Brookfield

Supplemental Information Q3 2012

STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Supplemental Information ("Report") 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" 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 Supplemental Information 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 Report 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

Our consolidated financial statements are prepared in accordance with International Financial Reporting Standards("IFRS") and, accordingly, much of the financial information in this Report is based on, or derived from, measures prepared under IFRS.

This Supplemental Information also makes reference to Total Return, Funds From Operations ("funds from operations" or "FFO"), Net Invested Capital 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 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 valuation gains or losses.

Our intrinsic value has two main components:

- The **value of the capital invested in our funds and operations, that is attributable to Brookfield shareholders**. This measure is derived from the appraised value of our net 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 Invested Capital and use this basis of presentation throughout the managements' discussion and analysis; 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 Invested Capital and Intrinsic Value in the balance of this document. We provide reconciliations between Common Equity to Net Invested Capital and to Intrinsic Value on page 8, funds from operations and net income attributable to Brookfield shareholders on page 23, as well as Total Return to Comprehensive Income attributable to Brookfield shareholders on pages 23, 28 and 29. In addition, the key terminology which we use are fully described on pages 78 to 80 of our December 31, 2011 Annual Report.

PART 1 — OVERVIEW

OPERATING RESULTS

The following table presents total return on a segmented basis for the three months ended September 30, 2012:

FOR THE THREE MONTHS ENDED SEP. 30 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Asset Management[1]	Property[2]	Renewable Power	Infrastructure	Private Equity	Corporate	**Total 2012**	Total 2011
Total revenues	$ 1,179	$ 1,120	$ 223	$ 483	$ 1,668	$ 28	**$ 4,701**	$ 4,423
Funds from operations								
Net operating income[3]	146	592	100	278	225	—	**1,341**	1,186
Investment and other income	—	106	5	12	15	1	**139**	46
	146	698	105	290	240	1	**1,480**	1,232
Interest expense	—	257	99	92	66	89	**603**	615
Operating costs	—	30	—	4	—	94	**128**	115
Current income taxes	—	2	(1)	6	19	(1)	**25**	25
Non-controlling interests	—	215	6	137	84	—	**442**	236
Total funds from operations	146	194	1	51	71	(181)	**282**	241
Valuation gains								
Included in IFRS statements[4]								
Fair value changes	—	570	(55)	(26)	(16)	9	**482**	(150)
Depreciation and amortization	(8)	(76)	(119)	(60)	(61)	(3)	**(327)**	(224)
Non-controlling interests	—	(233)	47	67	26	(7)	**(100)**	(76)
Not included in IFRS statements								
Incremental values	85	—	90	20	75	—	**270**	450
Other gains	—	2	—	—	1	—	**3**	(5)
Total valuation gains	77	263	(37)	1	25	(1)	**328**	(5)
Preferred share dividends	—	—	—	—	—	(32)	**(32)**	(26)
Total Return	$ 223	$ 457	$ (36)	$ 52	$ 96	$ (214)	**$ 578**	$ 210
– Per share							**$ 0.92**	$ 0.34

1. Excludes $96 million unrealized performance fees which are included in incremental values
2. Disaggregation of property segment into office, retail and other is presented on page 32
3. Includes funds from operations from equity accounted investments of $154 million (2011 – $167 million)
4. Includes items in Consolidated Statements of Operations, Comprehensive Income and Changes in Equity

The following table reconciles total return for the three months ended September 30, 2012 and 2011 to our IFRS financial statements:

FOR THE THREE MONTHS ENDED SEP. 30 (MILLIONS)	Total		Net[1]	
	2012	2011	**2012**	2011
Net Income	**$ 872**	$ 716	**$ 334**	$ 253
Other Comprehensive Income (loss)	**216**	(2,403)	**59**	(1,382)
Comprehensive Income (loss)	**1,088**	(1,687)	**393**	(1,129)
Remove:				
Foreign currency translation (gains) losses[2]	**(317)**	1,828	**(132)**	956
Deferred income tax[3]	**105**	(44)	**74**	(77)
	876	97	**335**	(250)
Associated non-controlling interest	**(541)**	(347)	**—**	—
	335	(250)	**335**	(250)
Fair value changes not included in Comprehensive Income[4]	**275**	486	**275**	486
	610	236	**610**	236
Less: preferred share dividends	**(32)**	(26)	**(32)**	(26)
Total return to Brookfield shareholders	**$ 578**	$ 210	**$ 578**	$ 210

1. Excludes amounts attributable to non-controlling interests
2. Included in Other Comprehensive Income
3. Included in both Net Income and Other Comprehensive Income
4. Includes incremental values (non-IFRS items) and items charged directly to equity in IFRS financial statements

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 SEP. 30 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Funds from Operations		Valuation Gains		Total Return	
	2012	2011	**2012**	2011	**2012**	2011
Asset management activities	**$ 146**	$ 124	**$ 77**	$ (162)	**$ 223**	$ (38)
Invested capital						
Real asset limited partner and other interests						
Property	**194**	154	**263**	343	**457**	497
Renewable power	**1**	67	**(37)**	(51)	**(36)**	16
Infrastructure	**51**	42	**1**	144	**52**	186
	246	263	**227**	436	**473**	699
Private equity and investments						
Private equity	**71**	25	**25**	(54)	**96**	(29)
Investment and other income	**1**	9	**(1)**	(225)	**—**	(216)
	72	34	**24**	(279)	**96**	(245)
Unallocated interest and operating costs[1]						
Interest	**(89)**	(86)	**—**	—	**(89)**	(86)
Operating costs and taxes	**(93)**	(94)	**—**	—	**(93)**	(94)
	(182)	(180)	**—**	—	**(182)**	(180)
Preferred share dividends	**n/a**	n/a	**n/a**	n/a	**(32)**	(26)
Total	**$ 282**	$ 241	**$ 328**	$ (5)	**$ 578**	$ 210
Per share[2]	**$ 0.40**	$ 0.35	**$ 0.52**	$ (0.01)	**$ 0.92**	$ 0.34

1. Not allocated to specific activities
2. FFO and total return per share results are net of preferred share dividends

FOR THE NINE MONTHS ENDED SEP. 30 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Funds from Operations		Valuation Gains		Total Return	
	2012	2011	**2012**	2011	**2012**	2011
Asset management services	**$ 335**	$ 299	**$ 176**	$ (122)	**$ 511**	$ 177
Real asset limited partner and other interests						
Property	**529**	388	**842**	1,115	**1,371**	1,503
Renewable power	**89**	193	**(42)**	123	**47**	316
Infrastructure	**154**	148	**(8)**	164	**146**	312
	772	729	**792**	1,402	**1,564**	2,131
Private equity and investments						
Private equity	**156**	177	**(15)**	(163)	**141**	14
Investment and other income	**102**	101	**(107)**	(344)	**(5)**	(243)
	258	278	**(122)**	(507)	**136**	(229)
Interest and operating costs[1]						
Interest	**(268)**	(256)	**—**	—	**(268)**	(256)
Operating costs and taxes	**(288)**	(269)	**—**	—	**(288)**	(269)
	(556)	(525)	**—**	—	**(556)**	(525)
Preferred share dividends	**n/a**	n/a	**n/a**	n/a	**(94)**	(77)
Total	**$ 809**	$ 781	**$ 846**	$ 773	**$ 1,561**	$ 1,477
Per share[2]	**$ 1.13**	$ 1.13	**$ 1.35**	$ 1.24	**$ 2.48**	$ 2.37

1. Not allocated to specific activities
2. FFO and total return per share results are net of preferred share dividends

Funds From Operations

We generated increased FFO compared to the prior year throughout most of our businesses, with the exception of our renewable power operations which were negatively impacted by particularly low water flows.

- Our asset management operations, including our construction and property services businesses, contributed $146 million of FFO, a $22 million increase or 18% over the same period in 2011.

  Base management fees increased by 29% to $63 million during the quarter, reflecting the continued growth of our fee bearing capital and increased fees on capital raised. We also earned $101 million of performance based income from our listed entities and private funds, although this is almost entirely deferred for financial statement purposes. Investment banking and transaction fees declined by $22 million as the prior period included a particularly large success fee of $20 million.

  Property services FFO increased by $24 million reflecting the contribution of operations which were acquired in 2011 and increased levels of housing activity in the United States.

- The contribution from our primary real asset businesses (property, renewable power and infrastructure) was $246 million for the third quarter, a decline of $17 million compared to 2011, due to lower renewable power FFO.

  Property operations increased their contribution by $40 million. Office properties FFO increased by $16 million, due primarily to an increased distribution from our UK property operations and a 2% increase in same property net operating income. Retail properties FFO increased by $9 million reflecting continued strength in U.S. operations. FFO from other property operations increased by $15 million due to investment gains and the contribution from recently acquired properties.

  The contribution from our renewable power operations declined by $66 million, mostly because hydroelectric generation was 30% below long-term averages. We experienced abnormally dry conditions in several of our North American regions whereas generation in the third quarter of 2011 was only slightly below average. We estimate that FFO would have been $56 million higher in 2012 had long-term average generation been achieved.

  Infrastructure FFO increased by $9 million. The positive impact of acquisitions and capital expansions on our utility, transport and energy businesses was partially offset by lower timber sales.

- Private equity, investment and other income, which tends to be more variable in nature, contributed $72 million for the third quarter compared to $34 million in the 2011 quarter. Private equity FFO increased by $46 million, largely due to the impact of improved pricing and volumes in our industrial and wood products operations. Investment and other income remained relatively constant; however the current quarter included a $34 million charge arising from the premium paid on the early redemption of June 2014 corporate bonds that we refinanced with 4.55% notes due in 2023. The prior period included $50 million of portfolio valuation losses which offset other investment income and gains.

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 report changes in values that are not otherwise reflected in our financial statements. Valuation gains contributed $328 million to Total Return during the 2012 quarter compared to a net valuation loss of $5 million in the third quarter of 2011.

The following table allocates valuation gains recorded in our IFRS statements, net of non-controlling interests, which totalled $58 million and changes in incremental values ($270 million positive) among the various categories and operating segments.

THREE MONTHS ENDED SEP. 30, 2012 (MILLIONS)	Asset Management	Property	Renewable Power	Infrastructure	Private Equity	Corporate	**Total**
Appraisal gains	$ —	$ 305	$ —	$ 2	$ 70	$ —	**$ 377**
Performance income	85	—	—	—	—	—	**85**
Depreciation	(8)	(8)	—	—	(31)	(2)	**(49)**
Power sales contracts	—	—	(34)	—	—	—	**(34)**
Interest rate contracts	—	(7)	(3)	(2)	—	(8)	**(20)**
Capital markets	—	(10)	—	1	(4)	10	**(3)**
Other items	—	(17)	—	—	(10)	(1)	**(28)**
	$ 77	$ 263	$ (37)	$ 1	$ 25	$ (1)	**$ 328**

- Appraisal gains totalled $377 million, with approximately $190 million relating to the impact of lower capitalization rates and higher cash flows within our commercial office and retail properties and $115 million of net gains in our opportunistic, finance and development assets. We also recorded $70 million of net gains primarily on our publicly listed industrial and wood product operations based on improved operating performance and prospects, as was reflected in increased stock market prices. The majority of our renewable power and infrastructure assets are revalued only at year-end.

