U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

(Check One)
o **Registration statement pursuant to Section 12 of the Securities Exchange Act of 1934**

or

þ **Annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934**

For the fiscal year ended December 31, 2004

Commission file number 1-15226

BRASCAN CORPORATION

(Exact name of registrant as specified in its charter)

Ontario, Canada	**1121, 1031, 1061, 1311, 1321, 2421, 4939, 6311**	**Not applicable**
(Province or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number (if applicable))	(I.R.S. Employer Identification Number (if Applicable))

Suite 300, BCE Place, 181 Bay Street, P.O. Box 762, Toronto, Ontario, Canada M5J 2T3
(416) 363-9491
(Address and Telephone Number of Registrant's Principal Executive Offices)

Torys LLP, 237 Park Avenue, New York, NY 10017-3142
(212) 880-6000
(Name, Address (Including Zip Code) and Telephone Number
(Including Area Code) of Agent For Service in the United States)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	**Name of each exchange on which registered**
Class A Limited Voting Shares	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act. None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act. Debt Securities

For annual reports, indicate by check mark the information filed with this Form:

þ Annual Information Form þ Audited Annual Financial Statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

Class A Limited Voting Shares	258,620,702
Class B Limited Voting Shares	85,120

Indicate by check mark whether the registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "Yes" is marked, indicate the file number assigned to the registrant in connection with such rule.

Yes o No þ

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports); and (2) has been subject to such filing requirements for the past 90 days.

Yes þ No o

Exhibits 99.1, 99.2 and 99.3 to this Annual Report on Form 40-F are hereby incorporated by reference as exhibits to the registrant's Registration Statement on Form F-9 (File No. 333-112049) under the Securities Act of 1933.

FORM 40-F

Principal Documents

The following documents, filed as Exhibits 99.1 through 99.3 hereto, are hereby incorporated by reference into this Annual Report on Form 40-F:

(a) Annual Information Form for the fiscal year ended December 31, 2004;

(b) Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2004; and

(c) Consolidated Financial Statements for the fiscal year ended December 31, 2004 *(Note 23 to the Consolidated Financial Statements relates to United States Accounting Principles and Reporting (U.S. GAAP)).*

ADDITIONAL DISCLOSURE

Certifications and Disclosure Regarding Controls and Procedures.

(a) Certifications. See Exhibits 99.4 and 99.5 to this Annual Report on Form 40-F.

(b) Disclosure Controls and Procedures. As of the end of the registrant's fiscal year ended December 31, 2004, an evaluation of the effectiveness of the registrant's "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) was carried out by the registrant's principal executive officer and principal financial officer. Based upon that evaluation, the registrant's principal executive officer and principal financial officer have concluded that as of the end of that fiscal year, the registrant's disclosure controls and procedures are effective to ensure that information required to be disclosed by the registrant in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms and (ii) accumulated and communicated to the registrant's management, including its principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure.

It should be noted that while the registrant's principal executive officer and principal financial officer believe that the registrant's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the registrant's disclosure controls and procedures or internal control over financial reporting will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

(c) Changes in Internal Control Over Financial Reporting. During the fiscal year ended December 31, 2004, there were no changes in the registrant's internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, the registrant's internal control over financial reporting.

Notices Pursuant to Regulation BTR.

None.

Audit Committee Financial Expert.

The registrant's board of directors has determined that Mr. George S. Taylor, a member of the registrant's audit committee qualifies as an "audit committee financial expert" (as such term is defined in Form 40-F).

Code of Ethics.

The registrant has adopted a "code of ethics" (as that term is defined in Form 40-F), which it refers to as its Code of Business Conduct, that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions (together, the "Financial Supervisors").

The Code of Business Conduct, which complies with the requirements of the New York Stock Exchange, is available for viewing on the registrant's website at www.brascancorp.com, and is available in print to any shareholder who requests it. Requests for copies of the Code of Business Conduct should be made by contacting: Alan V. Dean, Secretary, Brascan Corporation, Suite 300, BCE Place, 181 Bay Street, P.O. Box 762, Toronto, Ontario, Canada M5J 2T3, Telephone: (416) 363-9491. Alternatively, requests may be sent by email to CorporateGovernance@brascancorp.com.

Since the adoption of the Code of Business Conduct, there have not been any amendments to the Code of Business Conduct or waivers, including implicit waivers, from any provision of the Code of Business Conduct.

Principal Accountant Fees and Services.

The information required is included under the heading "Principal Accountant Fees and Services" in the registrant's Annual Information Form for the fiscal year ended December 31, 2004, filed as Exhibit 99.1 to this Annual Report on Form 40-F.

Pre-Approval Policies and Procedures.

The information required is included under the heading "Pre-Approval Polices and Procedures" in the registrant's Annual Information Form for the fiscal year ended December 31, 2004, filed as Exhibit 99.1 to this Annual Report on Form 40-F.

Off-Balance Sheet Arrangements.

The registrant enters into derivative contracts in the normal course of its business, primarily to manage interest rate, currency and commodity price risks. The registrant also enters into financing commitments as part of its funds management business. These arrangements are disclosed in Note 14 to the registrant's Consolidated Financial Statements for the fiscal year ended December 31, 2004, filed as Exhibit 99.3 to this Annual Report on Form 40-F. The registrant does not have any other off-balance sheet arrangements.

Tabular Disclosure of Contractual Obligations.

The information required in included under the heading "Contractual Obligations" in the registrant's Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2004, filed as Exhibit 99.2 to this Annual Report on Form 40-F.

Identification of the Audit Committee.

The registrant has a separately designated standing audit committee established in accordance with section 3(a)(58)(A) of the Exchange Act. The members of the audit committee are: James K. Gray, Philip B. Lind, Dr. Jack M. Mintz (Chairman) and George S. Taylor.

Disclosure Pursuant to the Requirements of the New York Stock Exchange.

Independence of Directors

The registrant's board of directors has determined that nine of the registrant's 16 directors, comprising a majority of the board, are independent directors in accordance with the director independence standards of the New York Stock Exchange, and that none of these nine directors has a material relationship with the registrant which would impair his or her independence from management or otherwise compromise his or her ability to act an as an independent director. The directors who have been determined to be independent on this basis are James J. Blanchard, Julia E. Foster, James K. Gray, Philip B. Lind, Roy MacLaren, G. Wallace McCain, Dr. Jack M. Mintz, Saul Shulman and George S. Taylor.

In making its determination with respect to Saul Shulman, the board considered the fact that he was until December 31, 2004 a senior partner of Goodman & Carr LLP, one of several legal firms which provide legal services to the registrant and its affiliates, and determined that in light of the attributes the board believes need to be possessed by independent directors, it is satisfied that Mr. Shulman's recent relationship with Goodman & Carr LLP is consistent with the skills and experience he brings to his role as an independent board member.

Presiding Director at Meetings of Independent Directors

The registrant schedules regular executive sessions in which the registrant's

“independent” directors (as that term is defined in the rules of the New York Stock Exchange) meet without management participation. Mr. Roy MacLaren serves as the lead director at such sessions (the “Lead Director”).

