

Brookfield Investments Corporation

INTERIM REPORT Q3 2013

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

Brookfield Investments Corporation (the "company") reported \$68 million of net income or \$1.37 per common share for the three months ended September 30, 2013 compared to \$23 million or \$0.47 per common share in the same period in 2012. Net income increased by \$45 million primarily due to \$52 million of disposition gains prior to deferred taxes, including a \$37 million gain on the partial sale of the company's investment in Western Forest Products Inc. common shares.

Comprehensive income, which consists of net income and other comprehensive income, was \$19 million compared to \$11 million in the same period of the prior year. Other comprehensive income was a \$49 million loss during the quarter, compared to a \$12 million loss in the 2012 quarter. The current period included mark-to-market losses on the company's indirectly held investment in Brookfield Property Partners L.P.

On behalf of the Board:



Edward C. Kress
Chairman and President
November 21, 2013

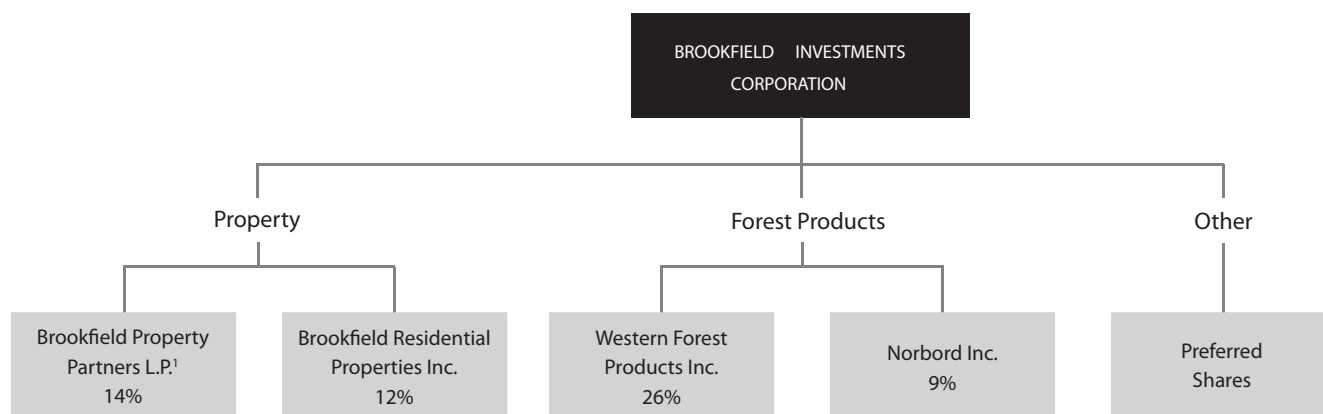
MANAGEMENT'S DISCUSSION & ANALYSIS

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 third quarter 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. group.

On April 15, 2013, Brookfield Investments parent company, Brookfield Asset Management ("Brookfield"), completed the spinoff of a 7.6% interest in its flagship property company, Brookfield Property Partners L.P. ("BPY"), through a special distribution to its shareholders. Prior to Brookfield's distribution of BPY, the company sold its directly held 11% common share interest of Brookfield Office Properties Inc., and certain of its portfolio of preferred shares and received as consideration an indirect 11% economic interest in BPY's business. In addition, the company's 36% limited partnership in BPY Holdings L.P. (formerly known as Brookfield Europe L.P.) sold its interest in Canary Wharf Group plc, as well as certain other European assets to BPY and received an indirect 9% economic interest in BPY's business. The company continues to hold a 36% limited partnership interest in BPY Holdings L.P. As a result of the two transactions, the company now holds a 14% indirect economic interest in BPY's business.