- Accumulated performance based income attributable to our private funds that is not reflected in FFO increased by $96 million prior to $11 million associated costs, and is recorded in incremental values.

- Depreciation and negative fair value changes on long-term power sales agreements in our IFRS results included $97 million and $44 million, respectively, relating to assets that are revalued annually. We have recorded offsetting amounts in the incremental values relating to our renewable power and infrastructure assets to defer the impact of these items until the assets are revalued at year-end. The resultant amounts for depreciation ($49 million) and power sales contracts ($34 million) relate to other depreciable assets and short-term power contracts, respectively.

- The continued decline in interest rates reduced the value of existing contracts that lock in the component of benchmark interest rates for future financings, reducing valuation gains by approximately $20 million. The majority of these contracts relate to the U.S. 10-year bond which yielded 1.63% at period end, compared to 1.64% at the beginning of the period.

Change in Intrinsic Value

The following tables summarize and allocate the changes in the intrinsic value of our common equity during the third quarter and and nine months ended September 30, 2012:

THREE MONTHS ENDED SEP. 30, 2012 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Asset Management Services	Property	Renewable Power	Infrastructure	Private Equity	Corporate	**Total**	Per Share
Total return	$ 223	$ 457	$ (36)	$ 52	$ 96	$ (214)	**$ 578**	$ 0.92
Foreign currency revaluation	3	117	42	24	15	(26)	**175**	0.27
Common equity/issued net	—	—	—	—	—	12	**12**	—
Capital (returned) invested	(161)	(110)	(9)	111	9	74	**(86)**	(0.14)
Change in intrinsic value	65	464	(3)	187	120	(154)	**679**	1.05
Intrinsic value – beginning of period	2,426	12,142	7,717	2,595	4,510	(2,804)	**26,586**	41.81
Intrinsic value – end of period	$ 2,491	$ 12,606	$ 7,714	$ 2,782	$ 4,630	$ (2,958)	**$ 27,265**	$ 42.86

NINE MONTHS ENDED SEP. 30, 2012 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Asset Management Services	Property	Renewable Power	Infrastructure	Private Equity	Corporate	**Total**	Per Share
Total return	$ 511	$ 1,371	$ 47	$ 146	$ 141	$ (655)	**$ 1,561**	$ 2.48
Foreign currency revaluation	(16)	95	(26)	(21)	(128)	22	**(74)**	(0.21)
Common equity/repurchased net	—	—	—	—	—	(66)	**(66)**	0.01
Capital invested (returned)	(278)	31	(284)	57	87	133	**(254)**	(0.41)
Change in intrinsic value	217	1,497	(263)	182	100	(566)	**1,167**	1.87
Intrinsic value – beginning of period	2,274	11,109	7,977	2,600	4,530	(2,392)	**26,098**	40.99
Intrinsic value – end of period	$ 2,491	$ 12,606	$ 7,714	$ 2,782	$ 4,630	$ (2,958)	**$ 27,265**	$ 42.86

The intrinsic value of our common equity increased by $679 million during the quarter, bringing the year-to-date increase to $1,167 million. The largest contributor was total return at $578 million for the quarter and $1,561 million year-to-date which, in turn, originated primarily within our property operations. Changes in foreign currency rates increased the values of non-U.S. capital by $175 million in the third quarter; the year-to-date impact is a decline of $74 million. We monetized a portion of the capital invested in our power operations during the first nine months of 2012 and distributed $86 million of dividends on common equity during the quarter ($254 million year-to-date), which are reflected in "capital (returned) invested".

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

AS AT SEP. 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	**$ 17,212**	**$ 27.58**	$ 16,743	$ 26.77
Add back deferred income taxes[1]	**2,308**	**3.51**	2,255	3.42
Incremental values	**3,495**	**5.31**	2,850	4.33
Net invested capital	**23,015**	**36.40**	21,848	34.52
Asset management franchise value	**4,250**	**6.46**	4,250	6.47
Total intrinsic value	**$ 27,265**	**$ 42.86**	$ 26,098	$ 40.99

1. Net of non-controlling interests

Incremental values increased by $645 million ($270 million in the third quarter) to $3.5 billion. The deferral of accounting depreciation on our renewable power and infrastructure operations represented $325 million and $97 million, respectively, of the year-to-date and third quarter increases, and will be eliminated at year end when the assets are revalued. Changes in incremental values are discussed throughout the Supplemental Information. The value attributed to our asset management franchise was unchanged at $4.25 billion. We describe how we determine the value of our asset management franchise in our 2011 Annual Report.

FINANCIAL POSITION

The following table presents Assets Under Management ("AUM"), Consolidated Assets and Invested Capital at September 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 20. Summarized balance sheets by segment are presented on page 31.

AS AT SEP. 30, 2012 AND DEC. 31, 2011 (MILLIONS)	Assets Under Management[1]		Consolidated Assets[2]		Invested Capital	
	2012	2011	**2012**	2011	**2012**	2011
Operating platforms						
Property						
Office	**$ 36,708**	$ 32,848	**$ 28,710**	$ 26,478	**$ 5,715**	$ 5,493
Retail	**45,203**	41,778	**8,280**	7,444	**5,578**	4,625
Opportunity, finance and development	**14,592**	16,571	**8,753**	6,219	**1,313**	991
	96,503	91,197	**45,743**	40,141	**12,606**	11,109
Renewable power	**17,814**	17,758	**16,977**	16,614	**7,714**	7,977
Infrastructure	**21,350**	19,258	**15,906**	13,532	**2,782**	2,600
Private equity	**26,038**	25,343	**13,634**	13,035	**4,630**	4,530
Services activities	**3,026**	3,326	**3,011**	2,946	**2,491**	2,274
Cash and financial assets	**2,153**	1,975	**2,153**	1,975	**1,419**	1,461
Other assets[2]	**1,619**	1,481	**845**	669	**845**	669
Asset management franchise value	**n/a**	n/a	**n/a**	n/a	**4,250**	4,250
	$ 168,503	$ 160,338	**$ 98,269**	$ 88,912	**$ 36,737**	$ 34,870

1. Excludes incremental values of $3.5 billion (December 31, 2011 – $2.85 billion), asset management franchise value and deferred tax assets
2. Excludes $1,870 million (December 31, 2011 – $2,110 million) of deferred tax assets

AUM increased by $8.2 billion during the first nine months of 2012 to $168.5 billion at September 30, 2012. Property assets accounted for $5.3 billion of the increase, which included an additional $3.9 billion of office assets due to acquisitions, developments, and valuation increases; a $3.4 billion increase in the carrying value of retail assets; and a $2.0 billion decrease in opportunity, finance and development assets. We also added $2.1 billion of assets to our infrastructure operations through acquisition and capital expansion activities.

Consolidated assets, excluding deferred taxes, increased by $9.4 billion during the first nine months to $98.3 billion at quarter end. Property assets increased by $5.6 billion and infrastructure assets by $2.4 billion, in each case due to acquisitions, developments and improved valuations.

Invested capital increased by $1.9 billion to $36.7 billion. The increase occurred almost entirely within our property operations and reflects the total return achieved over the first nine months.

We have announced or completed acquisitions and capital expansions totalling $8.5 billion in the first ten months of 2012, including $7.5 billion of acquisitions and $1.0 billion of capital expansions. Net equity deployed was $5.5 billion, of which $2.2 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 $4.8 billion, $1.3 billion and $2.5 billion, respectively. The borrowings included $0.5 billion at the corporate level and the remaining $4.3 billion was non-recourse subsidiary and asset specific borrowings. The increase in invested, or deconsolidated, capital of $1.9 billion during the first nine months of 2012 reflects the $1.2 billion increase in intrinsic value discussed on page 8, the issuance of $0.6 billion of preferred equity and a $0.1 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 $223 million (2011 – loss of $38 million), which includes funds from operations of $146 million (2011 – $124 million) and valuation gains of $77 million (2011 – reductions of $162 million). Valuation gains in the current quarter reflect an increase in accumulated carried interests that have not yet been recorded in the net income.

FOR THE THREE MONTHS ENDED SEP. 30 (MILLIONS)	Net[1] 2012	Net[1] 2011	Total 2012	Total 2011
Base management fees[2]				
Listed issuers	**$ 23**	$ 13	**$ 39**	$ 20
Private funds and public securities	**40**	36	**51**	48
	63	49	**90**	68
Performance based income[2]				
Incentive distributions	**4**	2	**4**	2
Carried interest	**97**	(173)	**138**	(247)
Investment banking and transaction fees[2]	**12**	34	**12**	34
	176	(88)	**244**	(143)
Less: deferred recognition of performance income[2,3]	**(96)**	173	**(137)**	247
Asset management revenues[2]	**80**	85	**$ 107**	$ 104
Construction and property services, net of direct expenses	**66**	39		
Funds from operations	**146**	124		
Valuation gains	**77**	(162)		
Total return	**$ 223**	$ (38)		

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 derived from client capital, including deferred performance income, totalled $176 million during the quarter which reflects the continued growth of our fee bearing capital under management. Base management fees increased by 29% to $63 million compared to $49 million in the 2011 quarter. Annualized base management fees on client capital totalled $235 million ($355 million on a total basis), which represents an increase of $10 million over the last three months and $35 million from year end. The majority of the increase is attributable to the expansion of our flagship listed infrastructure and power partnerships and capital raised in our unlisted private equity and real estate funds.

We generated $97 million of carried interests during the quarter; however, $96 million of this is deferred for financial statement purposes until any clawback or redetermination period has expired. This brings the total amount of accumulated unrecognized performance returns on client capital to $643 million, prior to associated accrued expenses of $58 million. We include the accumulated deferred amount within incremental values, along with the associated costs.

We recorded $4 million of incentive distributions, which now represent $16 million on an annualized basis. These are earned from our listed infrastructure entity reflecting our participation in the increased distribution to unit holders.

We generated $12 million of investment banking and transaction fees in the quarter. The $34 million earned in the 2011 quarter included a $20 million success fee.

