Brookfield

Year Ended 2011 Supplemental Information

STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Supplemental Information contains forward-looking information within the meaning of Canadian provincial securities laws and applicable regulations and "forward-looking statements" within the meaning of the "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995. We may make such statements in this Supplemental Information, in filings with Canadian regulators or the SEC or in other communications. See "Cautionary Statement Regarding Forward-Looking Statements" beginning on page 47.

Basis of Presentation

Terminology and Use of Non-IFRS Accounting Measures

This Report makes reference to Total Return, Funds From Operations ("FFO"), Net Tangible Asset Value and Intrinsic Value, all on a total and per share basis. Management uses these metrics as key measures to evaluate performance and to determine the value of its businesses. These measures are not generally accepted measures under International Financial Reporting Standards ("IFRS") and may differ from definitions used by other companies.

We primarily use total return and funds from operations to measure the performance of our business. Both total return and funds from operations are derived from our consolidated financial statements, which are prepared in accordance with IFRS. We define total return as comprehensive income excluding deferred tax expenses and the impact of foreign currency fluctuations on the long-term capital invested in non U.S. operations, and including incremental valuation adjustments for assets not otherwise revalued under IFRS. Brookfield uses total return to assess the performance of the overall business as well as individual business units. We exclude the impact of foreign currency fluctuations on the value of our long-term investments in non-U.S. jurisdictions as in our view, it distorts short term performance. We do believe it is relevant as a measure of capital allocation over the long term and will incorporate it in longer term performance measurement. We define funds from operations as net income prior to fair value changes, depreciation and amortization, and future income taxes, and include certain disposition gains that are not otherwise included in net income as determined under IFRS, and after deducting the associated interests of non-controlling shareholders. Brookfield uses funds from operations to assess its operating results and the value of its business and believes that many of its shareholders and analysts also find this measure of value to them.

We measure the value of our business based on net tangible asset value and intrinsic value. Net Tangible Asset Value is determined using the procedures and assumptions that we follow in preparing our financial statements under IFRS. 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. We have also included adjustments to revalue certain assets and businesses that are not otherwise carried at fair value in our financial statements. Intrinsic Value includes both net tangible asset value and our estimate of the value of our asset management business franchise.

We provide additional information on how we determine Total Return, Funds From Operations, Net Tangible Asset Value and Intrinsic Value in the balance of this document. We provide reconciliations between Common Equity to Net Tangible Asset Value and to Intrinsic Value on page 11, as well as Total Return and Funds from Operations to Comprehensive Income on pages 15 and 16.

Information Regarding the Report

Unless the context indicates otherwise, references in this 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.

The information in this Supplemental Information is presented on both a consolidated and deconsolidated basis and organized by operating platform. This is consistent with how we review performance internally and, in our view, represents the most straightforward approach.

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 Report and additional information, including the Corporation's Annual Information Form, are available on the Corporation's web site at *www.brookfield.com* and on SEDAR's web site at *www.sedar.com*.

PART 1 — FINANCIAL REVIEW

OPERATING RESULTS

The following table summarizes our annual operating performance and the components of total return:

Total Return

YEARS ENDED DECEMBER 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Asset Management Services[1]	Property[2]	Renewable Power	Infrastructure	Private Equity	Corporate	**Total[3] 2011**	Total[3] 2010
Total revenues	$ 3,333	$ 2,760	$ 1,140	$ 1,690	$ 6,770	$ 228	**$ 15,921**	$13,623
Funds from operations								
Net operating income[4]	402	2,118	778	949	625	—	**4,872**	4,017
Investment and other income	—	76	—	16	58	126	**276**	441
	402	2,194	778	965	683	126	**5,148**	4,458
Interest expense	—	(1,014)	(394)	(340)	(237)	(345)	**(2,330)**	(1,810)
Operating costs	—	(82)	—	(49)	—	(350)	**(481)**	(417)
Current income taxes	—	(10)	(13)	(4)	(45)	(10)	**(82)**	(94)
Non-controlling interests	—	(530)	(158)	(378)	(137)	—	**(1,203)**	(1,031)
Total funds from operations	402	558	213	194	264	(579)	**1,052**	1,106
Valuation gains								
Included in IFRS statements[5]								
Fair value changes	—	3,010	1,719	665	(65)	(159)	**5,170**	1,020
Depreciation and amortization	(34)	(33)	(455)	(147)	(227)	(8)	**(904)**	(795)
Other items	—	(109)	—	—	(22)	(28)	**(159)**	(44)
Non-controlling interests	—	(923)	(423)	(247)	122	—	**(1,471)**	(773)
Not included in IFRS statements								
Incremental values	100	(300)	(300)	125	75	(100)	**(400)**	1,200
Asset management franchise value	—	—	—	—	—	250	**250**	500
Other gains	—	(13)	(13)	—	(61)	—	**(87)**	(85)
Total valuation gains	66	1,632	528	396	(178)	(45)	**2,399**	1,023
Preferred share dividends	—	—	—	—	—	(106)	**(106)**	(75)
Total Return	$ 468	$ 2,190	$ 741	$ 590	$ 86	$ (730)	**$ 3,345**	$ 2,054
– Per share							**$ 5.33**	$ 3.23

1. Excludes net unrealized performance fees which are included in incremental values
2. Disaggregation of property segment into office, retail and other is presented on page 23
3. Reconciled to IFRS financial statements on page 15 and 16
4. Includes funds from operations from equity accounted investments
5. Includes items in consolidated statements of operations, comprehensive income and changes in equity

Funds from Operations and Realized Gains

The following table presents funds from operations, as well as the accumulated valuation gains realized during the year on major dispositions. Gains included in this metric are discussed further on page 7.

YEARS ENDED DECEMBER 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Total		Net		Per Share	
	2011	2010	**2011**	2010	**2011**	2010
Funds from operations (see table above)	**$ 2,355**	$ 2,196	**$ 1,052**	$ 1,106	**$ 1.51**	$ 1.76
Realized gains	**318**	424	**159**	357	**0.25**	0.61
Funds from operations and realized gains	**$ 2,673**	$ 2,620	**$ 1,211**	$ 1,463	**$ 1.76**	$ 2.37

Review of Total Return

The table below presents our total return on a segmented basis, which facilitates the following summarized review of our operating results:

YEARS ENDED DECEMBER 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	2011 Funds from Operations	2011 Valuation Gains	2011 Total Return	2010 Funds from Operations	2010 Valuation Gains	2010 Total Return
Asset management services	$ 402	$ 66	$ 468	$ 348	$ 409	$ 757
Property	558	1,632	2,190	421	838	1,259
Renewable power	213	528	741	257	(964)	(707)
Infrastructure	194	396	590	130	152	282
Private equity	264	(178)	86	277	92	369
Investment and other income	126	(295)	(169)	311	(4)	307
	1,757	2,149	3,906	1,744	523	2,267
Interest and operating costs[1]	(705)	—	(705)	(638)	—	(638)
	1,052	2,149	3,201	1,106	523	1,629
Asset management franchise value	—	250	250	—	500	500
Preferred share dividends	(106)	—	(106)	(75)	—	(75)
	$ 946	$ 2,399	$ 3,345	$ 1,031	$ 1,023	$ 2,054
– Per share	$ 1.51	$ 3.82	$ 5.33	$ 1.76	$ 1.47	$ 3.23

1. Not allocated to specific activities

We recognized a total return during the year of $3.3 billion compared to $2.1 billion in the prior year, reflecting annual total returns of 14% and 10%, respectively, on average intrinsic value during each year.

Funds from operations were $1.1 billion prior to preferred share dividends, representing a slight decrease from the prior year. Our operations performed well in almost all areas, although we did record a lower level of investment gains.

Valuation gains totalled $2.4 billion, a substantial increase over the $1.0 billion recorded in 2010. Improved business fundamentals, increases in contractual cash flows and lower discount rates gave rise to increased valuations, particularly in our property and power operations.

Asset Management Services: Our asset management and other services contributed a total return of $468 million compared to $757 million in 2010. The prior year included a higher level of valuation gains related to accumulated carried interests. Funds from operations increased by 16% to $402 million.

Asset management revenues totalled $252 million compared to $228 million in 2010. Base management fees increased by $23 million to $190 million, and are tracking at approximately $200 million on an annualized basis. The largest contributor to this growth was the expansion of our listed and unlisted infrastructure funds. Investment banking and transaction fees increased to $58 million from $36 million representing favourable outcomes and an increased number of mandates.

Accumulated performance returns and carried interests that have not been recorded in our financial statements increased by $119 million during the year. This increase is taken into account in the determination of the $66 million of valuation gains from these activities. The total amount of accumulated performance returns and carried interest to date now stands at $379 million, prior to associated accrued expenses of $51 million. During the year we recorded $4 million of performance income compared to $25 million in 2010.

We increased the valuation of our asset management franchise by $250 million, or 6%, to reflect the continued growth in our fee base, investment performance and progress in launching new funds.

Construction and property services provided a net contribution after direct expenses of $150 million, compared to $120 million, representing growth in both operations. The construction margin for the year was 9.3% compared to 9.0% in 2010. Our construction work in hand totals $5.4 billion of projected contracted revenues for projects to be completed over the next three years compared to $4.3 billion at the beginning of the year. We concluded an important acquisition just prior to year end to meaningfully expand our relocation and brokerage services operations.

Property: Our property segment includes our office and retail operations as well as our opportunistic investments, real estate finance and commercial property development activities, as set forth in the following table:

YEARS ENDED DECEMBER 31 (MILLIONS)	2011			2010		
	Funds from Operations	**Valuation Gains**	**Total Return**	Funds from Operations	Valuation Gains	Total Return
Office properties	$ 255	$ 818	$ 1,073	$ 311	$ 423	$ 734
Retail properties	239	816	1,055	(1)	461	460
Office development, opportunity, and finance	64	(2)	62	111	(46)	65
	$ 558	$ 1,632	$ 2,190	$ 421	$ 838	$ 1,259

Office Properties: Total return from our office property business was $1,073 million, which consists of $255 million in funds from operations and $818 million in valuation gains for the year. This compares to $734 million of total return in 2010, which consists of $311 million in funds from operations and $423 million in valuation gains for 2010.

The reduction in funds from operations reflects the reduced interest in our Australian operations following their merger into our 50% owned office property subsidiary, as well as lower occupancy levels in our U.S. operations throughout much of the year, consistent with our expectations. We made considerable progress towards increasing occupancy levels with a record year of leasing, signing approximately 11 million square feet of leases. These included 7.2 million square feet of leasing renewals and 3.8 million square feet of new leasing, which led to a reduction in our 2012–2016 lease rollover exposure by 550 basis points. The new lease rates were on average 10% higher than the expiring rents, increasing our in-place rents to $28.57 per square foot and setting the stage for future growth in funds from operations.

We finished the year with overall occupancy of 93.3% compared to 94.8% at the beginning of 2011 and our goal is to be 95% leased by the end of 2012. The in-year decrease was due in part to several large leases expiring at the beginning of the year, as well as our strategy of selling well leased stabilized properties at favourable prices and reinvesting the proceeds in underleased properties where we can add value through our operating capabilities to achieve better long-term returns.

The improved growth profile and lower discount rates resulted in increased property appraisals in all of our major regions. Our share of valuation gains totalled $818 million. This comes on top of $423 million of gains in 2010. We sold three core properties during 2011 and crystallized $159 million of valuation gains.

Retail Properties: Total return from retail properties was $1,055 million, including $239 million of funds from operations and $816 million of valuation gains. We completed the financial reorganization of General Growth Properties (or "GGP") in late 2010 and began recording our proportionate share of their operating results at the beginning of 2011. Our share of GGP's funds from operations based on their IFRS results was $213 million. Tenant sales at GGP were $505 per square foot on a trailing 12-month basis as of the end of 2011, representing a 7.9% increase over the 2010 result on a comparable basis, and we have experienced eight consecutive quarters of increased sales. Our overall mall portfolio was 94.6% leased, an increase of 110 basis points during the year, and initial rents on leases executed during 2011 averaged $65.67 per square foot, up 8.3% or $5.04 per square foot over the comparable expiring leases.

As this is our first full year of ownership we do not report comparable results for 2010; however, GGP's core net operating income increased 2.4% year-over-year and 7.0% in the fourth quarter illustrating the positive momentum within the business. The improved operating results, high quality of the malls, and lower discount rates gave rise to valuation gains of $0.7 billion, of which approximately 50% was due to improved cash flows and 50% to lower discount rates.

Our retail operations in Brazil contributed $14 million to funds from operations, despite much of our sales growth being offset by increased interest and development costs. We completed the sale of three properties during the year and our share of valuation gains for the portfolio, including the dispositions, was $70 million.

Opportunistic, Finance and Development Activities: We recorded $64 million of funds from operations from these activities compared to $111 million in 2010, which included $58 million of disposition gains compared to $19 million in the current year.

We completed several acquisitions of property assets within our opportunity strategies through direct acquisitions as well as the purchase of distressed loan portfolios, which we believe will result in very attractive outcomes. Total investment was $2.7 billion on behalf of ourselves and our clients, and our share was $1.0 billion.

We are near completion of our 926,000 square foot City Square office project in Perth, and are pursuing major developments in New York City and London. In total, we are focused on five development projects totalling approximately nine million square feet that could add more than $7.2 billion in assets.

Renewable Power: Funds from operations totalled $213 million in the current year, and were 17% lower than the $257 million produced in 2010 due in large part to our reduced ownership level during the year. We sold a partial interest in our Canadian power fund and a development project in 2010, recognizing disposition gains of $291 million and generating cash proceeds of $341 million.

We recorded $528 million of valuation gains, which are due primarily to improvements in expected long-term prices. In the previous year, the positive impact of lower discount rates was more than offset by a reduction in expected future cash flows due to a decline in short-term electricity prices, particularly in the U.S. northeast, giving rise to an overall valuation loss of $1.0 billion.

Hydroelectric generation levels were 8% higher year-over-year, although still 4% below long-term averages. We estimate that FFO would have been approximately $25 million higher had we achieved long-term average wind and hydroelectric generation. Net operating income declined by 13% on a per megawatt basis relative to 2010 due to lower spot prices, an increase in the proportion of power generated in lower cost markets, offset in part by a 5% increase in the average Brazilian exchange rate during the year.

We ended 2011 with 83% of our expected generation for 2012 contracted at pre-determined prices, compared to 93% at the beginning of the year. We have elected to lock in less of our short-term power revenues with financial contracts as we believe we can benefit from higher electricity prices as markets improve. We have a number of attractive growth opportunities which we believe will lead to cash flow growth in 2012 and future years. These include five hydroelectric and wind facilities currently under development. We also have a further development pipeline of 2,000 megawatts of installed capacity and are also actively pursuing a number of small and large acquisition opportunities.

Infrastructure: We recorded total return of $590 million, compared to $282 million in 2010. Funds from operations increased by nearly 50% to $194 million in the current year as a result of our increased ownership in a number of our operations at the end of 2010 as well as strong operational growth within most of the business units.

The operational growth reflects the impact of capital expansion projects in our transmission, ports and rail operations as well as favourable regulatory rate reviews and contract extensions. Collectively, our share of the FFO from our transmission, transport and energy operations increased by $35 million. Higher volumes and pricing led to a $29 million increase in FFO from our timber operations, driven largely by strong demand from Asian markets.

