Overview

Operating and financial results have continued to be favorable in almost all of our business activities and we have achieved a number of important milestones. The following is a summary of highlights that influenced our capital allocation and operating results during the quarter and can be reasonably expected to impact our performance in the near future.

- *Operating cash flow was $354 million during the quarter. This compares to $149 million in the 2009 quarter prior to realization gains.*

  We recorded increased earnings from virtually all of our operating segments during the quarter. This was due to increases in office rents and the completion of development properties within our commercial office activities; operating cash flow from infrastructure operations acquired in late 2009; increased activity within our residential development business, particularly in Brazil; increased profitability of investee companies within our private equity group; and capital markets and currency-related gains. The one notable exception was our power generating operations, which suffered from below-average water flows.

- *We completed $6.5 billion of capital raising initiatives between the end of June and the date of this report, benefitting from favorable debt and equity capital markets.*

  These activities enhanced our liquidity, funded investment initiatives and enabled us to extend our debt maturity profile at a low cost of capital. Financings included $1.7 billion of co-investor commitments, $1.7 billion of asset-specific financings, $1.5 billion of unsecured term debt, $0.9 billion of construction financings, $0.5 billion of perpetual preferred shares and $0.2 billion of equity monetizations. One result is the extension of the corporate maturity profile at each of Brookfield Asset Management and our renewable power business to nine years and eight years, respectively, with an average rate on new debt issues of 5.2%.

- *The net asset value of our common shares before common share dividends increased by $873 million or $1.43 per share since June 30th, due mostly to operating cash flow and currency appreciation.*

  Net asset value per share was estimated to be $30.99 per share. This reflects the value of our tangible assets, but does not include a number of "franchise" or intangible values that contribute to the overall intrinsic underlying value of the business.

In particular, our asset management business has the potential to add further value to the company by not only providing us with additional capital to grow the business, but also by generating an increasing stream of base management and performance fees that should attract a favorable multiple valuation in the market. We also believe that we add value by judiciously and opportunistically reallocating capital among our businesses to continuously increase returns. Finally, the quality of our operations enables us to generate superior risk-adjusted returns, which in our view should achieve enhanced cash flows and, accordingly, premium valuation for our assets.

We have observed a meaningful decline in long-term interest rates, which is beginning to manifest itself in the form of lower discount and capitalization evidenced by increased valuations in recent market transactions. These have yet to be reflected in our net asset values, some of which are prepared on an annual basis, however we expect our year-end valuations will reflect a lower interest rate and inflation environment, which we believe will result in a higher appraised value of our equity.

We added $2.5 billion of capital under management since June 30th.

This includes a further $1.1 billion in client commitments towards our $2.7 billion Americas Infrastructure Fund and $1.1 billion of equity in Brookfield Infrastructure Partners that we expect to issue in exchange for the remaining equity of the Australian infrastructure portfolio that we restructured in late 2009. These and other fundraising initiatives resulted in higher fee revenues during the quarter, and increased our annualized base management fees to approximately $190 million. The current level of base management fees represents a seven-fold growth over the past five years, reflecting new fund launches and investment of the capital raised. The capital and the management arrangements also give us the opportunity to generate additional performance returns and carried interests that we earn from our clients, typically once our returns exceed a pre-determined hurdle return.

We invested $450 million into new opportunities during the quarter, and are investing a further $2.1 billion in two major initiatives subsequent to September 30th.

We are investing approximately $1.0 billion of our capital as part of the $2.6 billion cornerstone investment by us and our clients into the restructuring of General Growth Properties and issuing equity from our infrastructure subsidiary to acquire the remaining interests in the Australian infrastructure portfolio for approximately $1.1 billion. This is in addition to $450 million invested in a variety of assets during the quarter. We believe that these investments are being completed at very favorable valuations which should lead to increased cash flow returns and value appreciation in the coming years.

We advanced several transactions to simplify our organization structure and better position these key operating companies to create enhanced value for shareholders.

Our flagship commercial office company, Brookfield Office Properties, took a major step forward in becoming a global pure play office company by acquiring our interests in our Australian office portfolio during the quarter and announcing a plan to sell its Canadian residential business to its shareholders, including Brookfield. We are seeking to concurrently merge the Canadian residential business with our U.S. operations to create a unique North American residential company that will be well positioned to participate in the eventual recovery in the U.S. residential markets. In addition, the merger of Brookfield Infrastructure and its partially owned Australian infrastructure subsidiary simplifies the ownership structure and establishes Brookfield Infrastructure as a global leader in infrastructure with a $3.4 billion market capitalization.