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



(1) Indirectly held

The following analysis describes the components of the company's revenues and expenses for the three months ended September 30, 2013, the related assets and liabilities, and the business environment for its operations as at September 30, 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 September 30		Nine Months Ended September 30	
(US\$ millions)	2013	2012	2013	2012
Investment income				
Equity accounted income				
Property	\$ 16	\$ 20	\$ 50	\$ 14
Forest Products	9	3	49	6
	25	23	99	20
Dividend and interest income				
Brookfield Office Properties Inc.	—	9	8	25
Other securities	3	2	9	7
Disposition gains	52	—	52	—
Foreign exchange income (loss)	2	(3)	4	(1)
	82	31	172	51
Interest expense	(7)	(8)	(22)	(22)
Net income before income taxes	75	23	150	29
Income tax expense	(7)	—	(11)	—
Net income	\$ 68	\$ 23	\$ 139	\$ 29

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 \$25 million of equity accounted income for the three months ended September 30, 2013 compared to \$23 million in 2012. Current quarter equity accounted income included \$16 million of dividends received from the company's 14% indirect economic interest in BPY, that is held through two equity accounted investments, whereas the prior year included an \$11 million dividend received on the company's indirectly held investment in Canary Warf common shares, which was held through Brookfield Europe, as well as a \$5 million increase in the fair value of Canary Wharf's common shares, which are recorded at fair value. The company's forest products operations also contributed \$9 million of income to the equity accounted income, compared to \$3 million in the same period in 2012, and continue to benefit from increased pricing and volumes driven by the U.S. housing recovery.

Dividend and interest income includes dividends on the company's investment securities and preferred share portfolio and interest on deposits receivable. The company sold its common share interest in Brookfield Office Properties Inc., and its portfolio of Brookfield Office Properties preferred shares as part of the formation of BPY on April 15, 2013, and accordingly did not receive any dividend income from these investments in the current quarter. Dividends and interest of \$3 million was earned on the company's other securities, compared to \$2 million in the prior period.

Disposition Gains

During the quarter, the company disposed of 111.4 million shares of Western Forest Products Inc. ("Western"), generating \$139 million of proceeds and recognized a \$37 million disposition gain, decreasing its ownership in Western from 46% to 26%. The company also realized a \$15 million disposition gain on the sale of securities within its preferred share portfolio.

Interest Expense

Interest expense includes dividends on the company's retractable preferred shares, which amounted to \$7 million in the first three months ended September 30, 2013, compared to \$8 million for 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, and 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 resulted in a \$2 million gain (2012 – \$3 million loss).

Income Tax Expense

Income tax expense of \$7 million (2012 – \$nil) was recorded in the third quarter 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

<i>(US\$ millions)</i>	September 30, 2013	December 31, 2012
Investment portfolio		
Property	\$ 1,434	\$ 1,690
Forest products	173	238
	1,607	1,928
Other securities	46	224
Deposits receivable, net	447	180
	2,100	2,332
Accounts payable	10	1
Retractable preferred shares	1,120	1,142
Deferred income tax liabilities	9	58
Equity	\$ 961	\$ 1,131

Investment Portfolio

The company's investments are focused within property and forest product operations. At September 30, 2013 the company's investment portfolio consisted of the following:

<i>(US\$ millions, except %)</i>	Accounting Methodology	Ownership shares/ownership %		Carrying Value (U.S.)	
		2013	2012	2013	2012
Properties					
Brookfield Property Partners L.P.	Available-for-sale ¹	n/a / 14%	—%	\$ 1,118	\$ —
Brookfield Residential Properties Inc.	Available-for-sale	13.7 / 12%	13.7 / 12%	316	245
Brookfield Office Properties Inc.	Available-for-sale	—%	55.4 / 11%	—	943
Brookfield Europe L.P.	Associate	—%	n/a / 36%	—	502
				1,434	1,690
Forest Products					
Western Forest Product Inc.	Associate	101.7 / 26%	213.1 / 46%	84	159
Norbord Inc.	Associate	4.8 / 9%	4.8 / 11%	89	79
				173	238
Total				\$ 1,607	\$ 1,928

(1) Indirectly held through two equity accounted associates - BPY I L.P. and BPY II L.P.

The company's investment in BPY consists of a 14% economic interest which it received in exchange for its direct investments in Brookfield Office Properties and Brookfield Europe's property operations. The investment is held indirectly, through the company's interest in two equity accounted investments: BPY I L.P. and BPY II L.P., which decreased in value by \$70 million in the quarter to \$1,118 million.

The company's investment in Brookfield Residential Properties consists of 13.7 million common shares, which increased in value by \$15 million during the third quarter of 2013 due to a \$1.06 increase in the fair value of Brookfield Residential Properties' share price from \$22.05 to \$23.11 per share.