Construction and property services contributed funds from operations of $66 million after direct expenses compared to $39 million in 2011. Construction FFO was $33 million, representing a 10% increase over the $30 million recorded in the 2011 quarter. The construction margin for the quarter was 8.2%, in line with the margin in 2011. Our construction work in hand totals $5.0 billion at the end of the third quarter and represents approximately 1.6 years of scheduled activity. We expanded our operations to Canada during the year and 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 SEP. 30, 2012 AND DEC. 31, 2011 (MILLIONS)	2012	2011
Australasia	$ 3,295	$ 3,091
Middle East	728	533
United Kingdom	932	1,780
Canada	6	—
	$ 4,961	$ 5,404

Our property services businesses contribution increased from $9 million to $33 million in the current quarter. The increase is primarily attributable to the expansion of our U.S. based real estate services operations through an acquisition in late 2011. We merged our U.S. residential brokerage operations in October to form an industry leading joint venture and will continue to build our relocations services business which ranks as the second largest global provider of these services.

Capital under management increased by $0.4 billion to $50.8 billion from $50.4 billion at the beginning of the year. This reflects the continued expansion of our listed and unlisted funds and includes $2.6 billion of new commitments offset by the cessation of a joint venture in our public securities operations. The following table summarizes the capital managed for clients and co-investors:

	Sep. 30, 2012					
	Fee Bearing					
AS AT SEP. 30, 2012 AND DEC. 31, 2011 (MILLIONS)	Private Funds	Listed Issuers	Public Securities	Other Listed Entities	Total	Dec. 31, 2011
Property	$ 8,639	$ 2,299	$ 1,560	$ 5,956	$ 18,454	$ 19,683
Renewable power	587	3,129	—	—	3,716	2,456
Infrastructure	5,526	5,273	1,147	—	11,946	10,561
Private equity	1,927	—	12,041	2,731	16,699	17,693
September 30, 2012	**$ 16,679**	**$ 10,701**	**$ 14,748**	**$ 8,687**	**$ 50,815**	$ n/a
June 30, 2012	$ 17,577	$ 9,770	$ 14,365	$ 8,275	$ 49,987	$ n/a
December 31, 2011	$ 15,689	$ 7,385	$ 19,833	$ 7,486	$ n/a	$ 50,393

During the quarter we raised $0.4 billion of private fund commitments, successfully completed the fundraising for our third follow-on private equity fund, and began investing capital for our global real estate opportunity fund. The completion of the investment phase of a Canadian distress lending fund resulted in a decrease in our uninvested capital of $1.3 billion. We continue to place a high priority on investing our clients' capital wisely and returning it to them if satisfactory opportunities do not arise. The $16.7 billion of capital for private funds consists of invested capital of $11.1 billion and uninvested capital of $5.6 billion. This "dry powder" of $5.6 billion includes $2.9 billion for property investment strategies, $1.8 billion committed to infrastructure and timber strategies, and $0.9 billion for private equity and lending; and is available for an average term of three years. The funds have an average remaining term of nine years.

Listed issuer capital increased to $10.7 billion, representing a $0.9 billion increase in the quarter and $3.3 billion on a year-to-date basis. The increase is primarily due to value appreciation in the public floats of our two flagship listed entities: Brookfield Infrastructure Partners and Brookfield Renewable Energy Partners. We hope to complete the distribution of equity in our new property partnership, named Brookfield Property Partners, to shareholders later in the fourth quarter. In August 2012, Brookfield Infrastructure issued approximately $500 million ($355 million to clients) 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 $5 billion of additional third party capital for a number of 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.

The following table presents a summary of our financial results. More detailed analysis is presented on page 32.

FOR THE THREE MONTHS ENDED SEP. 30 (MILLIONS)	Net Invested Capital Sep. 30 2012	Net Invested Capital Dec. 31 2011	Funds from Operations 2012	Funds from Operations 2011	Valuation Gains 2012	Valuation Gains 2011	Total Return 2012	Total Return 2011
Office properties	**$ 5,715**	$ 5,493	**$ 97**	$ 81	**$ 38**	$ 83	**$ 135**	$ 164
Retail properties	**5,578**	4,625	**69**	60	**130**	274	**199**	334
Opportunity, finance, and development	**1,313**	991	**28**	13	**95**	(14)	**123**	(1)
	$ 12,606	$ 11,109	**$ 194**	$ 154	**$ 263**	$ 343	**$ 457**	$ 497

Virtually all of these operations will be held through Brookfield Property Partners upon its final launch.

Office Properties: Office properties contributed $97 million in FFO during the third quarter. FFO during the 2011 period was $81 million.

FOR THE THREE MONTHS ENDED SEP. 30 (MILLIONS)	Existing Properties[1] 2012	Existing Properties[1] 2011	U.S. Office Fund 2012	U.S. Office Fund 2011	Acquired, Developed and Sold 2012	Acquired, Developed and Sold 2011	Total 2012	Total 2011
Net operating income								
United States	**$ 99**	$ 97	**$ 78**	$ 54	**$ 27**	$ 7	**$ 204**	$ 158
Canada	**67**	64	**—**	—	**6**	1	**73**	65
Australasia	**84**	83	**—**	—	**10**	—	**94**	83
United Kingdom	**8**	8	**—**	—	**—**	—	**8**	8
	258	252	**78**	54	**43**	8	**379**	314
Currency variance	**—**	3	**—**	—	**—**	—	**—**	3
	258	255	**78**	54	**43**	8	**379**	317
Equity accounted investments[2]	**17**	15	**9**	17	**—**	13	**26**	45
Net operating income	**275**	270	**87**	71	**43**	21	**405**	362
Investment income	**4**	3	**—**	—	**7**	8	**11**	11
Canary Wharf dividend	**31**	16	**—**	—	**—**	—	**31**	16
Interest expense	**(153)**	(158)	**(38)**	(37)	**(19)**	(1)	**(210)**	(196)
Operating costs	**(20)**	(16)	**(5)**	(4)	**—**	—	**(25)**	(20)
Non-controlling interests	**(69)**	(64)	**(27)**	(18)	**(19)**	(10)	**(115)**	(92)
Funds from operations	**$ 68**	$ 51	**$ 17**	$ 12	**$ 12**	$ 18	**$ 97**	$ 81

1. Existing properties include properties that are owned and operated throughout both the current quarter and prior quarter and exclude properties classified as redevelopment, when applicable
2. Represents pro rata interest in funds from operations recorded by equity accounted investees

FFO from existing properties increased by $17 million to $68 million. Net operating income from existing properties increased by $6 million or 2% over prior year, prior to changes in foreign exchange rates, reflecting continued growth in "same property" rents. We received a $31 million distribution on our investment in Canary Wharf, compared to $16 million in the 2011 quarter.

We reorganized and increased our ownership interest in our U.S. Office Fund during the third quarter of 2011 to 84%, with the result that these operations are fully consolidated in the 2012 quarter, having been equity accounted for a portion of the comparative quarter and consolidated for the remaining portion. This resulted in the consolidation of net operating income from properties and equity accounted income from certain joint venture interests held within the Fund. Our share of FFO from the Fund was $17 million for the quarter, an increase over the $12 million in 2011, primarily as a result of our increased ownership level and lower notional levels of debt within the Fund.

FFO from properties acquired, developed and sold during the past three months decreased by $6 million. The 2012 results reflect the acquisition of our partners' 50% share of 4 World Financial Center in New York, resulting in the consolidation of the property, and the contribution from Brookfield Place Perth upon reaching practical completion in the second quarter of 2012. The prior year results reflect the capitalization of associated interest costs.

We recorded $38 million of valuation gains during the quarter as net property valuation gains of $60 million more than offset the impact of the continued decline in interest rates on financial contracts to lock-in low rates for future financings. The valuation gains occurred primarily in the United States, reflecting increased cash flows from current leasing activity and market rents, and Canada, reflecting improved leasing conditions and a 10 basis point compression in terminal capitalization rates.

Assets under management and consolidated assets increased by $3.9 billion and $2.2 billion, respectively, reflecting the acquisition of four office and development projects in the United Kingdom for $0.5 billion and the reclassification of our Perth development project from development into office properties in the second quarter of 2012 upon obtaining practical completion. Our invested capital increased by $222 million reflecting total return, acquisitions and currency revaluation.

We refinanced approximately $2.5 billion of property and corporate debt on a year-to-date basis, extending term by nearly three years and lowering the average interest coupon on this capital by 1.06%. In-place financings within the office business have an average interest rate and term of 5.22% and 4.0 years respectively, compared to 5.72% and 4.5 years, respectively, at December 31, 2011. Only $87 million of borrowings mature during the balance of 2012.

Leasing performance continues to be very strong with 5.6 million square feet of new leases signed to date in 2012, including 1.8 million square feet in the third quarter. The new leases include 3 million square feet of renewals and 2.6 million square feet of new leasing, which led to a reduction in our 2013-2017 rollover exposure of 210 basis points. The new lease rates were 33% higher than the expiring rents and increased our average in-place net rents to $30.31 per square foot from $29.18 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. Occupancy decreased since year end primarily as a result of the acquisition of properties with higher vacancy rates.

					Expiring Leases (000's sq. ft.)						
AS AT SEP. 30, 2012	% Leased	Average Term	Net Rental Area	Currently Available	Remaining 2012	2013	2014	2015	2016	2017	2018 & Beyond
North America											
United States	89.4%	7.3	44,973	4,768	361	5,371	3,433	2,873	2,218	2,479	23,470
Canada	97.1%	8.5	16,735	480	146	1,661	359	1,594	1,631	637	10,227
Australasia	97.7%	6.5	10,350	235	85	377	800	1,119	1,118	1,065	5,551
Europe	86.3%	10.4	905	124	6	4	1	6	93	88	583
Total/Average	92.3%	7.5	72,963	5,607	598	7,413	4,593	5,592	5,060	4,269	39,831
Percentage of total			100.0%	7.7%	0.8%	10.2%	6.3%	7.7%	6.9%	5.9%	54.5%
December 31, 2011	93.3%	7.3	100.0%	6.7%	5.3%	11.5%	6.6%	9.4%	6.9%	4.8%	48.8%

We completed the renovation of our flagship First Canadian Place office tower in Toronto, and closed over $700 million of commercial property financings, netting proceeds of approximately $300 million.

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.

Retail Properties: Retail properties generated a total return of $199 million for the quarter, consisting of $69 million of FFO and $130 million of valuations gains. Our share of the FFO produced by General Growth Properties ("GGP") on an IFRS basis was $58 million compared to $52 million in the 2011 quarter.

GGP's quarterly FFO on a U.S. GAAP basis increased by 8.8% to $231 million compared to 2011, with an increase in NOI for the regional mall portfolio of 4.0%. The increase reflected continued improvement in tenant sales, which increased by 8.2% to $541 per square foot on a trailing 12-month basis. Initial rents for leases commencing occupancy in 2012 increased by 10.4% compared to the rental rate for expiring leases on a suite-to-suite basis. The leased percentage for the regional mall portfolio was 95.5% at quarter end, up 130 basis points from September 30, 2011.

We recorded valuation gains of $87 million relating to GGP that reflect a decrease in discount rates and terminal capitalization rates for 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 $2.7 billion in property level debt financings during the third quarter of 2012. The new mortgages have a weighted average interest rate and term of 4.44% and 9.4 years, respectively, as compared to a weighted average rate of 6.11% and a remaining term to maturity of 1.2 years. The transactions generated $361 million of net proceeds.