Communication with Independent Directors

Shareholders may send communications to the registrant’s independent directors by writing to the Lead Director, c/o Alan V. Dean, Secretary, Brascan Corporation, Suite 300, BCE Place, 181 Bay Street, P.O. Box 762, Toronto, Ontario, Canada M5J 2T3, Telephone: (416) 363-9491. Alternatively, communications may be sent by email to CorporateGovernance@brascancorp.com. Communications will be referred to the Lead Director for appropriate action. The status of all outstanding concerns addressed to the Lead Director will be reported to the board of directors as appropriate.

Corporate Governance Guidelines

The rules of the NYSE require listed companies to adopt and disclose a set of corporate governance guidelines with respect to specified topics. Such guidelines are required to be posted on the listed company’s website. The registrant operates under corporate governance principles that are consistent with the requirements of the NYSE rules, and which are summarized under the heading “Statement of Corporate Governance Practices” in the registrant’s Management Information Circular in connection with its 2004 Annual Meeting and are available for viewing on the registrant’s website at www.brascancorp.com.

Board Committee Charters

The Mandates of the registrant’s audit committee, management resources and compensation committee, and governance and nominating committee are each available for viewing on the registrant’s website at www.brascancorp.com, and are available in print to any shareholder who requests them. Requests for copies of these documents should be made by contacting: Alan V. Dean, Secretary, Brascan Corporation, Suite 300, BCE Place, 181 Bay Street, P.O. Box 762, Toronto, Ontario, Canada M5J 2T3, Telephone: (416) 363-9491. Alternatively, requests may be sent by email to CorporateGovernance@brascancorp.com.

UNDERTAKING AND CONSENT TO SERVICE OF PROCESS

A. Undertaking.

The registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Securities and Exchange Commission (the "Commission") staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

B. Consent to Service of Process.

The Company has previously filed a Form F-X in connection with the class of securities in relation to which the obligation to file this report arises.

Any change to the name or address of the agent for service of process of the registrant shall be communicated promptly to the Securities and Exchange Commission by an amendment to the Form F-X referencing the file number of the registrant.

SIGNATURES

Pursuant to the requirements of the Exchange Act, the registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, on March 31, 2005.

Brascan Corporation

By: /s/ Alan V. Dean
Name: Alan V. Dean
Title: Senior Vice-President, Corporate Affairs and Secretary

EXHIBIT INDEX

Exhibit	Description
99.1	Annual Information Form for the fiscal year ended December 31, 2004
99.2	Management's Discussion and Analysis of Financial Condition and Results of Operations for the fiscal year ended December 31, 2004
99.3	Consolidated Financial Statements for the fiscal year ended December 31, 2004
99.4	Certification of Chief Executive Officer pursuant to Rule 13a-14(a) or 15d-14 of the Securities Exchange Act of 1934
99.5	Certification of Chief Financial Officer pursuant to Rule 13a-14(a) or 15d-14 of the Securities Exchange Act of 1934
99.6	Section 1350 Certification of Chief Executive Officer
99.7	Section 1350 Certification of Chief Financial Officer
99.8	Consent of Deloitte & Touche LLP



RENEWAL

ANNUAL INFORMATION FORM

March 31, 2005

TABLE OF CONTENTS

The Corporation	1
Subsidiaries	1
Development of the Business	1
Business of the Corporation	6
Property Operations	6
Power Generating Operations	12
Funds Management	16
Investment in Noranda	23
Business Environment and Risks	23
Directors and Officers	25
Market for Securities	27
Ratings	28
Dividends and Dividend Policy	28
Description of Capital Structure	29
Transfer Agent and Registrar	30
Material Contracts	30
Interests of Experts	30
Audit Committee Information	31
Additional Information	32
Appendices:	
A. Trading Information for the Corporation's Publicly-Listed Securities	A-1
B. Summary of Terms and Conditions of the Corporation's Authorized Securities	B-1
C. Charter of the Audit Committee of the Board of Directors of the Corporation	C-1

THE CORPORATION

Brascan Corporation is an asset management company with a focus on property, power and other infrastructure assets. We have direct investments of $20 billion and a growing portfolio of $7 billion of funds under management. Our assets include 70 premier office properties and over 120 power generating plants. Brascan Corporation is listed on the New York and Toronto stock exchanges.

Brascan Corporation was formed by articles of amalgamation dated August 1,1997 and is organized pursuant to articles of amalgamation under the Business Corporations Act *(Ontario)* dated January 1, 2005. References in this Renewal Annual Information Form to the "Corporation" refer to Brascan Corporation, including our predecessor companies. References to "Brascan" include the Corporation's consolidated subsidiaries. Our registered office is Suite 300, BCE Place, 181 Bay Street, Ontario, Canada, M5J 2T3.

All financial information in this Annual Information Form is expressed in United States dollars, unless otherwise noted.

SUBSIDIARIES

The following is a list of the Corporation's main active subsidiaries, indicating the jurisdiction of incorporation and the percentage of voting securities owned, or over which control or direction is exercised directly or indirectly, by the Corporation:

Name	Jurisdiction of Incorporation	Percentage of Voting Securities Owned, Controlled or Directed
Property Operations		
Brookfield Homes Corporation ("Brookfield Homes")	Delaware	50
Brookfield Properties Corporation ("Brookfield Properties")	Canada	50
BPO Properties Limited	Canada	89
Power Generating Operations		
Brascan Power Inc. ("Brascan Power") *1*	Ontario	100
Great Lakes Hydro Income Fund	Quebec	50
Funds Management Operations		
Brascan Asset Management Inc.	Ontario	100
Other		
Brascan Brasil, S.A.	Brazil	100

1 Formerly Great Lakes Power Inc.

DEVELOPMENT OF THE BUSINESS

We conduct our business through three main business units: property operations, power operations and funds management operations. In addition, we hold a number of investments in the natural resource sector. The following is a summary of recent developments since January 2002 in each area of operation and investment.

Property Operations

Property acquisitions and all divestitures since January 2002 include the following:

In March 2005, we announced the acquisition of an 80% interest in 20 Canada Square, a 555,000 square foot office property in London, U.K. for $624 million from Canary Wharf Group plc ("Canary Wharf"). 20 Canada Square is one of 28 office properties in the Canary Wharf Estate, a 97-acre office property complex in East London, in which Brascan owns a 17% interest.

In September 2004, Brookfield Properties acquired Potomac Tower, a 19-storey office tower in Washington, D.C. for $106 million.

In July 2004, we increased our ownership interest in the Canary Wharf in London, England to 17%, representing a total investment cost of $500 million. Canary Wharf owns an 86 acre commercial property development in London, England encompassing

8.8 million square feet of office properties, either completed or under construction, and land with an additional development potential of approximately 5.7 million square feet.

In March 2004, we acquired Edison Place in Washington, D.C., for $167 million. This 10-storey 547,000 square foot property is fully leased to Potomac Electric Power Company.

