

# BAM INVESTMENTS CORP.

## NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS AND AVAILABILITY OF MATERIALS

The Annual Meeting of Shareholders of **BAM Investments Corp.** (the “Corporation”) will be held in **Conference Rooms C&D, 2nd floor** at the **Ontario Bar Association Conference Centre, 20 Toronto Street, Toronto, Ontario**, on **Thursday, May 23, 2013** at the hour of **10:00 a.m.** (Toronto time) for the following purposes:

1. to receive the Annual Report to shareholders, including the consolidated financial statements of the Corporation for the fiscal year ended December 31, 2012, together with the external auditor’s report thereon;
2. to elect directors who will serve until the end of the next annual meeting of shareholders;
3. to appoint the external auditor who will serve until the end of the next annual meeting of shareholders and authorize the directors to fix its remuneration; and
4. to change the name of the Corporation from BAM Investments Corp. to Partners Value Fund Inc.

Under recent changes to Ontario securities laws, Ontario companies are no longer required to distribute physical copies of certain annual meeting related materials such as proxy circulars and annual financial statements to their investors. Instead, they may post electronic versions of such material on a website for investor review. This process, known as “notice-and-access”, directly benefits the company through a substantial reduction in both postage and material costs and also helps the environment through a decrease in paper documents that are ultimately discarded.

Electronic copies of investor materials related to this meeting may therefore be found at and downloaded from [www.proxydocs.ca/BNB](http://www.proxydocs.ca/BNB). We have added features that will make searching for relevant sections and specific items a much easier process than finding this information in the paper versions of these documents.

You have a number of options to vote your proxy:

- Cast your vote on the Internet at [www.proxypush.com/BNB](http://www.proxypush.com/BNB)
- Fax your signed proxy to (416) 368-2502 or 1-866-781-3111
- Return your signed proxy by mail using the enclosed business reply envelope
- Scan and send your signed proxy to [proxy@canstockta.com](mailto:proxy@canstockta.com)

However you choose to vote, we must receive your vote by 5:00 p.m. EDT on Tuesday, May 21, 2013. We also strongly encourage you to first review the matters under discussion for the meeting as described in our proxy circular at [www.proxydocs.ca/BNB](http://www.proxydocs.ca/BNB).

Should you wish to receive paper copies of investor materials related to this meeting, or have any questions, please contact us at 1-888-433-6443 or [fulfilment@canstockta.com](mailto:fulfilment@canstockta.com) prior to May 10, 2013 and we will send them within three business days, giving you sufficient time to vote your proxy. Following the meeting the documents will remain available at the website listed above for a period of one year.

By Order of the Board of Directors



Loretta M. Corso  
Secretary

Toronto, Canada  
April 15, 2013

**BAM INVESTMENTS CORP.**  
**MANAGEMENT INFORMATION CIRCULAR**

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# BAM INVESTMENTS CORP.

## MANAGEMENT INFORMATION CIRCULAR

### PART I: VOTING INFORMATION

#### SOLICITATION OF PROXIES

**The information in this Management Information Circular (“Circular”) is furnished in connection with the solicitation of proxies** to be used at the Annual and Special Meeting (the “Meeting”) of shareholders of BAM Investments Corp. (the “Corporation”) to be held on **Thursday, May 23, 2013 at 10:00 a.m. in Conference Rooms C&D, 2nd floor** at the **Ontario Bar Association Conference Centre, 20 Toronto Street, Toronto, Ontario**, and at all adjournments thereof, for the purposes set forth in the accompanying Notice of Meeting. It is expected that the solicitation will be made primarily by mail, but proxies may also be solicited personally by officers or regular employees of the Corporation at a nominal cost. **The solicitation of proxies is being made by or on behalf of the management of the Corporation, and the total cost of the solicitation will be borne by the Corporation.** The information herein is given as at April 15, 2013, except where otherwise noted.

#### APPOINTMENT OF PROXIES

The persons named in the enclosed form of proxy are management representatives and directors of the Corporation. **Each shareholder has the right to appoint a person other than the persons named in the enclosed form of proxy, who need not be a shareholder of the Corporation, to represent such shareholder at the Meeting or any adjournment thereof.** This right may be exercised by inserting the person’s name in the blank space provided in the form of proxy. The completed form(s) of proxy must be deposited with CIBC Mellon Trust Company (the “Transfer Agent”) by mail at Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1 or by fax at 416-368-2502, so as to arrive not later than the close of business on **Tuesday, May 21, 2013**, or, if the Meeting is adjourned, 48 hours (excluding Saturdays, Sundays and holidays) before the commencement of any adjourned meeting.

#### NOTICE AND ACCESS

On November 29, 2012, Canadian Securities Administrators (“CSA”) published notice that they were adopting amendments to National Instrument 54-101 – Communications with Beneficial Owners of Securities of a Reporting Issuer (“NI-54-101”) and to National Instrument 51-102 – Continuous Disclosure Obligations. These amendments, among other things, provide issuers with the option of using “Notice and Access” to provide proxy-related materials electronically by providing shareholders with notice of their availability and access to these materials online. Notice and Access came into force on February 11, 2013 and may be used by issuers in respect of meetings that occur on or after March 1, 2013.