GGP continues to actively manage its portfolio and, since year-end, acquired whole or partial interests in 3.9 million square feet for approximately $0.5 billion. GGP also disposed of 3.9 million square feet, generating $143 million of net proceeds after repayment of property level debt and closing costs.

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 $11 million during the quarter. We recorded valuation gains of $43 million in connection with these portfolios, primarily reflecting decreased discount rates on our Brazilian malls.

Assets under management increased to $45.2 billion from $41.8 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 nine months of 2012, by approximately $0.8 billion and $1.0 billion to $8.3 billion and $5.6 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 SEP. 30, 2012	% Leased	Average Term	Net Rental Area	Currently Available	Remaining 2012	2013	2014	2015	2016	2017	2018 & Beyond
United States[1]	94.2%	5.5	60,938	3,509	1,113	5,808	6,455	5,882	5,743	6,163	26,265
Australasia	98.2%	6.8	3,038	56	60	72	68	133	794	377	1,478
Brazil	94.9%	7.1	2,800	143	423	345	301	424	302	225	637
Total/Average	94.4%	5.6	66,776	3,708	1,596	6,225	6,824	6,439	6,839	6,765	28,380
Percentage of total			100.0%	5.6%	2.4%	9.3%	10.2%	9.6%	10.2%	10.1%	42.6%
December 31, 2011	93.5%	5.3	100.0%	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 $123 million. The overall increase in FFO to $28 million was contributed primarily by our finance funds which completed acquisitions during 2011 and the first quarter of 2012.

FOR THE THREE MONTHS ENDED SEP. 30 (MILLIONS)	Net Invested Capital Sep. 30 2012	Net Invested Capital Dec. 31 2011	Funds from Operations 2012	Funds from Operations 2011	Valuation Gains 2012	Valuation Gains 2011	Total Return 2012	Total Return 2011
Opportunity	$ **673**	$ 429	$ **12**	$ 12	$ **67**	$ (14)	$ **79**	$ (2)
Finance	**349**	371	**16**	1	**(21)**	—	**(5)**	1
Development	**291**	191	**—**	—	**49**	—	**49**	—
	$ **1,313**	$ 991	$ **28**	$ 13	$ **95**	$ (14)	$ **123**	$ (1)

Assets under management decreased by $2.0 billion to $14.6 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 $2.5 billion, reflecting acquisitions, while net invested capital increased from $1.0 billion to $1.3 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 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 foot office property in Toronto during the second quarter of 2012.

We committed to acquire an approximately $870 million industrial property business with assets in the southwestern U.S. and Mexico. We also increased our interest in a flagship development property, 100 Bishopsgate, in the City of London. 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 include our hydroelectric generation and wind energy businesses as well as facilities under development.

The following table presents a summary of our financial results. More detailed analysis is presented on page 33.

FOR THE THREE MONTHS ENDED SEP. 30 (MILLIONS)	Net Invested Capital Sep. 30 2012	Net Invested Capital Dec. 31 2011	Funds from Operations 2012	Funds from Operations 2011	Valuation Gains 2012	Valuation Gains 2011	Total Return 2012	Total Return 2011
Hydroelectric generation	$ 7,801	$ 8,156	$ 8	$ 71	$ (33)	$ (17)	$ (25)	$ 54
Wind energy	530	503	—	12	(4)	(34)	(4)	(22)
Facilities under development	445	521	—	—	—	—	—	—
Unallocated	(1,062)	(1,203)	(7)	(16)	—	—	(7)	(16)
	$ 7,714	$ 7,977	$ 1	$ 67	$ (37)	$ (51)	$ (36)	$ 16

Hydrology levels within our renewable power operations were 30% below long-term averages (2011 – 2% below), which resulted in a decline in FFO to $1 million for the quarter. The impact of lower generation on existing facilities reduced FFO by $50 million. This was partially offset by a $2 million contribution from new facilities. Lower realized prices and foreign currency fluctuations contributed $5 million and $7 million to the overall decline, respectively. The 2011 period included a $12 million gain on the partial monetization of a wind energy facility in 2011.

We estimate that net operating income would have been $189 million in the current quarter if generation was at long-term average during each period, resulting in proforma FFO of $57 million for the 2012 quarter.

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

FOR THE THREE MONTHS ENDED SEP. 30 (GIGAWATT HOURS AND $ MILLIONS)	Production (GWh) 2012	Production (GWh) 2011	Revenues 2012	Revenues 2011	Operating Costs 2012	Operating Costs 2011	Net Operating Income 2012	Net Operating Income 2011
United States	889	1,503	$ 48	$ 114	$ 35	$ 43	$ 13	$ 71
Canada	676	1,030	38	63	18	18	20	45
Brazil	868	842	83	88	34	27	49	61
Total	2,433	3,375	$ 169	$ 265	$ 87	$ 88	$ 82	$ 177
Per Megawatt hour (MWh)			$ 70	$ 78	$ 36	$ 26	$ 34	$ 52

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 10% to $70 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 newly acquired assets although the impact on revenues was offset by lower currency exchange rates.

Operating costs remained constant in aggregate due to the expansion of our operating base. These costs are largely fixed and accordingly increased on a per megawatt basis due to the decrease in generation. The increases were partially offset by lower currency exchange rates on Brazilian and Canadian operations.

Our wind facilities contributed $16 million of net operating income compared to $7 million in the prior year as a result of the contribution 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 co-investor interests, FFO from these facilities was $2 million, which primarily was attributable to our partners.

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 SEP. 30 (GIGAWATT HOURS)	**2012**	2011	**2012**	2011	**2012**	2011	**2012**
Hydroelectric generation							
United States	**889**	1,503	**1,378**	1,336	**(489)**	167	**(614)**
Canada	**676**	1,030	**1,232**	1,267	**(556)**	(237)	**(354)**
Brazil	**868**	842	**868**	842	**—**	—	**26**
Total hydroelectric operations	**2,433**	3,375	**3,478**	3,445	**(1,045)**	(70)	**(942)**
Wind energy	**301**	93	**474**	128	**(173)**	(35)	**208**
Co-generation	**208**	146	**97**	98	**111**	48	**62**
Total generation	**2,942**	3,614	**4,049**	3,671	**(1,107)**	(57)	**(672)**
% Variance					**(27)%**	(2)%	**(19)%**

The decrease in generation from existing facilities compared to the prior year was partially offset by the contribution from additional hydroelectric facilities in Brazil and wind facilities in Ontario, California and New Hampshire, which generated 223 gigawatt hours during the quarter.

Our power facilities are revalued in most circumstances on an annual basis, and therefore in-year valuation gains are typically limited to ancillary items such as financial contracts. We recorded $37 million of valuation losses during the quarter, of which $34 million relates to a decrease in the value of power contracts to sell energy and $3 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.

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. Net invested capital 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 83% of our expected generation under contract for the balance of 2012, and approximately 69% under long-term contracts with an average term of 13 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 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					
Hydroelectric	2,424	10,162	9,609	9,012	8,745
Wind	522	2,104	2,104	2,104	2,104
Gas and other	104	398	134	—	—
	3,050	12,664	11,847	11,116	10,849
Financial contracts	619	906	978	—	—
Total contracted	3,669	13,570	12,825	11,116	10,849
Uncontracted	741	4,655	5,226	6,849	7,116
Long-term average generation	4,410	18,225	18,051	17,965	17,965
Contracted generation – As at September 30, 2012					
% of total generation	83%	74%	71%	62%	60%
Price (per MWh)	$ 80	$ 88	$ 87	$ 93	$ 94

We expect to close on a portfolio of four hydroelectric generating stations located in Tennessee and North Carolina later in the fourth quarter, that are expected to provide 378 megawatts of installed capacity and annual generation of 1.4 million megawatt hours based on long-term averages. We acquired a 6 megawatt hydroelectric facility in Brazil. We continue to advance construction on three hydroelectric projects in Brazil and Canada with 93 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 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 increased by $9 million to $51 million in 2012, primarily from newly acquired assets and growth capital expenditures within our Utilities and Transport and Energy businesses.

The following table presents a summary of our financial results. More detailed analysis is presented on page 34.

FOR THE THREE MONTHS ENDED SEP. 30 (MILLIONS)	Net Invested Capital		Funds from Operations		Valuation Gains		Total Return	
	Sep. 30 2012	Dec. 31 2011	**2012**	2011	**2012**	2011	**2012**	2011
Utilities	**$ 881**	$ 854	**$ 30**	$ 29	**$ (17)**	$ (16)	**$ 13**	$ 13
Transport and Energy	**949**	767	**16**	11	**16**	85	**32**	96
Timber	**964**	983	**6**	7	**3**	75	**9**	82
Unallocated	**(12)**	(4)	**(1)**	(5)	**(1)**	—	**(2)**	(5)
	$ 2,782	$ 2,600	**$ 51**	$ 42	**$ 1**	$ 144	**$ 52**	$ 186

Assets under management and consolidated assets in our infrastructure segment increased by $2.1 billion and $2.4 billion, respectively, representing acquisitions and development activity, funded with $1.0 billion of equity from institutional clients and our listed infrastructure partnership, along with $1.4 billion of project financings. Our listed infrastructure partnership completed a $500 million issuance of units in August, to fund its share of ongoing investment activities. We invested our proportionate share of the offering, retaining our 29% ownership interest, and increasing our invested capital by $142 million.

FFO from our utilities business remained relatively unchanged, reflecting the stable growth profile and regulated nature of these operations. Net operating income increased by $26 million to $126 million, primarily from the contribution from growth capital expenditures and newly acquired assets; our share of the increase was $1 million after taking into effect our share of the interest expense from associated project financings and interests of clients and co-investors.

Our transport and energy operations contributed an additional $5 million of FFO compared to the prior period due to the impact of our Australian rail expansion and a favourable grain harvest. Approximately 50% of incremental volumes were on-line by the end of the quarter, contributing $50 million of additional net operating income on an annualized basis ($150 million annualized upon completion) for our rail expansion. As a result, net operating income increased by $19 million during the quarter, which was mostly offset by a $17 million increase in non-controlling interest as we own our rail operations with our institutional partners. Interest expense was relatively unchanged as a result of the benefit of lower coupons on refinanced debt offsetting the increased amount of borrowings.

Timber FFO declined by $1 million. We lowered our harvest levels during the quarter in response to reduced demand from export markets. As a result, net operating income decreased by $6 million. Interest expense was relatively unchanged. Our share of FFO was $6 million after deducting the portion attributable to our co-investors.

Our capital expansion pipeline includes $2.1 billion of projects in total which should enable us to deploy a further $400 million of equity capital through our funds.

