

Brookfield Investments Corporation

INTERIM REPORT Q1 2013

STOCK SYMBOL : BRN.PR.A (TSX Venture Exchange)

Brookfield Investments Corporation (the "company") reported net income of \$46 million or \$0.92 per common share for the three months ended March 31, 2013 compared with net loss of \$3 million or \$0.05 per common share for the same period in 2012. The higher level of earnings in the current period is the result of increased equity accounted earnings, driven by favourable valuation gains on Brookfield Europe's investment properties, as well as an increased contribution from our forest products operations that are benefitting from the U.S. housing recovery. The net loss in the prior year was primarily attributable to a negative mark-to-market adjustment within Brookfield Europe.

The company recorded other comprehensive income of \$66 million, compared to \$140 million in the same period of the prior year. The current period included a \$100 million gain on the revaluation of the company's available-for-sale securities, which was partially offset by foreign currency revaluation on the company's non-US Dollar investments. This resulted in comprehensive income of \$112 million, a decrease of \$25 million compared to the first quarter of 2012.

On behalf of the Board:



Edward C. Kress
Chairman and President
May 23, 2013

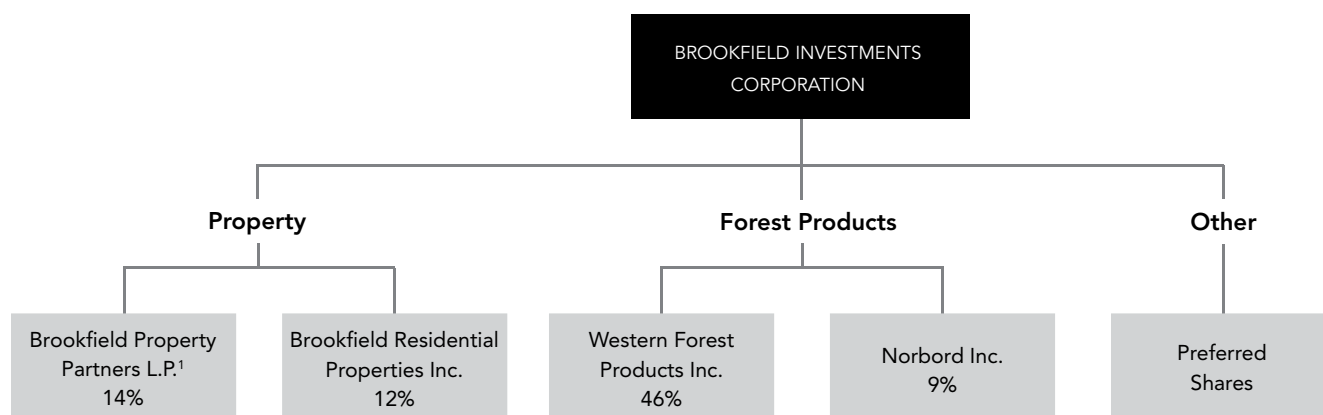
MANAGEMENT'S DISCUSSION & ANALYSIS

This section of our interim report includes management's discussion and analysis of our financial results ("MD&A") 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 2013 and the comparable period in the prior year, as well as information on our financial position and other relevant matters.

Brookfield Investments Corporation ("Brookfield Investments" or the "company") holds investments in the property and forest products sectors, as well as a portfolio of preferred shares issued by companies within the Brookfield Asset Management Inc. ("Brookfield") group.

On April 15, 2013 Brookfield successfully launched its flagship property company, Brookfield Property Partners L.P. ("BPY"), through a special distribution to its shareholders. Prior to the BPY distribution, the company sold its direct interest in Brookfield Office Properties and certain of its preferred share portfolio to Brookfield and received as consideration, an 11% direct interest in BPY. Brookfield Europe also exchanged certain of its assets for a 9% ownership interest in BPY, in which the company owns 36%, increasing the company's direct and indirect interest in BPY to 14%.

The company's simplified organizational structure is shown in the following chart:



(1) Includes direct and indirect ownership through Brookfield Europe L.P.

The following analysis describes the components of the company's revenues and expenses for the first three months of 2013, the related assets and liabilities, and the business environment for its operations as at March 31, 2013.

The U.S. dollar is the company's functional and presentation currency. All financial information is presented in U.S. dollars unless otherwise indicated. All financial data included in the MD&A have been presented in accordance with International Financial Reporting Standards.