We discuss each of these items, and the balance of our activities, more fully in the following sections.

Operating Highlights

Our operating groups completed a number of initiatives to add value to our businesses and which influenced our operating results for the quarter.

We leased 1.1 million square feet across our global office portfolio at rents that were 9% higher than the expiring leases leading to a 4% increase in cash flow from existing properties. Markets have stabilized in almost all of our major centers and are improving noticeably in several cities. The portfolio remains 95% leased with an average lease term of seven years and rents that are 9% less than the comparable market rents, providing for potential further growth. Our total portfolio encompasses 70 million square feet in 118 buildings in 18 major markets in the United States, Australia, Canada and the UK.

We generated 2,894 gigawatt hours of electricity during the quarter. Unfortunately this was 20% below long-term averages and 22% less than the third quarter of 2009. Fortunately, this shortfall was largely offset by the higher prices realized from the favourable generation mix within the portfolio under long-term contracts arranged in the past two years. We completed our 50 megawatt Gosfield Wind Farm in Southwestern Ontario and work continues on several other development projects that are benefitting from the attractiveness of renewable energy. We extended the term of our shorter term contracts into 2012, and have now contracted 83% of expected generation until the beginning of 2013 at attractive prices, and the majority of our power remains under long-term contracts with an average term of 13 years.

Within our infrastructure business we completed the renewal of several regulatory frameworks and contract negotiations on favorable terms, with one exception. This added cash flow in the quarter and should lead to increased cash flows in the future from these businesses. Approximately 85% of the expected annualized operating cash flows in these operations, excluding our timber operations, are governed by regulatory frameworks or contracts with an average term of six years. In addition, we are pursuing a number of capital expansion projects with favorable potential returns.

In our residential activities in Brazil, we launched new projects with an estimated value of R$741 million ($437 million), an increase of 53% in local currency terms over the 2009 quarter, and achieved contracted sales of R$824 million ($466 million), up 32%. We expect to deliver almost 4,800 units during the year, benefitting from the continued expansion of the Brazilian economy.

Cash Flow from Operations

The following table sets out our operating cash flows on a segmented basis:

	Three months ended September 30, 2010		Nine months ended September 30, 2010	
(MILLIONS, EXCEPT PER SHARE AMOUNTS)	**2010**	2009	**2010**	2009
Operating platforms				
Renewable power generation	**$ 46**	$ 56	**$ 206**	$ 279
Commercial properties	**83**	63	**243**	189
Infrastructure	**37**	10	**101**	37
Development activities	**77**	(1)	**121**	9
Private equity and finance	**50**	5	**121**	84
Investment and other income	**126**	84	**250**	254
Total operating platform cash flow	**419**	217	**1,042**	852
Asset management and other services	**90**	65	**239**	175
	509	282	**1,281**	1,027
Operating cash flow prior to unallocated costs:				
Interest expense	**(76)**	(65)	**(225)**	(194)
Operating costs	**(66)**	(70)	**(178)**	(181)
Current income taxes	**(13)**	2	**(18)**	(4)
Operating cash flow and gains - prior to realization gains	**354**	149	**860**	648
Realization gains	**—**	346	**187**	389
Operating cash flow and gains	**$ 354**	$ 495	**$ 1,047**	$ 1,037
– Per share - prior to realization gains	**$ 0.57**	$ 0.24	**$ 1.38**	$ 1.07
– Per share - including realization gains	**0.57**	0.83	**1.70**	1.74

Operating cash flow from our operating platforms and invested capital (i.e. our share of the cash flow based on the capital we have invested in each of these businesses and other investments) increased to $419 million from $217 million in the same quarter last year. Asset management fees and the contribution from our various services business, such as construction and property management, contributed $90 million compared to $65 million. Unallocated interest and operating costs were largely unchanged. We recorded a realization gain in 2009 on the sale of partial interests in our Canadian renewable power facilities.

Renewable power operations contributed net operating cash flow during the quarter of $46 million, compared to $56 million last year. Low hydrology levels in Ontario, Quebec and New York resulted in lower generation however this was partially offset by higher price contracts and an increase in cash flow from wind and other generating facilities. Water levels have begun to normalize in our key markets during October which should result in generation that is closer to long-term averages in the fourth quarter.

The contribution from our commercial office business reflects a 2% increase in rents on a "same property" basis and a $26 million dividend from our investment in Canary Wharf Group.