In December 2003, we completed construction of the 300 Madison Avenue commercial office property in midtown Manhattan, New York. This 1.2 million square foot building is fully leased to PricewaterhouseCoopers LLP and CIBC World Markets Inc. We also entered the Washington, D.C. office market with the acquisition of 1625 Eye Street, a 386,000 square foot property, from Union Labor Life Insurance Company for $158 million.

In September 2003, we also agreed to sell a 49% interest in 245 Park Avenue, a 1.6 million square foot office property in New York, to New York State Teachers' Retirement System in a transaction valued at $438 million. Brookfield Properties has retained the management and leasing of the property.

In May 2003, we announced the acquisition of 52.8 million common shares of Canary Wharf, representing an approximate 9% interest in that company. In February 2004, Brascan acquired an additional 1.0 million common shares in Canary Wharf.

In September 2002,we acquired a 51% interest in Tower Three, a 2.1 million square foot office building in World Financial Center in lower Manhattan, New York, for $158 million. With this acquisition, Brascan has ownership interests in all four towers of this 8.0 million square foot office complex.

In March 2002, we sold a 50% interest in Exchange Tower, a 1.1 million square foot office property in downtown Toronto, for C$155 million.

Financial and corporate initiatives completed by our property operations since January 2002 included the following:

In February 2005, our commercial property subsidiary, Brookfield Properties, announced a three-for-two stock split of its common shares payable in the form of a stock dividend on March 31, 2005.

In October 2004, Brookfield Properties issued C$150 million of 5.2% preferred shares.

During April 2004, Brookfield Properties issued C$200 million of Class AAA Preference Shares, Series J.

Also in April 2004, Brookfield Homes declared a $278 million dividend comprised of cash and notes, of which the Corporation's share was $139 million.

During December 2003, Brookfield Properties issued C$200 million of Class AAA Preference Shares, Series I.

In October 2003, Brookfield Properties issued C$200 million of Class AAA Preference Shares, Series H.

In September 2003, Brookfield Homes completed a Dutch auction tender offer for up to 5,000,000 shares of its outstanding common stock. Approximately 1.1 million shares of common stock were repurchased of which approximately 45% were tendered by the Corporation. All of the shares were accepted for purchase at a price of $18.50 per share.

In June 2003, Brookfield Properties issued C$110 million of Class AAA Preference Shares, Series G.

During January 2003, Brookfield Properties completed the spin-off of its wholly-owned residential property subsidiary, Brookfield Homes, a Delaware corporation, through a distribution of its common shares on the New York Stock Exchange. As a result, the Corporation became the principal shareholder of Brookfield Homes, holding approximately 50% of its outstanding common shares. Brookfield Homes is a residential homebuilder and land developer, which builds homes and develops land in master-planned communities and infill locations in the United States.

In September 2002, Brookfield Properties issued C$200 million of Class AAA Preference Shares, Series F. The net proceeds of the distribution were used to redeem C$200 million of its Class AAA preference shares, Series A, B and C, held by the Corporation.

Power Operations

Power acquisitions and developments since January 2002 included the following:

In January 2005, we acquired four hydroelectric generating stations with 80 megawatts ("MW") of capacity in the northeastern United States, including two stations in Pennsylvania and Maryland from Reliant Energy Inc. for $42 million, and two stations in Maine and New York from Delta Power Company for $31 million. These acquisitions increase Brascan Power's production base to 124 stations with over 2600 MW of generating capacity.

In December 2004, we entered into an agreement to acquire six hydroelectric stations with 76 MW of capacity located in the State of Minas Gerais in Brazil from Companhia de Forca e Luz Cataguazes Leopoldina for approximately C$115 million.

In November 2004, we were awarded contracts from the Ontario Government to develop two wind power projects in Ontario with a total generating capacity of approximately 150 MW.

In September 2004, we acquired from Reliant Energy Inc. a portfolio of 72 power generating stations in New York State for $900 million, including 71 hydroelectric stations on 14 river systems with a combined generating capacity of 674 MW and one 105 MW cogeneration station. This acquisition was partly funded by a $500 million bridge financing loan secured by these assets.

In April 2004, we announced approval for a C$85 million investment to upgrade our transmission lines in northern Ontario.

In January 2004, we acquired two power stations in the State of Minas Gerais in central Brazil with a combined generating capacity of 40 MW, and in March 2004 substantially completed the construction of a 25 MW cogeneration station in New Hampshire. These initiatives increased our aggregate power generating capacity to 1,827 MW.

In April and May 2003, Brascan completed the construction of two hydroelectric generating stations: a 45 MW facility in northern Ontario which replaced an older 27 MW station, and a 30 MW facility in south central British Columbia.

Also in May 2002, Brascan acquired four hydroelectric generating stations in northern Ontario with a combined generating capacity of 488 MW from Ontario Power Generation Inc. for C$346 million.

In February 2002, Brascan acquired six hydroelectric generating stations in northern Maine, with a combined generating capacity of 126 MW, and related transmission facilities for $156 million.

Financial and corporate initiatives completed by our power operations since January 2002 included the following:

In December 2004 and January 2005, our power operating company, Brascan Power Corporation, issued $550 million of corporate debentures comprised of $450 million of 4.65% unsecured debentures maturing December 16, 2009 and $100 million of floating rate unsecured debentures maturing December 18, 2006. These debentures are unconditionally guaranteed by our wholly owned power subsidiary Brascan Power, which changed its name from Great Lakes Power Inc. on December 1, 2004.

In September 2004, we completed a refinancing for the Lake Superior Power Cogeneration Station in northern Ontario, in the form C$77 million of 4.4% senior secured bonds due September 23, 2009.

In November 2003, our power generating subsidiary, Great Lakes Hydro Income Fund, issued C$175 million of 17-year, 6.91% senior bond private placement financing, secured by its Mississagi River hydroelectric generating facilities in northern Ontario.

In June 2003, our wholly-owned power generating subsidiary, Great Lakes Power Limited, issued C$384 million of 6.6% senior bonds due June 16, 2023, secured by its hydroelectric power operations in northern Ontario. In July 2003, Great Lakes Power Limited issued an additional C$115 million in the form of 7.8% subordinated debt, also due June 16, 2023.

Funds Management Operations

In March 2005, the Brascan Real Estate Opportunity Fund announced a binding agreement to acquire a 900,000 square foot office property portfolio in Washington, D.C., consisting of three downtown and there suburban office properties.

In February 2005, we announced a definitive agreement with Weyerhaeuser Company to acquire its coastal business in British Columbia for approximately C$1.2 billion plus working capital. This acquisition, which is expected to close in the second quarter of 2005, includes 635,000 acres of freehold timberlands as well as five saw mills, two remanufacturing facilities and 3.6 million cubic metres of associated annual Crown harvest rights.

Also in February 2005, Brascan Asset Management announced the filing of a final prospectus for the initial public offering of trust units and preferred securities of Brascan SoundVest Rising Distribution Split Trust.