The information in this section should be read in conjunction with the company's audited consolidated financial statements, which are included on pages 11 through 17 of this interim report. Additional information is available on the company's website at www.brookfieldinvestments.com and on SEDAR's website at www.sedar.com.

ANALYSIS OF NET INCOME

Three months ended March 31

(US\$ millions)

	2013	2012
Investment income		
Equity accounted income (loss)	\$ 44	\$ (7)
Dividend and interest income		
Brookfield Office Properties	8	8
Other securities	3	3
Foreign exchange income	2	—
	57	4
Interest expense	7	7
Net income (loss) before income taxes	50	(3)
Income tax expense	(4)	—
Net income (loss)	\$ 46	\$ (3)

Investment Income

Investment income consists of income earned on the company's equity accounted investments, as well as dividends and interest income generated from the company's investment portfolio.

The company earned \$44 million of equity accounted income in 2013 compared to a \$7 million loss in 2012. The current quarter included a \$16 million (2012 – \$2 million) increase in the fair value of Brookfield Europe's investment in Canary Wharf. In addition, the company's forest products operations continue to benefit from the U.S. housing recovery and contributed \$19 million of income, compared to \$nil in the prior period. The prior year included a \$13 million mark-to-market loss within Brookfield Europe.

Dividend and interest income includes dividends on the company's investment securities and preferred share portfolio and interest on deposits receivable. During the first three months of 2013, the company received \$8 million of dividend income on its investment in Brookfield Office Properties, consistent with the prior year. Dividends and interest earned \$3 million on the company's other securities, and is consistent with the prior period.

Interest Expense

Interest expense includes dividend payments on the company's retractable preferred shares, which were \$7 million in the first three months of 2013, consistent with the same period in 2012.

Foreign Currency Revaluation

Certain of the company's deposits receivable and payable are denominated in currencies other than the U.S. dollar, which are converted into the U.S. dollar for reporting purposes. The larger amount of foreign currency revaluation losses in the prior year is a result of fluctuations in the value of the U.S. dollar relative to these other currencies in the prior year as well as a larger notional exposure to foreign currencies. Foreign currency revaluation in the current period was \$2 million gain (2012 – \$nil).

Income Tax Expense

Income tax expense of \$4 million (2012 – \$nil) was recorded in the first three months of 2013. The higher amount of income tax expense in the current period is the result of an increased amount of taxable income generated by the investment portfolio.

BALANCE SHEET ANALYSIS

(US\$ millions)	March 31, 2013	December 31, 2012
Investment portfolio		
Property		
Brookfield Office Properties ⁽¹⁾	\$ 951	\$ 943
Brookfield Europe ⁽¹⁾	494	502
Other securities ⁽¹⁾	70	64
Brookfield Residential	332	245
Forest products		
Western Forest Products	166	159
Norbord	86	79
Other securities	159	160
Deposits receivable, net	173	180
	2,431	2,332
Accounts payable	3	1
Retractable preferred shares	1,128	1,142
Deferred tax liabilities	57	58
Equity	\$ 1,243	\$ 1,131

(1) Sold to Brookfield Property Partners subsequent to March 31, 2013.

Investment Portfolio

At March 31, 2013, the company's investment portfolio consisted of an 11% common share interest in Brookfield Office Properties, a 36% limited partnership interest in Brookfield Europe, a 12% common share interest in Brookfield Residential Properties, a 46% economic interest in Western, a 9% common share interest in Norbord, and a preferred share portfolio.

The company classified its investment in Brookfield Office Properties as an available-for-sale security and records its investment at fair value with changes in value recorded in other comprehensive income. The company's investment in Brookfield Office Properties consisted of 55.4 million common shares, which increased in value by \$8 million during the first three months of 2013 due to a \$0.15 increase in the fair value of Brookfield Office Properties' share price from \$17.02 to \$17.17 per share. Further information on Brookfield Office Properties can be found on its web site at www.brookfieldofficeproperties.com. Subsequent to the first quarter, the company sold its investment in Brookfield Office Properties in exchange for Brookfield Property Partners L.P. units.

The company classifies its investment in Brookfield Residential Properties as an available-for-sale security and records Brookfield Residential Properties at fair value with changes in value recorded in other comprehensive income. The company's investment in Brookfield Residential Properties consists of 13.7 million common shares, which increase in value by \$87 million during the first quarter of 2013 due to a \$6.36 increase in the fair value of Brookfield Residential Properties' share price from \$17.92 to \$24.28 per share. Further information on Brookfield Residential Properties is available through its web site at www.brookfieldrp.com.