The company also 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 September 30, 2013 was \$46 million, down from \$224 million at December 31, 2012 principally as a result of dispositions during the period. The composition of the company's securities portfolio is summarized below:

			Carrying Value	
(US\$ millions, except number of shares)				
Security	Class	Shares	September 30, 2013	December 31, 2012
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
Great Lakes Holdings Inc.	Preferred shares	4,960,800	—	113
BPO Properties Ltd. ⁽¹⁾	Series M preferred shares	760,000	—	10
BPO Properties Ltd. ⁽¹⁾	Series J preferred shares	317,100	—	4
BPO Properties Ltd. ⁽¹⁾	Series K preferred shares	236	—	49
Brookfield Office Properties Inc. ⁽¹⁾	Class AAA Series K preferred shares	20,000	—	1
			\$ 46	\$ 224

(1) Sold to Brookfield Property Partners L.P. during April 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 denominated balances. The deposits are due on demand.

Retractable Preferred Shares

Retractable preferred shares consist of \$145 million (2012 – \$151 million) Senior Preferred shares and \$975 million (2012 – \$991 million) Junior Preferred shares. The Senior and Junior Preferred shares are retractable at the option of the holder.

Deferred Income 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, \$1,079 million of the company's retractable preferred shares. The remaining \$41 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 \$22 million during the three months ended September 30, 2013 from the receipt of dividends and interest, compared to \$11 million in 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 three months ended September 30, 2013 (2012 – \$8 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 \$15 million of cash flow in operating activities during the three months ended September 30, 2013, compared to \$3 million generated for the same period in 2012.

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

	September 30, 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	\$ 145	\$ 145	\$ —	\$ —	\$ —
Junior	975	975	—	—	—

(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 Western and Norbord Inc. ("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 26% economic interest in Western. Brookfield exercises control over a 53% 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.

The company owns a 14% indirect economic interest in BPY. This is structured through a direct and indirect interest in two entities which the company exercises significant influence over: BPY I L.P. and BPY II L.P.. Brookfield Investments holds a 28.1% interest in BPY II L.P., which in turn holds 38.3% economic interest of BPY. The company holds a 36.2% interest in Brookfield Europe which holds a 24.3% interest in BPY I L.P. BPY I L.P. owns 38.3% of BPY. BPY I L.P. and BPY II L.P.'s investment in BPY is through BPY's redeemable exchangeable units, which are not entitled to any votes, and accordingly, BPY I L.P. and BPY II L.P. accounts for their respective economic interests in BPY as available-for-sale securities.

In determining the appropriate accounting treatment for its interest in Western and Norbord, the company considered classification of its interest in 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 all of Western and Norbord.

The company does not exercise significant influence over its investments in Brookfield Property Partners, 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 nine months ended September 30, 2013 and 2012; and for the years ended December 31, 2012, 2011 and 2010

(US\$ millions, except per share amounts)	Nine months ended		Years ended December 31		
	September 30 2013	2012	2012	2011	2010
Investment income	\$ 172	\$ 51	\$ 0.83	\$ 107	\$ 80
Net income	139	29	48	70	4
Net income per common share	2.79	0.59	0.95	1.52	0.09
Total assets	2,100	2,231	2,332	2,070	1,645
Preferred share dividends paid per share					
Class 1 Senior Preferred Series A	\$ 0.86	\$ 0.88	\$ 1.18	\$ 1.15	\$ 1.14
Class 1 Junior Preferred Series A	0.93	0.93	1.24	1.24	1.24

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

(US\$ millions, except per share amounts)	2013			2012				2011
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Investment income	\$ 82	\$ 33	\$ 57	\$ 32	\$ 31	\$ 16	\$ 4	\$ 8
Net income (loss)	68	25	46	20	23	9	(3)	(16)
Net income (loss) per common share	1.37	0.50	0.92	0.39	0.47	0.17	(0.05)	(0.35)

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 September 30, 2013, securities included \$46 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 second quarter of 2013 from related party securities and deposits totalled \$3 million (2012 – \$11 million).

