



**2009 SECOND QUARTER  
INTERIM REPORT TO SHAREHOLDERS**  
*FOR THE SIX MONTHS ENDED JUNE 30, 2009*

**To The Shareholders:**

BAM Investments Corp. recorded net income of \$4.0 million for the three months ended June 30, 2009 compared to net income of \$3.0 million in the same period last year. The increase in net income primarily relates to a decrease in interest expense and preferred share dividends partially offset by a decrease in investment income. Net income per common share was \$0.05 for the three month period, compared with \$0.04 for the comparable period in 2008.

**Outlook and Net Asset Value**

BAM Investments owns 55.5 million Brookfield Asset Management Inc. ("Brookfield") Class A Shares with a market value at June 30, 2009 of \$1,102.1 million based on quoted market values and is financed with \$362.9 million of retractable preferred shares and a common equity base with a book value of \$721.8 million as at June 30, 2009.

The company's objective is to provide its common shareholders with capital appreciation as opposed to income returns. Operating cash flows are dedicated principally to paying dividends on its preferred share financing obligations.

The calculated net asset value of the company's common shares as at June 30, 2009, based on the stock market price of Brookfield's Class A Shares of \$19.87, was \$9.10 per common share of BAM Investments. The company holds approximately 7 Brookfield Class A Shares for every 10 common shares of BAM Investments.

On behalf of the Board,

A handwritten signature in black ink, appearing to read "E. Kress", written in a cursive style.

Edward C. Kress  
*President*  
August 13, 2009

# Management's Discussion and Analysis

## OVERVIEW

BAM Investments Corp., (the "company") is a leveraged investment company whose principal investment is an ownership interest in 55.5 million Class A Limited Voting Shares ("Class A Shares") of Brookfield Asset Management Inc. ("Brookfield"). The company also has an ownership interest in 2.2 million Limited Partnership Units ("Partnership Units") of Brookfield Infrastructure Partners ("Brookfield Infrastructure").

The company's objective is to provide its common shareholders with capital appreciation as opposed to income returns. Investment income, which consists principally of dividends from its investment in Brookfield Class A Shares and Brookfield Infrastructure Partnership Units is dedicated to paying dividends on its financing obligations.

The company's investment in Brookfield is owned directly and through BAM Split Corp. ("BAM Split"), a public subsidiary in which BAM Investments owns 100% of the common equity. BAM Split has issued publicly listed retractable preferred shares of which \$362.9 million were outstanding at June 30, 2009.

The company redeemed its long-term exchangeable debentures on January 30, 2009 by the delivery of the pledged 5.3 million Brookfield Class A Shares and 0.2 million Brookfield Infrastructure Partnership Units to the holders of the exchangeable debentures to satisfy the redemption price.

Additional information on the company and BAM Split, including the company's annual information form, is available on SEDAR's web site at [www.sedar.com](http://www.sedar.com).

## RESULTS OF OPERATIONS

### Overview

Net income was \$4.0 million for the three months ended June 30, 2009, representing an increase of \$1.0 million recorded in the same period in 2008. The increase in net income primarily relates to a decrease in interest expense and preferred share dividends, partially offset by a decrease in investment income.

### Investment Income

<i>\$thousands</i>	For the three months ended		For the six months ended	
	2009	June 30 2008	2009	June 30 2008
Dividend Income:				
Brookfield	\$ 8,561	\$ 8,083	\$ 17,505	\$ 15,357
Brookfield Infrastructure	683	658	1,424	878
Gain on repurchase of preferred share obligations	149	—	1,329	—
Gain on sale of investments	—	—	434	—
Interest and other	(359)	664	(190)	962
	<b>\$ 9,034</b>	<b>\$ 9,405</b>	<b>\$ 20,502</b>	<b>\$ 17,197</b>

The company received dividend income of \$8.6 million (2008 – \$8.1 million) from its investment in Brookfield, and \$0.7 million (2008 – \$0.7 million) from its investment in Brookfield Infrastructure. Brookfield and Brookfield Infrastructure declare dividends in U.S. dollars, and as a result the Canadian dollar equivalent recorded by the company is impacted by changes in the foreign exchange rate between the U.S. dollar and Canadian dollar. The stronger U.S. dollar contributed an increase of \$1.3 million of dividend income received from Brookfield compared to the same period in the prior year. This was partially offset by a lower number of Brookfield Class A Shares held during the period following the redemption of the exchangeable debentures in the first quarter of 2009. The company recognizes dividends as income on the ex-dividend date.

