Brookfield

Supplemental Information Q1 2010

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Supplemental Information contains forward-looking information within the meaning of Canadian provincial securities laws and other "forward-looking statements" within the meaning of certain securities laws including Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. We may make such statements in this Supplemental Information, in other filings with Canadian regulators or the SEC or in other communications.

BASIS OF PRESENTATION

Use of Non-IFRS Accounting Measures

This Supplemental Information ("Supplemental") makes reference to cash flow from operations on a total and per share basis. Management uses cash flow from operations as a key measure to evaluate performance and to determine the underlying value of its businesses. Brookfield's consolidated statements of cash flow from operations enables a full reconciliation between this measure and net income so that readers are able to consider both measures in assessing Brookfield's results. Operating cash flow is not a generally accepted accounting principle measure under International Financial Reporting Standards ("IFRS") and differs from net income, and may differ from definitions of operating cash flow used by other companies. We derive operating cash flow from the information contained in our consolidated financial statements, which are prepared in accordance with IFRS, and is reconciled to net income within the Supplemental. We define operating cash flow as net income prior to such items as fair value changes, depreciation and amortization, future income tax expense and certain non-cash items that in our view are not reflective of the underlying operations.

Information Regarding the Supplemental Report

Unless the context indicates otherwise, references in this Supplemental Report to the "Corporation" refer to Brookfield Asset Management Inc., and references to "Brookfield" or "the company" refer to the Corporation and its direct and indirect subsidiaries and consolidated entities.

We utilize operating cash flow and underlying values in the Supplemental Report when assessing our operating results and financial position, and do this on a deconsolidated basis organized by operating platform. This is consistent with how we review performance internally and, in our view, represents the most straightforward approach.

This year we have measured invested capital based on underlying value unless otherwise stated, using the procedures and assumptions that we intend to follow in preparing our financial statements under IFRS, which we believe provides a much better representation of our financial position than historical book values. These values are reported on a pre-tax basis, meaning that we have not reflected adjustments that we expect to make in our IFRS financial statements to reflect the difference between carrying values of assets and their tax basis. We do this because we do not expect to liquidate the business and, until any such taxes become payable, we have the ability to invest this capital to generate cash flow and value for shareholders.

The IFRS-related disclosures and values in this document have been prepared using the standards and interpretations currently issued and expected to be effective at the end of our first Supplemental IFRS reporting period, which we intend to be December 31, 2010. Certain accounting policies expected to be adopted under IFRS may not be adopted and the application of such policies to certain transactions or circumstances may be modified and as a result the March 31, 2010 and December 31, 2009 underlying values prepared on a basis consistent with IFRS are subject to change. The amounts have not been audited or subject to review by our external auditor.

The U.S. dollar is our functional and reporting currency for purposes of preparing our consolidated financial statements, given that we conduct more of our operations in that currency than any other single currency. Accordingly, all figures are presented in U.S. dollars, unless otherwise noted.

The Supplemental Report and additional information, including the Corporation's Supplemental Information Form, is available on the Corporation's web site at www.brookfield.com and on SEDAR's web site at www.sedar.com.

SUPPLEMENTAL INFORMATION AND ANALYSIS OF FINANCIAL RESULTS

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PART 1
SUMMARY

OPERATING PERFORMANCE

Summary

Operating cash flow totalled $366 million in the first quarter or $0.60 per share compared to $248 million in the prior year. We benefitted from the continued stable performance of our renewable power and commercial property platforms, increased contribution from our infrastructure assets and a higher level of disposition gains within our special situations operations. Our more economically sensitive assets such as timberlands and residential development in America did not contribute meaningfully to results; however we are seeing improvement in these businesses and expect their contributions to increase as their markets recover.

Underlying value to common shareholders increased moderately from year end to $29.09 per share from $28.53 at year end. The change in value is primarily due to an increase in the value of our commercial property portfolio as new leases were underwritten at higher rents relative to expiring leases.

We raised $2.8 billion of capital since year end from financings, preferred share issuances and asset monetizations. We reinvested $0.4 billion into our operating platforms and we ended the quarter with overall liquidity in excess of $4 billion. In addition, we are actively pursuing a number of value enhancing opportunities with the objective of increasing returns to shareholders over the long term.

This is our first report to you under International Financial Reporting standards (“IFRS”) and we have attempted to provide information throughout this document to assist you in understanding our transition from Canadian GAAP.

Business Development

Highlights during the quarter that impacted our operating results and financial position are as follows:

Renewable Power

- Increased capacity in our renewable power operations by 80 megawatts by acquiring one facility in North America and completing development of two facilities in Brazil;
- Secured attractive long-term power purchase agreements for a 45 megawatt hydro facility in America and a 165 megawatt wind development project in Canada;
- Completed C$250 million preferred share issuance in our renewable power fund.

Commercial Properties

- Leased 2.3 million square feet in North America at average net rents that are 25% higher than the expiring net rents, reducing 2010 vacancies by 70 basis points;
- Acquired a development site in the United Kingdom;
- Issued C$275 million of preferred shares from Brookfield Properties and increased the existing bank facility by $50 million.

Special Situations

- Sold 8.7 million shares of Norbord Inc. reducing our ownership interest to approximately 63% for proceeds of $142 million and realized a gain of $84 million;
- Sold Concert Industries, a restructuring investment, for C$247 million, representing a total return of over 20% over a five and a half year period. The sale resulted in a $36 million gain included in operating cash flow.

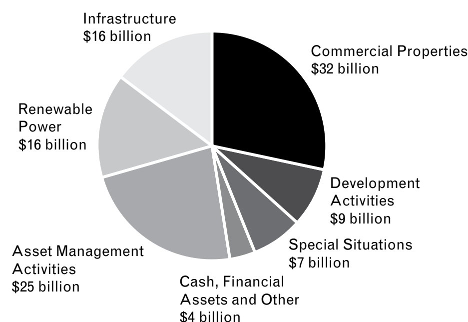
Corporate

- Continued to expand our asset management activities with $0.7 billion of new client commitments during the quarter;
- Issued C$275 million of perpetual preferred shares and C$300 million of six and a half year bonds to refinance maturing debt and increase our capitalization.

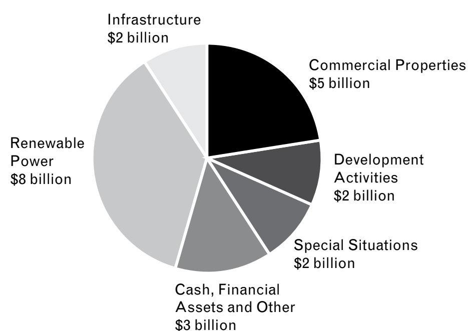
Financial Profile

Total assets under management at quarter end were $109 billion. We invested approximately $22 billion of the capital alongside our clients and co-investors. The following charts illustrate the allocation of our assets under management and our invested capital by business segment:

ASSETS UNDER MANAGEMENT
Total - $109 billion



BROOKFIELD'S INVESTED CAPITAL[1]
Total - $22 billion



1. Prior to corporate liabilities

Our capital is invested, primarily in renewable hydroelectric power plants in North America and Brazil, commercial office properties in central business districts of major international centres and regulated infrastructure assets globally. These segments, together with cash and financial assets, represent over 70% of our invested capital and contribute to the strength and stability of our capitalization and underlying values.

Our consolidated equity capitalization at March 31, 2010 totalled $33.3 billion of which $19.2 billion is our own capitalization and $14.1 billion represents equity invested by our partners in private funds and listed entities that we own and manage on their behalf.

The following table presents the components of our equity capitalization that are reflected in our consolidated financial statements:

AS AT MARCH 31, 2010 (MILLIONS)	Co-investors	Brookfield	Total
Common equity – per IFRS financial statements	$ 11,053	$ 12,055	$ 23,108
Non-controlling interest [1]	1,018	—	1,018
Deferred income taxes	1,022	2,826	3,848
Fair value increments [2]	—	2,200	2,200
	13,093	17,081	30,174
Capital securities	1,043	656	1,699
Perpetual preferred shares	—	1,413	1,413
Total group capitalization	$ 14,136	$ 19,150	$ 33,286

1. Represents non-controlling capital invested in a listed fund that is classified as a liability for accounting purposes
2. Represents fair value increments on assets that are not revalued within our IFRS financial statements

Operating Cash Flow

The following table sets out our operating cash flows on a segmented basis:

FOR THE THREE MONTHS ENDED (MILLIONS, EXCEPT PER SHARE AMOUNTS)	**Mar. 31, 2010**	Mar. 31, 2009
Asset management and other services	**$ 71**	$ 52
Operating platforms		
Renewable power generation	**113**	117
Commercial properties	**70**	56
Infrastructure	**30**	19
Development activities	**8**	(12)
Special situations	**126**	8
Cash and financial assets	**86**	108
Other assets/realization gains	**—**	29
	504	377
Less: Interest expense	**(75)**	(60)
Operating costs and current income taxes	**(63)**	(69)
Operating cash flow	**$ 366**	$ 248
– Per share	**$ 0.60**	$ 0.42

Power generating operations contributed net operating cash flow of $113 million in the first quarter of 2010 compared to $117 million last year. Our hydro facilities produced higher levels of generation relative to the prior year and compared to long-term average with newly commissioned facilities providing some of the increase. Realized prices also increased as the portfolio benefitted from currency appreciation and from long-term contracts secured since the prior quarter at prices higher than spot market. This increase was offset by higher interest costs and an increase in the share of earnings attributable to non-controlling interests, following the partial monetization of Canadian facilities during 2009.

Commercial property results during the quarter were stable, reflecting the contractual nature of the underlying leases and the high level of global occupancy. Cash flows on a local currency and same property basis grew by 5% over last year reflecting new leases signed at higher rents as well as a reduction in operating expenses. Net operating cash flow continues to benefit from lower interest rates on floating rate debt. In total, operating cash flow increased to $70 million in the first quarter of 2010 from $56 million last year. The overall occupancy level of our properties was 95% at quarter end, with an average lease term of seven years with high quality tenants and average in-place rents that are approximately 7% below comparable average market rents.

Infrastructure operations contributed $30 million in the first quarter of 2010 compared to $19 million in 2009. The improved results reflect the contribution from a global portfolio of utility and fee-for-service businesses acquired in the fourth quarter of 2009. These assets are predominantly rate regulated or contractual in nature, increasing the stability of cash flows in this platform and giving us a high level of visibility in respect of future earnings. In addition, we continue to own and operate renewable timberland resources which contributed minimally to operating results in the quarter but which are well positioned to provide cash flow growth as the economy recovers and margins improve.

Development activities contributed cash flows of $8 million in the first quarter compared to an outflow of $12 million in 2009. The increase reflects improved results in our U.S. residential business and strong contributions from our Canadian and Brazilian residential businesses. The first quarter typically provides lower cash flows from residential activity due to the seasonal nature of home and lot sales in our principal markets.

Special situations cash flows were significantly higher in 2010 totalling $126 million compared to $8 million in 2009. The current quarter included a $84 million gain on the partial monetization of our investment in a panel board business and a $36 million gain on the sale of an industrial business owned by one of our restructuring funds which represented an annualized return over a five and half year period in excess of 20%. Both investments were made during periods of distress and accordingly we benefitted from a low cost base and an improvement to the operating environment.

The contribution from asset management and other securities increased by $19 million to $71 million reflecting a higher level of asset management fees and a larger contribution from our construction business.

The contribution from cash and financial assets totalled $86 million in the quarter compared to $108 million in the first quarter of 2009. The decrease reflects a lower level of gains. Realization gains in 2009 of $29 million gain arose on the sale of wind and hydroelectric generation facilities to our 50%-owned renewable power fund.

Interest expense at the corporate level increased to $75 million due to higher average borrowing levels and coupons on financings during 2009 while operating costs declined slightly during the period.

Invested Capital

The following table summarizes our invested capital:

	Brookfield's Invested Capital[1]		% of Capital	
(MILLIONS, EXCEPT PER SHARE AMOUNTS)	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Dec. 31, 2009
Asset management and other services	**$ 750**	$ 803	**4%**	4%
Operating platforms				
Renewable power generation	**7,895**	8,018	**36%**	37%
Commercial properties	**5,132**	4,841	**23%**	22%
Infrastructure	**1,567**	1,546	**7%**	7%
Development activities	**2,473**	2,403	**11%**	11%
Special situations	**1,631**	1,631	**7%**	7%
Cash and financial assets	**1,805**	1,645	**8%**	8%
Other assets/realization gains	**950**	945	**4%**	4%
	22,203	21,832	**100%**	100%
Less: Corporate obligations	**(3,273)**	(3,372)		
Accounts payable and other	**(1,980)**	(2,028)		
Preferred shares and capital securities	**(2,069)**	(1,776)		
Common equity – IFRS basis	**14,881**	14,656		
Unrecognized value under IFRS	**2,200**	2,050		
Underlying value	**$ 17,081**	$ 16,706		
Per share	**$ 29.09**	$ 28.53		

1. At underlying value, excludes accounting provisions for future tax liabilities

The allocation of invested capital was relatively unchanged during the quarter. Corporate obligations, which include contingent swap accruals of $802 million (December 31, 2009 – $779 million) decreased slightly while preferred shares increased following the issuance of C$275 million ($269 million) of perpetual preferred shares during the quarter.

Underlying Values

Our underlying values increased by $450 million ($0.69 per share) during the first quarter of 2010, prior to common share distributions of $75 million, or $0.13 per share. This represents an annualized total return of 10%. The increase reflect the retention of operating cash flow and gains, as well as an increase in the valuation of our commercial office portfolios. Our renewable power and utility operations are revalued annually, and any quarterly valuation changes relating to these assets are typically limited to accounting depreciation and currency movements. Therefore this reflects only a partial update of our underlying values.

