2012

Supplemental Information

Year ended December 31

Brookfield

$3.4 **billion total return** (12.4% return on equity)

$44.93 **per share** on intrinsic equity value

$1.4 **billion of FFO** (12.0% increase over 2011)

Key Financial Measures

AS AT AND FOR THE YEARS ENDED DECEMBER 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	2012	2011
Per Class A Limited Voting Share (fully diluted)		
Net income	$ **1.97**	$ 2.89
Dividends paid	**0.55**	0.52
Class A and B Limited Voting Shares outstanding		
Basic	**619.6**	619.3
Diluted	**658.0**	657.2
Total		
Consolidated net income	**2,747**	3,674
– for Brookfield shareholders	**1,380**	1,957

Key Non-IFRS Financial Measures

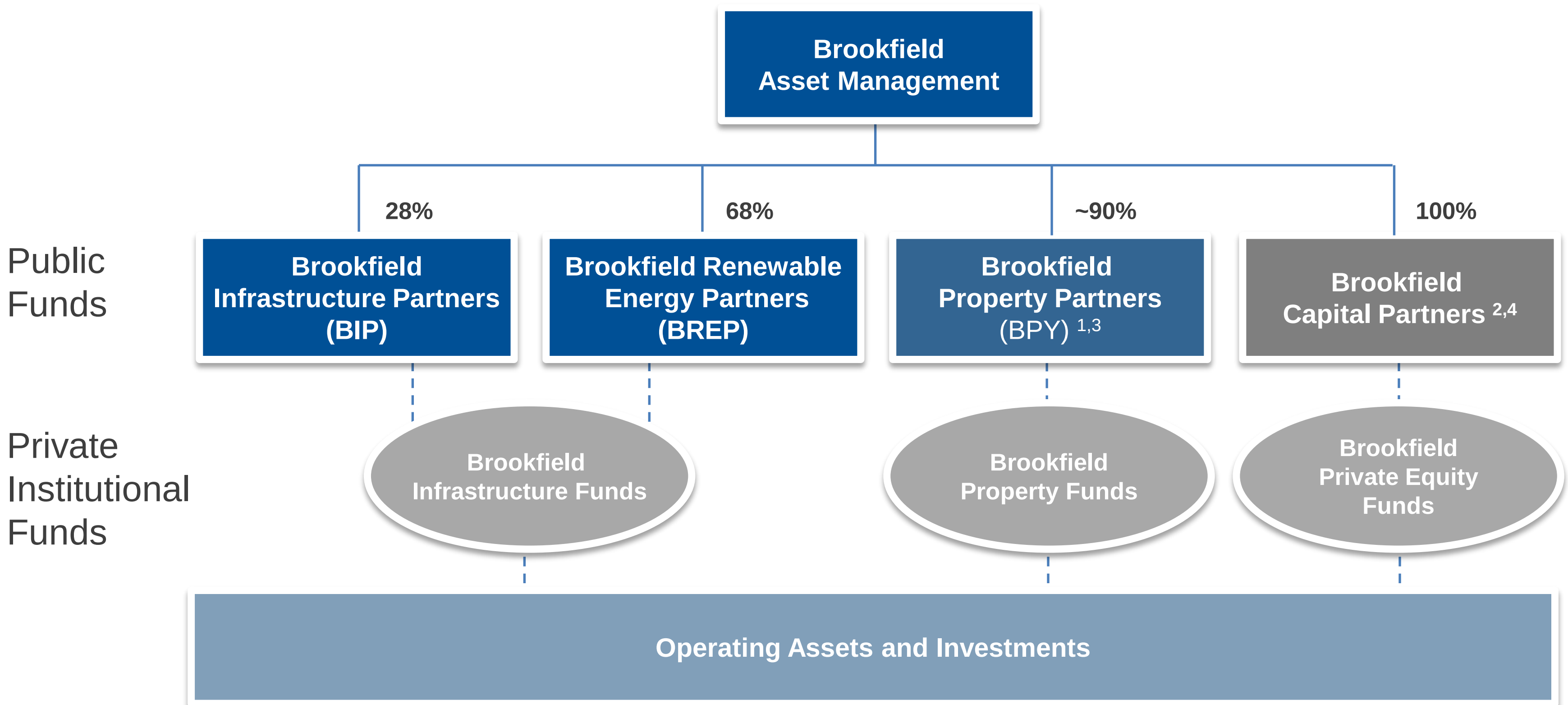
See "Use of Non-IFRS Measures" on page 5

AS AT AND FOR THE YEARS ENDED DECEMBER 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	2012	2011
Per Class A Limited Voting Share (fully diluted)		
Intrinsic value per share	$ **44.93**	$ 40.99
Total return	**5.39**	5.33
Funds from operations		
– Total	**1.94**	1.76
– Prior to gains	**1.49**	1.38
Market trading price – NYSE	**36.65**	27.48
Total		
Assets under management	**$ 181,400**	$160,338
Capital under management		
Total return	**3,403**	3,345
Funds from operations		
– Total	**1,356**	1,211
– Prior to gains	**1,073**	970
Intrinsic value of common equity	**28,649**	26,098
Consolidated funds from operations	**2,923**	2,673
– for Brookfield shareholders	**1,356**	1,211

OUR BUSINESS

100 year history as a global investor, operator and asset manager of high quality alternative assets, focused on real estate, renewable energy, infrastructure and private equity

Fee bearing Capital	Total AUM
$60 billion	$181 billion



1. *Privately held. To be spun-off to Brookfield shareholders through a special distribution of a ~10% interest*
2. *Privately held*
3. *Also owns our interests in Brookfield Office Properties and General Growth Properties*
4. *Also owns our interests in Brookfield Residential Properties Inc., Brookfield Incorporações S.A. and Norbord Inc.*

OPERATING HIGHLIGHTS

- Our financial and operating performance was strong in 2012, as acquisitions and organic expansion initiatives in recent years made a significant contribution to our cash flow. We have set the stage for solid future growth, as both our private and public asset management franchises attract an increasing amount of capital from our clients
- Net income attributable to Brookfield shareholders was $1.38 billion (or $1.97 per share) compared to $1.96 billion for Brookfield shareholders (or $2.89 per share) in 2011, which included a larger amount of gains recognized within our retail property operations
- We generated Total Return for Brookfield shareholders of $3.4 billion (or $5.39 per share), representing a 12.4% return, compared to $3.3 billion or 13.8% in the prior year and includes $1.36 billion of FFO and $2.18 billion of valuation gains prior to $0.1 billion of preferred share dividends. FFO increased over the prior year by 12% reflecting strong operating performance; however we recognized a decreased level of valuation gains compared to the prior year
- We expanded our asset management franchise with both listed and private entities, increasing fee bearing capital by $10 billion prior to capital distributed to investors
- We invested in growth opportunities in all our major operating businesses, increasing the capital deployed by both our listed entities and private funds
- We launched or completed a number of organic growth initiatives that increased the value of our assets and the associated cash flows
- We generated $10.1 billion of incremental capital over the course of the year through asset sales, equity issuance, fund formations and debt financings
- We raised our quarterly dividend by 7% to $0.60 per share on an annualized basis

CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE PERIODS ENDED DEC.31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Three Months Ended		Years Ended	
	2012	2011	**2012**	2011
Revenues	**$ 5,622**	$ 4,122	**$ 18,697**	$ 15,921
Direct costs	**(4,380)**	(3,035)	**(13,909)**	(11,906)
	1,242	1,087	**4,788**	4,015
Equity accounted income	**339**	584	**1,243**	2,205
	1,581	1,671	**6,031**	6,220
Expenses				
Interest	**(637)**	(620)	**(2,497)**	(2,352)
Corporate costs	**(40)**	(40)	**(158)**	(168)
Net income prior to valuation items and income tax	**904**	1,011	**3,376**	3,700
Valuation items				
Fair value changes	**415**	434	**1,150**	1,386
Depreciation and amortization	**(352)**	(228)	**(1,263)**	(904)
Income tax	**(191)**	(257)	**(516)**	(508)
Net income	**$ 776**	$ 960	**$ 2,747**	$ 3,674
Net income attributable to:				
Brookfield shareholders	**$ 492**	$ 588	**$ 1,380**	$ 1,957
Non-controlling interests	**284**	372	**1,367**	1,717
	$ 776	$ 960	**$ 2,747**	$ 3,674
Net income per share				
Diluted	**$ 0.72**	$ 0.86	**$ 1.97**	$ 2.89
Basic	**$ 0.74**	$ 0.90	**$ 2.02**	$ 3.00

Full Year Results

- Net income attributable to shareholders declined by approximately $0.6 billion. The variance is due primarily to a lower overall level of valuation gains, offset by an increase in the contribution from revenues less direct costs
- Revenues increased by $2.8 billion while direct costs increased by $2.0 billion for a net increase of $0.8 billion. The increase reflects improved financial results from our commercial office and infrastructure operations which are primarily due to the contribution from acquisitions, developments and capital expansion projects; increases in same store rents; and improved results from operations that participate in the U.S. housing sector. These improvements were partially offset by a lower contribution from our renewable power operations, where the contribution from recently acquired and commissioned facilities was more than offset by the impact of generation that was meaningfully below long term averages
- Equity accounted income included $0.8 billion of valuation gains on our U.S. retail properties in 2012 compared to gains of $1.1 billion in 2011, representing a decrease of $0.3 billion

Fourth Quarter Results

- Improved results throughout most of our businesses in the fourth quarter were offset by the impact of reduced generation on our power generating operations
- The 2011 results included a higher level of investment gains
- Net income attributable to shareholders decreased by $96 million
- Higher fair value gains on office properties and timberlands were offset by a lower level of gains on retail properties as included in equity accounted income

USE OF NON-IFRS MEASURES

- ***Total return*, *funds from operations (“FFO”)*, *invested capital*** and ***intrinsic value*** and their per share equivalents are non-IFRS measures which do not have any standard meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. Total return, FFO, invested capital and intrinsic value are reconciled to Comprehensive Income, Net Income and common equity, respectively, the closest measures determined under IFRS on page 6.
- ***Total return*** is equal to comprehensive income as reported in our financial statements, adjusted to exclude deferred tax expenses and the impact of foreign currency fluctuations on long-term capital invested in non-U.S. operations, and includes adjustments to the incremental values that we ascribe to assets that are not otherwise revalued under IFRS and the value of our asset management franchise. As such, Total Return reflects FFO plus valuation gains which together reflect the overall value created for shareholders during the period. Brookfield uses total return to assess the performance of the overall business as well as its individual business units.
- ***FFO*** is defined as net income prior to valuation gains, depreciation and amortization, and deferred income taxes, and includes disposition gains that are recognized in equity or not otherwise recorded in net income under IFRS. Brookfield uses FFO to assess its operating results and the value of its business and believes that many of its shareholders and analysts also find this measure of value to them
- ***Invested capital*** represents the capital invested by the company in its operations on a segmented basis, and is intended to illustrate how we have allocated Brookfield’s capital among our operations. These balances are reconciled to common equity in the company’s IFRS financial statements adjusted to exclude deferred income taxes and to include adjustments to present the fair value of assets that are carried at historical book values or otherwise not reflected in the company’s IFRS balance sheets.
- ***Intrinsic value*** includes net invested capital as well as the value attributed to the company’s asset management franchise. The asset management franchise value represents management’s estimate of the value attributable to the company’s asset management activities that is not otherwise included in net invested capital based on current capital under management, associated fee arrangements, and potential growth.