The $27 million increase in infrastructure cash flows included $20 million from the business acquired in the fourth quarter of 2009 (i.e. subsequent to the comparable quarter). Our other existing businesses, excluding timber, contributed $3 million more than last year. These businesses are largely regulated or contractual in nature, providing for stable operating results that increase with inflation and the investment of additional capital. Our timber business, which is more correlated with the economic cycle, contributed $4 million compared to $nil last year, well below its potential, due to continued low level of economic activity in North America. We have reduced our harvest and will build timber inventories in expectation of improving lumber prices.

Our development activities include residential development and opportunity property investments, both of which are focused primarily on the acquisition or development and subsequent sale of assets, as opposed to our power, property and infrastructure businesses, which have a much longer ownership time frame. The combined contribution from these activities increased by $78 million, of which $32 million was from residential development and $45 million related to our opportunity property investments. Residential results benefitted from an increased number of project completions in Brazil, improved margins in North America and increased activity in Australia. Opportunity properties results include $34 million of gains on the sale of three properties during the quarter.

Private equity and finance results benefitted from improved operating results at a number of the companies held within our distress investment and private equity portfolios reflecting a better operating environment and restructuring initiatives carried out over the past several years.

Investment and other income totalled $126 million in the quarter compared to $84 million in the third quarter of 2009, reflecting a higher level of investment and currency gains in the quarter. Unallocated costs, including corporate interest expense, increased by $22 million, reflecting a variance in current income taxes that we expect to largely recover in the next twelve months.

Asset management fees and the contribution from other services increased to $90 million in the quarter and $239 million on a year-to-date basis. In particular, long-term base management fees were higher as a result of new funds and increased third party capital commitments. Our construction services businesses expanded their operating margins and activity levels and new contracts are being negotiated against a backdrop of increased economic activity in Australia and the UK.

Invested Capital and Net Asset Values

Our capital is invested primarily in renewable hydroelectric power plants in North America and Brazil, commercial office properties in central business districts of major international centres and regulated infrastructure assets globally. These segments, together with cash and financial assets, represent approximately 70% of our invested capital and contribute to the strength and stability of our capitalization, operating cash flows and net asset values. Approximately 25% of our invested capital is deployed in more cyclical activities, such as residential development activities and our private equity and finance, with commensurately higher long-term return expectations.

The allocation of invested capital and our corporate capitalization were relatively unchanged during the quarter as shown in the following table:

	Brookfield's Invested Capital [1]			% of Capital		
(MILLIONS, EXCEPT PER SHARE AMOUNTS)	**Sept. 30, 2010**	June 30, 2010	Dec. 31, 2009	**Sept. 30, 2010**	June 30, 2010	Dec. 31, 2009
Operating platforms						
Renewable power generation	**$ 8,454**	$ 8,345	$ 8,468	**33%**	34%	36%
Commercial properties	**5,169**	5,126	4,841	**20%**	21%	20%
Infrastructure	**1,858**	1,785	1,646	**7%**	7%	7%
Development activities	**3,106**	3,346	3,153	**12%**	13%	13%
Private equity and finance	**2,664**	2,516	2,031	**11%**	10%	9%
Cash and financial assets	**2,019**	1,708	1,645	**8%**	7%	7%
Other assets	**1,103**	1,051	1,045	**4%**	4%	4%
Asset management and other services	**1,174**	936	1,053	**5%**	4%	4%
Invested capital	**25,547**	24,813	23,882	**100%**	100%	100%
Less: Corporate obligations	**(3,482)**	(3,457)	(3,372)			
Accounts payable and other	**(1,722)**	(1,832)	(2,028)			
Preferred shares and capital securities	**(2,061)**	(2,040)	(1,776)			
Net asset value of common equity	**$ 18,282**	$ 17,484	$ 16,706			
Per share	**$ 30.99**	$ 29.69	$ 28.53			

1. At net asset value, excludes accounting provisions for future tax liabilities

Our net asset value increased by approximately $900 million ($1.43 per share) during the quarter and $1.8 billion ($2.85 per share) for the first nine months of the year, prior to common share distributions. The increase during the quarter reflects operating cash flow during the period, asset valuation gains, and the impact of higher currencies on our operations outside of the United States, offset in part by depreciation and amortization on assets that are not periodically revalued under IFRS.