The following table provides an analysis of the changes in our underlying values during the quarter and relates these changes to our Net Income, Other Comprehensive Income and other items in our Statement of Changes in Equity such as shareholder distributions.

AS AT AND FOR THE THREE MONTHS ENDED MARCH 31, 2010 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Underlying Value	Financial Statement Allocation			Underlying Value
	Total	Net Income	Other Comprehensive Income	Other Items[1]	Per Share
Opening equity value	$ 16,706	$ —	$ —	$ —	$ 28.53
Operating cash flow[2]	366	281	—	85[1]	0.60[5]
Less: preferred share dividends	(16)	—	—	(16)	n/a[5]
Fair value changes	101	61	40	—	0.11
Foreign currency	3	—	3	—	—
Unrecognized values[3]	150	n/a	n/a	n/a	0.24
Depreciation and amortization	(157)	(157)	—	—	(0.26)
Other	3	2	(7)	8	—
Total return – pre-tax	450	187	36	77	0.69
Common share dividends	(75)	—	—	(75)	(0.13)
Deferred income taxes[4]	n/a	(23)	(5)	(9)	n/a
Total change in value	375	164	31	(7)	0.56
Closing equity value	$ 17,081	$ 164	$ 31	$ (7)	$ 29.09

1. Other items included in Statement of Changes in Equity
2. Includes an $85 million disposition gain on sale of shares that is recorded in Statement of Changes in Equity under IFRS
3. Revaluation of items not reflected at fair value under IFRS
4. Underlying values presented on a pre-tax basis
5. Operating cash flow per share shown net of preferred share dividends

We define underlying value as our common equity as presented in our IFRS financial statements adjusted to eliminate deferred income taxes and quarterly depreciation on assets that are revalued annually, and to reflect changes in the fair value of assets that are not otherwise revalued under IFRS.

As a reminder: our commercial property assets, timberlands and most of our financial assets are revalued on a quarterly basis; our renewable power and utility assets are revalued annually; and residential development and industrial businesses held through our special situations operations are typically revalued only in the case of impairment.

The components of underlying value are presented in the following table:

(MILLIONS, EXCEPT PER SHARE AMOUNTS)	**March 31, 2010**		December 31, 2009	
	Total	**Per Share**	Total	Per Share
Common equity – per IFRS financial statements	**$ 12,055**	**$ 20.93**	$ 11,867	$ 20.57
Deferred income taxes	**2,826**	**4.59**	2,789	4.59
Pre-tax equity	**14,881**	**25.52**	14,656	25.16
Unrecognized values	**2,200**	**3.57**	2,050	3.37
	$ 17,081	**$ 29.09**	$ 16,706	$ 28.53

We add back deferred tax provisions, which primarily reflect the difference between the carrying values of our assets and their tax basis, because we do not expect to liquidate the business and, until any such taxes become payable, we have the ability to invest this capital to generate cash flow and value for shareholders. Any cash tax liabilities are included in liabilities and reflected in underlying value.

Finally, IFRS does not permit revaluation of all assets. We therefore provide an adjustment, determined by management, to our underlying values to ensure that the tangible value of our assets and equity is updated at least annually.

The assumptions used in valuing our tangible assets are based on market conditions prevalent during the first quarter of 2010 and the end of 2009. We believe that these values would be lower on a liquidation basis (which we have no intention of undertaking) and higher if assessed in the context of normal economic circumstances. For example, in aggregate, however, we believe that a 100-basis point decrease in the discount rates used to value our two largest asset classes, commercial office properties and renewable power generating facilities, would increase share values by $3.75 billion, or $6.09 per share, for a total value of $35.18 per share. A corresponding 100-basis point increase would have the opposite effect on share values.

Liquidity and Financing Activities

We continued to strengthen our balance sheet, liquidity and capitalization during the quarter. We completed $1.2 billion of financings, including $550 million at the corporate level, to supplement our liquidity and extend our maturity profile. We also generated over $600 million of proceeds through asset monetizations.

Core liquidity, which represents cash and financial assets and undrawn credit facilities at the Corporation and our principal operating subsidiaries, was approximately $4.3 billion at quarter end, compared to $4.0 billion at the end of 2009. This includes $3.0 billion at the corporate level and $1.3 billion at our principal operating units. We continued to maintain a higher level than prior years as we pursue a number of investment initiatives, notwithstanding the capital deployed during the year.

Deconsolidated and proportionately consolidated debt-to-total capitalization ratios were relatively unchanged at 15% and 44%, respectively. The average term of our corporate debt is nine years.

The following table presents our proportionate share of debt maturities that are scheduled to occur prior to 2013:

AS AT MARCH 31, 2010 (MILLIONS)	2010	2011	2012
Corporate	$ —	$ —	$ 558
Subsidiary	363	362	549
Asset-specific	1,877	2,232	2,314

We finance our operations primarily on an investment grade basis and we expect to refinance these maturities in the normal course given the high quality and stable cash flow profile of our asset base and the strength of our financial relationships. We have ample core liquidity and ongoing cash flow to fund any repayments in the event that we are required or choose to reduce any borrowings. We have no maturities at the corporate level until 2012. We describe our maturity profile in more detail under “Capitalization”.

Net Income

The following table presents net income for the past two periods determined in accordance with International Financial Reporting Standards. We do not utilize net income as a key metric in assessing the performance of our business because, in our view, it contains measures that may distort the ongoing performance of the underlying operations. For example, net income includes fair value adjustments in respect of our commercial properties and timberlands, but not our renewable power and utility assets. Nevertheless we recognize the importance of net income as a key measure for many users and provide a discussion of net income and a reconciliation to operating cash flow beginning on page 39 of this Supplemental. Furthermore, we incorporate most of the elements of net income that are not included in operating cash flow in determining our underlying values along with components of other comprehensive income and total return.

The following table reconciles operating cash flow and gains to net income for the past two periods:

FOR THE THREE MONTHS ENDED MARCH 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	**2010**	2009
Operating cash flow and gains	**$ 366**	$ 248
Less: disposition gains[1]	**(85)**	(20)
	281	228
Fair value adjustments, depreciation and other non-cash provisions	**(117)**	(520)
Net income (loss)	**$ 164**	$ (292)
– Per share (diluted)	**$ 0.25**	$ (0.52)

1. Disposition gains that are recorded in equity for IFRS purposes, as opposed to net income

Items included in arriving at net income include non-cash items such as fair value changes, depreciation and amortization, accounting provisions in respect of future tax liabilities and other revaluation items that we do not consider appropriate to include in operating cash flow. These items are presented net of interests of others in partially owned business units.

In 2010, the deductions consisted primarily of accounting depreciation in respect of our power generating facilities and industrial businesses partially offset by net revaluation gains. In 2009, the value of our commercial properties was negatively impacted by weakening market rents, which have stabilized somewhat since that time. Net income excluding these items increased by $53 million, reflecting the increase in operating cash flows, excluding disposition gains.

Renewable Power Generation

Summarized Financial Results

The following table summarizes the capital invested in our renewable power operations and our share of the operating cash flows:

	Assets Under Management		Underlying Value		Operating Cash Flow	
AS AT AND FOR THE THREE MONTHS ENDED (MILLIONS)	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Dec. 31 2009	**Mar. 31, 2010**	Mar. 31 2009
Hydroelectric generation	**$ 13,324**	$ 13,128	**$ 12,773**	$ 12,610	**$ 231**	$ 205
Other forms of generation	**738**	720	**431**	412	**15**	12
Facilities under development	**172**	233	**172**	233	**—**	—
	14,234	14,081	**13,376**	13,255	**246**	217
Other assets	**1,744**	1,785	**1,658**	1,762	**—**	—
	—	—	**15,034**	15,017	**246**	217
Financial leverage	**—**	—	**(4,917)**	(5,005)	**(90)**	(72)
Accounts payable and other	**—**	—	**(661)**	(831)	**(6)**	(7)
Co-investor interests	**—**	—	**(1,561)**	(1,163)	**(37)**	(21)
Brookfield's net interest	**$ 15,978**	$ 15,866	**$ 7,895**	$ 8,018	**$ 113**	$ 117

Operating Results

Variances in our cash flows are primarily the result of changes in the prices that we realize for our power and the level of water flows, which determines the amount of electricity that we can generate from our hydroelectric facilities. Operating cash flows increased by $26 million, or 13% due to higher volumes, prices and currency appreciation, however, this was offset by a higher level of co-investor participation in our Canadian operations

The following table sets out the variances in operating cash flows after normalizing the impact of currency exchange rates:

FOR THE THREE MONTHS ENDED MARCH 31 (MILLIONS)	**2010**	2009	Variance
Existing hydroelectric generation (assuming no change in foreign exchange rates)			
United States	**$ 112**	$ 122	$ (10)
Canada	**60**	51	9
Brazil	**35**	32	3
	207	205	2
Acquisitions	**2**	—	2
Other forms of generation	**14**	12	2
Impact of current year change in foreign exchange rates	**23**	—	23
Total operating cash flow	**246**	217	29
Interest expense and other	**(85)**	(79)	(6)
Co-investor interests	**(34)**	(21)	(13)
Impact of current year change in foreign exchange rates	**(14)**	—	(14)
Net operating cash flow	**$ 113**	$ 117	$ (4)

Cash flow from existing hydroelectric generation assets prior to changes in foreign exchange rates and asset additions increased by $2 million or 1% during the quarter. The increase relates to increased contracted pricing as a result of the Ontario Power Authority contract signed in the fourth quarter of 2009. The increase in co-investor interests is the result of the sale of our Canadian generation assets to our 50% owned Hydro Fund in 2009.

Realized Prices – Hydroelectric Generation

The following table illustrates revenues and operating costs for our hydroelectric facilities:

FOR THE THREE MONTHS ENDED MARCH 31 (GIGAWATT HOURS AND $ MILLIONS)	2010 Production (GWh)	2010 Revenues	2010 Operating Costs	2010 Operating Cash Flows	2009 Production (GWh)	2009 Realized Revenues	2009 Operating Costs	2009 Operating Cash Flows
United States	**1,749**	**$ 146**	**$ 34**	**$ 112**	1,837	$ 154	$ 32	$ 122
Canada	**1,251**	**102**	**28**	**74**	1,195	72	21	51
Brazil	**858**	**66**	**21**	**45**	705	46	14	32
Total	**3,858**	**$ 314**	**$ 83**	**$ 231**	3,737	$ 272	$ 67	$ 205
Per MWh		**$ 81**	**$ 21**	**$ 60**		$ 73	$ 18	$ 55

The average realized price per unit of electricity sold in 2010 increased to $81 per megawatt hour ("MWh") from $73 per MWh in 2009. In the United States, revenues on a per MWh basis were relatively unchanged during the period consistent with our largely hedged sales profile. In Canada, realized revenue increased by $30 million, due to currency appreciation and higher prices under the Ontario power contract awarded in late 2009. Revenues in Brazil increased due to the completion of two facilities in the quarter which added 65 megawatts of capacity. Prices were relatively unchanged in local currency but benefitted from appreciation against the U.S. dollar. Operating costs in local currencies remained stable in the quarter across the portfolio, however, currency appreciation increased per unit costs in U.S. equivalent. Realized prices also include revenues from selling capacity reserves and from re-contracting power sales into higher priced markets.

Generation

The following table summarizes generation during the first quarter of 2010 and 2009:

FOR THE THREE MONTHS ENDED MARCH 31 (GIGAWATT HOURS)	Actual Production 2010	Actual Production 2009	Long-Term Average 2010	Long-Term Average 2009	Variance of Results: vs. Long-term Average 2010	Variance of Results: vs. Long-term Average 2009	Variance of Results: Actual vs. Prior Year 2010
Existing capacity	**3,828**	3,717	**3,534**	3,534	**294**	183	**111**
Acquisitions – during 2009 and 2010	**29**	19	**38**	29	**(9)**	(10)	**10**
Total hydroelectric operations	**3,857**	3,736	**3,572**	3,563	**285**	173	**121**
Wind energy	**103**	114	**141**	141	**(38)**	(27)	**(11)**
Co-generation and pump storage	**281**	184	**312**	312	**(31)**	(128)	**97**
Total generation	**4,241**	4,034	**4,025**	4,016	**216**	18	**207**

Hydroelectric generation was 121 gigawatt hours above production levels in the first quarter of 2009. The increase reflects the acquisition of a 15 megawatt facility in New England and the development of two facilities in Brazil which added 65 megawatts. Generation in the first quarter exceeded long-term average by 8% as storage levels were high entering the year. At the end of the quarter storage levels were 3% above average. The higher generation levels impacted operating cash flows by $6 million over the quarter, compared to 2009.

The following table presents the capital invested in our hydroelectric facilities by major geographic region based on underlying values:

(MILLIONS)	March 31, 2010 Consolidated Assets	March 31, 2010 Consolidated Liabilities	March 31, 2010 Co-investor Interests	March 31, 2010 Net Invested Capital	December 31, 2009 Consolidated Assets	December 31, 2009 Consolidated Liabilities	December 31, 2009 Co-investor Interests	December 31, 2009 Net Invested Capital
Hydroelectric								
United States	**$ 5,811**	**$ 2,042**	**$ 165**	**$ 3,604**	$ 5,774	$ 2,035	$ 158	$ 3,581
Canada	**4,889**	**2,259**	**1,264**	**1,366**	4,616	2,349	899	1,368
Brazil	**2,073**	**616**	**132**	**1,325**	2,220	621	106	1,493
	$ 12,773	**$ 4,917**	**$ 1,561**	**$ 6,295**	$ 12,610	$ 5,005	$ 1,163	$ 6,442

Underlying Value

The following table presents the underlying value of our power generation operations as at March 31, 2010 after deducting borrowings and minority interests and the major changes during the first quarter of 2010. We do not revalue our renewable power assets quarterly, accordingly changes in value during the quarter reflect accounting depreciation, revaluation of the non-controlling interests in our renewable power fund, foreign exchange and capital reallocation.

