

Brookfield Asset Management Inc.

A GLOBAL ASSET MANAGEMENT COMPANY
Focused on Property, Power and Infrastructure Assets

Brookfield



International Financial Reporting Standards
April 30, 2010



Forward Looking Information

Note: This presentation 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 presentation 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 the impact of early adoption of International Financial Reporting Standards.

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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.

All numbers are in U.S. dollars, unless otherwise indicated.



Agenda

- ▶ Background
- ▶ Cash Flow from Operations
- ▶ Asset Values and Fair Value Methodology
- ▶ Underlying Value Definition
- ▶ Other Accounting Considerations
- ▶ Reconciling Tables
- ▶ Q&A



Background



Background

- ▶ All Canadian reporting issuers are required to adopt International Financial Reporting Standards (IFRS) by 2011
- ▶ Brookfield elected to early adopt IFRS in 2010 and accordingly started its transition process in 2008
- ▶ IFRS presents us with the opportunity to revalue a significant amount of our assets annually, helping mitigate many of the distortions to our balance sheet that have arisen over time, such as:
 - Accounting depreciation, which reduces the carrying value of assets on a prescribed basis to zero over time
 - Inability to revalue assets acquired on a distressed basis
 - Lack of comparability with entities who hold assets for a shorter duration
 - Inability to present appropriate capital structure as liabilities are held at cost yet majority of assets are depreciated
- ▶ IFRS is a major step forward; however it does have certain limitations



Brookfield Transition Plan

- ▶ Brookfield's global transition plan benefitted from:
 - a number of Brookfield subsidiaries which already prepare local financial statements in IFRS
 - a number of large subsidiaries transitioning on a consistent timetable with Brookfield
- ▶ Accordingly, on transition, over 80% of our consolidated assets will have IFRS as their primary basis of presentation

Operating Business	IFRS Adoption Timeline	Public / Private
Brookfield Renewable Power Inc.	Beginning in 2010	Reporting Issuer
Brookfield Properties Corporation	Beginning in 2010	Public
Brookfield Multiplex Group	Currently under IFRS	Reporting Issuer
Brookfield Europe	Currently under IFRS	Private
Brookfield Infrastructure Partners	Beginning in 2010	Public
Prime Infrastructure	Currently under IFRS	Public
Brookfield Incorporações	Beginning in 2010	Public
Brookfield Brazil	Beginning in 2010	Private



Cash Flow From Operations



Impact on Cash Flow From Operations

- ▶ Transition to IFRS has minimal impact to our reported cash flow from operations
- ▶ Adjustments are primarily related to non-cash amortization of above/below market contracts which were previously amortized into reported cash flow, and timing of revenue recognition in our Brazilian residential business
- ▶ On an annualized basis, our expectation of differences follows

Operating Platform	Description
Renewable Power	<ul style="list-style-type: none"> • Approximately \$375 million of net receivables related to above market power contracts were being amortized into cash flow over 6 years, decreasing GAAP cash flow by approximately \$60 million annually
Commercial Properties	<ul style="list-style-type: none"> • Approximately \$365 million of net intangible liabilities related to below market rents were being amortized into cash flow over 8 years, increasing GAAP cash flow by approximately \$40 to \$60 million annually
Infrastructure	<ul style="list-style-type: none"> • No material change to cash flow
Special Situations	<ul style="list-style-type: none"> • No material change to cash flow
Development Activities	<ul style="list-style-type: none"> • Revenue recognition for Brazilian homebuilding business changes to completed contract method from percentage completion method • Long term impact to cash flow is negligible; however annual recognition will be volatile based on projects completed rather than cash flows received or progress to date and cash flow growth will lag underlying operations
Fee income	<ul style="list-style-type: none"> • No material change to cash flow

Impact on Cash Flow From Operations cont'd

- ▶ The following table reconciles cash flow from operations under Canadian GAAP to IFRS for the year ended December 31, 2009