In February 2005, we announced the acquisition of Hyperion Capital Management, a New York-based asset management company, for $50 million.

In 2004, our restructuring operations purchased C$141 million of senior secured debt in Concert Industries, a Canadian manufacturer of materials for consumer products.

In 2004, we launched through our specialty funds group a Canadian income trust product called Brascan SoundVest Total Return Fund.

In March 2004, Brascan launched Brascan Strategic Asset Management, a specialist asset management group based in New York which currently manages $1.5 billion of investment assets.

In October 2003, Brascan Asset Management Inc. completed an initial public offering of trust units of the Brascan SoundVest Diversified Income Fund, generating proceeds of C$69 million.

In August 2003, Brascan completed the initial public offering of trust units in the Royal LePage Franchise Service Fund. This C$150 million fund generates cash flow from the franchise royalties and service fees of a national network of real estate franchisees and agents operating under the Royal LePage brand name.

In May 2003, Brascan established the Brascan Bridge Lending Fund, a C$500 million fund dedicated to providing bridge loans, primarily in Canada, to companies in need of access to short-term financing.

In January 2003, Brascan acquired through the Brascan Real Estate Finance Fund ("BREF"), $44 million in common equity and subordinated debt of CRIIMI MAE as part of that company's recapitalization. CRIIMI MAE is a commercial mortgage company that holds a portfolio of commercial mortgage-related assets and provides mortgage servicing functions for $17.4 billion of commercial mortgage loans.

In September 2002, Brascan established BREF, with committed capital of $200 million to invest in high yield real estate finance investments, primarily in the United States. This New York-based fund finances the ownership of real estate properties on a basis which is senior to traditional equity but subordinate to traditional first mortgages.

Investments

In March 2005, we announced our support for a plan by our 41%-owned mining and metals affiliate, Noranda Inc. ("Noranda") to combine with its 59%-owned subsidiary Falconbridge Limited. We also announced our support for a bid by Noranda to purchase approximately 63.4 million of its common shares in exchange for $1.25 billion of preferred shares. We have agreed to tender all of our common shares in Noranda to this bid. Depending on the participation of other Noranda shareholders in this bid, our interest in Noranda will decline to between 16% and 26%.

In October 2004, we monetized 33 million of our common shares of Norbord Inc. ("Norbord"), our panelboard subsidiary, for $300 million, reducing our interest in this company from 43% to 36% (22% on a fully diluted basis).

In September 2004, the Corporation and Noranda, announced that 60-day exclusive negotiations had commenced with China Minmetals to acquire 100% of the outstanding shares of Noranda. In November 2004, Noranda announced that the exclusivity period would be allowed to lapse, as a result of delays ion arriving at a definitive agreement, and that it would continue discussions with China Minmetals on a non-exclusive basis while examining other alternative for increasing shareholder value.

In July 2004, our forest products subsidiary, Nexfor Inc. ("Nexfor") completed the distribution of its specialty paper business to its shareholders in the form of common shares of a new public company, Fraser Papers, retaining its panelboard business Concurrently, Nexfor changed its name to Norbord. As a result of these transactions, we received a 42% interest in Fraser Papers and continued to own 42% of Norbord.

In November 2003, Brascan sold its 42% interest in Northgate Exploration Limited ("Northgate") to a syndicate of underwriters for net proceeds of C$219 million. Northgate owns a gold/copper mine in British Columbia, Canada, which was acquired in conjunction with a Brascan-led restructuring conducted by its asset management group.

In August 2003, Noranda completed a recapitalization plan involving, among other things, the reduction of its quarterly dividend from C$0.20 per share to C$0.12 per share, the issue of additional common shares, the issue of $300 million of debt, and the conversion to US dollar reporting of its financial results. In connection with this plan, Noranda completed a public offering of 28.5 million common shares at a price of C$12.65 per share for total gross proceeds of approximately C$361 million. Concurrent with the issue, Brascan purchased from Noranda, at the same price, 20 million common shares, increasing its interest in Noranda to 42%. Noranda also granted to the Corporation options to acquire any of the shares not acquired by the syndicate of underwriters. In addition, Noranda completed the sale of its remaining 11,984,900 Priority Units of Noranda Income Fund, at a price of C$9.85 per unit, to a syndicate of underwriters led by CIBC World Markets Inc. and Scotia Capital Inc.

In January 2003, Noranda announced a restructuring of its magnesium business to respond to major structural changes in the magnesium industry. An after-tax non-cash charge of C$630 million was reflected in Noranda's 2002 year-end financial results. Brascan's share of the writedown of Noranda's magnesium business represented a non-cash charge of approximately C$255 million or C$1.44 per share. In January 2003, Brascan extended its support to Noranda by agreeing to subscribe for up to C$300 million Noranda preferred shares. Pursuant to this undertaking, Brascan subscribed for C$150 million preferred shares of Noranda in April 2003, which also issued a further C$150 million preferred shares to the public.

During 2002, Brascan increased its ownership of Nexfor from 41% to 43% through normal course purchases.

In September 2004, our natural resource investment company, Brascade Resources Inc., was reorganized with a broader mandate as Brascade Corporation, to hold our 17% interest in Canary Wharf as well as our interests in Norbord and Fraser Papers Inc. (“Fraser Papers”) and part of our interest in Noranda.

In June 2004, the Corporation completed a three-for two stock split of its Class A Limited Voting Shares though the issue on June 1, 2004 of one Class A Limited Voting share for every two Class A or Class B Limited Voting shares held at the close of business on May 21, 2004.

In April 2004, the Corporation announced a change in the declaration currency for the dividend on our Class A and Class B Limited Voting Shares from Canadian dollars to US dollars, commencing with the dividend payable on August 31, 2004. The quarterly dividend paid on this date of US$0.14 per share, representing an annualized dividend of US$0.56 per share, has also been pro-rated to reflect the three-for-two share split to be implemented by way of a stock dividend paid on June 1, 2004.

Also in April 2004, the Corporation received approval for a normal course issuer bid to purchase up to 14,000,000 Class A Limited Voting Shares, representing approximately 10% of the public float of the Corporation’s issued and outstanding Class A Limited Voting Shares, through open market purchase on the New York and Toronto stock exchanges during the period from April 21,2004 to April 20, 2005. As of the date of this Annual Information Form, the Corporation has purchased 372,695 Class A Limited Voting Shares for C$16 million at an average price of C$42.53 per share under this bid.

In February 2004, the Corporation announced an increase in the quarterly dividend payable on our Class A and Class B Limited Voting Shares from C$0.26 per share to C$0.27 per share, representing an annualized dividend of C$1.08, commencing with the dividend payable on May 31, 2004.

In April 2003, the Corporation announced a change in our reporting currency from Canadian dollars to US dollars, commencing with the financial results for the first quarter of 2003. The Corporation also announced an increase in the quarterly dividend payable on our Class A and Class B Limited Voting Shares from C$0.25 to C$0.26, representing an annualized dividend of C$1.04, commencing with the dividend paid on August 31, 2003.