The company acquired \$1.1 million preferred share obligations at a discount to their stated value and recorded a gain of \$0.1 million during the three months ended June 30, 2009. Interest and other income includes a \$0.4 million foreign exchange loss on the conversion of monetary assets from U.S. Dollars to Canadian Dollars.

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## Expenses

The company redeemed the exchangeable debentures in the first quarter of 2009 and accordingly no longer bears interest expense on the debentures. The comparable period in 2008 includes \$1.1 million of interest expense on the exchangeable debentures.

The amortization of deferred financing costs associated with preferred shares issued by BAM Split resulted in a charge against income of \$0.3 million (2008 – \$0.4 million). The lower charge is attributed to the full amortization of deferred financing costs associated with Class AA, Preferred Shares, Series I.

## FINANCIAL POSITION

The company's total assets decreased from \$1,212.3 million at December 31, 2008 to \$1,184.7 million at June 30, 2009. The decrease in total assets is the result of the delivery of the pledged 5.3 million Brookfield Class A Shares and 0.2 million Brookfield Infrastructure Partnership Units to redeem the exchangeable debentures.

### Investment in Brookfield Asset Management Inc.

The investment in Brookfield at June 30, 2009 consisted of 55.5 million (December 31, 2008 - 60.8 million) Class A Shares, representing a 9.7% (December 31, 2008 – 9.8%) fully diluted equity interest. The quoted market value based on the bid price of this investment as at June 30, 2009 was \$19.87 per share or \$1,102.1 million.

The company has classified the Brookfield Shares as available-for-sale financial instruments, and accordingly recognizes changes in the market value of these shares through Other Comprehensive Income.

Brookfield is a global asset manager focused on property, power and other infrastructure assets with over US\$80 billion of assets under management and is inter-listed on the New York, Toronto and NYSE Euronext stock exchanges. Further information on Brookfield can be found on Brookfield's web site at [www.brookfield.com](http://www.brookfield.com).

### Investment in Brookfield Infrastructure Partners

The investment in Brookfield Infrastructure at June 30, 2009 consisted of 2.2 million (December 31, 2008 – 2.4 million) Limited Partnership Units, representing a 5.8% (December 31, 2008 – 6.3%) fully diluted equity interest. The quoted market value based on the bid price of this investment as at June 30, 2009 was \$14.30 per share or \$31.7 million.

The company has classified the Partnership Units as available-for-sale financial instruments and accordingly recognizes changes in the market value of these units through Other Comprehensive Income.

Brookfield Infrastructure was established by Brookfield as its primary vehicle to own and operate certain infrastructure assets on a global basis. Units of Brookfield Infrastructure trade on the New York Stock Exchange under the symbol BIP. Further information on Brookfield Infrastructure can be found on Brookfield Infrastructure's website at [www.brookfieldinfrastructure.com](http://www.brookfieldinfrastructure.com).

### Future Income Taxes

The future tax liability represents the potential tax liability based on the excess of the carrying value of net assets over the respective tax values, less available loss carry forwards. The liability increased during the period of January 1, 2009 to June 30, 2009 primarily due to the increase in the market value of the Brookfield Class A Shares and the recognition of non-capital losses.

## LIQUIDITY AND CAPITAL RESOURCES

The company holds cash and equivalents totalling \$50.9 million as at June 30 2009. The company does not have any maturing debt or mandatory preferred share redemptions prior to September, 2010. The operating cash requirements for 2009 include interest and dividend payments on the \$362.9 million preferred shares issued by BAM Split Corp. which are less than the expected regular distributions on the Brookfield securities held by the company. Accordingly, the company believes it has sufficient liquid assets, operating cash flow and financing alternatives to meet its obligations.

