Brookfield

Supplemental Information Q2 2012

STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Supplemental Information contains “forward-looking information” within the meaning of Canadian provincial securities laws and “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. We may make such statements in the report, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission or in other communications. See “Cautionary Statement Regarding Forward-Looking Statements” on page 38.

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*. We make use of non-IFRS measures in this Report as disclosed further on page 3.

BASIS OF PRESENTATION

This Report makes reference to Total Return, Funds From Operations ("funds from operations" or "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 net asset 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.

Total Return represents the amount by which we increase the intrinsic value of our common equity and is our most important performance metric. Our objective is to earn in excess of a 12% annualized total return on the intrinsic value of our common equity, when measured over the long term. We define Total Return to include funds from operations plus the increase or decrease in the value of our assets over a period of time.

Our intrinsic value has two main components:

- The **net tangible asset value of our equity**. This is based on the appraised value of our net tangible assets as reported in our financial statements, with adjustments to eliminate deferred income taxes and revalue the assets which are not otherwise carried at fair value in our financial statements. We refer to this as Net Tangible Asset Value and use this basis of presentation throughout the report; and
- The **value of our asset management franchise**. Asset management franchises are typically valued using multiples of fees or assets under management. We have provided an assessment of this value, based on our current capital under management, associated fees and potential growth. We refer to this as Asset Management Franchise Value.

The total of these two components is what we refer to as our Intrinsic Value.

The foregoing does not include our overall business franchise, which to us represents our ability to maximize values based on our extensive operating platforms and global presence, our execution capabilities, and relationships which have been established over decades. This value has not been quantified and is not reflected in our calculation of Intrinsic Value but may be the most valuable part of our business.

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 8, as well as Total Return and Funds from Operations to Comprehensive Income on pages 27 and 28. In addition, the key terminology which we use is fully described on pages 78 to 80 of our December 31, 2011 Annual Report.

PART 1 — OVERVIEW

OPERATING RESULTS

Total Return

FOR THE THREE MONTHS ENDED JUN. 30, 2012 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Asset Management[1]	Property[2]	Renewable Power	Infrastructure	Private Equity	Corporate	**Total[3] 2012**	Total[3] 2011
Total revenues	$ 1,005	$ 830	$ 302	$ 500	$ 1,632	$ 24	**$ 4,293**	$ 3,963
Funds from operations								
Net operating income[4]	108	587	177	275	180	—	**1,327**	1,309
Investment and other income	—	50	5	8	5	7	**75**	62
	108	637	182	283	185	7	**1,402**	1,371
Interest expense	—	269	103	93	58	90	**613**	559
Operating costs	—	21	—	2	—	96	**119**	116
Current income taxes	—	2	7	8	22	3	**42**	21
Non-controlling interests	—	173	46	127	38	—	**384**	366
Total funds from operations	108	172	26	53	67	(182)	**244**	309
Valuation gains								
Included in IFRS statements[5]								
Fair value changes[6]	(11)	241	(80)	(143)	13	(79)	**(59)**	1,274
Depreciation and amortization	(7)	(29)	(122)	(62)	(64)	(3)	**(287)**	(231)
Non-controlling interests	—	(39)	13	156	43	(5)	**168**	(350)
Not included in IFRS statements								
Incremental values	75	25	125	25	—	—	**250**	(75)
Other gains	—	—	—	—	(11)	—	**(11)**	(61)
Total valuation gains	57	198	(64)	(24)	(19)	(87)	**61**	557
Preferred share dividends	—	—	—	—	—	(33)	**(33)**	(26)
Total Return	$ 165	$ 370	$ (38)	$ 29	$ 48	$ (302)	**$ 272**	$ 840
– Per share							**$ 0.43**	$ 1.34

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 31
3. Reconciled to IFRS financial statements on page 27 and 28
4. Includes funds from operations from equity accounted investments
5. Includes items in consolidated statements of operations, comprehensive income and changes in equity
6. Net of disposition gains reclassified to FFO

Summary Review of Total Return

The tables below present FFO and valuation gains, which together comprise our total return, on a segmented basis for both the quarter ended and on a year-to-date basis, which facilitates the following summarized review of our operating results:

FOR THE THREE MONTHS ENDED JUN. 30 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Funds from Operations		Valuation Gains		Total Return	
	2012	2011	**2012**	2011	**2012**	2011
Asset management activities	**$ 108**	$ 99	**$ 57**	$ 45	**$ 165**	$ 144
Real asset limited partner and other interests						
Property	**172**	119	**198**	499	**370**	618
Renewable power	**26**	70	**(64)**	127	**(38)**	197
Infrastructure	**53**	56	**(24)**	39	**29**	95
	251	245	**110**	665	**361**	910
Private equity and investments						
Private equity	**67**	116	**(19)**	(129)	**48**	(13)
Investment and other income	**7**	25	**(87)**	(24)	**(80)**	1
	74	141	**(106)**	(153)	**(32)**	(12)
Interest and operating costs[1]						
Interest	**(90)**	(85)	**—**	—	**(90)**	(85)
Operating costs and taxes	**(99)**	(91)	**—**	—	**(99)**	(91)
	(189)	(176)	**—**	—	**(189)**	(176)
Funds from operations	**$ 244**	$ 309				
Preferred share dividends			**—**	—	**(33)**	(26)
Valuation gains/total return			**$ 61**	$ 557	**$ 272**	$ 840
Per share[2]	**$ 0.34**	$ 0.45	**$ 0.09**	$ 0.89	**$ 0.43**	$ 1.34

1. Not allocated to specific activities
2. Net of preferred share dividends

FOR THE SIX MONTHS ENDED JUN. 30 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Funds from Operations		Valuation Gains		Total Return	
	2012	2011	**2012**	2011	**2012**	2011
Asset management services	**$ 189**	$ 175	**$ 99**	$ 40	**$ 288**	$ 215
Real asset limited partner and other interests						
Property	**335**	234	**579**	772	**914**	1,006
Renewable power	**88**	126	**(5)**	174	**83**	300
Infrastructure	**103**	106	**(9)**	20	**94**	126
	526	466	**565**	966	**1,091**	1,432
Private equity and investments						
Private equity	**85**	152	**(40)**	(109)	**45**	43
Investment and other income	**101**	92	**(106)**	(119)	**(5)**	(27)
	186	244	**(146)**	(228)	**40**	16
Interest and operating costs[1]						
Interest	**(179)**	(170)	**—**	—	**(179)**	(170)
Operating costs and taxes	**(195)**	(175)	**—**	—	**(195)**	(175)
	(374)	(345)	**—**	—	**(374)**	(345)
Funds from operations	**$ 527**	$ 540				
Preferred share dividends			**—**	—	**(62)**	(51)
Valuation gains/total return			**$ 518**	$ 778	**$ 983**	$ 1,267
Per share[2]	**$ 0.74**	$ 0.78	**$ 0.82**	$ 1.25	**$ 1.56**	$ 2.03

1. Not allocated to specific activities
2. Net of preferred share dividends

Funds From Operations

FFO increased in almost all areas, but was lower than the comparable quarter due to below average hydrology in our power operations and the recognition of a large monetization gain in our private equity operations during 2011.

- Asset management activities, which include our construction and property services businesses, contributed $108 million in the second quarter, representing an increase of $9 million or 9% over the comparable period in 2011. The increase related primarily to higher base management fees, which in turn reflects continued expansion of the amount of third party capital under management and the percentage fee earned. We also earned $71 million of accrued performance income from our private funds, although this is mostly deferred for financial statement purposes.

- The aggregate contribution from our primary real asset businesses (property, renewable power, and infrastructure) increased to $251 million for the second quarter, representing an increase of $6 million (2%) over the 2011 period.

  Property operations increased their contribution by $53 million, due to improved leasing and the contribution from newly acquired and developed properties and lower financing costs.

  The contribution from our renewable power operations declined by $44 million, mostly because hydroelectric generation was 21% below long-term averages due to abnormally dry conditions in several of our North American regions whereas generation in the second quarter of 2011 was slightly below average. We estimate that FFO would have been $45 million higher in 2012 and $1 million higher in 2011 had long-term average generation been achieved.

  Infrastructure FFO was relatively flat as the positive impact of acquisitions and capital expansions on our utility, transport and energy businesses was offset by lower timber sales.

- Our private equity, investment and other income, which tends to be more variable in nature, contributed $74 million for the second quarter compared to $141 million in the 2011 quarter. Private equity FFO declined by $49 million, however FFO was unchanged on a comparable basis after excluding a $61 million monetization gain recorded in the second quarter of 2011 and an $11 million gain on the partial monetization in our agricultural operations in the current quarter. Investment and other income declined by $18 million as volatility in the capital markets led to a $21 million mark-to-market charge in the second quarter of 2012. Investment and other income was $101 million on a year-to-date basis.

- Interest and operating costs increased by $13 million over the 2011 quarter. Interest costs increased by $5 million reflecting a higher level of invested capital. Operating costs and taxes increased by $8 million during the second quarter due in part to the expansion of our public securities and investment advisory businesses in the U.S. and the UK.

Valuation Gains

Valuation gains include adjustments to the carrying values of our assets such as changes in appraised values, depreciation and changes in values of financial contracts. The majority of these items are recorded in our financial statements as components of net income or other comprehensive income. We also record "incremental value" adjustments to address changes in values that are not otherwise addressed in our financial statements. These items contributed $61 million to Total Return during the second quarter, bringing valuation gains for the first six months to $518 million. Valuation gains in the second quarter of 2011 totalled $557 million, reflecting the substantial increase in commercial property values during that period, particularly in the U.S. office and retail sectors.

The following table allocates valuation gains recorded in our IFRS statements, net of non-controlling interests, ($168 million negative) and changes in incremental values ($250 million positive) to the various categories and operating segments.

THREE MONTHS ENDED JUN. 30, 2012 (MILLIONS)	Asset Management	Property	Renewable Power	Infrastructure	Private Equity	Corporate	**Total**
Appraisal changes	$ —	$ 224	$ —	$ (7)	$ 28	$ —	**$ 245**
Interest rate contracts	—	(32)	(33)	(17)	7	(49)	**(124)**
Capital markets	—	(3)	—	1	(4)	(37)	**(43)**
Depreciation	(7)	—	—	—	(24)	(3)	**(34)**
Power sales contracts	—	—	(18)	—	—	—	**(18)**
Performance fees	70	—	—	—	—	—	**70**
Other items	(6)	9	(13)	(1)	(15)	2	**(24)**
Recorded in FFO	—	—	—	—	(11)	—	**(11)**
	$ 57	$ 198	$ (64)	$ (24)	$ (19)	$ (87)	**$ 61**

- Increased asset valuations contributed $245 million, with approximately $225 million relating to our commercial office and retail properties. We recorded a $47 million gain on the revaluation of agricultural land in Brazil within our private equity segment, however this was partially offset by reductions related to other assets. The majority of our renewable power and infrastructure assets are revalued only at year-end.

- The continued decline in interest rates reduced the value of existing contracts that locked in the component of benchmark interest rates for future financings, reducing valuation gains by approximately $124 million.

- Depreciation and negative fair value changes on long-term power sales agreements recorded in our IFRS results included $118 million and $79 million, respectively, relating to assets that are revalued annually. We have recorded offsetting increases in incremental values in order to defer the impact of these items until the associated assets are revalued at year-end. The resultant amounts for depreciation ($34 million) and power sales contracts ($18 million) relate to short-term power contracts and other depreciable assets.

- Accumulated performance income attributable to our private funds increased by $70 million, recorded in incremental values.

