

Brookfield Investments Corporation

STOCK SYMBOL: BRN.PR.A (TSX)

Q1/2009 INTERIM REPORT TO SHAREHOLDERS **FOR THE THREE MONTHS ENDED MARCH 31, 2009**

TO THE SHAREHOLDERS:

Brookfield Investments Corporation reported a net loss for the three months ended March 31, 2009 of \$7 million, compared to a net income of \$57 million for the same period last year. The results for the first three months of 2009 reflect lower dividend and other income as described further below, partly offset by reduced losses from the company's forest product investments.

OPERATING RESULTS

Panelboard investments, held through Norbord Inc., contributed a net loss of \$3 million for the first three months of 2009, compared with a net loss of \$13 million for the same period last year as a result of lower manufacturing input cost and stronger year-over-year prices for oriented strandboard in North America. Other forest product investments, held through Fraser Papers Inc., contributed a net loss of \$8 million, compared to a net loss of \$10 million last year.

Dividend and interest income for the first three months of 2009 was \$6 million, compared to \$41 million for the same period in 2008, which included a \$31 million interim dividend declared by the Canary Wharf Group, plc.

Other income for the first three months of 2009 was \$nil, down from \$64 million for the same period last year due primarily to lower revaluation gains on the company's Norbord debentures.

CORPORATE

The company's Board of Directors declared the regular quarterly dividend of C\$0.29375 per share on its Senior Preferred Shares, Series A payable on June 30, 2009 to shareholders of record on June 20, 2009.

On behalf of the Board of Directors,



Edward C. Kress
Chairman and Chief Executive Officer
May 12, 2009

MANAGEMENT'S DISCUSSION & ANALYSIS

OVERVIEW

This section of our interim report includes management's discussion and analysis of the financial results ("MD&A") of Brookfield Investments Corporation (the "company") for the most recent period. The MD&A is intended to provide you with an assessment of our performance over the first three months of 2009 and the comparable period in the prior year, as well as our financial position, performance objectives and future prospects. The financial data included in this section was prepared in accordance with Canadian generally accepted accounting principles.

The information in this section should be read in conjunction with our unaudited consolidated financial statements, which are included on pages 6 through 10 of this report, and the MD&A and consolidated financial statements contained in our most recent annual report. Additional information is available on SEDAR at www.sedar.com.

The company's functional currency is the United States dollar ("U.S. dollar") because most of its revenues are denominated in that currency, and the functional currency of a significant portion of its investments is the U.S. dollar. Accordingly, the company's financial results are reported in U.S. dollars, and all financial information in this report is presented in U.S. dollars unless otherwise indicated.

The company's principal investments as at March 31, 2009 are a 49% common share interest in Fraser Papers Inc. ("Fraser Papers"), a specialty paper and lumber company with operations in Canada and the United States; a 14% common share interest in Norbord Inc. ("Norbord"), a lumber and panelboard company with operations in Canada, the United States and the United Kingdom; a 42% ownership interest in Brookfield Europe L.P. ("Brookfield Europe"), which owns commercial office properties and property developments in Europe; and a 5% common share interest in Brookfield Properties Corporation ("Brookfield Properties"), a commercial property company with operations in Canada and the United States. Brookfield Investments also holds a preferred share portfolio, consisting of preferred shares of the following companies: Brookfield Asset Management Inc. ("Brookfield"), BPO Properties Ltd. and Brookfield Properties.

INCOME ANALYSIS

The company's net loss for the first three months of 2009 was \$7 million, compared to a net income of \$57 million for the same period in 2008. The results for the first three months of 2009 reflect lower dividend and other income as described further below, partly offset by reduced losses from the company's forest product investments.

Panelboard investments, held through Norbord, contributed a net loss of \$3 million the first three months of 2009, compared with a net loss of \$13 million for the same period last year as a result of lower manufacturing input cost and stronger year-over-year prices for oriented strandboard in North America. Other forest product investments, held through Fraser Papers, contributed a net loss of \$8 million, compared to a net loss of \$10 million for the same period in 2008.

Dividend and interest income for the first three months of 2009 was \$6 million, compared to \$41 million for the same period in 2008, which included a \$31 million interim dividend declared by the Canary Wharf Group, plc ("Canary Wharf").

Other income for the first three months of 2009 was \$nil, down from \$64 million for the same period last year due primarily to lower revaluation gains on the company's Norbord debentures.