FOR THE THREE MONTHS ENDED MARCH 31, 2010 (MILLIONS)	
Underlying value – beginning of period	**$ 8,018**
Operating cash flow	**113**
Accounting depreciation	**(111)**
Capital distributed	**(154)**
Revaluation of the non-controlling interests[1]	**(119)**
Completion of development projects	**39**
Power contracts	**117**
Foreign exchange	**13**
Other	**(21)**
Underlying value – end of period	**$ 7,895**

1. Change in market price of publicly listed units in the 50% owned Canadian renewable power fund

The valuation of power development projects are carried at historical cost for IFRS purposes and any adjustment to fair value is not recovered until they are complete. In addition, certain contracts for physical sale of power are not included in underlying values as IFRS precludes recognition of fair value. We estimate the value of these items to approximate an incremental $0.6 billion.

The key valuation metrics of our hydro and wind generating facilities at the end of 2009 and 2008 are set out in the following tables:

	United States		Canada		Brazil	
	Dec. 31, 2009	Dec. 31, 2008	**Dec. 31, 2009**	Dec. 31, 2008	**Dec. 31, 2009**	Dec. 31, 2008
Discount rate	**8.2%**	8.2%	**7.3%**	7.3%	**11.0%**	11.0%
Terminal capitalization rate	**8.4%**	8.4%	**7.9%**	7.9%	**11.0%**	11.0%
Exit date	**2029**	2029	**2029**	2029	**2029**	2029

The valuations are impacted primarily by the discount rate and long-term power prices. A 100-basis point change in the discount and terminal capitalization rates and a $10.00 change in long-term power prices will impact the value of our net invested capital by $2.2 billion and $0.7 billion, respectively.

Contract Profile

We have hedged approximately 87% and 78% of our long-term average generation during the remainder of 2010 and 2011, respectively, from fluctuating energy prices. This provides us with greater certainty in respect of energy revenues, notwithstanding variable water levels.

The following table sets out the profile of our contracts over the next five years from our existing facilities, assuming long-term average hydrology:

		Years ended December 31			
	Balance of 2010	2011	2012	2013	2014
Generation (GWh)					
Contracted					
Power sales agreements					
Hydro	7,459	9,536	8,776	8,541	8,540
Wind	299	396	398	398	134
Gas and other	372	506	506	506	506
	8,130	10,438	9,680	9,445	9,180
Financial contracts	2,012	1,779	—	—	—
Total contracted	10,142	12,217	9,680	9,445	9,180
Uncontracted	1,566	3,526	6,114	6,349	6,614
Long-term average generation	11,708	15,743	15,794	15,794	15,794
Contracted generation – as at March 31, 2010					
% of total generation	87%	78%	61%	60%	58%
Revenue ($millions)	831	968	852	845	820
Price ($/MWh)	82	79	88	90	89

We increased the percentage of expected power generation sold under contract in 2010 from 84% at the end of 2009 to 87% and by approximately 11% in 2011, by hedging our merchant generation volumes during non-peak hours.

Financing

We completed a C$250 million perpetual preferred share issue during the quarter within our renewable power fund. The debt to capitalization of this business at quarter end is 38%. The corporate unsecured public notes bear interest at an average rate of 6.5%, have an average term of seven years and are rated BBB by S&P, BBB (high) by DBRS and BBB by Fitch.

Our average cost of debt was 7.2% at the end of March 2010, consistent with the prior year. With the exception of bank borrowings and a $323 million project level financing, all of our North American financings are fixed rate. Interest rates on our Brazilian financings are all at floating rates.

The maturity profile of borrowings within our power operations on a proportionate basis is set out in the following table:

	Proportionate					Consolidated
AS AT MARCH 31, 2010 (MILLIONS)	2010	2011	2012	2013 & After	Total	Total
Unsecured						
Bank facilities	$ 155	$ —	$ —	$ —	$ 155	$ 155
Public notes	—	—	394	636	1,030	1,030
Project specific						
Canada	9	18	127	496	650	1,181
United States	124	32	260	1,242	1,658	1,910
Brazil	31	45	60	490	626	641
	$ 319	$ 95	$ 841	$ 2,864	$ 4,119	$ 4,917
% of total outstanding	8%	2%	20%	70%	100%	100%

The 2010 project maturities include a $95 million first mortgage on a New England facility put in place three years ago. Maturities in 2012 include a C$400 million public bond that we expect to refinance in the normal course given the cash flows and ratings profile of the business. We are in the process of renewing our bank facilities in the normal course.

Commercial Properties

Summarized Financial Results

The following table summarizes the capital invested by us in our commercial properties operations and our share of the operating cash flows:

	Assets Under Management		Underlying Value		Net Operating Cash Flow	
AS AT AND FOR THE THREE MONTHS ENDED (MILLIONS)	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Mar. 31, 2009
Office properties						
North America	**$ 19,406**	$ 19,763	**$ 12,113**	$ 11,635	**$ 230**	$ 189
Australia	**4,673**	4,145	**3,499**	3,048	**66**	43
Europe	**1,139**	951	**1,139**	951	**8**	8
	25,218	24,859	**16,751**	15,634	**304**	240
Other assets	**2,506**	2,336	**1,793**	1,742	**13**	1
	27,724	27,195	**18,544**	17,376	**317**	241
Mortgage debt	**—**	—	**(7,614)**	(7,485)	**(118)**	(88)
Subsidiary debt	**—**	—	**(270)**	(376)	**(6)**	(12)
Capital securities	**—**	—	**(1,043)**	(1,009)	**(14)**	(11)
Accounts payable and other	**—**	—	**(1,173)**	(1,016)	**(23)**	(26)
Co-investor interests	**—**	—	**(4,166)**	(3,816)	**(84)**	(55)
	27,724	27,195	**4,278**	3,674	**72**	49
Development properties	**1,146**	1,428	**336**	621	**—**	—
Retail properties	**3,161**	3,224	**518**	546	**(2)**	7
Brookfield's net interest	**$ 32,031**	$ 31,847	**$ 5,132**	$ 4,841	**$ 70**	$ 56

Commercial Office Properties

Operating Cash Flows

Variances in our cash flows are primarily the result of changes in contracted rental rates, occupancy levels, financing costs and currency exchange rates, each of which is described in more detail below.

The following table sets out the variances in operating cash flows:

FOR THE THREE MONTHS ENDED MARCH 31 (MILLIONS)	**2010**	2009	Variance
Existing properties (assuming no change in foreign exchange rates)			
United States	**$ 159**	$ 149	$ 10
Canada	**41**	39	2
Australasia	**45**	43	2
United Kingdom	**7**	8	(1)
	252	239	13
Developed or sold properties	**7**	1	6
Realization gains and other	**29**	1	28
Impact of current year change in foreign exchange rates	**29**	—	29
Total operating cash flow	**317**	241	76
Interest expense and other	**(149)**	(137)	(12)
Co-investor interests	**(79)**	(55)	(24)
Impact of current year change in foreign exchange rates	**(17)**	—	(17)
Net operating cash flow	**$ 72**	$ 49	$ 23

Financial Profile

The following table presents capital invested in our office properties by region:

(MILLIONS)	March 31, 2010 Consolidated Assets	Consolidated Liabilities	Co-Investor Interests	Net Invested Capital	December 31, 2009 Consolidated Assets	Consolidated Liabilities	Co-Investor Interests	Net Invested Capital
Office properties								
North America	**$ 12,456**	**$ 7,187**	**$ 3,167**	**$ 2,102**	$ 11,859	$ 6,817	$ 2,880	$ 2,162
U.S. Core Office Fund	**1,042**	**—**	**521**	**521**	945	—	473	472
Australasia	**3,747**	**2,260**	**478**	**1,009**	3,458	2,395	463	600
Europe	**1,299**	**653**	**—**	**646**	1,114	674	—	440
	$ 18,544	**$ 10,100**	**$ 4,166**	**$ 4,278**	$ 17,376	$ 9,886	$ 3,816	$ 3,674

Consolidated office property assets increased to $18.5 billion from $17.4 billion. Consolidated assets and liabilities within our North American and Australian operations increased due to increased valuations, higher currency exchange rates and the practical completion of three properties in Canada, the United States and Australia during the quarter which were previously included in commercial developments.

Under IFRS, our U.S. Core Office Fund and other jointly owned properties, which were previously consolidated in our results are now equity accounted as we do not control the underlying entity. Accordingly, balances at December 31, 2009 have been restated to reflect a decrease in consolidated assets, liabilities and co-investors interests of $6.2 billion, $5.5 billion, and $0.7 billion, respectively. The deconsolidation of these entities does not impact our net invested capital.

Underlying Value

The following table illustrates the changes in underlying value of our commercial office interests during the quarter:

FOR THE THREE MONTHS ENDED MARCH 31, 2010 (MILLIONS)	Total
Underlying value – beginning of period	$ 3,674
Operating cash flow	72
Unrealized valuation change	96
Completion of development projects	238
Capital contributed, net of distribution	151
Foreign exchange	38
Other	9
Underlying value – end of period	$ 4,278

Underlying values of our net capital invested in commercial office properties increased by $604 million during the quarter. We added $238 million by completing development projects in Canada and Australia (which decreases the value of development properties). In addition, the value of our properties increased by $96 million primarily as a result of the benefit of new leases signed at higher than in-place rents.

The key valuation metrics of our commercial office properties at the end of Q1 2010 and Q4 2009 are set out as follows:

	United States		Canada		Australia		United Kingdom	
	Mar. 31, 2010	Dec. 31, 2009	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Dec. 31, 2009
Discount rate	**8.7%**	8.8%	**7.4%**	7.4%	**9.4%**	9.3%	**9.6%**	9.6%
Terminal capitalization rate	**6.9%**	6.9%	**6.6%**	6.7%	**7.7%**	7.8%	**n/a**	n/a
Exit date	**2020**	2019	**2020**	2019	**2020**	2019	**n/a**	n/a

The valuations are most sensitive to changes in the discount rate. A 100-basis point change in the discount rate and terminal capitalization rate results in an aggregate $1.5 billion change in our common equity value after reflecting the interests of minority shareholders.

Leasing Profile

Our total portfolio worldwide occupancy rate in our office properties at the end of the first quarter of 2010 was consistent with year end at 95%. The average term of the leases was seven years, unchanged from the prior year.

AS AT MARCH 31, 2010	% Leased	Average Term	Net Rental Area	Currently Available	Expiring Leases (000's sq. ft.) 2010	2011	2012	2013	2014	2015	2016+	2017 and beyond
North American markets												
United States	94%	7.5	43,012	2,620	1,026	2,832	3,313	6,857	2,858	4,082	2,149	17,275
Canada	97%	7.1	17,752	562	706	1,211	1,132	3,279	503	2,662	1,430	6,267
Australia and New Zealand	97%	7.7	9,150	245	269	580	359	327	667	912	1,009	4,782
United Kingdom	100%	8.7	556	—	—	—	—	—	262	—	—	294
Total/Average	95%	7.4	70,470	3,427	2,001	4,623	4,804	10,463	4,290	7,656	4,588	28,618
Percentage of Total			100.0%	4.9%	2.8%	6.6%	6.8%	14.8%	6.1%	10.9%	6.5%	40.6%

Annual lease expiries in North America average 5% prior to 2013 with only 3% expiring in the balance of 2010. Average in-place net rents across the North American portfolio approximate $25 per square foot compared to $24 per square foot at the end of 2009. We leased 2.3 million square feet in the first quarter of 2010 at rents higher than expiring in-place leases. This contributed to the increase in the average in-place net rents which continue to be carried at a discount of approximately 11% to the average market rent of $28 per square foot. This discount provides greater assurance that we will be able to maintain or increase our net rental income in the coming years as we did in the current quarter.

Average in-place rents in our Australian portfolio are A$48 per square foot, approximately 3% below market rents. The occupancy rate across the portfolio remains high at 97% and the weighted average lease term is approximately eight years. Our twenty largest tenants have a weighted average lease life of nine years and account for approximately 63% of our leasable area. These tenants have an average rating profile of AA.

With the exception of 2013, where we have a large lease maturity with Bank of America/Merrill Lynch, no more than 7% of our total net rental area expires in any year prior to 2015. We expect to roll over most of this space with the existing tenants and do not anticipate undue difficulty locating replacement tenants for the balance. The high quality and location of our buildings give us a high degree of confidence in this regard. Our net exposure to Bank of America/Merrill Lynch space is 1.6 million square feet, or 0.8 million square feet when reflecting our 50% ownership interest in our North American property operations. We are engaged in active discussion with Bank of America/Merrill Lynch and the sub-lease tenants to secure new leasing arrangements for this space well in advance of the 2013 maturity.

Financing

We raised a total of $1.3 billion in financings and property dispositions in the first four months of 2010, including extensions and renewals and excluding capital contributed by the Corporation.

(MILLIONS)	
Corporate bank facilities	**$ 50**
Mortgages	**979**
Preferred shares	**262**
	$ 1,291

We hold substantial liquidity within these operations, principally at our North American property subsidiary.