Also in April 2003, the Corporation received approval for a normal course issuer bid to purchase up to 14,400,000 Class A Limited Voting Shares, representing approximately 8% of the issued and outstanding Class A Limited Voting Shares of the Corporation, through open market purchases on the New York and Toronto stock exchanges during the period from April 21, 2003 to April 20, 2004. Under this bid, the Corporation purchased 1,942,000 Class A Limited Voting Shares for C$73 million at an average price of C$37.44 per share.

In March 2003, the Corporation issued two series of notes in the United States: $200 million of 5.75% notes due March 1, 2010 and $250 million of 7.375% debentures due March 1, 2033.

In February 2003, the Corporation issued C$175 million of 15 year 5.4% redeemable retractable Class A, Series 12 Preference Shares. The net proceeds of the distribution were used for general corporate purposes.

In August 2002, the Corporation completed the acquisition of all the outstanding Class A Shares and Class B Non-Voting Shares of its subsidiary, Brascan Financial (formerly Trilon Financial Corporation) not already owned, for consideration of C$359 million in cash, 11.4 million Class A Limited Voting Shares of the Corporation and 1.1 million Class A Preference Shares, Series 11 of the Corporation.

In July 2002, the Corporation issued C$73.5 million of 10 year 5.5% non-cumulative redeemable retractable Class A, Series 11 preference shares. The net proceeds of the distribution were used for general corporate purposes.

In June 2002, the Corporation issued in the U.S.A. $350 million of 7.125% notes due June 15, 2012.

In April 2002, the Corporation issued C$125 million of 8.30% Preferred Securities due June 30, 2051.

Also in April 2002, the Corporation received approval for a normal course issuer bid to purchase up to 13,900,000 Class A Limited Voting Shares, representing approximately 10% of the public float of the issued and outstanding Class A Limited Voting Shares of the Corporation through open market purchases on the New York and Toronto Stock Exchanges during the period from April 19, 2002 to April 18, 2003. Under this bid, the Corporation purchased 6,544,700 Class A Limited Voting Shares for C$199 million at an average price of C$30.39 per share.

BUSINESS OF THE CORPORATION

Brascan is an asset management company, with a focus on property, power generation and other infrastructure assets. We concentrate on businesses that generate sustainable, low-risk, growing streams of cash flow, such as high quality commercial properties, hydroelectric power generation plants and other infrastructure assets with similar characteristics.

Our investments include 70 premier office properties and over 120 power generating plants. Relatively low capital investment is required to maintain these operations and the values of the assets owned within these businesses typically appreciate as the associated cash flow streams grow, rather than depreciate over time, as is common with many other types of operating assets. In addition to our direct investments, we have $7 billion of additional assets and capital committed under management and plan to expand these assets significantly in future years.

Brascan's common share market capitalization exceeds $9 billion and our Class A Limited Voting Shares are inter-listed on both the New York and Toronto stock exchanges. We own and manage our operations directly as well as through partially owned companies, joint venture partnerships and investment funds that are co-owned with institutional and other partners. We finance our operations with diversified sources of capital. Attractive low-risk financial leverage for our common shares is obtained through the use of property specific mortgages that have no recourse to the Corporation and the issuance of low-rate non-participating securities such as preferred shares. At December 31, 2004, total shareholders' interests, including interests of others in our consolidated operations, totalled $7 billion at book value and had an aggregate market capitalization of $15 billion.

Our core operations are concentrated in three areas: our property operations include commercial properties, residential home building, associated development activities and property services; our power generation business is concentrated almost exclusively on hydroelectric power generation, although we also operate three gas fired generating facilities and a small transmission and distribution business; and our funds management business develops, invests and manages funds and investments on behalf of a select group of institutional investors that co-invest in the same types of assets which we own. At December 31, 2004, our operations employed approximately 6,000 people. In addition, we hold investments in companies in the natural resource sector and in Brazil, which together employ approximately 37,000 people.

A profile of Brascan along with a description of our principal businesses follows. In addition to the information provided on our businesses in this Annual Information Form, our operating units and investee companies which are also reporting issuers have filed their own Annual Information Forms and Annual Shareholder Reports containing information specific to their respective operations. Copies of these documents may be obtained from securities administrators in each province of Canada or from the Secretary of the Corporation. These documents are also filed on SEDAR at *www.sedar.com.*

Forward-Looking Statements

This Annual Information Form contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words "believe", "expect", "anticipate", "intend", "estimate" and other expressions which are predictions of or indicate future events and trends and which do not relate to historical matters identify forward-looking statements. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Corporation to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include general economic conditions, interest rates, availability of equity and debt financing and other risks detailed from time to time in the Corporation's continuous disclosure documents, including this Annual Information Form and its 40-F filed with the Securities and Exchange Commission. The Corporation undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Property Operations

Our property operations consist of commercial office properties, residential properties, development properties and property services activities. In total, we manage approximately 170 million square feet of real estate properties. This includes our own commercial properties, properties managed for institutional investors and third party managed properties. These operations are located predominantly in North America, but also include operations in the United Kingdom and Brazil.

Operating cash flows generated by each area of our real estate operations for the past three years, together with the assets deployed, were as follows:

AS AT AND FOR THE YEARS ENDED DECEMBER 31		Book Value		Operating Cash Flow		
MILLIONS	Return on Assets [1]	**2004**	2003	**2004**	2003	2002
Commercial properties	10%	**$ 7,470**	$ 6,622	**$ 697**	$ 621	$ 622
Residential properties	39%	**818**	738	**305**	131	105
Development properties	—	**950**	814	**1**	67	2
Property services	32%	**51**	48	**16**	18	14
	12%	**$ 9,289**	$ 8,222	**$ 1,019**	$ 837	$ 743

1 *As a percentage of average book value*

Commercial Properties

Commercial properties generated $697 million of operating cash flows, an increase of 12% over 2003 which in turn was unchanged from 2002. The composition of the commercial property portfolio owned by the company at the end of 2004 and 2003 was as follows:

	Leasable	Return on	Book Value		Operating Cash Flow		
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2004	Area [1]	Assets [2]	**2004**	2003	**2004**	2003	2002
	(000 SQ.FT.)		(MILLIONS)		(MILLIONS)		
New York, New York	**9,506**	11.3%	**$ 3,576**	$ 3,552	**$ 404**	$ 315	$ 307
Boston, Massachusetts	**1,103**	10.3%	**328**	333	**34**	33	32
Toronto, Ontario	**4,777**	8.5%	**1,068**	928	**85**	75	63
Calgary, Alberta	**3,166**	11.8%	**448**	450	**53**	46	37
Washington, D.C.	**1,557**	7.5%	**439**	150	**22**	—	—
Denver, Colorado	**2,811**	8.6%	**370**	372	**32**	32	36
Minneapolis, Minnesota	**3,008**	4.9%	**414**	400	**20**	22	28
Other North America	**927**	22.0%	**84**	134	**24**	44	45
Rio de Janeiro, São Paulo, Brazil	**2,292**	7.7%	**293**	303	**23**	28	25
London, United Kingdom	**1,617**	—	**450**	—	**—**	—	—
Income from properties sold	**—**	—	**—**	—	**—**	26	49
Total [3]	**30,764**	9.9%	**$ 7,470**	$ 6,622	**$ 697**	$ 621	$ 622

1 *Effective interest*
2 *As a percentage of average book value*
3 *Excludes development sites*

Approximately 86% of commercial property net income is generated from our five core North American markets: New York, Boston, Toronto, Calgary and Washington. We intend to continue our strategy of concentrating our operations within a select number of supply constrained markets with attractive tenant bases in order to maintain a meaningful presence and build on the strength of our tenant relationships within these markets.