BALANCE SHEET ANALYSIS

Brookfield Investments' long-term investments at March 31, 2009 consisted of a 49% common share interest in Fraser Papers, a 14% common share interest in Norbord, a 42% limited partnership interest in Brookfield Europe and a 5% common share interest in Brookfield Properties.

The company's investment in Brookfield Properties decreased by \$37 million during the first quarter of 2009 due to the decline in Brookfield Properties' share price, with a corresponding adjustment recorded in other comprehensive income.

The company's ownership interest in Norbord decreased from 23% at the end of 2008 to 14% during the first quarter of 2009. In January 2009, Norbord issued 163 million common shares and 81.5 million warrants to shareholders pursuant to an agreement in connection with its 2008 rights offering. Since the company did not participate in this rights offering, its ownership in Norbord was further decreased to 14% in 2009.

Brookfield Europe was formed in December 2008 by Brookfield, the owner of all of Brookfield Europe's common shares to combine all of Brookfield's European commercial office property, property development and asset management activities into a single operating unit. In December 2008, the company sold its 15% indirect interest in Canary Wharf to Brookfield Europe, in return for a 42% limited partnership interest in Brookfield Europe.

Further information on Norbord is available through its web site at www.norbord.com.

Further information on Fraser Papers is available through its web site at www.fraserpapers.com.

Further information on Brookfield Properties is available through its web site at www.brookfieldproperties.com.

Loans receivable includes funds on deposit with Brookfield, which bear interest at the prime rate and are available on demand.

Accounts payable includes \$5 million representing the debentures exchangeable into 10 million Norbord common shares, which will mature on September 30, 2029.

The company's retractable preferred shares are retractable at the option of the holder and, accordingly, are recorded as liabilities.

LIQUIDITY AND CAPITAL RESOURCES

The company's cash flow from operations utilized was \$2 million for the three months ended March 31, 2009, compared to \$7 million generated for the same period in 2008. Cash flow from investing activities amounted to \$2 million during the three months ended March 31, 2009, compared to \$7 million used for the same period in 2008.

The company generates sufficient cash flow from operations to fund its interest expense obligations. In addition, the company maintains funds on deposit and securities, which with varying degrees of timing, can be liquidated, and utilized to fund cash requirements. The company's sole common shareholder holds, directly and indirectly, \$641 million of the company's retractable preferred shares. The remaining \$36 million of retractable preferred shares are held by other holders, and satisfaction of any retractions can be made through the company's general cash resources or through the proceeds from the sale of assets.

The company's investments and other holdings generated cash of \$6 million from the receipt of dividends and interest during the first three months of 2009, compared to \$47 million for the same period in 2008. Proceeds from investments are utilized primarily for the payment of interest on the Norbord exchangeable debentures, which totalled \$1 million for the three months ended 2009 (\$3 million for the three months ended 2008), and dividends related to retractable preferred shares issued by the company totalling \$7 million for the three months ended 2009 (\$7 million for the three months ended 2008).

Dividends received from equity accounted investments are not included in income for accounting purposes as they are treated as a return of capital and therefore reduce the balance of the underlying investment. Distributions received from cost accounted investments are included in dividend and interest income and totalled \$4 million for the first three months of 2009, compared to \$38 million for the same period in 2008.

CONTRACTUAL OBLIGATIONS

The following table presents the contractual obligations of the company by payment periods:

US\$ millions	Payments Due by Period				
	Total	Less Than One Year	1-3 Years	4-5 Years	After 5 Years
Retractable preferred shares ⁽¹⁾	\$ 677	\$ 677	\$ —	\$ —	\$ —

⁽¹⁾ Retractable at the option of the holder, as described above under Liquidity and Capital Resources.

SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

The company accounts for its long-term corporate investments in Norbord and Fraser Papers on the equity basis. The excess of acquisition costs over the net underlying book value of these investments is considered to be goodwill. The company evaluates the carrying values of this excess for potential impairment on a regular basis in conjunction with its review of the carrying values of its overall investments. The company's investment in Canary Wharf was accounted for under the cost method, with dividends generally being recognized as income on the record date. Dividends received in excess of the company's share of post acquisition earnings of Canary Wharf are treated as a reduction of the company's investment.