A large contributor to the valuation gains of $396 million was the increase in value of our Western Australian rail operations resulting from the procurement of the necessary contracts and approvals to commence a $600 million expansion. We also benefitted from improved valuations of our timber operations and utility businesses.

We recently completed acquisitions of interests in a toll road in Santiago, Chile and an electrical distribution business in Colombia.

Private Equity: This segment includes our special situations, residential and agricultural development operations. Funds from operations for 2011 totalled $264 million compared to $277 million in 2010. The results reflect a similar level of disposition gains in each year, as well as improving operating results.

The profile of our residential development businesses was mixed, with Brazil experiencing very strong growth, our Canadian operations continuing to produce solid results, while our U.S. operations continued to face a slow market, but at least we believe we are now coming off the bottom. The overall contribution to funds from operations from these businesses totalled $78 million compared with $100 million in 2010.

Our Brazilian operations continue to perform very strongly, with an increase in contracted sales of 21% to R$4.4 billion; however, reported results do not reflect this as profits are not booked until projects are completed. We estimated that our share of the results would have been $60 million higher if reported on a percentage-of-completion basis consistent with U.S. GAAP and Brazilian industry standards. North American results declined due to a lower level of closings in the U.S. and some Canadian closings slipping into 2012. We closed 528 homes and 912 lots in North America during 2011, compared to 1,295 homes and 2,301 lots, respectively, during 2010.

Our backlog of undelivered homes in North America increased to 659 at year-end with a sales value of $264 million, compared to 377 homes with a value of $151 million at the same time last year which provides a better outlook for 2012.

Other Items: Investment and other income declined as the more steady contribution from dividends and interest was offset by approximately $62 million of market value adjustments on financial assets investments. We benefitted from $177 million of positive market value adjustments in 2010.

Unallocated interest expense increased to $345 million from $313 million in 2010, reflecting higher borrowing levels in respect of our larger asset base. The increase in operating costs from $304 million to $350 million reflects the continued expansion of our asset management operations, and a higher level of transaction costs arising from several major initiatives undertaken during the year.

Approximately 45% of our funds from operations is denominated in non-U.S. currencies. Average exchange rates were 6% higher over the course of 2011 compared to 2010, based on the currency profile of our operations, and this had an aggregate favourable impact of $27 million on our funds from operations relative to 2010 exchange rates.

Realized Gains: We separately report gains on the disposition of assets that we typically otherwise hold for extended periods of time. These gains represent the realization of valuation gains that have been recorded through net income or equity, but not previously included in funds from operations. As such, they represent a crystallization of the accrued gains and we feel it is helpful to include these as part of our overall funds from operations and realized gains measures, which is consistent with how we previously reported operating cash flow.

Funds from operations does include gains that occur as a normal part of our business such as gains within our private equity businesses and opportunistic property investments, as well as other non-core assets that we acquire and sell from time to time. We identify and discuss these items within the relevant operating segment reviews.

The following table shows the major disposition gains which occurred during the years ended December 31, 2011, and 2010, and which are not included in funds from operations:

YEARS ENDED DECEMBER 31 (MILLIONS)	Operating Platform	Total		Net	
		2011	2010	**2011**	2010
Core office property dispositions	Property	**$ 318**	$ 57	**$ 159**	$ 28
Brookfield Office Properties Canada equity sale	Property	**—**	76	**—**	38
Brookfield Renewable Power Fund equity sale	Power	**—**	212	**—**	212
Partial sale of wind energy project	Power	**—**	79	**—**	79
		$ 318	$ 424	**$ 159**	$ 357

FINANCIAL POSITION – 2011

The following table summarizes by principal operating segment the assets that we manage for ourselves and our clients along with the components of our invested capital:

AS AT DECEMBER 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Property	Renewable Power	Infrastructure	Private Equity	Asset Management Services and Corporate	**Total 2011**	Total 2010
Assets under management	$ 82,579	$ 17,758	$ 19,258	$ 25,343	$ 6,782	$ 151,720	$ 121,558
Operating assets	37,839	15,567	11,807	8,945	2,039	**76,197**	62,910
Accounts receivable and other	2,302	1,047	1,725	4,090	3,551	**12,715**	13,437
Consolidated assets[1]	**40,141**	**16,614**	**13,532**	**13,035**	**5,590**	**88,912**	76,347
Corporate borrowings	—	—	—	—	3,701	**3,701**	2,905
Property-specific borrowings	15,696	4,197	4,802	3,174	546	**28,415**	23,454
Subsidiary borrowings	743	1,323	114	1,273	988	**4,441**	4,007
Capital securities	994	—	—	—	656	**1,650**	1,707
Accounts payable and other	1,827	913	1,947	3,333	2,698	**10,718**	11,304
	20,881	10,181	6,669	5,255	(2,999)	**39,987**	32,970
Non-controlling interests	9,797	2,504	4,319	2,125	104	**18,849**	16,301
Preferred equity	—	—	—	—	2,140	**2,140**	1,658
	11,084	7,677	2,350	3,130	(5,243)	**18,998**	15,011
Incremental values	25	300	250	1,400	875	**2,850**	3,250
Net tangible asset value[1]	11,109	7,977	2,600	4,530	(4,368)	**21,848**	18,261
Asset management franchise value	—	—	—	—	4,250	**4,250**	4,000
Intrinsic value	**$ 11,109**	**$ 7,977**	**$ 2,600**	**$ 4,530**	**$ (118)**	**$ 26,098**	$ 22,261
– Per share						**$ 40.99**	$ 37.45

1. Excludes deferred income taxes

The following table summarizes change in the intrinsic value of our common equity during 2011:

YEAR ENDED DECEMBER 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Property	Renewable Power	Infrastructure	Private Equity	Asset Management Services and Corporate	**Total**	Per Share
Total return	$ 2,190	$ 741	$ 590	$ 86	$ (262)	**$ 3,345**	$ 5.33
Foreign currency revaluation	(137)	(224)	(37)	(52)	(52)	**(502)**	(0.86)
Class A shares issued, net of repurchases	—	—	—	—	1,313	**1,313**	(0.41)
Capital invested (returned)	1,504	(32)	142	(225)	(1,708)	**(319)**	(0.52)
Change in intrinsic value	3,557	485	695	(191)	(709)	**3,837**	3.54
Intrinsic value – beginning of year	7,552	7,492	1,905	4,721	591	**22,261**	37.45
Intrinsic value – end of year	$ 11,109	$ 7,977	$ 2,600	$ 4,530	$ (118)	**$ 26,098**	$ 40.99

The largest contributor to equity growth in both 2011 and 2010 was our total return. We issued 45.1 million Class A Limited Voting Shares at an average price of $32.53 per share, or $1.5 billion in total, in connection with our acquisition of an additional stake in General Growth Properties. We repurchased 6.1 million Class A Limited Voting Shares at an average price of $30.27 per share, or $186 million in total, for net issuance of $1.3 billion. We also returned $319 million (2010 – $298 million) to shareholders in the form of dividends on our common equity.

The impact of lower exchange rates for the Australian, Brazilian and Canadian currencies against the U.S. dollar reduced net invested capital by $502 million during 2011, representing a 4% decrease in our natural (i.e., unhedged) foreign currency positions. This retraces a $351 million increase in the prior year. We estimate that we have recovered all of this reduction at the date of this report as the exchange rates have strengthened since year end.

Assets and Invested Capital

Our capital continues to be invested primarily in (i) commercial office properties located predominantly in central business districts of major international centres, and well-located, high quality retail properties, (ii) renewable hydroelectric power plants in North America and Brazil; and (iii) a global portfolio of regulated or contracted infrastructure assets.

The following table presents Assets Under Management ("AUM"), Consolidated Assets and Invested Capital at the end of 2011 and 2010 for comparative purposes. Invested Capital represents the capital that we have invested in our various activities on a deconsolidated basis, consistent with the Deconsolidated Capitalization presented in the table on page 10.

AS AT DECEMBER 31 (MILLIONS)	Assets Under Management[1]		Consolidated Assets[2]		Invested Capital[3]	
	2011	2010	**2011**	2010	**2011**	2010
Operating platforms						
Property						
Office	**$ 32,848**	$ 31,712	**$ 26,478**	$ 21,214	**$ 5,493**	$ 4,810
Retail	**33,160**	13,249	**7,444**	4,680	**4,625**	1,931
Opportunity, finance and development	**16,571**	12,301	**6,219**	5,324	**991**	786
	82,579	57,262	**40,141**	31,218	**11,109**	7,527
Renewable power	**17,758**	15,835	**16,614**	14,584	**7,977**	7,492
Infrastructure	**19,258**	16,634	**13,532**	13,264	**2,600**	1,905
Private equity	**25,343**	26,848	**13,035**	12,682	**4,530**	4,721
Services activities	**3,326**	1,930	**2,946**	1,930	**2,274**	1,800
Cash and financial assets	**1,975**	1,850	**1,975**	1,850	**1,461**	1,543
Other assets	**1,481**	1,199	**669**	819	**669**	919
Asset management franchise value	**n/a**	n/a	**n/a**	n/a	**4,250**	4,000
	$ 151,720	$ 121,558	**$ 88,912**	$ 76,347	**$ 34,870**	$ 29,907

1. Excludes incremental values, asset management franchise value and deferred tax assets
2. Excludes $2,118 million (2010 – $1,784 million) of deferred tax assets
3. Includes incremental values not otherwise included in IFRS and asset management franchise value, and excludes deferred tax balances

Assets under management increased by $30 billion to $152 billion. AUM within our retail operations increased by $20 billion, representing our proportionate interest in the assets of General Growth Properties that are working for us and our clients. The increase in opportunity property AUM reflects the expansion of our multi-residential operations. Renewable power AUM increased by $1.9 billion due to acquisitions and developments and improved valuations.

Consolidated assets, excluding deferred taxes, increased by $12.6 billion to $88.9 billion at the end of 2011. Commercial office assets increased by $5.3 billion, which includes the impact of consolidating our U.S. Office Fund following ownership changes during the year. Retail assets increased by $2.8 billion which includes our follow-on investment of $1.8 billion in GGP and the $2.0 billion increase in renewable power assets reflects acquisitions and developments within these operations as noted above. All three of these asset groups also benefitted from improved valuations.

Capitalization

We finance our operations on an investment-grade basis. The high quality and stable profile of our asset base and the strength of our financial relationships has enabled us to continuously refinance maturities in the normal course.

Core liquidity, which represents cash and financial assets and undrawn credit facilities at the Corporation and our principal operating subsidiaries, was approximately $3.9 billion at December 31, 2011. This includes $2.4 billion at the corporate level and $1.5 billion at our principal operating units. We continue to maintain an elevated level of liquidity as we see a substantial number of highly promising investment opportunities. We also have undrawn allocations of capital from clients totalling $5.4 billion to finance qualifying acquisitions.

The following table presents our capitalization on three bases of presentation: corporate (i.e., deconsolidated), proportionally consolidated and on a consolidated basis using the same methodology as our IFRS financial statements:

	Corporate		Proportionate		Consolidated	
AS AT DECEMBER 31 (MILLIONS)	**2011**	2010	**2011**	2010	**2011**	2010
Corporate borrowings	**$ 3,701**	$ 2,905	**$ 3,701**	$ 2,905	**$ 3,701**	$ 2,905
Non-recourse borrowings						
Property-specific mortgages	**—**	—	**19,083**	15,956	**28,415**	23,454
Subsidiary borrowings[1]	**988**	858	**3,679**	3,610	**4,441**	4,007
	4,689	3,763	**26,463**	22,471	**36,557**	30,366
Accounts payable and other[2]	**1,287**	1,556	**8,615**	7,577	**12,836**	13,088
Capital securities	**656**	669	**1,153**	1,188	**1,650**	1,707
Equity						
Non-controlling interests	**—**	—	**—**	—	**18,849**	16,301
Preferred equity	**2,140**	1,658	**2,140**	1,658	**2,140**	1,658
Shareholders' equity[3]	**26,098**	22,261	**26,098**	22,261	**26,098**	22,261
Total equity	**28,238**	23,919	**28,238**	23,919	**47,087**	40,220
Total capitalization	**$ 34,870**	$ 29,907	**$ 64,469**	$ 55,155	**$ 98,130**	$ 85,381
Debt to capitalization[4]	**15%**	15%	**44%**	44%	**39%**	37%

1. Includes $988 million (December 31, 2010 – $858 million) of contingent swap accruals which are guaranteed by the Corporation and are accordingly included in Corporate Capitalization
2. Excludes deferred income taxes
3. Pre-tax basis and includes incremental values and asset management franchise value
4. Excludes asset management franchise value of $4.25 billion in 2011 and $4.0 billion in 2010

Corporate Capitalization

Our corporate (deconsolidated) capitalization shows the amount of debt that is recourse to the Corporation, and the extent to which it is supported by our invested capital and remitted cash flows. Corporate borrowings increased by $800 million to fund business development; however, we also raised additional equity of $1.8 billion which, together with total return, kept our deconsolidated debt-to-capitalization ratio at 15%. Our strategy is to maintain a relatively low level of debt at the parent company level and finance our operations primarily at the asset or operating unit level with no recourse to the Corporation. Subsidiary borrowings included in our corporate capitalization are contingent swap accruals, issued by a subsidiary, that are guaranteed by the Corporation.

Equity capital totals $28.2 billion and represents 80% of our corporate capitalization. The average term to maturity of our corporate debt is seven years.

Proportionate Capitalization

Proportionate consolidation, which reflects our proportionate interest in the underlying entities, depicts the extent to which our underlying assets are leveraged, which is an important component of enhancing shareholder returns. We believe the 44% debt-to-capitalization ratio at December 31, 2011 (December 31, 2010 – 44%) is appropriate given the high quality of the assets, the stability of the associated cash flows and the level of financings that assets of this nature typically support, as well as our liquidity profile. Property-specific borrowings on this basis increased by $3.1 billion which is principally due to our increased ownership of General Growth Properties.

Consolidated Capitalization

Consolidated capitalization reflects the full consolidation of partially-owned entities, notwithstanding that our capital exposure to these entities is limited. The debt-to-capitalization ratio on this basis is 39% (December 31, 2010 – 37%).

We note, however, that in many cases our consolidated capitalization includes 100% of the debt of the consolidated entities, even though in most cases we only own a portion of the entity and therefore our pro rata exposure to this debt is much lower. For example, we have access to the capital of our clients and co-investors through public market issuance and, in some cases, contractual obligations to contribute additional equity. In other cases, this basis of presentation excludes some or all of the debt of partially owned entities that are equity accounted or proportionately consolidated, such as our investment in General Growth Properties and several of our infrastructure businesses.

The increase in borrowings on this basis reflects the consolidation of our U.S. Office Fund and several other assets and businesses since the beginning of 2011. These changes had little impact on our proportionate consolidation as the borrowings were already reflected in that basis of presentation.

Shareholders' Equity

We added $4.3 billion to equity during the year, representing the accumulation of cash flows generated, increases in the value of our invested capital and $1.8 billion in common and preferred equity issuances.

– Preferred Equity

We issued C$235 million and C$250 million of perpetual rate-reset preferred shares with initial coupons of 4.6% and 4.8% respectively, during February and October 2011, with the proceeds used to reduce bank and commercial paper borrowings.