Change in Intrinsic Value

The following tables summarize and allocate the changes in the intrinsic value of our common equity during the second quarter and first half of 2012:

THREE MONTHS ENDED JUN. 30, 2012 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Property	Renewable Power	Infrastructure	Private Equity	Asset Management Services and Corporate	**Total**	Per Share
Total return	$ 370	$ (38)	$ 29	$ 48	$ (137)	**$ 272**	$ 0.43
Foreign currency revaluation	(94)	(162)	(68)	(211)	19	**(516)**	(0.83)
Class A shares issuances	—	—	—	—	14	**14**	—
Capital invested (returned)	(69)	34	(13)	45	(84)	**(87)**	(0.14)
Change in intrinsic value	207	(166)	(52)	(118)	(188)	**(317)**	(0.54)
Intrinsic value – beginning of period	11,935	7,883	2,647	4,628	(190)	**26,903**	42.35
Intrinsic value – end of period	$ 12,142	$ 7,717	$ 2,595	$ 4,510	$ (378)	**$ 26,586**	$ 41.81

SIX MONTHS ENDED JUN. 30, 2012 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Property	Renewable Power	Infrastructure	Private Equity	Asset Management Services and Corporate	**Total**	Per Share
Total return	$ 914	$ 83	$ 94	$ 45	$ (153)	**$ 983**	$ 1.56
Foreign currency revaluation	(22)	(68)	(45)	(143)	29	**(249)**	(0.48)
Class A shares repurchased net of issuance	—	—	—	—	(78)	**(78)**	0.01
Capital invested (returned)	141	(275)	(54)	78	(58)	**(168)**	(0.27)
Change in intrinsic value	1,033	(260)	(5)	(20)	(260)	**488**	0.82
Intrinsic value – beginning of period	11,109	7,977	2,600	4,530	(118)	**26,098**	40.99
Intrinsic value – end of period	$ 12,142	$ 7,717	$ 2,595	$ 4,510	$ (378)	**$ 26,586**	$ 41.81

The intrinsic value of our common equity declined by $317 million during the quarter, bringing the year-to-date increase to $488 million. Lower foreign currency rates reduced the values of our invested capital by $516 million representing 4% of non-U.S. invested capital during the quarter, or $249 million (2%) on a six-month basis. We also distributed $87 million of dividends on common equity during the quarter ($168 million year-to-date).

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

AS AT JUN. 30, 2012 AND DEC. 31, 2011 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	**2012**		2011	
	Total	**Per Share**	Total	Per Share
Common equity per IFRS financial statements	**$ 16,923**	**$ 27.12**	$ 16,743	$ 26.77
Add back deferred income taxes[1]	**2,188**	**3.33**	2,255	3.42
Incremental values	**3,225**	**4.90**	2,850	4.33
Net tangible asset value	**22,336**	**35.35**	21,848	34.52
Asset management franchise value	**4,250**	**6.46**	4,250	6.47
Total intrinsic value	**$ 26,586**	**$ 41.81**	$ 26,098	$ 40.99

1. Net of non-controlling interests

Incremental values increased by $375 million ($250 million in the second quarter) to $3.2 billion, while the value attributed to our asset management franchise was unchanged at $4.25 billion. We describe how we determine this franchise amount in our 2011 Annual Report.

FINANCIAL POSITION

The following table presents Assets Under Management ("AUM"), Consolidated Assets and Invested Capital at June 30, 2012 and at the end of 2011 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 19. Summarized balance sheets by segment are presented on page 30.

AS AT JUN. 30, 2012 AND DEC. 31, 2011 (MILLIONS)	Assets Under Management[1]		Consolidated Assets[2]		Invested Capital[3]	
	2012	2011	**2012**	2011	**2012**	2011
Operating platforms						
Property						
Office	**$ 35,043**	$ 32,848	**$ 27,759**	$ 26,478	**$ 5,729**	$ 5,493
Retail	**38,517**	33,160	**8,000**	7,444	**5,253**	4,625
Opportunity, finance and development	**13,990**	16,571	**8,127**	6,219	**1,160**	991
	87,550	82,579	**43,886**	40,141	**12,142**	11,109
Renewable power	**17,899**	17,758	**17,021**	16,614	**7,717**	7,977
Infrastructure	**20,387**	19,258	**15,192**	13,532	**2,595**	2,600
Private equity	**25,930**	25,343	**13,528**	13,035	**4,510**	4,530
Services activities	**2,971**	3,326	**2,946**	2,946	**2,426**	2,274
Cash and financial assets	**2,022**	1,975	**2,044**	1,975	**1,459**	1,461
Other assets[2]	**1,521**	1,481	**831**	669	**831**	669
Asset management franchise value	**n/a**	n/a	**n/a**	n/a	**4,250**	4,250
	$ 158,280	$ 151,720	**$ 95,448**	$ 88,912	**$ 35,930**	$ 34,870

1. Excludes incremental values, asset management franchise value and deferred tax assets
2. Excludes $1,746 million (December 31, 2011 – $2,110 million) of deferred tax assets
3. Includes incremental values not otherwise included in IFRS and asset management franchise value, and excludes deferred tax balances

AUM increased by $6.6 billion during the first half of 2012 to $158.3 billion at June 30th. Property assets accounted for $5 billion of the increase, which included an additional $2.2 billion of office assets due to acquisitions, development, and valuation increases; a $5.4 billion increase in the carrying value of retail assets; and a $2.6 billion decrease in opportunity, finance and development assets. The decrease reflects a lower level of public securities managed by us following the wind-up of a joint venture, offset by acquisitions within our opportunity and finance operations. We also added $1.1 billion of assets to our infrastructure operations through acquisition and capital expansion activities.

Consolidated assets, excluding deferred taxes, increased by $6.5 billion during the first six months to $95.4 billion at quarter end. Property assets increased by $3.7 billion and infrastructure assets by $1.7 billion, in each case due to acquisitions, developments and improved valuations.

Invested capital increased by $1.1 billion to $35.9 billion. The increase reflects the capital invested by us into acquisitions and developments after taking into consideration non-recourse debt and equity interests of other investors, as well as our share of valuation gains and foreign currency revaluations. The increase occurred almost entirely within our property operations and relates to total return achieved over the first six months.

We completed acquisitions and capital expansions totalling $3.8 billion in the first seven months of 2012, including $2.9 billion of acquisitions and $0.9 billion of capital expansions. Net equity deployed was $2.8 billion, of which $1.1 billion was funded by private fund clients and the balance funded primarily by our operating platforms.

The increase in consolidated assets was funded primarily with an increase in borrowings, working capital liabilities and non-controlling interests of $4.7 billion, $0.7 billion and $1.2 billion, respectively. The borrowings included $0.7 billion at the corporate level and the remaining $4.0 billion was non-recourse subsidiary and asset specific borrowings. The increase in invested, or deconsolidated, capital of $1.1 billion during the first half of 2012 reflects the $0.5 billion increase in intrinsic value discussed on page 8, the issuance of $0.3 billion of preferred equity and a $0.3 billion increase in liabilities. We review our capitalization in Part 2.

PART 2 — REVIEW OF OPERATIONS

ASSET MANAGEMENT SERVICES

Asset management and other services contributed a total return of $165 million (2011 – $144 million), which includes funds from operations of $108 million (2011 – $99 million) and valuation gains of $57 million (2011 – $45 million). The valuation gains in the current quarter reflect the increase in accumulated carried interests that have not yet been recorded in the net income.

FOR THE THREE MONTHS ENDED JUN. 30 (MILLIONS)	Total		Net[1]	
	2012	2011	**2012**	2011
Base management fees[2]	**$ 79**	$ 67	**$ 54**	$ 47
Incentive distributions[2]	**3**	—	**3**	—
Performance income	**88**	138	**71**	95
Investment banking and transaction fees[2]	**10**	10	**10**	10
	180	215	**138**	152
Less: deferred recognition of performance income[3]	**(87)**	(138)	**(70)**	(95)
Asset management revenues[2]	**$ 93**	$ 77	**68**	57
Construction and property services, net of direct expenses			**40**	42
Funds from operations			**108**	99
Valuation gains			**57**	45
Total return			**$ 165**	$ 144

1. Excludes fees earned in respect of Brookfield capital
2. Revenues
3. Performance income that is deferred into future periods for IFRS purposes until clawback provisions expire

Asset management revenues attributed to client capital, including deferred performance income, totalled $138 million compared to $152 million in 2011. Base management fees on client capital increased by 15% to $54 million, and are tracking at approximately $225 million on an annualized basis ($345 million on a total basis). A significant proportion of this increase is attributable to the expansion of funds within our real estate platform and the continued growth of our listed and unlisted infrastructure funds.

Our share of performance income during the quarter totalled $71 million; however, $70 million of this is deferred for financial statement purposes until any clawback or redetermination period has expired. We include the deferred amount in valuation gains as an incremental value, along with the increase in any associated costs. The total amount of accumulated performance returns and carried interest to date now stands at $547 million, prior to accumulated associated accrued expenses of $47 million. We recorded $3 million of incentive distributions, which now represent $16 million on an annualized basis, from our listed infrastructure entity reflecting our participation in the increased distribution to unit holders.

Construction and property services provided funds from operations after direct expenses of $40 million, compared to $42 million in 2011. Construction FFO was $32 million, consistent with the $31 million recorded in the 2011 quarter. The construction margin for the quarter was 9.3% in line with the margin in 2011. Our construction work in hand totals $4.8 billion of projected contracted revenues for projects to be completed over the next two years compared to $5.4 billion at the beginning of the year and represents approximately 2.6 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:

AS AT JUN. 30, 2012 AND DEC. 31, 2011 (MILLIONS)	**2012**	2011
Australasia	**$ 3,418**	$ 3,091
Middle East	**444**	533
United Kingdom	**939**	1,780
Canada	**7**	—
	$ 4,808	$ 5,404

The following table summarizes the capital managed for clients and co-investors:

AS AT JUN. 30, 2012 AND DEC. 31, 2011 (MILLIONS)	Jun. 30, 2012					
	Fee Bearing					
	Private Funds	Listed Issuers	Public Securities	Other Listed Entities	**Total**	Dec. 31, 2011
Property	$ 8,720	$ 2,211	$ 1,247	$ 5,624	**$ 17,802**	$ 19,683
Renewable power	587	2,862	—	—	**3,449**	2,456
Infrastructure	5,528	4,697	1,035	—	**11,260**	10,561
Private equity	2,742	—	12,083	2,651	**17,476**	17,693
June 30, 2012	**$ 17,577**	**$ 9,770**	**$ 14,365**	**$ 8,275**	**$ 49,987**	$ n/a
March 31, 2012	$ 15,880	$ 8,868	$ 14,295	$ 8,341	$ 47,384	$ n/a
December 31, 2011	$ 15,689	$ 7,385	$ 19,833	$ 7,486	$ n/a	$ 50,393

Private fund and listed issuer capital increased by $2.6 billion during the quarter, while public securities mandates increased by $0.1 billion. As a result, total third party capital under management increased to $50.0 billion from $47.4 billion in the previous quarter.

The $17.6 billion of capital for private funds consists of invested capital of $10.8 billion and uninvested capital of $6.8 billion. We called $0.2 billion of client fund capital during the quarter and secured $2.0 billion of new commitments to private funds with the result that uninvested capital increased by $1.8 billion to $6.8 billion. This "dry powder" includes $3.0 billion for property investment strategies, $1.9 billion committed to infrastructure and timber strategies, $1.9 billion for private equity and lending and is available for an average term of two years. The associated funds have an average remaining term of nine years.

Listed issuer capital increased by $0.9 billion to $9.8 billion, mainly due to value appreciation in the public floats of our three major listed entities: Brookfield Infrastructure Partners, Brookfield Renewable Energy Partners and Brookfield Office Properties Canada. We filed our disclosure documents for our proposed property entity, named Brookfield Property Partners, and hope to complete the distribution of equity in the new entity to our shareholders during the latter half of this year. In July 2012, our listed infrastructure operations issued approximately $500 million of limited partnership units, further increasing our fee bearing capital under management and our incentive distributions.

We remain active in raising new funds and are currently seeking approximately $4 billion of additional third party capital for nine funds that we hope to close over the balance of 2012 and 2013. This capital, together with the formation of Brookfield Property Partners and continued expansion of our other listed entities, would enable us to continue to increase our fee bearing capital and the associated base management fees and performance income.

PROPERTY OPERATIONS

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:

FOR THE THREE MONTHS ENDED JUN. 30 (MILLIONS)	Net Tangible Asset Value		Funds from Operation		Valuation Gains		Total Return	
	Jun. 30 2012	Dec. 31 2011	**2012**	2011	**2012**	2011	**2012**	2011
Office properties	**$ 5,729**	$ 5,493	**$ 75**	$ 44	**$ (28)**	$ 357	**$ 47**	$ 401
Retail properties	**5,253**	4,625	**70**	45	**195**	149	**265**	194
Opportunity, finance, and development	**1,160**	991	**27**	30	**31**	(7)	**58**	23
	$ 12,142	$ 11,109	**$ 172**	$ 119	**$ 198**	$ 499	**$ 370**	$ 618

Office Properties: Office properties contributed $75 million in FFO during the second quarter. FFO during the 2011 period was $44 million.