<i>(US MILLIONS)</i>	CGAAP	IFRS Adjustments				Total	IFRS
		<i>Levelized contracts</i>	<i>Revenue recognition</i>	<i>Financial Instruments</i>	<i>Other</i>		
Asset management revenues	\$ 298	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 298
Operating platforms							
Renewable power generation	660	60				60	720
Commercial properties	356	(60)				(60)	296
Infrastructure	64					-	64
Development activities	134	3	(64)			(61)	73
Special situations	112				(2)	(2)	110
Cash and financial assets	346			22		22	368
	1,970	3	(64)	22	(2)	(41)	1,929
Corporate interest	(151)					-	(151)
Contingent swap accruals	(84)					-	(84)
Other expenses	(253)				(7)	(7)	(260)
Capital securities interest	(32)					-	(32)
Operating cash flow	\$ 1,450	\$ 3	\$ (64)	\$ 22	\$ (9)	\$ (48)	\$ 1,402

Impact on Cash Flow From Operations cont'd

- ▶ The following table reconciles cash flow from operations under Canadian GAAP to IFRS for the three months ended March 31, 2009

<i>(US MILLIONS)</i>	IFRS Adjustments					<i>Total</i>	<i>IFRS</i>
	<i>CGAAP</i>	<i>Levelized contracts</i>	<i>Revenue recognition</i>	<i>Financial Instruments</i>	<i>Other</i>		
Asset management revenues	\$ 52	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52
Operating platforms							
Renewable power generation	131	15				15	146
Commercial properties	71	(15)				(15)	56
Infrastructure	19					-	19
Development activities	-	1	(13)			(12)	(12)
Special situations	9				(1)	(1)	8
Cash and financial assets	118			(10)		(10)	108
	400	1	(13)	(10)	(1)	(23)	377
Corporate interest	(34)					-	(34)
Contingent swap accruals	(19)					-	(19)
Other expenses	(67)				(2)	(2)	(69)
Capital securities interest	(7)					-	(7)
Operating cash flow	\$ 273	\$ 1	\$ (13)	\$ (10)	\$ (3)	\$ (25)	\$ 248



Fair Value Framework



Fair Value Framework

- ▶ IFRS provides an opportunity to periodically revalue over approximately 85% of our asset base under a widely accepted framework which is subject to annual audit
- ▶ The major exceptions are residential land inventory and short duration investments held in our special situations platform

Operating Platform	Description
Renewable Power	<ul style="list-style-type: none"> • Classified as PP&E under IFRS and revalued annually through equity. • Continued recognition of quarterly depreciation through income
Commercial Properties	<ul style="list-style-type: none"> • Classified as investment properties under IFRS and revalued quarterly through income • We will follow typical practice of most international property firms which is to perform full property-by-property valuation annually with a semi-annual review of major assumptions (cash flows, market rents, discount rates, leases, etc) and a quarterly review of macro-economic indicators and the impact of significant transactions.
Infrastructure – Timberlands	<ul style="list-style-type: none"> • Considered biological assets under IFRS which are required to be revalued through income quarterly
Infrastructure – Regulated Assets, Fee-for-Service Assets	<ul style="list-style-type: none"> • Classified as PP&E under IFRS and revalued annually through equity. Quarterly depreciation through income continues to be recognized.
Special Situations	<ul style="list-style-type: none"> • Assets held at cost and depreciated quarterly through income



Renewable Power Generation

- ▶ Renewable power assets are revalued annually with changes in value accruing through equity
- ▶ Quarterly depreciation is applied to the revalued asset base and is reflected as a charge to earnings, in spite of the fact that sustaining capital expenditures are already charged to future cash flows for the purposes of valuing the underlying power facilities
- ▶ Valuations are completed for each asset annually by independent valuers and compared to management valuations for reasonableness

Key Assumptions	Description
Discount rates	<ul style="list-style-type: none"> • Market and country specific, based on comparable transactions and broker data where available • A premium is deducted for contracted revenue over merchant • Discount and terminal year assumptions are included in our annual reports
Terminal year	<ul style="list-style-type: none"> • Year 20 cash flows are capitalized
Power prices	<ul style="list-style-type: none"> • Short-term prices obtained from market price curves and broker quotes. • Long-term prices estimates based on third party transactions, external projections and management expectations.
Capital expenditures	<ul style="list-style-type: none"> • Based on long term capital plans



Renewable Power Generation

- ▶ The following discounts rates are used to determine fair value for our renewable power generation assets