– Common Equity

The following table reconciles common equity per our IFRS financial statements to Net Tangible Asset Value and Intrinsic Value:

AS AT DECEMBER 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	2011 Total	2011 Per Share	2010 Total	2010 Per Share
Common equity per IFRS financial statements	**$ 16,751**	**$ 26.77**	$ 12,795	$ 22.09
Add back deferred income taxes[1]	**2,247**	**3.42**	2,216	3.60
Incremental values	**2,850**	**4.33**	3,250	5.27
Net tangible asset value	**21,848**	**34.52**	18,261	30.96
Asset management franchise value	**4,250**	**6.47**	4,000	6.49
Total intrinsic value	**$ 26,098**	**$ 40.99**	$ 22,261	$ 37.45

1. Net of non-controlling interests

Values not Recognized Under IFRS

Values not recognized under IFRS relate to certain assets that are not reflected at fair value under IFRS. As a result, we have provided an estimate of the incremental value of these items over their carried values to arrive at a more complete and consistent determination of net tangible asset value. These include items carried at historical book values, such as the values for our property services and construction businesses, certain of our renewable power and infrastructure assets, assets acquired at distressed values that are not otherwise revalued and development land carried at the lower of cost or market.

The incremental values in the following table are reviewed in each of the relevant operating segments:

AS AT DECEMBER 31 (MILLIONS)	**2011**	2010
Asset management and other services	**$ 875**	$ 775
Operating platforms		
Property	**25**	325
Renewable power	**300**	600
Infrastructure	**250**	125
Private equity	**1,400**	1,325
Other assets	**—**	100
	$ 2,850	$ 3,250

The largest amounts relate to:

- our asset management and service businesses, which include approximately $330 million in respect of net carried interests payable to us based on current values, as well as incremental values of approximately $545 million attributable to our construction and property services;
- $875 million of incremental value in our residential development business, included in our private equity segment, that relates to the value of development lands that are carried at historical cost in our IFRS statements; and
- $525 million in respect of private equity investments, the assets of which we typically acquire at a discount to long-term value and which are, for the most part, carried at depreciated historical book values.

The overall decline of $400 million is due primarily to the elimination of incremental values recorded at the end of 2010 that were recorded in our IFRS statements during 2011. These included $325 million in respect of valuation increases within General Growth Properties and $350 million in respect of renewable power development projects. These decreases were partially offset by increases in other incremental values, such as deferred performance income.

Asset Management Franchise Value

Over the past 10 years we have increased the scale of our asset management operations to the point where we have substantial capital for investment from clients. The value of this franchise is derived from both the cash flows it generates, and the capital it allows us to operate with. This size enables us to compete where few others can, and therefore offers us a competitive advantage in generating greater returns for our clients. Global asset management franchises are generally valued at very high multiples of income, in particular those in areas where substantial growth in assets under management is expected to be achieved and where margins are high.

As we provide valuations of our tangible assets through our financial statements, and given the growing value of this "intangible" business, we felt that we should also attempt to produce an estimate of the current value of our operation based on the existing capital under management and the franchise we have. Our estimate is approximately $4.3 billion, or $6.47 per share, and we have included this value in our estimate of the intrinsic value of our common equity.

While we have specific assumptions and plans on how we derive this value in each of our operations, in general, we assume capital under management in our unlisted funds and managed listed issuers growing at a rate of 10% over the next 10 years and our annualized gross margin migrates to 150 basis points, as we can add meaningfully to managed capital without a commensurate increase in expenses. We then capitalize the resultant annualized return at a 15 times multiple, and discount the cash flows and terminal value at 15%. We will continue to provide information to enable readers to assess our progress and consider these values and assumptions.

Capital Under Management

The following table summarizes total assets under management and the capital managed for clients and co-investors:

	Total Assets Under Management		Client Capital						
			2011					2010
			Fee Bearing			Other		
AS AT DECEMBER 31 (MILLIONS)	**2011**	2010	Private Funds	Listed Issuers	Public Securities	Other Listed Entities	**Total**	Total
Property	**$ 82,579**	$ 57,262	$ 7,014	$ 1,851	$ 6,266	$ 4,552	**$ 19,683**	$ 21,596
Renewable power	**17,758**	15,835	587	1,869	—	—	**2,456**	2,015
Infrastructure	**19,258**	16,634	5,422	3,665	1,474	—	**10,561**	7,937
Private equity	**25,343**	26,848	2,666	—	12,093	2,934	**17,693**	18,385
Corporate and other	**6,782**	4,979	—	—	—	—	**—**	—
December 31, 2011	**$ 151,720**	n/a	**$ 15,689**	**$ 7,385**	**$ 19,833**	**$ 7,486**	**$ 50,393**	n/a
December 31, 2010	**n/a**	$ 121,558	$ 16,859	$ 5,425	$ 21,069	$ 6,580	n/a	$ 49,933

Private Funds

Third-party capital commitments to private funds decreased by $1.2 billion during the year to $15.7 billion. The decrease reflects distributions of capital and expiry of uninvested commitments offset by $1.5 billion of new commitments. Our approach to value investing means that we will on occasion let investment periods lapse without fully investing available capital if we are not satisfied with potential returns, although our objective is to fully invest the capital entrusted to us by our clients. The invested capital within our private funds of $10.3 billion has an average term of nine years. Private fund capital includes $5.4 billion that has not been invested to date but which is available to pursue acquisitions within each fund's specific mandate. Of the total uninvested capital, $1.1 billion relates to property funds and $2.4 billion relates to infrastructure funds. This uncalled capital has an average term, during which it can be called, of approximately two years.

Listed Issuers

The increase in Listed Issuer capital of $2.0 billion includes the issuance of $0.5 billion of new capital from our Infrastructure entity and a $1.5 billion increase in the market value of our three principal listed issuers. All three entities recorded favourable performance and increased distributions during the year.

Public Securities

In our public securities operations, we manage fixed income and equity securities with a particular focus on real estate and infrastructure, including high yield and distress securities. Capital under management in this business line decreased by $1.2 billion during the year, of which $0.8 billion represents net outflows and approximately $0.4 billion represents a valuation decrease. We have continued to refocus the business on higher margin products and have eliminated several lower margin offerings.

The following table summarizes client capital 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.

AS AT DECEMBER 31 (MILLIONS)	**2011**	2010
Public securities		
Fixed income	**$ 12,093**	$ 13,862
Equity	**7,740**	7,207
	$ 19,833	$ 21,069

Other Listed Entities

We have established a number of our business units as listed public companies to allow other investors to participate and provide us with additional capital to expand these operations. This includes common equity issued to others by Brookfield Office Properties, Brookfield Residential and Brookfield Incorporações. In addition, certain of our portfolio investments are also listed public companies. We do not earn fees from this capital but it forms an important component of our overall capitalization and enables us to conduct our business at a greater scale than would otherwise be possible.

Reconciliation of Total Return and Funds from Operations to Comprehensive Income – 2011

YEAR ENDED DECEMBER 31, 2011 (MILLIONS)	Consolidated Financial Statements	Non-controlling Interests[1]	Equity Accounted Income[2]	Fair Value Changes[3]	Other Items[4]	Management Discussion & Analysis
Asset management and services	$ 388	$ —	$ 14	$ —	$ —	$ 402
Revenues less direct operating costs						
Property	1,678	—	430	—	13	2,121
Renewable power	740	—	25	—	13	778
Infrastructure	756	–	193	–	—	949
Private equity	538	—	23	—	61	622
Equity accounted income	2,205	—	(2,205)	—	—	—
	6,305		(1,520)	—	87	4,872
Investment and other income	328	—	(9)	—	(43)	276
	6,633	—	(1,529)	—	44	5,148
Expenses						
Interest	2,352	—	—	—	(22)	2,330
Operating costs	481	—	—	—	—	481
Current income taxes	97	—	—	—	(15)	82
Non-controlling interests	—	1,209	—	—	(6)	1,203
Net income prior to other items/FFO	3,703	(1,209)	(1,529)	—	87	1,052
Other Items/Valuation gains						
Fair value changes	1,286	—	1,529	1,920	435	5,170
Depreciation and amortization	(904)	—	—	—	—	(904)
Deferred income tax	(411)	—	—	—	411	—
Other items	—	—	—	—	(159)	(159)
Non-controlling interests	—	(508)	—	(676)	(287)	(1,471)
Net income	3,674					
Other comprehensive income						
Fair value changes	1,920	—	—	(1,920)	—	—
Foreign currency	(837)	—	—	—	837	—
Deferred taxes	(147)	—	—	—	147	—
Non-controlling interests	—	(141)	—	676	(535)	—
Other comprehensive income	936					
Comprehensive income	4,610					
Items not included in IFRS						
Incremental values	n/a	—	—	—	(400)	(400)
Assets management franchise value	n/a	—	—	—	250	250
Less: amounts recorded in FFO	n/a	—	—	—	(87)	(87)
Total valuation gains	n/a	(649)	1,529	—	612	2,399
Preferred share dividends	—	—	—	—	(106)	(106)
Comprehensive income/Total return	$ 4,610	$ (1,858)	$ —	$ —	$ 593	$ 3,345

1. Allocates non-controlling interests between funds from operations and valuation gains
2. Allocated equity-accounted income to operating segments and between funds from operations and valuation gains
3. Aggregates fair value changes and associated non-controlling interest in net income and other comprehensive income
4. Includes amounts recorded directly in equity under IFRS and excludes impact foreign currency revaluation and deferred taxes from calculation of total return

SUPPLEMENTAL INFORMATION

Reconciliation of Total Return and Funds from Operations to Comprehensive Income – 2010

YEAR ENDED DECEMBER 31, 2010 (MILLIONS)	Consolidated Financial Statements	Non-controlling Interests[1]	Equity Accounted Income[2]	Fair Value Changes[3]	Other Items[4]	Management Discussion & Analysis
Asset management and services	$ 365	$ (17)	$ —	$ —	$ —	$ 348
Revenues less direct operating costs						
Property	1,495	—	256	—	—	1,751
Renewable power	748	—	23	—	—	771
Infrastructure	221	—	204	—	—	425
Private equity	628	—	9	—	85	722
Equity accounted income	765	—	(765)	—	—	—
	4,222	(17)	(273)	—	85	4,017
Investment and other income	503	—	2	—	(64)	441
	4,725	(17)	(271)	—	21	4,458
Expenses						
Interest	1,829	—	—	—	(19)	1,810
Operating costs	417	—	—	—	—	417
Current income taxes	97	—	—	—	(3)	94
Non-controlling interests	—	1,073	—	—	(42)	1,031
Net income prior to other items/FFO	2,382	(1,090)	(271)	—	85	1,106
Other Items/Valuation gains						
Fair value changes	1,651	—	271	(906)	4	1,020
Depreciation and amortization	(795)	—	—	—	—	(795)
Deferred income tax	(43)	—	—	—	43	—
Other items	—	—	—	—	(44)	(44)
Non-controlling interests	—	(651)	—	(313)	191	(773)
Net income	3,195					
Other comprehensive income						
Fair value changes	(906)	—	—	906	—	—
Foreign currency	653	—	—	—	(653)	—
Deferred taxes	448	—	—	—	(448)	—
Non-controlling interests	—	(421)	—	313	108	—
Other comprehensive income	195					
Comprehensive income	3,390					
Items not included in IFRS						
Incremental values	n/a	—	—	—	1,200	1,200
Assets management franchise value	n/a	—	—	—	500	500
Less: amounts recorded in FFO	n/a	—	—	—	(85)	(85)
Total valuation gains	n/a	(1,072)	271	—	816	1,023
Preferred share dividends	—	—	—	—	(75)	(75)
Comprehensive income/Total return	$ 3,390	$ (2,162)	$ —	$ —	$ 826	$ 2,054

1. Allocates non-controlling interests between funds from operations and valuation gains
2. Allocated equity-accounted income to operating segments and between funds from operations and valuation gains
3. Aggregates fair value changes and associated non-controlling interest in net income and other comprehensive income
4. Includes amounts recorded directly in equity under IFRS and excludes the impact of foreign currency revaluation and deferred taxes from the calculation of total return

SUPPLEMENTAL INFORMATION

Total Return – 2010

The following table summarizes our annual operating performance and the components of total return and is reconciled to our IFRS financial statements:

YEAR ENDED DECEMBER 31, 2010 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Asset Management Services[1]	Property[2]	Renewable Power	Infrastructure	Private Equity	Corporate	Total
Total revenues	$ 2,492	$ 2,589	$ 1,161	$ 867	$ 6,011	$ 503	$ 13,623
Funds from operations							
Net operating income[3]	348	1,747	771	424	727	—	4,017
Investment and other income	—	91	—	6	33	311	441
	348	1,838	771	430	760	311	4,458
Interest expense	—	(812)	(375)	(141)	(169)	(313)	(1,810)
Operating costs	—	(86)	—	(27)	—	(304)	(417)
Current income taxes	—	(8)	(18)	(3)	(44)	(21)	(94)
Non-controlling interests	—	(511)	(121)	(129)	(270)	—	(1,031)
Total funds from operations	348	421	257	130	277	(327)	1,106
Valuation gains							
Included in IFRS statements[4]							
Fair value changes	(51)	1,077	(446)	386	141	(87)	1,020
Depreciation and amortization	(65)	(12)	(488)	(33)	(197)	—	(795)
Other items	—	(105)	—	—	—	61	(44)
Non-controlling interests	—	(447)	(180)	(226)	58	22	(773)
Not included in IFRS statements							
Incremental values	525	325	150	25	175	—	1,200
Asset management franchise value	—	—	—	—	—	500	500
Other gains	—	—	—	—	(85)	—	(85)
Total valuation gains	409	838	(964)	152	92	496	1,023
Preferred share dividends	—	—	—	—	—	(75)	(75)
Total Return	$ 757	$ 1,259	$ (707)	$ 282	$ 369	$ 94	$ 2,054
– Per share							$ 3.23

1. Excludes net unrealized performance fees which are included in incremental values
2. Disaggregation of property segment into office, retail and other is presented on page 23
3. Includes funds from operations from equity accounted investments
4. Includes items in consolidated statements of operations, comprehensive income and changes in equity

SUPPLEMENTAL INFORMATION

Financial Position – 2010

The following table summarizes by principal operating segment the assets that we manage for ourselves and our clients along with the components of our invested capital:

AS AT DECEMBER 31, 2010 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Property	Renewable Power	Infrastructure	Private Equity	Asset Management and Corporate	Total 2010
Assets under management	**$ 57,262**	**$ 15,835**	**$ 16,634**	**$ 26,848**	**$ 4,979**	**$ 121,558**
Operating assets	29,016	13,283	9,926	8,636	2,049	62,910
Accounts receivable and other	2,202	1,301	3,338	4,046	2,550	13,437
Consolidated assets[1]	**31,218**	**14,584**	**13,264**	**12,682**	**4,599**	**76,347**
Corporate borrowings	—	—	—	—	2,905	2,905
Property-specific borrowings	12,740	3,834	4,463	2,287	130	23,454
Subsidiary borrowings	579	1,152	148	1,233	895	4,007
Capital securities	1,038	—	—	—	669	1,707
Accounts payable and other	1,537	838	3,182	3,290	2,457	11,304
	15,324	8,760	5,471	5,872	(2,457)	32,970
Non-controlling interests	8,122	1,868	3,691	2,476	144	16,301
Preferred equity	—	—	—	—	1,658	1,658
	7,202	6,892	1,780	3,396	(4,259)	15,011
Incremental values	325	600	125	1,325	875	3,250
Net tangible asset value[1]	7,527	7,492	1,905	4,721	(3,384)	18,261
Asset management franchise value	—	—	—	—	4,000	4,000
Intrinsic value	**$ 7,527**	**$ 7,492**	**$ 1,905**	**$ 4,721**	**$ 616**	**$ 22,261**
– Per share						$ 37.45

1. Excludes deferred income taxes

PART 2 — REVIEW OF OPERATIONS

ASSET MANAGEMENT INCOME AND SERVICE ACTIVITIES

This section reviews the contribution from our asset management fees and our other fee-based service businesses.