STATEMENT OF FUNDS FROM OPERATIONS ("FFO") AND TOTAL RETURN
(Non-IFRS Measure)

FOR THE YEARS ENDED DEC. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Asset Management	Property	Renewable Power	Infrastructure	Private Equity	Corporate	**Total[1] 2012**	Total[1] 2011
Revenues	$ 4,520	$ 3,982	$ 1,179	$ 2,109	$ 6,900	$ 230	**$ 18,920**	$ 16,199
Less: direct costs	(4,171)	(1,812)	(475)	(1,138)	(6,105)	(114)	**(13,815)**	(11,819)
Net operating income	349	2,170	704	971	795	116	**5,105**	4,380
Equity accounted funds from operations	4	386	13	223	15	25	**666**	674
Disposition gains	-	(49)	214	63	31	100	**359**	552
Segmented operating income	353	2,507	931	1,257	841	241	**6,130**	5,606
Interest and other costs	-	(1,257)	(460)	(559)	(383)	(548)	**(3,207)**	(2,933)
Non-controlling interests	-	(713)	(158)	(474)	(197)	(25)	**(1,567)**	(1,462)
Funds from operations and gains (pg. 8)	**353**	**537**	**313**	**224**	**261**	**(332)**	**1,356**	1,211
Valuation items								
IFRS items [1, 2]	(56)	1,257	264	190	(151)	(90)	**1,414**	2,477
Non-IFRS items	625	2	(279)	(20)	434	-	**762**	(237)
Total valuation gains (pg. 10)	569	1,259	(15)	170	283	(90)	**2,176**	2,240
	922	1,796	298	394	544	(422)	**3,532**	3,451
Preferred share dividends	-	-	-	-	-	(129)	**(129)**	(106)
Total Return	**$ 922**	**$ 1,796**	**$ 298**	**$ 394**	**$ 544**	**$ (551)**	**$ 3,403**	$ 3,345
- Per share							**$ 5.39**	$ 5.33

1. *Totals include inter segment revenues and expenses that are eliminated on consolidation*
2. *Net of non-controlling interests*
3. *Includes pro rata share of valuation items recorded by equity accounted investees*

Funds From Operations

FOR THE YEARS ENDED DEC. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Total **2012**	Total 2011	Net **2012**	Net 2011	Per Share **2012**	Per Share 2011
FFO - prior to disposition gains	**$ 2,564**	$ 2,121	**$ 1,073**	$ 970	**$ 1.49**	$ 1.38
Disposition gains	**359**	552	**283**	241	**0.45**	0.38
FFO	**$ 2,923**	$ 2,673	**$ 1,356**	$ 1,211	**$ 1.94**	$ 1.76

Note: Funds from Operations and Total Return are defined on page 5 and reconciled to Comprehensive Income on page 7

Reconciliation of Comprehensive Income to Total Return

FOR THE PERIODS ENDED DEC. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Three Months Ended 2012	Three Months Ended 2011	Years Ended 2012	Years Ended 2011
Net income attributable to Brookfield shareholders[1]	**$ 492**	$ 588	**$ 1,380**	$ 1,957
Fair value changes included in:				
other comprehensive income[1]	**858**	1,663	**843**	1,244
Comprehensive income[1]	**1,350**	2,251	**2,223**	3,201
Remove: deferred income taxes included in net income[1]	**91**	112	**268**	96
Add: fair value changes not included in IFRS comprehensive income	**436**	(466)	**1,041**	154
	1,877	1,897	**3,532**	3,451
Less: preferred share dividends	**(35)**	(29)	**(129)**	(106)
Total return[2]	**$ 1,842**	$ 1,868	**$ 3,403**	$ 3,345
– Per share	**$ 2.92**	$ 2.98	**$ 5.39**	$ 5.33

FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months Ended 2012	Three Months Ended 2011	Years Ended 2012	Years Ended 2011
Total return consists of:				
Funds from operations	**$ 459**	$ 397	**$ 1,356**	$ 1,211
Valuation gains	**1,418**	1,500	**2,176**	2,240
Less: preferred share dividends	**(35)**	(29)	**(129)**	(106)
	$ 1,842	$ 1,868	**$ 3,403**	$ 3,345

Reconciliation of Net Income to Funds From Operations

FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months Ended 2012	Three Months Ended 2011	Years Ended 2012	Years Ended 2011
Net income prior to valuation items and tax	**$ 904**	$ 1,011	**$ 3,376**	$ 3,700
Adjust for:				
Fair value changes within equity accounted income	**(113)**	(425)	**(577)**	(1,529)
Current income taxes	**(35)**	(17)	**(135)**	(97)
Disposition gains not recorded in net income	**98**	294	**259**	599
	854	863	**2,923**	2,673
Non-controlling interest	**(395)**	(466)	**(1,567)**	(1,462)
Funds from operations[1]	**$ 459**	$ 397	**$ 1,356**	$ 1,211

1. *Excludes amounts attributable to non-controlling interests*
2. *Non-IFRS measures*

FUNDS FROM OPERATIONS – Prior to Gains

(Non-IFRS Measure)

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2012	2011
Asset management and other services		
Asset management	$ 498	$ 226
Construction and property services	159	150
	657	376
Less: carried interest deferral, net	(304)	(107)
	353	269
Invested capital		
Property		
Office	281	224
Retail	286	208
Opportunity, finance and development	77	39
	644	471
Renewable power	99	207
Infrastructure	179	172
Private equity and residential development	230	165
Investment and other income	96	209
	1,601	1,493
Interest expenses	(357)	(345)
Corporate costs and taxes	(171)	(178)
Funds from operations - prior to gains	1,073	970
Disposition gains	283	241
Funds from operations	$ 1,356	$ 1,211

- **FFO prior to gains** increased by 11% or $103 million to $1,073 million
- **Asset Management** base fees and Incentive distributions (“IDR”) increased 34% ($94 million) over 2011. We generated $344 million of performance fees, of which $34 million was realized, and $310 million was deferred
- **Property** FFO increased 37% driven by a 3% increase in “same store” office net rents and the contribution from acquired and completed assets, strong North American retail contributions and FFO generated on growth capital, particularly in private opportunistic investment funds
- **Renewable Power** generation was 13% below long-term average and, along with lower spot market pricing in uncontracted regions decreased FFO by $130 million, partially offset by $31 million contribution from growth capital
- **Infrastructure operations** contribution increased 4% over 2011 and benefitted from our rail expansion and newly acquired assets, partially offset by reduced harvest levels and pricing in our timber operations
- **Private equity and investments** contributed increased FFO from continued recovery in U.S. housing activity and higher transaction gains
- **Unallocated costs** consistent with prior year; however, increased borrowing levels maintained throughout most of 2012 increased interest expense by $12 million

FUNDS FROM OPERATIONS – Disposition Gains

FOR THE YEARS ENDED DEC. 31
(MILLIONS)

Operating Segment	Description	Total 2012	Total 2011	Net 2012	Net 2011
Property	Property dispositions	**$ (49)**	$ 433	**$ (107)**	$ 216
Renewable Power	Renewable power assets / equity	**214**	25	**214**	25
Infrastructure	Timber and agricultural land	**63**	-	**45**	-
Private Equity	Brookfield Residential Properties recapitalization	**15**	-	**15**	-
Private Equity	Private equity investments	**16**	155	**16**	61
Private Equity	Other asset sales	**-**	22	**-**	22
Other	Investment and other income	**100**	(83)	**100**	(83)
		$ 359	$ 552	**$ 283**	$ 241

Property:
- 2012 net loss represents the recognition of previously recorded negative fair value adjustments on properties sold during the year, whereas in 2011 we sold properties with unrealized gains

Renewable Power:
- In 2012 we disposed of a 5% interest in Brookfield Renewable Energy Partners and recorded a $214 million realization gain that represents the proportionate share of pre-tax accrued revaluation surplus that was crystallized

Infrastructure:
- Brookfield Infrastructure and us each sold a 12.5% interest in our Western Canadian timberlands in 2012 for $170 million in total proceeds and a $34 million net gain representing the crystallization of a previously recorded valuation gain. We also sold agricultural land in Brazil

Private Equity and Residential:
- Private equity gains in 2012 represent partial sale of Western Forest Products investment; 2011 – recapitalization and monetization of U.S. industrial business.
- $15 million gain on recapitalization of Brookfield Residential Properties in 2012

Other:
- $70 million gain on merger of U.S. residential brokerage operations in 2012
- $35 million prepayment penalty on refinance of term debt in 2012
- Positive portfolio mark-to-market brokerage business in 2012 versus negative mark-to-market in 2011

VALUATION GAINS

FOR THE YEAR ENDED DEC. 31, 2012 (MILLIONS)	Asset Management	Property	Renewable Power	Infrastructure	Private Equity	Corporate	**Total**
IFRS items [1]							
Appraisal gains	$ -	$ 1,203	$ 550	$ 293	$ (38)	$ -	**$ 2,008**
Capital markets	-	19	10	(1)	(19)	48	**57**
Power sales contracts	-	-	76	-	-	-	**76**
Depreciation	(31)	(62)	(325)	(96)	(108)	(8)	**(630)**
Interest rate contracts	-	(8)	(36)	(17)	7	(29)	**(83)**
Other items	(25)	2	(11)	(18)	(22)	(40)	**(114)**
	(56)	1,154	264	161	(180)	(29)	**1,314**
Gains recorded in equity	-	(2)	-	29	29	(61)	**(5)**
less: recorded in FFO [2]	-	105	-	-	-	-	**105**
	(56)	1,257	264	190	(151)	(90)	**1,414**
Non-IFRS items [1]							
Incremental Values							
Appraisal gains	(107)	-	-	25	465	-	**383**
Performance income	302	-	-	-	-	-	**302**
Power contracts	-	-	(65)	-	-	-	**(65)**
Franchise valuation	500	-	-	-	-	-	**500**
Recorded in financial statements [3]	(70)	-	-	-	-	-	**(70)**
less: recorded in FFO [2]	-	2	(214)	(45)	(31)	-	**(288)**
	625	2	(279)	(20)	434	-	**762**
Valuation gains	$ 569	$ 1,259	$ (15)	$ 170	$ 283	$ (90)	**$ 2,176**