The Corporation has adopted Notice and Access because it allows for the reduction of printed paper materials. Notice and Access is consistent with the Corporation’s philosophy towards sustainable growth and will reduce costs associated with shareholder meetings. Instead of mailing proxy-related materials to shareholders, this year the Corporation has posted the Circular on the website, [www.proxydocs.ca/BNB](http://www.proxydocs.ca/BNB). The Corporation has sent the Notice, which is located on the cover to the Circular, to all shareholders informing them that the Circular is available online and explaining how the Circular may be accessed.

For the meeting, the Corporation is using Notice and Access for both registered and non-registered shareholders. Registered and non-registered shareholders who in 2012 requested a paper copy of the Corporation’s 2012 Annual Report (which includes management’s discussion and analysis and consolidated financial statements for the fiscal year ended December 31, 2012) (the “Annual Report”) will receive a copy of the Annual Report. Neither registered nor non-registered shareholders will receive a paper copy of the Circular unless they contact the Transfer Agent after it is posted, in which case the Transfer Agent will mail the Circular within three business days of any request provided the request is made prior to the meeting.

## NON-REGISTERED SHAREHOLDERS

Only registered holders of common shares of the Corporation (“Common Shares”), or persons they appoint as their proxyholder(s), are permitted to attend and vote at the Meeting. However, in many cases, Common Shares of the Corporation that are beneficially owned by a holder (a “Non-Registered Shareholder”) are registered either:

- (i) in the name of an intermediary (an “Intermediary”) that the Non-Registered Shareholder deals with in respect of the Common Shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans; or
- (ii) in the name of a depository (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant.

In accordance with the requirements of National Instrument 54-101, the Corporation has distributed copies of the Notice of Annual and Special Meeting of Shareholders and Availability of Materials (the “Notice”) to the depository and Intermediaries for onward distribution to Non-Registered Shareholders. Non-Registered Shareholders will receive either a voting instruction form or, less frequently, a form of proxy. The purpose of these forms is to permit Non-Registered Shareholders to direct the voting of the Common Shares they beneficially own. Non-Registered Shareholders should follow the procedures set out below, depending on which type of form they receive.

- (i) **Voting Instruction Form.** In most cases, a Non-Registered Shareholder will receive, as part of the meeting materials, a voting instruction form. If the Non-Registered Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the holder’s behalf), the voting instruction form must be completed, signed and returned in accordance with the directions on the form. Voting instruction forms in some cases permit the completion of the voting instruction form by telephone or through the Internet. If a Non-Registered Shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the holder’s behalf), the Non-Registered Shareholder must complete, sign and return the voting instruction form in accordance with the directions provided and a form of proxy giving the right to attend and vote will be forwarded to the Non-Registered Shareholder.
- (ii) **Form of Proxy.** Less frequently, a Non-Registered Shareholder will receive, as part of the meeting materials, a form of proxy that has already been signed by the Intermediary (typically by a facsimile, stamped signature) which is restricted as to the number of shares beneficially owned by the Non-Registered Shareholder but which is otherwise uncompleted. If the Non-Registered Shareholder does not wish to attend and vote at the Meeting in person (or have another person attend and vote on the holder’s behalf), the Non-Registered Shareholder must complete the form of proxy and deposit it with the Secretary of the Corporation c/o CIBC Mellon Trust Company by mail at Proxy Department, P.O. Box 721, Agincourt, Ontario M1S 0A1 or by fax at 416-368-2502 as described above. If a Non-Registered Shareholder wishes to attend and vote at the Meeting in person (or have another person attend and vote on the holder’s behalf), the Non-Registered Shareholder must strike out the names of the persons named in the proxy and insert the Non-Registered Shareholder’s (or such other person’s) name in the blank space provided.

**Non-Registered Shareholders should follow the instructions on the forms they receive and contact their Intermediary promptly if they need assistance.**

## REVOCATION

A shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so:

- (i) by delivering another properly executed form of proxy bearing a later date and depositing it as set out above;
- (ii) by depositing an instrument in writing revoking the proxy executed by the shareholder or by the shareholder’s attorney authorized in writing (i) at the registered office of the Corporation at any time up to and including the last business day preceding the day of the Meeting, or any adjournment thereof, at which the proxy is to be used, or (ii) with the Chair of the Meeting, prior to its commencement, on the day of the Meeting or any adjournment thereof; or

(iii) in any other manner permitted by law.

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive meeting materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive materials and to vote that is not received by the Intermediary at least seven days prior to the Meeting.