On April 12, 2013 the company exchanged its 11% common share interest in Brookfield Office Properties Inc., as well as the company's portfolio of preferred shares of Brookfield Office Properties for a 11% economic interest in Brookfield Property Partners L.P. ("BPY"), a newly-created company which owns substantially all of Brookfield's commercial property investments. In addition, the company's 36% limited partnership interest in BPY Holdings L.P. (former Brookfield Europe L.P.) sold its interest in Canary Wharf Group plc, as well as certain other European assets, to BPY and received as consideration an indirect 9.1% economic interest in BPY's business. The transactions were measured at fair value and the company recognized a \$113 million gain in equity as a result of the difference between the carrying value of the assets exchanged compared to the company's proportionate share of Brookfield Property Partners equity received.

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 CHANGE 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. The IASB tentatively decided

to defer the mandatory effective date of IFRS 9, leaving the mandatory effective date open pending the finalization of the impairment, classification and measurement requirements. 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.



Derek Gorgi
Vice-President and Chief Financial Officer
November 21, 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) September 30 2013	December 31 2012
US\$ millions	Note		
Assets			
Current assets			
Deposits receivable	3	\$ 447	\$ 180
Securities	4	46	224
Investments – Securities	5	—	943
Non-current assets			
Investments – Securities	5	316	245
Investments – Associates	5	1,291	740
		\$ 2,100	\$ 2,332
Liabilities			
Current liabilities			
Accounts payable and other liabilities		\$ 10	\$ 1
Retractable preferred shares	6	1,120	1,142
Deferred income tax liabilities		9	58
Equity	7	961	1,131
		\$ 2,100	\$ 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 September 30		Nine Months Ended September 30	
<i>US\$ millions, except per share amounts</i>	2013	2012	2013	2012
Investment income				
Equity accounted income	\$ 25	\$ 23	\$ 99	\$ 20
Disposition gains	52	—	52	—
Dividend and interest income	3	11	17	32
Foreign exchange income (loss)	2	(3)	4	(1)
	82	31	172	51
Expenses				
Interest	(7)	(8)	(22)	(22)
Net income before income taxes	75	23	150	29
Income tax expense	(7)	—	(11)	—
Net income	\$ 68	\$ 23	\$ 139	\$ 29
Net income per common share	\$ 1.37	\$ 0.47	\$ 2.79	\$ 0.59

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

<i>(unaudited)</i>	Three Months Ended September 30		Nine Months Ended September 30	
<i>US\$ millions</i>	2013	2012	2013	2012
Net income	\$ 68	\$ 23	\$ 139	\$ 29
Other comprehensive income (loss)				
Items that may be reclassified to net income				
Foreign currency translation	—	18	(39)	24
Available-for-sale securities	9	(28)	(5)	94
Equity accounted other comprehensive loss	(71)	(2)	(431)	(5)
Deferred income tax	13	—	53	(3)
	(49)	(12)	(422)	110
Comprehensive income (loss)	\$ 19	\$ 11	\$ (283)	\$ 139

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(unaudited)</i>	Common	Disposition	Retained	Accumulated	
<i>Three months ended September 30, 2013 (US\$ millions)</i>	Shares	Gain	Earnings	Other	Total
			(Deficit)	Comprehensive	
				Income (Loss)	
Balance as at July 1, 2013	\$ 1,081	\$ 148	\$ (48)	\$ (239)	\$ 942
Changes in period					
Net income	—	—	68	—	68
Other comprehensive loss	—	—	—	(49)	(49)
	—	—	68	(49)	(19)
Balance as at September 30, 2013	\$ 1,081	\$ 148	\$ 20	\$ (288)	\$ 961

<i>(unaudited)</i>	Common	Disposition	Retained	Accumulated	
<i>Three months ended September 30, 2012 (US\$ millions)</i>	Shares	Gain	Earnings	Other	Total
			(Deficit)	Comprehensive	
				Income (Loss)	
Balance as at July 1, 2012	\$ 1,081	\$ 35	\$ (161)	\$ 61	\$ 1,016
Changes in period					
Net income	—	—	23	—	23
Other comprehensive loss	—	—	—	(12)	(12)
	—	—	23	(12)	11
Balance as at September 30, 2012	\$ 1,081	\$ 35	\$ (138)	\$ 49	\$ 1,027