1. *Net of non-controlling interest*
2. *Reflects disposition gains that are recorded directly in equity or represents realization of valuation gains accrued in prior periods*
3. *Reflects reversal of incremental values upon recognition in financial statement*

- Asset management gains include a $500 million increase in the value of our franchise as a result of additional fee bearing capital under management, $302 million increase in deferred net performance fees and a decrease in the value of our property services business following the partial sale of our U.S. Franchise Operations and recognition of incremental values in FFO
- Property valuation gains include $800 million of gains related to our retail portfolio and $400 million related to our office properties
- Infrastructure gains include timberland appraisal gains
- Private equity operations include incremental value gains of $465 million relating to investments which are exposed to the U.S. housing sector reflecting increases in publicly traded values and management valuations, offset by depreciation on operating assets in out private equity business

INTRINSIC VALUE

(Non-IFRS Measure)

Financial Position

AS AT DEC. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Asset Management	Property	Renewable Power	Infrastructure	Private Equity	Corporate	**Total 2012**	Total 2011
Assets under management	$ 2,983	$ 102,854	$ 19,225	$ 26,971	$ 26,148	$ 3,219	**$ 181,400**	$ 160,338
Net operating assets [1]	1,922	45,765	14,669	17,069	9,712	1,489	**90,626**	75,939
Financial leverage [2]	(351)	(21,471)	(6,119)	(7,988)	(5,030)	(7,892)	**(48,851)**	(40,347)
Non-controlling interests	(1)	(11,336)	(3,559)	(6,510)	(2,107)	(102)	**(23,615)**	(18,849)
Segment equity / Common equity [3]	**1,570**	**12,958**	**4,991**	**2,571**	**2,575**	**(6,505)**	**18,160**	16,743
Add back deferred income taxes	(24)	369	2,475	364	25	(870)	**2,339**	2,255
Incremental values	1,000	25	235	275	1,865	-	**3,400**	2,850
Net invested capital	**2,546**	**13,352**	**7,701**	**3,210**	**4,465**	**(7,375)**	**23,899**	21,848
Asset management franchise value	4,750	-	-	-	-	-	**4,750**	4,250
Intrinsic value	**$ 7,296**	**$ 13,352**	**$ 7,701**	**$ 3,210**	**$ 4,465**	**$ (7,375)**	**$ 28,649**	$ 26,098
- Per share							**$ 44.93**	$ 40.99

1. Comprises segmented assets less accounts payable and other and deferred income tax liabilities
2. Comprises borrowings, capital securities and preferred equity
3. Common equity per IFRS balance sheet

Intrinsic Value Continuity

FOR THE YEAR ENDED DEC. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Asset Management	Property	Renewable Power	Infrastructure	Private Equity	Corporate	**Total**	Per Share
Total return	922	$ 1,796	$ 298	$ 394	$ 544	$ (551)	**$ 3,403**	$ 5.39
Foreign currency revaluation	136	4	(79)	(100)	(139)	(286)	**(464)**	(0.91)
Common equity repurchased, net	-	-	-	-	-	(48)	**(48)**	0.01
Capital (returned) invested	(286)	443	(495)	(112)	(42)	152	**(340)**	(0.55)
Change in intrinsic value	772	2,243	(276)	182	363	(733)	**2,551**	3.94
Intrinsic value – beginning of year	6,524	11,109	7,977	3,028	4,102	(6,642)	**26,098**	40.99
Intrinsic value – end of year	$ 7,296	$ 13,352	$ 7,701	$ 3,210	$ 4,465	$ (7,375)	**$ 28,649**	$ 44.93

- ***Intrinsic Value is defined on page 5 and reconciled to Common Equity in our IFRS financial statements in the table above***

Operating Platforms




ASSET MANAGEMENT AND SERVICES

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Net Invested Capital		Total Return	
	2012	2011	**2012**	2011
Asset management	**$ 245**	$ 208	**$ 498**	$ 226
Less: deferred performance income [1]	**-**	-	**(304)**	(107)
	-	-	**194**	119
Construction and property services	**1,325**	1,284	**159**	150
Segment equity / FFO	**1,570**	1,492	**353**	269
IFRS valuation items	**-**	-	**(56)**	(34)
Add back deferred income taxes	**(24)**	(15)	**-**	-
Incremental values	**1,000**	875	**125**	100
Asset management franchise value	**4,750**	4,250	**500**	250
Net invested capital / Total return	**$ 7,296**	$ 6,602	**$ 922**	$ 585

1. *Performance income subject to clawback, net of direct costs*

Private Funds

- 28 private funds – $23 billion of fee bearing capital
- $5 billion of “dry powder” for future investment
- 6 funds in market seeking an additional $5 billion of third party capital
- Successfully closed-out first private fund, returning 2.2x multiple of capital and 31% gross IRR to investors
- Raised $5.0 billion private fund capital in 2012, $3.6 billion from third parties
- ~150 limited partner investors – average commitment of ~$100 million

Listed Entities

- 5 listed entities - $21 billion of capitalization
- High payout, investment grade, growth vehicles
- Launch of Brookfield Property Partners will increase base fees initially by $50 million and 1.25% of future increases in market capitalization, net of fees on BAM fund capital that will be transferred to BPY, and increase fee bearing capital by $12 billion

Public Securities

- Manage $16 billion of fixed income and equity securities

Construction and Property Services

- Global construction and property services operations with over $4 billion of work in hand

ASSET MANAGEMENT – Funds From Operations

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Annualized	2012	2011
Base management fees			
Listed issuers	$ 160[1]	$ 145	$ 77
Private funds and public securities	225[1]	207	192
	385[1]	352	269
Transaction and advisory fees	55[2]	53	58
Incentive distributions	30[3]	15	4
Total fee revenues	$ 470	420	331
Direct costs		(252)	(212)
Operating margin		168	119
Performance income			
Realized		34	-
Unrealized		310	119
Less: Direct costs		(14)	(12)
		330	107
Net fees and performance income		498	226
Net performance income deferred recognition [4]		(304)	(107)
Funds from operations		$ 194	$ 119

1. *Based on capital committed or invested and contractual arrangements at December 31, 2012*
2. *Equal to single average of 2012 and 2011 revenues*
3. *Based on Brookfield Infrastructure Partner's annual distribution in the amount of $1.72 per quarter*
4. *Performance income subject to clawback, net of direct costs*

- Fee revenues include fees on BAM capital; performance income accrued only in respect of third-party capital

- $498 million of total FFO prior to deferral of performance income, $272 million increase over 2011
- Base management fees increased 31% or $83 million over 2011
- Annualized base management fees and IDRs of $415 million, represents a 38% increase over 2011
- 40% gross profit margin (2011 – 36%)
- Generated $344 million of performance-based income; $34 million realized
- Closed-out our initial private fund, realizing a 31% gross IRR (25% net IRR) and $26 million of performance fees, $17 million recorded in 2012

ASSET MANAGEMENT – Capital Under Management

FOR THE YEAR ENDED DEC. 31. 2012 (MILLIONS)	Private Funds	Listed Issuers	Public Securities	Total Fee-Bearing	Other Listed Entities	**Total**	Annualized Base Fees
Balance, December 31, 2011	$ 20,454	$ 16,488	$ 19,833	$ 56,775	$ 7,486	**$ 64,261**	$ 285
Inflows, including commitments	5,036	2,090	2,318	9,444	-	**9,444**	50
Outflows, including distributions	(2,301)	(704)	(2,549)	(5,554)	-	**(5,554)**	(5)
Market Appreciation (Depreciation)	-	3,331	(1,139)	2,192	-	**2,192**	-
Other	55	96	(2,939)[1]	(2,788)	2,292	**(496)**	55
Balance, December 31, 2012	**$ 23,244**	**$ 21,301**	**$ 15,524**	**$ 60,069**	**$ 9,778**	**$ 69,847**	**$ 385**

1. *Represents termination of joint venture*

- $60 billion fee bearing capital, 74% in private funds and listed issuers
- Includes Brookfield capital of $8.4 billion in private funds and $10.3 billion in listed issuers

Private Funds and Listed Issuers

- Net increase of $7.6 billion in private fund and listed issuer fee bearing capital through additional commitments / contributions and market appreciation of listed issuers
- $5 billion of new private fund commitments includes $1.4 billion from Brookfield
- Private fund capital includes $5.2 billion of third party “dry powder” for the following investment strategies: $3.0 billion property, $1.2 billion infrastructure and timber and $1.0 billion private equity
- Launch of Brookfield Property Partners will increase listed issuer capital by $12 billion

Public Securities

- Includes $12.1 billion of fixed income and $3.4 billion of equity securities
- Decrease of $4.3 billion due largely to windup of joint venture and refocus on higher margin strategies

Other Listed Entities

- Includes interests of other shareholders in Brookfield subsidiaries that are not subject to asset management agreements

ASSET MANAGEMENT – Construction and Property Services

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Construction		Property Services		Total	
	2012	2011	**2012**	2011	**2012**	2011
Revenues	**$ 3,188**	$ 2,505	**$ 912**	$ 699	**$ 4,100**	$ 3,204
Direct costs	**(3,075)**	(2,385)	**(866)**	(669)	**(3,941)**	(3,054)
FFO	**$ 113**	$ 120	**$ 46**	$ 30	**$ 159**	$ 150

Construction

- Operating margins decreased to 8.2% from 9.3% in 2011 as a result of increased tender costs incurred
- Work in hand remains strong at $4.3 billion

AS AT DEC. 31 (MILLIONS)	**2012**	2011
Australasia	**$ 2,626**	$ 3,091
Middle East	**1,047**	533
United Kingdom	**606**	1,780
Canada	**44**	-
	$ 4,323	$ 5,404
Scheduled activity (yrs)	**1.1**	2.8

Property Services

- Fees derived from property and facilities management, leasing and project management
- We acquired a large brokerage and relocation business in late 2011 for $102 million, merged the brokerage business with a competitor in 2012 and received net proceeds of $112 million, realized a $70 million disposition gain recorded within investment income and retained a 1/3 interest in the merged entity
- Recognition of disposition gain in IFRS statements resulted in corresponding decrease in Incremental Value

PROPERTY OPERATIONS

- Our property operations consist of three business lines: office properties, retail properties and office development, opportunity investing and real estate finance activities

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Net Invested Capital 2012	Net Invested Capital 2011	Funds from Operations 2012	Funds from Operations 2011	Valuation Gains 2012	Valuation Gains 2011	Total Return 2012	Total Return 2011
Office	**$ 5,706**	$ 5,337	**$ 281**	$ 224	**$ 266**	$ 801	**$ 547**	$ 1,025
Retail	**5,929**	4,590	**286**	208	**801**	1,170	**1,087**	1,378
Opportunity, Finance & Development	**1,323**	1,016	**77**	39	**85**	18	**162**	57
Segment equity	**12,958**	10,943	**644**	471	**1,152**	1,989	**1,796**	2,460
Gains recorded in FFO	**-**	-	**(107)**	216	**107**	(216)	**-**	-
Add back deferred income taxes	**369**	141	-	-	-	-	-	-
Incremental values	**25**	25	-	-	-	(300)	-	(300)
Net invested capital / Total return	**$ 13,352**	$ 11,109	**$ 537**	$ 687	**$ 1,259**	$ 1,473	**$ 1,796**	$ 2,160

