

Brookfield Investments Corporation

STOCK SYMBOL: BRN.PR.A (TSX)

TO THE SHAREHOLDERS

Brookfield Investments Corporation reported a net loss for the three months ended March 31, 2010 of \$46 million, compared to a net loss of \$7 million for the same period last year. Foreign exchange losses of \$46 million were recorded in the first quarter of 2010, compared with a gain of \$3 million for the same period in 2009. The losses represent non-cash revaluation of deposit balances denominated in Canadian dollars and British pounds which are revalued each quarter based on the closing exchange rate relative to the U.S. dollar.

OPERATING RESULTS

Panelboard investments, held through Norbord Inc., contributed a net loss of \$1 million for the first three months of 2010, compared with a net loss of \$3 million for the same period last year. Other forest product investments held through Fraser Papers Inc., which was written off in late 2009, contributed a net loss of \$8 million for the first quarter of 2009.

Dividend and interest income for the first three months of 2010 was \$8 million, compared to \$6 million for the same period in 2009. The higher dividend income earned from the additional Brookfield Properties Corporation common shares acquired in the third quarter of 2009 was partially offset by net interest owing on the demand deposits.

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, 2010 to shareholders of record on June 20, 2010.

On behalf of the Board of Directors,



Edward C. Kress
Chairman and Chief Executive Officer
May 11, 2010

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 2010 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 8 through 12 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, 2010 are a 12% 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 11% 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 2010 was \$46 million, compared to \$7 million for the same period in 2009. Foreign exchange losses of \$46 million were recorded in the first quarter of 2010, compared with a gain of \$3 million for the same period in 2009. Foreign exchange gains and losses in the period resulted from the revaluation of non-U.S. dollar denominated deposits. Panelboard investments, held through Norbord, contributed a net loss of \$1 million for the first three months of 2010, compared with a net loss of \$3 million for the same period last year. Other forest product investments, held through Fraser Papers Inc., which was written off in late 2009, contributed a net loss of \$8 million for the first three months of 2009.

Dividend and interest income for the first three months of 2010 was \$8 million, compared to \$6 million for the same period in 2009. The higher dividend income earned from the additional Brookfield Properties common shares acquired in the third quarter of 2009 was partially offset by net interest owing on the demand deposits.

BALANCE SHEET ANALYSIS

Brookfield Investments' long-term investments at March 31, 2010 consisted of a 12% common share interest in Norbord, a 42% limited partnership interest in Brookfield Europe L.P. and a 11% common share interest in Brookfield Properties.

The company's investment in Brookfield Properties increased by \$179 million during the first quarter of 2010 due to the increase in Brookfield Properties' share price, with a corresponding adjustment recorded in other comprehensive income.

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

Further information on Brookfield Properties can be found on their web site www.brookfieldproperties.com.

Loans receivable and payable include funds on deposit with and borrowed from Brookfield, which bear interest at the prime rate on Canadian dollar deposits, and at LIBOR on U.S. dollar and British pound denominated balances and are available on demand.

The company holds a preferred share portfolio which provides stable cash flow and a source of capital to support its operations and future activities. The fair value of the portfolio as at March 31, 2010 was \$266 million compared with \$262 million at December 31, 2009. The composition of the company's securities portfolio as at March 31, 2010 is summarized below:

US\$ millions, except number of shares

Security	Class	Shares	Securities held at		Total Carrying Value
			Cost ⁽¹⁾	Fair Value	
Great Lakes Holdings Inc.	Class B Series 1 preferred shares	4,960,800	\$ 106	\$ —	\$ 106
BPO Properties Ltd.	Series K preferred shares	236	97	—	97
Brookfield Asset Management Inc.	Class A Series 14 preferred shares	350,000	—	27	27
Brookfield Asset Management Inc.	Class A Series 15 preferred shares	850,000	18	—	18
BPO Properties Ltd.	Series M preferred shares	760,000	—	12	12
BPO Properties Ltd.	Series J preferred shares	317,100	—	5	5
Brookfield Properties Corporation	Class AAA Series K preferred shares	20,000	—	1	1
			\$ 221	\$ 45	\$ 266

⁽¹⁾ Securities held at cost do not have a quoted price in an actively traded market.