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates are required in the determination of cash flows and probabilities in assessing net recoverable amounts and net realizable values; tax and other provisions; and fair values for disclosure purposes. Actual results could differ from those estimates.

SUMMARY FINANCIAL INFORMATION

The following table summarizes selected consolidated financial information of the company for the eight recently completed quarters:

US\$ million, except per share amounts	2009		2008				2007		
	Q1	Q4	Q3	Q2	Q1		Q4	Q3	Q2
Income (loss)	\$ 1	\$ (4)	\$ 24	\$ (58)	\$ 85		\$ (4)	\$ 24	\$ (58)
Net income (loss)	\$ (7)	\$ (14)	\$ 14	\$ (68)	\$ 57		\$ (14)	\$ 14	\$ (68)
Net income (loss) per common share	\$ (0.16)	\$ (0.29)	\$ 0.30	\$ (1.47)	\$ 1.24		\$ (0.29)	\$ 0.30	\$ (1.47)

Net loss during the first quarter of 2009 was \$7 million compared to an income of \$57 million for the same period in 2008. The higher net income in the first quarter of 2008 reflects an interim dividend of \$31 million declared by Canary Wharf and higher revaluation gains on the company's Norbord debentures.

BUSINESS RISKS AND OUTLOOK

Brookfield Investments' forest product investments are cyclical. Fluctuations in the general level of economic activity in the world's major economies influence the demand for and prices of the various products produced by its investee companies, although the cycles for individual products may be at different phases at any time. The company's earnings from this sector are particularly sensitive to changes in the prices of panelboards and paper. The company's commercial property investments are subject to general economic conditions as well as risks specifically associated with the commercial property market. The company is also subject to exchange rate risk since its earnings from Brookfield Europe are denominated in pounds sterling, and certain securities and loan positions are held in Canadian dollars. A further discussion on the risks associated with each of the company's investments is included in Management's Discussion and Analysis in each of their respective annual reports, which can be accessed through SEDAR at www.SEDAR.com or through their web sites as provided earlier in this report.

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.

A handwritten signature in black ink, appearing to read 'Sachin G. Shah'.

Sachin G. Shah
Vice-President and Chief Financial Officer

May 12, 2009

FORWARD-LOOKING INFORMATION

This interim report contains forward-looking information concerning the company's business and operations. The word "primarily" and other expressions of similar import, or the negative variations thereof, and similar expressions of future or conditional verbs such as "can", "may", "will" or "could" 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 our conversion plan for the adoption of International Financial Reporting Standards ("IFRS"), anticipated changes to our reported financial position and results of operations due to the adoption of IFRS, maturing of exchangeable debentures, use of proceeds from investments, cycles of products of investee companies, differences in actual results compared to estimates, our ability to fund cash requirements, our ability to satisfy share retractions, 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 forward-looking information and statements 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 general economic conditions, the behavior of financial markets including fluctuations in interest and exchange rates, the 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.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF OPERATIONS

<i>(unaudited)</i>	<i>Three months ended March 31</i>	
<i>US\$ millions, except per share amounts</i>	2009	2008
Income		
Equity loss from Norbord Inc.	\$ (3)	\$ (13)
Equity loss from Fraser Papers Inc.	(8)	(10)
Equity income from Brookfield Europe L.P.	3	—
Foreign exchange gain	3	3
Dividend and interest income	6	41
Other income	—	64
	1	85
Expenses		
Interest	8	10
Income taxes	—	18
	8	28
Net (loss) income	\$ (7)	\$ 57
Net (loss) income per common share	\$ (0.16)	\$ 1.24

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

<i>(unaudited)</i>	<i>Three months ended March 31</i>	
<i>US\$ millions</i>	2009	2008
Net (loss) income	\$ (7)	\$ 57
Other comprehensive (loss) income		
Foreign currency translation	(1)	3
Available-for-sale securities	(40)	(2)
	(41)	1
Comprehensive (loss) income	\$ (48)	\$ 58

CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS

<i>(unaudited)</i>	<i>Three months ended March 31</i>	
<i>US\$ millions</i>	2009	2008
Balance, beginning of period	\$ (402)	\$ (120)
Other comprehensive (loss) income	(41)	1
Balance, end of period	\$ (443)	\$ (119)