Office Properties

- Primarily held through 50% owned Brookfield Office Properties (BPO) – invested in major cities in Australia, Canada and the United States
- We also hold a 22% interest in Canary Wharf Group in London, UK
- Portfolio consists of 125 properties, totaling 80 million square feet

Retail Properties

- Portfolio primarily consists of our 22% interest in General Growth Properties (GGP), and our managed Brazilian private fund in which we have a 35% interest
- We partially own 158 malls in the U.S. with average sales of $508 psf

Opportunity, Finance and Development

- Opportunity and finance operations conducted through private funds that we manage with $5.3 billion of committed capital, of which Brookfield has committed $1.8 billion
- Development operations held through BPO

Brookfield Property Partners LP (BPY)

- We are in the process of reorganizing our property holdings into BPY, in order to create a publicly traded partnership
- Our objective is to distribute ~10% of BPY in the first half of 2013

PROPERTY OPERATIONS – Financial Position

AS AT DEC. 31 (MILLIONS)	Office Properties		Retail Properties		Opportunity, Finance and Development		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Assets under management	**$ 36,806**	$ 32,848	**$ 48,574**	$ 41,778	**$ 17,474**	$ 16,571	**$ 102,854**	$ 91,197
Consolidated properties	**24,505**	21,927	**2,749**	2,601	**7,147**	2,527	**34,401**	27,055
Development properties	**-**	-	**-**	-	**1,390**	1,704	**1,390**	1,704
Unconsolidated properties	**3,058**	3,038	**5,768**	4,363	**513**	270	**9,339**	7,671
Loans and notes receivable	**-**	-	**-**	-	**431**	962	**431**	962
Net working capital	**(756)**	(70)	**26**	248	**934**	603	**204**	781
Net operating assets	**26,807**	24,895	**8,543**	7,212	**10,415**	6,066	**45,765**	38,173
Financial leverage	**(13,545)**	(12,773)	**(1,003)**	(1,371)	**(6,923)**	(3,289)	**(21,471)**	(17,433)
Non-controlling interests	**(7,556)**	(6,785)	**(1,611)**	(1,251)	**(2,169)**	(1,761)	**(11,336)**	(9,797)
Segment equity	**5,706**	5,337	**5,929**	4,590	**1,323**	1,016	**12,958**	10,943
Add back deferred income taxes	**149**	131	**207**	35	**13**	(25)	**369**	141
Incremental values	**-**	25	**-**	-	**25**	-	**25**	25
Net invested capital	**$ 5,855**	$ 5,493	**$ 6,136**	$ 4,625	**$ 1,361**	$ 991	**$ 13,352**	$ 11,109

- Net operating assets increased by $7.6 billion over prior year, driven by $6.4 billion of newly acquired assets, primarily in our opportunistic funds, $1.3 billion of valuation gains and upward FX revaluations
- Financial leverage increased by $4.0 billion from mortgages on acquired assets
- We refinanced $11.7 billion of debt during the year, maintaining the term to maturity and decreasing the cost of capital

OFFICE PROPERTIES – Funds from Operations

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Existing Properties 2012	Existing Properties 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
United States	**$ 397**	$ 385	**$ 311**	$ 127	**$ 110**	$ 54	**$ 818**	$ 566
Canada	**258**	247	**-**	-	**16**	5	**274**	252
Australia	**292**	290	**-**	-	**82**	52	**374**	342
Europe	**32**	31	**-**	-	**-**	-	**32**	31
	979	953	**311**	127	**208**	111	**1,498**	1,191
Currency variance	**-**	9	**-**	-	**-**	-	**-**	9
	979	962	**311**	127	**208**	111	**1,498**	1,200
Equity accounted investments	**46**	38	**38**	100	**8**	53	**92**	191
Net operating income	**1,025**	1,000	**349**	227	**216**	164	**1,590**	1,391
Investment income	**33**	31	**-**	-	**30**	24	**63**	55
Canary Wharf dividend	**40**	16	**-**	-	**-**	-	**40**	16
Disposition gains	**-**	-	**-**	-	**(63)**	326	**(63)**	326
Segment operating income	**1,098**	1,047	**349**	227	**183**	514	**1,630**	1,788
Interest expense	**(587)**	(616)	**(153)**	(77)	**(70)**	(25)	**(810)**	(718)
Operating costs	**(85)**	(82)	**(49)**	(34)	**-**	-	**(134)**	(116)
Non-controlling interests	**(269)**	(240)	**(89)**	(81)	**(141)**	(242)	**(499)**	(563)
FFO	**$ 157**	$ 109	**$ 58**	$ 35	**$ (28)**	$ 247	**$ 187**	$ 391

- 3% global increase in NOI from existing properties, prior to foreign currency revaluation
- Dividends from Canary Wharf increased to $40 million
- U.S. Office Fund consolidated for 2012, and half of 2011; increased FFO reflects improved leasing
- Acquired, developed and sold includes disposition losses of $63 million ($94 million net of non-controlling interests) in 2012 and gains of $326 million ($167 million net) in 2011 which reflect the recognition of previously recorded fair value adjustments upon sale. FFO excluding gains was $281 million in 2012 and $224 million in 2011

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2012	2011
Valuation gains		
IFRS items		
Appraisal gains		
United States	**$ 330**	$ 1,008
Canada	**362**	221
Australasia	**57**	100
United Kingdom	**23**	174
	772	1,503
Other	**(16)**	(151)
Depreciation and amortization	**(33)**	(30)
Non-controlling interest	**(432)**	(521)
	291	801
Recorded in FFO [1]	**94**	(167)
	385	634
Non-IFRS items		
Incremental values	**(25)**	25
Total valuation gains	**$ 360**	$ 659

1. *Net of non-controlling interest*

- Gains occurred primarily in North America and reflect lower discount and cap rates (70%) as well as increased cash flows (30%)

IFRS Valuation Methodology

- Fair valued quarterly through net income
- Primarily utilize 10-year discounted future cash flows
- Key estimates: leasing assumptions, maintenance and other capital expenditures, discount rates, terminal capitalization rates and terminal valuation dates

	United States		Canada		Australasia	
AS AT DEC. 31	**2012**	2011	**2012**	2011	**2012**	2011
Discount rates	**7.3%**	7.5%	**6.4%**	6.7%	**8.8%**	9.1%
Terminal capitalization rate	**6.3%**	6.3%	**5.7%**	6.2%	**7.1%**	7.5%
Investment horizon (years)	**11**	12	**11**	11	**10**	10

- Discount rates decreased in each of our regions by 20 to 30 basis points, reflecting continued decline in interest rates and a favorable investment climate for high quality commercial office properties
- Terminal capitalization rates decreased in Canada by 50 basis points and by 40 basis points in Australia for similar reasons as discount rates, but remained unchanged in average in the U.S.

OFFICE PROPERTIES – Leasing

	2012				2011			
AS AT DEC. 31	**% Leased**	Average Term	**Net Rental Area**	Average In-place Rent [1]	% Leased	Average Term	Net Rental Area	Average In-place Rent [1]
North America								
United States	**89.0%**	7.0	**42,447**	$ 26.80	91.3%	7.0	44,019	$ 24.53
Canada	**96.9%**	8.2	**16,735**	26.80	96.3%	8.7	17,108	25.48
Australasia	**97.7%**	6.4	**10,253**	53.71	96.6%	6.1	10,291	48.20
Europe	**85.3%**	10.7	**905**	69.19	100.0%	10.3	556	60.47
Average	**92.1%**	7.2	**70,340**	$ 31.46	93.3%	7.3	71,974	$ 28.57

1. Per square foot ("psf")

- Average in-place rent of $31.46 psf representing a discount of 14% to market rent
- U.S. occupancy decreased by 230 bps due to opportunistic acquisitions of certain assets at lower occupancy rates in addition to large expiries in Denver, New York and Washington D.C.

Expiring Leases (000's sq. ft) AS AT DEC 31, 2012	Currently Available	2013	2014	2015	2016	2017	2018	2019 & Beyond
North America								
United States	4,649	5,149	2,907	2,960	2,141	2,304	2,732	19,605
Canada	523	1,697	321	1,486	1,630	645	679	9,754
Australasia	233	401	792	1,137	1,115	990	899	4,686
Europe	133	4	1	5	59	88	2	613
Total	5,538	7,251	4,021	5,588	4,945	4,027	4,312	34,658
Percentage of total	7.9%	10.3%	5.7%	7.9%	7.0%	5.7%	6.1%	49.4%
As at Dec.31, 2011	6.7%	5.3%	11.5%	6.6%	9.4%	6.9%	4.8%	48.8%

- Reduced lease rollover for the five year period of 2013 through 2017 by 310 bps
- Executed the largest single-asset office lease in New York City since 2008 when Morgan Stanley signed a lease for 1.2 million square feet at One New York Plaza in Lower Manhattan in April 2012

RETAIL – Funds From Operations and Total Return

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2012	2011
Total revenues	**$ 215**	$ 245
Net operating income		
Consolidated properties	**160**	188
Investment income and other	**8**	5
Asset monetizations	**(27)**	29
Equity accounted investments	**283**	238
Segmented operating income	**424**	460
Interest expense	**(102)**	(173)
Operating costs	**(6)**	(8)
Current income taxes	**(9)**	(10)
Non-controlling interests	**(48)**	(32)
FFO	**259**	237
Valuation items	**828**	816
Total return	**$ 1,087**	$ 1,053

- During the year ended December 31, 2012, FFO increased by $22 million to $259 million. The results were primarily driven by an increase in FFO from equity accounted investments, primarily related to GGP and a reduction in interest expense due to a refinancing within our Brazilian operations
- During the year ended December 31, 2012, we recognized valuation gains of $0.8 billion (2011 – $0.8 billion). These gains reflect the decrease in our capitalization rates within the U.S., specifically those attributable to our highest quality regional malls (60%), as well as increases in cash flows (40%)

Valuation gains	**2012**	2011
IFRS items		
Appraisal gains		
United States	**$ 834**	$ 1,173
Brazil	**205**	240
Australasia	**6**	18
Gains recorded in FFO	**27**	(29)
	1,072	1,402
Other	**(15)**	(12)
Non-controlling interest	**(228)**	(243)
Depreciation and amortization	**(1)**	(1)
	828	1,146
Non-IFRS items		
Incremental values	**-**	(325)
Other gains	**-**	(5)
Total valuation gains	**$ 828**	$ 816