The following table summarizes the changes in our net asset value during 2010:

	Three months ended September 30, 2010		Nine months ended September 30, 2010	
(MILLIONS, EXCEPT PER SHARE AMOUNTS)	**Total**	**Per share**	Total	Per share
Opening net asset value[1]	**$ 17,484**	**$ 29.69**	$ 16,706	$ 28.53
Operating cash flow	**354**	**0.57**	1,047	1.70
Less: realization gains[2]	**—**	**—**	(102)	(0.19)
Preferred share dividends	**(18)**	**n/a**	(53)	n/a
Fair value changes				
Operating assets	**80**	**0.13**	239	0.37
Less: realization of previously recognized fair value increases[2]	**(48)**	**(0.08)**	(48)	(0.08)
Foreign currency	**399**	**0.65**	91	0.15
Depreciation and amortization	**(169)**	**(0.27)**	(510)	(0.83)
Other	**(25)**	**(0.06)**	(114)	(0.26)
Changes in IFRS carrying values	**573**	**0.94**	550	0.86
Changes in values not recognized under IFRS[3]	**300**	**0.49**	1,250	1.99
Total return	**873**	**1.43**	1,800	2.85
Common share dividends	**(75)**	**(0.13)**	(224)	(0.39)
Total change in value	**798**	**1.30**	1,576	2.46
Closing net asset value[1]	**$ 18,282**	**$ 30.99**	$ 18,282	$ 30.99

1. Determined on a pre-tax basis
2. Represents the portion of disposition gains that were previously included in equity as unrealized gains or appraisal surplus

We define net asset value as our common equity as presented in our IFRS financial statements adjusted to eliminate deferred income taxes and to reflect changes in the fair value of assets that are not otherwise revalued under IFRS. Further information on net asset values, including our valuation methodology and assumptions are summarized on pages 34 to 35 of the Supplemental Information.

We did not record any meaningful valuation changes within our commercial property, renewable power and infrastructure operations during the quarter. Our renewable power and infrastructure facilities (with the exception of timber) are revalued only on an annual basis and the impact of lower interest rates on the discount and capitalization rates employed in valuing our commercial office properties has yet to be recognized to the extent we believe likely. We have observed a substantial increase in the valuation of transactions occurring subsequent to quarter end and we will be performing a comprehensive review of the impact of lower interest rates and updated inflation expectations on our asset valuations in preparing our full year financial report.

Changes during the quarter in values not recognized under IFRS represented to a $300 million increase relating to the elimination of accounting depreciation on power generating assets that are revalued annually ($116 million in quarter; $357 million year-to-date) and increases in the values of companies held within our private equity the portfolios based on stock market valuations and valuations prepared for our fund investors ($100 million in quarter; $500 million year-to-date).

Liquidity and Financing Activities

We completed $6.5 billion of financings since June 30th to supplement our liquidity and extend our maturity profile, and generated $198 million of equity proceeds through asset monetizations as shown in the following table:

	Proceeds	Rate	Term
Borrowings			
Unsecured	$ 1,477	4.54%	7 years
Asset specific	1,663	5.94%	4 years
Construction	876	6.85%	3 years
Preferred shares	540	4.85%	Perpetual
Equity/asset sales	198	n/a	Perpetual
Unlisted funds	1,742	n/a	12 years
	$ 6,496		

The proceeds are available to fund debt maturities, investment activities and supplement core liquidity. Core liquidity, which represents cash and financial assets and undrawn credit facilities at the Corporation and our principal operating subsidiaries, was approximately $4.2 billion at quarter end, compared to $4.0 billion at the end of 2009. This includes $3.0 billion at the corporate level and $1.2 billion at our principal operating units. We continued to maintain a higher level of liquidity than in prior years as we pursue a number of investment initiatives, and expect to deploy approximately $1.0 billion of this liquidity to fund the General Growth restructuring in November.

Deconsolidated and proportionately consolidated debt-to-total capitalization ratios were relatively unchanged at 14% and 41%, respectively. The average term of our corporate debt is eight years.

The following table presents our proportionate share of debt maturities that are scheduled to occur prior to 2013:

AS AT SEPTEMBER 30, 2010 (MILLIONS)	2010	2011	2012
Corporate	$ —	$ —	$ 733
Subsidiary	136	761	144
Asset-specific	455	2,524	2,288

We continue to finance our operations primarily on an investment grade basis. The high quality and stable cash flow profile of our asset base and the strength of our financial relationships has enabled us to refinance maturities in the normal course even during the more difficult stages of the recession and credit crisis. We have ample core liquidity and ongoing cash flow to fund any repayments in the event that we choose to or are otherwise required to reduce any borrowings. We continue to actively pursue opportunities to "pre-finance" maturities scheduled to occur during the next three years in order to lock in the current favourable borrowing costs and extend our maturity profile.