We finance our commercial office operations primarily with non-recourse mortgages and equity from our co-investors. We supplement this with appropriate levels of subsidiary borrowings and capital securities (which are preferred shares classified as liabilities for accounting purposes) in order to create a levelized capitalization profile to offset mortgage amortization.

The following table presents the maturity profile of our commercial office portfolio on a proportionate basis:

AS AT MARCH 31, 2010 (MILLIONS)	Proportionate[1] 2010	2011	2012	2013 & After	Total	Consolidated Total
Subsidiary level						
North America	$ 49	$ —	$ —	$ —	$ 49	$ 100
Australia	—	—	—	21	21	21
United Kingdom	—	149	—	—	149	149
	49	149	—	21	219	270
Asset specific						
North America	136	200	374	1,800	2,510	5,119
U.S. Core Fund	1	827	—	400	1,228	—
Australia	329	436	692	362	1,819	1,941
United Kingdom	—	—	—	433	433	433
	466	1,463	1,066	2,995	5,990	7,493
	$ 515	$ 1,612	$ 1,066	$ 3,016	$ 6,209	$ 7,763
% of total outstanding	8%	26%	17%	49%	100%	100%

1. Includes proportionate interest in debt of equity accounted investments

Commercial property financings are secured by high quality office buildings on an individual or, in certain circumstances, pooled basis. Many of the financings which mature in the next three years were arranged a number of years ago and, accordingly, represent a low loan-to-value. As a result, we continue to refinance most of these maturities in the normal course at similar or higher levels.

We have minimal financing requirements in North America and the United Kingdom in 2010. We have very few maturities in our North American operations over the next three years relative to the scale of our business, with the exception of $3.5 billion of aggregate maturities within our U.S. Core Fund that mature in October 2011. Our proportionate share of these borrowings is $827 million, taking into consideration the interests of our investment partners, and consists of $210 million of property-specific mortgages and $617 million secured by a pool of commercial properties. Operating cash flows from the assets managed by us within the portfolio have improved by 36% based on in-place leases since acquiring the portfolio, which have improved the credit metrics of the portfolio. Nevertheless, we intend to deleverage the portfolio between now and maturity and we raised considerable equity capital with this in mind.

In Australia, we have one remaining asset-specific financing coming due in 2010, which is backed by high quality buildings that have an average lease duration of eight years and 97% occupancy levels. Accordingly, we fully expect to roll over this debt in the normal course. We recently refinanced a subsidiary borrowing of $604 million that matures in 2010 within our Australian operations. The new facility is $450 million with a three year term and is part of establishing a long-term capitalization for this business.

Commercial Office Development Properties

The following table presents capital invested in our commercial office development activities by region based on underlying values:

(MILLIONS)	March 31, 2010 Consolidated Assets	Consolidated Liabilities	Co-investor interests	Net Invested Capital	December 31, 2009 Consolidated Assets	Consolidated Liabilities	Co-investor Interests	Net Invested Capital
North America								
Manhattan West, New York	**$ 280**	**$ 227**	**$ 27**	**$ 26**	$ 286	$ 227	$ 29	$ 30
Other	**101**	**—**	**50**	**51**	183	—	92	91
United Kingdom	**68**	**—**	**34**	**34**	—	—	—	—
Australia								
City Square	**296**	**226**	**—**	**70**	247	186	—	61
Other	**401**	**246**	**—**	**155**	690	251	—	439
	$ 1,146	**$ 699**	**$ 111**	**$ 336**	$ 1,406	$ 664	$ 121	$ 621

We completed the Bay Adelaide Centre during the quarter and transferred it to commercial properties. In addition, we acquired a joint venture interest in 100 Bishopsgate, a development property in central London with capacity to build approximately 820 thousand square feet of office space.

We own development rights on Ninth Avenue between 31st Street and 33rd Street in New York City which is entitled for 5.4 million square feet of commercial office space. We will commence construction of this property once the necessary pre-leasing has occurred, similar to our strategy with other commercial developments.

In Australia, we continued development of the City Square project in Perth, which has a total projected construction cost of A$876 million, is 82% pre-leased to BHP Billiton and is scheduled for completion in April 2012.

Property-specific financing includes debt associated with developments in Australia and the United Kingdom, all of which we expect to refinance on a long-term basis once the properties are fully completed.

Retail Operations

	Invested Capital		Operating Cash Flow	
AS AT AND FOR THE THREE MONTHS ENDED (MILLIONS)	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Mar. 31, 2009
Retail properties	**$ 2,801**	$ 2,816	**$ 37**	$ 35
Working capital/operating costs	**194**	(25)	**(3)**	(3)
Borrowings/interest expense	**(1,820)**	(1,566)	**(28)**	(17)
Co-investor interests	**(657)**	(679)	**(8)**	(8)
	$ 518	$ 546	**$ (2)**	$ 7

Operating cash flows prior to debt service and co-investor interests increased to $37 million in the first quarter of 2010 from $35 million for the same period in 2009. Operating income benefitted from the completion of certain development projects and associated lease income. Many of the properties continue to undergo significant redevelopment, which continued to reduce net rent and increase costs during the year, but positions the portfolio well for cash flow growth going forward.

Consolidated assets and net invested capital were relatively unchanged during the quarter. The average duration of financing on our properties is five years and $217 million as a proportionate share matures in 2010 and 2011.

Infrastructure

Summarized Financial Results

The following table summarizes the capital we have invested in our infrastructure operations as well as our share of the operating cash flows:

	Assets Under Management		Underlying Value		Net Operating Cash Flow	
AS AT AND FOR THE THREE MONTHS ENDED (MILLIONS)	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Mar. 31, 2009
Utilities	**$ 8,070**	$ 7,626	**$ 495**	$ 537	**$ 15**	$ 12
Fee for services	**3,514**	3,498	**219**	196	**12**	—
Timber	**4,315**	4,264	**853**	813	**3**	7
	$ 15,899	$ 15,388	**$ 1,567**	$ 1,546	**$ 30**	$ 19

Utilities

The following table presents the capital invested by us in our utility operations and our share of the associated cash flows:

	Net Invested Capital		Operating Cash Flow	
AS AT AND FOR THE THREE MONTHS ENDED (MILLIONS)	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Dec. 31, 2009
North America	**$ 61**	$ 60	**$ 1**	$ 4
South America	**215**	220	**8**	7
Australasia/Europe	**219**	257	**6**	1
	$ 495	$ 537	**$ 15**	$ 12

Our utilities business is predominantly comprised of regulated assets which earn a fixed rate of return on their asset base as well as businesses with long-term contracts designed to generate a fixed return on capital. These businesses are similar in that they require significant capital investment and scale, producing very stable, inflation protected long-term returns which are generally not dependent on volume requirements or market prices. Additionally, they provide meaningful growth opportunities as they are generally uniquely positioned to provide critical backbone services in their respective markets and accordingly we benefit from incremental returns on future capital investment. Moreover, the global nature of the asset base benefits from diverse regulatory regimes and multiple currency exposures.

Over 90% of the revenues from these assets are governed by regulated frameworks with the balance subject to long-term contracts. Accordingly, we expect this segment to produce consistent revenue and margins that should increase with inflation and other factors such as operational improvements. We also expect to achieve continued growth in revenues and income by investing additional capital into our existing operations.

Utilities operations, contributed $15 million of net operating cash flow in the quarter, after deducting carrying charges and co-investor interests, compared with $12 million during 2009. The contribution from our Chilean transmission operations was $8 million in the first quarter of 2010, compared with $7 million in 2009, reflecting a slight increase in net operating income consistent with the ongoing benefit of inflation indexation. After adjusting for non-recurring items, the operating margins were 83% which is in line with historical levels.

Net operating cash flows in our North America operations declined as we sold our distribution business in the third quarter of 2009. The transmission business performed as expected.

Australasia and Europe results reflect the first full quarter of contribution from assets acquired in late 2009 and were consistent with our plans.

The valuation of our transmission operations is based on an independent valuation of our Chilean transmission business and an internal valuation of our Northern Ontario operations based on the regulated rate base. In valuing our Chilean transmission business, key assumptions included a weighted average real discount rate and terminal capitalization rates of 8.1% and a terminal valuation date of 2023. The valuation of interests in the other businesses are based on their November 2009 acquisition price. These assets will be revalued annually for adjustments to underlying value assumptions.

Fee for Services

The following table presents the capital invested by us in our fee for services operations, and associated net operating cash flows:

	Net Invested Capital		Operating Cash Flow	
AS AT AND FOR THE THREE MONTHS ENDED (MILLIONS)	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Dec. 31, 2009
North America	**$ 129**	$ 108	**$ 7**	$ —
South America	**78**	75	**4**	—
Australasia/Europe	**12**	13	**1**	—
	$ 219	$ 196	**$ 12**	$ —

Our fee for service businesses are capital intensive businesses which provide transportation, storage and handling of energy, freight and bulk commodities. Although these businesses benefit from high barriers to entry, they are sensitive to market prices and volume and accordingly are well positioned to benefit from increases in commodity demand and the global movement of goods. Our invested capital in these businesses did not change meaningfully during the quarter.

Net operating cash flow from our fee for services businesses reflects the first full quarter of contribution and is higher than our annualized yield assumptions due to seasonality.

Timber

The following table sets out the assets and liabilities deployed in our timber segment based on underlying values:

	March 31, 2010				December 31, 2009			
(MILLIONS)	**Consolidated Assets**	**Consolidated Liabilities**	**Co-investor Interests**	**Net Invested Capital**	Consolidated Assets	Consolidated Liabilities	Co-investor Interests	Net Invested Capital
North America								
Western	**$ 3,077**	**$ 1,478**	**$ 1,000**	**$ 599**	$ 3,092	$ 1,478	$ 1,010	$ 604
Eastern	**122**	**—**	**—**	**122**	115	—	—	115
Brazil	**160**	**8**	**120**	**32**	161	7	122	32
Working capital	**740**	**640**	**—**	**100**	701	639	—	62
	$ 4,099	**$ 2,126**	**$ 1,120**	**$ 853**	$ 4,069	$ 2,124	$ 1,132	$ 813

Consolidated assets and net invested capital held within our timber operations were relatively unchanged during the quarter. Co-investor interests reflect direct interests of others in our timber operations as well as in Brookfield Infrastructure, through which most of these businesses are held.

	2010				2009			
FOR THE THREE MONTHS ENDED MARCH 31 (MILLIONS)	**Net Operating Income**	**Interest Expense**	**Co-investor Interests**	**Net Operating Cash Flow**	Net Operating Income	Interest Expense	Co-investor Interests	Net Operating Cash Flow
North America								
Western	**$ 26**	**$ 22**	**$ 3**	**$ 1**	$ 22	$ 21	$ (1)	$ 2
Eastern	**2**	**—**	**—**	**2**	4	—	—	4
Brazil	**—**	**—**	**—**	**—**	1	—	—	1
	$ 28	**$ 22**	**$ 3**	**$ 3**	$ 27	$ 21	$ (1)	$ 7

Net operating cash flow decreased from $7 million in the first quarter of 2009 compared to $3 million for the same period in 2010 due to weak pricing and reduced harvest levels. Realized prices across our operations declined by approximately 17% while operating costs per unit were higher due to product mix and to a lesser extent, higher fuel costs. The average realized price for Douglas-fir decreased by 2% compared to the prior year.

We continue to exploit the flexibility inherent in timber management which allows us to defer harvesting until prices recover and also allows the trees to continue to grow. Our Western North American operations were able to increase exports to Asia, which provided higher margins. We sold 1.4 million cubic metres of timber during 2010, compared to 1.6 million cubic metres in 2009, with all of the decrease occurring in Western North America, as we reduced harvest levels to preserve value.

Interest costs were in line with 2009, while co-investor interests increased due to a reallocation of capital in the first quarter of 2009. The average interest rate on Timber borrowings is 5% and the overall duration of borrowings is seven years.

We are beginning to see positive signs of recovery. Prices have improved significantly from the lows experienced in the second quarter of 2009 as strong supply management has resulted in very low inventories of saw logs and finished wood products. As a result we are beginning to see log prices at levels last experienced in 2007. The valuation of our timberlands is based on independent appraisals. Key assumptions include a weighted average discount and terminal capitalization rate of 6.5% and an average terminal valuation date of 72 years. Timber prices were based on a combination of forward prices available in the market and the price forecasts of each appraisal firm.

Development Activities

Summarized Financial Results

AS AT AND FOR THE THREE MONTHS ENDED (MILLIONS)	Assets Under Management		Net Invested Capital		Operating Cash Flow	
	Mar. 31, 2010	Dec. 31, 2009	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Mar. 31, 2009
Residential	**$ 5,167**	$ 5,320	**$ 1,043**	$ 1,117	**$ (2)**	$ (21)
Opportunity investments	**1,588**	1,413	**292**	262	**8**	7
Development land	**2,430**	2,277	**1,138**	1,024	**2**	2
	$ 9,185	$ 9,010	**$ 2,473**	$ 2,403	**$ 8**	$ (12)

Capital invested in development activities increased by $70 million during the quarter, due primarily to profits retained in our Brazilian residential business, additional investments into our Opportunity fund to acquire a portfolio of properties and the impact of foreign currency revaluation.

The increase in operating cash flows is due primarily to continued excellent results in our Brazilian operations and substantially reduced impairment charges within our U.S. operations. We typically do not generate any operating cash flow from development lands, other than our agricultural business, until they are transferred into third-party development activities or operating portfolios.