## Retractable Preferred Shares

Retractable preferred shares issued by BAM Split include Class A and Class AA Series I and III which are comprised of the following:

<i>\$thousands</i>		Latest Redemption Date	June 30, 2009	December 31, 2008
4,801,050	6.25% Class A	September 30, 2010	\$ 120,026	\$ 124,266
2,076,200	4.95% Class AA Series I	March 25, 2016	51,905	57,843
7,636,800	4.35% Class AA Series III	January 10, 2019	190,920	190,935
Deferred financing costs <sup>1</sup>			(2,703)	(3,390)
			\$ 360,148	\$ 369,654

<sup>1</sup> Deferred financing costs are amortized over the term of the borrowing following the effective interest method.

On July 9, 2009 the company issued \$125.0 million Class AA Preferred Shares, Series IV and redeemed the Class A Preferred Shares on July 27, 2009.

## Shareholders' Equity

As at June 30, 2009 shareholders' equity consisted of 79,360,410 common shares and had a book value of \$721.8 million compared to \$646.3 million at the end of 2008. The increase is due to the increase in the market value of the Class A Shares of Brookfield from \$18.54 to \$19.87 per share. The company repurchased 27,000 of its common shares during the six months ended June 30, 2009.

## BUSINESS ENVIRONMENT AND RISKS

The financial results of the company are impacted by the performance of the underlying investment in Brookfield and Brookfield Infrastructure Partners. A discussion of the business environment and risks of Brookfield and Brookfield Infrastructure Partners is contained in the management's discussion and analysis of financial results section of the 2008 Annual Reports of these companies.

## Contractual Obligations

The company's contractual obligations are as follows:

<i>\$thousands</i>	Payment Due By Period				
	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Retractable preferred shares					
Class A <sup>1, 2</sup>	\$ 120,026	\$ —	\$ 120,026	\$ —	\$ —
Class AA, Series I <sup>1</sup>	51,905	—	—	—	51,905
Class AA, Series III <sup>3</sup>	190,920	—	—	—	190,920
Interest expense related to:					
Retractable preferred shares					
Class A	\$ 9,377	\$ 3,751	\$ 5,626	\$ —	\$ —
Class AA, Series I	17,343	1,285	5,139	5,139	5,780
Class AA, Series III	79,125	4,153	16,610	16,610	41,752

<sup>1</sup> Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in cash.

<sup>2</sup> Payment refinanced through the issuance of \$125 million Class AA, Series IV Preferred Shares which mature on July 9, 2014.

<sup>3</sup> Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures of the company due 2019.

## SUMMARY OF FINANCIAL INFORMATION

The following table summarizes selected consolidated financial information of the company for the six months ended June 30, 2009 and 2008 and for the years ended December 31, 2006, 2007, 2008:

(\$thousands, except per share amounts)	Six months ended June 30		Years Ended December 31		
	2009	2008	2008	2007	2006
Investment income	\$ 20,502	\$ 17,197	\$ 48,010	\$ 32,404	\$ 21,114
Net income	13,064	10,105	23,536	7,545	15,857
Net income per common share <sup>1</sup>	0.16	0.13	0.30	0.09	0.13
Total assets	1,184,706	2,214,300	1,212,290	2,214,636	422,804
Total long term liabilities	460,888	790,586	563,559	822,013	205,000
Preferred share dividends paid per share					
Series II <sup>2</sup>	—	—	—	0.06	2.28
Series V <sup>3</sup>	—	—	—	4,375	17,500

<sup>1</sup> Adjusted to reflect ten-for-one stock split.

<sup>2</sup> Redeemed January 10, 2007.

<sup>3</sup> Redeemed March 30, 2007.