Assets Under Management

Total assets under management at quarter end were $113 billion which includes assets managed on behalf of our clients, as well as on our own behalf. These represent the physical assets and working capital held by the various listed and unlisted entities and investees within our various operations as well as the debt and equity securities that we manage on an advisory basis through our public securities operations. This metric provides an indication of the scale of our operations, and while it is not a direct indicator of our profitability, we believe our global scale provides a valuable competitive advantage.

Approximately $70 billion of these assets are consolidated for accounting purposes and are therefore presented on our consolidated balance sheet. The balance of $43 billion includes $23 billion of the securities managed on an advisory basis and $20 billion of assets that are held within equity accounted investees or joint venture arrangements. The physical assets and working capital balances are funded with a combination of debt and equity capital, with the equity capital being provided by our clients, public shareholders through the capital markets, and the Corporation. Our share of the invested capital was approximately $26 billion as at September 30, 2010. Our share of the underlying cash flow generated by these operations is an important component of our total returns.

One of our most important objectives is to increase the amount of capital that we manage on behalf of our clients. This provides us with an important source of capital to pursue investment opportunities and fund growth activities as well as the opportunity to earn asset management income in the form of base management and performance fees. Raising capital in this form is accretive, because we have the opportunity to earn fees and equity-like performance returns, whereas we believe issuing capital from our own treasury (an alternative method of financing growth) would be dilutive based on current market prices relative to our view of the intrinsic underlying value of the business.

The following table illustrates the capital managed for third parties at September 30, 2010, including the amounts currently invested as well as allocations of capital to specific funds totalling $8.7 billion that have yet to be invested:

	September 30, 2010			December 31, 2009		
(MILLIONS)	**Core and Value Added**	**Opportunity and Private Equity**	**Total**	Core and Value Added	Opportunity and Private Equity	Total
Unlisted funds and managed listed issuers						
Power generation	**$ 1,291**	**$ —**	**$ 1,291**	$ 995	$ —	$ 995
Commercial properties	**3,563**	**5,176**	**8,739**	3,479	4,600	8,079
Infrastructure	**6,255**	**114**	**6,369**	4,937	69	5,006
Development	**—**	**281**	**281**	—	291	291
Private equity and finance	**2,387**	**870**	**3,257**	3,098	661	3,759
	13,496	**6,441**	**19,937**	12,509	5,621	18,130
Public securities	**—**	**—**	**23,256**	—	—	23,787
Other listed entities	**—**	**—**	**7,823**	—	—	5,737
	$ 13,496	**$ 6,441**	**$ 51,016**	$ 12,509	$ 5,621	$ 47,654

We added approximately $700 million of committed capital to our commercial property funds, primarily in connection with our real estate turnaround fund and our General Growth recapitalization in particular. We also added $1.1 billion of commitments to our Americas Infrastructure Fund upon its final closing. We continue to launch new funds and currently have four funds in the market and are seeking to raise $1.7 billion of third party commitments, in addition to our own commitment to these funds.

Net Income

The following table reconciles operating cash flow and gains to net income for the past three months and nine months:

(MILLIONS, EXCEPT PER SHARE AMOUNTS)	Three months ended Sept. 30 2010	Three months ended Sept. 30 2009	Nine months ended Sept. 30 2010	Nine months ended Sept. 30 2009
Revenues	**$ 3,841**	$ 2,844	**$ 9,666**	$ 7,426
Operating cash flow and gains	**$ 354**	$ 495	**$ 1,047**	$ 1,037
Less: disposition gains[1]	**—**	(346)	**(187)**	(389)
	354	149	**860**	648
Other items				
Depreciation and amortization	**(169)**	(142)	**(510)**	(423)
Fair value changes	**(64)**	(591)	**(6)**	(1,553)
Deferred income taxes	**(9)**	167	**21**	277
Net income (loss) attributable common shareholders	**$ 112**	$ (417)	**$ 365**	$ (1,051)
– Per share (diluted)	**$ 0.16**	$ (0.75)	**$ 0.53**	$ (1.89)

1. Disposition gains that are recorded in equity for IFRS purposes, as opposed to net income

In 2010, the reconciling items consisted primarily of accounting depreciation in respect of our power generating facilities and industrial businesses. Fair value changes were negative in aggregate as revaluation gains on tangible assets were offset by the recognition, in operating cash flow, of previously recorded appraisal surpluses and the resultant decrease in unrealized fair value gains, and accounting revaluations relative to power sales and financial instruments. In 2009, we recorded lower appraised values for our commercial properties, which led to downward fair value adjustments in that period. Net income for the third quarter prior to these items and excluding disposition gains that are not recorded for IFRS purposes, increased by $205 million, reflecting the increase in operating cash flows.