	United States		Canada		Brazil	
	2009	2008	2009	2008	2009	2008
Discount rate	8.20%	8.00%	7.30%	7.70%	11.00%	10.40%
Terminal capitalization rate	8.40%	8.20%	7.90%	8.10%	11.00%	10.40%
Exit date	2029	2028	2029	2028	2029	2028



Commercial Properties

- ▶ Commercial properties are revalued quarterly with changes in value accruing through income
- ▶ Depreciation is no longer applied to assets as it forms a component of the underlying value of the buildings
- ▶ Directly held assets in North America and Australia are independently valued on a 3-year rotating cycle; Assets held in funds are generally independently valued annually
- ▶ Quarterly, valuations are updated for new leases and significant changes in market conditions

Assumption	Description / Comment
Discount rates	<ul style="list-style-type: none"> • Market and building-specific, based on comparable transactions and broker data where available • Discount and terminal year assumptions are included in our annual reports
Terminal year	<ul style="list-style-type: none"> • Generally year 10 cash flows are capitalized but could be longer based on in-place leases
Market rents	<ul style="list-style-type: none"> • Based on broker quotes and signed leases adjusted for inflation in future years
Future releasing	<ul style="list-style-type: none"> • Vacancy periods and releasing costs are probability weighted for in-place tenants not renewing • Additional tenant improvements, brokerage costs and other expenses are estimated when in-place tenants leave
Capital expenditures	<ul style="list-style-type: none"> • Based on leasing plans and capital expenditure budgets



Commercial Properties

- ▶ The following discounts rates are used to determine fair value for our commercial property assets

	United States		Canada		Australia		United Kingdom	
	2009	2008	2009	2008	2009	2008	2009	2008
Discount rate	8.80%	8.60%	7.40%	7.30%	9.30%	8.40%	9.60%	9.60%
Terminal capitalization rate	6.90%	7.00%	6.70%	6.60%	7.80%	6.80%	n/a	n/a
Exit date	2019	2018	2019	2018	2019	2018	n/a	n/a



Infrastructure – Timber

- ▶ External valuations are obtained annually for all of our timberlands with changes in value accruing through income
- ▶ Quarterly, valuations are updated to reflect significant changes in macro economic or industry specific conditions

Assumption	Description / Comment
Discount rates	<ul style="list-style-type: none"> • Based on WACC of typical purchasers of timber assets • Selected by third party appraisers
Terminal year	<ul style="list-style-type: none"> • Generally 70 – 90 years or three harvests of the existing tree base
Pricing	<ul style="list-style-type: none"> • Based on historical long run prices adjusted for inflation • Current and short term prices adjusted to reflect current operating environment
Harvest levels	<ul style="list-style-type: none"> • Long-term harvest levels reflect sustainable levels • Adjustments are made to short-term harvest levels to reflect plan
Growth	<ul style="list-style-type: none"> • Based on plot samples to determine maturity and species mix



Infrastructure – Fee for Service and Rate Regulated

- ▶ Fee for service and rate regulated assets are revalued annually with changes in value through equity
- ▶ Quarterly depreciation is applied to the revalued asset base and is reflected as a charge to earnings
- ▶ Current valuation is supported by purchase price, future valuations will be completed for each asset annually by management and independent valuers based on a rotating cycle

Assumption	Description / Comment
Discount rates	<ul style="list-style-type: none"> • Based on WACC of typical purchasers of assets or from assessed regulatory rate
Terminal year	<ul style="list-style-type: none"> • Generally 10 years
Pricing	<ul style="list-style-type: none"> • Based on historical long run prices adjusted for inflation, contracted or regulatory rates • Current and short term prices have been adjusted below long run norms
Expenditures	<ul style="list-style-type: none"> • Reflect long term capital plans



Underlying Value



Underlying Value Definition

- ▶ Brookfield's underlying value (a non-IFRS management reporting metric) is comprised of our IFRS common equity value, on a pre-tax basis, plus the incremental value of assets and/or cash flows which are not otherwise presented on a fair value basis