In October, we acquired Enwave, a Toronto district heating and cooling company for $300 million, of which our listed infrastructure partnership funded 25% and the remaining capital was funded by our institutional partners.

We are currently exploring strategic alternatives to divest certain of our timber and non-core assets. We believe there should 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 complete these strategic initiatives and integrate recently acquired businesses into our operating platforms.

PRIVATE EQUITY ACTIVITIES

Private equity includes our special situations, residential and agricultural development operations. Assets under management and consolidated assets increased by $0.7 billion and $0.6 billion, respectively, while net invested capital increased by $0.1 billion to $4.6 billion.

The following table presents a summary of our financial results. More detailed analysis is presented on pages 35 and 36.

	Net Invested Capital		Funds from Operations		Valuation Gains		Total Return	
FOR THE THREE MONTHS ENDED SEP. 30 (MILLIONS)	**Sep. 30 2012**	Dec. 31 2011	**2012**	2011	**2012**	2011	**2012**	2011
Special situations	**$ 1,636**	$ 1,522	**$ 69**	$ 20	**$ 24**	$ (56)	**$ 93**	$ (36)
Residential development	**2,508**	2,580	**1**	4	**5**	(8)	**6**	(4)
Agricultural development	**486**	428	**1**	1	**(4)**	10	**(3)**	11
	$ 4,630	$ 4,530	**$ 71**	$ 25	**$ 25**	$ (54)	**$ 96**	$ (29)

FFO from our special situations operations increased to $69 million from $20 million in 2011. The contribution from our industrial and wood products operations increased by $41 million to $58 million, primarily driven by increased pricing and improved volumes. This reflects the continued strength in prices and increased levels of housing activity in the United States. We are continuing to pursue several monetization strategies which, if successful, should generate meaningful disposition gains.

FFO from our residential development operations was $1 million in the quarter, compared to a contribution of $4 million in 2011. Our North American residential operations FFO increased by $8 million to $11 million for the quarter; however this was offset by reduced FFO from our Brazilian and Australian operations.

Our Brazilian residential businesses completed R$615 million of launches, R$716 million of contracted sales, and delivered 14 projects for R$335 million in the quarter. Contracted sales continue to exceed launches, creating positive absorption; however deliveries were lower then the prior quarter, and annualized amounts, due largely to construction and permitting delays. We delivered R$690 million of projects in the prior year.

Net operating income within our North American operations increased by $8 million to $35 million on improved margins and bulk land sales. Overall gross margin was 28% compared to 30% last year. Net new home orders were 482 for the quarter compared to 408 last year and the backlog at the end of the quarter totalled 1,123 units with a sales value of $476 million, compared to 827 units with a sales value of $320 million at the beginning of the year.

The valuation gains during the quarter from our special situations portfolio primarily reflect increases in the values of our listed industrial and wood product operations as evidenced by improved operating results and quoted market prices, partially offset by the depreciation of operating assets.

We typically do not revalue the assets or investments in this segment 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 many of our investees 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 COSTS

Unallocated interest expense increased slightly to $89 million from $86 million in the 2011 quarter, reflecting higher average borrowing levels in respect of our larger asset base.

Operating costs remained constant compared to the prior quarter and include costs that have not been attributed to specific operating platforms, as well as costs attributable to asset management activities.

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

	Corporate		Proportionate		Consolidated	
AS AT SEP. 30, 2012 AND DEC. 31, 2011 (MILLIONS)	**2012**	2011	**2012**	2011	**2012**	2011
Corporate borrowings	**$ 4,219**	$ 3,701	**$ 4,219**	$ 3,701	**$ 4,219**	$ 3,701
Non-recourse borrowings						
Property-specific mortgages	**—**	—	**20,294**	19,083	**31,752**	28,415
Subsidiary borrowings[1]	**1,087**	988	**4,095**	3,679	**5,441**	4,441
	5,306	4,689	**28,608**	26,463	**41,412**	36,557
Accounts payable and other[2]	**1,037**	1,287	**6,793**	6,128	**10,480**	9,266
Capital securities	**429**	656	**865**	1,153	**1,301**	1,650
Equity						
Non-controlling interests	**—**	—	**—**	—	**22,856**	20,301
Preferred equity	**2,700**	2,140	**2,700**	2,140	**2,700**	2,140
Shareholders' equity[3]	**27,265**	26,098	**27,265**	26,098	**27,265**	26,098
Total equity	**29,965**	28,238	**29,965**	28,238	**52,821**	48,539
Total capitalization	**$ 36,737**	$ 34,870	**$ 66,231**	$ 61,982	**$ 106,014**	$ 96,012
Debt to capitalization – net invested capital[4]	**16%**	15%	**46%**	46%	**41%**	40%

1. Includes $1,087 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 $3,826 million (December 31, 2011 – $3,707 million) of deferred income tax liabilities
3. Pre-tax basis and includes incremental values and asset management franchise value
4. Excludes asset management franchise value of $4,250 million (2011 — $4,250 million)

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. Together with corporate borrowings, these amounts represent 16% of our corporate capitalization, excluding our asset management franchise value. The average term to maturity of our corporate debt is seven years. The intrinsic value of our equity capital totals $30.0 billion.

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 September 30, 2012 (December 31, 2011 – 46%) 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 on the same basis as our IFRS financial statements. The debt-to-capitalization ratio on this basis is 41% (December 31, 2011 – 40%). We note 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. Our debt maturity profile is presented on page 37.

Capital Activities

We completed $20.1 billion of capital raising initiatives in the first ten months of 2012, generating $6.3 billion of incremental capital. Debt financings totalled $15.4 billion, of which $12.5 billion was used to refinance maturing obligations. The $2.9 billion of incremental 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 37. Capital raising initiatives also include $1.1 billion of equity and asset sale proceeds, $1.1 billion of perpetual preferred shares and $2.1 billion of private fund commitments.

Financing initiatives at the corporate level included the issuance of C$425 million of ten and a half-year 4.55% notes. The proceeds were used in part to redeem $350 million of our 8.95% June 2014 bonds during October. Although this resulted in a "make whole" payment of $34 million being charged to investment and other income, the annual interest costs are $15 million lower and we extended the term by nine years. We also issued C$250 million of 4.20% rate-reset preferred shares and used a portion of the proceeds to redeem our C$100 million 5.50% Class A Preferred Shares, Series 11 also in October.

Liquidity

Core liquidity, which represents cash and financial assets and undrawn credit facilities at the Corporation and our principal operating subsidiaries, was approximately $4.4 billion at September 30, 2012. This includes $1.4 billion of financial assets and $1.0 billion of unutilized credit facilities at the corporate level and $2.0 billion of liquidity 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 $5.6 billion to finance qualifying acquisitions.

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

FOR THE THREE MONTHS ENDED SEP. 30 (MILLIONS)	Net Invested Capital Sep. 30 2012	Net Invested Capital Dec. 31 2011	Funds from Operations 2012	Funds from Operations 2011
Financial assets				
Government bonds	$ 229	$ 485		
Corporate bonds	302	193		
Other fixed income	60	66		
High-yield bonds	211	190		
Preferred shares	301	289		
Common shares	647	493		
Loans receivable/deposits	293	218		
Total financial assets	2,043	1,934	$ 24	$ 14
Cash and cash equivalents	110	41	—	—
Deposits, other liabilities and non-controlling interests	(734)	(514)	(23)	(5)
Net invested capital	$ 1,419	$ 1,461	$ 1	$ 9

Common shares increased due to valuation gains and additional investment. Government bonds were sold to fund the runoff of match-funded insurance liabilities and related short-term borrowings. FFO was $1 million in the quarter, and included $33 million of mark-to-market gains and the $34 million "make-whole" payment discussed above under "Capital Activities".

We renewed the majority of our corporate level, $2.2 billion committed revolving term credit facilities during the quarter. At September 30, 2012, approximately $988 million 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 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 $3.6 billion of anticipated future financings in the United States and Canada over the next four years at an average rate of 3.37%, reflecting a risk free swap rate of 2.56% and a forward premium of 0.79%.

As at September 30, our net invested capital of $23.0 billion was invested in the following currencies, prior to the impact of any financial contracts: United States – 47%; Australia – 18%; Brazil – 20%; Canada – 10%; 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 October 2015. Our financial statements include an accrual of $1,087 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 $233 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 October 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. More detailed reconciliations are included on pages 28 and 29.

	Comprehensive Income				Total Return[1]	
	Total		Net[2]		Net[2]	
FOR THE THREE MONTHS ENDED SEP. 30 (MILLIONS)	**2012**	2011	**2012**	2011	**2012**	2011
Funds from operations	**$ 723**	$ 465	**$ 282**	$ 241	**$ 282**	$ 241
Disposition gains not included in IFRS	**3**	(5)	**3**	(5)	**3**	(5)
Fair value changes and depreciation included in equity accounted income	**102**	226	**76**	250	**76**	250
Fair value changes	**493**	318	**209**	(60)	**209**	(60)
Depreciation and amortization	**(327)**	(224)	**(145)**	(168)	**(145)**	(168)
Deferred income taxes	**(122)**	(64)	**(91)**	(5)	**n/a**	n/a
Net income	**872**	716	**334**	253		
Other comprehensive income						
Fair value changes	**(118)**	(683)	**(90)**	(508)	**(90)**	(508)
Foreign currency translation	**317**	(1,828)	**132**	(956)	**n/a**	n/a
Deferred income taxes	**17**	108	**17**	82	**n/a**	n/a
Other comprehensive income	**216**	(2,403)	**59**	(1,382)		
Comprehensive income	**$ 1,088**	$ (1,687)	**$ 393**	$ (1,129)		
Items recorded directly in IFRS equity					**5**	36
Items not included in IFRS statements						
Changes in incremental values					**270**	450
Total valuation gains					**328**	(5)
Preferred share dividends					**(32)**	(26)
Total return					**$ 578**	$ 210

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

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 in 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 Comprehensive Income to Total Return

Comprehensive Income includes Net Income as well as Other Comprehensive Income ("OCI") which, in turn, 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. These items 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. We do, however, include them as a component of changes in Intrinsic Value;
- Deferred Income taxes: Deferred taxes in this section relate to the impact arising from the other items included in OCI. We do not include deferred income taxes in our calculation of Total Return or Intrinsic Value.