#### **VOTING OF SHARES REPRESENTED BY MANAGEMENT PROXIES**

The management representatives designated in the enclosed form of proxy will vote or withhold from voting the Common Shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions of the shareholder as indicated on the proxy, and if the shareholder specifies a choice with respect to any matter to be acted upon, the Common Shares will be voted accordingly. **In the absence of such direction, the Common Shares will be voted by the management representatives FOR the election of directors and FOR the appointment of the external auditor.**

The enclosed form of proxy confers discretionary authority upon the management representatives designated therein with respect to amendments to or variations of matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting. As at the date of this Circular, management of the Corporation knows of no such amendments, variations or other matters to come before the Meeting.

#### **PRINCIPAL HOLDERS OF VOTING SHARES**

As at April 1, 2013, the Corporation had outstanding 73,706,510 Common Shares. Each holder of Common Shares of record at the close of business on Friday, April 12, 2013, the record date established for notice of the Meeting, will be entitled to one vote for each Common Share held by the holder on all matters to come before the Meeting.

To the knowledge of the directors and officers of the Corporation, the only person or corporation which beneficially owns, controls or directs, directly or indirectly, securities of the Corporation carrying more than 10% of the votes attached to any class of outstanding voting securities of the Corporation is Partners Limited, which owns approximately 35.3 million Common Shares, representing approximately 48% of the Common Shares. Partners Limited also owns 500,000 securities providing it with an indirect economic interest in the Common Shares.

Partners Limited was formed in 1995 for the purpose of owning shares of Brookfield Asset Management Inc. (“Brookfield”) for the long term. Brookfield is a global alternative asset manager, with a focus on property, renewable power, infrastructure and private equity. The Class A Limited Voting Shares of Brookfield are listed on the New York, Toronto and NYSE Euronext stock exchanges. Mr. Edward C. Kress, the President of the Corporation and Mr. Brian D. Lawson, a director of the Corporation, are shareholders of Partners Limited.

A number of the senior officers and directors of Brookfield and its affiliates (collectively, “Partners”) are shareholders of Partners Limited. Partners collectively owns, directly or indirectly, exercise control or direction over, have contractual arrangements, such as options, to acquire, or otherwise hold beneficial or economic interests in approximately 130.5 million Class A Limited Voting Shares of Brookfield, representing approximately 20% of such shares on a fully diluted basis. These interests include shares held directly and indirectly by individual shareholders as well as their *pro rata* interests in shares held by Partners Limited and the Corporation. Partners Limited owns 85,120 Class B Limited Voting Shares of Brookfield and 549,957 Class A Limited Voting Shares of Brookfield, representing 100% and 0.1%, respectively, of each class of shares. The Corporation owns approximately 56.2 million Class A Limited Voting Shares of Brookfield, representing approximately 9% of such shares.

As at April 1, 2013, senior officers of Brookfield and its affiliates own, directly and indirectly, approximately 30.0 million Common Shares, representing approximately 41% of all issued and outstanding Common Shares of the Corporation, in addition to indirect interests held by these individuals through Partners Limited.

## PART II: BUSINESS OF THE MEETING

### 1. ANNUAL REPORT AND FINANCIAL STATEMENTS

The annual financial statements of the Corporation for the fiscal year ended December 31, 2012 are included in the Corporation's 2012 Annual Report, which is being mailed to all registered shareholders of the Corporation and Non-Registered Shareholders who have so requested and is available on SEDAR at [www.sedar.com](http://www.sedar.com). The 2012 Annual Report will be placed before the shareholders at the Meeting.

### 2. ELECTION OF DIRECTORS

The articles of the Corporation provide for a minimum of one and a maximum of ten directors. By special resolution of the shareholders of the Corporation dated July 28, 1986, the board of directors of the Corporation (the "Board of Directors" or the "Board") was empowered to determine the number of directors from time to time. The Board considers that five directors are appropriate given the size of the Corporation and the scope of its operations. Accordingly, all five current directors are standing for re-election at the Meeting.

All directors elected at the Meeting will hold office until the next annual meeting of shareholders of the Corporation or until their successors are elected or appointed. **On any ballot that may be called for in relation to the election of directors, the management representatives designated in the enclosed form of proxy intend to vote the Common Shares represented by such proxy in favour of the election of the nominees whose names are set forth below, unless the shareholder who has given such proxy has directed that the Common Shares be withheld from voting in relation to the election of directors.**

The following table sets out the name of each of the persons proposed to be nominated for election as a director, all major positions and offices held in the Corporation or any of its significant affiliates by them, their principal occupation or employment, the year they were first elected a director of the Corporation, and the approximate number of securities of each class of shares of the Corporation that such person has advised the Corporation are beneficially owned or subject to control or direction by them as at the date of this Circular.