CONSOLIDATED STATEMENTS OF DEFICIT

<i>(unaudited)</i> US\$ millions	<i>Three months ended March 31</i>	
	2009	2008
Deficit, beginning of period	\$ (291)	\$ (347)
Change in accounting policy	—	1
Net (loss) income for the period	(7)	57
Deficit, end of period	\$ (298)	\$ (289)

CONSOLIDATED BALANCE SHEETS

<i>US\$ millions</i>	March 31	December 31
	2009	2008
	<i>(unaudited)</i>	
Assets		
Loans receivable	\$ 339	\$ 341
Securities	252	255
Investment in Brookfield Properties Corporation	106	143
Investment in Fraser Papers Inc.	116	124
Investment in Norbord Inc.	100	103
Investment in Brookfield Europe L.P.	97	96
	\$ 1,010	\$ 1,062
Liabilities		
Accounts payable	\$ 30	\$ 30
Retractable preferred shares	677	681
Shareholders' equity	303	351
	\$ 1,010	\$ 1,062

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(unaudited)</i>	<i>Three months ended March 31</i>	
<i>US\$ millions</i>	2009	2008
Cash flow from (used in) operating activities		
Net (loss) income	\$ (7)	\$ 57
Adjusted for the following items		
Excess of dividends received over equity loss	8	29
Net change in non-cash working capital balances	(3)	(79)
	(2)	7
Cash flow from (used in) investing activities		
Investment in Fraser Papers Inc.	—	(29)
Investment in Norbord Inc.	—	(6)
Loans receivable	2	28
	2	(7)
Net change and closing cash balance	\$ —	\$ —

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF ACCOUNTING POLICIES

Reference is made to the most recently issued Annual Report of the company, which includes information necessary or useful for understanding the company's businesses and financial statement presentation. In particular, the company's significant accounting policies and practices are presented as Note 2 to the Consolidated Financial Statements included in that Report, and have been consistently applied in the preparation of these interim financial statements.

The interim financial statements are unaudited. Financial information in this interim report reflects any adjustments (consisting only of normal recurring adjustments) that are, in the opinion of management, necessary to a fair statement of results for the interim periods in accordance with Canadian generally accepted accounting principles.

The results reported in these financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. Certain prior period amounts have been reclassified to conform to the current period's presentation.

2. CHANGE IN ACCOUNTING POLICY

Goodwill and Intangible Assets

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued Handbook Section 3064, Goodwill and Intangible Assets, replacing Handbook Sections 3062, Goodwill and Other Intangible Assets and 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition of intangible assets by profit-oriented enterprises. The new section became effective for the company on January 1, 2009, and the impact of adopting this new standard was \$nil for the company.

3. FUTURE CHANGE IN ACCOUNTING POLICY

International Financial Reporting Standards ("IFRS")

The Accounting Standards Board confirmed in February 2008 that 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. While the adoption of IFRS will not change the cash flows generated by the company, the adoption of IFRS will result in 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.

4. RETRACTABLE PREFERRED SHARES

	<i>March 31</i>	<i>December 31</i>
<i>US\$ millions, except number of shares</i>	2009	2008
5,990,785 Class 1 Senior Preferred Shares, Series A (2008 – 5,990,785)	\$ 119	\$ 123
17,999,718 Class 1 Junior Preferred Shares, Series A (2008 – 17,999,718)	558	558
	\$ 677	\$ 681

5. SHAREHOLDERS' EQUITY

	<i>March 31</i>	<i>December 31</i>
<i>US\$ millions, except number of shares</i>	2009	2008
46,040,326 Common shares (2008 – 46,040,326)	\$ 1,044	\$ 1,044
Deficit	(298)	(291)
Accumulated other comprehensive loss	(443)	(402)
	(741)	(693)
	\$ 303	\$ 351

CORPORATE INFORMATION

Brookfield Investments Corporation

Enquires relating to the operations of the company should be directed to the company's Head Office:

Suite 300, 181 Bay Street
Brookfield Place, P.O. Box 762
Toronto, Ontario M5J 2T3
Telephone: 416-363-9491
Facsimile: 416-363-2856

CIBC Mellon Trust Company

Questions about shareholdings, dividends, address changes or lost certificates should be directed to CIBC Mellon Trust Company:

P.O. Box 7010, Adelaide Street Postal Station
Toronto, Ontario M5C 2W9
Telephone: 416-643-5500 or
1-800-387-0825
Facsimile: 416-643-5501

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