A summary of the eight recently completed quarters is as follows:

(\$thousands, except per share amounts)	2009		2008			2007		
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Investment income	\$ 9,034	\$11,468	\$ 21,326	\$ 9,487	\$ 9,405	\$ 7,792	\$ 6,643	\$ 8,464
Net income	4,009	9,055	10,513	2,918	2,960	7,145	1,041	1,629
Net income for common shareholders	4,009	9,055	10,513	2,918	2,960	7,145	1,041	1,629
Net income per common share	0.05	0.11	0.13	0.04	0.04	0.09	0.01	0.03

The increase in investment income in the fourth quarter of 2008 is a result of gains recorded on the repurchase of preferred share obligations. The increase over 2007 reflects an increase in Brookfield's dividend rate and a higher U.S. dollar relative to the Canadian dollar. Both Brookfield and Brookfield Infrastructure declare dividends in U.S. dollars and accordingly, the Canadian dollar equivalent received by the company fluctuates with the changes in the foreign currency exchange rate.

## REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements of the company have been prepared by and are the responsibility of the company's management. The company's independent auditor has not reviewed these financial statements.



Edward C. Kress  
 President  
 August 13, 2009

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### **Forward-Looking Information**

*This interim report contains forward-looking information concerning the company's business and operations. The words "objective", "principally", "potential", "expected", "believes", "generally" and other expressions of similar import, or the negative variations thereof, and similar expressions of future or conditional verbs such as "may", "can" or "will", are predictions of or indicate future events, trends or prospects and which do not relate to historical matters or identify forward-looking information. Forward-looking information in this interim report includes, among others, statements with respect to the company's objective of providing capital appreciation to its common shareholders, potential tax liability, expected future results, the company's international financial reporting standards ("IFRS") conversion plan, the impact of the adoption of IFRS on the company's reported financial position and results of operations, the company's ability to finance its obligations and other statements with respect to the company's beliefs, outlooks, plans, expectations and intentions.*

*Although the company believes that the anticipated future results or achievements expressed or implied by the forward-looking information and statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on the 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 information and statements.*

*Factors that could cause actual results to differ materially from those contemplated or implied by the forward-looking information include: the behavior of financial markets, including fluctuations in interest and exchange rates, availability of equity and debt financing and other risks and factors detailed from time to time in the company's other documents filed with the Canadian securities regulators.*

*We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking information to make decisions with respect to the company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as may be required by law, the company undertakes no obligation to publicly update or revise any forward-looking information or statements, whether written or oral, that may be as a result of new information, future events or otherwise. Reference should be made to the company's most recent Annual Information Form for a description of the major risk factors.*

### **Cautionary Statement Regarding Use of Non-GAAP Accounting Measures**

*This interim report makes reference to net income for common shareholders and net book value per common share, and provides a full reconciliation between these measures and net income and total assets, respectively, which the company considers to be the most directly comparable measures calculated in accordance with GAAP.*

## Consolidated Balance Sheets

<i>\$thousands</i>	<i>(unaudited)</i>	
	June 30, 2009	December 31, 2008
<b>Assets</b>		
Cash and equivalents	\$ 50,874	\$ 42,830
Investment in Brookfield Asset Management Inc.	1,102,114	1,126,650
Investment in Brookfield Infrastructure Partners	31,718	32,959
Other assets	—	9,851
	<b>\$ 1,184,706</b>	<b>\$ 1,212,290</b>
<b>Liabilities</b>		
Accounts payable and provisions	\$ 2,023	\$ 2,404
Long-term exchangeable debentures	—	101,196
Future tax liability	100,740	92,709
Retractable preferred shares	360,148	369,654
	<b>462,911</b>	<b>565,963</b>
<b>Shareholders' Equity</b>		
Common equity	721,795	646,327
	<b>\$ 1,184,706</b>	<b>\$ 1,212,290</b>