Fair Value Changes

Fair value changes recorded in our financial statements totalled $482 million in the third quarter of 2012, or $200 million after 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 SEP. 30 (MILLIONS)	2012 Property	Renewable Power	Infrastructure	Private Equity	Corporate	**Total**	Total 2011
Included in Net Income							
Equity accounted[1]	$ 108	$ (4)	$ (5)	$ 4	$ (1)	**$ 102**	$ 226
Fair value changes							
Operating assets	524	12	5	(17)	—	**524**	683
Other fair value changes	—	(4)	(16)	8	(19)	**(31)**	(365)
	524	8	(11)	(9)	(19)	**493**	318
Included in OCI							
Operating assets	—	—	6	(2)	—	**4**	8
Other items	(60)	(59)	(16)	(8)	21	**(122)**	(691)
	(60)	(59)	(10)	(10)	21	**(118)**	(683)
Recorded directly in equity	(2)	—	—	(1)	8	**5**	36
	570	(55)	(26)	(16)	9	**482**	(103)
Less: non-controlling interest	(284)	—	18	(2)	(14)	**(282)**	(179)
Net amount recorded in IFRS statements	$ 286	$ (55)	$ (8)	$ (18)	$ (5)	**$ 200**	$ (282)

1. Includes fair value changes and depreciation

Equity accounted items in our property segment consists primarily of $87 million of fair value gains related to increased retail mall values within General Growth Properties, compared to $265 million in the 2011 quarter.

Fair value changes recorded in respect of operating assets totalled $524 million, and primarily include a $253 million revaluation within our North American property assets and $155 million within our Brazilian retail malls and development projects. The $683 million of gains in the comparative prior year quarter include $286 million of gains in our North American office portfolio, $229 million of gains within our Brazilian retail malls, and a $171 million gain related to our Pacific Northwest timberlands.

Other fair value changes within net income include mark-to-market losses on interest rate swap contracts and power purchase agreements in both 2012 and 2011. The prior year also includes a $208 million loss on the revaluation of our renewable power fund unit liability, which was converted to equity on the formation of Brookfield Renewable Energy Partners in the fourth quarter of 2011, and is no longer revalued within net income.

Fair value changes within other comprehensive income ("OCI") include 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 to our operating assets. Other items 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 that qualify for hedge accounting (as opposed to those that are included in net income).

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

FOR THE THREE MONTHS ENDED SEP. 30 (MILLIONS)	Total **2012**	Total 2011	Net **2012**	Net 2011
Equity accounted income				
Fair value changes	**$ 128**	$ 257	**$ 90**	$ 263
Depreciation	**(26)**	(31)	**(14)**	(13)
	102	226	**76**	250
Included in FFO	**154**	167	**96**	100
	$ 256	$ 393	**$ 172**	$ 350

Income Taxes

The provision for deferred income taxes during the quarter was an expense of $122 million compared to $64 million in the 2011 quarter. Our net share, after deducting amounts attributable to non-controlling interests, was an expense of $91 million compared to $5 million in 2011. Income taxes increased reflecting a larger amount of fair value gains in jurisdictions that are subject to higher taxation rates.

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 third quarter of 2012, the value of our principal non-U.S. currencies (Australia, Brazil and Canada) increased against the U.S. dollar on a net basis, giving rise to a total increase of $317 million after the mitigating impact of hedges, or $132 million after non-controlling interests, representing a weighted average increase of 1.1%.

This differs from the increase of $175 million 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 $270 million increase in fair values of non-IFRS balances ("incremental values") in the third quarter bringing the total amount of such items to $3.5 billion. The increase includes $97 million in deferred depreciation on renewable power and infrastructure assets, which will be eliminated at year-end when the assets are revalued, a $75 million increase in the carrying value of private equity investments and $85 million of performance-based asset management income, net of associated expenses. The allocation of incremental values is discussed in the relevant business reviews.

Revenues

FOR THE PERIOD ENDED SEP. 30 (MILLIONS)	Three Months Ended		Nine Months Ended	
	2012	2011	**2012**	2011
Asset management and other services	**$ 1,179**	$ 959	**$ 3,074**	$ 2,432
Property	**1,120**	745	**2,919**	1,970
Renewable power	**223**	286	**893**	900
Infrastructure	**483**	424	**1,437**	1,270
Private equity and development	**1,668**	1,969	**4,720**	5,022
Cash, financial assets and other	**28**	40	**162**	205
Total consolidated revenues	**$ 4,701**	$ 4,423	**$ 13,205**	$ 11,799

Revenues increased compared to the prior year primarily as a result of increased construction revenues, within our asset management and other services operations, and property revenues, which reflect the impact of consolidating our U.S. Office Fund during the 2011 quarter and revenues generated from newly acquired assets. We realized lower revenues in our private equity operations as a result of decreased deliveries in our Brazilian operations, partially offset by an increased contribution from our industrial and wood products operations compared to the prior year.

SUPPLEMENTAL SHARE AND PER SHARE INFORMATION

Change in Issued and Outstanding Shares

FOR THE PERIOD ENDED SEP. 30 (MILLIONS)	Three Months Ended		Nine Months Ended	
	2012	2011	**2012**	2011
Outstanding at beginning of period	**618.6**	621.5	**619.3**	577.7
Issued (repurchased)				
Share issuances	**—**	—	**—**	45.1
Repurchases	**(0.3)**	(2.4)	**(2.6)**	(5.6)
Management share plan[1]	**0.5**	0.1	**1.9**	2.0
Dividend reinvestment plan	**—**	—	**0.2**	—
Outstanding at end of period	**618.8**	619.2	**618.8**	619.2
Unexercised options[2]	**38.9**	39.0	**38.9**	39.0
Total diluted shares at end of period	**657.7**	658.2	**657.7**	658.2

1. Includes management share option plan and restricted stock plan
2. Includes management share option plan and escrowed stock plan

In calculating our book value per share, the cash value of our unexercised options of $926 million (December 31, 2011 – $840 million) is added to the book value of our common equity of $17,212 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 SEP. 30 (MILLIONS)	Funds From Operations		Net Income	
	2012	2011	**2012**	2011
Funds from operations/Net income	**$ 282**	$ 241	**$ 334**	$ 253
Preferred share dividends	**(32)**	(26)	**(32)**	(26)
	250	215	**302**	227
Capital securities dividends[1]	**—**	—	**6**	10
Funds from operations/Net income available for shareholders	**$ 250**	$ 215	**$ 308**	$ 237
Weighted average shares	**618.7**	615.4	**618.7**	615.4
Dilutive effect of the conversion of options using treasury stock method[2]	**12.6**	10.0	**12.6**	10.0
Dilutive effect of the conversion of capital securities[1,3]	**—**	—	**13.9**	25.7
Shares and share equivalents	**631.3**	625.4	**645.2**	651.1

FOR THE NINE MONTHS ENDED SEP. 30 (MILLIONS)	Funds From Operations		Net Income	
	2012	2011	**2012**	2011
Funds from operations/Net income	**$ 809**	$ 781	**$ 888**	$ 1,369
Preferred share dividends	**(94)**	(77)	**(94)**	(77)
	715	704	**794**	1,292
Capital securities dividends[1]	**—**	—	**21**	28
Funds from operations/Net income available for shareholders	**$ 715**	$ 704	**$ 815**	$ 1,320
Weighted average shares	**618.8**	615.4	**618.8**	615.4
Dilutive effect of the conversion of options using treasury stock method[2]	**11.7**	10.0	**11.7**	10.0
Dilutive effect of the conversion of capital securities[1,3]	**—**	—	**19.8**	25.7
Shares and share equivalents	**630.5**	625.4	**650.3**	651.1

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 and Series 11 on October 1, 2012
2. Includes management share option plan and escrowed stock plan
3. 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 SEP. 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	$ 146	$ —	$ —	$ —	$ —	$ 146
Revenues less direct operating costs						
Property	499	—	95	—	(2)	592
Renewable power	94	—	3	—	3	100
Infrastructure	210	—	53	—	15	278
Private equity	230	—	(4)	—	(1)	225
Equity accounted income	256	—	(256)	—	—	—
	1,435	—	(109)	—	15	1,341
Investment and other income	145	—	7	—	(13)	139
	1,580	—	(102)	—	2	1,480
Expenses						
Interest	593	—	—	—	10	603
Operating costs	128	—	—	—	—	128
Current income taxes	31	—	—	—	(6)	25
Non-controlling interests	—	441	—	—	1	442
Net income prior to other items/FFO	828	(441)	(102)	—	(3)	282
Other Items/Valuation gains						
Fair value changes	493	—	102	(118)	5	482
Depreciation and amortization	(327)	—	—	—	—	(327)
Deferred income tax	(122)	—	—	—	122	—
Non-controlling interests	—	(97)	—	28	(31)	(100)
Net income	872	(538)				
Other comprehensive income						
Fair value changes	(118)	—	—	118	—	—
Foreign currency	317	—	—	—	(317)	—
Deferred taxes	17	—	—	—	(17)	—
Non-controlling interests	—	(157)	—	(28)	185	—
Other comprehensive income	216	(157)				
Comprehensive income	1,088	(695)				
Items not included in IFRS						
Incremental values	n/a	—	—	—	270	270
Asset management franchise value	n/a	—	—	—	—	—
Less: amounts recorded in FFO	n/a	—	—	—	3	3
Total valuation gains	n/a	—	102	—	220	328
Preferred share dividends	—	—	—	—	(32)	(32)
Comprehensive income/Total return	$ 1,088	$ (695)	$ —	$ —	$ 185	$ 578

1. Allocates non-controlling interests to 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 recorded separately in net income and other comprehensive income
4. Includes amounts recorded directly in equity under IFRS and removes 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 SEP. 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	$ 119	$ —	$ 5	$ —	$ —	$ 124
Revenues less direct operating costs						
Property	418	—	112	—	—	530
Renewable power	193	—	8	—	—	201
Infrastructure	177	—	50	—	9	236
Private equity	98	—	(1)	—	—	97
Equity accounted income	393	—	(393)	—	–	—
	1,398	—	(219)	—	9	1,188
Investment and other income	51	—	(7)	—	—	44
	1,449	—	(226)	—	9	1,232
Expenses						
Interest	622	—	—	—	(7)	615
Operating costs	115	—	—	—	—	115
Current income taxes	26	—	—	—	(1)	25
Non-controlling interests	—	224	—	—	12	236
Net income prior to other items/FFO	686	(224)	(226)	—	5	241
Other Items/Valuation gains						
Fair value changes	318	—	226	(683)	(11)	(150)
Depreciation and amortization	(224)	—	—	—	—	(224)
Deferred income tax	(64)	—	—	—	64	—
Non-controlling interests	—	(239)	—	175	(12)	(76)
Net income	716	(463)				
Other comprehensive income						
Fair value changes	(683)	—	—	683	—	—
Foreign currency	(1,828)	—	—	—	1,828	—
Deferred taxes	108	—	—	—	(108)	—
Non-controlling interests	—	1,021	—	(175)	(846)	—
Other comprehensive income	(2,403)	1,021				
Comprehensive income	(1,687)	558				
Items not included in IFRS						
Incremental values	n/a	—	—	—	450	450
Asset management franchise value	n/a	—	—	—	—	—
Less: amounts recorded in FFO	n/a	—	—	—	(5)	(5)
Total valuation gains	n/a	—	226	—	1,360	(5)
Preferred share dividends	—	—	—	—	(26)	(26)
Comprehensive income/Total return	$ (1,687)	$ 558	$ —	$ —	$ 1,339	$ 210