FOR THE THREE MONTHS ENDED JUN. 30 (MILLIONS)	Existing Properties		U.S. Office Fund		Acquired, Developed and Sold		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Net operating income								
United States	**$ 104**	$ 101	**$ 89**	$ —	**$ 25**	$ 7	**$ 218**	$ 108
Canada	**66**	65	**—**	—	**5**	—	**71**	65
Australasia	**69**	69	**—**	—	**17**	10	**86**	79
United Kingdom	**8**	8	**—**	—	**—**	—	**8**	8
	247	243	**89**	—	**47**	17	**383**	260
Currency variance	**—**	7	**—**	—	**—**	—	**—**	7
	247	250	**89**	—	**47**	17	**383**	267
Equity accounted investments[1]	**9**	11	**10**	37	**3**	13	**22**	61
Net operating income	**256**	261	**99**	37	**50**	30	**405**	328
Investment income	**9**	9	**1**	—	**1**	3	**11**	12
Interest expense	**(144)**	(156)	**(38)**	—	**(14)**	(7)	**(196)**	(163)
Operating costs	**(21)**	(22)	**—**	—	**—**	—	**(21)**	(22)
Non-controlling interests	**(70)**	(72)	**(35)**	(19)	**(19)**	(20)	**(124)**	(111)
Funds from operations	**$ 30**	$ 20	**$ 27**	$ 18	**$ 18**	$ 6	**$ 75**	$ 44

1. Represents pro rata interest in funds from operations recorded by equity accounted investees

Net operating income from existing properties increased by 2% over prior year, prior to changes in foreign exchange rates. Interest expense associated with these properties decreased by $12 million due to lower coupons on refinanced mortgages. As a result, FFO from existing properties increased by $10 million to $30 million.

We reorganized, and increased our ownership interest in our U.S. Office Fund during 2011 to 84%, with the result that these operations are fully consolidated in the 2012 quarter, having been equity accounted during the 2011 quarter. This resulted in the consolidation of net operating income from properties and equity accounted income from certain joint venture interests held within the fund. We benefitted from $13 million of lease termination income within our U.S. Office Fund, increasing FFO by $9 million to $27 million for the quarter after reflecting minority interest share in the increase.

FFO from properties acquired, developed and sold during the past 12 months increased by $12 million. During the quarter we acquired two properties for a total investment of $316 million and sold a property in Brisbane for total proceeds of $197 million. We also completed the development of our one million square foot office property in Perth, which is now positively contributing to FFO.

Valuations declined overall by $28 million during the quarter as increased property valuations were more than offset by the impact of the continued decline in interest rates on financial contracts put in place to lock in low rates for future financings. Valuation gains were recorded on properties located in Canada, primarily due to a 20 basis-point compression of discount rates and a terminal capitalization rate compression of 10 basis points, as a result of market transaction activity. We did not record any meaningful valuation gains in the U.S. and values in Australia increased from increased market rents and an improved leasing conditions. The 2011 quarter were exceptionally strong for office property valuations.

Assets under management and consolidated assets increased by $2.2 billion and $1.3 billion, respectively, due to the acquisition of two assets and the reclassification of our Perth development project from development into office properties upon obtaining practical completion in the second quarter of 2012. The net tangible value of our invested capital increased by $236 million reflecting total return and acquisitions, offset by currency revaluation.

We refinanced approximately $1.3 billion of property and corporate debt on a year-to-date basis, extending term by three years and lowering the average interest coupon by 1.66%. In-place financings within the office business have an average interest rate and term of 5.32% and 4.1 years respectively, compared to 5.72% and 4.5 years, respectively, at December 31, 2011. Only 5% of the total borrowings, approximately $760 million, mature during the balance of 2012.

Leasing performance continues to be very strong with 3.8 million square feet of new leases signed to date in 2012. This included a 1.2 million square foot lease with Morgan Stanley for One New York Plaza that was announced in April 2012. The new leases include 2.0 million square feet of renewals and 1.8 million square feet of new leasing, which led to a reduction in our 2013-2017 rollover exposure by 100 basis points, and increased our current occupancy to 93.5% from 93.3% at year-end. The new lease rates were higher than the expiring rents and increased our average in-place net rents to $29.71 per square foot from $28.31 per square foot at year-end on constant currency terms. 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 amount represents the amount of cash generated from leases in a given period.

					Expiring Leases (000's sq. ft.)						
AS AT JUN.30, 2012	% Leased	Average Term	Net Rental Area	Currently Available	2012	2013	2014	2015	2016	2017	2018 & Beyond
North America											
United States	91.3%	6.7	44,973	3,915	1,616	5,680	3,381	2,908	2,213	2,437	22,823
Canada	97.0%	8.6	16,805	508	246	1,751	375	1,627	1,763	629	9,906
Australasia	97.2%	6.4	10,585	293	175	637	833	1,139	1,017	1,054	5,437
Europe	100.0%	10.0	556	—	—	—	262	—	—	—	294
Total/Average	93.5%	7.1	72,919	4,716	2,037	8,068	4,851	5,674	4,993	4,120	38,460
Percentage of total			100.0%	6.5%	2.8%	11.1%	6.7%	7.8%	6.8%	5.7%	52.6%
As at December 31, 2011				6.7%	5.3%	11.5%	6.6%	9.4%	6.9%	4.8%	48.8%

We have an attractive pipeline of development projects and continue to see a high volume of transaction activity that should enable us to monetize existing assets and redeploy capital into high quality properties that provide the opportunity to achieve greater returns over the long term.

In addition to the properties acquired during the quarter, we recently reached agreement to purchase six office properties and development projects in London UK for £518 million,which will significantly increase our presence and operating capabilities in this important global market.

Retail Properties: Retail properties generated a total return of $265 million for the quarter, consisting of $70 million of FFO and $195 million of valuations gains. The largest component of FFO, $60 million, represents our share of the FFO produced by General Growth Properties ("GGP") on an IFRS basis. FFO from GGP for the comparable three month period in 2011 was $49 million at our ownership level.

GGP's core FFO on a U.S. GAAP basis increased by 24.1% compared to 2011, with an increase in core NOI for the regional mall portfolio of 6.0%. The increase reflected continued improvement in tenant sales, which increased by 9.0% to $533 per square foot on a trailing 12-month basis. Initial rents for leases commencing occupancy in 2012 increased by 9.6% compared to the rental rate for expiring leases on a suite-to-suite basis. The leased percentage for the regional mall portfolio was 94.3% at quarter end, up 110 basis points from June 30, 2011.

Valuation gains of $195 million were primarily driven by an increase in contractual cash flows and a decrease in discount rates and terminal capitalization rates within our higher performing assets. This was, in turn, driven by the improved outlook for high quality retail properties and the continued strength in operating performance as demonstrated by GGP's quarterly results and growth in tenant sales per square foot.

GGP completed $3.1 billion in financings during the second quarter of 2012. The new mortgages have a weighted average interest rate and term of 4.20% and 9 years, respectively, as compared to a previous rate of 5.24% and a remaining term to maturity of 3.9 years.

GGP continues to actively manage its portfolio and, since year-end, acquired whole or partial interests in 15 anchor pads comprising 2.3 million square feet for approximately $0.3 billion. This included 11 pads comprising 1.8 million square feet that are currently occupied by Sears. The company also acquired the remaining 49% interest in two partially owned malls and sold its entire interest in three properties comprising 1.2 million square feet.

Directly held retail properties are primarily those owned within our Australian operations and our Brazil retail fund. FFO from these operations and our 36% ownership of Rouse Properties was $10 million during the quarter.

Assets under management increased to $38.5 billion from $33.2 billion, primarily due to increased value attributable to GGP's regional mall portfolio in addition to the acquisition of new properties. Consolidated assets, which reflect our interest in GGP on an equity accounted basis, and net invested capital each increased during the first six months, by approximately $0.6 billion to $8.0 billion and $5.3 billion, respectively, due to valuation gains and earnings.

The following table presents the leasing profile of our retail operations:

					Expiring Leases (000's sq. ft.)						
AS AT JUN. 30, 2012	% Leased	Average Term	Net Rental Area	Currently Available	2012	2013	2014	2015	2016	2017	2018 & Beyond
United States[1]	92.9%	6.0	61,768	4,393	2,169	5,969	6,312	5,758	5,790	6,058	25,319
Australasia	98.6%	6.9	2,665	36	21	23	31	122	729	345	1,358
Brazil	94.9%	7.0	2,796	142	539	351	298	473	299	100	594
Total/Average	93.2%	6.0	67,229	4,571	2,729	6,343	6,641	6,353	6,818	6,503	27,271
Percentage of total			100.0%	6.8%	4.1%	9.4%	9.9%	9.4%	10.1%	9.7%	40.6%
As at December 31, 2011				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

Opportunistic, Finance and Development Activities: Total return from these activities was $58 million. FFO excluding disposition gains increased from $16 million to $27 million due to the contribution from acquisitions. The 2011 results included disposition gains of $14 million in our real estate finance funds. These gains were previously recorded as unrealized valuation gains in prior periods and therefore reduce accumulated valuation gains upon recognition.

FOR THE THREE MONTHS ENDED JUN. 30 (MILLIONS)	Funds from Operations 2012	Funds from Operations 2011	Valuation Gains 2012	Valuation Gains 2011	Total Return 2012	Total Return 2011
Opportunity	$ **18**	$ 5	$ **9**	$ —	$ **27**	$ 5
Finance	**9**	11	**22**	7	**31**	18
Disposition gains	**—**	14	**—**	(14)	**—**	—
Development	**—**	—	**—**	—	**—**	—
	$ **27**	$ 30	$ **31**	$ (7)	$ **58**	$ 23

We completed several acquisitions of property assets within our opportunity strategies through direct acquisitions and through foreclosure, including the April acquisition of the Atlantis Hotel & Casino in the Bahamas whereby one of our real estate finance funds exchanged approximately $175 million of junior debt for a 100% equity interest in this world class resort. The total investment was approximately $200 million, after injecting an additional $25 million of capital, on behalf of ourselves and our clients, and our share was approximately $70 million.

Assets under management in our opportunity, finance and development business decreased by $2.6 billion to $14.0 billion reflecting the wind-up in the first quarter of 2012 of a joint venture within our public securities operations through which we previously managed several large portfolios of real estate related securities. Consolidated assets increased by $1.9 billion, reflecting net acquisitions, particularly the Atlantis restructuring, while net invested capital increased from $1.0 billion to $1.2 billion reflecting our share of the equity capital committed to acquisitions, less distributions and completion of developments. Development activities were largely funded with construction financing.

We reached practical completion of our one million square foot office project in Perth and reclassified the property to office properties in the second quarter of 2012. In addition, we announced the launch of Bay Adelaide East, a one million square feet office property in Toronto during the second quarter of 2012. In total, we are focused on five development projects totalling approximately nine million square feet that could add more than $7 billion in assets and are pursuing major development projects in New York, London, and Sydney.

RENEWABLE POWER OPERATIONS

Our renewable power operations generated $26 million of FFO during the quarter compared to $70 million in 2011. The impact of lower generation on existing facilities decreased FFO by $41 million, which was partially offset by a $7 million contribution from new facilities. Lower realized prices contributed $8 million to the overall decline. Generation levels across the portfolio decreased by 18% on a same store basis and were 19% below long-term averages.

We estimate that net operating income would have been $253 million in the current quarter and $236 million in 2011 if generation was at long-term average, resulting in proforma FFO of $71 million for the second quarter of 2012, and $71 million for the 2011 quarter.

The following table provides further detail on the results from our hydroelectric operations during the quarter:

FOR THE THREE MONTHS ENDED JUN. 30 (GIGAWATT HOURS AND $ MILLIONS)	2012 Production (GWh)	2012 Revenues	2012 Operating Costs	2012 Net Operating Income	2011 Production (GWh)	2011 Revenues	2011 Operating Costs	2011 Net Operating Income
United States	1,619	$ 98	$ 44	$ 54	2,193	$ 145	$ 43	$ 102
Canada	957	52	20	32	1,244	76	21	55
Brazil	811	80	25	55	778	83	25	58
Total	3,387	$ 230	$ 89	$ 141	4,215	$ 304	$ 89	$ 215
Per Megawatt hour (MWh)		$ 68	$ 26	$ 42		$ 72	$ 21	$ 51

Hydroelectric revenues decreased compared to the prior year primarily due to lower generation as well as lower spot and short-term market prices, particularly in the northeastern United States and in Quebec, where we sell most of our power on a short-term basis. The average realized price declined 6% to $68 per megawatt hour due to the lower prices as well as the reduction in the proportion of power generated that is subject to higher priced contracts.