We do not utilize net income on its own as a key metric in assessing the performance of our business because, in our view, it does not provide a consistent measure of the ongoing performance of the underlying operations. For example, net income includes fair value adjustments in respect of our commercial properties, timber and financial assets but not our renewable power, utility and development assets which currently represent approximately 50% of our invested capital. Nevertheless we recognize the importance of net income as a key measure for many users and provide a discussion of net income and a reconciliation to operating cash flow below and elsewhere within our Supplemental Information. Furthermore, we incorporate most of the elements of net income that are not included in operating cash flow, along with components of other comprehensive income, in determining our net asset values and total return.

Cautionary Statement Regarding Forward-Looking Statements

This Financial Review Information contains forward-looking information within the meaning of Canadian provincial This Financial Review Information contains forward-looking information within the meaning of Canadian provincial securities laws and "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, "safe harbour" provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. The words, "potential," "intend," "grow," "plan," "seek," "expect," "believe," "objective," "continue," "enable," "expand," "likely," and derivations thereof and other expressions, including conditional verbs such as "will," "can," "may," "would" and "should" are predictions of or indicate future events, trends or prospects or identify forward-looking statements. Forward-looking statements in this Financial Review Information include statements with respect to: the generation of an increasing stream of base management and performance fees and our belief that it should attract a favorable multiple valuation in the market; our ability to increase returns by reallocating capital among our businesses; our ability to enhance cash flows through superior risk-adjusted returns and provide premium valuations for our assets; our expectation that year-end valuations will reflect a lower interest rate and inflation environment which we believe will result in a higher appraised value of our equity; our belief that investments made during and subsequent to the quarter should lead to increased cash flow returns and value appreciation; the merger of our Canadian residential business with our US operations, and an eventual recovery in the U.S. residential markets; the hedging of expected power generation and its impact; our expectation that the regulatory frameworks and contracts in our infrastructure business should lead to increased cash flows; our ability to complete capital expansion projects in our infrastructure business with favorable return profiles; our expectations regarding our Brazilian residential operations and the continued expansion of the Brazilian economy; our expectation of power generation results getting closer to long-term averages in the fourth quarter based on more normalized water levels in October; increased economy activity in Australia and the U.K. and our expectations on its impact on our construction services business; our ability to fund repayments of borrowings and refinance borrowings maturing in the near term at favorable costs and extended maturities; our ability to raise additional third party commitments to our funds; and other statements with respect to our beliefs, outlooks, plans, expectations, and intentions. Although Brookfield Asset Management believes that its 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; rate of recovery of the current financial crisis; the behaviour of financial markets, including fluctuations in interest and exchange rates; availability of equity and debt financing and refinancing; strategic actions including dispositions; the ability to complete and 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; tenant renewal rates; availability of new tenants to fill office property vacancies; tenant bankruptcies; 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 Management's Discussion and Analysis of Financial Results under the heading "Business Environment and Risks." We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Brookfield Asset Management, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, the company undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.

Cautionary Statement Regarding Use of Non-IFRS Accounting Measures

This Financial Review makes reference to cash flow from operations on a total and per share basis. Management uses cash flow from operations as a key measure to evaluate performance and to determine the net asset value of its businesses. Brookfield's consolidated statements of cash flow from operations provides a full reconciliation between this measure and net income. Readers are encouraged to consider both measures in assessing Brookfield's results. Operating cash flow is not a generally accepted measure under IFRS and differs from net income, and may differ from definitions of operating cash flow used by other companies. We define operating cash flow as net income prior to such items as depreciation and amortization, future income tax expense and certain non-cash items that in our view are not reflective of the underlying operations.

Business Environment and Risks

Factors that impact Brookfield's financial results include: the performance of each of our operations and various external factors influencing the specific sectors and geographic locations in which we operate; macroeconomic factors such as economic growth, changes in currency, inflation and interest rates; regulatory requirements and initiatives; and litigation and claims that arise in the normal course of business. These and other factors are described in Management's Discussion and Analysis of Financial Results in the Corporation's 2009 Annual Report which is available on our web site and at www.sedar.com.