Name, Province of Residence, Office and Principal Occupation	Year First Elected a Director	Number of Common Shares Beneficially Owned <sup>(1)</sup>
<b>Edward C. Kress</b> Ontario, Canada President of the Corporation Corporate Director <i>Related Director</i>	2009	<i>Direct:</i> — <i>Indirect:</i> 221,436 <sup>(2)</sup>
<b>Brian D. Lawson</b> <sup>(3)</sup> Ontario, Canada Chief Financial Officer Brookfield Asset Management Inc. <i>(a global asset management company)</i> <i>Related Director</i>	1991	<i>Direct:</i> 3,072,790 <i>Indirect:</i> 1,560,885 <sup>(4)</sup>
<b>John P. Barratt</b> <sup>(5,6)</sup> Ontario, Canada Corporate Director <i>Independent Director</i>	N/A	<i>Direct:</i> — <i>Indirect:</i> —
<b>Frank N.C. Lochan</b> <sup>(5,6)</sup> Ontario, Canada Chairman of the Corporation Corporate Director <i>Independent Director</i>	1998	<i>Direct:</i> — <i>Indirect:</i> 281,828 <sup>(7)</sup>

Name, Province of Residence, Office and Principal Occupation	Year First Elected a Director	Number of Common Shares Beneficially Owned <sup>(1)</sup>	
<b>Ralph J. Zarboni</b> <sup>(5,6)</sup> Ontario, Canada Chairman and Chief Executive Officer The EM Group Inc. <i>(a plastics and electric products distribution company)</i> <i>Independent Director</i>	1999	Direct:	3,800
		Indirect:	—

<sup>(1)</sup> Indirect holdings represent each individual's pro rata interest in Common Shares held by Partners Limited.

<sup>(2)</sup> Mr. Kress is a shareholder of Partners Limited and owns securities representing an equity interest in Partners Limited. Mr. Kress is also President and Chairman of Brookfield Investments Corporation and President and director of BAM Split Corp. and Global Champions Split Corp.

<sup>(3)</sup> Mr. Lawson served as a director of American Resource Corporation Limited ("ARCL") until April 2005. During that time, ARCL failed to file financial statements on a timely basis, and accordingly ARCL and its directors and officers became subject to management cease trade orders imposed by the Ontario Securities Commission and other provincial securities regulatory authorities. Brookfield controls all of the voting and 99% of the non-voting shares of ARCL. ARCL corrected the filing deficiencies that led to the management cease trade orders and the relevant provincial securities regulatory authorities fully revoked the management cease orders in June 2008.

<sup>(4)</sup> Mr. Lawson is a shareholder of Partners Limited and owns securities representing an equity interest in Partners Limited. Mr. Lawson is also a director of BAM Split Corp., and a director of West Street Capital Corporation.

<sup>(5)</sup> Member of the Audit Committee.

<sup>(6)</sup> Member of the Corporate Governance Committee.

<sup>(7)</sup> Mr. Lochan is also Chairman and a director of West Street Capital Corporation, and Chairman and a director of BAM Split Corp. and Global Champions Split Corp. Mr. Lochan retired as an officer of Brookfield in September 2005.

All of the persons named above, except for Mr. Barratt, were elected as members of the Board at the last annual meeting of shareholders on May 24, 2012.

### Compensation of Directors

Directors of the Corporation who are not employees of Brookfield (the "non-management directors") are entitled to receive an annual fee of \$15,000, with no additional meeting attendance fees. During 2012, non-management directors of the Corporation were paid total cash compensation of \$64,500. Each non-management director received total directors fees of \$15,000 in 2012 and received no other compensation from the Corporation. Mr. Lawson received no compensation from the Corporation for serving as a director or officer in 2012.

Non-management directors are also reimbursed for travel and other out-of-pocket expenses incurred in connection with attending Board and committee meetings.

### Director Attendance Report

During 2012, the Board met four times, the Audit Committee met four times and the Corporate Governance Committee met three times.

The following table summarizes director attendance at these meetings.

Meetings Attended in 2012	Board of Directors	Audit Committee	Corporate Governance Committee
Edward C. Kress	4 of 4		
Brian D. Lawson	4 of 4		
R. Frank Lewarne	4 of 4	4 of 4	3 of 3
Frank N.C. Lochan	4 of 4	4 of 4	2 of 2
Ralph J. Zarboni	4 of 4	4 of 4	3 of 3

Private sessions of the Board without management and related directors were held after each Board meeting in 2012, chaired by the chair of the Audit Committee, Mr. Frank Lochan, an independent director. Private sessions of the Audit Committee and Corporate Governance Committee without management and related directors present were also held after each committee meeting.

### 3. APPOINTMENT OF EXTERNAL AUDITOR

The Audit Committee recommends the reappointment of Deloitte LLP as the external auditor of the Corporation.

**On any ballot that may be called for in relation to the appointment of the external auditor, the management representatives designated in the enclosed form of proxy intend to vote the Common Shares represented by such proxy in favour of reappointing Deloitte LLP, Chartered Accountants, as the external auditor of the Corporation to hold office until the next annual meeting of shareholders, and authorizing the directors to fix its remuneration, unless the shareholder who has given such proxy has directed that such Common Shares be withheld from voting in relation to the appointment of the external auditor.**

Additional information on the external auditor is provided in the Corporation's Annual Information Form in the section entitled "Audit Committee Information", which is incorporated by reference in this Circular. The Audit Committee Charter is attached as Appendix B to the Corporation's Annual Information Form. The Corporation's Annual Information Form is available on SEDAR at [www.sedar.com](http://www.sedar.com) and is available free of charge upon request to the Secretary of the Corporation. See "Availability of Disclosure Documents".