Generation in Brazil increased from the contribution of a new hydroelectric asset which was acquired in 2011 although the impact on revenues was offset by lower currency exchange rates. Operating costs remained constant in aggregate as the expansion of our operating base was offset by lower currency exchange rates on Brazilian and Canadian operations. These costs are largely fixed costs and accordingly increased on a per megawatt basis due to the decrease in generation.

Our wind facilities contributed $32 million of NOI compared to $12 million in the prior year as a result of the contributions from recently acquired facilities in California and New England, and from our eastern Canadian facility completed in the fourth quarter of 2011. After taking into account interest expenses for associated project debt and interests of other investors, FFO from these facilities was $11 million, compared to $6 million in 2011.

The following table presents our generation results:

					Variance of Results		
	Actual Production		Long-Term Average		Actual vs. Long-term Average		Actual vs. Prior Year
FOR THE THREE MONTHS ENDED JUN. 30 (GIGAWATT HOURS)	2012	2011	2012	2011	2012	2011	2012
Hydroelectric generation							
United States	1,619	2,193	2,075	2,004	(456)	189	(574)
Canada	957	1,244	1,407	1,443	(450)	(199)	(287)
Brazil	811	778	811	778	—	—	33
Total hydroelectric operations	3,387	4,215	4,293	4,225	(906)	(10)	(828)
Wind energy	467	151	602	160	(135)	(9)	316
Co-generation	218	116	103	222	115	(106)	102
Total generation	4,072	4,482	4,998	4,607	(926)	(125)	(410)
% Variance					(19)%	(3)%	(9)%

The decrease in generation from existing facilities compared to the prior year was partially offset by the contribution from additional hydro facilities in Brazil and California and wind facilities in Ontario, California and New Hampshire, which generated 404 gigawatt hours during the quarter.

Our power facilities are revalued on an annual basis, and therefore in-year valuation gains are typically limited to ancillary items such as financial contracts and development initiatives. We recorded $64 million of valuation losses during the quarter, of which $18 million relates to a decrease in the value of shorter-term contracts to sell energy and $33 million relates to the impact of the continued decline in interest rates on the value of financial contracts put in place to secure lower rates on future anticipated financings. We commenced construction on our hydroelectric project in British Columbia and recognized a $34 million valuation gain in our IFRS Financial Statements. This amount was previously recognized within incremental values and accordingly we reversed the corresponding amount in incremental values.

Assets under management and consolidated assets increased by $0.1 billion and $0.4 billion respectively, representing the acquisition and development of new generating facilities by us and our institutional partners offset by a lower currency exchange rate on our Brazilian assets. Net tangible asset value decreased by $0.3 billion since year-end, primarily as a result of the sale of 13 million units of our listed renewable power entity in the first quarter of 2012.

We have 87% of our expected generation under contract for the balance of 2012, and approximately 72% under long-term contracts with an average term of 14.7 years. This significantly reduces our exposure to short-term or spot pricing, which continues to be at low levels. Over the longer term, we expect that renewable energy, such as the hydroelectric and wind power we produce, will continue to command a premium in the market and lead to extended increases in realized prices and funds from operations.

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

	Balance of 2012	Years Ended December 31 2013	2014	2015	2016
Generation (GWh)					
Contracted					
Power sales agreements					
Hydro	4,914	10,139	9,660	9,082	8,870
Wind	988	2,104	2,104	2,104	2,104
Gas and other	201	398	133	—	—
	6,103	12,641	11,897	11,186	10,974
Financial contracts	1,241	1,782	1,620	—	—
Total contracted	7,344	14,423	13,517	11,186	10,974
Uncontracted	1,096	3,751	4,483	6,728	6,940
Long-term average generation	8,440	18,174	18,000	17,914	17,914
Contracted generation – As at June 30, 2012					
% of total generation	87%	79%	75%	62%	61%
Price (per MWh)	$ 79	$ 83	$ 83	$ 91	$ 92

We announced an agreement to acquire, with our institutional partners, a portfolio of four hydroelectric generating stations located in Tennessee and North Carolina that are expected to provide 378 megawatts of installed capacity and annual generation of 1.4 million megawatt hours. We also acquired a 6 megawatt hydroelectric facility in Brazil. We advanced construction on four hydroelectric projects with 99 megawatts of installed capacity and an estimated project cost of approximately $400 million.

We expect to benefit in future years from the development and acquisition of additional hydroelectric and wind facilities. In that regard we have a number of attractive growth opportunities which we believe will lead to cash flow growth in 2012 and future years. We also have a further development pipeline of 2,000 megawatts of installed capacity and are also actively pursuing a number of acquisition opportunities.

INFRASTRUCTURE OPERATIONS

FFO generated by our infrastructure operations was $53 million in 2012 compared to $56 million in the prior year. The contribution from newly acquired assets and capital expansion projects, including a toll road business in Chile, a distribution business in Colombia, our Alberta based natural gas storage facility, and our Australian rail expansion, was offset by a $9 million reduction in the contribution from our timber operations.

FOR THE THREE MONTHS ENDED JUN. 30 (MILLIONS)	Net Tangible Asset Value		Funds from Operations		Valuation Gains		Total Return	
	Jun. 30 2012	Dec. 31 2011	**2012**	2011	**2012**	2011	**2012**	2011
Utilities	**$ 862**	$ 798	**$ 30**	$ 28	**$ (4)**	$ 41	**$ 26**	$ 69
Transport and Energy	**895**	812	**15**	12	**(11)**	(1)	**4**	11
Timber	**970**	983	**10**	19	**(4)**	(1)	**6**	18
Unallocated	**(132)**	7	**(2)**	(3)	**(5)**	—	**(7)**	(3)
	$ 2,595	$ 2,600	**$ 53**	$ 56	**$ (24)**	$ 39	**$ 29**	$ 95

Assets under management and consolidated assets in our infrastructure segment increased by $1.1 billion and $1.7 billion, respectively, representing acquisitions and development activity. Much of the investment was funded with capital from institutional clients and project financing, with the result that our net tangible asset value was relatively unchanged at $2.6 billion.

Our utility business FFO increased by $2 million, reflecting the stable growth profile and investment in capital expansion projects in addition to the contribution from our Colombian distribution business. Net operating and other income within this segment increased by $37 million to $156 million, due to the completion of capital expansion projects in our transmission business, although much of this increase was offset by associated interest expense and minority interests, which increased by $7 million and $23 million, respectively.

FFO from our Transport and Energy segment increased by $3 million due to impact of an expansion project and a favourable grain harvest on our rail operations in Australia. The contribution from the rail expansion should increase in magnitude over the balance of 2012 with almost the entire expected increase in place for 2013. Net operating income increased by $14 million, interest expense was relatively unchanged, and FFO attributable to non-controlling interest increased by $12 million.

Timber FFO declined by $9 million. The recent slowdown in residential construction activity in China and Korea resulted in lower shipments and prices, to which we responded by shifting our harvest mix and levels. This was partially offset by increased North American sales. As a result net operating and other income decreased by $24 million reflecting lower prices and a change in mix. Interest expense was unchanged, while $16 million of the decline in net operating income was attributable to our co-investors in the business.

In July, our listed infrastructure entity completed the issuance of 15.6 million limited partnership units for approximately $500 million, of which $370 million was from our partners. The proceeds of the issuance will be used to acquire, together with our institutional investors, the remaining 45% of our Chilean toll road network, increasing our ownership to 100%, a 60% interest in toll road concession in Brazil; and an approximate 85% interest in a UK regulated distribution utility that is complementary to an existing business that we own. We have completed approximately 80% of our $600 million Australian rail expansion project, which is now contributing to FFO. We anticipate the expansion project will generate an additional $85 million of net operating income on an annualized basis upon completion.

Our capital expansion pipeline remains strong, with $2.1 billion of projects in total. Our share of the net equity contribution is estimated to be approximately $100 million, of which approximately 60% has been invested to date, and is being funded by our listed infrastructure entity.

We are currently exploring strategic alternatives to divest certain of our timber and non-core assets. We believe there may be opportunities to monetize these assets and reinvest capital in assets that offer superior returns. Our primary focus for the balance of the year is to close these strategic initiatives and integrate these businesses into our operating platforms and we continue to work hard to increase the profitability of our operating companies and develop attractive organic growth opportunities.

PRIVATE EQUITY ACTIVITIES

This segment includes our special situations, residential and agricultural development operations.

FOR THE THREE MONTHS ENDED JUN. 30 (MILLIONS)	Net Tangible Asset Value		Funds from Operations		Valuation Gains		Total Return	
	Jun. 30 2012	Dec. 31 2011	**2012**	2011	**2012**	2011	**2012**	2011
Special situations	**$ 1,526**	$ 1,522	**$ 44**	$ 36	**$ (34)**	$ (84)	**$ 10**	$ (48)
Disposition gains	**—**	—	**—**	61	**—**	(61)	**—**	—
Residential development	**2,511**	2,580	**9**	15	**(23)**	(3)	**(14)**	12
Agricultural development	**473**	428	**3**	4	**49**	19	**52**	23
Disposition gains	**—**	—	**11**	—	**(11)**	—	**—**	—
	$ 4,510	$ 4,530	**$ 67**	$ 116	**$ (19)**	$ (129)	**$ 48**	$ (13)

Assets under management and consolidated assets increased by $0.6 billion and $0.5 billion, respectively, while net tangible asset value remained constant at $4.5 billion.

Our special situations operations recorded higher levels of FFO from our wood products and energy services businesses reflecting increased volumes and improved pricing, offset in part by higher input and operating costs. This reflects continued strength in prices and increased levels of housing activity in the United States. We recorded a $61 million disposition gain on the partial monetization of a private equity investment in 2011. We are pursuing several monetization strategies which, if successful, will generate meaningful disposition gains over the next twelve months.

FFO from our residential development operations was $9 million in the quarter, compared to $15 million in the 2011 quarter.

Our North American residential operations FFO increased by $1 million to $14 million for the quarter. EBITDA increased by $19 million to $41 million on improved margins and bulk land sales. The increase in net operating income was partially offset by a $13 million increase in current income taxes reflecting higher levels of taxable income in our Canadian operations. Overall gross margin was 29% compared to 21% last year. Net new home orders were 617 for the quarter compared to 475 last year and backlog at the end of the quarter totalled 1,131 units with a sales value of $443 million, compared to 733 units with a sales value of $304 million in June 2011.

Our Brazil agribusiness contributed $14 million to FFO during the quarter, which included an $11 million gain on the partial disposition of agricultural land. The gain had been recorded as a valuation gain in equity in prior periods and is accordingly removed from unrealized gains in the current period. We continue to expand this business and have invested or committed to invest in six properties containing approximately 86,000 acres at a total cost of $90.5 million over the past three months.

The valuation losses during the quarter from our special situations portfolio primarily reflect the depreciation of operating assets. Residential valuation changes include selling expenses incurred to launch projects in our Brazilian business for which the offsetting revenue will be recorded when the project is delivered, which typically occurs two-to-three years subsequent to launch. These costs are reclassified to FFO when the project is delivered. Valuation gains within our agricultural operations increased reflecting increased asset appraisals. We typically do not revalue these assets or investments under IFRS, although we are pursuing several monetization strategies that we believe have the potential to produce meaningful disposition gains.

A significant portion of the capital in this segment produces cash flows that are closely correlated with the U.S. homebuilding cycle and as a result are producing results that are significantly below normalized levels. In our U.S. residential business we are seeing a much higher level of traffic and activity in our communities which has translated into higher sales. With the lag that exists between customer sale and home construction, our recent U.S. acquisitions should start to show sales and closing activity towards the end of this year.

CORPORATE ACTIVITIES

Unallocated interest expense increased slightly to $90 million from $85 million in the 2011 quarter, reflecting higher average borrowing levels in respect of our larger asset base.