<i>(unaudited)</i>	Common	Disposition	Retained	Accumulated	
<i>Nine months ended September 30, 2013 (US\$ millions)</i>	Shares	Gain	Earnings	Other	Total
			(Deficit)	Comprehensive	
				Income (Loss)	
Balance as at December 31, 2012	\$ 1,081	\$ 35	\$ (119)	\$ 134	\$ 1,131
Changes in period					
Net income	—	—	139	—	139
Other comprehensive loss	—	—	—	(422)	(422)
Disposition gain	—	113	—	—	113
	—	113	139	(422)	(170)
Balance as at September 30, 2013	\$ 1,081	\$ 148	\$ 20	\$ (288)	\$ 961

<i>(unaudited)</i>	Common	Disposition	Retained	Accumulated	
<i>Nine months ended September 30, 2012 (US\$ millions)</i>	Shares	Gain	Earnings	Other	Total
			(Deficit)	Comprehensive	
				Income (Loss)	
Balance as at December 31, 2011	\$ 1,081	\$ 35	\$ (167)	\$ (61)	\$ 888
Changes in period					
Net income	—	—	29	—	29
Other comprehensive income	—	—	—	110	110
	—	—	29	110	139
Balance as at September 30, 2012	\$ 1,081	\$ 35	\$ (138)	\$ 49	\$ 1,027

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited) US\$ millions	Three Months Ended September 30		Nine Months Ended September 30	
	2013	2012	2013	2012
Cash flow from (used in) operating activities				
Net income	\$ 68	\$ 23	\$ 139	\$ 29
Adjusted for the following:				
Undistributed equity accounted income	(6)	(23)	(69)	(20)
Disposition gains	(52)	—	(52)	—
Future income tax provisions	7	—	11	—
Net change in non-cash working capital and other	(2)	3	(4)	1
	15	3	25	10
Cash Flow from investing activities				
Proceeds from sale of Western Forest Products Inc. shares	139	—	139	—
Proceeds from sale of securities	121	—	121	—
	260	—	260	—
Cash and deposits receivable				
Increase in cash and deposits receivable	275	3	285	10
Foreign exchange revaluation	11	19	(18)	18
Balance, beginning of period	161	249	180	243
Balance, end of period	\$ 447	\$ 271	\$ 447	\$ 271

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 November 21, 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 Change 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. The IASB tentatively decided to defer the mandatory effective date of IFRS 9, leaving the mandatory effective date open pending the finalization of the impairment, classification and measurement requirements. The company has not yet determined the impact of IFRS 9 on its consolidated financial statements.

3. DEPOSITS RECEIVABLE

As at September 30, 2013, the balance included receivables of \$777 million (December 31, 2012 – \$522 million) denominated in Canadian dollars, offset by U.S. dollar payables of \$330 million (December 31, 2012 – \$342 million).

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 September 30, 2013 was \$46 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 September 30, 2013 and December 31, 2012:

(US\$ millions, except %)	Accounting Methodology	Ownership shares/ownership %		Carrying Value (U.S.)	
		2013	2012	2013	2012
Brookfield Property Partners L.P.	Available-for-sale ¹	n/a / 14%	—%	\$ 1,118	\$ —
Brookfield Residential Properties Inc.	Available-for-sale	13.7 / 12%	13.7 / 12%	316	245
Brookfield Office Properties Inc.	Available-for-sale	—%	55.4 / 11%	—	943
				1,434	1,188
Western Forest Product Inc.	Associate	101.7 / 26%	213.1 / 46%	84	159
Norbord Inc.	Associate	4.8 / 9%	4.8 / 11%	89	79
Brookfield Europe L.P.	Associate	—%	n/a / 36%	—	502
				173	740
Total				\$ 1,607	\$ 1,928

(1) Indirectly held through two equity accounted associates - BPY I L.P. and BPY II L.P.

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:

<i>(US\$ millions, except number of shares)</i>	Number of Shares		September 30	December 31
	2013	2012	2013	2012
Class 1 Senior Preferred Shares, Series A	5,987,195	5,987,195	\$ 145	\$ 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	417	433
			\$ 1,120	\$ 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 September 30, 2013 (December 31, 2012 – 49,847,899).

CORPORATE INFORMATION

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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