The book value of our commercial property portfolio increased during the year with the acquisition of two properties in Washington and a net effective 17% interest in 17 properties within the Canary Wharf estate in London, U.K., as well as the impact of the higher Canadian dollar on our Canadian assets. During 2003 we completed the development of 300 Madison Avenue in New York and sold a 49% interest in our 245 Park Avenue property, also in New York, as well as a smaller Calgary property. The consolidated carrying value of our North American properties is approximately $250 per square foot, significantly less than the estimated replacement cost of these assets. Our core properties are on average 1.4 million square feet in size.

The commercial properties currently owned are expected to generate approximately $750 million of annual operating cash flows. The application of a capitalization rate to this cash flow yields the following values for our portfolio:

	Operating	Book Value	Capitalization Value			
MILLIONS	Cash Flow [1]	**2004**	5.00%	5.75%	6.50%	7.25%
Commercial properties	$ 750	**$ 7,470**	$15,000	$13,000	$11,500	$10,350

1 *Expected annualized operating cash flow based on year end portfolio*

Components of Operating Cash Flow

The components of the change in commercial property operating cash flow from year to year are contractual increases in rental rates, lease rollovers, lease-up of vacancies and acquisitions net of dispositions, as follows:

YEARS ENDED DECEMBER 31 (MILLIONS)	*2002-2004*	***2004***	*2003*	*2002*
Previous net operating income before lease termination income and property gains	$ 642	**$ 621**	$ 622	$ 642
Changes due to:				
(i) Contractual increases on in-place leases	36	**4**	16	16
— Straight-line rental income	22	**22**	—	—
(ii) Rental increases achieved on in-place rents when re-leased	20	**2**	10	8
(iii) Lease-up of vacancies	9	**1**	3	5
(iv) Acquisitions and dispositions, net	(32)	**47**	(30)	(49)
Current year's net operating income	**$** 697	$ **697**	$ 621	$ 622

(i) Contractual increases on in-place leases

During 2004, contractual increases in leases added $4 million to net operating income compared with $16 million in each of 2003 and 2002. Our leases generally have clauses which provide for the collection of rental revenues in amounts that increase every five years, with these increases negotiated at the signing of the leases. Given the high credit quality of tenants in our buildings, there is generally low risk of not achieving these increases. Prior to 2004 our policy was to record most of our rental revenues in accordance with the actual payments received under the terms of our leases, which typically increase over time. However, we adopted straight-line rent recognition during 2004 in accordance with revised industry standards and accounting requirements, resulting in a $22 million increase during the year.

(ii) Rental increases achieved on in-place rents when re-leased

During 2004, higher rental rates on the re-leasing of space in the portfolio contributed $2 million of increased cash flow over 2003, compared with a corresponding increase of $10 million during the prior year and $8 million in 2002. At December 31,2004, average in-place net rents throughout the portfolio were $23 per square foot, up from $22 per square foot in December 31, 2003 and $21 per square foot at December 31, 2002, as leasing environments across North America improved. The average market net rent was $25 per square foot in 2004, an increase of $1 over $24 per square foot in 2003. Decreases in New York and Boston were offset by increases in other markets.

(iii) Lease-up of vacancies

Contribution to net operating income from lease-up of vacancies was $1 million in 2004 compared with $3 million in 2003 and $5 million in 2002. Contributions from vacancy lease-up was greater in 2003 due to vacancies leased in properties acquired in prior years. The contribution to operating cash flow from vacancy lease-up is expected to increase in the future as properties acquired or developed in 2004 with vacancies are leased up.

During 2004 we leased close to four million square feet of space, approximately four times the amount of space contractually expiring. This includes two million square feet of new leases and 1.6 million square feet of renewals.

Our total portfolio occupancy rate at December 31, 2004 was 97% in our core North American markets, and 95% overall, as shown in the following table:

	2004		*2003*		*2002*	
AS AT DECEMBER 31 *THOUSANDS OF SQUARE FEET*	***Leasable Area***	***Percentage Leased***	*Leasable Area*	*Percentage Leased*	*Leasable Area*	*Percentage Leased*
New York, New York	**11,221**	**98%**	11,262	98%	10,113	98%
Boston, Massachusetts	**2,163**	**97%**	2,163	98%	2,163	97%
Toronto, Ontario	**6,790**	**95%**	6,884	96%	6,883	96%
Calgary, Alberta	**6,331**	**98%**	7,454	98%	7,570	97%
Washington, D.C.	**1,557**	**93%**	570	53%	—	—
Core North America	**28,062**	**97%**	28,333	97%	26,729	97%
Denver, Colorado	**3,017**	**85%**	3,017	83%	3,017	90%
Minneapolis, Minnesota	**3,008**	**86%**	3,008	74%	3,008	85%
Other North America	**927**	**89%**	1,281	91%	1,515	97%
Total North America	**35,014**	**95%**	35,639	94%	34,269	96%
Brazil	**2,292**	**92%**	2,216	93%	2,216	92%
London, United Kingdom	**1,617**	**86%**	—	—	—	—
Total *1*	**38,923**	**95%**	37,855	94%	36,485	96%

1 Excludes development sites

(iv) Acquisitions and dispositions, net
The value created in our mature commercial properties provides us with the opportunity to generate additional gains and capital in order to reinvest in other opportunities at higher returns. We continued our practice of actively managing our portfolio with the acquisition of two properties in Washington D.C., aggregating 1.6 million square feet, and completed the first full year of operations of our 300 Madison Avenue property in midtown Manhattan, New York. This 1.2 million square foot building was completed in late 2003 and is fully leased to CIBC World Markets and PricewaterhouseCoopers for 30 years with a CIBC covenant on 100% of the property.

We sold partial interests in mature, well leased properties with the sale of a 49% interest in 245 Park Avenue during 2003, as well as a smaller property in Calgary. In 2002 we sold partial interests in properties located in Toronto and Calgary, and acquired 1.2 million vacant square feet located in Tower Three of our World Financial Center complex in New York City. The net acquisition of properties, together with associated leasing fees, increased operating cash flow by $47 million in 2004, and the sale of properties reduced operating cash flow by $30 million in 2003 and $49 million in 2002.