Operating costs include costs that have not been attributed to specific operating platforms, as well as costs attributable to specific asset management activities. The increase in expenses reflects expansion of our operations and launch of new funds, as well as growth of investment banking and public securities operations in the U.S. and the UK. Corporate operating costs were largely unchanged.

Preferred share dividends increased following the issuance of additional preferred shares during 2011 and the first quarter of 2012.

LIQUIDITY AND CAPITALIZATION

Capitalization

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 JUN. 30, 2012 AND DEC. 31, 2011 (MILLIONS)	**2012**	2011	**2012**	2011	**2012**	2011
Corporate borrowings	**$ 4,354**	$ 3,701	**$ 4,354**	$ 3,701	**$ 4,354**	$ 3,701
Non-recourse borrowings						
Property-specific mortgages	**—**	—	**20,112**	19,083	**31,332**	28,415
Subsidiary borrowings[1]	**1,057**	988	**4,183**	3,679	**5,549**	4,441
	5,411	4,689	**28,649**	26,463	**41,235**	36,557
Accounts payable and other[2]	**1,075**	1,287	**8,380**	8,615	**13,131**	12,836
Capital securities	**415**	656	**838**	1,153	**1,263**	1,650
Equity						
Non-controlling interests	**—**	—	**—**	—	**20,011**	18,849
Preferred equity	**2,443**	2,140	**2,443**	2,140	**2,443**	2,140
Shareholders' equity[3]	**26,586**	26,098	**26,586**	26,098	**26,586**	26,098
Total equity	**29,029**	28,238	**29,029**	28,238	**49,040**	47,087
Total capitalization	**$ 35,930**	$ 34,870	**$ 66,896**	$ 64,469	**$ 104,669**	$ 98,130
Debt to capitalization[4]	**17%**	15%	**46%**	44%	**41%**	39%

1. Includes $1,057 million (December 31, 2011 – $988 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 June 30, 2012 (December 31, 2011 – $4.25 billion)

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. 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 $29.0 billion and represents 81% of our corporate capitalization. The average term to maturity of our corporate debt is seven years.

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 46% debt-to-capitalization ratio at June 30, 2012 (December 31, 2011 – 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.

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 41% (December 31, 2011 – 39%). 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.

We completed $15.7 billion of capital raising initiatives in the first seven months of 2012, generating $5.0 billion of incremental capital. Debt financings totalled $12.2 billion, of which $10.1 billion was used to refinance maturing obligations. The remaining $2.1 billion of proceeds were used to finance acquisitions and supplement financial liquidity whereas the refinancing activities have enabled us to extend or maintain our average maturity term at lower rates than the maturing debt. We present our debt maturity profile on page 36.

Capital raising initiatives also include $1.3 billion of equity and asset sale proceeds, $300 million of perpetual preferred shares and $1.9 billion of private fund commitments.

Financing initiatives at the corporate level included the issuance of C$300 million of 4.50% rate-reset preferred shares and C$425 million of seven-year 3.95% notes. The proceeds were used in part to redeem $600 million of fixed rate liabilities during the second quarter with a blended coupon of 6.55% for annual interest savings of approximately $15 million and seven years of additional term.

Liquidity

Core liquidity, which represents cash and financial assets and undrawn credit facilities at the Corporation and our principal operating subsidiaries, was approximately $3.7 billion at June 30, 2012. This includes $1.8 billion at the corporate level and $1.9 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 $5.0 billion to finance qualifying acquisitions.

The following table presents our financial assets net of associated liabilities:

AS AT JUN. 30, 2012 AND DEC. 31, 2011 AND FOR THE THREE MONTHS ENDED JUN. 30 (MILLIONS)	Net Invested Capital		Investment and Other Income	
	2012	2011	**2012**	2011
Financial assets				
Government bonds	**$ 360**	$ 485		
Corporate bonds	**137**	193		
Other fixed income	**60**	66		
High-yield bonds	**194**	190		
Preferred shares	**293**	289		
Common shares	**630**	493		
Loans receivable/deposits	**272**	218		
Total financial assets	**1,946**	1,934	**$ 13**	$ 33
Cash and cash equivalents	**98**	41	**—**	—
Deposits, other liabilities and non-controlling interests	**(585)**	(514)	**(6)**	(8)
Net invested capital	**$ 1,459**	$ 1,461	**$ 7**	$ 25

Common shares increased due to valuation gains and additional investment. Government and corporate bonds were sold to fund the runoff of match-funded insurance liabilities. Investment income from financial assets of $7 million reflects $21 million of realized and mark-to-market losses, reversing one-third of the $63 million gains recorded in the first quarter of 2012.

We completed the refinancing of the majority of our corporate level, $2.2 billion committed revolving term credit facilities subsequent to the end of the quarter. At June 30, 2012, approximately $1.6 billion of the facilities was utilized in respect of short-term bank or commercial paper borrowings and $0.2 billion utilized for letters of credit issued to support various business initiatives. Approximately $1.9 billion of the new facilities have a five-year term, and the remaining $300 million have a three-year term.

Interest Rates and Foreign Currencies

We are continuing to actively refinance short-dated maturities and longer-dated maturities when the opportunities present themselves. We have also locked in the reference rates for approximately $4.1 billion of anticipated future financings in the United States and Canada over the next four years at an average rate of 3.27%, reflecting a risk free swap rate of 2.55% and a forward premium of 0.72%.

As at June 30, our net tangible asset value of $22.3 billion was invested in the following currencies, prior to the impact of any financial contracts: United States – 44%; Australia – 19%; Brazil – 20%; Canada – 12%; and other – 5%. From time to time, we utilize financial contracts to adjust these exposures, although we were largely unhedged at the quarter end.

Contractual Obligations

Our 2011 Annual Report contains a description of our contractual obligations, which consist largely of long-term financial obligations, as well as commitments to provide bridge financing, capital subscriptions, and letters of credit and guarantees provided in respect of power sales contracts and reinsurance obligations in the normal course of business.

In addition, the company and its consolidated subsidiaries execute agreements that provide for indemnifications and guarantees to third parties in transactions or dealings such as business dispositions, business acquisitions, sales of assets, provision of services, securitization agreements, and underwriting and agency agreements. The company has also agreed to indemnify its directors and certain of its officers and employees. The nature of substantially all of the indemnification undertakings prevents the company from making a reasonable estimate of the maximum potential amount the company could be required to pay third parties, as in most cases the agreements do not specify a maximum amount, and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Neither the company nor its consolidated subsidiaries have made significant payments in the past nor do they expect at this time to make any significant payments under such indemnification agreements in the future.

The company periodically enters into joint venture, consortium or other arrangements that have contingent liquidity rights in favour of the company or its counterparties. These include buy-sell arrangements, registration rights and other customary arrangements. These agreements generally have embedded protective terms that mitigate the risk to us. The amount, timing and likelihood of any payments by the company under these arrangements is in most cases, dependent on either future contingent events or circumstances applicable to the counterparty and therefore cannot be determined at this time.

Contingent Swap Accruals

We entered into interest rate swap arrangements with AIG Financial Products ("AIG-FP") in 1990, which includes a zero coupon swap that was originally intended to mature in 2015. Our financial statements include an accrual of $1,057 million in respect of these contracts, which represents the compounding of amounts based on interest rates from the inception of the contracts. We have also recorded $235 million in accounts payable and other liabilities which represents the difference between the present value of any future payments under the swaps and the current accrual. We believe that the financial collapse of American International Group ("AIG") and AIG-FP triggered a default under the swap agreements, thereby terminating the contracts with the effect that we are not required to make any further payments under the agreements, including the amounts which might, depending on various events and interest rates, otherwise be payable in 2015. AIG disputes our assertions and therefore we have commenced legal proceedings seeking a declaration from the court confirming our position. We recognize this may not be determined for a considerable period of time, and therefore will continue to account for the contracts as we have in prior years until we receive clarification.

ADDITIONAL COMPONENTS OF NET INCOME AND OTHER COMPREHENSIVE INCOME

Comprehensive income consists of two components: Net Income and Other Comprehensive Income. Together, these two components constitute most of the elements that comprise our Total Return as illustrated in the table below, which also serves as a reconciliation between Funds from Operations and Net Income, and between Comprehensive Income and Total Return and to facilitate a discussion of major components of Comprehensive Income that are not covered elsewhere in this report. A more detailed reconciliation is included on pages 27 and 28.

	Comprehensive Income				Total Return[1]	
	Total		Net[2]		Net[2]	
FOR THE THREE MONTHS ENDED JUN. 30 (MILLIONS)	**2012**	2011	**2012**	2011	**2012**	2011
Funds from operations	**$ 613**	$ 763	**$ 244**	$ 309	**$ 244**	$ 309
Less: disposition gains not included in IFRS	**(11)**	(155)	**(11)**	(61)	**(11)**	(61)
Include: fair value changes and depreciation included in equity accounted income	**111**	844	**133**	622	**133**	622
Net income prior to the following items	**713**	1,452	**366**	870		
Fair value changes	**(106)**	310	**(125)**	179	**(125)**	179
Depreciation and amortization	**(287)**	(231)	**(135)**	(174)	**(135)**	(174)
Deferred income taxes	**59**	(103)	**32**	(37)	**n/a**	n/a
Net income	**379**	1,428	**138**	838		
Other comprehensive income						
Fair value changes	**(104)**	55	**(91)**	52	**(91)**	52
Foreign currency translation	**(825)**	466	**(418)**	274	**n/a**	n/a
Deferred income taxes	**22**	(18)	**17**	(12)	**n/a**	n/a
Other comprehensive income	**(907)**	503	**(492)**	314		
Comprehensive income	**$ (528)**	$ 1,931	**$ (354)**	$ 1,152		
Items recorded directly in IFRS equity					**40**	14
Items not included in IFRS statements						
Changes in incremental values					**250**	(75)
Total valuation gains					**61**	557
Preferred share dividends					**(33)**	(26)
Total return					**$ 272**	$ 840

1. Pre-tax basis
2. Net of non-controlling interests

Our definition of Total Return includes funds from operations together with valuation gains. The valuation gains include fair value changes and other gains recorded in our IFRS financial statements as well as depreciation and amortization. As discussed elsewhere, we include incremental values for items that are not fair valued under IFRS.

Reconciliation of FFO to Net Income and Total Return

As illustrated in the preceding table, the principal reconciling items between FFO and Net Income include the following:

- Disposition Gains Not Included under IFRS: Gains on disposition of certain assets are not included in the current period IFRS operating results because they are recorded directly in equity or were included in prior period revaluation gains. In the former case, the gains are included separately in Total Return as “Items recorded directly in IFRS equity” and in the latter case, the portion of the gain that relates to prior period revaluation gains is deducted from valuation gains in the current period;

- Fair Value Changes: Fair value changes recorded as a specific category in Net Income typically relate to changes in the value of our physical assets that are categorized as “Investment Properties” or “Timber” under IFRS (commercial properties and timber assets) as well as related contractual agreements. In addition, our proportionate interest in these items recorded by equity accounted affiliates is included as a component of Equity Accounted Income, which is also included in our Statement of Operations. We exclude these items from FFO, and discuss them in more detail in this section;

- Depreciation and Amortization: We discuss these items in more detail within each review of the relevant operating segments;
- Deferred Income Taxes: We exclude these items from FFO because they typically do not relate to the other components of FFO. We do, however, include current period cash taxes associated with operating activities.

All of these components, with the exception of deferred income taxes, are included in Total Return.

Reconciliation of Other Comprehensive Income to Total Return

Other comprehensive income ("OCI") includes:

- Fair value changes: Fair value changes recorded in OCI relate to property, plant and equipment (renewable power facilities and certain infrastructure assets) as well as changes in value of financial contracts used to lock in interest rates for future financing that qualify for hedge accounting and are included in Total Return;
- Foreign currency translation: This item typically reflects the impact of changes in currency exchange rates on the U.S. carrying value of our net capital invested in non-U.S. operations, net of any qualifying hedges. We do not include the impact of these changes in calculating Total Return for a specific period as they typically do not relate to operating performance, but include them as a component of our longer-term changes in Intrinsic Value which we report on an annual basis;
- Deferred Income taxes: Deferred taxes in this section relate to the impact arising from the other items included in OCI. As discussed above, our calculation of Total Return does not include deferred income taxes.