Residential Development

(MILLIONS)	**March 31, 2010**				December 31, 2009			
	Consolidated Assets	**Consolidated Liabilities**	**Co-investor Interests**	**Net Invested Capital**	Consolidated Assets	Consolidated Liabilities	Co-investor Interests	Net Invested Capital
Brazil	**$ 2,678**	**$ 2,107**	**$ 411**	**$ 160**	$ 2,684	$ 2,009	$ 465	$ 210
Canada	**791**	**336**	**231**	**224**	789	325	235	229
Australia	**424**	**203**	**—**	**221**	459	232	—	227
United States	**852**	**342**	**144**	**366**	850	336	145	369
United Kingdom	**185**	**113**	**—**	**72**	192	110	—	82
	$ 4,930	**$ 3,101**	**$ 786**	**$ 1,043**	$ 4,974	$ 3,012	$ 845	$ 1,117

Total assets, which include property assets as well as housing inventory, cash and cash equivalents and other working capital balances, decreased slightly since the end of 2009. Consolidated liabilities include borrowings that consist primarily of construction financings which are repaid with the proceeds received from sales of building lots, single-family houses and condominiums, and are generally renewed on a rolling basis as new construction commences.

The net operating cash flows attributable to each of these business units are as follows:

FOR THE THREE MONTHS ENDED MARCH 31 (MILLIONS)	**2010**				2009			
	Total	**Interest Expense**	**Co-investor Interests**	**Net**	Total	Interest Expense	Co-investor Interests	Net
Operating margins								
Brazil	**$ 44**	**$ 27**	**$ 11**	**$ 6**	$ (9)	$ 11	$ (10)	$ (10)
Canada	**15**	**—**	**8**	**7**	6	—	3	3
Australia	**(4)**	**10**	**—**	**(14)**	(2)	3	—	(5)
United States	**(4)**	**—**	**(3)**	**(1)**	(3)	1	(1)	(3)
Revaluation items	**—**	**—**	**—**	**—**	(16)	(5)	(5)	(6)
	$ 51	**$ 37**	**$ 16**	**$ (2)**	$ (24)	$ 10	$ (13)	$ (21)

Contracted sales during the first quarter of 2010 in Brazilian residential business totalled R$562 million ($316 million) (2009 – R$306 million and $132 million) representing gross sales revenues to be earned in current and future periods. The net operating cash flow from the business during first quarter of 2010 was $6 million compared with a loss of $10 million during 2009. Under IFRS, we now recognize revenues in this business when construction of development projects are completed rather than over the course of construction which was the methodology in prior years, which impacts both the current and prior years. Accordingly, revenue recognition and costs project will be deferred until project completion. We have reflected this methodology in the 2009 quarter as well. Cash flow in the current quarter reflects the completion of six projects whereas there were no meaningful completions during the 2009 quarter.

Combined launches of new projects totalled R$322 million ($181 million) (2009 – R$267 million and $115 million) of sales value.

The Canadian operations contributed $7 million of net operating cash flow in the quarter, compared to $3 million in 2009. The increase in cash flows is due primarily to increased house and lot sales, which increased by 59 units and 173 lots, respectively. Operating margins increased to 17% from 15% in 2009. We continue to benefit from our strong market position and low-cost land bank, particularly in Alberta where we hold a 27% market share in Calgary. We own approximately 15,000 acres (December 31, 2009 – 15,000 acres) of which approximately 665 acres were under active development at the end of the quarter. The balance of this average is included in "Held for Development" because of the length of time that will likely pass before they are actively developed.

Our Australian operations incurred $14 million of operating cash outflow in the first quarter of 2010 compared with $5 million in 2009. The carrying values of projects reflect our acquisition of this business in 2007 and therefore much of the expected future development profits were capitalized into the carrying values at that time. Accordingly, margins are expected to be lower in the first few years of ownership and interest costs are more likely to be expensed than capitalized.

Our U.S. operations incurred $1 million of cash outflows after reflecting interest, taxes and non-controlling interests during the first quarter of 2010 as demand for new homes remained low. The gross margin from housing sales was approximately 14%, compared with 10% last year. We closed on 81 units during the quarter (2009 – 74 units) at an average selling price of $531,000 (2009 – $483,000). We are encouraged by the increase in the backlog, which at the end of the quarter was 264 units compared to 213 units in 2009. In aggregate, we own or control 24,000 lots through direct ownership, options and joint ventures.

Opportunity Investments

We operate two niche real estate opportunity funds with $602 million of invested capital. Our current investment in the funds is $292 million and our share of the underlying cash flow during first quarter of 2010 was $8 million (2009 – $7 million). In February 2010, we acquired a 2.9 million square foot portfolio from a major financial institution which has in turn leased the majority of the space. This is the third such transaction we have completed in the past two years and included 16 properties throughout the United States.

Development Land

The following table presents the capital invested by us in longer term development land. The values of residential lots in this table are based on historical book values consistent with both IFRS and Canadian GAAP, whereas rural development lands are carried at underlying values under IFRS.

	March 31, 2010				December 31, 2009			
(MILLIONS)	Consolidated Assets	Consolidated Liabilities	Co-investor Interests	Net Invested Capital	Consolidated Assets	Consolidated Liabilities	Co-investor Interests	Net Invested Capital
Residential lots								
North America	$ 816	$ —	$ 408	$ 408	$ 797	$ —	$ 399	$ 398
Brazil	779	129	371	279	691	129	320	242
Australia and UK	448	375	—	73	371	369	—	2
Rural development lands								
Brazil	380	2	—	378	384	2	—	382
	$ 2,423	$ 506	$ 779	$ 1,138	$ 2,243	$ 500	$ 719	$ 1,024

1. Includes rural development lands based on IFRS underlying values and residential lots based on management prepared estimates

Residential Lots

Residential development properties include land, both owned and optioned, which is in the process of being developed for sale as residential lots, but not expected to enter the process for more than three years. We utilize options to control lots for future years in our higher land cost markets in order to reduce risk. To that end, we hold options on approximately 11,500 lots which are located predominantly in California and Virginia. We invested additional capital into development land in Alberta to maintain our market position and hold approximately 14,300 acres in total. We also hold approximately 16,000 residential lots, homes and condominium units in our markets in Australia and New Zealand, which will provide the basis for continued growth.

Rural Development Lands

We own approximately 370,000 acres of prime agricultural development land in the Brazilian States of São Paulo, Minas Gerais, Mato Grosso do Sul and Mato Grosso. These properties are being used for agricultural purposes, including the harvest of sugar cane for its use in the production of ethanol, which is used largely as a gasoline and additive substitute. We also hold 32,800 acres of potentially higher and better use land adjacent to our Western North American timberlands, included within our Timberlands segment, which we intend to convert into residential and other purpose land over time.

Underlying Value

The historical book value of our development assets after deducting borrowings and minority interests was $1.1 billion as at March 31, 2010 equal to our invested capital.

The valuation of residential development assets and residential lots within the Development Land segment, are considered inventory for these purposes, and are recorded at the lower of the existing carrying value discounted and their expected net realizable value. Net realizable value is determined as the value at the anticipated time of sale less costs to complete. Many of our land holdings were acquired many years ago and we believe the underlying value of these lands exceeds the carrying values for IFRS purposes by approximately $0.9 billion, net of minority interests. Accordingly, we reflect this excess value as "unrecognized value under IFRS" in determining the underlying value of our shareholders' equity.

Rural development lands for agricultural purposes are carried at fair value under IFRS.

Special Situations

Summarized Financial Results

The following table presents the underlying value of the capital invested in our Special Situations activities, together with our share of the operating cash flows:

	Assets Under Management		Underlying Value		Net Operating Cash Flow	
AS AT AND FOR THE THREE MONTHS ENDED (MILLIONS)	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Mar. 31, 2009
Restructuring	**$ 1,880**	$ 2,050	**$ 612**	$ 613	**$ 5**	$ (6)
Disposition gain	**—**	—	**—**	—	**36**	—
Real estate finance	**3,055**	3,170	**348**	336	**7**	8
Bridge lending	**580**	585	**105**	100	**4**	5
	5,515	5,805	**1,065**	1,049	**52**	7
Other investments	**1,993**	1,925	**566**	582	**(10)**	(14)
Disposition gains	**—**	—	**—**	—	**84**	15
	$ 7,508	$ 7,730	**$ 1,631**	$ 1,631	**$ 126**	$ 8

Operating cash flow in the first quarter of 2010 was $126 million compared to $8 million in 2009, which included a $52 million contribution from our specialty funds and $74 million from our portfolio of other investments, and benefitted from a significantly higher level of disposition gains in 2010.

Capital in our other investment activities decreased during the quarter as investments were monetized. Invested capital in our special situations funds did not change.

Restructuring

We operate two restructuring funds with total invested capital of $1.9 billion and remaining uninvested capital commitments from clients of $128 million. Our share of the invested capital is $612 million.

The portfolio consists of nine investments in a diverse range of industries. Our average exposure to a specific company is $58 million and our largest single exposure is $221 million. We concentrate our investing activities on businesses with tangible assets and cash flow streams that protect our capital. We sold our investment in Concert Industries in February 2010 to a strategic purchaser, and recognized a $36 million gain.

Our share of the operating cash flow produced by these businesses during the quarter was $5 million, compared to an outflow of $6 million in 2009. We expect that the majority of our investment returns will come in the form of disposition gains as operating cash flows during the restructuring period are typically below normalized returns.

The continued economic uncertainty and the strain on many corporate balance sheets from the recent recession continue to provide us with opportunities to assess.

Real Estate Finance

We operate two real estate finance funds with total committed capital of approximately $1.9 billion, of which our share is approximately $400 million. We had $348 million of capital invested in these operations at March 31, 2010 (December 31, 2009 – $336 million). There are $212 million of uncalled capital commitments, of which our clients have committed $153 million and we have committed $59 million.

These activities contributed $7 million of net operating cash flow during the first quarter of 2010 compared to $8 million for the same period in 2009.

	Underlying Value		Net Operating Cash Flow	
AS AT AND FOR THE THREE MONTHS ENDED (MILLIONS)	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Mar. 31, 2009
Total fund investments	**$ 2,672**	$ 2,787	**$ 31**	$ 29
Less: borrowings	**(1,552)**	(1,699)	**(11)**	(7)
Less: co-investor interests	**(773)**	(755)	**(13)**	(14)
Net investment in real estate finance funds	**347**	333	**7**	8
Securities – directly held	**1**	3	**—**	—
	$ 348	$ 336	**$ 7**	$ 8

We have been careful to structure our financing arrangements to provide sufficient duration and flexibility to manage our investments with a longer term horizon. We have matched terms in respect of asset and liability positions with an overall asset and a liability duration of three years. In addition, both our asset returns and net corresponding liabilities are subject to changes in short-term floating rates.

Notwithstanding the continued stress in the real estate debt capital markets, market values for real estate securities have strengthened considerably, which has reduced the number of acceptable investments. We believe, however, that the magnitude of commercial real estate loan maturities in the coming years will give rise to attractive investment opportunities and we are pursuing opportunities to raise additional capital for this purpose.

Bridge Lending

The net capital invested by us in bridge loans increased to $105 million from $100 million at the end of 2009. In addition to our own capital, we also manage $455 million in loan commitments on behalf of clients, which include a number of major financial institutions.

Our portfolio at quarter end was comprised of seven loans, and our largest single exposure at that date was $56 million. Our share of the portfolio at quarter end has an average term of eight months excluding extension privileges.

Other Investments

We own a number of investments which will be sold once value has been maximized, integrated into our core operations or used to seed new funds. Although not core to our broader strategy, we expect to continue to make new investments of this nature and dispose of more mature assets.

The net operating cash outflow from these investments in the first quarter of 2010 totalled $10 million compared to $14 million for the same period in 2009. We realized a $84 million gain in the first quarter related to the disposition of 8.7 million common shares of Norbord Inc. ("Norbord"). In 2009 we concluded the sale of our U.S. insurance operations for proceeds of $130 million and a gain of $15 million.

	Underlying Value		Net Operating Cash Flow	
AS AT AND FOR THE THREE MONTHS ENDED (MILLIONS)	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Mar. 31, 2009
Industrial	**$ 235**	$ 256	**$ (6)**	$ (13)
Infrastructure	**84**	81	**1**	1
Business services	**181**	174	**(5)**	(1)
Property and other	**66**	71	**—**	(1)
	566	582	**(10)**	(14)
Disposition gains	**—**	—	**84**	15
	$ 566	$ 582	**$ 74**	$ 1

Industrial

We hold a 63% fully diluted interest in Norbord, which is the second largest and lowest cost manufacturer of oriented strand board in North America. The substantial downturn in the U.S. housing market resulted in lower volumes and prices for Norbord's products, resulting in operating losses, however both prices and volumes have recovered significantly in recent months. The market value of our investment in Norbord at the date of this report was approximately $560 million based on the stock market prices.

Business Services

Business services include the provision of property and casualty products in Canada. We are winding down our re-insurance business through an orderly runoff and completed the sale of our U.S. property and casualty operations in the prior year.

Underlying Value

The net asset value of our special situations operations was $1.6 billion as at March 31, 2010. The values are based on publicly available share prices where available as well as comparable valuations and internal calculations. Certain investments continue to be carried at historical book value for IFRS purposes, which we estimate as having the incremental unrecognized value of approximately $0.7 billion that we include in "unrecognized value under IFRS".

ASSET MANAGEMENT AND OTHER SERVICES

We earn fees and other sources of income for providing a wide range of asset management and related services to our clients. These include fees in respect of managing private funds, listed issuers and portfolios of fixed income and equity securities, investment banking services and a broad range of property and construction services including leasing, relocation services and facilities management.