Total Return

YEARS ENDED DECEMBER 31 (MILLIONS)	2011	2010
Asset management revenues	$ 252	$ 228
Construction and property services, net of direct expenses	150	120
Funds from operations	402	348
Valuation gains	66	409
Total return	$ 468	$ 757

Asset Management and Other Fees

Asset management and other fees contributed the following revenues during the year:

	Total[1]		Net	
YEARS ENDED DECEMBER 31 (MILLIONS)	2011	2010	2011	2010
Base management fees[2]	$ 269	$ 230	$ 190	$ 167
Performance based income[2]	139	408	123	249
Transaction fees[2]	58	36	58	36
	466	674	371	452
Less: deferred recognition of performance based income[3]	(133)	(348)	(119)	(224)
	$ 333	$ 326	$ 252	$ 228

1. Total represents the gross amount of fees inclusive of fees on Brookfield's invested capital
2. Revenues
3. Deferred into future periods, until clawback provisions expire

Base management fees increased by 14% to $190 million compared to $167 million in 2010. This reflects the contribution from new funds and an increase in capital committed, particularly in our private equity and infrastructure operations. Annualized base management fees totalled approximately $200 million at December 31, 2011. This does not include any contribution from the approximately $1.5 billion of private funds on which our compensation is derived primarily from performance-based measures and carried interests, as opposed to base management fees. The weighted average term of the commitments related to the base fees is nine years, and our goal is to increase the level of base management fees as we continue to expand our asset management activities.

Our share of accumulated performance income totalled $379 million at December 31, 2011, and is included in incremental values. This represents a net increase of $119 million compared to the prior year. We estimated that direct expenses of approximately $51 million will arise on the realization of the income that has accumulated to date. We only recognized $4 million of net performance income during the year in our financial statements and deferred the balance as our accounting policies preclude recognition until the end of any determination or clawback period which is typically at or near the end of the fund's term.

Transaction fees totalled $58 million in 2011. The increase from 2010 reflects expansion in our investment banking activities and some particularly successful outcomes. We have expanded our investment banking activities into the U.S. and the UK, and continue to advise on a number of mandates in Canada and Brazil. Our primary focus is on real estate and infrastructure transactions.

Construction and Property Services

The following table summarizes funds from operations from our construction and property services operations:

YEARS ENDED DECEMBER 31 (MILLIONS)	Funds from Operations	
	2011	2010
Construction services	**$ 120**	$ 102
Property services	**30**	18
	$ 150	$ 120

Operating margins across the construction business increased to 9.3% for the year compared to 9.0% in 2010, prior to unallocated general and administrative costs. Much of the increase was attributable to our Australasian operations reflecting increased activity following a number of successful tenants for major property and social infrastructure projects.

The remaining work-in-hand totalled $5.4 billion at the end of December 31, 2011, and represented approximately 2.8 years of scheduled activity. We continue to pursue and secure new projects which should position us well for future growth. The following table summarizes the work-in-hand at the end of 2011 and 2010:

AS AT DECEMBER 31 (MILLIONS)	**2011**	2010
Australasia	**$ 3,091**	$ 2,681
Middle East	**533**	677
United Kingdom	**1,780**	960
	$ 5,404	$ 4,318

Property services fees include property and facilities management, leasing and project management and a range of real estate services. Cash flow from this business increased to $30 million in 2011 compared to $18 million last year reflecting the continued expansion of our property services business. We acquired a large relocation and residential brokerage business in late 2011 that has significantly expanded our market position and should add meaningfully to these operations in future years.

Valuation Gains

Valuations increased by $66 million relating to an increase in accrued performance-based income that we would be entitled to receive based on current valuations, net of associated direct expenses, offset by depreciation and completion of major projects within our construction and property services businesses.

Outlook and Growth Initiatives

We have significantly increased the level of capital under management for our clients in recent years, as well as the internal resources needed to manage this capital and source additional commitments. We believe the performance of our funds through the recent economic crisis, and the attractiveness of our investment strategies to our clients should enable us to achieve our goal of increasing capital under management and the associated fees substantially in the coming years. We are actively raising capital for eight funds over the course of 2012 and 2013, seeking to obtain approximately $5 billion of commitments from third-party investors, four of which have already held first and second closings. The recent issuance of additional equity by Brookfield Infrastructure Partners and the formation of Brookfield Renewable Energy Partners are important steps forward in our continued expansion of listed entities.

PROPERTY

Overview

Our property operations are organized into three segments:

- Office properties, which are primarily held through 50% owned Brookfield Office Properties and consist of high quality well located office buildings in major cities in Australia, Canada and the United States. We also hold a 22% interest in Canary Wharf Group, which includes similar high quality properties in London, UK;
- Retail properties, located in the United States, held through our 40% consortium interest in General Growth Properties, in Brazil through our 35% owned institutional fund, and direct interests in Australia; and
- Office development, opportunity investing and real estate finance activities. Office developments are conducted primarily through Brookfield Office Properties, and our opportunity and real estate finance activities are conducted primarily through a number of institutional funds.

Assets Under Management and Invested Capital

The following table allocates the capital invested in our property operations by principal operating segment:

AS AT DECEMBER 31 (MILLIONS)	Office Properties 2011	Office Properties 2010	Retail Properties 2011	Retail Properties 2010	Opportunity, Finance and Development 2011	Opportunity, Finance and Development 2010	Total 2011	Total 2010
Assets under management	**$ 32,848**	$ 31,712	**$ 33,160**	$ 13,249	**$ 16,571**	$ 12,301	**$ 82,579**	$ 57,262
Consolidated properties	**21,927**	15,256	**2,601**	3,140	**2,707**	2,122	**27,235**	20,518
Development properties	**—**	—	**—**	—	**1,704**	1,321	**1,704**	1,321
Unconsolidated properties	**3,305**	4,383	**4,363**	1,182	**270**	156	**7,938**	5,721
Loans and notes receivable	**—**	—	**—**	—	**962**	1,456	**962**	1,456
Accounts receivable and other	**1,246**	1,575	**480**	358	**576**	269	**2,302**	2,202
	26,478	21,214	**7,444**	4,680	**6,219**	5,324	**40,141**	31,218
Property-specific borrowings	**11,398**	8,450	**1,371**	1,718	**2,927**	2,572	**15,696**	12,740
Subsidiary borrowings	**381**	188	**—**	14	**362**	377	**743**	579
Capital securities	**994**	1,038	**—**	—	**—**	—	**994**	1,038
Accounts payable and other	**1,452**	1,132	**197**	300	**178**	105	**1,827**	1,537
	12,253	10,406	**5,876**	2,648	**2,752**	2,270	**20,881**	15,324
Non-controlling interests	**6,785**	5,596	**1,251**	1,042	**1,761**	1,484	**9,797**	8,122
	5,468	4,810	**4,625**	1,606	**991**	786	**11,084**	7,202
Incremental values	**25**	—	**—**	325	**—**	—	**25**	325
Net tangible asset value[1]	**$ 5,493**	$ 4,810	**$ 4,625**	$ 1,931	**$ 991**	$ 786	**$ 11,109**	$ 7,527

1. Excludes deferred income taxes

Principal variances in our financial position include the following:

Office Properties

- We concluded joint venture arrangements with our partner in the portfolio owned through our U.S. Office Fund, which resulted in the consolidation of this portfolio onto our balance sheet. This added $5.0 billion of assets to our consolidated office properties and $3.3 billion to property-specific borrowings. The decrease in unconsolidated properties of the $1.3 billion investment in the fund was partially offset by the $0.8 billion carrying value of equity accounted properties within the underlying portfolio that came onto our balance sheet with the consolidation.

- Consolidated properties also reflect the acquisition of five properties at a cost of $2.0 billion and the sale of three properties with a carrying value of $1.3 billion. In addition, we recorded valuation gains of $0.8 billion.

- Unconsolidated properties also reflect the reclassification of Four World Financial Center to consolidated properties, following our ($0.4 billion) acquisition of our partners' interest in the building, as well as valuation gains of $0.4 billion, and include our 22% investment in Canary Wharf Group, which is carried at $856 million.

- Non-controlling interests reflect the consolidation of the U.S. Office Fund, the purchase of interests in the Fund from clients, and participation in valuation gains by investors in our Fund and 50% owned Brookfield Office Properties.

Retail Properties

- The decline in consolidated properties reflects the sale of four assets in the UK and three assets within our Brazil Retail Fund, offset by valuation gains of $73 million. The $176 million proceeds from the Brazil asset sale led to a modest disposition gain and a reduction in property-specific borrowings. Our ownership in the Fund increased from 25% to 35% following our investment of further capital in the Fund.

- The unconsolidated properties balance of $4.4 billion includes our 23% investment in GGP. Our total investment, including that of our clients, is 40%. The balance increased during the year due to our follow-on purchase of an additional $1.7 billion in GGP common shares, as well as valuation gains recorded in our IFRS statements totalling $0.7 billion.

- Incremental values of $325 million at the end of 2010 related to increase in the value of GGP's portfolio that were recorded in our IFRS statements during 2011 and therefore the adjustment is no longer required.

Office Development, Opportunity and Finance

- Consolidated assets at year end include $1.8 billion of development properties and $4.5 billion relating to our opportunistic investing and real estate finance activities, compared to $1.3 billion and $3.7 billion, respectively, at the end of 2010.

- The increase in development properties reflects the continued development of a flagship office property in Perth. The increase in opportunity and finance assets reflects the continued expansion of our activities in this area with the acquisition of several loan portfolios and assets during the year.

- The increase in assets under management represents the expansion of our activities in multi-residential properties.

Total Return

YEARS ENDED DECEMBER 31 (MILLIONS)	Office Properties		Retail Properties		Development, Opportunity and Finance		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
Net operating income								
Consolidated properties	**$ 1,197**	$ 982	**$ 158**	$ 143	**$ 115**	$ 135	**$ 1,470**	$ 1,260
Financial assets	**—**	—	**—**	—	**116**	70	**116**	70
Unconsolidated properties	**191**	255	**238**	1	**1**	—	**430**	256
Asset monetizations	**—**	—	**53**	—	**49**	161	**102**	161
	1,388	1,237	**449**	144	**281**	366	**2,118**	1,747
Canary Wharf dividend	**16**	26	**—**	—	**—**	—	**16**	26
Investment and other income	**55**	62	**5**	3	**—**	—	**60**	65
	1,459	1,325	**454**	147	**281**	366	**2,194**	1,838
Interest expense	**(718)**	(584)	**(173)**	(141)	**(123)**	(87)	**(1,014)**	(812)
Operating costs	**(82)**	(86)	**—**	—	**—**	—	**(82)**	(86)
Current income taxes	**—**	1	**(10)**	(9)	**—**	—	**(10)**	(8)
Non-controlling interests	**(404)**	(345)	**(32)**	2	**(94)**	(168)	**(530)**	(511)
Funds from operations	**255**	311	**239**	(1)	**64**	111	**558**	421
Valuation gains								
Included in IFRS statements								
Fair value changes	**1,511**	934	**1,441**	94	**58**	49	**3,010**	1,077
Depreciation and amortization	**(30)**	(11)	**(1)**	(1)	**(2)**	—	**(33)**	(12)
Other items	**—**	—	**(51)**	—	**(58)**	(105)	**(109)**	(105)
Non-controlling interests	**(680)**	(500)	**(243)**	43	**—**	10	**(923)**	(447)
Not included in IFRS statements								
Incremental values	**25**	—	**(325)**	325	**—**	—	**(300)**	325
Other gains	**(8)**	—	**(5)**	—	**—**	—	**(13)**	—
Total valuation gains	**818**	423	**816**	461	**(2)**	(46)	**1,632**	838
Total return	**$ 1,073**	$ 734	**$ 1,055**	$ 460	**$ 62**	$ 65	**$ 2,190**	$ 1,259

Office Properties

Net operating income from consolidated properties is presented in the following table which shows net operating income from existing properties as well as assets which have been acquired, developed or sold. This illustrates the stability of these cash flows that arises from the high occupancy levels and long-term lease profile.

YEARS ENDED DECEMBER 31 (MILLIONS)	**2011**	2010	2009
Existing properties	**823**	817	759
Acquired, developed and sold	**374**	165	118
Net operating income from consolidated properties	**$ 1,197**	$ 982	$ 877

Net operating income on a comparable basis was consistent with the prior year, although decreased in the United States, and increased by 1% including currency appreciation. The decrease in the United States was driven by occupancy reductions in the U.S. due to the expiry of property leases in New York and Boston.

The contribution from properties acquired, developed and sold since the beginning of the comparative period includes the consolidation of the U.S. Office Fund ($127 million) and the New Zealand Property Fund, as well as acquisitions in Houston, Washington D.C., Denver, Melbourne, and Perth, partly offset by the sale of properties in Boston and New Jersey. The decrease in income from unconsolidated properties reflects the transfer of the U.S. Office Fund to consolidated properties ($70 million) offset by income from the acquisition of unconsolidated interests in a new property in Manhattan and increased income from other equity accounted properties. The increase in interest expense reflects these activities as well as the impact of foreign currency translation on borrowings in Australia and Canada.

Our share of valuation and disposition gains was $818 million, compared to $423 million during 2010. Our portfolios benefitted from continued improvements in expected cash flows as well as the impact of lower interest rates on discount and capitalization rates used to value the buildings.

The key valuation metrics of our commercial office properties are presented in the following table. The valuations are most sensitive to changes in the discount rate. A 10% change in the contractual cash flows or a 100 basis-point change in the discount rates and terminal capitalization rates would impact our common equity value by $1.2 billion and $1.6 billion, respectively, after reflecting the interests of minority shareholders. Average discount and capitalization rates declined in the United States, giving rise to the increased valuations. Rates were largely unchanged in other regions.

	United States			Canada			Australasia		
AS AT DECEMBER 31	**2011**	2010	2009	**2011**	2010	2009	**2011**	2010	2009
Discount rate	**7.5%**	8.1%	8.8%	**6.7%**	6.9%	7.4%	**9.1%**	9.1%	9.3%
Terminal capitalization rate	**6.3%**	6.7%	6.9%	**6.2%**	6.3%	6.7%	**7.5%**	7.4%	7.8%
Investment horizon (years)	**12**	10	10	**11**	11	10	**10**	10	10

The overall portfolio occupancy rate in our office properties at the end of 2011 was 93.3%. Occupancy levels in the United States declined to 91.3% from the prior year as a result of the sale of 1400 Smith Street in Houston which was 100% leased, expiries in New York and Boston, and the acquisition of a low occupancy property at attractive values. Occupancy levels elsewhere in our portfolio remain favourable. We have leased approximately 11 million square feet this year and we have a leasing pipeline of five million square feet at this time, which would further improve our leasing profile.