IFRS Valuation Methodology

- Fair value quarterly through net income
- Utilize 10 year discounted future cash flows and direct capitalization method
- Key estimates: leasing assumptions, maintenance and other capital expenditures, discount rates, terminal capitalization rates and terminal valuation dates
- The blended capitalization rate utilized on our U.S. portfolio for the direct capitalization method was approximately 5.7% (2011 – 6.0%)
- Our Brazilian portfolio was valued on a discounted cash flow basis using a discount rate of 8.5% (2011 – 9.6%), a terminal capitalization rate of 7.2% (2011 – 7.3%) and an investment horizon of 10 years (2011 – 10 years)

	United States		Brazil		Australasia	
AS AT DEC. 31	**2012**	2011	**2012**	2011	**2012**	2011
Capitalization rate	**5.7%**	6.0%	**n/a**	n/a	**n/a**	n/a
Discount rates	**n/a**	n/a	**8.5%**	9.6%	**9.6%**	9.8%
Terminal capitalization rate	**n/a**	n/a	**7.2%**	7.3%	**8.1%**	8.9%
Investment horizon (years)	**n/a**	n/a	**10**	10	**10**	10

RETAIL – Leasing

AS AT DEC. 31	2012 % Leased	2012 Average Term	2012 Net Rental Area	2012 Average In-place Rent[1]	2011 % Leased	2011 Average Term	2011 Net Rental Area	2011 Average In-place Rent[1]
United States	**95.0%**	**5.8**	**60,545**	**$ 52.06**	93.2%	5.1	61,638	$52.19
Brazil	**94.7%**	**7.1**	**2,802**	**50.34**	94.7%	6.8	3,069	52.50
Australasia	**98.2%**	**6.7**	**3,037**	**20.10**	97.7%	7.4	3,442	17.57
Average	**95.1%**	**5.9**	**66,384**	**$ 50.58**	93.5%	5.3	68,149	$ 50.59
Percentage of total								

(1) *Per square foot ("psf")*

Expiring Leases (000's sq. ft) AS AT DEC. 31, 2012	Currently Available	2013	2014	2015	2015	2017	2018	2019 & Beyond
United States	2,992	6,215	6,468	5,960	5,794	6,238	5,231	21,647
Brazil	149	732	301	421	279	231	39	650
Australasia	55	131	69	134	794	377	40	1,437
Total	3,196	7,078	6,838	6,515	6,867	6,846	5,310	23,734
Percentage of total	4.8%	10.7%	10.3%	9.8%	10.3%	10.3%	8.0%	35.8%
As at Dec. 31, 2011	6.5%	10.7%	9.9%	9.5%	8.7%	9.8%	8.2%	36.7%

- Average in-place rent of $50.58 psf represents a discount of 11% to market rents
- Leased 13.2 million square feet during 2012 at an average rate of $63.50 psf

OPPORTUNITY, DEVELOPMENT, FINANCE – Overview

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Net Invested Capital		Funds from Operations		Valuation Gains		Total Return	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Opportunity	**$ 643**	$ 429	**$ 48**	$ 25	**$ 35**	$ 4	**$ 83**	$ 29
Finance	**255**	396	**29**	14	**(24)**	14	**5**	28
Development	**425**	191	**-**	-	**49**	-	**49**	-
Segment equity	**1,323**	1,016	**77**	39	**60**	18	**137**	57
Gains recorded in FFO	**-**	-	**14**	20	**(14)**	(20)	**-**	-
Add back deferred income taxes	**13**	(25)	**-**	-	**-**	-	**-**	-
Incremental values	**25**	-	**-**	-	**25**	-	**25**	-
Net invested capital / Total return	**$ 1,361**	$ 991	**$ 91**	$ 59	**$ 71**	$ (2)	**$ 162**	$ 57

- Net invested capital and FFO increased due to significant investments in multi-family, industrial, hospitality, and office properties through various Brookfield led funds in 2012. These included the acquisition of the Atlantis Resort and Casino in the Bahamas, Thakral Holdings, an Australian real estate company, and Verde Realty, a U.S. and Mexican industrial property business
- Acquired an additional 37.5% interest in 100 Bishopsgate, a development property in London, bringing our total ownership in the asset to 87.5%
- Recorded $49 million of valuation gains on the Manhattan West development in New York

RENEWABLE POWER OPERATIONS – Overview

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Net Invested Capital		Funds from Operations		Valuation Gains		Total Return	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Hydroelectric generation	**$ 6,032**	$ 6,173	**$ 121**	$ 245	**$ 305**	$ 400	**$ 426**	$ 645
Wind energy	**401**	275	**38**	17	**24**	376	**62**	393
Facilities under development	**383**	378	**-**	-	**-**	-	**-**	-
Unallocated	**(1,825)**	(1,717)	**(60)**	(55)	**(65)**	65	**(125)**	10
Segment equity	**4,991**	5,109	**99**	207	**264**	841	**363**	1,048
Gains recorded in FFO	**-**	-	**214**	25	**(214)**	(13)	**-**	12
Add back deferred income taxes	**2,475**	2,568	**-**	-		-	**-**	-
Incremental values	**235**	300	**-**	-	**(65)**	(300)	**(65)**	(300)
Net invested capital / Total Return	**$ 7,701**	$ 7,977	**$ 313**	$ 232	**$ (15)**	$ 528	**$ 298**	$ 760

- Our power assets are held through 68% owned Brookfield Renewable Energy Partners ("BREP")
- Brookfield provides energy contracts to BREP, where we purchase a portion of BREP's power at predetermined prices, which provides a stable revenue profile for BREP's unitholders
- BREP provided a total return of 13.5% during 2012, compared to the S&P/TSX of 7.1%
- Announced a 5% distribution increase to $1.45 per unit, consistent with our long-term target payout ratio of 60% to 70% of FFO, and in line with our objective of increasing distributions by 3% to 5% annually
- Achieved generation of 15,821 GWh, unchanged from prior years, as the increase from newly acquired or commissioned facilities (+1,357 GWh) was offset by the impact of below average hydrology (-1,413 GWh)
- Completed $2.4 billion of financings, which has meaningfully reduced borrowing costs while increasing the overall term to maturity
- We announced the acquisition of nearly 1,000 MW of renewable power assets, including two large scale hydroelectric portfolios by BREP and our institutional partners. Expected to increase generation by 3,500 GWh
- We sold 13 million units of BREP in the first quarter for total proceeds of $345 million, decreasing our ownership by 5% to 68%, and recorded a $214 million realization gain

RENEWABLE POWER OPERATIONS – Financial Position

AS AT DEC. 31 (MILLIONS)	United States 2012	United States 2011	Canada 2012	Canada 2011	Brazil 2012	Brazil 2011	Corporate / Unallocated 2012	Corporate / Unallocated 2011	Total 2012	Total 2011
Assets under management	**$ 7,744**	$ 6,276	**$ 8,427**	$ 8,093	**$ 3,054**	$ 3,389	**$ -**	$ -	**$ 19,225**	$ 17,758
Hydroelectric generation	**6,118**	5,333	**5,946**	5,510	**2,637**	2,729	**-**	**-**	**14,701**	13,572
Wind energy	**833**	-	**1,410**	1,387	**-**	-	**-**	**-**	**2,243**	1,387
Co-generation	**12**	-	**60**	87	**-**	-	**-**	**-**	**72**	87
Facilities under development	**56**	289	**199**	70	**128**	162	**-**	**-**	**383**	521
Net working capital	**141**	87	**(129)**	(137)	**77**	184	**(2,819)**	(2,568)	**(2,730)**	(2,434)
Net operating assets	**7,160**	5,709	**7,486**	6,917	**2,842**	3,075	**(2,819)**	(2,568)	**14,669**	13,133
Financial leverage	**(2,243)**	(1,968)	**(1,756)**	(1,584)	**(348)**	(645)	**(1,772)**	(1,323)	**(6,119)**	(5,520)
Non-controlling interests	**(1,609)**	**(743)**	**(1,548)**	(1,060)	**(937)**	(813)	**1,035**	357	**(3,059)**	(2,259)
Preferred shares	**-**	-	**-**	-	**-**	-	**(500)**	(245)	**(500)**	(245)
Segment equity	**$ 3,308**	$ 2,998	**$ 4,182**	$ 4,273	**$ 1,557**	$ 1,617	**(4,056)**	(3,779)	**4,991**	5,109
Add back deferred income taxes							**2,475**	2,568	**2,475**	2,568
Incremental values							**235**	300	**235**	300
Net invested capital							**$ (1,346)**	$ (911)	**$ 7,701**	$ 7,977

- We acquired hydroelectric and wind energy assets in the U.S., increasing net operating assets by $1.4 billion and financial leverage by $600 million. The assets we acquired with our fund partners and accordingly, non-controlling interest increased as a result of our partners capital invested
- U.S. value of Canadian assets increased by 3% due to currency variances while Brazilian assets decreased by 9%
- Overall decreased in Net Invested Capital principally due to the sell-down of interest in a listed partnership (BREP)

RENEWABLE POWER OPERATIONS – Funds from Operations

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	United States		Canada		Brazil		Corporate / Unallocated		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Total revenues	**$ 420**	$ 444	**$ 408**	$ 357	**$ 332**	$ 327	**$ 19**	$ -	**$ 1,179**	$ 1,128
Hydroelectric generation	**194**	309	**143**	166	**211**	224	**-**	-	**548**	699
Wind energy	**29**	(1)	**104**	53	**-**	-	**-**	-	**133**	52
Co-generation	**-**	(1)	**15**	24	**-**	-	**-**	-	**15**	23
	223	307	**262**	243	**211**	224	**-**	-	**696**	774
Disposition gains	**-**	12	**-**	13	**-**	-	**214**	-	**214**	25
Investment and other income	**1**	-	**4**	-	**2**	-	**14**	-	**21**	-
Segmented operating income	**224**	319	**266**	256	**213**	224	**228**	-	**931**	799
Interest expense	**(160)**	(143)	**(109)**	(91)	**(58)**	(92)	**(85)**	(68)	**(412)**	(394)
Operating costs and taxes	**2**	2	**-**	5	**(16)**	(15)	**(34)**	(7)	**(48)**	(15)
Non-controlling interests	**(66)**	(43)	**(76)**	(102)	**(59)**	(13)	**43**	-	**(158)**	(158)
Funds from operations	**$ -**	$ 135	**$ 81**	$ 68	**$ 80**	$ 104	**$ 152**	$ (75)	**$ 313**	$ 232

- FFO in 2012 includes $214 million on sale of 5% interest in listed renewable power fund (BREP)
- FFO excluding gains of $99 million compares to pre-gain FFO of $207 million in 2011
- Decrease of $153 million in net operating income primarily due to generation falling 16% below long-term average for hydro facilities (13% overall); total generation 9% below 2011 levels despite acquisitions
- Lower generation resulted in higher costs on a per megawatt hour basis
- Additional interest expense relates to debt on acquired facilities
- Impact of lower FFO on non-controlling interests offset by interest in new facilities.