### 4. CHANGE IN THE NAME OF THE CORPORATION

Shareholders are being asked to consider and, if thought advisable, to authorize amending the Corporation's Articles to change the name of the Corporation from "BAM Investments Corp." to "Partners Value Fund Inc."

Historically, the Corporation's sole investment has been in the Class A Limited Voting Shares of Brookfield. However, recently the Corporation has made investments in, and will continue to consider investments in, securities unrelated to Brookfield. Therefore, the Board of Directors, at their meeting held on March 28, 2013, recommended that shareholder approval be sought to change the name of the Corporation to Partners Value Fund Inc. in order to reflect the Corporation's broader investment mandate.

In order to become effective, the Name Change Resolution must be approved by two-thirds of the votes cast by the holders of Common Shares who vote in respect of the resolution, in person or represented at the meeting by proxy, in accordance with the provisions of the *Business Corporations Act* (Ontario).

This special resolution is as follows:

**THAT** the Articles of the Corporation be amended to change the name of the Corporation from BAM Investments Corp. to Partners Value Fund Inc.

**THAT** the directors of the Corporation are hereby authorized to revoke this special resolution without further approval of the holders of the Corporation's common shares and Series II preferred shares, at any time prior to the endorsement by the directors under the *Business Corporations Act* (Ontario) of a certificate of articles of amendment in respect of this resolution;

**AND THAT** any director or officer of the Corporation is hereby authorized and directed for and on behalf of the Corporation to execute and deliver articles of amendment, in duplicate, to the Director under the *Business Corporations Act* (Ontario), in order to give effect to this special resolution, and to execute and deliver all such other documents and to do all such acts and things as in the opinion of such director or officer may be necessary or desirable in connection with the foregoing.



### **PART III: STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

The Board of Directors is of the view that the Corporation's corporate governance policies and practices, outlined below, are appropriate and substantially consistent with the corporate governance guidelines established by Canadian securities regulators.

#### **MANDATE OF THE BOARD**

The Board supervises the conduct and affairs of the Corporation directly and through its committees. In so doing, the Board acts at all times with a view to the best interests of the Corporation. In carrying out its responsibilities, the Board appoints the senior executives of the Corporation and meets with them on a regular basis to receive and consider reports on the Corporation's business. Along with those matters, which must by law be approved by the Board, key strategic decisions are also submitted by management to the Board for approval.

In addition to approving specific corporate actions, the Board reviews and approves the reports issued to shareholders, including annual and interim financial statements, as well as materials prepared for shareholders' meetings. The Board also approves the Corporation's overall business strategies and annual business plans for achieving its objectives.

The responsibilities of the Board are set out in a written charter, which is reviewed and approved annually. The Board's charter is reproduced in full as Schedule A to this Circular.

The Board meets at least once in each quarter, with additional meetings held when appropriate. In 2012, there were four regular and no special Board meetings. Four regular meetings are scheduled for 2013. Meeting frequency may change depending on the opportunities or risks facing the Corporation.

#### **APPOINTMENT OF DIRECTORS**

The Corporation supports the appointment of directors related to its major shareholders, independent directors and directors drawn from senior management. This combination leads to a healthy exchange in Board deliberations resulting in objective, well-balanced and informed discussion and decision making. Nominees for election to the Board at the Corporation's annual shareholders' meetings are reviewed by the Board, directly or through its Corporate Governance Committee.

The Corporation believes that well-informed directors are essential for the effective performance of a Board. New directors are supplied with comprehensive information about the Corporation and its major investments. Directors are provided an opportunity to meet individually in work sessions with senior management to obtain further insight into the operations of the Corporation and its subsidiary, and are involved on a regular basis in discussions with management. Individual directors are also free to consult with members of senior management whenever so required and to engage outside advisers at the expense of the Corporation with Board authorization.

Director compensation is reviewed annually by the Board, either directly or through its Corporate Governance Committee, taking into account the risks and responsibilities involved in being a director of the Corporation, the requirement to participate in scheduled and special Board meetings, expected participation on committees of the Board and the compensation paid to directors of comparable companies. Information on director compensation is set out on page 5 of this Circular.

#### **COMPOSITION OF THE BOARD**

The Board currently has five directors. The Corporation considers five directors to be an appropriate number to ensure an effective and efficient Board.

The Corporation believes that at least half of its directors should be independent of the Corporation. A director is independent if the director is free from any direct or indirect relationships which could, or could be reasonably expected to, interfere with the exercise of a director's independent judgment. Three of the Corporation's five current directors, namely Messrs. Frank Lewarme, Frank Lochan and Ralph Zarboni, are independent directors. The other two of the Corporation's five directors, Messrs. Edward Kress and Brian Lawson are non-independent directors (the "related directors"). Mr. Kress is a shareholder of Partners Limited. Mr. Lawson is a shareholder of Partners Limited and the Chief Financial Officer of Brookfield.