LIQUIDITY AND CAPITAL RESOURCES

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, \$663 million of the company's retractable preferred shares. The remaining \$42 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 deposits generated cash proceeds of \$8 million from the receipt of dividends and interest for the three months ended March 31, 2010, compared with \$6 million for the same period in 2009. The increase in 2010 reflects additional dividend income earned on Brookfield Properties common shares acquired in the third quarter of 2009. Income from investments was utilized primarily for the payment of dividends related to the retractable preferred shares issued by the company, which totalled \$7 million for the three months ended March 31, 2010 (2009 - \$7 million). The company incurred \$1 million of interest expense for the three months ended March 31, 2009 in respect of the Norbord exchangeable debentures that were settled in the second quarter of 2009.

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.

The company generated \$1 million of cash flow in operating activities for the three months ended March 31, 2010, compared with \$2 million utilized for the same period in 2009.

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⁾					
Senior	\$ 147	\$ 147	\$ —	\$ —	\$ —
Junior	\$ 558	\$ 558	\$ —	\$ —	\$ —

⁽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 Brookfield Europe on the equity basis. The excess of acquisition costs over the net underlying book value of these investments is considered to be goodwill. No goodwill has been recorded in the financial statements for the quarter ended March 31, 2010. 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.

In making decisions, Brookfield views its joint interests in Norbord collectively, rather than viewing its investment through the company as separate from its other holdings. Brookfield and the company hold shares in Norbord which collectively provide it with control of the underlying entity. Brookfield and the company share common officers who are privy to information that is available to a controlling shareholder and who have an ability to influence the strategic, financing, investing and operating activities of Norbord. Brookfield is the sole shareholder of the company, as well as the holder of 52% of Norbord common shares. Accordingly, the company's investment in Norbord is not viewed in isolation from Brookfield's holding in Norbord.

In determining the appropriate accounting treatment for its interest in Norbord, the company considered classification of its interest in Norbord as an available-for-sale security resulting in mark-to-market treatment with changes in value accumulating through other comprehensive income. This treatment seemed inappropriate given that the company's sole common shareholder has the ability to influence the underlying operations and that its officers share in insider information. Furthermore, using the market price to determine carrying value could result in a potentially misleading outcome whereby Norbord was generating net losses but extraneous factors such as perception of its industry's viability, liquidity position, future earnings capacity, capitalization and strategic position for future growth were increasing its share price. As a result, the company determined that equity accounting is the appropriate method to account for its investment in Norbord.

The preparation of financial statements in conformity with 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. Actual results could differ from those estimates. Significant estimates are required in the determination of cash flows and probabilities in assessing net recoverable amounts and net realizable values; assessing other than temporary impairments of long-term investments; tax and other provisions and fair values.

SUMMARY OF FINANCIAL INFORMATION

The following table summarizes selected consolidated financial information of the company for the three months ended March 31, 2010 and 2009, and for the years ended December 31, 2009, 2008 and 2007:

US\$ million, except per share amounts	Three months ended March 31		Years ended December 31		
	2010	2009	2009	2008	2007
(Loss) Income	\$ (40)	\$ 1	\$ (50)	\$ 124	\$ (33)
Net (loss) income	(46)	(7)	(130)	55	(72)
Net (loss) income per common share	(0.99)	(0.16)	(2.82)	1.19	(1.55)
Total assets	1,306	1,010	1,133	1,062	1,447
Total long-term liabilities	705	677	700	681	708
Preferred share dividends paid per share					
Class 1 Senior Preferred Series A	\$ 0.28	\$ 0.29	\$ 1.03	\$ 1.10	\$ 1.09
Class 1 Junior Preferred Series A	0.31	0.31	1.24	1.24	1.24

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

US\$ million, except per share amounts	2010	2009				2008		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
(Loss) Income	\$ (40)	\$ —	\$ (73)	\$ 22	\$ 1	\$ 21	\$ 15	\$ 3
Net (loss) income	\$ (46)	\$ (73)	\$ (82)	\$ 32	\$ (7)	\$ (5)	\$ 2	\$ 1
Net (loss) income per common share	\$ (0.99)	\$ (1.59)	\$ (1.77)	\$ 0.70	\$ (0.16)	\$ (0.12)	\$ 0.06	\$ 0.01

Net loss during the first quarter of 2010 was \$46 million compared to a loss of \$7 million for the same period in 2009. The results for the first quarter of 2010 reflect the higher foreign exchange loss from the revaluation of non-U.S. dollar denominated deposits.