	Operating Cash Flow	
FOR THE THREE MONTHS ENDED MARCH 31 (MILLIONS)	**2010**	2009
Base management fees[1]	**$ 35**	$ 28
Transaction fees[1]	**6**	8
Investment banking[1]	**4**	2
	45	38
Property services[2]	**5**	2
Construction services[2]	**21**	12
	$ 71	$ 52

1. Revenues
2. Net of direct expenses

Base Management Fees

Base management fees increased by $7 million over the first quarter of 2009 as we earned additional fees from new funds launched during the past two years and an increase in the capital committed to existing mandates. As at March 31, 2010, annualized base management fees on existing funds and assets under management amounted to $140 million (December 31, 2009 – $140 million).

Transaction Fees

Transaction fees include investment fees earned in respect of financing activities and include commitment fees, work fees and exit fees.

Investment Banking Fees

Our investment banking services are provided by teams located in Canada and Brazil. The group advised on transactions totalling $1.3 billion in value during the quarter, and secured a number of prominent mandates.

Property Services Income

Property services fees include property and facilities management, leasing and project management and a range of real estate services. The increase in revenues is a result of a higher level of activity within our facilities management operations and the expansion of our operating base in Australia.

Construction Services

We completed a number of projects, recorded positive cash flow and secured a number of contracts to our order book and positions us for profitable growth.

The following table summarizes the operating results from our construction operations during the first quarter of 2010 and 2009:

FOR THE THREE MONTHS ENDED MARCH 31 (MILLIONS)	Net Operating Cash flow 2010	Net Operating Cash flow 2009
Australia	**$ 10**	$ 5
Middle East	**10**	7
United Kingdom	**1**	—
	$ 21	$ 12

The revenue work book totalled $6.3 billion at the end of March 31, 2010 (December 31, 2009 – $6.5 billion) and represented approximately three years of scheduled activity. The decrease reflects the completion of contracts with revenues totalling $129 million, offset by $113 million of new contracts secured during the quarter, and the impact of foreign exchange revaluation on Australian and UK revenues.

The following table summarizes the work book at the end of the first quarter of 2010 and end of last year:

(MILLIONS)	March 31, 2010	December 31, 2009
Australia	**$ 2,734**	$ 2,743
Middle East	**1,974**	1,969
United Kingdom	**1,626**	1,742
	$ 6,334	$ 6,454

Third-Party Capital

The following table summarizes third-party commitments at the end of the first quarter of 2010 and end of last year:

	March 31, 2010			December 31, 2009		
(MILLIONS)	Core and Value Added	Opportunity and Private Equity	Total	Core and Value Added	Opportunity and Private Equity	Total
Unlisted funds and specialty issuers						
Commercial properties	**$ 2,430**	**$ 4,860**	**$ 7,290**	$ 2,380	$ 4,600	$ 6,980
Infrastructure	**4,125**	**—**	**4,125**	3,818	—	3,818
Development	**—**	**294**	**294**	—	291	291
Special situations	**3,149**	**651**	**3,800**	3,098	661	3,759
	9,704	**5,805**	**15,509**	9,296	5,552	14,848
Public securities	**—**	**—**	**23,651**	—	—	23,787
Other listed entities	**—**	**—**	**9,112**	—	—	8,552
	$ 9,704	**$ 5,805**	**$ 48,272**	$ 9,296	$ 5,552	$ 47,187

Unlisted Funds and Specialty Issuers

This segment includes the unlisted funds and specialty listed issuers through which we own and manage a number of property, power, infrastructure and specialized investment strategies on behalf of our clients and ourselves. Third-party capital commitments to these funds increased by $661 million during the quarter reflecting additional capital committed to real estate turnaround opportunities and to our global infrastructure funds.

We have $7.1 billion of funds which are not invested to date but are available to pursue large scale acquisitions pursuant to each funds specific mandate. Of the total uninvested capital, $4 billion relates to our global real estate turnaround consortium.

Public Securities

We specialize in fixed income and equity securities with a particular focus on real estate and infrastructure, including high yield and distress securities. Our fixed income mandates are managed in New York and our equity mandates are managed in Chicago. Our clients are predominantly pension funds and insurance companies throughout North America and Australia.

The following table summarizes assets under management within these operations. We typically do not invest our own capital in these strategies as the assets under management tend to be securities rather than physical assets.

	Total Assets Under Management		Third-Party Commitments	
(MILLIONS)	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Dec. 31, 2009
Real estate and fixed income securities				
Fixed income	**$ 16,791**	$ 17,589	**$ 16,791**	$ 17,589
Equity	**6,880**	6,218	**6,860**	6,198
	$ 23,671	$ 23,807	**$ 23,651**	$ 23,787

We secured $0.5 billion of new advisory mandates during the quarter offset by $1.2 billion of redemptions. Market values increased by $0.6 billion during the first quarter of 2010.

Other Listed Entities

We have established a number of our business units as listed public companies to allow other investors to participate and to provide us with additional capital to expand these operations. This includes common equity held by others in Brookfield Properties, Brookfield Incorporações, Brookfield Infrastructure Partners and Brookfield Renewable Power, among others.

Unallocated Operating Costs

Operating costs include the costs of our asset management activities as well as corporate costs which are not directly attributable to specific business units.

	Net		
FOR THE THREE MONTHS ENDED MARCH 31 (MILLIONS)	**2010**	2009	Variance
Operating costs	**$ 58**	$ 68	$ (10)
Cash income taxes	**5**	1	4
	$ 63	$ 69	$ (6)

CORPORATE CAPITALIZATION, LIQUIDITY AND OPERATING COSTS

In this section, we review our corporate (i.e. deconsolidated) capitalization, liquidity profile and operating costs.

Liquidity Profile

As at March 31, 2010, our consolidated core liquidity was approximately $4.3 billion, consisting of $3.0 billion at the corporate level and $1.3 billion within our principal operating subsidiaries.

We have maintained significantly higher liquidity levels over the past two years as a result of the challenging economic circumstances and increased potential for attractive investment opportunities. We increased the liquidity at our North American property company, as we expect that commercial office transactions will be a primary area of activity for us over the next 24 months.

In addition to our core liquidity, we have $7.1 billion of uninvested capital allocations from our investment partners that is available to fund qualifying investments.

Cash and Financial Assets

	Underlying Value		Operating Cash flow	
AS AT AND FOR THE THREE MONTHS ENDED (MILLIONS)	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Mar. 31, 2009
Financial assets				
Government bonds	**$ 525**	$ 547		
Corporate bonds	**292**	290		
Other fixed income	**109**	115		
High-yield bonds and distressed debt	**848**	694		
Preferred shares	**294**	282		
Common shares	**252**	184		
Loans receivable/deposits	**(197)**	(150)		
Total financial assets	**2,123**	1,962	**$ 103**	$ 115
Cash and cash equivalents	**149**	34	**—**	—
Deposits and other liabilities	**(467)**	(351)	**(17)**	(7)
Net investment	**$ 1,805**	$ 1,645	**$ 86**	$ 108

Net cash and financial asset balances increased to $1.8 billion during the first quarter of 2010 from $1.6 billion at the end of 2009. The increase reflects additional investment in high yield bonds and distressed debt along with an overall increase in the value of public holdings. In addition to the carrying values of financial assets, we hold positions with a notional value of $75 million (December 31, 2009 – $75 million) through total return swaps and hold protection against widening credit spreads through credit default swaps with a total notional value of $0.4 billion (December 31, 2009 – $0.4 billion). The market value of these derivative instruments reflected in our financial statements at March 31, 2010 was a loss of $4 million (December 31, 2009 – gain of $3 million). Net invested capital includes liabilities such as broker deposits and a small number of borrowed securities that have been sold short.

Corporate Capitalization

Our corporate capitalization consists of financial obligations of (or guaranteed by) the Corporation as set forth in the following table:

AS AT AND FOR THE THREE MONTHS ENDED (MILLIONS)	Underlying Value		Operating Cash Flow	
	Mar. 31, 2010	Dec. 31, 2009	**Mar. 31, 2010**	Mar. 31, 2009
Corporate borrowings				
Bank borrowing and commercial paper	**$ 135**	$ 388	**$ 3**	$ 2
Term debt	**2,336**	2,205	**40**	32
	2,471	2,593	**43**	34
Contingent swap accruals	**802**	779	**23**	19
Accounts payable and other accruals	**1,980**	2,028	**63**	69
Capital securities	**656**	632	**9**	7
Shareholders' equity				
Preferred equity	**1,413**	1,144	**16**	8
Common equity[1]	**14,881**	14,656	**350**	240
	16,294	15,800	**366**	248
Total corporate capitalization	**$ 22,203**	$ 21,832	**$ 504**	$ 377
Debt to capitalization	**15%**	15%		
Interest coverage			**7x**	6x
Fixed charge coverage			**5x**	5x

1. Excludes unrecognized values under IFRS

Corporate Borrowings

Bank borrowing and commercial paper represent shorter term borrowings that are pursuant to or backed by $1,445 million of committed revolving term credit facilities. Approximately $90 million (December 31, 2009 – $125 million) of the facilities were also utilized for letters of credit issued to support various business initiatives at quarter end. The facilities are periodically renewed and extended for three to four year periods at a time. Currently, $1,195 million of the facilities are scheduled to expire in 2012 and the balance in 2011.

Term debt consists of public bonds and private placements, all of which are fixed rate and have maturities ranging from 2012 until 2035. These financings provide an important source of long-term capital and an appropriate match to our long-term asset profile.

Our corporate borrowings have an average term of nine years (December 31, 2009 – eight years) and all of the maturities extend into 2012 and beyond. The average interest rate on our corporate borrowings was 6% at March 31, 2010, consistent with the end of 2009.

AS AT MARCH 31, 2010 (MILLIONS)	Average Term	2010	2011	2012	2013 & After	Total
Commercial paper and bank borrowings	2	$ —	$ —	$ 135	$ —	$ 135
Term debt	9	—	—	423	1,913	2,336
	9	$ —	$ —	$ 558	$ 1,913	$ 2,471

Corporate debt levels decreased by $122 million during the first quarter of 2010. We decreased our bank borrowings by $253 million, repurchased $200 million public notes which matured in March 2010 and replaced the financing with the issuance of C$300 million of 5.2% publicly traded term debt due September 2016 in order to extend our maturity profile.

Contingent Swap Accruals

We entered into interest rate swap arrangements with AIG Financial Products ("AIG-FP") in 1990, which include a zero coupon swap that was originally intended to mature in 2015. Our financial statements include an accrual of $802 million in respect of these contracts which represents the compounding of amounts based on interest rates from the inception of the contracts. We have also recorded an amount of $140 million in accounts payable and other liabilities which represents the difference between the present value of any future payments under the swaps and the current accrual. We believe that the financial collapse of American International Group ("AIG") and AIG-FP triggered a default under the swap agreements, thereby terminating the contracts with the effect that we are not required to make any further payments under the

agreements, including the amounts which might, depending on various events and interest rates, otherwise be payable in 2015. AIG disputes our assertions and therefore we have commenced legal proceedings seeking a declaration from the court confirming our position. We recognize this may not be determined for a considerable period of time, and consistent with the principle of conservatism will continue to account for the contracts as we have in prior years until we receive clarification.

Capital Securities

Capital securities are preferred shares that are classified as liabilities because the holders of the preferred shares have the right, after a fixed date, to convert the shares into common equity based on the market price of our common shares at that time unless previously redeemed by us. The dividends paid on these securities, are recorded as interest expense.

The carrying values of capital securities increased to $656 million from $632 million at the end of 2009 due to an increase in the value of the Canadian dollar, in which most of these securities are denominated. The average distribution yield on the capital securities at March 31, 2010 was 6% (March 31, 2009 – 6%) and the average term to the holders' conversion date was four years as at March 31, 2010 (December 31, 2009 – four years).

Shareholders' Equity

	Underlying Value[1]		Book Value[2]	
(MILLIONS)	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Dec. 31, 2009
Preferred equity	**$ 1,413**	$ 1,144	**$ 1,413**	$ 1,144
Common equity	**14,881**	14,656	**12,055**	11,867
	$ 16,294	$ 15,800	**$ 13,468**	$ 13,011

1. Based on procedures and assumptions, excluding future tax provisions and underlying values not otherwise recognized under IFRS
2. Based on IFRS financial statements

Preferred equity consists of perpetual preferred shares representing an attractive form of leverage for common shareholders. We issued C$275 million ($269 million) of perpetual preferred shares during the first quarter of 2010 with an initial coupon of 5.40% that resets every five years unless previously redeemed by the Corporation. The average dividend rate at March 31, 2010 was 5%.

The underlying value of our equity is $16.3 billion ($25.52 per share) on a pre-tax basis. The market capitalization of our equity, reflecting our share price at the end of the first quarter of 2010, was $14.6 billion.

Working Capital

Other Assets

The following is a summary of other assets:

	Underlying Value	
(MILLIONS)	**Mar. 31, 2010**	Dec. 31, 2009
Accounts receivable	**$ 285**	$ 297
Restricted cash	**175**	208
Intangible assets	**45**	43
Prepaid and other assets	**445**	397
	$ 950	$ 945

Other assets include working capital balances employed in our business that are not directly attributable to specific operating units.

Other Liabilities

	Underlying Value	
(MILLIONS)	**Mar. 31, 2010**	Dec. 31, 2009
Accounts payable	**$ 247**	$ 279
Insurance liabilities	**672**	721
Other liabilities	**1,061**	1,028
	$ 1,980	$ 2,028

Other liabilities include $140 million of mark-to-market adjustments in respect of contingent swap accruals (see pages 31 and 32).

Group Capitalization

The following table presents the components of our capitalization on a deconsolidated, proportionately consolidated and fully consolidated basis, based on pre-tax IFRS carrying values.