Tenant Relationships and Lease Maturities
An important characteristic of our commercial property portfolio is the strong credit quality of our tenants. Special attention is given to tenants' credit quality in order to ensure the long-term sustainability of rental revenues through economic cycles. The tenant profile on average represents an "A" credit rating. Major tenants with over 400,000 square feet of space in the portfolio include Merrill Lynch, CIBC, RBC Financial Group, Petro-Canada, Imperial Oil and JPMorgan Chase, among others.

Our strategy is to sign long-term leases with our tenants in order to mitigate risk and reduce overall re-tenanting costs in the portfolio. We typically commence discussions with our tenants regarding their space requirements well in advance of their contractual expiration, and while each market is different, the majority of our leases, when signed, extend between 10 and 20 years. As a result, the average amount of leasable area in the total portfolio maturing annually is approximately 5%.

Residential Properties
Our residential property business consists primarily of single family home building across North America with our established niche being in the mid to upper-end of the home building industry. We are one of the 20 largest home builders in the United States, with a significant base of operations in California and Virginia. We also build residential condominiums in Brazil and build homes and develop lots in Toronto and Calgary, and have done so successfully for over 20 years. The capital deployed and the cash flows generated by these operations over the past three years were as follows:

AS AT AND FOR THE YEARS ENDED DECEMBER 31		*Book Value*		*Operating Cash Flow [1]*		
MILLIONS	*Return on Assets [2]*	***2004***	*2003*	***2004***	*2003*	*2002*
United States						
California	48%	**$ 414**	$ 361	**$ 184**	$ 57	$ 50
Virginia	35%	**196**	110	**53**	27	21
Colorado	43%	**22**	25	**10**	3	(9)
Florida	—	**4**	91	**—**	—	(3)
Canada						
Ontario	38%	**16**	26	**8**	5	3
Alberta	30%	**90**	68	**24**	23	33
Brazil	39%	**76**	57	**26**	16	10
	39%	**$ 818**	$ 738	**$ 305**	$ 131	$ 105

1 Revenue less cost of sales
2 As a percentage of average book value

Operating cash flow from our residential operations increased to $305 million in 2004, up from $131 million in 2003 and $105 million in 2002. This substantial increase reflected both higher selling prices and improved margins, as well as an increase in the number of homes and lot sales closed during the year. All of our major markets continued to experience strong demand due to favourable economic fundamentals and demographic trends. We own approximately 50% of the equity capital in our U.S. and Canadian operations and, accordingly, a corresponding proportion of the improved returns accrued to other investors which is reflected as minority interests of others in assets.

Home sales totalled 3,321 units for the year compared with 2,731 in 2003. Lot sales in 2004, including the bulk sale of lots to other builders, totalled 6,125 compared with 5,152 in 2003.

The book value of the assets employed in our residential business has increased in each of the past two years due to an increased level of activity, development of land and higher level of work in process.

Details of the home and lot sales by regional market, are as follows:

YEARS ENDED DECEMBER 31 (UNITS)	Home Sales 2004	Home Sales 2003	Home Sales 2002	Lot Sales [1] 2004	Lot Sales [1] 2003	Lot Sales [1] 2002
United States						
California	**1,357**	1,023	1,093	**1,415**	1,044	1,420
Virginia	**523**	505	461	**864**	745	791
Colorado	**—**	—	—	**468**	448	277
Florida	**—**	—	47	**—**	—	47
Canada						
Ontario	**339**	318	374	**339**	318	468
Alberta	**496**	479	382	**2,433**	2,191	2,221
Brazil	**606**	406	535	**606**	406	535
Total	**3,321**	2,731	2,892	**6,125**	5,152	5,759

1 Including lots associated with home sales

The average home sales price in 2004 for our home building operations was $416,000 per unit, an increase of 12% over 2003 levels. The increase in the average home price was due to a larger proportion of higher priced houses sold, and increased pricing on housing sales across virtually all markets in North America.

The backlog of orders for delivery in 2005, as at the date of this report was approximately 40% of expected 2005 closings.

Development Properties

Development properties consist predominantly of commercial property development sites, density rights and related infrastructure, and land owned and under option, held pending future development into income producing assets or for sale to other users or our own home building operations. These assets are owned to add value through obtaining building entitlements or for conversion into cash flow generating real estate. Development properties also include rural development properties in Brazil.

The composition of our development properties at December 31, 2004 and 2003 was as follows:

AS AT AND FOR THE YEARS ENDED DECEMBER 31 MILLIONS	Potential Development	Book Value 2004	Book Value 2003	Operating Cash Flow 2004	Operating Cash Flow 2003	Operating Cash Flow 2002
Commercial development properties	22.1 million sq. ft.	**$ 603**	$ 509	**$ —**	$ —	$ —
Residential lots – owned	35,658 lots	**263**	246	**—**	65[1]	—
– optioned	14,919 lots	**45**	19	**—**	—	—
Rural development properties	135,000 acres	**39**	40	**1**	2	2
Total		**$ 950**	$ 814	**$ 1**	$ 67	$ 2

1 Realized gain on sale of lots

Commercial Development Properties

We maintain an in-house development capability to undertake commercial developments when the risk-adjusted returns are adequate and significant pre-leasing has been achieved.

Commercial development properties at December 31, 2004 and 2003, included the following projects:

AS AT DECEMBER 31 (MILLIONS)	Projected Office Density % owned	Projected Office Density # of sq. ft. [1]	Book Value 2004	Book Value 2003
Commercial Office Projects				
New York	100%	3,700,000		
Toronto	25% to 65%	3,692,000		
Calgary	100%	500,000		
Denver	100%	400,000		
São Paulo	100%	7,500,000		
London, United Kingdom [2]	17%	735,000		
		16,527,000	**$ 449**	$ 382
Residential Projects				
São Paulo	100%	1,558,000		
Rio de Janeiro	100%	4,030,000		
		5,588,000	**154**	127
Total		22,115,000	**$ 603**	$ 509

1 Effective interest excluding partners

2 Proportionate share held indirectly through Canary Wharf Group plc

Currently our largest commercial office development property is a 1.2 million square foot divided interest in Three World Financial Center, the 2.1 million square foot third tower of our flagship World Financial Center complex in downtown Manhattan.

We acquired the vacant property in 2002 at a substantial discount to replacement value and are in the process of securing tenants for the portion owned by us, which is expected to be 70% leased by the end of 2005. Also in New York is our Penn Station development in midtown New York which recently received increased permitting for 2.5 million square feet of office density.

We own a 50% interest in the Bay-Adelaide Centre development property, located in Toronto's downtown financial district. This project includes below-grade infrastructure for 1.8 million square feet of office and residential space and a fully operational underground revenue-generating parking facility. We also own expansion rights for a third office tower at BCE Place, our flagship Toronto office complex, which would add approximately 800,000 square feet of density. We have similar rights to develop 500,000 square feet of office space at Bankers Hall in Calgary and 400,000 square feet for Republic Plaza in Denver.

In São Paulo, Brazil, we own the Green Valley Office Park, which currently encompasses 300,000 square feet of built office space. We also own density to build commercial office space of up to a further 7.5 million square feet, and residential condominium density of a further 1.5 million square feet, to be developed over the next fifteen years. In Rio de Janeiro, we own 4.0 million square feet of condominium density in Barra da Tijucca which will be built over the next 10 years.