The company's investment in Western consists of 143.6 million non-voting common shares and 69.5 million voting common shares, representing a 46% economic interest. The company exercises significant influence over Western and accordingly utilizes the equity method of accounting for its investment in Western. Further information on Western is available through its web site at www.westernforest.com.

The company's investment in Norbord consists of 4.8 million common shares. The company exercises significant influence over Norbord and accordingly utilizes the equity method of accounting for its investment in Norbord. Further information on Norbord is available through its web site at www.norbord.com.

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 portfolio is classified as available-for-sale with changes in value recorded in other comprehensive income. The carrying value of the portfolio as at March 31, 2013 was \$229 million compared with \$224 million at December 31, 2012. The composition of the company's securities portfolio is summarized below:

			Carrying Value	
(US\$ millions, except number of shares)				
Security	Class	Shares	March 31, 2013	December 31, 2012
Great Lakes Holdings Inc.	Preferred shares	4,960,800	\$ 113	\$ 113
Brookfield Asset Management Inc.	Class A Series 14 preferred shares	350,000	34	35
Brookfield Asset Management Inc.	Class A Series 15 preferred shares	850,000	12	12
BPO Properties Ltd. ⁽¹⁾	Series M preferred shares	760,000	11	10
BPO Properties Ltd. ⁽¹⁾	Series J preferred shares	317,100	4	4
BPO Properties Ltd. ⁽¹⁾	Series K preferred shares	236	54	49
Brookfield Office Properties Inc. ⁽¹⁾	Class AAA Series K preferred shares	20,000	1	1
			\$ 229	\$ 224

(1) Sold to Brookfield Property Partners subsequent to March 31, 2013.

Deposits Receivable and Payable

Deposits receivable and payable include funds on deposit with and borrowed from Brookfield, which bear interest at CDOR on Canadian dollar deposits, and at LIBOR on U.S. dollar and British pound denominated balances. The deposits are due on demand.

Retractable Preferred Shares

Retractable preferred shares consist of \$147 million (2012 – \$151 million) Senior Preferred shares and \$981 million (2012 – \$991 million) Junior Preferred shares. The Senior and Junior Preferred shares are retractable at the option of the holder.

Deferred Tax Liabilities

Deferred tax liabilities relate primarily to temporary differences between the carrying value and tax value of investments within the investment portfolio.

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, Brookfield, holds, directly and indirectly, \$1,086 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 generated cash proceeds of \$11 million during the three months ended March 31, 2013 from the receipt of dividends and interest, consistent with the same period in 2012. Income from investments was utilized primarily for the payment of dividends related to retractable preferred shares issued by the company, which totalled \$7 million for the first three months ended March 31, 2013 (2012 – \$7 million).

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 \$4 million of cash flow in operating activities during the three months ended March 31, 2013, compared to \$3 million of cash flow in the same period in 2012.

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

	March 31, 2013	December 31, 2012
Common shares	49,847,899	49,847,899
Class 1 Senior Preferred Series A	5,987,195	5,987,195
Class 1 Junior Preferred Series A	17,999,718	17,999,718
Class 1 Junior Preferred Series B	17,200,000	17,200,000

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	2 - 3 Years	4 - 5 Years	After 5 Years
Retractable preferred shares ⁽¹⁾					
Senior	\$ 147	\$ 147	\$ —	\$ —	\$ —
Junior	\$ 981	\$ 981	\$ —	\$ —	\$ —

(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 investments in Brookfield Europe, Western and Norbord using the equity method of accounting. The excess of acquisition costs over the net underlying book value of these investments is considered to be goodwill and is recorded within the investment. 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 Western and 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 common shareholder of the company, as well as the holder of 54% of Norbord common shares. Accordingly, the company's investment in Norbord is not viewed in isolation from Brookfield's holdings in Norbord.

The company owns a 46% economic interest in Western. Brookfield exercises control over a 68% economic interest in Western and views its joint interests in Western collectively. Brookfield and the company share officers who are privy to the information that is available to a controlling shareholder and who have the ability to influence the strategic, financing and operating activities of Western. Accordingly, the company's investment in Western is not viewed in isolation from Brookfield's holdings in Western.

In determining the appropriate accounting treatment for its interest in Western and Norbord, the company considered classification of its interest both Western and Norbord as available-for-sale securities which would result in changes in fair value recorded in 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 insider information. Furthermore, using the market price to determine carrying value could result in a potentially misleading outcome if either Western or 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 both Western and Norbord.