					Expiring Leases (000's sq. ft.)						
AS AT DECEMBER 31, 2011	% Leased	Average Term	Net Rental Area	Currently Available	2012	2013	2014	2015	2016	2017	2018 & Beyond
North America											
United States	91.3%	7.0	44,019	3,851	3,027	5,810	3,171	3,849	2,036	1,773	20,502
Canada	96.3%	8.7	17,108	639	435	1,798	439	1,680	1,809	625	9,683
Australasia	96.6%	6.1	10,291	350	378	672	872	1,227	1,115	1,038	4,639
Europe	100.0%	10.3	556	—	—	—	262	—	—	—	294
Total/Average	93.3%	7.3	71,974	4,840	3,840	8,280	4,744	6,756	4,960	3,436	35,118
Percentage of total			100.0%	6.7%	5.3%	11.5%	6.6%	9.4%	6.9%	4.8%	48.8%
As at December 31, 2010				5.0%	5.9%	15.0%	6.2%	10.9%	6.9%	4.9%	39.3%

We reduced the lease rollover profile for the 2012–2016 period by 550 basis points compared to the end of 2010.

We use in-place net rents as a measure of leasing performance, and calculate this as the annualized amount of cash rent receivable from leases on a per square foot basis including tenant expense reimbursements, less operating expenses. This measure represents the amount of cash generated from leases in a given period.

In North America, average in-place net rents across our portfolio approximate $25 per square foot compared to $24 per square foot at the end of 2010. Net rents remain at a discount of approximately 24% to the average market rent of $31 per square foot. This gives us confidence that we will be able to maintain or increase our net rental income in the coming years and, together with our high overall occupancy, to exercise patience in signing new leases.

In Australasia, average in-place rents in our portfolio are A$49 per square foot, which represents an 2% discount to market rents. The occupancy rate across the portfolio remains high at 97% and the weighted average lease term is approximately six years. Leases in Australia typically include annual escalations, with the result that in-place lease rates tend to increase along with long-term increases in market rents.

Retail Properties

Our net share of GGP's funds from operations on an IFRS basis was $213 million. GGP reported 8% growth in core FFO, which reflects increases in both net rents and occupancy. Tenant sales were $505 per square foot on a trailing 12-month basis as of year-end 2011, a 7.9% increase over year-end 2010 on a comparable basis. Comparable tenant sales have now increased for eight consecutive quarters. Regional mall percentage leased was 94.6% at year-end 2011, an increase of 110 basis points over year-end 2010. The initial rent on leases executed in 2011 was $65.67 per square foot representing an increase of 8.3% or $5.04 per square foot compared to the expiring rent on comparable leases.

GGP refinanced $4.2 billion ($3.2 billion at GGP's share) of mortgage notes at a weighted average interest rate of 5.06% and average term of 10.1 years. The average interest rate of the original loans was 5.83% and the remaining term-to-maturity was 2.2 years. Approximately $1.8 billion of the original loans were refinanced upon their maturity and $2.4 billion were refinanced prior to their scheduled maturities. Net new proceeds on the refinancings totalled $2 billion. As of December 31, 2011, GGP had $745 million of cash and cash equivalents, including $174 million held in joint ventures. GGP's $750 million corporate line of credit remains undrawn.

During 2011, the company opened 28 new anchor/big box stores across its nationwide regional mall portfolio totalling approximately 920,000 square feet. Also during 2011, the company opened three department stores totalling approximately 402,000 square feet – two Nordstrom stores and one Von Maur. GGP has an additional four department stores totalling approximately 516,000 square feet scheduled to open in 2012 and 2013, including Von Maur, Lord & Taylor, Herberger's and Bloomingdale's.

We recorded valuation gains of $0.8 billion, of which $0.7 billion relate to our U.S. retail interests and $70 million to our Brazil interest. The U.S. valuation gains were the result, in equal measure, of improved leasing and a more favourable discount rate. The Brazil valuation gains were due principally to a 40 basis-point reduction in the discount rate used to value the properties.

The valuation of our U.S. portfolio was determined using a combination of three approaches: a direct capitalization method that involves applying market-based capitalization rates to projected 2012 property cash flows; discounted cash flows; and comparable market prices and independent valuations. The blended capitalization rate utilized for the direct capitalization method was approximately 5.9%.

Our Brazilian portfolio was valued on a discounted cash flow basis using a discount rate of 9.6% (2010 – 10.0%), a terminal capitalization rate of 7.3% (2010 – 7.3%) and an investment horizon of 10 years (2010 – 10 years).

In our Brazil portfolio, same store tenant sales increased 8% to $829 per square foot compared to the prior year, and occupancy increased by 40 basis points to 94.7%, reflecting the continued improvement in market conditions.

In our Australian portfolio, we completed a premier retail development in Perth valued at $180 million which contributed $10 million to net operating income for the current year.

Our retail portfolio occupancy rate at the end of the fourth quarter was 93.5% overall. Occupancy levels in our U.S. malls increased 90 basis points to 93.2%, from the beginning of the year, and the initial rent on leases signed in 2011 was $65.67 per square foot.

					Expiring Leases (000's sq. ft.)						
AS AT DECEMBER 31, 2011	% Leased	Average Term	Net Rental Area	Currently Available	2012	2013	2014	2015	2016	2017	2018 & Beyond
United States[1]	93.2%	5.1	61,638	4,211	6,509	6,334	5,906	5,363	5,684	5,076	22,555
Australasia	97.7%	7.4	3,442	79	85	62	80	143	779	370	1,844
Brazil	94.7%	6.8	3,069	164	675	376	470	433	218	109	624
Total/Average	93.5%	5.3	68,149	4,454	7,269	6,772	6,456	5,939	6,681	5,555	25,023
Percentage of total			100%	6.5%	10.7%	9.9%	9.5%	8.7%	9.8%	8.2%	36.7%

1. Represents regional malls only and excludes leases on traditional anchor stores and specialty leasing license agreements

Office Development, Opportunity and Finance

We continued development of our City Square project in Perth, which has a total projected construction cost of approximately A$935 million. The project is virtually 100% pre-leased and scheduled for completion in the first half of 2012, and we expect to launch a second tower in late 2012.

We own development rights on Ninth Avenue between 31st Street and 33rd Street in New York City, which includes 5.4 million square feet of commercial office space entitlements. We expect that this will be one of the first sites for office development in Manhattan, once new office properties become economic, and are commencing work to build the necessary foundations. We recently acquired an adjacent property during the year to further expand this important development initiative. We also hold a well positioned development site in London, UK, and have begun to prepare the site for construction. In both cases, full construction will be dependent on securing leases.

Our opportunity investment funds have approximately $900 million of capital invested on behalf of ourselves and our clients. One of our funds is fully invested and we have been selling properties, while we are actively investing the capital in the two more recent funds. We deployed nearly $446 million of capital during 2011 in several transactions, which included the purchase of a distressed non-performing New Zealand loan portfolio for an equity outlay of $190 million and the purchase of bank debt secured by a five million square foot portfolio of office properties on the U.S. west coast for $176 million.

Our net invested capital in the funds is $429 million and our share of the underlying cash flow for 2011 was $34 million (2010 – $79 million). In 2010, we disposed of properties recognizing net disposition gains of $44 million.

Our real estate finance funds have $1.2 billion of capital invested on behalf of ourselves and our clients. Our share of capital invested in these operations was $371 million at December 31, 2011 (December 31, 2010 – $374 million). These activities contributed $32 million of funds from operations and gains during 2011, consistent with $37 million in 2010.

We continue to pursue a number of opportunistic real estate investments, primarily in the United States, where refinancing requirements and recapitalization opportunities are resulting in increased transaction activity.

Outlook and Growth Initiatives

We expect to increase the cash flows from our office and retail property activities through continued leasing activity as described above. In particular, we are operating at least 400 basis points below our normal office occupancy level in the United States, which provides the opportunity to expand cash flows through higher occupancy. Most of our markets have favourable outlooks, which we expect will also lead to strong growth in lease rates. We do, however still face a meaningful amount of office lease rollover in 2013, which may restrain FFO growth from this part of our portfolio in the near term.

In our North American retail business, we continue to improve the profitability of the business by rationalizing the portfolio and leases, refinancing debt and reducing costs. Subsequent to year end, GGP completed its plan to spin off Rouse Properties to its shareholders, including Brookfield, in line with the objective to focus GGP on its fortress mall portfolio, which generates tenant sales over $500 per square feet.

Transaction activity is picking up across our global office markets and we are considering a number of different opportunities to acquire single assets, development sites and portfolios at attractive returns. In our continued effort to enhance returns through capital reallocation, we are also looking to divest of all, or a partial interest in a number of mature assets to capitalize on existing market conditions.

Given the small amount of new office development that occurred over the last decade and the near total development halt during the global financial crisis, we see an opportunity to advance our development inventory in the near term in response to demand we are seeing in our major markets. We are currently focused on five development projects totalling approximately nine million square feet. This pipeline could add more than $7.2 billion in assets and we are actively advancing planning and entitlements and seeking tenants for these sites. In addition, we continue to reposition and redevelop existing retail properties, in particular, a number of the fortress shopping centres in the U.S.

RENEWABLE POWER

Overview

Our renewable power assets are held through Brookfield Renewable Energy Partners LP ("Brookfield Renewable" or "BREP"), which we established in late 2011, and currently own 68%. The formation of BREP achieved a number of important goals for us. First, the transaction greatly simplifies our operating structure as we combined all of our power assets under one publicly traded flagship entity. Second, establishing BREP significantly advances our longer term asset management objectives. As BREP's asset manager, we will be compensated to the extent we increase the total capitalization value of the business and its distribution profile on a per share basis. Third, establishing BREP as a listed entity enhances our ability to access public equity capital as we grow the business over the long term. It also increases our ability to monetize a portion of our investment to reallocate capital into higher yielding initiatives. Finally, in forming BREP, we entered into arrangements where we purchase a portion of BREP's power at predetermined prices, providing a stable revenue profile for shareholders of BREP and providing us with continued participation in future increases (or decreases) in power prices.

Assets Under Management and Invested Capital

AS AT DECEMBER 31 (MILLIONS)	United States		Canada		Brazil		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
Assets under management	**$ 6,276**	$ 5,447	**$ 8,093**	$ 7,194	**$ 3,389**	$ 3,194	**$ 17,758**	$ 15,835
Hydroelectric generation	**5,333**	4,914	**5,510**	5,194	**2,729**	2,319	**13,572**	12,427
Wind energy	**—**	—	**1,387**	554	**—**	—	**1,387**	554
Co-generation	**—**	—	**87**	63	**—**	—	**87**	63
Facilities under development	**289**	59	**70**	101	**162**	79	**521**	239
Accounts receivable and other	**280**	499	**422**	393	**345**	409	**1,047**	1,301
	5,902	5,472	**7,476**	6,305	**3,236**	2,807	**16,614**	14,584
Property-specific borrowings	**1,968**	1,873	**1,584**	1,284	**645**	677	**4,197**	3,834
Subsidiary borrowings	**—**	—	**—**	—	**—**	—	**1,323**	1,152
Accounts payable and other	**193**	176	**559**	418	**161**	244	**913**	838
Non-controlling interests[1]	**743**	220	**1,060**	1,328	**813**	70	**2,259**	1,618
Preferred shares	**—**	—	**—**	—	**—**	—	**245**	250
	2,998	3,203	**4,273**	3,275	**1,617**	1,816	**7,677**	6,892
Incremental values	**—**	—	**—**	—	**—**	—	**300**	600
	$ 2,998	$ 3,203	**$ 4,273**	$ 3,275	**$ 1,617**	$ 1,816	**$ 7,977**	$ 7,492

1. Total includes co-investor interest associated with subsidiary borrowings and preferred shares

Major variances in our invested capital year-over-year include:

- Hydroelectric generation assets increased by $1.1 billion due to net valuation increases of $1.0 billion and acquisitions and developments of $270 million, offset by lower currency exchange rates for our non-U.S. assets.
- Wind energy assets increased by $833 million reflecting valuation increases as well as the reclassification of a wind energy development project in Ontario, Canada, upon completion in November 2011. The cost of the project was previously included in facilities under development and development profits were previously included in incremental values.
- Facilities under development increased as we acquired two late stage development wind projects in the U.S. and invested capital into two hydro projects in Brazil. Facilities under development in Canada decreased as we transferred completed projects to operating assets. We had previously recorded valuation increases in facilities under development as incremental values but reduced these amounts by $300 million now that these amounts are recorded in our IFRS financial statements.
- Borrowings increased modestly year-over-year, with both unsecured subsidiary and property-specific borrowings increasing in order to fund acquisitions and development projects.

- Non-controlling interests also increased in aggregate due to the acquisition of new hydro facilities and wind development projects in partnership with investors in our Americas Infrastructure Fund.
- We combined our directly held U.S. and Brazilian operations with our 34% owned Canadian listed fund to form Brookfield Renewable Energy Partners. Our ownership interest in the combined business totalled 73% at year end resulting in a reduced non-controlling interest in our Canadian operations and increased non-controlling interest in our U.S. and Brazilian operations. In addition, we acquired a 30 megawatt hydro facility in Brazil, and late stage wind development projects in the U.S. during the year with our institutional partners, and have reflected their share of the assets in non-controlling interests.

The assets deployed in our renewable power operations are revalued on an annual basis. The key valuation metrics of our hydro and wind generating facilities at the end of 2011 and 2010 are summarized below. 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 5% change in long-term power prices will impact the value of our net invested capital by $2.1 billion and $0.5 billion, respectively.

	United States		Canada		Brazil	
AS AT DECEMBER 31	**2011**	2010	**2011**	2010	**2011**	2010
Discount rate	**6.7%**	7.7%	**5.7%**	6.1%	**9.9%**	10.8%
Terminal capitalization rate	**7.2%**	7.9%	**6.8%**	7.1%	**n/a**	n/a
Exit date	**2031**	2030	**2031**	2030	**2029**	2029

The discount and terminal capitalization rates decreased in both the United States and Canada due to improved economic outlook and lower risk-free rates. The discount rates in Brazil decreased as a result of improved economic fundamentals. Our generation facilities in Brazil are held under concessions and authorizations which have a fixed maturity date and accordingly, we do not ascribe a terminal value to these assets under IFRS, although we believe that we will be able to renew these concessions upon maturity.

The $300 million of incremental values represents gains relating to long-term power sale contracts that are deferred for IFRS purposes.

Total Return

	United States		Canada		Brazil		Total[1]	
YEARS ENDED DECEMBER 31 (MILLIONS)	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Funds from operations								
Hydroelectric generation	**$ 312**	$ 367	**$ 131**	$ 164	**$ 226**	$ 177	**$ 669**	$ 708
Wind energy	**—**	—	**58**	40	**—**	—	**58**	40
Co-generation	**—**	—	**26**	23	**—**	—	**26**	23
Asset realizations	**12**	—	**13**	—	**—**	—	**25**	—
	324	367	**228**	227	**226**	177	**778**	771
Interest expense[2]	**(155)**	(138)	**(90)**	(81)	**(85)**	(79)	**(394)**	(375)
Current income taxes	**2**	(2)	**—**	(3)	**(15)**	(13)	**(13)**	(18)
Non-controlling interests	**(43)**	(37)	**(102)**	(80)	**(13)**	(4)	**(158)**	(121)
Funds from operations	**128**	190	**36**	63	**113**	81	**213**	257
Valuation gains								
Included in IFRS statements								
Fair value changes	**424**	(656)	**1,122**	(113)	**173**	323	**1,719**	(446)
Depreciation and amortization	**(130)**	(181)	**(197)**	(188)	**(128)**	(119)	**(455)**	(488)
Non-controlling interests	**(155)**	(38)	**(131)**	(138)	**(137)**	(4)	**(423)**	(180)
Not included in IFRS statements								
Incremental values	**—**	—	**—**	—	**—**	—	**(300)**	150
Other items	**—**	—	**(13)**	—	**—**	—	**(13)**	—
Total valuation gains	**139**	(875)	**781**	(439)	**(92)**	200	**528**	(964)
Total return	**$ 267**	$ (685)	**$ 817**	$ (376)	**$ 21**	$ 281	**$ 741**	$ (707)

1. Includes unallocated operating and tax expenses as well as associated non-controlling interests in addition to the regional amounts
2. Total includes $64 million of interest on unallocated subsidiary debt (2010 – $77 million)

Net operating income produced by our generating facilities was largely unchanged at $778 million compared to $771 million in the prior year. The majority of our portfolio benefits from long-term power contracts with inflation based escalation protecting us against near term decreases in prices; however, a portion of our generation in the northeast United States is subject to spot market prices which declined lower during the current year. We held a reduced ownership interest in our power operations relative to 2010. Accordingly, funds from operations declined in 2011 to $213 million as a larger portion of operating income accrued to non-controlling interests. We recorded $25 million of asset realizations in 2011, whereas the sale of our interests in our Canadian Fund and development project to co-investors during 2010 gave rise to realization gains of $291 million in that year.