## Consolidated Statements of Operations

<i>(unaudited)</i> <i>\$thousands</i>	Three months ended June 30		Six months ended June 30	
	2009	2008	2009	2008
<b>Investment income</b>				
Dividends, interest and other	\$ 8,885	\$ 9,405	\$ 18,739	\$ 17,197
Gain on the repurchase of preferred share obligations	149	—	1,329	—
Gain on sale of investments	—	—	434	—
	<b>9,034</b>	9,405	<b>20,502</b>	17,197
<b>Expenses</b>				
Operating	194	179	515	401
Interest expense on exchangeable debentures	—	1,056	137	2,083
Amortization of deferred financing costs	269	426	687	844
Retractable preferred share dividends	4,594	5,118	9,226	10,236
	<b>5,057</b>	6,779	<b>10,565</b>	13,564
Net income before income taxes	3,977	2,626	9,937	3,633
Future income tax recovery	32	334	3,127	6,472
<b>Net income</b>	<b>\$ 4,009</b>	\$ 2,960	<b>\$ 13,064</b>	\$ 10,105
<b>Net income per common share</b>	<b>\$ 0.05</b>	\$ 0.04	<b>\$ 0.16</b>	\$ 0.13

## Consolidated Statements of Retained Earnings

<i>(unaudited)</i> \$thousands	Three months ended June 30		Six months ended June 30	
	<b>2009</b>	2008	<b>2009</b>	2008
<b>Retained earnings, beginning of period</b>	<b>\$ 57,057</b>	\$ 31,648	<b>\$ 48,039</b>	\$ 24,503
Amount paid in excess of book value for common shares purchased for cancellation	<b>(176)</b>	—	<b>(213)</b>	—
Net income	<b>4,009</b>	2,960	<b>13,064</b>	10,105
<b>Retained earnings, end of period</b>	<b>\$ 60,890</b>	\$ 34,608	<b>\$ 60,890</b>	\$ 34,608

## Consolidated Statements of Comprehensive Income (Loss)

<i>(unaudited)</i> \$thousands	Three months ended June 30		Six months ended June 30	
	<b>2009</b>	2008	<b>2009</b>	2008
<b>Net income</b>	<b>\$ 4,009</b>	\$ 2,960	<b>\$ 13,064</b>	\$ 10,105
Unrealized gain (loss) on available-for-sale securities	<b>133,612</b>	310,896	<b>75,419</b>	(131,736)
Future income tax (expense) recovery on available-for-sale securities	<b>(22,046)</b>	(48,816)	<b>(12,773)</b>	20,669
Other comprehensive income (loss)	<b>111,566</b>	262,080	<b>62,646</b>	(111,067)
<b>Comprehensive income (loss)</b>	<b>\$ 115,575</b>	\$ 265,040	<b>\$ 75,710</b>	\$ (100,962)

## Consolidated Statements of Accumulated Other Comprehensive Income

<i>(unaudited)</i> \$thousands	Three months ended June 30		Six months ended June 30	
	<b>2009</b>	2008	<b>2009</b>	2008
Balance, beginning of period	<b>\$ 464,371</b>	\$ 907,027	<b>\$ 513,291</b>	\$ 1,280,174
Other comprehensive income (loss)	<b>111,566</b>	262,080	<b>62,646</b>	(111,067)
<b>Balance, end of period</b>	<b>\$ 575,937</b>	\$ 1,169,107	<b>\$ 575,937</b>	\$ 1,169,107



## Consolidated Statements of Cash Flows

<i>(unaudited)</i>	Three months ended June 30		Six months ended June 30	
<i>\$thousands</i>	<b>2009</b>	2008	<b>2009</b>	2008
<b>Cash flow from (used in) operating activities</b>				
Net income	\$ 4,009	\$ 2,960	\$ 13,064	\$10,105
Add (deduct) non-cash items:				
Gain on repurchase of preferred shares	(149)	—	(1,329)	—
Amortization of deferred financing costs	269	426	687	844
Future income tax recovery	(32)	(334)	(3,127)	(6,472)
	<b>4,097</b>	3,052	<b>9,295</b>	4,477
Changes in working capital	<b>(1,690)</b>	180	<b>7,812</b>	(310)
	<b>2,407</b>	3,232	<b>17,107</b>	4,167
<b>Cash flows used in financing activities</b>				
Common shares repurchased	(200)	—	(242)	—
Repurchase of retractable preferred shares	(934)	(65)	(8,821)	(563)
	<b>(1,134)</b>	(65)	<b>(9,063)</b>	(563)
<b>Cash and equivalents</b>				
Increase during period	1,273	3,167	8,044	3,604
Balance, beginning of period	49,601	51,616	42,830	51,179
<b>Balance, end of period</b>	<b>\$ 50,874</b>	\$ 54,783	<b>\$ 50,874</b>	\$ 54,783