Generation Profile

YEARS ENDED DECEMBER 31 (GIGAWATT HOURS)	Actual Production		Long-Term Average		Variance of Results: Actual vs. Long-term Average		Variance of Results: Actual vs. Prior Year
	2012	2011	**2012**	2011	**2012**	2011	**2012**
Hydroelectric generation							
United States	**5,913**	7,150	**7,205**	6,812	**(1,292)**	338	**(1,237)**
Canada	**3,832**	4,056	**4,972**	5,061	**(1,140)**	(1,005)	**(224)**
Brazil	**3,470**	3,307	**3,470**	3,307	**-**	-	**163**
Total hydroelectric operations	**13,215**	14,513	**15,647**	15,180	**(2,432)**	(667)	**(1,298)**
Wind energy	**1,709**	662	**2,034**	710	**(325)**	(48)	**1,047**
Co-generation	**897**	702	**521**	406	**376**	296	**195**
Total generation	**15,821**	15,877	**18,202**	16,296	**(2,381)**	(419)	**(56)**
% Variance							
-Total					**-13%**	-3%	**0%**
-Hydroelectric generation					**-16%**	-4%	**-9%**

Net Operating Income

FOR THE YEARS ENDED DEC. 31 (GIGAWATT HOURS AND $ MILLIONS)	Production (GWh)[1]		Revenues[1]		Direct Costs		Net Operating Income	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Hydroelectric generation								
United States	**5,913**	7,150	**$ 365**	$ 477	**$ 171**	$ 168	**$ 194**	$ 309
Canada	**3,832**	4,056	**221**	238	**78**	72	**143**	166
Brazil	**3,470**	3,307	**334**	333	**123**	109	**211**	224
	13,215	14,513	**920**	1,048	**372**	349	**548**	699
Wind energy	**1,709**	662	**187**	70	**54**	18	**133**	52
Co-generation	**897**	702	**59**	56	**44**	33	**15**	23
	15,821	15,877	**$ 1,166**	$ 1,174	**$ 470**	$ 400	**$ 696**	$ 774
Per Megawatt hour (MWh)								
Total generation			**$ 74**	$ 74	**$ 30**	$ 25	**$ 44**	$ 49
Hydroelectric generation			**$ 70**	$ 72	**$ 28**	$ 24	**$ 42**	$ 48

1. *Includes equity accounted investments*

RENEWABLE POWER OPERATIONS – Valuation Items

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	United States		Canada		Brazil		Corporate / Unallocated		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Valuation gains										
IFRS items										
Appraisal and other gains	**$ 248**	$ 424	**$ 481**	$ 1,122	**$ 122**	$ 173	**$ (53)**	$ -	**$ 798**	$ 1,719
Depreciation and amortization	**(158)**	(130)	**(179)**	(197)	**(152)**	(128)	**(10)**	-	**(499)**	(455)
Non-controlling interest	**46**	(155)	**(90)**	(131)	**8**	(137)	**1**	-	**(35)**	(423)
Non-IFRS items										
Incremental values	**-**	-	**-**	-	**-**	-	**(65)**	(300)	**(65)**	(300)
Other gains	**-**	-	**-**	(13)	**-**	-	**(214)**	-	**(214)**	(13)
Total valuation gains	**$ 136**	$ 139	**$ 212**	$ 781	**$ (22)**	$ (92)	**$ (341)**	$ (300)	**$ (15)**	$ 528

- Appraisal gains of approximately $800 million reflect lower discount rates, partially offset by impact of lower short term market prices on uncontracted power
- Gains exceed annual depreciation
- In-year gains are reduced by recognition in current period FFO of revaluation gains recorded in prior periods on sale of interest in BREP

Incremental Values

- Incremental Values represents the value of power purchase agreements that were not included in our financial statements at inception and is being amortized to $nil over the same period of time as the contract value is being recognized in our financial statements (similar to the amortization of deferred revenue)

IFRS Valuation Methodology

- Fair value annually through revaluation surplus within other comprehensive income
- Depreciate quarterly through net income
- 20 year discounted future cash flows
- Key estimates: future power prices, long-term average hydrology levels, maintenance and other capital expenditures, discount rates, terminal capitalization rates and terminal valuation dates

AS AT DEC. 31	United States		Canada		Brazil	
	2012	2011	**2012**	2011	**2012**	2011
Discount Rate	**6.5%**	6.7%	**5.4%**	5.7%	**9.4%**	9.9%
Terminal capitalization rate	**7.0%**	7.2%	**6.5%**	6.8%	**n/a**	n/a
Exit date	**2032**	2031	**2032**	2031	**2029**	2029

RENEWABLE POWER OPERATIONS – Contracted Profile

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Years Ended December 31 2013	2014	2015	2016	2017
Generation (GWh)					
Contracted					
Power sales agreements					
Hydroelectric	11,534	10,266	8,920	8,782	8,140
Wind	2,104	2,104	2,104	2,104	2,104
Gas and other	398	134	-	-	-
	14,036	12,504	11,024	10,886	10,244
Financial contracts	906	876	-	-	-
Total contracted	14,942	13,380	11,024	10,886	10,244
Uncontracted	4,578	5,988	8,258	8,396	9,038
Long-term average generation	19,520	19,368	19,282	19,282	19,282
Contracted generation – Consolidated basis					
% of total generation	77%	69%	57%	56%	53%
Price (per MWh)	$ 84	$ 85	$ 93	$ 94	$ 93
Proportionate basis					
% of total generation	73%	68%	57%	56%	53%
Price (per MWh)	$ 87	$ 87	$ 94	$ 95	$ 95

- Proportionate basis reflects our pro rata share in facilities owned through funds and joint ventures
- Decrease in contracted generation through 2014 and 2015 reflects shorter term contracts in Brazil and recently acquired facilities in the Southeast U.S. with prices that are in line with current market prices. As a result, average contracted price increases as these lower price contracts expire and we expect to replace these contracts at higher prices over time

INFRASTRUCTURE OPERATIONS – Overview

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Net Invested Capital		Funds from Operations		Valuation Gains		Total Return	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Utilities	**$ 593**	$ 593	**$ 109**	$ 118	**$ 8**	$ 47	**$ 117**	$ 165
Transport and Energy	**935**	628	**70**	47	**32**	95	**102**	142
Sustainable Resources	**1,290**	1,264	**39**	55	**154**	153	**193**	208
Unallocated	**(247)**	22	**(39)**	(48)	**(4)**	(12)	**(43)**	(60)
Segment equity	**2,571**	2,507	**179**	172	**190**	283	**369**	455
Gains recorded in FFO	**-**	-	**45**	-	**(45)**	-	**-**	-
Add back deferred income taxes	**364**	271	**-**	-	**-**	-	**-**	-
Incremental values	**275**	250	**-**	-	**25**	125	**25**	125
Net invested capital / Total Return	**$ 3,210**	$ 3,028	**$ 224**	$ 172	**$ 170**	$ 408	**$ 394**	$ 580

- Our infrastructure assets are primarily held through 28% owned Brookfield Infrastructure Partners (“BIP”)
- BIP provided a total return of 33% during 2012, compared to the S&P/500 of 16%
- Announced a 15% distribution increase to $1.72 per unit, in excess of our targeted distribution growth rate of 3 – 7% per annum, reflecting the forecasted contribution from our recently commissioned capital projects as well as the expected cash yield on our acquisitions that closed in the fourth quarter. Over the past five years, we have increased our quarterly distribution from 26.5 cents per unit, representing a compounded annual growth rate in excess of 10%
- BIP’s payout ratio was 62%, well within our targeted range of 60%-70%
- We raised approximately $500 million from an equity unit issuance, completed in August, of which Brookfield funded $140 million
- Attained a BBB+ corporate credit rating from S&P and raised $400 million unsecured corporate debt, completed in October

INFRASTRUCTURE OPERATIONS – Financial Position

AS AT DEC. 31 (MILLIONS)	Utilities		Transport and Energy		Sustainable Resources		Corporate		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Assets under management	**$ 13,604**	$ 10,162	**$ 7,517**	$ 4,140	**$ 5,850**	$ 5,426	**$ -**	$ -	**$ 26,971**	$ 19,728
Operating assets	**5,902**	3,549	**4,171**	2,666	**4,715**	4,351	**3**	-	**14,791**	10,566
Unconsolidated operations	**1,122**	931	**1,384**	696	**80**	69	**20**	-	**2,606**	1,696
Net working capital	**(1,195)**	(383)	**1,083**	(66)	**(233)**	(168)	**17**	130	**(328)**	(487)
Net operating assets	**5,829**	4,097	**6,638**	3,296	**4,562**	4,252	**40**	130	**17,069**	11,775
Financial leverage	**(3,195)**	(2,336)	**(2,322)**	(962)	**(1,525)**	(1,506)	**(946)**	(114)	**(7,988)**	(4,918)
Non-controlling interests	**(2,041)**	(1,168)	**(3,381)**	(1,706)	**(1,747)**	(1,482)	**659**	6	**(6,510)**	(4,350)
Segment equity	**593**	**593**	**935**	**628**	**1,290**	**1,264**	**(247)**	**22**	**2,571**	2,507
Add back deferred income taxes	**132**	116	**82**	34	**184**	147	**(34)**	(26)	**364**	271
Incremental values	**165**	145	**110**	105	**-**	-	**-**	-	**275**	250
Net invested capital	**$ 890**	**$ 854**	**$ 1,127**	**$ 767**	**$ 1,474**	**$ 1,411**	**$ (281)**	**$ (4)**	**$ 3,210**	$ 3,028

- Net operating assets increased by $5.3 billion due to acquisitions; offset by $3.1 billion increase in debt and $2.2 billion of non-controlling interests reflecting acquisition financing through debt and capital called from fund investors and raised through equity issue
- Increase in Brookfield invested capital reflects total return offset in part by sale of Chilean transmission interest for $235 million to Brookfield Infrastructure Partners in order to combine the interest with BIP’s existing interest and simplify ownership