The increase in interest expense on property-specific and subsidiary borrowings reflects additional borrowings to fund acquisition and development activities, as well as increases in the average exchange rates for Brazil and Canada.

We recorded fair value changes in our financial statements of $1.7 billion from the annual revaluation of our renewable power assets and associated contractual arrangements. This included the recapture of $455 million of depreciation that was expensed during the year, thereby reducing the carrying values prior to the revaluation. We recorded a net decrease in fair values of $446 million in 2010 as the positive impact of lower discount rates was more than offset by the impact of lower projected electricity prices on the valuation of our business, in addition to $488 million of depreciation recorded in that year. Values not recognized under IFRS decreased by $300 million during the year principally because the value previously attributed to development projects is now recognized in our financial statements.

Our net share of the valuation items after non-controlling interests was a net gain of $528 million in 2011 and a net loss of $964 million in 2010. The overall valuation gains reflect an improved outlook for renewable power pricing based on recent developments in government policy, utility purchasing activity and long-term contracts.

The following table presents the net operating income of our hydroelectric operations:

YEARS ENDED DECEMBER 31 (GIGAWATT HOURS AND $ MILLIONS)	2011				2010			
	Production (GWh)	**Realized Revenues**	**Operating Costs**	**Net Operating Income**	Production (GWh)	Realized Revenues	Operating Costs	Net Operating Income
United States	**7,150**	**$ 480**	**$ 168**	**$ 312**	6,688	$ 525	$ 158	$ 367
Canada	**4,056**	**216**	**85**	**131**	3,557	254	90	164
Brazil	**3,307**	**337**	**111**	**226**	3,143	278	101	177
Total	**14,513**	**$ 1,033**	**$ 364**	**$ 669**	13,388	$ 1,057	$ 349	$ 708
Per Megawatt hour (MWh)		**$ 71**	**$ 25**	**$ 46**		$ 79	$ 26	$ 53

- Realized prices per MWh decreased to $71 per megawatt hour, reflecting larger proportions of power being generated in lower priced markets such as New York.
- Operating costs decreased on a per unit basis as our costs, which are primarily fixed, were spread over a higher base of generation.
- Increased revenues in Brazil reflect assets acquired in 2011, development projects completed in 2010 and currency appreciation.

The following table presents our generation results:

YEARS ENDED DECEMBER 31 (GIGAWATT HOURS)	Actual Production		Long-Term Average		Variance of Results: Actual vs. Long-term Average		Variance of Results: Actual vs. Prior Year
	2011	2010	**2011**	2010	**2011**	2010	**2011**
Hydroelectric generation							
United States	**7,150**	6,688	**6,812**	7,070	**338**	(382)	**462**
Canada	**4,056**	3,557	**5,061**	5,077	**(1,005)**	(1,520)	**499**
Brazil	**3,307**	3,143	**3,307**	3,105	**—**	38	**164**
Total hydroelectric operations	**14,513**	13,388	**15,180**	15,252	**(667)**	(1,864)	**1,125**
Wind energy	**662**	499	**710**	506	**(48)**	(7)	**163**
Co-generation	**702**	567	**406**	372	**296**	195	**135**
Total generation	**15,877**	14,454	**16,296**	16,130	**(419)**	(1,676)	**1,423**
% Variance					**(3)%**	(10)%	**10%**

- Overall generation was 1,423 gigawatt hours higher than 2010, representing a 10% increase.
- Hydroelectric generation from existing capacity was 8% higher than 2010 generation levels but 4% below long-term averages.
- Generation was well ahead of plan in Louisiana, New York and British Columbia, but fell behind in Ontario and Quebec due to very dry weather conditions.
- We have hedged 83% and 73% of our long-term average generation for 2012 and 2013, respectively. Approximately 70% of the expected generation is hedged with long-term contracts that have an average term of 14.5 years, while 13% of our revenue for 2012 is hedged with shorter-term financial contracts.

Almost all of Brookfield Renewable's generation in Brazil is sold under long-term power sales agreements, as is all of the wind energy in North America. Our wholly-owned energy marketing group has entered into purchase agreements and price guarantees with Brookfield Renewable that lock in the price for its remaining North American generation that is not already sold under a long-term contract. The majority of these arrangements are offset by us with long-term contracts such as our 20-year power sales agreement with the Ontario Power Authority, which has the full credit support of the Ontario provincial government. Our primary exposure to price fluctuations relates to approximately 5,000 gigawatt hours of annual generation that we have committed to purchase at an average price of $73 per megawatt hour for which we have no offsetting long-term sales agreements. We estimate that a $10 per megawatt negative variance results in an approximate $16 million decrease in FFO based on our current 68% ownership of BREP, because we recover our proportionate share of any negative variance through our ownership interest. On the other hand, we will record annual FFO increases of $50 million for every $10 per megawatt hour of positive variance from the contracted price, which we believe will add significant value over the longer term as demand and prices for renewable hydroelectric generation increase.

The following table profiles our contracts over the next five years for generation from our existing facilities, assuming long-term average hydrology:

YEARS ENDED DECEMBER 31	2012	2013	2014	2015	2016
Generation (GWh)					
Contracted					
Power sales agreements					
Hydro	9,989	9,910	9,226	8,695	8,465
Wind	1,671	1,747	1,747	1,747	1,747
Gas and other	521	398	134	—	—
	12,181	12,055	11,107	10,442	10,212
Financial contracts	2,333	964	—	—	—
Total contracted	14,514	13,019	11,107	10,442	10,212
Uncontracted	2,962	4,746	6,349	6,883	7,110
Long-term average generation	17,476	17,765	17,456	17,325	17,322
Contracted generation – as at December 31, 2011					
% of total generation	83%	73%	64%	60%	59%
Price (per MWh)	$ 89	$ 89	$ 90	$ 90	$ 91

The average contracted price fluctuates from period to period as existing contracts expire and we enter into new contracts, and as a result of changes in currency exchange rates for contracts in Brazil and Canada.

The amount of annual generation contracted under long-term power sales decreases by 1,739 gigawatt hours prior to 2015, due primarily to the expiry of contracts in Brazil. Given the continued economic expansion in that country and the increasing need for generation capacity, we are confident that we will be able to sell our power at increasing rates and secure long-term contracts on favourable terms.

We have reduced the amount of power sold under financial contracts, which primarily relate to generation in the Quebec and New York markets, relative to previous years, as we believe the current low spot price environment provides more upside potential than downside risk. In the meantime, we continue to pursue opportunities to secure long-term contracts at pricing that reflects the favourable renewable characteristics of our energy production in North America.

The following table illustrates the stability of our power generating revenues by presenting our results for the past five years with the revenues for our hydroelectric and wind power operations adjusted to reflect long-term generation profiles and 2011 exchange rates, thereby eliminating currency and hydrology fluctuations.

YEARS ENDED DECEMBER 31	2007	2008	2009	2010	**2011**
Revenues (MILLIONS)					
Long-term	$ 419	$ 514	$ 534	$ 839	**$ 952**
Short-term	432	496	427	285	**189**
Ancillary	54	69	75	58	**59**
	$ 905	$ 1,079	$ 1,036	$ 1,182	**$ 1,200**
Expected generation (GWh)	12,649	13,729	14,335	14,866	**15,225**
Average realized price (per MWh)	$ 72	$ 79	$ 72	$ 80	**$ 79**
Long-term revenues					
% of total hydro and wind revenues	46%	48%	52%	71%	**79%**
Average price (per MWh)	$ 68	$ 72	$ 75	$ 86	**$ 96**

The procurement of major long-term revenue contracts in recent years has increased the volume and price of long-term contracted power generating revenues to 79% in 2011, and an average price of $96 per megawatt hour.

Furthermore, a 10% variance in our short-term energy revenues and ancillaries represents less than 4% of the revenues from these operations. Given the current low price environment and our expectation that demand for renewable energy will continue to increase, we believe there is much more potential for substantial increases in our overall revenues.

Outlook and Growth Initiatives

We continue to make progress on three hydroelectric facilities and two wind facilities in North America and Brazil, including the start of construction on wind farms in California. We secured a 20-year government backed financing for our New Hampshire wind facility with a 3.75% interest rate. We expect our wind facilities that are currently under construction to be completed and commissioned in the first quarter of 2012, on scope and on budget. The wind facilities are designed to have installed capacity of 201 MW, expected annual generation of 535 GWh and total project costs of approximately $480 million. The remaining facilities are expected to be commissioned in 2013 and 2014.

In addition to projects currently underway, we have a further development pipeline of 2,000 megawatts of installed capacity for hydroelectric, wind and pumped storage projects, and we are also actively pursuing a number of small and large acquisition opportunities.

Notwithstanding the current low price environment for electricity prices in our North American markets, we believe electricity prices will increase strongly over the long-term due to the challenges facing many forms of generation technologies, including environmental concerns and possible carbon pricing, desires for energy independence and security and other potential legislative and market driven factors. In the short term, most of our revenues are secured through long-term contracts although the uncontrolled power is being sold at the low prices that prevail in the current market. In the long term, we are well positioned to benefit from increasing electricity prices.

INFRASTRUCTURE

Overview

We own a number of global infrastructure businesses through several managed investment vehicles, including our two flagship entities: Brookfield Infrastructure Partners LP ("Brookfield Infrastructure" or "BIP"), which is publicly listed; and our Americas Infrastructure Fund, which is privately held with institutional investors. We also operate a number of smaller funds with specialized investment strategies. We consolidate all of our managed entities and most of the underlying operating businesses, although some of our operations are equity accounted in our results.

In November 2010, we completed a merger with partially owned Prime Infrastructure, through which we held a number of our Utilities, Transport and Energy businesses, (the "Prime merger") which increased our ownership interest in these assets and led to the consolidation of a number of the underlying business units. Accordingly, while the balance sheet presentation is generally consistent year over year, the operating results for a number of our operations were presented on a different basis for most of 2010.

Assets Under Management and Invested Capital

AS AT DECEMBER 31 (MILLIONS)	Utilities		Transport and Energy		Timber		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
Assets under management	**$10,162**	$ 9,205	**$ 4,140**	$ 2,884	**$ 4,956**	$ 4,545	**$19,258**	$ 16,634
Operating assets	**3,549**	3,296	**2,666**	1,865	**3,896**	3,494	**10,111**	8,655
Unconsolidated operations	**931**	754	**696**	446	**69**	71	**1,696**	1,271
Accounts receivable and other	**460**	2,094	**559**	530	**706**	714	**1,725**	3,338
	4,940	6,144	**3,921**	2,841	**4,671**	4,279	**13,532**	13,264
Property-specific borrowings	**2,336**	2,125	**962**	867	**1,504**	1,489	**4,802**	4,463
Subsidiary borrowings	**—**	—	**—**	–	**–**	–	**114**	148
Accounts payable and other	**623**	2,139	**591**	402	**733**	641	**1,947**	3,182
Non-controlling interests	**1,162**	1,324	**1,706**	1,139	**1,451**	1,325	**4,319**	3,691
	819	556	**662**	433	**983**	824	**2,350**	1,780
Incremental values	**—**	—	**—**	—	**—**	—	**250**	125
Net invested capital	**$ 819**	$ 556	**$ 662**	$ 433	**$ 983**	$ 824	**$ 2,600**	$ 1,905

Consolidated assets and net invested capital held within our operations were relatively unchanged during the year. Non-controlling interests principally reflect direct interests of others in our timber operations, as well the other shareholders of Brookfield Infrastructure, through which a large portion of these businesses is held. We issued approximately $660 million of equity from Brookfield Infrastructure in October 2011, of which Brookfield purchased $200 million and co-investors acquired $460 million. Proceeds were used to fund our rail expansion, repayment of bank debt and the purchase of a toll road in Chile. This, together with total return achieved during the year, gave rise to an increase in non-controlling interests as well as our net invested capital.

The carrying values of most of our infrastructure businesses are represented by physical assets that are revalued annually for financial statement purposes, similar to our renewable power business. In addition, we also have regulatory and other contractual arrangements that are recorded as intangible assets and typically not revalued. Our timber assets are revalued through net income on a quarterly basis and the intangible assets associated with regulated rate-base arrangements are required to be carried at amortized cost under IFRS.

During the year we issued $2.7 billion of debt with an average term of nine years. Approximately $1.6 billion of this total was used to refinance maturing debt, and the remaining $1.1 billion was incremental debt raised to fund growth capital expenditure projects. As of December 31, 2011, Brookfield Infrastructure had $500 million of uncommitted cash at the corporate level and its operating companies, and also has a $700 million corporate credit facility that is currently undrawn and approximately $1.3 billion of additional capacity under credit facilities at our operating units to fund capital expansion and acquisitions.

Total Return

	Utilities		Transport and Energy		Timber		Total[1]	
YEARS ENDED DECEMBER 31 (MILLIONS)	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Net operating income	**$ 366**	$ 38	**$ 193**	$ 70	**$ 197**	$ 112	**$ 756**	$ 220
Unconsolidated operations	**117**	137	**70**	60	**6**	7	**193**	204
Investment and other income	**11**	—	**2**	2	**3**	4	**16**	6
	494	175	**265**	132	**206**	123	**965**	430
Interest expense	**(144)**	(28)	**(82)**	(28)	**(88)**	(85)	**(340)**	(141)
Other operating costs	**—**	—	**—**	—	**—**	—	**(49)**	(27)
Current income taxes	**(3)**	(1)	**1**	(1)	**(2)**	(1)	**(4)**	(3)
Non-controlling interests[2]	**(232)**	(50)	**(137)**	(66)	**(63)**	(13)	**(378)**	(129)
Funds from operations	**115**	96	**47**	37	**53**	24	**194**	130
Valuation gains								
Included in IFRS statements								
Fair value changes	**(15)**	134	**356**	281	**324**	(29)	**665**	386
Depreciation and amortization	**(81)**	(12)	**(62)**	(16)	**(4)**	(5)	**(147)**	(33)
Non-controlling interests	**131**	(100)	**(199)**	(89)	**(179)**	(37)	**(247)**	(226)
Not included in IFRS statements								
Incremental values	**—**	—	**—**	—	**—**	—	**125**	25
Total valuation gains	**35**	22	**95**	176	**141**	(71)	**396**	152
Total Return	**$ 150**	$ 118	**$ 142**	$ 213	**$ 194**	$ (47)	**$ 590**	$ 282

1. Totals include unallocated amounts relating to investment and other income, interest expenses, and non-controlling interests
2. Includes non-controlling interest on corporate costs

Funds from operations increased to $194 million from $130 million in 2010, with the largest increases occurring in our Utilities and Timber operations. Valuation gains totalled $396 million. We recorded fair value gains of $665 million in our financial statements on the revaluation of many of the operating assets and standing timber, offset by $147 million of depreciation recorded during the year. Our share of these items after non-controlling interests was $271 million. We recorded incremental fair value gains of $125 million on assets that are not otherwise revalued under IFRS.