<i>(US MILLIONS)</i>	December 31, 2009	
	Total	Per Share
Underlying Value:		
Common equity, IFRS book value	\$ 12,167	\$ 21.01
Add back: BAM share of deferred tax	2,789	4.64
	14,956	25.65
Unrecognized incremental value of assets not recognized	1,750	2.88
Underlying value	\$ 16,706	\$ 28.53

- ▶ The framework and disclosure for annual revaluation of assets and cash flows along with other changes to equity present Brookfield with a unique opportunity to provide total return reporting



Underlying Value – Items Not Included in Common Equity

- ▶ Future taxes are deducted from common equity
 - Current IFRS rules require all assets to be ascribed a future tax liability based on the difference between the tax value and carrying value of the asset, at the tax rate expected to be in place when the asset is sold
 - The current rules do not take into account
 - Intent to sell
 - Future tax planning that may defer cash taxes incurred and decrease corresponding present value of obligation
 - Benefit to underlying value on reinvesting proceeds retained from tax deferral strategies
- ▶ Certain assets and cash flows are not allowed to be presented on a fair value basis, thereby misstating common equity based on the incremental value of those items
 - Certain investments in our special situations platform are carried at cost and are not reflective of their underlying value
 - Residential land and inventory is required to be carried at cost
 - Power and Infrastructure development projects are carried at cost and do not reflect the fair value on completion less the costs to complete



Underlying Value – Total Return Reporting

<i>(US MILLIONS)</i>	Total	Per Share
Underlying value, IFRS basis - December 31, 2008	\$ 13,042	\$ 22.47
Unrecognized value - December 31, 2008	1,500	2.50
Underlying value - December 31, 2008	14,542	24.97
Operating cash flow*	1,450	2.43
Less: Realization gains	(413)	(0.68)
Dividends	(341)	(0.56)
Unrealized valuation changes	(1,319)	(2.17)
Foreign currency changes	1,673	2.75
Other	864	1.41
Change in unrecognized value during the year	250	0.38
Total changes	2,164	3.56
Underlying value, IFRS basis - December 31, 2009	14,956	25.65
Unrecognized value - December 31, 2009	1,750	2.88
Tangible value of common equity - December 31, 2009	\$ 16,706	\$ 28.53

* Per 2009 Annual Report: Canadian GAAP basis



Other IFRS Considerations



Other IFRS Considerations

- ▶ The following table highlights some of the rules under IFRS which are materially different from Canadian and US GAAP

Changing Rules	Summary Explanation
Monetization gains	<ul style="list-style-type: none"> • Gains on partial dispositions of interests in businesses where control is retained are recognized in equity rather than earnings, requiring a reconciliation of cash flow from operations
Purchase accounting	<ul style="list-style-type: none"> • Immediate expensing of all transaction costs as opposed to inclusion in the cost base
Completed contract versus percentage of completion	<ul style="list-style-type: none"> • For residential condominium projects (in our Brazil business) IFRS defers revenue recognition until units are delivered rather than as the project is completed, irrespective of when cash payments are received



IFRS Equity Reconciliation – December 31, 2009

- ▶ The following reconciles Brookfield's common equity as at December 31, 2009

<i>(US BILLIONS)</i>	
As reported under Canadian GAAP - December 31, 2009	\$ 6.4
Differences increasing (decreasing) amount:	
Fair value	9.6
Financial instruments	(0.3)
Levelized contracts	(0.5)
Revenue recognition	(0.1)
Pension accounting	(0.2)
Deferred taxes	(2.7)
	5.8
As reported under IFRS - December 31, 2009	\$ 12.2



Conclusion

- ▶ IFRS provides a more realistic portrayal of our balance sheet and capitalization without comprising the economic characteristics of operating cash flow. This allows us to provide more relevant information, in our view, to equity and debt holders
 - Significant portion of our assets are subject to a fair value framework which is well established and widely accepted
 - Annual attestation of asset and equity values provides a third party perspective to relevant financial information
 - Assets and capital are more reflective of underwritten values
- ▶ Significant disclosure of assumptions and estimates allows users to assess underlying value and compare our assumptions to theirs. This is a significant improvement over historical cost based accounting which did not serve as a reliable benchmark from which to assess ones own views
- ▶ Limitations remain; however we continue to provide supplemental information in our disclosure to provide additional information



Q & A