Fair Value Changes

Fair value changes in our financial statements represents a decrease of $43 million in 2012, or $59 million prior to deducting amounts attributable to non-controlling interests. The following table allocates the fair value changes to the relevant operating segments in which they are recorded and to the various line items within our financial statements.

FOR THE THREE MONTHS ENDED JUN. 30 (MILLIONS)	2012 Property	Renewable Power	Infrastructure	Private Equity	Corporate	**Total**	Total 2011
Included in Net Income							
Equity accounted[1]	$ 202	$ (5)	$ (86)	$ —	$ —	**$ 111**	$ 844
Fair value changes							
Operating assets	122	—	(1)	(19)	—	**102**	332
Less: disposition gains	(6)	—	—	—	—	**(6)**	—
Other fair value changes	—	(93)	(44)	(21)	(44)	**(202)**	(22)
	116	(93)	(45)	(40)	(44)	**(106)**	310
Included in OCI							
Operating assets	—	70	(5)	47	—	**112**	—
Less: disposition gains	—	—	—	(29)	—	**(29)**	—
Other items	(77)	(52)	(7)	3	(54)	**(187)**	55
	(77)	18	(12)	21	(54)	**(104)**	55
Recorded directly in equity	—	—	—	32	8	**40**	14
	241	(80)	(143)	13	(90)	**(59)**	1,223
Less: non-controlling interest	(55)	(34)	107	6	(8)	**16**	(356)
Net amount recorded in IFRS statements	$ 186	$ (114)	$ (36)	$ 19	$ (98)	**$ (43)**	$ 867

1. Includes fair value changes and depreciation

Equity accounted items in our property segment consist primarily of fair value gains relating to increased retail mall values within General Growth Properties, which were $173 million. The balance of the equity accounted gains relate to commercial properties in the U.S. and opportunistic properties held through equity accounted joint ventures. Infrastructure items reflect depreciation and other non-FFO items recorded within partially owned infrastructure businesses.

Fair value changes recorded in respect of operating assets represent increases in the value of our office property portfolios, particularly in Canada. Other fair value changes in our power operations, relate to contracts to sell power in future periods at predetermined prices; and in our corporate operations, reflect changes in the valuation of capital markets positions.

Other comprehensive income ("OCI") includes revaluations of property, plant and equipment; however because these assets are revalued at the end of each year, as opposed to quarterly, there are minimal adjustments. We revalued a hydroelectric development in North America upon commencement of construction. The increase in value was $70 million, of which our share was $34 million. We reclassified $29 million to retained earnings on the partial monetization of our Agricultural land. In addition, we recorded $47 million of appraisal gains on the value of our remaining agricultural lands. Other items within OCI reflect changes in the value of power sales agreements within our renewable power operations and contracts that lock in interest rates for future debt issuance within our property, power, infrastructure and corporate segments.

The following table disaggregates Equity Accounted Income in relevant components for this analysis, including fair value changes:

FOR THE THREE MONTHS ENDED JUN. 30 (MILLIONS)	Total 2012	Total 2011	Net 2012	Net 2011
Equity accounted income				
Fair value changes	**$ 197**	$ 864	**$ 150**	$ 628
Depreciation	**(86)**	(20)	**(17)**	(6)
	111	844	**133**	622
Included in FFO	**147**	173	**99**	109
	$ 258	$ 1,017	**$ 232**	$ 731

Income Taxes

The provision for deferred income taxes during the quarter was a recovery of $59 million compared to an expense of $103 million in the 2011 quarter. Our net share, after deducting amounts attributable to non-controlling interests, was a $32 million recovery compared to an expense of $37 million in 2011. The recovery in the current quarter was primarily due to the impact changes in tax rates on the carrying value of tax balances.

Foreign Currency Translation

We record the impact of changes in foreign currencies on the carrying value of our net investment in non-U.S. operations in other comprehensive income. During the second quarter of 2012, the value of our principal non-U.S. currencies (Australia, Brazil and Canada) decreased against the U.S. dollar on a net basis, giving rise to a total decrease of $825 million after the mitigating impact of hedges, or $418 million after non-controlling interests, representing a weighted average decline of 2.5%.

This differs from the decrease of $516 million (2.3%) included in our continuity of intrinsic common equity value because we calculate total return on a pre-tax basis.

Changes in Incremental Values

We recorded a $250 million increase in fair values of non-IFRS balances ("incremental values") in the second quarter bringing the total amount of such items to $3.2 billion. The allocation of incremental values is set out in the summarized balance sheet on page 30 and changes are discussed in the relevant business reviews and on page 7.

Revenues

FOR THE PERIOD ENDED JUN. 30 (MILLIONS)	Three Months Ended 2012	Three Months Ended 2011	Six Months Ended 2012	Six Months Ended 2011
Asset management and other services	**$ 1,005**	$ 851	**$ 1,895**	$ 1,473
Property	**830**	640	**1,632**	1,225
Renewable power	**302**	335	**670**	614
Infrastructure	**500**	446	**954**	846
Private equity and development	**1,632**	1,634	**3,052**	3,053
Cash, financial assets and other	**24**	57	**134**	165
Total consolidated revenues	**$ 4,293**	$ 3,963	**$ 8,337**	$ 7,376

Revenues were largely unchanged compared to the 2011 quarter, with the exception of asset management and other services, which reflect increased construction revenues, and property revenues, which reflect the impact of consolidating our U.S. Office Fund subsequent to the 2011 quarter.

SUPPLEMENTAL SHARE AND PER SHARE INFORMATION

Change in Issued and Outstanding Shares

FOR THE PERIOD ENDED JUN. 30 (MILLIONS)	Three Months Ended 2012	Three Months Ended 2011	Six Months Ended 2012	Six Months Ended 2011
Outstanding at beginning of period	**618.0**	621.1	**619.3**	577.7
Issued (repurchased)				
Share issuances	**—**	—	**—**	45.1
Repurchases	**—**	—	**(2.3)**	(3.2)
Management share option plan	**0.5**	0.4	**1.4**	1.9
Dividend reinvestment plan	**0.1**	—	**0.2**	—
Outstanding at end of period	**618.6**	621.5	**618.6**	621.5
Unexercised options	**39.0**	38.9	**39.0**	38.9
Total diluted shares at end of period	**657.6**	660.4	**657.6**	660.4

In calculating our book value per share, the cash value of our unexercised options of $920 million (December 31, 2011 – $840 million) is added to the book value of our common equity of $16,923 million (December 31, 2011 – $16,743 million) prior to dividing by the total diluted shares presented above.

Basic and Diluted Earnings Per Share

FOR THE THREE MONTHS ENDED JUN. 30 (MILLIONS)	Funds From Operations		Net Income	
	2012	2011	**2012**	2011
Funds from operations/net income	**$ 244**	$ 309	**$ 138**	$ 838
Preferred share dividends	**(33)**	(26)	**(33)**	(26)
	211	283	**105**	812
Capital securities dividends[1]	**—**	—	**2**	9
Funds from operations/net income available for shareholders	**$ 211**	$ 283	**$ 107**	$ 821
Weighted average shares	**618.2**	613.2	**618.2**	613.2
Dilutive effect of the conversion of options using treasury stock method	**10.7**	12.4	**10.7**	12.4
Dilutive effect of the conversion of capital securities[1,2]	**—**	—	**3.9**	23.0
Shares and share equivalents	**628.9**	625.6	**632.8**	648.6

FOR THE SIX MONTHS ENDED JUN. 30 (MILLIONS)	Funds From Operations		Net Income	
	2012	2011	**2012**	2011
Funds from operations/net income	**$ 527**	$ 540	**$ 554**	$ 1,116
Preferred share dividends	**(62)**	(51)	**(62)**	(51)
	465	489	**492**	1,065
Capital securities dividends[1]	**—**	—	**15**	18
Funds from operations/net income available for shareholders	**$ 465**	$ 489	**$ 507**	$ 1,083
Weighted average shares	**618.8**	613.2	**618.8**	613.2
Dilutive effect of the conversion of options using treasury stock method	**10.7**	12.4	**10.7**	12.4
Dilutive effect of the conversion of capital securities[1,2]	**—**	—	**21.5**	23.0
Shares and share equivalents	**629.5**	625.6	**651.0**	648.6

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. The Series 10 shares were redeemed on April 5, 2012
2. The number of shares is based on 95% of the quoted market price at period-end

PART 3 — SUPPLEMENTAL INFORMATION AND ANALYSIS

Reconciliation of Total Return and Funds from Operations to Comprehensive Income – 2012

FOR THE THREE MONTHS ENDED JUN. 30, 2012 (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 other services	$ 108	$ —	$ —	$ —	$ —	$ 108
Revenues less direct operating costs						
Property	498	—	88	—	1	587
Renewable power	170	—	4	—	3	177
Infrastructure	210	—	52	—	13	275
Private equity	167	—	3	—	10	180
Equity accounted income	258	—	(258)	—	—	—
	1,411	—	(111)	—	27	1,327
Investment and other income	76	—	—	—	(1)	75
	1,487	—	(111)	—	26	1,402
Expenses						
Interest	613	—	—	—	—	613
Operating costs	119	—	—	—	—	119
Current income taxes	42	—	—	—	—	42
Non-controlling interests	—	369	—	—	15	384
Net income prior to other items/FFO	713	(369)	(111)	—	11	244
Other Items/Valuation gains						
Fair value changes	(106)	—	111	(104)	40	(59)
Depreciation and amortization	(287)	—	—	—	—	(287)
Deferred income tax	59	—	—	—	(59)	—
Non-controlling interests	—	128	—	14	26	168
Net income	379					
Other comprehensive income						
Fair value changes	(104)	—	—	104	—	—
Foreign currency	(825)	—	—	—	825	—
Deferred taxes	22	—	—	—	(22)	—
Non-controlling interests	—	415	—	(14)	(401)	—
Other comprehensive income	(907)					
Comprehensive income	(528)					
Items not included in IFRS						
Incremental values	n/a	—	—	—	250	250
Assets management franchise value	n/a	—	—	—	—	—
Less: amounts recorded in FFO	n/a	—	—	—	(11)	(11)
Total valuation gains	n/a	543	111	—	648	61
Preferred share dividends	—	—	—	—	(33)	(33)
Comprehensive income/Total return	$ (528)	$ 174	$ —	$ —	$ 626	$ 272

1. Allocates non-controlling interests between funds from operations and valuation gains
2. Allocates 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

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

FOR THE THREE MONTHS ENDED JUN. 30, 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 other services	$ 95	$ —	$ 4	$ —	$ —	$ 99
Revenues less direct operating costs						
Property	421	—	111	—	1	533
Renewable power	227	—	7	—	—	234
Infrastructure	191	—	47	—	9	247
Private equity	131	—	3	—	60	194
Equity accounted income	1,017	—	(1,017)	—	—	—
	2,082	—	(845)	—	70	1,307
Investment and other income	71	—	1	—	(8)	64
	2,153	—	(844)	—	62	1,371
Expenses						
Interest	564	—	—	—	(5)	559
Operating costs	116	—	—	—	—	116
Current income taxes	21	—	—	—	—	21
Non-controlling interests	—	360	—	—	6	366
Net income prior to other items/FFO	1,452	(360)	(844)	—	61	309
Other Items/Valuation gains						
Fair value changes	310	—	844	55	65	1,274
Depreciation and amortization	(231)	—	—	—	—	(231)
Deferred income tax	(103)	—	—	—	103	—
Non-controlling interests	—	(230)	—	(3)	(117)	(350)
Net income	1,428					
Other comprehensive income						
Fair value changes	55	—	—	(55)	—	—
Foreign currency	466	—	—	—	(466)	—
Deferred taxes	(18)	—	—	—	18	—
Non-controlling interests	—	(189)	—	3	186	—
Other comprehensive income	503					
Comprehensive income	1,931					
Items not included in IFRS						
Incremental values	n/a	—	—	—	(75)	(75)
Assets management franchise value	n/a	—	—	—	—	—
Less: amounts recorded in FFO	n/a	—	—	—	(61)	(61)
Total valuation gains	n/a	(419)	844	—	(347)	557
Preferred share dividends	—	—	—	—	(26)	(26)
Comprehensive income/Total return	$ 1,931	$ (779)	$ —	$ —	$ (312)	$ 840

1. Allocates non-controlling interests between funds from operations and valuation gains
2. Allocates 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