INFRASTRUCTURE OPERATIONS – Funds from Operations

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Utilities		Transport and Energy		Sustainable Resources		Corporate		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Revenue	**$ 868**	$ 580	**$ 672**	$ 541	**$ 559**	$ 598	**$ 10**	$ 6	**$ 2,109**	$ 1,725
Less: Direct costs	**(379)**	(181)	**(377)**	(346)	**(383)**	(381)	**1**	-	**(1,138)**	(908)
Net operating income	**489**	399	**295**	195	**176**	217	**11**	6	**971**	817
Equity accounted income	**126**	116	**86**	70	**8**	6	**3**	1	**223**	193
Disposition gains	**-**	-	**-**	-	**45**	-	**-**	-	**45**	-
Segmented Operating Income	**615**	515	**381**	265	**229**	223	**14**	7	**1,239**	1,010
Interest expense	**(184)**	(144)	**(98)**	(82)	**(89)**	(88)	**(28)**	(26)	**(399)**	(340)
Corporate costs and other	**(9)**	(2)	**-**	1	**(23)**	(19)	**(128)**	(102)	**(160)**	(122)
Non-controlling interests	**(313)**	(251)	**(213)**	(137)	**(33)**	(61)	**103**	73	**(456)**	(376)
FFO	**$ 109**	$ 118	**$ 70**	$ 47	**$ 84**	$ 55	**$ (39)**	$ (48)	**$ 224**	$ 172

- FFO increased to $224 million from $172 million in 2011
- 2012 results include $45 million of gains on sale of timber and agricultural properties; no gains in 2011
- Increase in FFO from Transport and Energy of $23 million due to Brookfield Rail expansion and toll road acquisitions
- Decrease in Utilities FFO reflects lower interest in Chilean transmission operations, and lower contribution from Sustainable Resources (excluding gain) due to lower demand from Asian markets

INFRASTRUCTURE OPERATIONS – Valuation Items

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Utilities		Transport and Energy		Sustainable Resources		Corporate		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011	**2012**	2011
Valuation gains										
IFRS items										
Fair value changes	**$ 122**	$ 26	**$ 269**	$ 356	**$ 305**	$ 349	**$ (18)**	$ (41)	**$ 678**	$ 690
Depreciation and amortization	**(104)**	(81)	**(125)**	(62)	**(19)**	(5)	**-**	-	**(248)**	(148)
Non-controlling interests	**(10)**	102	**(112)**	(199)	**(132)**	(191)	**14**	29	**(240)**	(259)
	8	47	**32**	95	**154**	153	**(4)**	(12)	**190**	283
Non-IFRS items										
Incremental values	**20**	(35)	**5**	160	**-**	-	**-**	-	**25**	125
Recognized in FFO	**-**	-	**-**	-	**(45)**	-	**-**	-	**(45)**	-
Total valuation gains	**$ 28**	$ 12	**$ 37**	$ 255	**$ 109**	$ 153	**$ (4)**	$ (12)	**$ 170**	$ 408

IFRS Valuation Methodology

Timber and Agricultural Development

- Standing timber and agricultural assets - Fair value annually through net income
- Land under timber - Fair value annually through revaluation surplus within other comprehensive income
- Key valuation assumptions include a weighted average discount and terminal capitalization rate of 6.6% (2011 – 6.6%) and an average terminal valuation date of 75 years. Timber prices were based on a combination of forward prices available in the market and the price forecasts of each appraisal firm

Infrastructure – Property, Plant and Equipment

- Revalued annually with changes recorded as revaluation surplus through Other Comprehensive Income
- Concessions and rate base values recorded as intangibles and not included in the annual revaluation process

Incremental Values

- Relate primarily to increases in cash flows under regulatory frameworks. The value attributable to the benefit of regulated cash flows above the value of the physical assets deployed in the business is typically recorded as intangible assets, which are not increased in the future even if the value of the cash flows exceeds any capital deployed into the business
- The valuations are established using internal discounted cash flow analysis as well as with reference to relevant market transactions that establish multiples for similar rate base businesses

Our Private Equity operations consist of our private equity funds as well as our residential operations

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Net Invested Capital		Funds from Operations		Valuation Gains		Total Return	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
Private Equity	**$ 958**	$ 950	**$ 212**	$ 87	**$ (122)**	$ (169)	**$ 90**	$ (82)
Residential development	**1,617**	1,666	**18**	78	**(29)**	(13)	**(11)**	65
Segment equity	**2,575**	2,616	**230**	165	**(151)**	(182)	**79**	(17)
Gains recorded in FFO	**-**	-	**31**	83	**(31)**	(83)	-	-
Add back deferred income taxes	**25**	86	-	-	-	-	-	-
Incremental values	**1,865**	1,400	-	-	**465**	75	**465**	75
Net invested capital / Total return	**$ 4,465**	$ 4,102	**$ 261**	$ 248	**$ 283**	$ (190)	**$ 544**	$ 58

Private Equity

- Held through a series of private funds under the Brookfield Capital Partners (BCP) brand – $2.7 billion of total commitments
- Completed the final close of BCP III with $1 billion of capital commitments ($250 million from Brookfield)
- Closed out our first private fund BCP I, returning 2.2x committed capital to our investors with a gross IRR of 31%

Residential

- Conducted through Brookfield Residential Properties Inc. (North America) and Brookfield Incorporações S.A. (Brazil)
- Recapitalized our North American operations with over $800 million of debt and equity, of which we contributed $110 million, decreasing our ownership interest from 72% to 68%. The company's debt to capitalization decreased from 56% to 43%
- Issued $200 million common shares out of our Brazilian operations, in which we participated proportionate to our ownership interest

PRIVATE EQUITY AND RESIDENTIAL DEVELOPMENT – Financial Position

AS AT DEC. 31 (MILLIONS)	Special Situations		Residential Development		Total	
	2012	2011	**2012**	2011	**2012**	2011
Assets under management	**$ 17,354**	$ 17,004	**$ 8,794**	$ 7,869	**$ 26,148**	$ 24,873
Operating assets	**2,991**	2,917	**6,077**	5,573	**9,068**	8,490
Net working capital	**619**	622	**25**	43	**644**	665
Net operating assets	**3,610**	3,539	**6,102**	5,616	**9,712**	9,155
Financial leverage	**(1,682)**	(1,790)	**(3,348)**	(2,655)	**(5,030)**	(4,445)
Non-controlling interests	**(970)**	(799)	**(1,137)**	(1,295)	**(2,107)**	(2,094)
Segment equity	**958**	950	**1,617**	1,666	**2,575**	2,616
Add back deferred income taxes	**35**	47	**(10)**	39	**25**	86
Incremental values	**1,180**	525	**685**	875	**1,865**	1,400
Net invested capital	**$ 2,173**	$ 1,522	**$ 2,292**	$ 2,580	**$ 4,465**	$ 4,102

- Increase in net invested capital reflects $465 million increase in Incremental Values
- $645 million of increase in incremental values relates to increased value of private equity investments that are benefitting from U.S. housing recovery, as evidenced by higher stock market values and audited appraisals
- Lowered incremental value attributable to Brazilian residential business to reflect recent slowdown in activity

PRIVATE EQUITY AND RESIDENTIAL DEVELOPMENT – Private Equity

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Net Invested Capital		FFO	
	2012	2011	**2012**	2011
Industrial and wood products	**$ 592**	$ 506	**$ 166**	$ 59
Energy and related services	**149**	154	**22**	17
Business services	**139**	233	**11**	11
Bridge lending	**75**	55	**18**	7
Other	**3**	2	**(5)**	(7)
Segment equity / FFO	**958**	950	**212**	87
Add back deferred income taxes	**35**	47	**-**	-
Disposition gains	**-**	-	**15**	83
Incremental values	**1,180**	525	**-**	-
Net invested capital / FFO	**$ 2,173**	$ 1,522	**$ 227**	$ 170

- Contribution from our industrial and wood products increased by $107 million to $166 million, primarily from increased pricing and improved volumes. Reflects continued recovery of United States housing activity
- Our private equity fund portfolios include 14 investments in a diverse range of industries. Our average investment is $34 million and our largest single exposure is $245 million
- We monetized 30 million shares of our investment in Western Forest Products for a $15 million gain, decreasing our ownership interest from 75% to 68%
- Recognized incremental values of $1,180 million in 2012 based on comparable transactions, and market prices. One of our largest investment is a 63% fully diluted interest in Norbord Inc (Norbord), which is one of the world's largest producers of oriented strand board. The market value of our investment is approximately $900 million compared to our IFRS carrying value of approximately $200 million. We record the difference between the fair value and our IFRS value of $700 million within incremental values
- The increased incremental values of $655 million relates primarily to a $500 million increase in the stock market value of our investment in Norbord Inc.

LIQUIDITY AND CAPITALIZATION

AS AT DEC. 31 (MILLIONS)	Corporate		Proportionate		Consolidated	
	2012	2011	**2012**	2011	**2012**	2011
Corporate borrowings	**$ 3,526**	$ 3,701	**$ 3,526**	$ 3,701	**$ 3,526**	$ 3,701
Non-recourse borrowings						
Property-specific mortgages	**-**	-	**21,794**	19,083	**33,648**	28,415
Subsidiary borrowings	**1,130**	988	**4,928**	3,679	**7,585**	4,441
	4,656	4,689	**30,248**	26,463	**44,759**	36,557
Accounts payable and other	**1,199**	1,287	**7,144**	6,128	**11,599**	9,266
Capital securities	**325**	656	**758**	1,153	**1,191**	1,650
Equity						
Non-controlling interests[1]	**-**	-	**-**	-	**26,031**	20,301
Preferred equity	**2,901**	2,140	**2,901**	2,140	**2,901**	2,140
Intrinsic value[2]	**28,649**	26,098	**28,649**	26,098	**28,649**	26,098
Total equity	**31,550**	28,238	**31,550**	28,238	**57,581**	48,539
Total capitalization	**$ 37,730**	$ 34,870	**$ 69,700**	$ 61,982	**$ 115,130**	$ 96,012
Debt to capitalization – net invested capital	**14%**	15%	**47%**	46%	**41%**	40%

1. *Non-controlling interest prior to $2,416 million (2011 – $1,452 million) of deferred income taxes*
2. *Intrinsic value excludes $2,339 million (2011 – $2,255 million) of deferred income taxes, and includes $3.4 billion (2011 – $2.85 billion) of incremental values and a $4.75 billion (2011 – $4.25 billion) asset management franchise value*

- Corporate capitalization reflects deconsolidated capitalization, together with recourse obligations of subsidiaries. We issued $761 million of preferred shares during 2012 and used proceeds in part to redeem capital securities
- Consolidated capitalization includes obligations of entities that are consolidated into our annual financial statements. Increase in borrowings and non-controlling interests reflects debt and fund capital deployed towards acquisitions
- Proportionate capitalization reflects our proportionate share of capital of consolidated and equity accounted investees such as General Growth Properties, and is generally representative of loan to value ratios across the business

Cash and Financial Assets

- Core liquidity is approximately $4.1 billion and consists of $1.1 billion of financial assets and $1.2 billion of unutilized credit facilities at the corporate level, and $0.4 billion of financial assets and $1.4 billion of unutilized credit facilities at our principal operating units