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

(MILLIONS, EXCEPT PER SHARE AMOUNTS)	Three Months Ended Sep. 30, 2011						
	Asset Management[1]	Property[2]	Renewable Power	Infrastructure	Private Equity	Corporate	Total
Total revenues	$ 959	$ 745	$ 286	$ 424	$ 1,969	$ 40	$ 4,423
Funds from operations							
Net operating income[3]	124	527	201	236	98	—	1,186
Investment and other income	—	28	—	—	9	9	46
	124	555	201	236	107	9	1,232
Interest expense	—	272	100	84	73	86	615
Operating costs	—	19	—	5	—	91	115
Current income taxes	—	4	4	(1)	15	3	25
Non-controlling interests	—	106	30	106	(6)	—	236
Total funds from operations	124	154	67	42	25	(171)	241
Valuation gains							
Included in IFRS statements[4]							
Fair value changes	—	520	(471)	33	(1)	(231)	(150)
Depreciation and amortization	(12)	(5)	(116)	(36)	(55)	—	(224)
Non-controlling interests	—	(167)	36	47	2	6	(76)
Not included in IFRS statements							
Incremental values	(150)	—	500	100	—	—	450
Asset management franchise value	—	—	—	—	—	—	—
Other gains	—	(5)	—	—	—	—	(5)
Total valuation gains	(162)	343	(51)	144	(54)	(225)	(5)
Preferred share dividends	—	—	—	—	—	(26)	(26)
Total Return	$ (38)	$ 497	$ 16	$ 186	$ (29)	$ (422)	$ 210
– Per share							$ 0.34

1. Excludes $(173) million of mark-to-market unrealized performance fees which are included in incremental values
2. Disaggregation of property segment into office, retail and other is presented on page 32
3. Includes funds from operations from equity accounted investments of $167 million
4. Includes items in consolidated statements of operations, comprehensive income and changes in equity

Summarized Financial Position – 2012

AS AT SEP. 30, 2012 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Property	Renewable Power	Infrastructure	Private Equity	Asset Management Services and Corporate	**Total**
Assets under management	**$ 96,503**	**$ 17,814**	**$ 21,350**	**$ 26,038**	**$ 6,798**	**$ 168,503**
Operating assets	43,037	16,072	13,537	9,576	2,133	**84,355**
Accounts receivable and other[1]	2,706	905	2,369	4,058	3,876	**13,914**
Consolidated assets	**45,743**	**16,977**	**15,906**	**13,634**	**6,009**	**98,269**
Corporate borrowings	—	—	—	—	4,219	**4,219**
Property-specific borrowings	18,174	4,197	5,432	3,458	491	**31,752**
Subsidiary borrowings	1,159	1,653	264	1,278	1,087	**5,441**
Capital securities	872	—	—	—	429	**1,301**
Accounts payable and other[1]	1,710	1,045	1,490	3,481	2,754	**10,480**
	23,828	10,082	8,720	5,417	(2,971)	**45,076**
Non-controlling interests	11,272	2,883	6,283	2,287	131	**22,856**
Preferred equity	—	—	—	—	2,700	**2,700**
	12,556	7,199	2,437	3,130	(5,802)	**19,520**
Incremental values	50	515	345	1,500	1,085	**3,495**
Net invested capital[1]	12,606	7,714	2,782	4,630	(4,717)	**23,015**
Asset management franchise value	—	—	—	—	4,250	**4,250**
Intrinsic value	**$ 12,606**	**$ 7,714**	**$ 2,782**	**$ 4,630**	**$ (467)**	**$ 27,265**
– Per share						**$ 42.86**

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 Services and Corporate	Total
Assets under management	**$ 91,197**	**$ 17,758**	**$ 19,258**	**$ 25,343**	**$ 6,782**	**$ 160,338**
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]	1,486	913	948	3,221	2,698	9,266
	21,222	10,181	7,668	5,367	(2,999)	41,439
Non-controlling interests	10,138	2,504	5,318	2,237	104	20,301
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 invested capital[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 SEP. 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	**$ 36,708**	$ 32,848	**$ 45,203**	$ 41,778	**$ 14,592**	$ 16,571	**$ 96,503**	$ 91,197
Consolidated properties	**24,351**	21,927	**2,710**	2,601	**5,008**	2,707	**32,069**	27,235
Development properties	**—**	—	**—**	—	**1,054**	1,704	**1,054**	1,704
Unconsolidated properties	**3,438**	3,305	**5,187**	4,363	**574**	270	**9,199**	7,938
Loans and notes receivable	**—**	—	**—**	—	**715**	962	**715**	962
Accounts receivable and other	**921**	1,246	**383**	480	**1,402**	576	**2,706**	2,302
	28,710	26,478	**8,280**	7,444	**8,753**	6,219	**45,743**	40,141
Property-specific borrowings	**12,300**	11,398	**1,016**	1,371	**4,858**	2,927	**18,174**	15,696
Subsidiary borrowings	**759**	381	**—**	—	**400**	362	**1,159**	743
Capital securities	**872**	994	**—**	—	**—**	—	**872**	994
Accounts payable and other	**1,338**	1,176	**111**	132	**261**	178	**1,710**	1,486
	13,441	12,529	**7,153**	5,941	**3,234**	2,752	**23,828**	21,222
Non-controlling interests	**7,726**	7,061	**1,575**	1,316	**1,971**	1,761	**11,272**	10,138
	5,715	5,468	**5,578**	4,625	**1,263**	991	**12,556**	11,084
Incremental values	**—**	25	**—**	—	**50**	—	**50**	25
Net invested capital[1]	**$ 5,715**	$ 5,493	**$ 5,578**	$ 4,625	**$ 1,313**	$ 991	**$ 12,606**	$ 11,109

1. Excludes deferred income taxes

Total Return

FOR THE THREE MONTHS ENDED SEP. 30
(MILLIONS)

	Office Properties		Retail Properties		Opportunity, Finance and Development		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Net operating income								
Consolidated properties	**$ 379**	$ 317	**$ 37**	$ 40	**$ 60**	$ 57	**$ 476**	$ 414
Financial assets	**—**	—	**—**	—	**21**	3	**21**	3
Unconsolidated properties	**26**	45	**65**	65	**4**	—	**95**	110
	405	362	**102**	105	**85**	60	**592**	527
Canary Wharf dividend	**31**	16	**—**	—	**—**	—	**31**	16
Investment and other income	**11**	11	**—**	1	**64**	—	**75**	12
	447	389	**102**	106	**149**	60	**698**	555
Interest expense	**210**	196	**22**	44	**25**	32	**257**	272
Operating costs	**25**	19	**—**	—	**5**	—	**30**	19
Current income taxes	**—**	1	**2**	3	**—**	—	**2**	4
Non-controlling interests	**115**	92	**9**	(1)	**91**	15	**215**	106
Funds from operations	**97**	81	**69**	60	**28**	13	**194**	154
Valuation gains								
Included in IFRS statements								
Fair value changes	**145**	101	**247**	447	**178**	(28)	**570**	520
Depreciation and amortization	**(8)**	(3)	**—**	(1)	**(68)**	(1)	**(76)**	(5)
Non-controlling interests	**(99)**	(10)	**(117)**	(172)	**(17)**	15	**(233)**	(167)
Not included in IFRS statements								
Incremental values	—	—	**—**	—	**—**	—	**—**	—
Other gains	—	(5)	**—**	—	**2**	—	**2**	(5)
Total valuation gains	**38**	83	**130**	274	**95**	(14)	**263**	343
Total return	**$ 135**	$ 164	**$ 199**	$ 334	**$ 123**	$ (1)	**$ 457**	$ 497

RENEWABLE POWER

Assets Under Management and Invested Capital

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

	United States		Canada		Brazil		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Assets under management	**$ 6,895**	$ 6,276	**$ 7,812**	$ 8,093	**$ 3,107**	$ 3,389	**$ 17,814**	$ 17,758
Hydroelectric generation	**5,182**	5,333	**5,655**	5,510	**2,485**	2,729	**13,322**	13,572
Wind energy	**850**	—	**1,381**	1,387	**—**	—	**2,231**	1,387
Co-generation	**—**	—	**74**	87	**—**	—	**74**	87
Facilities under development	**66**	289	**190**	70	**189**	162	**445**	521
Accounts receivable and other	**470**	280	**153**	422	**282**	345	**905**	1,047
	6,568	5,902	**7,453**	7,476	**2,956**	3,236	**16,977**	16,614
Property-specific borrowings	**2,220**	1,968	**1,621**	1,584	**356**	645	**4,197**	4,197
Subsidiary borrowings	**—**	—	**—**	—	**—**	—	**1,653**	1,323
Accounts payable and other	**394**	193	**508**	559	**143**	161	**1,045**	913
Non-controlling interests[1]	**968**	743	**1,267**	1,060	**927**	813	**2,633**	2,259
Preferred shares	**—**	—	**—**	—	**—**	—	**250**	245
	2,986	2,998	**4,057**	4,273	**1,530**	1,617	**7,199**	7,677
Incremental values	**—**	—	**—**	—	**—**	—	**515**	300
Net invested capital[2]	**$ 2,986**	$ 2,998	**$ 4,057**	$ 4,273	**$ 1,530**	$ 1,617	**$ 7,714**	$ 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 SEP. 30
(MILLIONS)

	United States		Canada		Brazil		Total[1]	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Funds from operations								
Hydroelectric generation	**$ 13**	$ 71	**$ 20**	$ 45	**$ 49**	$ 61	**$ 82**	$ 177
Wind energy	**4**	—	**12**	7	**—**	—	**16**	7
Disposition gain	**—**	12	**—**	—	**—**	—	**—**	12
Co-generation	**—**	—	**2**	5	**—**	—	**2**	5
Investment income	**—**	—	**1**	—	**4**	—	**5**	—
	17	83	**35**	57	**53**	61	**105**	201
Interest expense[2]	**42**	37	**28**	22	**8**	27	**99**	100
Current income taxes	**—**	—	**—**	—	**—**	—	**(1)**	4
Non-controlling interests[1]	**(7)**	8	**6**	17	**15**	2	**6**	30
Funds from operations	**(18)**	38	**1**	18	**30**	32	**1**	67
Valuation gains								
Included in IFRS statements								
Fair value changes	**(45)**	(35)	**(20)**	(435)	**10**	(1)	**(55)**	(471)
Depreciation and amortization	**(40)**	(32)	**(43)**	(47)	**(36)**	(37)	**(119)**	(116)
Non-controlling interests	**29**	3	**15**	33	**3**	—	**47**	36
Not included in IFRS statements								
Incremental values	**—**	—	**—**	—	**—**	—	**90**	500
Total valuation gains	**(56)**	(64)	**(48)**	(449)	**(23)**	(38)	**(37)**	(51)
Total return	**$ (74)**	$ (26)	**$ (47)**	$ (431)	**$ 7**	$ (6)	**$ (36)**	$ 16