	Deconsolidated		Proportionate		Consolidated	
(MILLIONS)	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Dec. 31, 2009
Corporate borrowings	**$ 2,471**	$ 2,593	**$ 2,471**	$ 2,593	**$ 2,471**	$ 2,593
Non-recourse borrowings						
Property-specific mortgages	**—**	—	**14,191**	14,747	**19,867**	19,678
Subsidiary borrowings[1]	**802**	779	**3,528**	3,550	**3,824**	3,800
Accounts payable and other	**1,980**	2,028	**8,023**	7,931	**9,900**	10,159
Capital securities	**656**	632	**1,177**	1,136	**1,699**	1,641
Non-controlling interests[2]	**—**	—	**—**	—	**12,071**	11,254
Shareholders' equity[2]	**16,294**	15,800	**16,294**	15,800	**16,294**	15,800
	$ 22,203	$ 21,832	**$ 45,684**	$ 45,757	**$ 66,126**	$ 64,925
Debt to capitalization	**15%**	15%	**44%**	46%	**40%**	40%

1. Includes $802 million (December 31, 2009 – $779 million) of contingent swap accruals which are guaranteed by the Corporation and are accordingly included in Corporate Capitalization
2. Excludes unrecognized values under IFRS

Debt to capitalization in the first quarter was consistent with 2009 in all three basis of presentation provided in the above table. The deconsolidated and proportionate basis are the most representative measure of debt to capitalization, in our view, as the deconsolidated basis reflects the proportion of debt which has recourse to the Corporation, and the proportionate basis reflects our share of overall debt within the business without the potential distortions of consolidation accounting.

Subsidiary Borrowings

We capitalize our subsidiary entities to enable continuous access to the debt capital markets, usually on an investment grade basis, thereby reducing the demand for capital from the Corporation and sharing the cost of financing equally among other equity holders in partly owned subsidiaries.

Subsidiary borrowings have no recourse to the Corporation with only a limited number of exceptions. As at March 31, 2010, subsidiary borrowings included $802 million (December 31, 2009 – $779 million) of financial obligations that are guaranteed by the Corporation.

		Proportionate		Consolidated	
(MILLIONS)	Average Term	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Dec. 31, 2009
Subsidiary borrowings					
Renewable power generation	7	**$ 1,185**	$ 1,144	**$ 1,185**	$ 1,144
Commercial properties	3	**542**	500	**593**	551
Development activities	1	**430**	475	**430**	475
Special situations	2	**471**	541	**716**	740
Other	3	**98**	111	**98**	111
Contingent swap accruals[1]	6	**802**	779	**802**	779
Total	4	**$ 3,528**	$ 3,550	**$ 3,824**	$ 3,800

1. Guaranteed by the Corporation

Subsidiary borrowings were largely unchanged in aggregate on both a consolidated and proportionate basis during the first quarter of 2010. Carrying values of non-U.S. borrowings generally increased as a result of currency fluctuations compared to the end of 2009.

The following table presents our proportionate share of subsidiary borrowing maturities, based on our ownership interest in the borrowing entity:

AS AT MARCH 31, 2010 (MILLIONS)	2010	2011	2012	2013 & After	Proportionate Total
Renewable power generation	$ 155	$ —	$ 394	$ 636	$ 1,185
Commercial properties	49	150	—	343	542
Development activities	—	170	—	260	430
Special situations	159	16	155	141	471
Other	—	26	—	72	98
Contingent swap accruals	—	—	—	802	802
	$ 363	$ 362	$ 549	$ 2,254	$ 3,528

Borrowings within in our renewable power and commercial property businesses reflect utilization of corporate bank facilities. Development includes borrowings within our Canadian and U.S. residential business. The residential and property development borrowings are largely of a working capital nature, financing the ongoing development and construction activities, and are typically repaid as the projects, lots or homes being financed are completed and sold, and then re-drawn against any new projects that we elect to pursue.

Property-Specific Borrowings

As part of our financing strategy, we raise the majority of our debt capital in the form of property-specific mortgages that have recourse only to the assets being financed and have no recourse to the Corporation.

		Proportionate		Consolidated	
(MILLIONS)	Average Term	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Dec. 31, 2009
Renewable power generation	10	**$ 2,934**	$ 3,179	**$ 3,732**	$ 3,861
Commercial properties	4	**7,267**	7,468	**9,810**	9,540
Infrastructure	7	**1,923**	2,063	**1,971**	1,988
Development activities	2	**1,439**	1,337	**2,584**	2,319
Special situations	5	**628**	700	**1,770**	1,970
Total	5	**$ 14,191**	$ 14,747	**$ 19,867**	$ 19,678

Property-specific borrowings were relatively unchanged in aggregate during the first quarter.

The following table presents our proportionate share of property-specific borrowings maturities, based on our ownership interests in the borrowing entity, adjusted to reflect amortization and repayments to the date of this report:

AS AT MARCH 31, 2010 (MILLIONS)	2010	2011	2012	2013 & After	Proportionate Total
Renewable power generation	$ 164	$ 95	$ 447	$ 2,228	$ 2,934
Commercial properties	930	1,513	1,371	3,453	7,267
Infrastructure	57	196	77	1,593	1,923
Development activities	637	402	206	194	1,439
Special situations	89	26	213	300	628
	$ 1,877	$ 2,232	$ 2,314	$ 7,768	$ 14,191

Renewable power generation and commercial properties borrowings are described in greater detail on pages 13, 16 and 17, respectively. Development includes a number of borrowings associated with our residential development projects in North America, Brazil and Australia and properties within our Opportunity fund.

Capital Securities

Capital securities are preferred shares that are convertible into common equity at our option, but are classified as liabilities, because the holders of the preferred shares have the right, after a fixed date, to convert the shares into common equity based on the market price of our common shares at that time unless previously redeemed by us.

		Proportionate		Consolidated	
(MILLIONS)	Average Term to Conversion	**Mar. 31, 2010**	Dec. 31, 2009	**Mar. 31, 2010**	Dec. 31, 2009
Issued by the Corporation	4	**$ 656**	$ 632	**$ 656**	$ 632
Issued by Brookfield Properties Corporation	4	**521**	504	**1,043**	1,009
	4	**$ 1,177**	$ 1,136	**$ 1,699**	$ 1,641

The carrying values of capital securities increased slightly due to the higher Canadian dollar, in which most of these securities are denominated. The average distribution yield on the capital securities at March 31, 2010 was 6% (December 31, 2009 – 6%) and the average term to the holders' conversion date was four years (December 31, 2009 – four years).

RECONCILIATION OF SEGMENTED DISCLOSURE TO CONSOLIDATED FINANCIAL STATEMENTS

The information in this section enables the reader to reconcile the basis of presentation in our consolidated financial statements to the segmented basis employed in the Supplemental.

Results from Operations

FOR THE THREE MONTHS ENDED MARCH 31, 2010

(MILLIONS)	Asset Management	Renewable Power	Commercial Properties	Infrastructure	Development Activities	Special Situations	Investment Income / Gains	Corporate	Consolidated Financial Statements
Fees earned	$ 71	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 71
Revenues less direct operating costs									
Renewable power generation	—	239	—	—	—	—	—	—	239
Commercial properties	—	—	269	—	—	10	—	—	279
Infrastructure	—	—	—	46	—	1	—	—	47
Development activities	—	—	—	—	71	—	—	—	71
Special situations	—	—	—	—	—	74	—	—	74
Investment and other income	—	7	85	51	7	3	103	—	256
	71	246	354	97	78	88	103	—	1,037
Expenses									
Interest	—	90	165	30	37	25	5	75	427
Operating costs	—	—	24	5	—	6	—	58	93
Current income taxes	—	6	3	1	6	—	—	5	21
Non-controlling interests	—	37	92	31	28	15	12	—	215
Operating cash flow	71	113	70	30	7	42	86	(138)	281
Disposition gains	—	—	—	—	1	84	—	—	85
Cash flow from operations	**$ 71**	**$ 113**	**$ 70**	**$ 30**	**$ 8**	**$ 126**	**$ 86**	**$ (138)**	**$ 366**

Results from Operations

FOR THE THREE MONTHS ENDED MARCH 31, 2009

(MILLIONS)	Asset Management	Renewable Power	Commercial Properties	Infrastructure	Development Activities	Special Situations	Investment Income / Gains	Corporate	Consolidated Financial Statements
Fees earned	$ 52	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 52
Revenues less direct operating costs									
Renewable power generation	—	211	—	—	—	—	—	—	211
Commercial properties	—	—	217	—	—	—	—	—	217
Infrastructure	—	—	—	31	—	—	—	—	31
Development activities	—	—	—	1	(10)	(1)	—	—	(10)
Special situations	—	—	—	—	—	38	—	—	38
Investment and other income	—	6	59	17	7	8	124	—	221
	52	217	276	49	(3)	45	124	—	760
Expenses									
Interest	—	70	130	25	17	26	7	60	335
Operating costs	—	—	26	—	—	2	—	68	96
Current income taxes	—	7	3	1	(1)	—	—	1	11
Non-controlling interests	—	23	61	4	(7)	9	—	—	90
Operating cash flow	52	117	56	19	(12)	8	117	(129)	228
Disposition gains	—	29	—	—	—	—	(9)	—	20
Cash flow from operations	**$ 52**	**$ 146**	**$ 56**	**$ 19**	**$ (12)**	**$ 8**	**$ 108**	**$ (129)**	**$ 248**

Balance Sheet

AS AT MARCH 31, 2010

(MILLIONS)	Renewable Power	Commercial Properties	Infrastructure	Development Activities	Special Situations	Cash and Financial Assets	Other Assets	Corporate	Consolidated Financial Statements
Assets									
Operating assets									
Property, plant and equipment	$ 12,943	$ 6	$ 1,238	$ 37	$ 1,991	$ —	$ 154	$ —	$ 16,369
Investment properties	—	16,998	218	1,419	929	—	—	—	19,564
Timber	—	—	2,499	352	85	—	—	—	2,936
Inventory	6	4	37	5,157	384	—	—	—	5,588
Investments	—	2,832	1,298	150	27	178	19	—	4,504
Cash and cash equivalents	132	318	50	369	191	149	70	—	1,279
Financial assets	237	943	45	(122)	392	1,782	—	—	3,277
Loans and notes receivable	—	152	—	—	1,606	163	—	—	1,921
Accounts receivable and other	1,137	1,212	93	1,080	786	—	1,153	—	5,461
Intangible assets	562	44	289	194	215	—	187	—	1,491
Goodwill	17	342	591	305	35	—	958	—	2,248
	15,034	22,851	6,358	8,941	6,641	2,272	2,541	—	64,638
Deferred tax asset	86	713	16	244	88	—	341	—	1,488
Total assets	**$ 15,120**	**$ 23,564**	**$ 6,374**	**$ 9,185**	**$ 6,729**	**$ 2,272**	**$ 2,882**	**$ —**	**$ 66,126**
Liabilities									
Corporate borrowings	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,471	$ 2,471
Non-recourse borrowings									
Property specific mortgages	3,732	9,810	1,971	2,584	1,660	110	—	—	19,867
Subsidiary borrowings	1,185	593	—	430	716	98	—	802	3,824
Accounts payable and other liabilities	660	996	212	1,587	997	85	841	2,012	7,390
Deferred tax liability	2,997	1,127	695	290	188	—	—	39	5,336
Interests of others in funds	1,018	—	120	—	—	—	—	—	1,138
Capital securities	—	1,043	—	—	—	—	—	656	1,699
Shareholders' equity									
Non-controlling interests	543	4,934	1,845	1,875	1,562	174	—	—	10,933
Preferred equity	—	—	—	—	—	—	—	1,413	1,413
Common equity	4,985	5,061	1,531	2,419	1,606	1,805	2,041	(7,393)	12,055
Total liabilities and shareholders' equity	**$ 15,120**	**$ 23,564**	**$ 6,374**	**$ 9,185**	**$ 6,729**	**$ 2,272**	**$ 2,882**	**$ —**	**$66,126**
Common equity	$ 4,985	$ 5,061	$ 1,531	$ 2,419	$ 1,606	$ 1,805	$ 2,041	$ (7,393)	$12,055
Deferred income taxes	2,910	71	36	54	25	—	(341)	71	2,826
Underlying value	**$ 7,895**	**$ 5,132**	**$ 1,567**	**$ 2,473**	**$ 1,631**	**$ 1,805**	**$ 1,700**	**$ (7,322)**	**$14,881**