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Net Invested Capital		Funds from Operations	
	2012	2011	**2012**	2011
Financial assets				
Government bonds	**$ 137**	$ 485		
Corporate bonds	**169**	193		
Other fixed income	**19**	66		
High-yield bonds	**192**	190		
Preferred shares	**297**	289		
Common shares	**690**	493		
Loans receivable/deposits	**40**	218		
Total financial assets	**1,544**	1,934	**$ 241**	$ 173
Cash and cash equivalents	**175**	41	**-**	-
Deposits, other liabilities and non-controlling interest	**(586)**	(514)	**(45)**	(47)
Net invested capital	**$ 1,133**	$ 1,461	**$ 196**	$ 126

- Common shares increased due to valuation gains and additional investments. Loans receivable decreased due to collection of drawn amounts. Government bonds sold to fund the runoff of match-funded insurance liabilities and related short-term borrowings
- 2012 FFO includes $70 million gain on partial sale of U.S. brokerage operations, partially offset by a $35 million prepayment penalty on the early refinance of term debt

Corporate Costs

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	**2012**	2011
Corporate costs	**$ 158**	$ 168
Cash taxes	**13**	10
	$ 171	$ 178

FINANCIAL LEVERAGE

- Financial leverage consists of corporate borrowings, capital securities and preferred shares as well as our subsidiaries non-recourse borrowings

AS AT DEC. 31 (MILLIONS)	Asset Management	Property	Renewable Power	Infrastructure	Private Equity	Corporate	**Total 2012**	Total 2011
Corporate borrowings	$ -	$ -	$ -	$ -	$ -	$ 3,526	**$ 3,526**	$ 3,701
Non-recourse borrowings								
Property-specific borrowings	351	18,709	4,347	7,021	3,210	10	**33,648**	28,415
Subsidiary borrowings	-	1,896	1,772	967	1,820	1,130	**7,585**	4,441
Capital securities	-	866	-	-	-	325	**1,191**	1,650
Preferred shares	-	-	-	-	-	2,901	**2,901**	2,140
Financial leverage	$ 351	$ 21,471	$ 6,119	$ 7,988	$ 5,030	$ 7,892	**$ 48,851**	$ 40,347

Corporate Borrowings

AS AT DEC. 31, 2012 (MILLIONS)	Average Term	Maturity 2013	2014	2015	2016 & After	Total
Commercial paper and bank borrowings	4	$ -	$ -	$ -	$ 744	$ 744
Term debt	9	75	178	-	2,529	2,782
	8	$ 75	$ 178	$ -	$ 3,273	$ 3,526

- At December 31, 2012, $744 million of our $2.2 billion corporate facilities was utilized in respect of short-term bank or commercial paper borrowings and $0.3 billion of letters of credit to support various business initiatives

Property – Specific Borrowings

AS AT DEC. 31 (MILLIONS)	Average Term	Proportionate 2012	Proportionate 2011	Consolidated 2012	Consolidated 2011
Property					
Office	4	**$ 7,834**	$ 5,954	**$ 12,261**	$ 11,398
Retail	6	**4,732**	4,383	**1,003**	1,371
Opportunity, finance and development	3	**2,182**	1,436	**5,445**	2,927
Renewable power	12	**2,766**	3,016	**4,347**	4,197
Infrastructure	6	**2,369**	2,126	**7,021**	4,802
Private equity	3	**1,537**	1,622	**3,210**	3,174
Other	2	**374**	546	**361**	546
Total	5	**$ 21,794**	$ 19,083	**$ 33,648**	$ 28,415

Subsidiary Borrowings

AS AT DEC. 31 (MILLIONS)	Average Term	Proportionate 2012	Proportionate 2011	Consolidated 2012	Consolidated 2011
Property	3	**$ 1,245**	$ 939	**$ 1,896**	$ 743
Renewable power	8	**1,205**	965	**1,772**	1,323
Infrastructure	4	**291**	32	**967**	116
Private equity	5	**1,057**	755	**1,820**	1,271
Contingent swap accruals	3	**1,130**	988	**1,130**	988
Total	4	**$ 4,928**	$ 3,679	**$ 7,585**	$ 4,441

Brookfield

Additional Information




SUPPLEMENTAL SHARE AND PER SHARE INFORMATION

Share Continuity

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2012	2011
Outstanding at beginning of year	**619.3**	577.7
Issued (repurchased)		
Share issuances	**-**	45.1
Repurchases	**(2.6)**	(6.1)
Management share plan	**2.7**	2.5
Dividend reinvestment plan	**0.2**	0.1
Outstanding at end of period	**619.6**	619.3
Unexercised options	**38.4**	37.9
Total diluted shares at end of year	**658.0**	657.2

Weighted Average Shares Outstanding

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Funds From Operations		Net Income	
	2012	2011	**2012**	2011
Funds from operations/Net income	**$ 1,356**	$ 1,211	**$ 1,380**	$ 1,957
Preferred share dividends	**(129)**	(106)	**(129)**	(106)
	1,227	1,105	**1,251**	1,851
Capital securities dividends	**-**	-	**25**	38
Funds from operations/Net income available for shareholders	**$ 1,227**	$ 1,105	**$ 1,276**	$ 1,889
Weighted average shares	**618.9**	616.2	**618.9**	616.2
Dilutive effect of the conversion of options using treasury stock method	**12.1**	10.8	**12.1**	10.8
Dilutive effect of the conversion of capital securities	**-**	-	**18.0**	26.0
Shares and share equivalents	**631.0**	627.0	**649.0**	653.0

Intrinsic Value

AS AT DEC. 31 (MILLIONS)	2012	2011
Intrinsic value	**$ 28,649**	$ 26,098
Cash value of unexercised options	**912**	840
	$ 29,561	$ 26,938
Shares and share equivalents	**658.0**	657.2

STATEMENT OF FUNDS FROM OPERATIONS ("FFO") AND TOTAL RETURN – 2011
(Non-IFRS Measure)

FOR THE YEAR ENDED DEC. 31, 2011 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Asset Management	Property	Renewable Power	Infrastructure	Private Equity	Corporate	Total[1]
Revenues	$ 3,535	$ 2,760	$ 1,128	$ 1,725	$ 6,740	$ 311	**$ 16,199**
Less: direct costs	(3,280)	(1,077)	(379)	(908)	(6,129)	(46)	**(11,819)**
Net operating income	255	1,683	749	817	611	265	**4,380**
Equity accounted funds from operations	14	428	25	193	23	(9)	**674**
Disposition gains	-	433	25	-	177	(83)	**552**
Segmented operating income	269	2,544	799	1,010	811	173	**5,606**
Interest and other costs	-	(1,168)	(409)	(462)	(330)	(564)	**(2,933)**
Non-controlling interests	-	(689)	(158)	(376)	(233)	(6)	**(1,462)**
Funds from operations and gains (pg. 8)	**269**	**687**	**232**	**172**	**248**	**(397)**	**1,211**
Valuation items							
IFRS items[2, 3]	(34)	1,786	841	283	(204)	(195)	**2,477**
Non-IFRS items	350	(313)	(313)	125	14	(100)	**(237)**
Total valuation gains (pg. 10)	316	1,473	528	408	(190)	(295)	**2,240**
	585	2,160	760	580	58	(692)	**3,451**
Preferred share dividends	-	-	-	-	-	(106)	**(106)**
Total Return	**$ 585**	**$ 2,160**	**$ 760**	**$ 580**	**$ 58**	**$ (798)**	**$ 3,345**
- Per share							**$ 5.33**

1. *Totals include inter segment revenues and expenses that are eliminated on consolidation*
2. *Net of non-controlling interests*
3. *Includes pro rata share of valuation items recorded by equity accounted investees*

Note: Funds from Operations and Total Return are defined on page 5 and reconciled to Comprehensive Income on page 7

INTRINSIC VALUE – DECEMBER 31, 2011

(Non-IFRS Measure)

Financial Position

AS AT DEC. 31, 2011 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Asset Management	Property	Renewable Power	Infrastructure	Private Equity	Corporate	**Total**
Assets under management	$ 3,326	$ 91,197	$ 17,758	$ 19,728	$ 24,873	$ 3,456	**$ 160,338**
Net operating assets [1]	1,932	38,173	13,133	11,775	9,155	1,771	**75,939**
Financial leverage [2]	(439)	(17,433)	(5,520)	(4,918)	(4,445)	(7,592)	**(40,347)**
Non-controlling interests	(1)	(9,797)	(2,504)	(4,350)	(2,094)	(103)	**(18,849)**
Segment equity / Common equity [3]	**1,492**	**10,943**	**5,109**	**2,507**	**2,616**	**(5,924)**	**16,743**
Add back deferred income taxes	(15)	141	2,568	271	86	(796)	**2,255**
Incremental values	875	25	300	250	1,400	-	**2,850**
Net invested capital	**2,352**	**11,109**	**7,977**	**3,028**	**4,102**	**(6,720)**	**21,848**
Asset management franchise value	4,250	-	-	-	-	-	**4,250**
Intrinsic value	**$ 6,602**	**$ 11,109**	**$ 7,977**	**$ 3,028**	**$ 4,102**	**$ (6,720)**	**$ 26,098**
- Per share							**$ 40.99**

1. *Comprises segmented assets less accounts payable and other and deferred income tax liabilities*
2. *Comprises borrowings, capital securities and preferred equity*
3. *Common equity per IFRS balance sheet*

- ***Intrinsic Value is defined on page 5 and reconciled to Common Equity in our IFRS financial statements in the table above***

Note: This Supplemental Information contains forward-looking information within the meaning of Canadian provincial securities laws and other “forward-looking statements”, within the meaning of certain securities laws including Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. We may make such statements in this profile, in other filings with Canadian regulators or the Securities Exchange Commission (SEC) or in other communications. These forward-looking statements include, among others, statements with respect to our financial and operating objectives and strategies to achieve those objectives, capital committed to our funds, our liquidity and ability to access and raise capital, our ability to capitalize on investment opportunities, the potential growth of our asset management business and the related revenue streams there from, the prospects for increasing our cash flow from or continued achievement of targeted returns on our investments, as well as the outlook for the Company’s businesses and other statements with respect to our beliefs, outlooks, plans, expectations, and intentions.

Although Brookfield Asset Management believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include: economic and financial conditions in the countries in which we do business; the behavior of financial markets including fluctuations in interest and exchange rates; availability of equity and debt financing; strategic actions including dispositions; the ability to effectively integrate acquisitions into existing operations and the ability to attain expected benefits; adverse hydrology conditions; regulatory and political factors within the countries in which the company operates; acts of God, such as earthquakes and hurricanes; the possible impact of international conflicts and other developments including terrorist acts; and other risks and factors detailed from time to time in the company’s form 40-F filed with the Securities and Exchange Commission as well as other documents filed by the company with the securities regulators in Canada and the United States including in the Annual Information Form under the heading “Business Environment and Risks.”

We caution that the forgoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Brookfield Asset Management, investors and others should carefully consider the forgoing factors and other uncertainties and potential events. 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.