1. Includes unallocated operating and tax expenses as well as associated non-controlling interests in addition to the regional amounts
2. Total includes $21 million of interest on unallocated subsidiary debt (2011 – $14 million)

INFRASTRUCTURE

Assets Under Management and Invested Capital

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

	Utilities		Transport and Energy		Timber		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Assets under management	**$11,387**	$ 10,162	**$ 5,033**	$ 4,140	**$ 4,930**	$ 4,956	**$21,350**	$ 19,258
Operating assets	**4,279**	3,549	**3,165**	2,666	**3,880**	3,896	**11,324**	10,111
Unconsolidated operations	**947**	931	**1,139**	696	**70**	69	**2,213**	1,696
Accounts receivable and other	**543**	331	**684**	559	**695**	706	**2,369**	1,725
	5,769	4,811	**4,988**	3,921	**4,645**	4,671	**15,906**	13,532
Property-specific borrowings	**2,583**	2,336	**1,345**	962	**1,504**	1,504	**5,432**	4,802
Subsidiary borrowings	**—**	—	**—**	—	**—**	–	**264**	114
Accounts payable and other	**554**	304	**575**	461	**79**	92	**1,490**	948
Non-controlling interests	**1,900**	1,462	**2,315**	1,836	**2,098**	2,092	**6,283**	5,318
	732	709	**753**	662	**964**	983	**2,437**	2,350
Incremental values	**149**	145	**196**	105	**—**	—	**345**	250
Net invested capital[1]	**$ 881**	$ 854	**$ 949**	$ 767	**$ 964**	$ 983	**$ 2,782**	$ 2,600

1. Excludes deferred income taxes

Total Return

FOR THE THREE MONTHS ENDED SEP. 30
(MILLIONS)

	Utilities		Transport and Energy		Timber		Total[1]	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Net operating income	**$ 126**	$ 100	**$ 68**	$ 49	**$ 31**	$ 37	**$ 225**	$ 186
Unconsolidated operations	**34**	33	**17**	15	**2**	2	**53**	50
Investment and other income	**3**	2	**—**	—	**—**	(2)	**12**	—
	163	135	**85**	64	**33**	37	**290**	236
Interest expense	**44**	36	**19**	20	**23**	22	**92**	84
Other operating costs	**—**	—	**—**	—	**—**	—	**4**	5
Current income taxes	**4**	—	**—**	—	**1**	—	**6**	(1)
Non-controlling interests[2]	**85**	70	**50**	33	**3**	8	**137**	106
Funds from operations	**30**	29	**16**	11	**6**	7	**51**	42
Valuation gains								
Included in IFRS statements								
Fair value changes	**(36)**	(78)	**(6)**	(44)	**9**	155	**(26)**	33
Depreciation and amortization	**(27)**	(19)	**(28)**	(16)	**(5)**	(1)	**(60)**	(36)
Non-controlling interests	**58**	81	**18**	45	**(1)**	(79)	**67**	47
Not included in IFRS statements								
Incremental values	**(12)**	—	**32**	100	**—**	—	**20**	100
Total valuation gains	**(17)**	(16)	**16**	85	**3**	75	**1**	144
Total Return	**$ 13**	$ 13	**$ 32**	$ 96	**$ 9**	$ 82	**$ 52**	$ 186

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

PRIVATE EQUITY

Assets Under Management and Net Invested Capital

AS AT SEP. 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	**$17,239**	$ 17,004	**$ 8,159**	$ 7,869	**$ 640**	$ 470	**$26,038**	$ 25,343
Operating assets	**2,945**	2,917	**6,068**	5,573	**563**	455	**9,576**	8,945
Accounts receivable and other	**2,053**	1,932	**1,932**	2,143	**73**	15	**4,058**	4,090
	4,998	4,849	**8,000**	7,716	**636**	470	**13,634**	13,035
Property-specific borrowings	**689**	716	**2,769**	2,458	**—**	—	**3,458**	3,174
Corporate capitalization	**1,074**	1,074	**194**	197	**10**	2	**1,278**	1,273
Accounts payable and other	**1,230**	1,168	**2,197**	2,044	**54**	9	**3,481**	3,221
	2,005	1,891	**2,840**	3,017	**572**	459	**5,417**	5,367
Non-controlling interests	**994**	894	**1,207**	1,312	**86**	31	**2,287**	2,237
	1,011	997	**1,633**	1,705	**486**	428	**3,130**	3,130
Incremental values	**625**	525	**875**	875	**—**	—	**1,500**	1,400
Net invested capital[1]	**$ 1,636**	$ 1,522	**$ 2,508**	$ 2,580	**$ 486**	$ 428	**$ 4,630**	$ 4,530

1. Excludes deferred income taxes

Total Return

FOR THE THREE MONTHS ENDED SEP. 30
(MILLIONS)

	Special Situations		Residential Development		Agricultural Development		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Net operating income	**$ 189**	$ 45	**$ 36**	$ 51	**$ 1**	$ 2	**$ 226**	$ 98
Disposition losses	**—**	—	**(1)**	—	**—**	—	**(1)**	—
Investment and other income	**12**	(12)	**3**	20	**—**	1	**15**	9
	201	33	**38**	71	**1**	3	**240**	107
Interest expense	**34**	32	**32**	41	**—**	—	**66**	73
Current income taxes	**5**	(3)	**14**	18	**—**	—	**19**	15
Non-controlling interests	**93**	(16)	**(9)**	8	**—**	2	**84**	(6)
Funds from operations	**69**	20	**1**	4	**1**	1	**71**	25
Valuation gains								
Included in IFRS statements								
Fair value changes	**(24)**	(27)	**13**	17	**(5)**	9	**(16)**	(1)
Depreciation and amortization	**(58)**	(52)	**(3)**	(3)	**—**	—	**(61)**	(55)
Non-controlling interests	**31**	23	**(6)**	(22)	**1**	1	**26**	2
Not included in IFRS statements								
Incremental values	**75**	—	**—**	—	**—**	—	**75**	—
Other losses	**—**	—	**1**	—	**—**	—	**1**	—
Total valuation gains	**24**	(56)	**5**	(8)	**(4)**	10	**25**	(54)
Total Return	**$ 93**	$ (36)	**$ 6**	$ (4)	**$ (3)**	$ 11	**$ 96**	$ (29)

PRIVATE EQUITY — ADDITIONAL INFORMATION

Special Situations Portfolio

AS AT AND FOR THE THREE MONTHS ENDED (MILLIONS)	Net Invested Capital		Funds from Operations	
	Sep. 30 2012	Dec. 31 2011	**Sep. 30 2012**	Sep. 30 2011
Industrial and wood products	**$ 654**	$ 585	**$ 58**	$ 17
Energy and related services	**149**	150	**4**	2
Business services	**136**	207	**2**	(1)
Bridge lending	**69**	53	**5**	2
Other	**3**	2	**—**	—
	1,011	997	**69**	20
Incremental values	**625**	525	**—**	—
	$ 1,636	$ 1,522	**$ 69**	$ 20

Residential Development

Financial Profile

AS AT SEP. 30, 2012 AND DEC. 31, 2011 (MILLIONS)	Brazil/Australia/UK		North America		Total	
	2012	2011	**2012**	2011	**2012**	2011
Inventory	**$ 1,142**	$ 2,148	**$ 1,683**	$ 1,437	**$ 2,825**	$ 3,585
Development land	**2,418**	1,144	**825**	844	**3,243**	1,988
Accounts receivable and other	**1,888**	2,049	**44**	94	**1,932**	2,143
	5,448	5,341	**2,552**	2,375	**8,000**	7,716
Debt	**2,273**	2,056	**690**	599	**2,963**	2,655
Accounts payable and other	**1,895**	1,785	**302**	259	**2,197**	2,044
Co-investor interests	**658**	788	**549**	524	**1,207**	1,312
	$ 622	$ 712	**$ 1,011**	$ 993	**1,633**	1,705
Incremental values					**875**	875
Net invested capital[1]					**$ 2,508**	$ 2,580

1. Excludes deferred income taxes

Operating Results

FOR THE THREE MONTHS ENDED SEP. 30 (MILLIONS)	Brazil/Australia/UK		North America		Total	
	2012	2011	**2012**	2011	**2012**	2011
Revenues	**$ 297**	$ 788	**$ 236**	$ 184	**$ 533**	$ 972
Direct expenses	**294**	744	**201**	157	**495**	901
Net operating income	**3**	44	**35**	27	**38**	71
Interest expense	**20**	30	**12**	11	**32**	41
Current income taxes	**4**	6	**10**	12	**14**	18
Non-controlling interests	**(11)**	7	**2**	1	**(9)**	8
Funds from operations	**$ (10)**	$ 1	**$ 11**	$ 3	**$ 1**	$ 4

DEBT MATURITY PROFILE

Corporate Borrowings

AS AT SEP. 30, 2012 (MILLIONS)	Average Term	Maturity 2012	2013	2014	2015 & After	Total
Commercial paper and bank borrowings	5	$ —	$ —	$ —	$ 988	$ 988
Term debt	8	75	75	535	2,546	3,231
	7	$ 75	$ 75	$ 535	$ 3,534	$ 4,219

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 SEP. 30, 2012 AND DEC. 31, 2011 (MILLIONS)	Average Term	Proportionate 2012	Proportionate 2011	Consolidated 2012	Consolidated 2011
Property					
Office	4	**$ 6,905**	$ 5,954	**$ 12,300**	$ 11,398
Retail	6	**4,382**	4,383	**1,016**	1,371
Opportunity, finance and development	3	**1,870**	1,436	**4,858**	2,927
Renewable power	10	**2,662**	3,016	**4,197**	4,197
Infrastructure	6	**2,272**	2,126	**5,432**	4,802
Private equity	3	**1,714**	1,622	**3,508**	3,174
Other	2	**489**	546	**441**	546
Total	5	**$ 20,294**	$ 19,083	**$ 31,752**	$ 28,415

Subsidiary Borrowings

AS AT SEP. 30, 2012 AND DEC. 31, 2011 (MILLIONS)	Average Term	Proportionate 2012	Proportionate 2011	Consolidated 2012	Consolidated 2011
Subsidiary borrowings					
Property	3	**$ 1,109**	$ 939	**$ 1,159**	$ 743
Renewable power	8	**1,124**	965	**1,653**	1,323
Infrastructure	2	**74**	32	**264**	114
Private equity	2	**701**	755	**1,278**	1,273
Contingent swap accruals[1]	3	**1,087**	988	**1,087**	988
Total	4	**$ 4,095**	$ 3,679	**$ 5,441**	$ 4,441

1. Guaranteed by the Corporation

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 and its subsidiaries, 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 exchange rates; 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.