The company does not exercise significant influence over its investments in Brookfield Office Properties and Brookfield Residential Properties, and accordingly, classifies these investments as available-for-sale securities.

The preparation of financial statements in conformity with International Financial Reporting Standards 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, 2013, 2012 and 2011:

<i>Three months ended March 31 (US\$ millions, except per share amounts)</i>	2013	2012	2011
Investment income	\$ 57	\$ 4	\$ 59
Net income (loss)	46	(3)	47
Net income (loss) per common share	0.92	(0.05)	1.02
Total assets	2,431	2,221	1,749
Preferred share dividends paid per share			
Class 1 Senior Preferred Series A	\$ 0.29	\$ 0.29	\$ 0.30
Class 1 Junior Preferred Series A	0.31	0.31	0.31

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

	2013	2012				2011		
<i>(US\$ millions, except per share amounts)</i>	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Investment income	\$ 57	\$ 32	\$ 31	\$ 16	\$ 4	\$ 8	\$ 29	\$ 11
Net income (loss)	46	20	23	9	(3)	(16)	37	2
Net income (loss) per common share	0.92	0.39	0.47	0.17	(0.05)	(0.35)	0.81	0.04

The company's investment income consists of equity accounted income and dividend and interest income from the company's investment portfolio and fluctuates due to the amount of equity earnings recorded in a period as well as for changes in interest rates on the company's floating rate investments.

RELATED PARTY TRANSACTIONS

A significant portion of the company's securities and financing transactions are conducted with Brookfield. At March 31, 2013, securities included \$229 million (December 31, 2012 – \$224 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 CDOR on Canadian dollar deposits, and at LIBOR on U.S. dollar denominated balances and are available on demand. Dividend and interest income during the first three months of 2013 from related party securities and deposits totalled \$11 million (2012 – \$11 million).

ADOPTION OF ACCOUNTING STANDARD

Presentation of Other Comprehensive Income

In June 2011, the IASB made amendments to IAS 1, *Presentation of Financial Statements* ("IAS 1"). The amendments require that items of other comprehensive income are grouped into two categories: items that may be reclassified subsequently to profit or loss and items that will not be reclassified subsequently to profit and loss. Income tax on items of other comprehensive income are required to be allocated on the same basis. The consolidated statements of comprehensive income in this interim report reflect the changes in presentation.

FUTURE CHANGES IN ACCOUNTING STANDARDS

Financial Instruments

IFRS 9, *Financial Instruments* ("IFRS 9") was issued by the IASB on November 12, 2009 and will replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The company has not yet determined the impact of IFRS 9 on its consolidated financial statements.

BUSINESS RISKS AND OUTLOOK

Brookfield Investments' 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. The company's 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. 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 websites as provided earlier in this report.

Additional Information

Additional information relating to the company is available on SEDAR at www.sedar.com.

A handwritten signature in blue ink, appearing to be 'Derek Gorgi', with a stylized 'D' and a horizontal line extending to the right.

Derek Gorgi
Vice-President and Chief Financial Officer
May 23, 2013

FORWARD-LOOKING INFORMATION

This interim report contains forward-looking information concerning the Brookfield Investment Corporation business and operations. The words “expect”, “believe”, “intend”, “objective” 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 or identify forward-looking information. Forward-looking information in this interim report includes information with respect to the following: the impact of newly-adopted accounting principles on our accounting policies and period-to-period comparisons, potential differences in product cycles, the value of our investments, future income taxes, our ability to generate stable income returns and capital appreciation, fund cash requirements, satisfy share retractions, finance our obligations, determine fair values and other statements with respect to our beliefs, outlooks, plans, expectations and intentions.

Although we believe 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 our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements 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 our 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 us, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as may be required by law, we undertake 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.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEETS

		(unaudited) March 31 2013	December 31 2012
US\$ millions	Note		
Assets			
Current assets			
Deposits receivable	3	\$ 173	\$ 180
Securities	4	229	224
Investments – Brookfield Office Properties Inc.	5	951	943
Non-current assets			
Investments – Securities			
Brookfield Residential Properties Inc.	5	332	245
Investments – Associates			
Brookfield Europe L.P.	5	494	502
Western Forest Products Inc.	5	166	159
Norbord Inc.	5	86	79
		\$ 2,431	\$ 2,332
Liabilities			
Current liabilities			
Accounts payable		\$ 3	\$ 1
Retractable preferred shares	6	1,128	1,142
Deferred taxes		57	58
Equity	7	1,243	1,131
		\$ 2,431	\$ 2,332