Utilities

The increase in FFO from our utilities operations reflects improved operating results and increased ownership levels.

These businesses typically earn a pre-determined return based on their asset base, invested capital or capacity and the applicable regulatory frameworks and long-term contracts. Accordingly, the returns are highly predictable and not impacted to any great degree by short-term volume or price fluctuations.

The following table illustrates this stability by presenting funds from operations prior to interest expense and co-investor interests on a constant exchange rate, using the average exchange rate during the current year for the preceding years as well. We have also presented the comparative results using the same basis of accounting employed following the Prime merger to enhance comparability.

YEARS ENDED DECEMBER 31 (MILLIONS)	2011	2010	2009
Net operating income	$ 366	$ 314	$ 268
Unconsolidated operations	117	101	100
Comparable basis	483	415	368
Prior basis of accounting[1]	—	(206)	(196)
Currency variance	—	(34)	(62)
Investment income	11	—	—
Reported basis	$ 494	$ 175	$ 110

1. To restate results on an equity accounted basis for businesses that were not consolidated prior to the Prime merger

Net operating income from consolidated and unconsolidated utilities operations increased by $68 million.

- Our Australian coal terminal benefitted from the contribution of growth capital expenditures and the implementation of a regulatory review that resulted in a higher regulated rate of return. The increased contribution to net operating income was $25 million.

- Our South American transmission operations contributed a further $9 million as a result of revenue indexation and growth capital expenditures.

- Our UK connections businesses continue to benefit from increased levels of developer contributions which are upfront payments on the installation of new connections of residential customers to gas and electricity distribution. The increased contribution was $20 million of additional FFO during the year.

We recorded valuation gains of $35 million during 2011, compared to $22 million in the prior year. The gains recorded in our IFRS statements in the current period relate primarily to valuation increases and capital expansions in our South American transmission operations, which more than offset the depreciation and amortization recorded during the year. We also recorded an increase in the value of our Australian coal terminal based on valuations of comparable facilities.

Transport and Energy

These businesses operate, in most cases, under long-term contracts or regulatory frameworks that govern prices, but not volumes. As a result, financial performance may fluctuate due to changes in activity levels or short-term price variances; however, these are usually within a narrow band of fluctuation.

The following table presents funds from operations prior to interest expense and co-investor interests on a constant exchange rate, using the average exchange rate during the current year for the comparative years as well. We have also presented the comparative periods reflecting the same basis of accounting used following the Prime merger to enhance comparability.

YEARS ENDED DECEMBER 31 (MILLIONS)	2011	2010	2009
Net operating income	$ 193	$ 184	$ 193
Unconsolidated operations	70	89	102
Comparable basis	263	273	295
Prior basis of accounting[1]	—	(125)	(249)
Currency variance	—	(18)	(31)
Investment income	2	2	—
Reported basis	$ 265	$ 132	$ 15

1. To restate results to an equity accounted basis for businesses that were not consolidated prior to the Prime merger

Variances in net operating income include the following:

- North American gas transmission results decreased due to the implementation of a rate settlement in July 2010 and softening natural gas markets, which negatively impacted the contribution from ancillary products by $21 million.
- Our Australian railroad reported lower cash flows year over year, as a result of lower grain volumes attributable to last year's drought in Western Australia, decreasing their contribution by $10 million. However, these operations are expected to generate substantial increases in cash flows commencing in 2012 due to recent improvements in grain harvest and, more importantly, our expansion of these operations and the procurement of a number of long-term take-or-pay contracts.

Valuation gains relating to our transport and energy operations totalled $95 million and relate primarily to the increase in expected cash flows within our Australian rail operations following the procurement of long-term contracts and other approvals that enabled us to commence a major expansion of these operations during the year.

Timber

Our timber operations continue to benefit from a significant increase in demand from Asia, particularly for Douglas-fir and whitewood species. This enabled us to increase volumes and pricing by 29% and 16%, respectively, from the prior period. As a result, net operating income increased by 71% from $119 million to $203 million and funds from operations increased to $53 million from $24 million.

We exported 42% of our harvest, and we will continue to utilize the flexibility inherent in our operations to adjust both harvest levels and markets to maximize the value of our timberlands. Overall export volumes to Asia were up 29%, as meaningful demand in China increased volumes by 50% from the prior year.

We recorded valuation gains of $141 million based on increases in expected cash flows reflecting improved log prices and increased harvest levels. The carrying values are based on external appraisals that are completed annually. Key valuation assumptions include a weighted average discount and terminal capitalization rate of 6.6% (2010 – 6.6%) and an average terminal valuation date of 75 years. Timber prices were based on a combination of forward prices available in the market and the price forecasts of each appraisal firm.

Outlook and Growth Initiatives

We purchased a majority interest in two toll roads in Santiago, Chile from a European company in the fourth quarter of 2011 for $760 million, with the equity component of $340 million being funded through our Americas Infrastructure Fund. We continue to pursue opportunities to purchase infrastructure assets from European and other investors seeking to deleverage their balance sheets.

The expansion of our Australian railroad is anticipated to have a total project cost of approximately A$600 million predominantly invested over the next two years. The growth plan is comprised of six customer initiated projects, which we anticipate will account for 24 million tonnes per annum of additional volume on our railroad by early 2014, representing a 44% increase. We have now signed long-term contracts for approximately 95% of the planned volume. These take-or-pay contracts have a weighted average term of approximately 15 years, and are expected to result in approximately 60% of our revenues in this business being covered by take-or-pay arrangements. We anticipate generating very attractive returns on this incremental capital, reflecting the significant historical investment that has been made in our rail system.

We continue to advance a number of other growth initiatives. In our utility segment, the capital backlog as of year end stands at approximately $360 million, split between our transmission business and our UK connections business. We are continuing to expand our UK port operations with modest capital and are actively pursing a major expansion of our Australian coal terminal.

Our timber operations are expected to benefit from continued demand from Asia; however we are awaiting a recovery of North American markets to achieve optimal pricing and increase our harvest levels. In the short-term, we expect market conditions to remain comparable; however market supply may increase in 2012 which could lead to lower prices.

PRIVATE EQUITY

Assets Under Management and Net Invested Capital

AS AT DECEMBER 31 (MILLIONS)	Special Situations		Residential Development		Agricultural Development		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
Assets under management	**$17,004**	$ 18,681	**$ 7,869**	$ 7,734	**$ 470**	$ 433	**$25,343**	$ 26,848
Operating assets	**2,917**	2,737	**5,573**	5,480	**455**	419	**8,945**	8,636
Accounts receivable and other	**1,932**	1,999	**2,143**	2,033	**15**	14	**4,090**	4,046
	4,849	4,736	**7,716**	7,513	**470**	433	**13,035**	12,682
Property-specific borrowings	**716**	242	**2,458**	2,045	**—**	—	**3,174**	2,287
Corporate capitalization	**1,074**	955	**197**	277	**2**	1	**1,273**	1,233
Accounts payable and other	**1,263**	1,241	**2,061**	2,048	**9**	1	**3,333**	3,290
	1,796	2,298	**3,000**	3,143	**459**	431	**5,255**	5,872
Non-controlling interests	**799**	967	**1,295**	1,509	**31**	—	**2,125**	2,476
	997	1,331	**1,705**	1,634	**428**	431	**3,130**	3,396
Incremental values	**525**	450	**875**	875	**—**	—	**1,400**	1,325
Net invested capital	**$ 1,522**	$ 1,781	**$ 2,580**	$ 2,509	**$ 428**	$ 431	**$ 4,530**	$ 4,721

Total Return

YEARS ENDED DECEMBER 31 (MILLIONS)	Special Situations		Residential Development		Agricultural Development		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
Net operating income	**$ 261**	$ 269	**$ 297**	$ 326	**$ 6**	$ 11	**$ 564**	$ 606
Disposition gains	**83**	121	**—**	—	**—**	—	**83**	121
Investment and other income	**(3)**	24	**38**	7	**1**	2	**36**	33
	341	414	**335**	333	**7**	13	**683**	760
Interest expense	**(102)**	(85)	**(135)**	(84)	**—**	—	**(237)**	(169)
Current income taxes	**(8)**	(5)	**(37)**	(39)	**—**	—	**(45)**	(44)
Non-controlling interests	**(54)**	(160)	**(85)**	(110)	**2**	—	**(137)**	(270)
Funds from operations	**177**	164	**78**	100	**9**	13	**264**	277
Valuation gains								
Included in IFRS statements								
Fair value changes	**(53)**	143	**(37)**	(21)	**25**	19	**(65)**	141
Depreciation and amortization	**(215)**	(189)	**(11)**	(6)	**(1)**	(2)	**(227)**	(197)
Other items	**(22)**	—	**—**	–	**—**	—	**(22)**	—
Non-controlling interests	**99**	61	**35**	(3)	**(12)**	—	**122**	58
Not included in IFRS statements								
Incremental values	**75**	50	**—**	125	**—**	—	**75**	175
Other gains	**(61)**	(85)	**—**	—	**—**	—	**(61)**	(85)
Total valuation gains	**(177)**	(20)	**(13)**	95	**12**	17	**(178)**	92
Total Return	**$ —**	$ 144	**$ 65**	$ 195	**$ 21**	$ 30	**$ 86**	$ 369

Special Situations

Our special situations operations are focused on restructuring, operational turnarounds and other special situations where Brookfield's operating capabilities can be utilized to create value.

We operate six institutional private equity funds with total invested capital of $1.1 billion and uninvested capital commitments from clients of $1.7 billion. We also directly own a number of investments that are outside the mandates of our private equity funds or other operating entities. Our share of the total invested capital is $1.0 billion at IFRS values or $1.5 billion after including an amount for incremental values that are not recorded under IFRS.

The private equity fund portfolios include 16 investments in a diverse range of industries. Our average investment is $36 million and our largest single exposure is $254 million on an IFRS basis and $68 million and $371 million, respectively, at fair value. We concentrate our investing activities on businesses with tangible assets and cash flow streams in order to better protect our capital.

Our largest direct investment is a 63% fully diluted interest in Norbord Inc. ("Norbord"), which is one of the world's largest producers of oriented strand board. The market value of our investment in Norbord at December 31, 2011 was approximately $200 million based on stock market prices, which approximates our carrying value of $207 million, despite its share price being at a cyclical low.

Our share of the funds from operations produced by these entities during 2011 was $94 million, compared to $43 million in 2010. The following table segregates the principal components of fund from operations in the past two years, that accrue to Brookfield net of the amounts accruing to other fund investors:

AS AT AND FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	Net Invested Capital		Funds from Operations	
	2011	2010	**2011**	2010
Industrial and forest products	**$ 585**	$ 896	**$ 59**	$ —
Energy and related services	**150**	132	**17**	11
Business services	**207**	174	**11**	9
Property and other	**2**	68	**—**	3
Bridge lending	**53**	61	**7**	20
	997	1,331	**94**	43
Asset monetizations	**—**	—	**83**	121
Incremental values	**525**	450	**—**	—
	$ 1,522	$ 1,781	**$ 177**	$ 164

Our share of asset monetization gains, after deducting the interests of our fund partners, was $83 million in the current year compared to $121 million in 2010. The 2011 gains are related to the recapitalization of our investment in a U.S. containerboard manufacturer as well as the disposition of non-core assets held within our property and other investments, while the 2010 gain is related to the disposition of 8.7 million common shares of Norbord and the sale of a specialty tissue producer with operations in Canada and Europe. Overall, the portfolio is performing as expected. The contribution from our bridge lending activities declined from $20 million to $7 million due to lower advance levels in 2011 and higher financing fees earned during 2010.

Valuation items included in total return were a loss of $177 million in 2011, compared to $20 million in 2010. These consist primarily of depreciation recorded on plant and equipment employed within our portfolio investee companies that was not offset by valuation gains.

Based on comparable transactions and market prices, we have recorded incremental fair value gains of approximately $525 million above IFRS carried costs, which in most cases reflect the excess of current valuations over distress acquisition prices.

Our performance in our special situations and other investments businesses is largely driven by disposition gains as opposed to operating earnings, as many of the assets are in a turnaround or restructuring process and consequently operating results are below stabilized levels. Accordingly, we view disposition gains as part of the normal activity for these businesses and include them in determining funds from operations.

Residential Development

Our residential operations are based primarily in Brazil and North America through two listed entities, with smaller directly held operations in Australia and the UK.

Our Brazilian business is one of the leading developers in Brazil's real estate industry. These operations include land acquisition and development, construction, and sales and marketing of a broad range of "for sale" residential and commercial office units, with a primary focus on middle income residential. The operations are conducted in Brazil's main metropolitan areas, including São Paulo, Rio de Janeiro, the Brasilia Federal District, and the five other markets that collectively account for the majority of the Brazilian real estate market. The business, named Brookfield Incorporações, is listed on the principal stock exchange in Brazil.

Our North American business is conducted through Brookfield Residential Properties Inc., which we founded in 2011 with the merger of our U.S. business and the Canadian residential operations of Brookfield Office Properties. We hold approximately 73% of Brookfield Residential which is listed on the New York and Toronto stock exchanges. We are active in 10 principal markets located primarily in Alberta, California and Washington D.C. Area, and control over 100,000 lots in these markets. Our major focus is on entitling and developing land for building homes or for the sale of lots to other builders.

The following table sets out a financial profile of our development businesses:

	Brazil		North America		Australia/UK		Total	
AS AT DECEMBER 31 (MILLIONS)	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Inventory	**$ 1,986**	$ 1,909	**$ 1,437**	$ 1,382	**$ 162**	$ 138	**$ 3,585**	$ 3,429
Development land	**856**	775	**844**	799	**288**	477	**1,988**	2,051
Accounts receivable and other	**2,021**	1,800	**94**	189	**28**	44	**2,143**	2,033
	4,863	4,484	**2,375**	2,370	**478**	659	**7,716**	7,513
Debt	**1,863**	1,348	**599**	661	**193**	313	**2,655**	2,322
Accounts payable and other	**1,752**	1,780	**273**	231	**36**	37	**2,061**	2,048
Co-investor interests	**785**	887	**510**	622	**—**	—	**1,295**	1,509
	$ 463	$ 469	**$ 993**	$ 856	**$ 249**	$ 309	**1,705**	1,634
Incremental values							**875**	875
Net invested capital							**$ 2,580**	$ 2,509

Our development businesses are carried primarily at historical cost, or the lower of cost and market, notwithstanding the length of time that some of our assets have been held and the value created through the development process. Accordingly, we look to metrics such as stock market valuations and financing appraisals to determine a more current value for these businesses and reflect any excess value as incremental values not otherwise recorded under IFRS.