Total Return – 2011

FOR THE THREE MONTHS ENDED JUN. 30, 2011 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Asset Management[1]	Property[2]	Renewable Power	Infrastructure	Private Equity	Corporate	Total[3]
Total revenues	$ 851	$ 640	$ 335	$ 446	$ 1,634	$ 57	$ 3,963
Funds from operations							
Net operating income[4]	99	535	234	247	194	—	1,309
Investment and other income	—	13	—	8	16	25	62
	99	548	234	255	210	25	1,371
Interest expense	—	234	96	86	58	85	559
Operating costs	—	22	—	3	—	91	116
Current income taxes	—	2	11	(1)	9	—	21
Non-controlling interests	—	171	57	111	27	—	366
Total funds from operations	99	119	70	56	116	(151)	309
Valuation gains							
Included in IFRS statements[5]							
Fair value changes[6]	–	1,185	18	8	53	10	1,274
Depreciation and amortization	(5)	(16)	(114)	(43)	(53)	—	(231)
Non-controlling interests	—	(345)	48	24	(43)	(34)	(350)
Not included in IFRS statements							
Incremental values	50	(325)	175	50	(25)	—	(75)
Asset management franchise value	—	—	—	—	—	—	—
Other gains	—	—	—	—	(61)	—	(61)
Total valuation gains	45	499	127	39	(129)	(24)	557
Preferred share dividends	—	—	—	—	—	(26)	(26)
Total Return	$ 144	$ 618	$ 197	$ 95	$ (13)	$ (201)	$ 840
– Per share							$ 1.34

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 31
3. Reconciled to IFRS financial statements on page 27 and 28
4. Includes funds from operations from equity accounted investments
5. Includes items in consolidated statements of operations, comprehensive income and changes in equity
6. Net of disposition gains reclassified to FFO

Summarized Financial Position – 2012

AS AT JUN. 30, 2012 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Property	Renewable Power	Infrastructure	Private Equity	Asset Management Services and Corporate	**Total 2012**
Assets under management	$ 87,550	$ 17,899	$ 20,387	$ 25,930	$ 6,514	$ 158,280
Operating assets	41,173	15,997	13,186	9,256	2,057	**81,669**
Accounts receivable and other[1]	2,713	1,024	2,006	4,272	3,764	**13,779**
Consolidated assets	**43,886**	**17,021**	**15,192**	**13,528**	**5,821**	**95,448**
Corporate borrowings	—	—	—	—	4,354	**4,354**
Property-specific borrowings	17,887	4,347	5,257	3,363	478	**31,332**
Subsidiary borrowings	954	1,525	494	1,519	1,057	**5,549**
Capital securities	848	—	—	—	415	**1,263**
Accounts payable and other[1]	1,928	959	2,436	3,488	2,574	**11,385**
	22,269	10,190	7,005	5,158	(3,057)	**41,565**
Non-controlling interests	10,177	2,898	4,735	2,073	128	**20,011**
Preferred equity	—	—	—	—	2,443	**2,443**
	12,092	7,292	2,270	3,085	(5,628)	**19,111**
Incremental values	50	425	325	1,425	1,000	**3,225**
Net tangible asset value[1]	12,142	7,717	2,595	4,510	(4,628)	**22,336**
Asset management franchise value	—	—	—	—	4,250	**4,250**
Intrinsic value	**$ 12,142**	**$ 7,717**	**$ 2,595**	**$ 4,510**	**$ (378)**	**$ 26,586**
– Per share						**$ 41.81**

1. Excludes deferred income taxes

Summarized Financial Position – 2011

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

1. Excludes deferred income taxes

PROPERTY

Assets Under Management and Invested Capital

AS AT JUN. 30, 2012 AND DEC. 31, 2011
(MILLIONS)

	Office Properties		Retail Properties		Opportunity, Finance and Development		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Assets under management	**$ 35,043**	$ 32,848	**$ 38,517**	$ 33,160	**$ 13,990**	$ 16,571	**$ 87,550**	$ 82,579
Consolidated properties	**23,486**	21,927	**2,594**	2,601	**4,764**	2,707	**30,844**	27,235
Development properties	**—**	—	**—**	—	**949**	1,704	**949**	1,704
Unconsolidated properties	**3,343**	3,305	**5,043**	4,363	**349**	270	**8,735**	7,938
Loans and notes receivable	**—**	—	**—**	—	**645**	962	**645**	962
Accounts receivable and other	**930**	1,246	**363**	480	**1,420**	576	**2,713**	2,302
	27,759	26,478	**8,000**	7,444	**8,127**	6,219	**43,886**	40,141
Property-specific borrowings	**12,063**	11,398	**1,016**	1,371	**4,808**	2,927	**17,887**	15,696
Subsidiary borrowings	**693**	381	**—**	—	**261**	362	**954**	743
Capital securities	**848**	994	**—**	—	**—**	—	**848**	994
Accounts payable and other	**1,217**	1,452	**437**	197	**274**	178	**1,928**	1,827
	12,938	12,253	**6,547**	5,876	**2,784**	2,752	**22,269**	20,881
Non-controlling interests	**7,209**	6,785	**1,294**	1,251	**1,674**	1,761	**10,177**	9,797
	5,729	5,468	**5,253**	4,625	**1,110**	991	**12,092**	11,084
Incremental values	**—**	25	**—**	—	**50**	—	**50**	25
Net tangible asset value[1]	**$ 5,729**	$ 5,493	**$ 5,253**	$ 4,625	**$ 1,160**	$ 991	**$ 12,142**	$ 11,109

1. Excludes deferred income taxes

Total Return

FOR THE THREE MONTHS ENDED JUN. 30
(MILLIONS)

	Office Properties		Retail Properties		Opportunity, Finance and Development		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Net operating income								
Consolidated properties	**$ 383**	$ 267	**$ 37**	$ 39	**$ 65**	$ 29	**$ 485**	$ 335
Financial assets	**—**	—	**—**	—	**8**	23	**8**	23
Unconsolidated properties	**22**	61	**65**	52	**1**	—	**88**	113
Disposition gains	**—**	—	**3**	—	**3**	64	**6**	64
	405	328	**105**	91	**77**	116	**587**	535
Investment and other income	**11**	12	**2**	1	**37**	—	**50**	13
	416	340	**107**	92	**114**	116	**637**	548
Interest expense	**196**	163	**25**	46	**48**	25	**269**	234
Operating costs	**21**	22	**—**	–	**—**	—	**21**	22
Current income taxes	**—**	—	**2**	2	**—**	—	**2**	2
Non-controlling interests	**124**	111	**10**	(1)	**39**	61	**173**	171
Funds from operations	**75**	44	**70**	45	**27**	30	**172**	119
Valuation gains								
Included in IFRS statements								
Fair value changes	**13**	650	**222**	549	**12**	50	**247**	1,249
Depreciation and amortization	**(9)**	(16)	**—**	—	**(20)**	—	**(29)**	(16)
Other items	**—**	—	**(3)**	—	**(3)**	(64)	**(6)**	(64)
Non-controlling interests	**(32)**	(302)	**(24)**	(50)	**17**	7	**(39)**	(345)
Not included in IFRS statements								
Incremental values	**—**	25	**—**	(350)	**25**	—	**25**	(325)
Total valuation gains	**(28)**	357	**195**	149	**31**	(7)	**198**	499
Total return	**$ 47**	$ 401	**$ 265**	$ 194	**$ 58**	$ 23	**$ 370**	$ 618

RENEWABLE POWER

Assets Under Management and Invested Capital

AS AT JUN. 30, 2012 AND DEC. 31, 2011
(MILLIONS)

	United States		Canada		Brazil		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Assets under management	**$ 7,017**	$ 6,276	**$ 7,653**	$ 8,093	**$ 3,229**	$ 3,389	**$ 17,899**	$ 17,758
Hydroelectric generation	**5,206**	5,333	**5,548**	5,510	**2,501**	2,729	**13,255**	13,572
Wind energy	**985**	—	**1,313**	1,387	**—**	—	**2,298**	1,387
Co-generation	**—**	—	**77**	87	**—**	—	**77**	87
Facilities under development	**102**	289	**105**	70	**160**	162	**367**	521
Accounts receivable and other	**403**	280	**309**	422	**312**	345	**1,024**	1,047
	6,696	5,902	**7,352**	7,476	**2,973**	3,236	**17,021**	16,614
Property-specific borrowings	**2,416**	1,968	**1,572**	1,584	**359**	645	**4,347**	4,197
Subsidiary borrowings	**—**	—	**—**	—	**—**	—	**1,525**	1,323
Accounts payable and other	**337**	193	**480**	559	**142**	161	**959**	913
Non-controlling interests[1]	**1,119**	743	**1,096**	1,060	**929**	813	**2,656**	2,259
Preferred shares	**—**	—	**—**	—	**—**	—	**242**	245
	2,824	2,998	**4,204**	4,273	**1,543**	1,617	**7,292**	7,677
Incremental values	**—**	—	**—**	—	**—**	—	**425**	300
Net tangible asset value[2]	**$ 2,824**	$ 2,998	**$ 4,204**	$ 4,273	**$ 1,543**	$ 1,617	**$ 7,717**	$ 7,977

1. Total includes co-investor interest associated with subsidiary borrowings and preferred shares
2. Excludes deferred income taxes

Total Return

FOR THE THREE MONTHS ENDED JUN. 30
(MILLIONS)

	United States		Canada		Brazil		Total[1]	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Funds from operations								
Hydroelectric generation	**$ 54**	$ 102	**$ 32**	$ 55	**$ 55**	$ 58	**$ 141**	$ 215
Wind energy	**7**	—	**25**	12	**—**	—	**32**	12
Co-generation	**—**	2	**4**	5	**—**	—	**4**	7
Investment income	**—**	—	**2**	—	**3**	—	**5**	—
	61	104	**63**	72	**58**	58	**182**	234
Interest expense[2]	**46**	35	**27**	23	**12**	22	**103**	96
Other operating costs	**—**	—	**—**	—	**—**	—	**—**	—
Current income taxes	**—**	—	**—**	—	**—**	—	**7**	11
Non-controlling interests[1]	**8**	21	**21**	34	**22**	2	**46**	57
Funds from operations	**7**	48	**15**	15	**24**	34	**26**	70
Valuation gains								
Included in IFRS statements								
Fair value changes	**(97)**	27	**17**	(9)	**—**	—	**(80)**	18
Depreciation and amortization	**(41)**	(33)	**(44)**	(42)	**(37)**	(39)	**(122)**	(114)
Non-controlling interests	**23**	3	**(22)**	32	**12**	13	**13**	48
Not included in IFRS statements								
Incremental values	**—**	—	**—**	—	**—**	—	**125**	175
Total valuation gains	**(115)**	(3)	**(49)**	(19)	**(25)**	(26)	**(64)**	127
Total return	**$ (108)**	$ 45	**$ (34)**	$ (4)	**$ (1)**	$ 8	**$ (38)**	$ 197

1. Includes unallocated operating and tax expenses as well as associated non-controlling interests in addition to the regional amounts
2. Total includes $18 million of interest on unallocated subsidiary debt (2011 – $16 million)

INFRASTRUCTURE

Assets Under Management and Invested Capital

AS AT JUN. 30, 2012 AND DEC. 31, 2011
(MILLIONS)

	Utilities		Transport and Energy		Timber		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Assets under management	**$10,684**	$ 10,162	**$ 4,769**	$ 4,140	**$ 4,934**	$ 4,956	**$20,387**	$ 19,258
Operating assets	**4,214**	3,549	**3,030**	2,666	**3,865**	3,896	**11,109**	10,111
Unconsolidated operations	**899**	931	**1,074**	696	**69**	69	**2,077**	1,696
Accounts receivable and other	**522**	460	**628**	559	**719**	706	**2,006**	1,725
	5,635	4,940	**4,732**	3,921	**4,653**	4,671	**15,192**	13,532
Property-specific borrowings	**2,557**	2,336	**1,200**	962	**1,500**	1,504	**5,257**	4,802
Subsidiary borrowings	**—**	—	**—**	—	**—**	–	**494**	114
Accounts payable and other	**955**	623	**697**	591	**742**	733	**2,436**	1,947
Non-controlling interests	**1,422**	1,162	**2,104**	1,706	**1,441**	1,451	**4,735**	4,319
	701	819	**731**	662	**970**	983	**2,270**	2,350
Incremental values	**—**	—	**—**	—	**—**	—	**325**	250
Net tangible asset value[1]	**$ 701**	$ 819	**$ 731**	$ 662	**$ 970**	$ 983	**$ 2,595**	$ 2,600