On behalf of the Board:



Edward C. Kress
Director



John P. Barratt
Director

CONSOLIDATED STATEMENTS OF OPERATIONS

<i>(unaudited)</i>		Three months ended March 31	
<i>US\$ millions, except per share amounts</i>	Note	2013	2012
Investment income			
Equity accounted income (loss)		\$ 44	\$ (7)
Dividend and interest income		11	11
Foreign exchange income		2	—
		57	4
Expenses			
Interest		7	7
Net income before income (loss) taxes		50	(3)
Income tax expense		(4)	—
Net income (loss)		\$ 46	\$ (3)
Net income (loss) per common share	7	\$ 0.92	\$ (0.05)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>(unaudited)</i>		Three months ended March 31	
<i>US\$ millions</i>		2013	2012
Net income (loss)		\$ 46	\$ (3)
Other comprehensive income			
Items that may be reclassified to net income			
Foreign currency translation		(32)	17
Available-for-sale securities - fair value changes		100	123
Equity accounted other comprehensive income		(2)	—
		66	140
Comprehensive income		\$ 112	\$ 137

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Common Shares	Disposition Gain	Deficit	Accumulated Other Comprehensive Income	Total
<i>Three months ended March 31, 2013 (US\$ millions)</i>					
Balance as at December 31, 2012	\$ 1,081	\$ 35	\$ (119)	\$ 134	\$ 1,131
Changes in period					
Net income	—	—	46	—	46
Other comprehensive income	—	—	—	66	66
	—	—	46	66	112
Balance as at March 31, 2013	\$ 1,081	\$ 35	\$ (73)	\$ 200	\$ 1,243

	Common Shares	Disposition Gain	Deficit	Accumulated Other Comprehensive (Loss) Income	Total
<i>Three months ended March 31, 2012 (US\$ millions)</i>					
Balance as at December 31, 2011	\$1,081	\$ 35	\$ (167)	\$ (61)	\$ 888
Changes in period					
Net loss	—	—	(3)	—	(3)
Other comprehensive income	—	—	—	140	140
	—	—	(3)	140	137
Balance as at March 31, 2012	\$1,081	\$ 35	\$ (170)	\$ 79	\$ 1,025

CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(unaudited)</i>	Three months ended March 31	
<i>US\$ millions</i>	2013	2012
Cash flow from (used in) operating activities		
Net income (loss)	\$ 46	\$ (3)
Adjusted for the following:		
Equity accounted (income) loss	(44)	7
Future income tax provisions	4	—
Net change in non-cash working capital and other	(2)	(1)
	4	3
Cash and deposits receivable		
Increase prior to foreign exchange revaluations	4	3
Impact of foreign exchange	(11)	14
Balance, beginning of period	180	243
Balance, end of period	\$ 173	\$ 260

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Brookfield Investments Corporation ("Brookfield Investments" or the "company") holds investments in the property and forest products sectors, as well as a portfolio of preferred shares issued by companies within the Brookfield Asset Management Inc. group. The company is listed on the TSX Venture exchange under the symbol BRN.PR.A. Brookfield Investments was formed by articles of amalgamation under the Business Corporations Act (Ontario) and is registered in Ontario, Canada. The registered office of the company is Brookfield Place, 181 Bay Street, Toronto, Ontario, M5J 2T3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The interim consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended December 31, 2012.

The interim financial statements should be read in conjunction with the most recently issued Annual Report of the company which includes information necessary or useful to understanding the company's businesses and financial statement presentation. In particular, the company's significant accounting policies were presented as Note 2 to the Consolidated Financial Statements for the fiscal year ended December 31, 2012 included in that report, and have been consistently applied in the preparation of these interim financial statements, except as noted in 2(b) below.

The interim consolidated financial statements are unaudited and reflect any adjustments (consisting 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 International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

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

The consolidated interim financial statements were authorized for issuance by the Board of Directors of the company on May 23, 2013.

(b) Adoption of Accounting Standard

Presentation of Other Comprehensive Income

In June 2011, the IASB made amendments to IAS 1, *Presentation of Financial Statements* ("IAS 1"). The amendments require that items of other comprehensive income are grouped into two categories: items that may be reclassified subsequently to profit or loss and items that will not be reclassified subsequently to profit and loss. Income tax on items of other comprehensive income are required to be allocated on the same basis. The consolidated statements of comprehensive income in this interim report reflect the changes in presentation.