Invested capital was relatively unchanged since the end of 2010. Our Brazilian operations continue to experience strong growth, although the amount of capital invested in the business declined as a result of lower currency exchange rates. We sold a large portion of our development land in Australia as we continue to scale back our operations in this market, and we have largely completed our withdrawal from the UK market in order to concentrate our activities in Brazil and North America where we have the strongest competitive advantages and scale.

The following table sets out the segmented operating results for the years ended:

YEARS ENDED DECEMBER 31 (MILLIONS)	Brazil		North America		Australia/UK		Total	
	2011	2010	**2011**	2010	**2011**	2010	**2011**	2010
Revenues	**$1,781**	$ 1,111	**$ 819**	$ 904	**$ 258**	$ 341	**$2,858**	$ 2,356
Direct expenses	**1,565**	931	**692**	747	**266**	345	**2,523**	2,023
Net operating income	**216**	180	**127**	157	**(8)**	(4)	**335**	333
Interest expense	**90**	63	**34**	—	**11**	21	**135**	84
Current income taxes	**18**	43	**19**	(3)	**—**	(1)	**37**	39
Non-controlling interests	**62**	44	**23**	66	**—**	—	**85**	110
Funds from operations	**$ 46**	$ 30	**$ 51**	$ 94	**$ (19)**	$ (24)	**$ 78**	$ 100

Our Brazilian operations continue to experience strong growth reflecting continued economic expansion within the country. Contracted sales and new project launches continued to exceed average results for the last 12 months as shown in the following table, which represents the operating results for the last three years in Brazilian currency.

YEARS ENDED DECEMBER 31 (R$ MILLIONS)	**2011**	2010	2009
Project completions	**$ 1,952**	$ 922	$ 654
Contracted sales	**4,387**	3,621	2,260
Project launches	**3,930**	2,981	2,675

Accounting profits for most of our projects are not recorded until substantial completion, which typically does not occur until 24 to 30 months after project launch, and 12 to 18 months after contracting sales. Accordingly, reported revenues under IFRS in the current period of R$2,889 million reflect lower activity levels prior to 2010, and results are highly dependent on how many condominium and office projects reach substantial completion in a particular period. We estimate that cash flow would be $59 million higher on a percentage-of-completion basis for the year end; $38 million higher in 2010.

The decline in North American cash flows reflects lower sales volumes. We closed 1,295 homes and 2,301 lots during the year, compared to 1,600 and 2,548, respectively, during 2010 and continued to experience low levels of U.S. activity.

The 2011 results for Australia and the UK include the bulk sale of residential holdings in Perth while the 2010 results reflect the completion of a large project in London.

Agricultural Development

We have operated in the agri-business in Brazil for close to 30 years and are continuing to capitalize on this experience by building our operations to take advantage of Brazil's position as an agricultural super power. We conduct these activities privately, and more recent investments are being made through an institutional fund which we raised in 2011. Our operations encompass approximately 400,000 acres of agricultural land in the States of São Paulo, Mato Grosso, Mato Grosso do Sul, Minas Gerais and Tocantins. These lands are predominantly used for cattle, and for the planting of soya and sugar cane.

Our R$620 million Brookfield Brazil Agriland Fund is currently 15% invested. Our total investment, including our historical business as well as new investments through the Fund, is approximately $428 million, and is carried at fair value under IFRS and revalued in the normal quarterly process.

Our business model is to acquire lands in areas where cattle production is the prevailing use, and make substantial investment into the lands to convert them to crop use. In our initial stages of conversion, we usually plant soya, but when further infrastructure can be attracted to the region, sugar cane is planted, and in most cases is the highest and best use for these lands as this forms the feedstock for the ethanol industry in Brazil. This conversion process has in the past generated a significant increase in value of the underlying lands and, as a result, excellent returns on investment. We believe this should continue in the future as the industry grows to serve increasing global demand for food and fuel.

Outlook and Growth Initiatives

We are continuing to observe improving business conditions for most of our investees within our special situation portfolios, which should lead to improved operating cash flow and, together with favourable capital markets may facilitate their sale, consistent with our strategy.

The continued economic expansion within Brazil, combined with favourable demographics and supportive government policies have all contributed to increased sales and are expected to continue. We have focused our operations on major markets, and have established a "top-three" presence in the core markets that represent over 60% of the country's GDP, which positions us to continue to participate in this growth.

We believe our North American operations will continue to benefit from our strong market share within the energy-focused Alberta market, which will provide us with a strong source of cash flow and a wide variety of attractive investment opportunities and growth. In addition, we believe are very well positioned to benefit from the eventual recovery in U.S. markets. At the end of 2011, the North American backlog of homes sold but not delivered was 659, with a sales value of $264 million, compared to 377 homes with a value of $151 million at the same time last year.

We remain confident that we can achieve attractive returns within our Brazilian agricultural operations based on the country's strong competitive position as a leading agricultural producer and will endeavour to deploy additional capital on behalf of ourselves and our clients. We have an active pipeline for investments in 39 properties with an approximate total value of R$1.7 billion. We are in the process of concluding investments which will require total capital of approximately $100 million which has been recently called from our Brazil Agriland Fund in regards to these investments.

CASH AND FINANCIAL ASSETS

We continue to maintain elevated liquidity levels because we continue to pursue a number of attractive investment opportunities. As at December 31, 2011, our consolidated core liquidity was approximately $3.9 billion, consisting of $2.4 billion at the corporate level and $1.5 billion within our principal operating subsidiaries. Core liquidity consists of cash, financial assets and undrawn committed credit facilities. In addition to our core liquidity, we have $5.4 billion of uninvested capital allocations from our investment partners that are available to fund qualifying investments.

AS AT AND FOR THE YEARS ENDED DECEMBER 31 (MILLIONS)	Net Invested Capital		Investment and Other Income	
	2011	2010	**2011**	2010
Financial assets				
Government bonds	**$ 485**	$ 628		
Corporate bonds	**193**	194		
Other fixed income	**66**	66		
High-yield bonds	**190**	98		
Preferred shares	**289**	267		
Common shares	**493**	328		
Loans receivable/deposits	**218**	212		
Total financial assets	**1,934**	1,793	**$ 169**	$ 375
Cash and cash equivalents	**41**	57	**—**	—
Deposits and other liabilities	**(514)**	(307)	**(43)**	(64)
Net invested capital	**$ 1,461**	$ 1,543	**$ 126**	$ 311

Government and corporate bonds include short duration securities for liquidity purposes and longer dated securities that match insurance liabilities.

In addition to the carrying values of financial assets, we hold credit default swaps with a notional value of $830 million pursuant to which we have purchased protection against the reference debt instrument and $140 million of notional value where we have sold protection. The carrying value of these derivative instruments reflected in our financial statements at December 31, 2011 was negligible. Deposits and other liabilities include broker deposits, a small number of borrowed securities that have been sold short and other associated short-term liabilities of $225 million.

Investment and Other Income

Funds from operations includes disposition gains and realized and unrealized gains or losses on other capital markets positions, including fixed income and equity securities, credit investments, foreign currency and interest rates.

Due to the capital market volatility during the year, we recorded mark-to-market losses on investment positions totalling approximately $62 million during the year. This compared with 2010 which included mark-to-market and disposition gains of approximately $177 million.

Common Equity

We repurchased 6.1 million Class A Limited Voting Shares during 2011 at an average price of $30.27 per share and issued 45.1 million Class A Limited Voting Shares for proceeds of $1.5 billion in connection with the additional investment in General Growth Properties.

The company holds 3.2 million Class A Limited Voting Shares for management long-term share ownership programs, which have been deducted from the total amount of shares outstanding.

Issued and Outstanding Shares

Changes in the number of issued and outstanding Class A Limited Voting Shares for the past two years are as follows:

YEARS ENDED DECEMBER 31 (MILLIONS)	2011	2010
Outstanding at beginning of year	**577.7**	572.9
Issued (repurchased)		
Share issuances	**45.1**	—
Repurchases	**(6.1)**	—
Management share option plan	**2.5**	4.7
Dividend reinvestment plan	**0.1**	0.1
Outstanding at end of year	**619.3**	577.7
Unexercised options	**37.9**	38.4
Total diluted shares at end of year	**657.2**	616.1

In calculating our book value per share, the cash value of our unexercised options of $840 million (December 31, 2010 – $813 million) is added to the book value of our common equity of $16,751 million (December 31, 2010 – $12,795 million) prior to dividing by the total diluted shares presented above.

Basic and Diluted Earnings Per Share

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

	Funds From Operations		Net Income	
YEARS ENDED DECEMBER 31 (MILLIONS)	2011	2010	2011	2010
Funds from operations/net income	**$ 1,052**	$ 1,106	**$ 1,957**	$ 1,454
Preferred share dividends	**(106)**	(75)	**(106)**	(75)
	946	1,031	**1,851**	1,379
Capital securities dividends[1]	**—**	—	**38**	36
Funds from operations/net income available for shareholders	**$ 946**	$ 1,031	**$ 1,889**	$ 1,415
Weighted average shares	**616.2**	574.9	**616.2**	574.9
Dilutive effect of the conversion of options using treasury stock method	**10.8**	9.6	**10.8**	9.6
Dilutive effect of the conversion of capital securities[1,2]	**—**	—	**26.0**	23.0
Shares and share equivalents	**627.0**	584.5	**653.0**	607.5

1. Subject to the approval of the Toronto Stock Exchange, the Series 10,11,12 and 21 shares, unless redeemed by the company for cash, are convertible into Class A Limited Voting shares at a price equal to the greater of 95% at the market price at the time of conversion and C$2.00, at the option of either the company or the holder
2. The number of shares is based on 95% of the quoted market price at period-end

Quarterly Results

Total revenues, net income for the eight most recent quarters are as follows:

THREE MONTHS ENDED (MILLIONS)	2011				2010			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Total revenues	**$ 4,122**	$ 4,423	$ 3,963	$ 3,413	$ 3,666	$ 3,550	$ 3,376	$ 3,031
Asset management and other services	**98**	119	95	76	126	90	78	71
Revenues less direct operating costs								
Property	**495**	418	421	344	364	447	359	325
Renewable power	**146**	188	220	186	188	157	164	239
Infrastructure	**182**	186	200	188	76	40	58	47
Private equity	**206**	98	131	103	135	166	227	100
Equity accounted income	**159**	167	173	177	132	126	121	115
Investment and other income	**73**	51	71	133	73	183	107	140
	1,359	1,227	1,311	1,207	1,094	1,209	1,114	1,037
Expenses								
Interest	**620**	622	564	546	513	452	437	427
Operating costs	**129**	119	118	115	121	94	109	93
Current income taxes	**17**	26	21	33	13	38	25	21
Non-controlling interests in net income before the following	**340**	224	360	285	286	271	318	215
Income prior to other items	**253**	236	248	228	161	354	225	281
Fair value changes[1]	**835**	544	1,154	282	1,849	(54)	(1)	128
Depreciation and amortization	**(228)**	(224)	(231)	(221)	(215)	(193)	(208)	(179)
Future income taxes	**(240)**	(64)	(103)	(4)	(10)	(36)	39	(36)
Non-controlling interests in the foregoing items	**(32)**	(239)	(230)	(7)	(696)	41	34	(30)
Net income	**$ 588**	$ 253	$ 838	$ 278	$ 1,089	$ 112	$ 89	$ 164

1. Includes fair value changes included within equity accounted investments

Funds from operations for the eight most recent quarters are as follows:

AS AT AND FOR THE THREE MONTHS ENDED (MILLIONS, EXCEPT PER SHARE AMOUNTS)	2011				2010			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Income prior to other items	**$ 253**	$ 236	$ 248	$ 228	$ 161	$ 354	$ 225	$ 281
Disposition gains[1]	**18**	5	61	3	—	—	—	85
Funds from operations and gains	**271**	241	309	231	161	354	225	366
Preferred share dividends	**29**	26	26	25	22	18	19	16
Funds from operations to Brookfield common equity	**$ 242**	$ 215	$ 283	$ 206	$ 139	$ 336	$ 206	$ 350

1. Represents gains that are not recorded in net income for IFRS purposes

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Supplemental Information contains forward-looking information within the meaning of Canadian provincial securities laws and applicable regulations and "forward-looking statements" within the meaning of the "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995. The words, "potential," "intend," "grow," "plan," "seek," "expect," "believe," "objective," "continue," "maintain," "projected," "enable," "expand," "goal," "pursue," "estimate," "assume," "schedule," "looking," "see," "focus," "anticipate," and derivations thereof and other expressions, including conditional verbs such as "will," "can," "may," "would," "could," and "should," are predictions of or indicate future events, trends or prospects or identify forward-looking statements. Forward-looking statements in this Supplemental Information include statements with respect to the following: the ability of our development projects to generate cash in the future; the outcome of our acquisition of a distress loan portfolio; our growth opportunities; fund raising for our private equity funds; the recovery of the global economy; the completion and acquisition of renewable energy projects in North America and Brazil; the future growth of Brookfield Renewable Energy Partners, including its total capitalization and distribution profile; the expansion of our rail lines in Western Australia; the expansion of our Australian coal terminal and our UK port operations; the construction of our electricity transmission project in Texas; our ability to generate predictable returns from our utility operations; the business conditions and market for our investees within our special situations portfolio and the resulting cash flows and sale opportunities; our commercial office development and acquisition activities in North America, Australia and the UK; the refinancing of our debt; our ability to achieve long-term generation targets based on water conditions; our expectations that the price for electricity will increase; our ability to sell our power at increasing rates and secure long term contracts on favorable terms; our ability to renew concessions for our generation facilities in Brazil; the impact of supply constraints and ongoing demand from Asian markets on our timber operations and our expectation that market conditions will remain comparable and that market supply may increase in 2012 which could lead to lower prices; our pipeline of potential leases; the scheduled completion of the City Square office development in Australia; our ability to maintain or increase our net rental income and cash flows in the coming years through increased occupancy and increased in-place rents; our expectation for office development in Manhattan; the completion of department stores by GGP; the repositioning and redevelopment of existing retail properties; opportunities to purchase infrastructure assets from European and other investors seeking to deleverage their balance sheets; our ability to achieve attractive returns within our Brazilian agricultural operations; our investments in Brazilian agricultural property; our level of liquidity; harvest plans for our timberlands operations; our goal of increasing capital under management and the associated fees substantially in the coming years; our assumption of growth in capital under management in our unlisted funds and managed listed issuers growing at a 10% growth rate over the next 10 years; our assumption of annualized gross margin of 150 basis points in our asset management operations, and our belief that we can add meaningfully to managed capital without a commensurate increase in expenses; and other statements with respect to our beliefs, outlooks, plans, expectations, and intentions. Although we believe that our 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 our actual results, performance or achievements 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 the following: economic and financial conditions in the countries in which we do business; the behaviour of financial markets, including fluctuations in interest and exchange rates; availability of equity and debt financing and refinancing; strategic actions including our ability to acquire and develop high quality assets; the ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits; our ability to attract and retain suitable management; adverse hydrology conditions; the ability to continue to attract institutional investors to our funds; regulatory and political factors within the countries in which we operate; tenant renewal rates; availability of new tenants to fill office property vacancies; default or bankruptcy of counterparties to our contracts and leases; acts of God, such as earthquakes and hurricanes; the possible impact of international conflicts and other developments including terrorist acts; and other risks and factors detailed from time to time in our form 40-F filed with the Securities and Exchange Commission as well as other documents filed by us with the securities regulators in Canada and the United States including Management's Discussion and Analysis of Financial Results under the heading "Business Environment and Risks."

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 us, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, we undertake 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.