Balance Sheet

AS AT DECEMBER 31, 2009

(MILLIONS)	Renewable Power	Commercial Properties	Infrastructure	Development Activities	Special Situations	Cash and Financial Assets	Other Assets	Corporate	Consolidated Financial Statements
Assets									
Operating assets									
Property, plant and equipment	$ 12,985	$ 2	$ 1,253	$ 59	$ 2,083	$ —	$ 136	$ —	$ 16,518
Investment properties	—	16,728	215	1,242	1,025	—	—	—	19,210
Timber	—	—	2,512	358	81	—	—	—	2,951
Inventory	7	1	32	5,109	404	—	—	—	5,553
Investments	270	2,652	1,363	120	25	24	—	—	4,454
Cash and cash equivalents	145	311	29	307	323	35	122	—	1,272
Financial assets	(37)	1,388	8	(148)	371	1,767	2	—	3,351
Loans and notes receivable	—	—	—	—	1,639	170	—	—	1,809
Accounts receivable and other	1,630	506	70	1,078	684	—	1,192	—	5,160
Intangible assets	—	44	306	194	196	—	181	—	921
Goodwill	16	341	591	311	34	—	955	—	2,248
	15,016	21,973	6,379	8,630	6,865	1,996	2,588	—	63,447
Deferred tax asset	64	633	16	237	135	—	393	—	1,478
Total assets	**$ 15,080**	**$ 22,606**	**$ 6,395**	**$ 8,867**	**$ 7,000**	**$ 1,996**	**$ 2,981**	**$ —**	**$ 64,925**
Liabilities									
Corporate borrowings	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,593	$ 2,593
Non-recourse borrowings									
Property specific mortgages	3,861	9,540	1,988	2,319	1,844	126	—	—	19,678
Subsidiary borrowings	1,144	551	—	475	740	36	—	854	3,800
Accounts payable and other liabilities	722	1,264	209	1,633	1,028	110	766	2,037	7,769
Deferred tax liability	2,875	1,032	700	275	192	—	—	105	5,179
Interests of others in funds	899	—	122	—	—	—	—	—	1,021
Capital securities	—	1,009	—	—	—	—	—	632	1,641
Shareholders' equity									
Non-controlling interests	264	4,616	1,870	1,817	1,585	81	—	—	10,233
Preferred equity	—	—	—	—	—	—	—	1,144	1,144
Common equity	5,315	4,594	1,506	2,348	1,611	1,643	2,215	(7,365)	11,867
Total liabilities and shareholders' equity	**$15,080**	**$ 22,606**	**$ 6,395**	**$ 8,867**	**$ 7,000**	**$ 1,996**	**$ 2,981**	**$ —**	**$ 64,925**
Common equity	$ 5,315	$ 4,594	$ 1,506	$ 2,348	$ 1,611	$ 1,643	$ 2,215	$ (7,365)	$ 11,867
Deferred income taxes	2,703	247	40	55	20	2	(467)	189	2,789
Underlying value	**$ 8,018**	**$ 4,841**	**$ 1,546**	**$ 2,403**	**$ 1,631**	**$ 1,645**	**$ 1,748**	**$ (7,176)**	**$ 14,656**

Net Income

Net income is equal to "operating cash flow and gains" less "other items, net of non-controlling interests", which consists largely of non-cash items such as depreciation and amortization, provisions in respect of future tax liabilities and other provisions that we do not consider to be relevant in measuring operating cash flow performance.

Operating cash flow and gains is discussed in Part 2 – Review of Operations on a segmented basis, and are reconciled to a consolidated basis in the tables on page 36 in this section.

Other Items, Net of Non-controlling Interests

The following table summarizes the major components of other items on a total basis and also by presenting them net of the associated non-controlling and minority interests:

	Total		Net [1]		
FOR THE THREE MONTHS ENDED MARCH 31 (MILLIONS)	**2010**	2009	**2010**	2009	Variance
Operating cash flow	**$ 366**	$ 248	**$ 366**	$ 248	$ 118
Less: deferred gains	**(85)**	(20)	**(85)**	(20)	(65)
	281	228	**281**	228	53
Other items					
Depreciation and amortization	**(179)**	(185)	**(157)**	(160)	3
Fair value changes	**144**	(453)	**61**	(248)	309
Provisions and other	**(16)**	(334)	**2**	(140)	142
Future income taxes	**(36)**	51	**(23)**	28	(51)
Non-controlling interests	**(30)**	401	**—**	—	—
Net income	**$ 164**	$ (292)	**$ 164**	$ (292)	$ 456

1. Net of non-controlling and minority interests

Depreciation and Amortization

Depreciation and amortization for each principal operating segment is summarized in the following table:

	Total		Net [1]		
FOR THE THREE MONTHS ENDED MARCH 31 (MILLIONS)	**2010**	2009	**2010**	2009	Variance
Renewable power generation	**$ 115**	$ 93	**$ 111**	$ 93	$ 18
Commercial properties	**6**	14	**5**	13	(8)
Infrastructure	**3**	3	**1**	2	(1)
Development activities	**9**	5	**8**	4	4
Specialty situations	**24**	34	**13**	17	(4)
Other	**22**	36	**19**	31	(12)
	$ 179	$ 185	**$ 157**	$ 160	$ (3)

1. Net of non-controlling and minority interests

Depreciation expenses throughout most of our businesses are generally stable year-over-year except for currency fluctuations. We no longer recognize depreciation or depletion on our commercial properties and timberlands, respectively, as each of these asset classes are revalued on a quarterly basis through income. Depreciation on our renewable power facilities represents the majority of our quarterly depreciation due to the significant investment we have in the underlying assets.

Fair Value Changes

Fair value changes for each principal operating segment is summarized in the following table:

	Total		Net [1]		
FOR THE THREE MONTHS ENDED MARCH 31 (MILLIONS)	**2010**	2009	**2010**	2009	Variance
Investment property	**$ (137)**	$ 444	**$ (56)**	$ 246	$ (302)
Agriculture	**(7)**	9	**(5)**	2	(7)
	$ (144)	$ 453	**$ (61)**	$ 248	$ (309)

1. Net of non-controlling interests

Unrealized fair value gains in the quarter totalled $61 million versus a loss of $248 million in 2009. The prior year's loss was primarily the result of a decline in the valuation of our commercial office buildings globally due to decreased rent assumptions and higher discount rates attributed to future cash flows. Valuations in 2010 improved significantly as leasing fundamentals in most of our markets improved along with the financial outlook of the majority of our tenants.

Provisions and Other

Provisions and other are comprised primarily of revaluation items which are non-cash accounting adjustments that we are required to record under IFRS to reflect changes in the value of certain contractual arrangements.

	Total		Net [1]		
FOR THE THREE MONTHS ENDED MARCH 31 (MILLIONS)	**2010**	2009	**2010**	2009	Variance
Interest rate contracts	**$ 37**	$ 1	**$ 37**	$ 1	$ 36
Power contracts	**(117)**	(29)	**(117)**	(29)	(88)
Other	**96**	362	**78**	168	(90)
	$ 16	$ 334	**$ (2)**	$ 140	$ (142)

1. Net of non-controlling interests

We hold interest rate contracts to provide an economic hedge against the impact of possible higher interest rates on the value of our long duration, interest sensitive physical assets. The U.S. 10-year treasury rate moved from 3.84% to 3.83% during the first quarter of 2010, which led to a $37 million decrease in the net value of these contracts. Accounting rules require that we revalue these contracts each period even if the corresponding assets are not revalued.

In our power operations, we enter into long-term contracts to provide generation capacity, and are required to record changes in the market value of these contracts through net income whereas we are not permitted to record the corresponding increase in the value of the capacity and generation that we have pre-sold.

ADDITIONAL SHARE INFORMATION

Basic and Diluted Earnings Per Share

The components of basic and diluted earnings per share are summarized in the following table:

	Operating Cash Flow		Net Income	
FOR THE THREE MONTHS ENDED MARCH 31 (MILLIONS)	**2010**	2009	**2010**	2009
Net income (loss)/operating cash flow	**$ 366**	$ 248	**$ 164**	$ (292)
Preferred share dividends	**(16)**	(8)	**(16)**	(8)
Net income (loss)/operating cash flow available for common shareholders	**$ 350**	$ 240	**$ 148**	$ (300)
Weighted average – common shares	**573.3**	572.5	**573.3**	572.5
Dilutive effect of the conversion of options using treasury stock method	**9.3**	6.4	**9.3**	6.4
Common shares and common share equivalents	**582.6**	578.9	**582.6**	578.9

Issued and Outstanding Common Shares

The number of issued and outstanding common shares changed as follows:

FOR THE THREE MONTHS ENDED MARCH 31 (MILLIONS)	**2010**	2009
Outstanding at beginning of period	**572.9**	572.6
Issued (repurchased)		
Dividend reinvestment plan	**—**	0.1
Management share option plan	**1.1**	0.6
Issuer bid purchases	**—**	(1.5)
Outstanding at end of period	**574.0**	571.8
Unexercised options	**41.9**	36.2
Total diluted common shares at end of period	**615.9**	608.0

In calculating our book value per common share, the cash value of our unexercised options of $838 million (December 31, 2009 – $634 million) is added to the book value of our common share equity of $12,055 million (December 31, 2009 – $11,867 million) prior to dividing by the total diluted common shares presented above.

Cautionary Statement Regarding Forward-Looking Statements

This Supplemental Information contains forward-looking information within the meaning of Canadian provincial securities laws and other "forward-looking statements" within the meaning of certain securities laws including Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. We may make such statements in this Supplemental Information, in other filings with Canadian regulators or the SEC or in other communications. The words "future," "positioned," "provide," "plan", "projected," "predominantly," "increasing," "achieve," "contracted," "intend," "extend," "projected," "periodically," "enable," "enhance," "maintain," "objective," "pursue," "generate," "build," "capitalize," "create," "largely," "continue," "believe," "typically," "expect," "potentially," "primarily," "generally," "anticipate," "might," "expand," "usually," "scheduled," "seeking," "likely," "growth" derivations thereof and other expressions of similar import, or the negative variations thereof, and similar expressions of future or conditional verbs such as "would," "may," "will," "can," or "should" are predictions of or indicate future events, trends or prospects or identify forward-looking statements. Forward-looking statements in this Supplemental Information include, among others, statements with respect to: procedures and assumptions that we intend to follow in preparing our pro-forma opening balance sheet for our adoption of IFRS; our belief that IFRS is a better representation of our financial position than historical book values; our use of IFRS standards currently issued and expected to be effective at the end of our first IFRS reporting period; ambiguity as to whether certain accounting policies will be adopted and the potential modification of the application of such policies; expected contributions of our timberlands and residential developments in America; our objective of increasing returns to shareholders over the long term; our pursuit of value enhancing opportunities and investment initiatives; future earnings; cash flow growth; annual revaluations; our beliefs about the value of our tangible assets; our expectations with respect to refinancing maturities; our objective of increasing the number of funds, third-party capital under management and associated revenues; variances in our cash flows; our ability to maintain or increase our net rental income of our office properties; our ability to roll over leased space; refinancing of our commercial office operations with non-recourse mortgages and equity from co-investors; our intention to develop our commercial office portfolio; future construction on Ninth Avenue in New York City; development of City Square in Perth, Australia; the positioning of our utilities businesses in their respective markets; returns on future capital investments; expected revenues, margins and operational improvements of our utilities business; annual revaluation of our assets; our beliefs about our ability to benefit from increases in commodity demand and the global movement of goods in our fee for services businesses; generation of operating cash flow from development lands; renewal of consolidated liabilities borrowings in connection with our residential developments; deferral of revenue recognition in connection with our Brazilian residential business; timing of active development of our Canadian residential business; margins in our Australian residential business; our beliefs about the underlying value of our rural development lands; our expectation that investment returns in our restructuring funds will take the form of disposition gains; our beliefs about the structure of our real estate financing arrangements; our beliefs about the future investment opportunities arising from real estate loan maturities; the sale of certain of our investments once value has been maximized; expected new future investments; our ability to preserve the value of our invested capital; funds available to pursue large scale acquisitions; expansion of the operations of our business units that are listed as public companies; our expectation that commercial office transactions will be a primary area of activity over the next 24 months; renewal and extension of our corporate borrowings; our beliefs about the impact of the financial collapse of American International Group ("AIG") and AIF Financial Products ("AIG-FP") on our obligations pursuant to interest rate swap arrangements with AIG-FP and the commencement of legal proceedings against AIG; capitalization of our subsidiary entities to provide for access to debt capital markets; the nature and repayment of our residential and property development borrowings; as well as the outlook for the company's businesses, and other statements with respect to our beliefs, outlooks, plans, expectations and intentions.

Although Brookfield 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 contemplated or implied by forward-looking statements include: economic and financial conditions in the countries in which we do business; rate of recovery of the current economic downturn; the behaviour of financial markets, including fluctuations in interest and exchange rates; availability of equity and debt financing; strategic actions including dispositions; the ability to effectively integrate acquisitions into existing operations and the ability to attain expected benefits; the company's continued ability to attract institutional partners to its specialty funds; adverse hydrology conditions; timber growth cycles; environmental matters; regulatory and political factors within the countries in which the company operates; tenant renewal rates; availability of new tenants to fill office property vacancies; tenant bankruptcies; acts of God, such as earthquakes and hurricanes; the possible impact of international conflicts and other developments including terrorist acts; changes in accounting policies to be adopted under IFRS; and other risks and factors detailed from time to time in the company's form 40-F filed with the Securities and Exchange Commission and Management's Discussion and Analysis of Financial Results as well as other documents filed by the company with the securities regulators in Canada and the United States.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Brookfield, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as may be required by law, the company undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.

Cautionary Statement Regarding Use of Non-IFRS Accounting Measures

This Supplemental Information makes reference to cash flow from operations on a total and per share basis. Management uses cash flow from operations as a key measure to evaluate performance and to determine the underlying value of its businesses. Brookfield's consolidated statements of cash flow from operations provides a full reconciliation between this measure and net income. Readers are encouraged to consider both measures in assessing Brookfield's results. Operating cash flow is not a generally accepted measure under IFRS and differs from net income, and may differ from definitions of operating cash flow used by other companies. We define operating cash flow as net income prior to such items as depreciation and amortization, future income tax expense and certain non-cash items that in our view are not reflective of the underlying operations.

Business Environment and Risks

Factors that impact Brookfield's financial results include: the performance of each of our operations and various external factors influencing the specific sectors and geographic locations in which we operate; macroeconomic factors such as economic growth, changes in currency, inflation and interest rates; regulatory requirements and initiatives; and litigation and claims that arise in the normal course of business. These and other factors are described in Management's Discussion and Analysis of Financial Results in the Corporation's 2009 Annual Report which is available on our web site and at www.sedar.com.