1. Excludes deferred income taxes

Total Return

FOR THE THREE MONTHS ENDED JUN. 30
(MILLIONS)

	Utilities		Transport and Energy		Timber		Total[1]	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Net operating income	**$ 119**	$ 86	**$ 61**	$ 47	**$ 43**	$ 67	**$ 223**	$ 200
Unconsolidated operations	**33**	31	**15**	15	**1**	1	**52**	47
Investment and other income	**4**	2	**1**	1	**—**	—	**8**	8
	156	119	**77**	63	**44**	68	**283**	255
Interest expense	**44**	37	**19**	20	**21**	21	**93**	86
Other operating costs	**—**	—	**—**	—	**—**	—	**2**	3
Current income taxes	**5**	—	**—**	—	**1**	—	**8**	(1)
Non-controlling interests[2]	**77**	54	**43**	31	**12**	28	**127**	111
Funds from operations	**30**	28	**15**	12	**10**	19	**53**	56
Valuation gains								
Included in IFRS statements								
Fair value changes	**(65)**	(2)	**(48)**	17	**(7)**	(7)	**(143)**	8
Depreciation and amortization	**(26)**	(26)	**(27)**	(15)	**(9)**	(2)	**(62)**	(43)
Non-controlling interests	**76**	19	**50**	(3)	**12**	8	**156**	24
Not included in IFRS statements								
Incremental values	**11**	50	**14**	—	**—**	—	**25**	50
Total valuation gains	**(4)**	41	**(11)**	(1)	**(4)**	(1)	**(24)**	39
Total Return	**$ 26**	$ 69	**$ 4**	$ 11	**$ 6**	$ 18	**$ 29**	$ 95

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

PRIVATE EQUITY

Assets Under Management and Net Invested Capital

AS AT JUN. 30, 2012 AND DEC. 31, 2011
(MILLIONS)

	Special Situations		Residential Development		Agricultural Development		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Assets under management	**$17,343**	$ 17,004	**$ 8,042**	$ 7,869	**$ 545**	$ 470	**$25,930**	$ 25,343
Operating assets	**2,911**	2,917	**5,857**	5,573	**488**	455	**9,256**	8,945
Accounts receivable and other	**2,188**	1,932	**2,031**	2,143	**53**	15	**4,272**	4,090
	5,099	4,849	**7,888**	7,716	**541**	470	**13,528**	13,035
Property-specific borrowings	**691**	716	**2,672**	2,458	**—**	—	**3,363**	3,174
Corporate capitalization	**1,319**	1,074	**197**	197	**3**	2	**1,519**	1,273
Accounts payable and other	**1,288**	1,263	**2,191**	2,061	**9**	9	**3,488**	3,333
	1,801	1,796	**2,828**	3,000	**529**	459	**5,158**	5,255
Non-controlling interests	**825**	799	**1,192**	1,295	**56**	31	**2,073**	2,125
	976	997	**1,636**	1,705	**473**	428	**3,085**	3,130
Incremental values	**550**	525	**875**	875	**—**	—	**1,425**	1,400
Net tangible asset value[1]	**$ 1,526**	$ 1,522	**$ 2,511**	$ 2,580	**$ 473**	$ 428	**$ 4,510**	$ 4,530

1. Excludes deferred income taxes

Total Return

FOR THE THREE MONTHS ENDED JUN. 30
(MILLIONS)

	Special Situations		Residential Development		Agricultural Development		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Net operating income	**$ 114**	$ 65	**$ 52**	$ 64	**$ 3**	$ 4	**$ 169**	$ 133
Disposition gains	**—**	61	**—**	—	**11**	—	**11**	61
Investment and other income	**5**	10	**—**	6	**—**	—	**5**	16
	119	136	**52**	70	**14**	4	**185**	210
Interest expense	**35**	24	**23**	34	**—**	—	**58**	58
Current income taxes	**2**	4	**20**	5	**—**	—	**22**	9
Non-controlling interests	**38**	11	**—**	16	**—**	—	**38**	27
Funds from operations	**44**	97	**9**	15	**14**	4	**67**	116
Valuation gains								
Included in IFRS statements								
Fair value changes	**(1)**	39	**(35)**	(5)	**49**	19	**13**	53
Depreciation and amortization	**(60)**	(51)	**(4)**	(2)	**—**	—	**(64)**	(53)
Non-controlling interests	**27**	(47)	**16**	4	**—**	—	**43**	(43)
Not included in IFRS statements								
Incremental values	**—**	(25)	**—**	—	**—**	—	**—**	(25)
Other gains	**—**	(61)	**—**	—	**(11)**	—	**(11)**	(61)
Total valuation gains	**(34)**	(145)	**(23)**	(3)	**38**	19	**(19)**	(129)
Total Return	**$ 10**	$ (48)	**$ (14)**	$ 12	**$ 52**	$ 23	**$ 48**	$ (13)

PRIVATE EQUITY — ADDITIONAL INFORMATION

Special Situations Portfolio

AS AT FOR THE THREE MONTHS ENDED (MILLIONS)	Net Invested Capital Jun. 30 2012	Net Invested Capital Dec. 31 2011	Funds from Operations Jun. 30 2012	Funds from Operations Jun. 30 2011
Industrial and wood products	**$ 615**	$ 585	**$ 30**	$ 21
Energy and related services	**150**	150	**8**	7
Business services	**143**	207	**2**	9
Bridge lending	**66**	53	**4**	(1)
Other	**2**	2	**—**	—
	976	997	**44**	36
Asset monetizations	**—**	—	**—**	61
Incremental values	**550**	525	**—**	—
	$ 1,526	$ 1,522	**$ 44**	$ 97

Residential Development

Financial Profile

AS AT JUN. 30, 2012 AND DEC. 31, 2011 (MILLIONS)	Brazil/Australia/UK 2012	Brazil/Australia/UK 2011	North America 2012	North America 2011	Total 2012	Total 2011
Inventory	**$ 1,337**	$ 2,148	**$ 1,579**	$ 1,437	**$ 2,916**	$ 3,585
Development land	**2,128**	1,144	**813**	844	**2,941**	1,988
Accounts receivable and other	**1,958**	2,049	**73**	94	**2,031**	2,143
	5,423	5,341	**2,465**	2,375	**7,888**	7,716
Debt	**2,207**	2,056	**662**	599	**2,869**	2,655
Accounts payable and other	**1,907**	1,788	**284**	273	**2,191**	2,061
Co-investor interests	**665**	785	**527**	510	**1,192**	1,295
	$ 644	$ 712	**$ 992**	$ 993	**1,636**	1,705
Incremental values					**875**	875
Net tangible asset value[1]					**$ 2,511**	$ 2,580

1. Excludes deferred income taxes

Operating Results

FOR THE THREE MONTHS ENDED JUN. 30 (MILLIONS)	Brazil/Australia/UK 2012	Brazil/Australia/UK 2011	North America 2012	North America 2011	Total 2012	Total 2011
Revenues	**$ 266**	$ 499	**$ 240**	$ 188	**$ 506**	$ 687
Direct expenses	**255**	451	**199**	166	**454**	617
Net operating income	**11**	48	**41**	22	**52**	70
Interest expense	**17**	30	**6**	4	**23**	34
Current income taxes	**5**	3	**15**	2	**20**	5
Non-controlling interests	**(6)**	13	**6**	3	**—**	16
Funds from operations	**$ (5)**	$ 2	**$ 14**	$ 13	**$ 9**	$ 15

DEBT MATURITY PROFILE

Corporate Borrowings

AS AT JUN. 30, 2012 (MILLIONS)	Average Term	Maturity 2012	2013	2014	2015 & After	Total
Commercial paper and bank borrowings	5	$ —	$ —	$ —	$ 1,619	$ 1,619
Term debt	8	75	75	521	2,064	2,735
	7	$ 75	$ 75	$ 521	$ 3,683	$ 4,354

Property-Specific Borrowings

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

AS AT JUN. 30, 2012 AND DEC. 31, 2011 (MILLIONS)	Average Term	Proportionate 2012	Proportionate 2011	Consolidated 2012	Consolidated 2011
Property					
Office	4	**$ 6,785**	$ 5,954	**$ 12,063**	$ 11,398
Retail	6	**4,367**	4,383	**1,016**	1,371
Opportunity, finance and development	3	**1,897**	1,436	**4,808**	2,927
Renewable power	10	**2,693**	3,016	**4,347**	4,197
Infrastructure	6	**2,228**	2,126	**5,257**	4,802
Private equity	3	**1,664**	1,622	**3,363**	3,174
Other	3	**478**	546	**478**	546
Total	5	**$ 20,112**	$ 19,083	**$ 31,332**	$ 28,415

Subsidiary Borrowings

AS AT JUN. 30, 2012 AND DEC. 31, 2011 (MILLIONS)	Average Term	Proportionate 2012	Proportionate 2011	Consolidated 2012	Consolidated 2011
Subsidiary borrowings					
Property	3	**$ 1,115**	$ 939	**$ 954**	$ 743
Renewable power	9	**1,037**	965	**1,525**	1,323
Infrastructure	3	**141**	32	**494**	114
Private equity	2	**833**	755	**1,519**	1,273
Contingent swap accruals[1]	3	**1,057**	988	**1,057**	988
Total	4	**$ 4,183**	$ 3,679	**$ 5,549**	$ 4,441

1. Guaranteed by the Corporation

NON-CONTROLLING INTERESTS IN NET ASSETS

AS AT AND FOR THE THREE MONTHS ENDED (MILLIONS)	Book Value		Funds From Operations		Valuation Gains	
	Jun. 30 2012	Dec. 31 2011	**Jun. 30 2012**	Jun. 30 2011	**Jun. 30 2012**	Jun. 30 2011
Participating equity interests						
Properties						
Brookfield Office Properties	**$ 6,044**	$ 5,784	**$ 83**	$ 78	**$ 32**	$ 302
Property funds and other	**2,910**	2,785	**66**	73	**7**	43
Renewable power						
Brookfield Renewable Energy Partners	**1,914**	1,726	**42**	53	**(13)**	(48)
Projects and funds	**742**	533	**—**	—	**—**	—
Infrastructure						
Utilities	**1,190**	1,162	**72**	51	**(94)**	(19)
Transport and energy	**2,104**	1,706	**43**	31	**(50)**	3
Timber	**1,206**	1,214	**12**	29	**(12)**	(8)
Private equity, development and corporate						
Brookfield Incorporações S.A.	**665**	784	**—**	13	**(16)**	(4)
Brookfield Residential Properties Inc.	**527**	510	**—**	3	**—**	—
Other	**888**	839	**38**	11	**(22)**	81
	18,190	17,043	**356**	342	**(168)**	350
Interest of others in funds[1]	**356**	333	**—**	—	**—**	—
	18,546	17,376	**356**	342	**(168)**	350
Non-participating interests						
Brookfield Office Properties	**815**	816	**16**	10	**—**	—
Brookfield Renewable Energy Partners	**242**	245	**4**	4	**—**	—
Brookfield Australia	**408**	412	**8**	10	**—**	—
	1,465	1,473	**28**	24	**—**	—
	$ 20,011	$ 18,849	**$ 384**	$ 366	**$ (168)**	$ 350

1. Participating interest in funds classified as liabilities for accounting purposes

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

This Supplemental Information contains "forward-looking information" within the meaning of Canadian provincial securities laws and "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the company, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as "expects," "anticipates," "plans," "believes," "estimates," "seeks," "intends," "targets," "projects," "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may," "will," "should," "would" and "could."

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, many of which are beyond our control, which may cause the actual results, performance or achievements of the company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: the impact or unanticipated impact of general economic, political and market factors in the countries in which we do business; the behavior of financial markets, including fluctuations in interest and foreign exchanges rate; global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; strategic actions including dispositions; the ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits; changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates); the effect of applying future accounting changes; business competition; operational and reputational risks; technological change; changes in government regulation and legislation within the countries in which we operate; changes in tax laws, catastrophic events, 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 documents filed with the securities regulators in Canada and the United States.

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