## **COMMITTEES OF THE BOARD**

The Board has two standing committees: the Audit Committee and the Corporate Governance Committee. Special committees may also be formed from time to time as required to review particular matters or transactions. The following is a brief description of the mandate of each standing committee, its composition and the meetings held this past year.

### **Audit Committee**

The Audit Committee is comprised of three directors, all of whom are independent, namely Messrs. Lochan (Chairman), Lewarne and Zarboni. The Board of Directors has determined that each of these directors is financially literate.

The Audit Committee is responsible for monitoring the Corporation's systems and procedures for financial reporting and controls, reviewing all public disclosure documents containing financial information and monitoring the performance of the Corporation's external auditor. The Audit Committee is also responsible for reviewing the Corporation's quarterly and annual financial statements prior to approval by the full Board. The responsibilities of the Audit Committee are set out in a written charter, which is reviewed and approved annually by the Board. The Audit Committee's charter is reproduced in full in the Corporation's Annual Information Form.

In 2012, the Audit Committee met four times: once to review the annual financial information provided to shareholders, which included meeting with the Corporation's external auditors, both with and without management present, and three times to review the Corporation's interim financial statements, including one meeting with the external auditor to review the 2012 audit plan, both with and without management present.

Four regular Audit Committee meetings are scheduled for 2013.

### **Corporate Governance Committee**

The Corporate Governance Committee is comprised of three directors, all of whom are independent, namely Messrs. Zarboni (Chairman), Lewarne and Lochan.

The Corporate Governance Committee oversees the Corporation's approach to corporate governance. The Committee's specific responsibilities include reviewing and making recommendations to the Board on the following: the Corporation's annual statement of corporate governance practices; the composition and effectiveness of the Board and its committees; orientation programs for new directors; nominees to fill vacancies on the Board; the relationship between management and the Board; the mandates of the Board and its committees; requests from directors for the engagement of outside advisors; and any other matters delegated to the committee by the Board. In order to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has material interest, the Corporate Governance Committee reviews and assesses all related party transactions and situations involving a potential conflict of interest that are not required to be dealt with by an "independent special committee" pursuant to applicable securities laws and, where appropriate under applicable laws, the Committee may sit as an independent special committee. It is also the responsibility of the Board's Corporate Governance Committee, in consultation with the Chairman of the Board, to periodically assess the size and composition of the Board and its committees, to review the effectiveness of the Board's operations and its relations with management and to assess the performance of the directors.

The Corporate Governance Committee (along with the Board of Directors) performs an annual assessment of the Board and its Committees and reviews the Charter of Expectations for Directors. The assessment is conducted by surveying each of the directors on areas of Board responsibility, Board operations and its relations with management, and Board effectiveness. The Chair of the Corporate Governance Committee summarizes the survey responses and presents the findings to the Board of Directors. In 2012, the Corporate Governance Committee met once to review its charter, the Board and committee effectiveness survey and the Charter of Expectations for Directors, and twice to review its work plan.

## **RELATIONSHIP WITH MANAGEMENT**

Each year, the Board discusses the Corporation's strategic initiatives and business plans with management. The Board's annual approval of the business plan provides management with the mandate to conduct the business and affairs of the Corporation, with material deviations being reported to and approved by the Board as considered appropriate.

The position descriptions of the Chairman of the Board, the Chairman of the Audit Committee, the Chairman of the Corporate Governance Committee and the Corporation's President and Chief Executive Officer are reviewed annually by the Board, either directly or through its Corporate Governance Committee.

The Corporation believes that the information provided by management to the Board and its committees is critical to their effectiveness. In addition to the reports presented to the Board at its meetings, the Board is also kept informed by management of important corporate developments on a regular basis. The directors periodically assess the quality, completeness and timeliness of this information, particularly insofar as it relates to identifying the principal risks facing the Corporation and the initiatives being taken to manage them. The Board also meets independently of management from time to time.

A private meeting of the independent directors of the Board is scheduled for the conclusion of every regularly scheduled Board meeting without related directors and members of management present. These meetings are chaired by the chair of the Audit Committee, an independent director. Four such private sessions were held in 2012.

Members of management and related directors do not sit on the Audit Committee or the Corporate Governance Committee, but attend committee meetings at the invitation of the committee's chair. The committees also have the opportunity to meet privately without management and related directors present at the conclusion of every regularly scheduled committee meeting.

## **CODE OF BUSINESS CONDUCT**

Since the Corporation has no dedicated management or administrative staff, it has not adopted a written code of business conduct. The directors and officers of the Corporation who are also officers of Brookfield are subject to a written Code of Business Conduct and Ethics that has been adopted by the board of directors of Brookfield. A copy of this code is available on the website of Brookfield at [www.brookfield.com](http://www.brookfield.com) under *The Company/Conduct Guidelines* and is filed on SEDAR at [www.sedar.com](http://www.sedar.com).