# Notes To The Consolidated Financial Statements

## 1. BASIS OF PRESENTATION

Reference is made to the company's Annual Report for 2008 that includes information necessary or useful to the understanding of the company's business and financial statement presentation. In particular, the company's significant accounting policies were presented as Note 2 to the Consolidated Financial Statements included in that report, and changes to these policies are described in Note 2 below. The interim financial statements are unaudited and follow the accounting policies summarized in the notes to the annual financial statements. Financial information in this Report reflects any adjustments (consisting only of normal recurring adjustments) that are, in the opinion of management, necessary for a fair statement of results for the interim periods in accordance with generally accepted accounting principles in Canada. The results reported in these consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

## 2. CHANGE IN ACCOUNTING POLICY

### Future Accounting Policies

The AcSB confirmed in February 2008 that International Financial Reporting Standards (IFRS) will replace Canadian GAAP for publicly accountable enterprises for financial periods beginning on and after January 1, 2011. The Company is in the process of developing and implementing an IFRS conversion plan that will address changes in accounting policy, the restatement of comparative periods, organizational and internal control, the modification of existing systems and the training and awareness of staff, in addition to other related business matters. Overall responsibility for the implementation and success of the Company's conversion plan rests with the Company's senior financial management who report to and are overseen by the Company's Audit Committee.

IFRS are premised on a conceptual framework similar to Canadian GAAP, however, significant differences exist in certain matters of recognition, measurement and disclosure. The company's activities are generally limited to the ownership of investments, and because of the similarities between Canadian GAAP and IFRS, management does not believe the adoption of IFRS in this regard will result in material changes to the reported financial position and results of operations of the Company. A detailed analysis of the differences between IFRS and the Company's current accounting policies under Canadian GAAP is currently in process.

## 3. INVESTMENTS

The company's investments consist of the following:

	Number			
	June 30 2009	December 31 2008	June 30 2009	December 31 2008
<i>(\$thousands, except shares outstanding)</i>				
Brookfield Shares	<b>55,466,227</b>	60,767,227	<b>\$ 1,102,114</b>	\$ 1,126,650
Brookfield Infrastructure Partnership Units	<b>2,218,648</b>	2,430,688	<b>31,718</b>	32,959
			<b>\$ 1,133,832</b>	\$ 1,159,609

The company owns 55.5 million (December 31, 2008 – 60.8 million) Class A Limited Voting Shares of Brookfield Asset Management Inc. ("Class A Shares") representing a 9.7% (December 31, 2008 – 9.8%) fully diluted equity interest. These Class A Shares are classified as available-for-sale financial instruments.

The company also owns 2.2 million (December 31, 2008 – 2.4 million) Limited Partnership units of Brookfield Infrastructure Partners ("Partnership Units") representing a 5.8% (December 31, 2008 – 6.3%) fully diluted equity interest. These Partnership Units are classified as available-for-sale financial instruments.

On January 30, 2009, the company redeemed the issued exchangeable debentures and satisfied the redemption price by the delivery of 5.3 million Class A Shares and 0.2 million Partnership Units to the holders of the exchangeable debentures.

#### 4. LONG-TERM EXCHANGEABLE DEBENTURES

On January 30, 2009, the company redeemed all of the issued exchangeable debentures. The redemption price was satisfied entirely by the delivery of the pledged 5.3 million Class A Shares and 0.2 million Partnership Units.