The company's outstanding common and retractable preferred shares are as follows:

	March 31, 2010	December 31, 2009
Common shares	46,040,326	46,040,326
Class 1 Senior Preferred Series A	5,990,785	5,990,785
Class 1 Junior Preferred Series A	17,999,718	17,999,718

RELATED PARTY TRANSACTIONS

A significant portion of the company's securities and financing transactions are conducted with Brookfield. At March 31, 2010, securities included \$266 million (December 31, 2009 – \$262 million) of securities of public and private companies in which Brookfield or its associates have direct or indirect equity interests. Loans receivable and payable include funds on deposit with and borrowed from Brookfield, which bear interest at the prime rate on Canadian dollar deposits, and at LIBOR on U.S. dollar and British pound denominated balances and are available on demand. Dividend and interest income during the three months ended March 31, 2010 from related party securities and deposits totalled \$8 million (2009 – \$6 million).

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 11, 2010

FORWARD-LOOKING INFORMATION

This interim report contains forward-looking information concerning the company's business and operations. The word "primarily", "expected" and other expressions of similar import, or the negative variations thereof, and similar expressions of future or conditional verbs such as "can", "may", "will", "would" 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 determination of carrying values, our conversion plan for the adoption of International Financial Reporting Standards ("IFRS"), future expected results, 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 BALANCE SHEETS

<i>(US\$ millions)</i>		<i>(unaudited)</i> March 31, 2010	December 31, 2009
Assets	Note		
Securities		\$ 266	\$ 262
Investments			
Brookfield Properties Corporation		851	672
Brookfield Europe L.P.		110	119
Norbord Inc.		79	80
		\$ 1,306	\$ 1,133
Liabilities			
Deposits payable	3	\$ 45	\$ 5
Accounts payable		9	9
Retractable preferred shares	4	705	700
Shareholders' equity	5	547	419
		\$ 1,306	\$ 1,133

CONSOLIDATED STATEMENTS OF OPERATIONS

<i>(unaudited)</i> <i>US\$ millions, except per share amounts</i>		<i>Three months ended March 31</i>	
	Note	2010	2009
Income			
Equity accounted (loss) income from Brookfield Europe L.P.		\$ (1)	\$ 3
Equity accounted loss from Norbord Inc.		(1)	(3)
Equity accounted loss from Fraser Papers Inc.		—	(8)
Dividend and interest income		8	6
Foreign exchange (loss) gain		(46)	3
		(40)	1
Expenses			
Interest		7	8
Income taxes recovery		(1)	—
		6	8
Net loss		\$ (46)	\$ (7)
Net loss per common share	5	\$ (0.99)	\$ (0.16)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

<i>(unaudited)</i> <i>US\$ millions</i>		<i>Three months ended March 31</i>	
		2010	2009
Net loss		\$ (46)	\$ (7)
Other comprehensive income (loss)			
Foreign currency translation, net of tax		(8)	(1)
Available-for-sale securities		183	(40)
Equity pick-up from subsidiaries		(1)	—
		174	(41)
Comprehensive income (loss)		\$ 128	\$ (48)

CONSOLIDATED STATEMENTS OF ACCUMULATED OTHER COMPREHENSIVE LOSS

<i>(unaudited)</i>	<i>Three months ended March 31</i>	
<i>US\$ millions</i>	2010	2009
Balance, beginning of period	\$ (204)	\$ (402)
Other comprehensive income (loss)	174	(41)
Balance, end of period	\$ (30)	\$ (443)

CONSOLIDATED STATEMENTS OF DEFICIT

<i>(unaudited)</i>	<i>Three months ended March 31</i>	
<i>US\$ millions</i>	2010	2009
Deficit, beginning of period	\$ (421)	\$ (291)
Net loss	(46)	(7)
Deficit, end of period	\$ (467)	\$ (298)

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(unaudited)</i>	<i>Three months ended March 31</i>	
<i>US\$ millions</i>	2010	2009
Cash flow from (used in) operating activities		
Net loss	\$ (46)	\$ (7)
Adjusted for the following:		
Equity accounted losses	2	8
Future income tax provisions	(1)	—
Net change in non-cash items	46	(3)
	1	(2)
Cash and deposits receivable (payable)		
Increase / (Decrease)	1	(2)
Impact of foreign exchange	(41)	—
Balance, beginning of period	(5)	341
Balance, end of period	\$ (45)	\$ 339

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

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 1 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. FUTURE CHANGES IN ACCOUNTING POLICY

(i) *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 has developed and is in the process of implementing an IFRS conversion plan that will address changes in accounting policy, the restatement of comparative periods, organizational and internal control and the modification of existing systems, in addition to other related business matters.