## **PART IV: OTHER INFORMATION**

### **EXECUTIVE COMPENSATION**

All of the executive officers of the Corporation are employed and compensated by Brookfield. None of their compensation from Brookfield is attributable to their services as executive officers of the Corporation. No cash compensation was paid or is payable by the Corporation or its subsidiaries to executive officers of the Corporation in their capacities as such during or in respect of the financial years ended December 31, 2012, 2011 or 2010. Management and administrative services are provided to the Corporation by Brookfield under a management services agreement described below.

Since our executive officers are employed and compensated by Brookfield, the Board of Directors of the Corporation does not have a compensation committee and does not engage compensation consultants or advisors. Brookfield's compensation policies and practices focus on long-term incentives and are intended to encourage management to make decisions and take actions that will create long-term sustainable cash flow growth and result in improvement in long-term shareholder value as reflected in the increase in the value of Brookfield's Class A Limited Voting Shares. Brookfield has developed formal policies that encourage management to consider the risks related to their decisions and actions and to make decisions and take actions accordingly. Details regarding these policies and on Brookfield's approach to executive compensation generally are set out in "Part Five — Report on Executive Compensation" starting on page 37 of Brookfield's Management Information Circular dated March 20, 2013 which is available on Brookfield's website at [www.brookfield.com](http://www.brookfield.com) and SEDAR at [www.sedar.com](http://www.sedar.com). The Board of Directors has not identified any risks with the Corporation's compensation policies and practices that are reasonably likely to have a material adverse effect on the Corporation.

None of the Corporation's directors or executive officers has entered into transactions, including purchasing financial instruments, which have the effect of hedging the economic value of any direct or indirect interests of the director or executive officer in the Corporation's common equity.

#### **MANAGEMENT SERVICES AGREEMENT**

Under a management services agreement, Brookfield provides management, administrative and financial services to the Corporation. During 2012, the Corporation paid Brookfield \$47,000 for services provided under this agreement.

Under an investment management agreement, Brookfield Investment Management Inc. provides investment management services to the Corporation. During 2012, the Corporation paid Brookfield Investment Management Inc. \$nil for services provided under this agreement.

#### **INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

Except as discussed in this Circular, during the fiscal year of the Corporation ended December 31, 2012, no director, senior officer or associate of a director or senior officer or, to the knowledge of the directors or senior officers of the Corporation after having made reasonable enquiry, any person or company who beneficially owns, directly or indirectly, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation outstanding at the date hereof, or any associate or affiliate thereof, had any material interest, direct or indirect, in any material transaction of the Corporation or its affiliates nor do any such persons have a material interest, direct or indirect, in any proposed transaction of the Corporation or its affiliates.

#### **DIRECTORS' AND OFFICERS' LIABILITY INSURANCE**

The Corporation maintains directors' and officers' insurance with an annual policy limit of \$50,000,000, subject to a corporate deductible of \$500,000 per loss. Under this insurance coverage, the Corporation and certain of its associated companies (collectively, the "Organization") is reimbursed for indemnity payments made to directors or officers as required or permitted by law or under provisions of its by-laws as indemnity for losses, including legal costs arising from acts, errors or omissions committed by directors and officers during the course of their duties as such. This insurance also provides coverage to individual directors and officers without any deductible if they are not indemnified by the Organization. The insurance coverage for directors and officers has certain exclusions including, but not limited to, those acts determined to be deliberately fraudulent or dishonest or to have resulted in personal profit or advantage. The cost of such insurance is borne by the Organization and is currently [\$150,000], none of which is paid by the Corporation.

#### **NORMAL COURSE ISSUER BID**

The Corporation believes that the purchase of a portion of its outstanding Common Shares is an appropriate and desirable use of available funds and is in the best interests of the Corporation. This repurchase arrangement is called a normal course issuer bid.

On August 30, 2012, the Corporation commenced a normal course issuer bid to purchase up to 3,472,766 Common Shares, representing approximately 10% of the public float of its then outstanding Common Shares. The bid will expire on August 29, 2013. As at April 1, 2013 the Corporation has not purchased any Common Shares under this bid.

#### **AVAILABILITY OF DISCLOSURE DOCUMENTS**

The Corporation will provide any person or company, upon request to the Secretary of the Corporation, with a copy of this Circular and: (i) the most recent Annual Information Form of the Corporation; (ii) the 2012 Notice of Intention to Make a Normal Course Issuer Bid; (iii) the comparative financial statements of the Corporation for the fiscal year ended December 31, 2012, together with the report of the auditors thereon; (iv) the most recent Annual Report of the Corporation, which includes financial information, management's discussion and analysis for the year ended December 31, 2012; and (v) the interim financial statements of the Corporation for the quarterly periods subsequent to the end of its most recent fiscal year. Financial information can be found in the Corporation's comparative financial statements and management's discussion and analysis for the most recently completed financial year.

Requests for the above-mentioned disclosure documents can be made to the Secretary of the Corporation by mail at Suite 300, 181 Bay Street, Brookfield Place, Box 762, Toronto, Ontario M5J 2T3, by telephone at 416-359-8620 or by facsimile at 416-365-9642. These documents and additional information relating to the Corporation are also available on SEDAR at [www.sedar.com](http://www.sedar.com).