Prior to redemption on January 30, 2009 the company recorded cumulative gains of \$87.6 million (December 31, 2008 – \$92.0 million) as a result of changes in value of the long-term exchangeable debentures. This was offset by a \$86.2 million (December 31, 2008 – \$90.1 million) and \$1.4 million (December 31, 2008 – \$1.9 million) cumulative loss on the 5.3 million Class A Shares and the 0.2 million Partnership Units pledged as security, respectively.

#### 5. RETRACTABLE PREFERRED SHARES

	Issued and Outstanding			
	June 30 2009	December 31 2008	June 30 2009	December 31 2008
<i>(\$thousands, except shares outstanding)</i>				
6.25% Class A	4,801,050	4,970,650	\$ 120,026	\$ 124,266
4.95% Class AA, Series I	2,076,200	2,313,700	51,905	57,843
4.35% Class AA Series III	7,636,800	7,637,400	190,920	190,935
			362,851	373,044
Deferred financing costs <sup>1</sup>			(2,703)	(3,390)
			\$ 360,148	\$ 369,654

<sup>1</sup> Deferred financing costs are amortized over the term of the borrowing following the effective interest method.

#### 6. SHAREHOLDERS' EQUITY

##### Authorized

50,000,000 preferred shares, issuable in series. An unlimited number of common shares.

##### Issued and outstanding

	Number Outstanding		Book Value	
	June 30 2009	December 31 2008	June 30 2009	December 31 2008
<i>(\$thousands, except shares outstanding)</i>				
Common shares	79,360,410	79,387,410	\$ 84,968	\$ 84,997
Accumulated other comprehensive income			575,937	513,291
Retained earnings			60,890	48,039
			\$ 721,795	\$ 646,327

The company repurchased 27,000 common shares during the six months ended June 30, 2009 through the facilities of the Toronto Stock Exchange under its normal course issuer bid.

#### 7. SUBSEQUENT EVENTS

On July 9, 2009, BAM Split, a wholly owned subsidiary of the Company, completed the issuance of 5.0 million Class AA Preferred Shares, Series IV ("Series IV Preferred Shares") at \$25.00 per share, raising gross proceeds of \$125.0 million. The Series IV Preferred Shares have an annual yield of 7.25% and mature on July 9, 2014.

On July 27, 2009, BAM Split redeemed all of the outstanding Class A Preferred Shares other than those owned by the Company at an early redemption price of \$25.36 inclusive of accrued and unpaid dividends and an early redemption premium. The net proceeds from the newly issued Class AA Preferred Shares, Series IV were used to fund the early redemption of the Class A Preferred Shares.

## Corporate Information

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### DIRECTORS

**James C. Bacon** <sup>1,2</sup>

*Corporate Director*

**Howard Driman** <sup>1,2</sup>

*Director of Finance*

UIA Federations Canada

**Edward C. Kress**

*Group Chairman, Power*

Brookfield Asset Management Inc.

**Brian D. Lawson**

*Chief Financial Officer*

Brookfield Asset Management Inc.

**R. Frank Lewarne** <sup>1,2</sup>

*Corporate Director*

**Frank N.C. Lochan**

*Corporate Director*

**Ralph J. Zarboni** <sup>1,2</sup>

*Chairman and Chief Executive Officer*

The EM Group Inc.

<sup>1</sup> Member of the Audit Committee

<sup>2</sup> Member of the Governance Committee

### OFFICERS

Frank N.C. Lochan

*Chairman*

Edward C. Kress

*President*

Derek E. Gorgi

*Vice President, Finance*

Loretta M. Corso

*Corporate Secretary*

### CORPORATE OFFICE

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Suite 300, P.O. Box 762

Toronto, Ontario M5J 2T3

Telephone: (416) 359-8620

Facsimile: (416) 365-9642

### REGISTRAR AND TRANSFER AGENT

CIBC Mellon Trust Company

P.O. Box 7010

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### EXCHANGE LISTING

Toronto Stock Exchange

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