120.4	113.5
Below-market in-place operating leases	(13.1)	(1.2)
Above-market ground leases	(3.0)	(0.5)
Total	\$ 104.3	\$ 111.8



Accounts Payable and Other Liabilities

A breakdown of accounts payable and other liabilities is as follows:

(Millions)	Dec. 31, 2006	Dec. 31, 2005
Accounts payable and accrued liabilities	\$ 64.7	\$ 59.2
Accrued interest	5.1	5.3
Total	\$ 69.8	\$ 64.5



Preferred Shares

The company has the following preferred shares authorized and outstanding:

(Millions, except share information)	Shares Outstanding	Cumulative Dividend Rate	Dec. 31, 2006	Dec. 31, 2005
Series G	1,805,489	70% of bank prime	\$ 45.1	\$ 45.1
Series J	3,816,527	70% of bank prime	95.4	95.4
Series K	300	30-day BA + 0.4%	150.0	150.0
Series M	2,847,711	70% of bank prime	71.2	71.2
Series N	800,000	30-day BA + 0.4%	20.0	20.0
TOTAL			\$ 381.7	\$ 381.7

Forward-Looking Statements

The supplemental financial information contains forward-looking statements and information within the meaning of applicable securities legislation. Although BPO Properties believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements and information include general economic conditions; local real estate conditions, including the development of properties in close proximity to the company's properties; timely leasing of newly-developed properties and re-leasing of occupied square footage upon expiration; dependence on tenants' financial condition; the uncertainties of real estate development and acquisition activity; the ability to effectively integrate acquisitions; interest rates; availability of equity and debt financing; the impact of newly-adopted accounting principles on the company's accounting policies and on period-to-period comparisons of financial results; and other risks and factors described from time to time in the documents filed by the company with the securities regulators in Canada including in the Annual Information Form under the heading "Business of BPO Properties – Company and Real Estate Industry Risks." The company undertakes no obligation to publicly update or revise any forward-looking statements or information, whether as a result of new information, future events or otherwise.