**OTHER BUSINESS**

The Corporation knows of no matter to come before the Meeting other than the matters referred to in the accompanying Notice of Meeting.

**DIRECTORS' APPROVAL**

The contents of this Circular and the sending thereof to shareholders of the Corporation have been approved by the Board of Directors.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read 'L. Corso', written in a cursive style.

Loretta M. Corso  
Secretary

Toronto, Ontario  
April 15, 2013

## SCHEDULE A

### BOARD OF DIRECTORS CHARTER

#### ROLE OF THE BOARD

The role of the board of directors (the “Board”) of BAM Investments Corp. (the “Corporation”) is to oversee, directly and through its committees, the business and affairs of the Corporation, which are conducted by its officers and employees under the direction of the Chief Executive Officer (“CEO”). In doing so, the Board acts at all times with a view to the best interests of the Corporation.

The Board is elected by the Corporation’s shareholders to oversee management, with the objective of advancing the best interests of the shareholders by enhancing shareholder value in a manner that recognizes the concerns of other stakeholders in the Corporation, including its employees, suppliers, customers and the communities in which it operates.

#### AUTHORITY AND RESPONSIBILITY

The Board meets regularly to review reports by management on the Corporation’s performance. In addition to the general supervision of management, the Board performs the following functions:

- (a) strategic planning – overseeing the strategic planning process within the Corporation and, at least annually, reviewing, approving and monitoring the strategic plan for the Corporation including fundamental financial and business strategies and objectives;
- (b) risk assessment – assessing the major risks facing the Corporation and reviewing, approving and monitoring the manner of managing those risks;
- (c) Chief Executive Officer – developing a position description for the CEO including the corporate objectives that the CEO is responsible for meeting and selecting, evaluating and compensating the CEO;
- (d) senior management – overseeing the selection, evaluation and compensation of senior management and monitoring succession planning;
- (e) communications and disclosure policy – adopting a communications and disclosure policy for the Corporation, including ensuring the timeliness and integrity of communications to shareholders and establishing suitable mechanisms to receive stakeholder views;
- (f) corporate governance – developing the Corporation’s approach to corporate governance, including developing a set of corporate governance principles and guidelines applicable to the Corporation;
- (g) internal controls – reviewing and monitoring the controls and procedures within the Corporation to maintain its integrity including its disclosure controls and procedures, and its internal controls and procedures for financial reporting and compliance; and
- (h) maintaining integrity – on an ongoing basis, satisfying itself as to the integrity of the CEO and executive officers and that the CEO and other executive officers create a culture of integrity throughout the Corporation.

## COMPOSITION AND PROCEDURES

- (a) Size of Board and selection process – The directors of the Corporation are elected each year by the shareholders at the annual meeting of shareholders. The Board proposes a slate of nominees to the shareholders for election. Any shareholder may propose a nominee for election to the Board either by means of a shareholder proposal upon compliance with the requirements prescribed by the *Business Corporations Act* (Ontario) or at the annual meeting.
- (b) Qualifications – Directors should have the highest personal and professional ethics and values and be committed to advancing the best interests of the shareholders of the Corporation. They should possess skills and competencies in areas that are relevant to the Corporation’s activities. At least 50% of the directors will be independent directors based on the rules and guidelines of applicable stock exchanges and securities regulatory authorities.
- (c) Director orientation – The Corporation’s management team is responsible for providing an orientation and education program for new directors.
- (d) Meetings – The Board has at least four scheduled meetings a year. The Board is responsible for its agenda. Prior to each Board meeting, the CEO discusses agenda items for the meeting with the Chairman of the Board. Materials for each meeting are distributed to the directors in advance of the meetings.

At the conclusion of each regularly scheduled meeting, the independent directors meet without management and non-independent directors present. The directors have appointed the Chairman of its Audit Committee to chair these meetings.

- (e) Committees – The Board has established two standing committees to assist it in discharging its responsibilities: the Audit Committee and the Corporate Governance Committee. Special committees are established from time to time to assist the Board in connection with specific matters. The chair of each committee reports to the Board following meetings of the committee. The terms of reference of each standing committee are reviewed annually by the Board.
- (f) Evaluation – The Board directly or through its Corporate Governance Committee performs an annual evaluation of the effectiveness of the Board as a whole, the committees of the Board and the contributions of individual directors. In addition, each committee assesses its performance annually.
- (g) Compensation – The Board directly or through its Corporate Governance Committee reviews the compensation for non-management directors. In reviewing the adequacy and form of compensation, the Board seeks to ensure that the compensation reflects the responsibilities and risks involved in being a director of the Corporation and aligns the interests of the directors with the best interests of the shareholders.
- (h) Access to independent advisors – The Board and any committee may at any time retain outside financial, legal or other advisors at the expense of the Corporation. Any director may, subject to the approval of the Chairman of the Board, retain an outside advisor at the expense of the Corporation.



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