(c) Future Changes in Accounting Standards

Financial Instruments

IFRS 9, *Financial Instruments* ("IFRS 9") was issued by the IASB on November 12, 2009 and will replace IAS 39, *Financial Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business

model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The company has not yet determined the impact of IFRS 9 on its consolidated financial statements.

3. DEPOSITS RECEIVABLE

As at March 31, 2013, the balance included receivables of \$523 million (December 31, 2012 – \$522 million) denominated in Canadian dollars and payables of \$350 million (December 31, 2012 – \$342 million) denominated in U.S. dollars.

4. SECURITIES

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 carrying value of the portfolio as at March 31, 2013 was \$229 million compared with \$224 million at December 31, 2012.

5. INVESTMENTS

Investments consist of available-for-sale securities and equity accounted investments.

Available-for-sale securities are recorded at fair value using unadjusted quoted prices in active markets, with changes in value recorded in other comprehensive income. Equity accounted associates are originally recorded at cost and are adjusted for the company's proportionate share of equity accounted comprehensive income and dividends received. The following table summarizes the company's investments at March 31, 2013 and December 31, 2012:

(US\$ millions, except %)	Accounting Methodology	Ownership shares/ownership %		Carrying Value (U.S.)	
		2013	2012	2013	2012
Brookfield Office Properties Inc.	Available-for-sale	55.4/11%	55.4/11%	\$ 951	\$ 943
Brookfield Residential Properties Inc.	Available-for-sale	13.7/12%	13.7/11%	332	245
				1,283	1,188
Brookfield Europe LP	Associate	n/a/36%	n/a/36%	494	502
Western Forest Product	Associate	213.1/46%	213.1/46%	166	159
Norbord Inc.	Associate	4.8/9%	4.8/11%	86	79
				746	740
Total				\$ 2,029	\$ 1,928

6. RETRACTABLE PREFERRED SHARES

The company is authorized to issue an unlimited amount of Class 1 Senior Preferred shares and Class 1 Junior Preferred shares and consists of the following:

(US\$ millions, except number of shares)	Number of Shares		March 31	December 31
	2013	2012	2013	2012
Class 1 Senior Preferred Shares, Series A	5,987,195	5,987,195	\$ 147	\$ 151
Class 1 Junior Preferred Shares, Series A	17,999,718	17,999,718	558	558
Class 1 Junior Preferred Shares, Series B	17,200,000	17,200,00	423	433
			\$ 1,128	\$ 1,142

7. EQUITY

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

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. There were 49,847,899 common shares outstanding as at March 31, 2013 (December 31, 2012 – 49,847,899).

8. SUBSEQUENT EVENT

On March 15, 2013, Brookfield announced the a special distribution to shareholders of a 7.5% interest in Brookfield Property Partners, which occurred on April 15, 2013 Brookfield Property Partners, holds the majority of Brookfield commercial property investments. As part of the transaction, the company exchanged its direct investment in Brookfield Office Properties and certain of its preferred share portfolio for a 10.6% economic interest in Brookfield Property Partners. The company acquired an additional 3.2% economic interest through its investment in Brookfield Europe.

CORPORATE INFORMATION

HEAD OFFICE

Brookfield Investments Corporation

Brookfield Place, 181 Bay Street

Suite 300. P.O. Box 762

Toronto, Ontario M5J 2T3

Telephone: 416-363-9491

Facsimile: 416-363-2856

www.brookfieldinvestments.com

TRANSFER AGENT

CIBC Mellon Trust Company

P.O. Box 700, Station B

Montreal, Quebec H3B 3K3

Telephone: 416-682-3860 or

1-800-387-0825

(Toll-free within North America)

Facsimile: 1-888-249-6189

Web site: www.canstockta.com

E-mail: inquiries@canstockta.com

PERIOD END

March 31

Canadian Stock Transfer Company Inc. acts as the Administrative Agent for CIBC Mellon Trust Company

STOCK EXCHANGE LISTING

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

DIRECTORS

John P. Barratt¹

Corporate Director

Howard Driman¹

Director of Finance

UIA Federations Canada

James R. Kelly¹

Corporate Director

Edward C. Kress

Corporate Director, Power

Brookfield Asset Management Inc.

OFFICERS

Edward C. Kress

Chairman and President

Derek Gorgi

Vice-President and Chief Financial Officer

Lisa W. Chu

Vice-President and Controller

Loretta M. Corso

Vice-President and Secretary

1. Member of the Audit Committee