(ii) *Business Combinations, Consolidated Financial Statements and Non-controlling Interests*

In January 2009, the CICA issued three new accounting standards, Section 1582, *Business Combinations*, Section 1601, *Consolidated Financial Statements* and Section 1602, *Non-controlling Interests*. Section 1582 provides clarification as to what an acquirer must measure when it obtains control of a business, the basis of valuation and the date at which the valuation should be determined. Acquisition-related costs must be accounted for as expenses in the periods they are incurred, except for costs incurred to issue debt or share capital. This new standard will be applicable for acquisitions completed on or after November 1, 2011 although adoption in 2010 is permitted to facilitate the transition to IFRS in 2011. Section 1601 establishes standards for preparing consolidated financial statements after the acquisition date and Section 1602 established standards for the accounting and presentation of non-controlling interest. These standards must be adopted concurrently with Section 1582.

3. DEPOSITS PAYABLE

Deposits payable include funds payable to companies under common control, net of funds due from the same parties.

As at March 31, 2010, the balance included receivables of \$467 million denominated in British pounds, payables of \$316 million denominated in Canadian dollars and payables of \$196 million denominated in US dollars.

4. RETRACTABLE PREFERRED SHARES

The company's Authorized Share Capital includes two classes of retractable preferred shares:

- (i) unlimited Class 1 Senior Preferred shares issuable in series; and
- (ii) unlimited Class 1 Junior Preferred shares issuable in series.

<i>US\$ millions, except number of shares</i>	March 31 2010	December 31 2009
5,990,785 Class 1 Senior Preferred Shares, Series A (2009 - 5,990,785)	\$ 147	\$ 142
17,999,718 Class 1 Junior Preferred Shares, Series A (2009 - 17,999,718)	558	558
	\$ 705	\$ 700

The retractable preferred shares are retractable at the option of the holder and, accordingly, are liabilities for accounting purposes.

The following rights and privileges apply to the outstanding Class 1 Senior Preferred shares:

- (i) entitlement to cumulative quarterly dividends calculated on the issue price of C\$25.00 per share at a fixed rate of 4.70% per annum.
- (ii) in the case of the Senior Preferred shares Series A, redeemable at the option of the company or the holder at C\$25.00 per share plus accrued and unpaid dividends thereon.

The following rights and privileges apply to the outstanding Class 1 Junior Preferred shares:

- (i) entitlement to non-cumulative quarterly dividends calculated on the issue price of \$31.00 per share at 4%, as and when declared by the board of directors of the company; and
- (ii) redeemable at the option of the company or the holder at any time at \$31.00 per share plus declared and unpaid dividends thereon.

5. SHAREHOLDERS' EQUITY

The company's authorized share capital includes an unlimited number of common shares.

Issued and Outstanding:

<i>US\$ millions, except number of shares</i>	March 31 2010	December 31 2009
46,040,326 Common shares (2009 - 46,040,326)	\$ 1,044	\$ 1,044
Deficit	(467)	(421)
Accumulated other comprehensive loss	(30)	(204)
	\$ 547	\$ 419

The common shares of the company are redeemable at the option of the holder for 95% of the net asset value at the time of redemption.

6. RISK MANAGEMENT

The company's investments expose it to a variety of market risks, including interest rate risk, equity risk, liquidity risk and in particular foreign exchange risk.

Foreign Exchange Risk

Foreign exchange risk is the risk of variability due to changes in spot and forward rates, and the volatility of currency exchange rates. The company is exposed to currency risk in respect of foreign denominated securities and loans receivable.

The company is subject to foreign currency risk on the distributions resulting from investments in foreign denominated securities and loans receivable. The company mitigates the adverse effects of

changes in the foreign currency by borrowing and issuing preferred shares denominated in foreign currencies.

A one per cent increase in the U.S. dollar against the Canadian dollar in which the company operates would increase the company's net income by approximately \$4.3 million before tax. Similarly, a one per cent increase in the U.S. dollar against the British pound in which the company operates would decrease the company's net income approximately \$4.9 million before tax.

CORPORATE INFORMATION

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PERIOD END

March 31

STOCK EXCHANGE LISTING

The Class 1 Senior Preferred Shares, Series A, of Brookfield Investments Corporation are listed on the Toronto Stock Exchange under the symbol **BRN.PR.A**

Brookfield Investments Corporation

Printed in Canada