Residential Development Properties

Residential development properties include land, both owned and optioned, which is in the process of being converted to residential lots, but not expected to enter the home building process for more than three years.

		Book Value	
AS AT DECEMBER 31 (MILLIONS)	*# of Lots*	***2004***	*2003*
Residential lots — owned			
United States	7,970	**$ 110**	$ 144
Canada	27,688	**153**	102
	35,658	**263**	246
Residential lots — optioned			
United States	14,919	**45**	19
Total	50,577	**$ 308**	$ 265

Over the past two years, with strong markets we have chosen to sell additional development lots to other home builders, rather than continue to hold these lots for future conversion into homes for sale at a later date. We recorded gains of $65 million during 2003 on sales of this nature and, although we did not complete any significant transaction of a similar nature in 2004, we continue to pursue such opportunities.

We have elected to increase our use of options to control lots for future years in our most active markets in order to reduce risk. To that end, we have acquired options on nearly 15,000 lots in our U.S. markets in return for us providing our planning and development expertise to obtain the required entitlements.

Rural Development Properties

We own 135,000 acres of prime rural development land in the States of São Paulo and Minas Gerais in Brazil. These properties have, until recently, been utilized primarily for beef production, but are also suitable for the growing of soy beans and sugar cane for the production of ethanol. A substantial increase in the world-wide consumption of ethanol to add to or use as a substitute for gasoline has resulted in a significant increase in the value of lands which are suitable for sugar cane growing. Accordingly, we are in the process of entering into long-term land leases with operators of large sugar cane processing facilities. During 2004 we set aside approximately 30,000 acres to lease for 20-year terms to earn growing annual cash flows significantly in excess of those previously received. We will continue to retain ownership in the land, which we expect to appreciate further in value.

Property Services

We operate a broad array of property services which leverage our industry presence. These services include commercial property brokerage and investment banking services, and residential and commercial property services. The composition of our property services operations at December 31, 2004 and 2003 was as follows:

AS AT AND FOR THE YEARS ENDED DECEMBER 31		*Book Value*		*Operating Cash Flow [1]*		
MILLIONS	*Return on Assets [2]*	***2004***	*2003*	***2004***	*2003*	*2002*
Commercial Brokerage and Advisory Services		**$ 8**	$ 8	**$ 10**	$ 4	$ 2
Brookfield LePage Facilities Management		**10**	9	**4**	3	2
Brookfield Residential Management Services		**3**	4	**1**	1	1
Centract Residential Property Services		**30**	27	**1**	10	9
Total	32%	**$ 51**	$ 48	**$ 16**	$ 18	$ 14

1 Revenue less operating cost

2 As a percentage of average book value

Although the aggregate operating cash flow from property services is relatively small in comparison to that generated by our other property operations, the return on capital employed is significant. In addition to benefitting our clients, these operations complement our other property operations and broaden our market knowledge.

Commercial brokerage and advisory services are provided through Royal LePage Commercial. These include commercial leasing, sales, appraisal and brokerage services across Canada. This operation has the largest share of many major markets across Canada. Our advisory services group leverages our commercial brokerage, bridge lending and asset management operations to earn fees and also assists in developing opportunities for our other operations. The Brascan Financial Real Estate Group provides financing, advisory and investment banking and brokerage services throughout North America.

Brookfield LePage Facilities Management, one of the largest facilities management operations in Canada, is owned 40% by Brascan in partnership with Johnson Controls, the largest facilities management operator in the world. Our joint venture manages close to 100 million square feet of premises for major corporations and governments, and continues to benefit from the trend towards outsourcing of facilities management worldwide.

Brookfield Residential Management Services manages premier condominium and apartments in Canada, providing management services to approximately 35,000 upscale residential units.

Centract Residential Property Services provides a wide array of services to homeowners, corporations and institutions, such as mortgage settlement, home appraisal, relocation and move-in services. We also provide services to the Royal LePage property franchise network, a residential property brokerage organization with 10,000 agents across Canada. Royal LePage brokered one in five of all homes sold in Canada in 2004. A public royalty trust was established during 2003 to finance the ownership of franchise contracts associated with this business. This enabled us to reduce the capital committed to the business by approximately $100 million.

Power Generating Operations

Our power generating operations are predominantly hydroelectric facilities located on river systems in North America, many of which contain reservoirs that enable us to generate increased revenues through the sale of power during periods of high demand. These operations are predominantly 100% owned by the company, although we do share ownership of some facilities with co-investors, including operations which are held through a publicly listed income trust. We anticipate sharing the ownership of additional assets with institutional partners once we have achieved sufficient scale in this business, similar to our strategy for our commercial property portfolio.

The capital deployed and operating cash flows produced by our power generating operations are as follows:

AS AT AND FOR THE YEARS ENDED DECEMBER 31	*Installed*	*Return on*	*Book Value*		*Operating Cash Flow*		
MILLIONS	*Capacity (MW)*	*Assets [1]*	***2004***	*2003*	***2004***	*2003*	*2002*
Ontario	957	13%	**$ 1,122**	$ 977	**$ 140**	$ 102	$ 83
Quebec	266	17%	**359**	328	**57**	33	40
British Columbia	127	13%	**80**	71	**10**	7	5
New England	199	14%	**262**	228	**34**	16	15
New York	779	8%	**839**	—	**17**	—	—
Other	294	7%	**386**	323	**25**	14	10
Total	2,622	11%	**$ 3,048**	$ 1,927	**$ 283**	$ 172	$ 153

1 As a percentage of average book value

As at December 31, 2004, we owned operating interests in 120 power generating stations with a combined generating capacity of 2,622 megawatts. Since year end, we have acquired 2 additional stations with a combined generating capacity of 23 megawatts and have entered into agreements to acquire interests in nine other hydroelectric generating stations with a combined generating capacity of 772 megawatts. Of our existing stations, all but three are hydroelectric facilities located on river systems in seven geographic regions, specifically Ontario, Quebec, British Columbia, New York, New England, Louisiana and southern Brazil. This distribution provides important diversification of water flows to minimize the overall impact of fluctuating hydrology. Our storage reservoirs contain sufficient water to produce approximately 20% of our total annual generation and provide partial protection against short-term changes in water supply. The reservoirs also enable us to optimize selling prices by generating and selling power during higher-priced peak periods. Our facilities produce approximately 10,500 gigawatt hours of electricity annually based on average water flows, more than double our annual generation capacity of five years ago.

Operating cash flow from our power generating business increased 65% in 2004 to $283 million from $172 million in 2003 and $153 million in 2002. Operating assets in this business, at book value, increased from $1.6 billion at the end of 2002 to $3.0 billion

at the end of 2004 as a result of acquisitions and the development of new facilities, as well as the increased carrying value of our Canadian operations due to currency appreciation.

We expect the operations owned at year end to contribute approximately $360 million of operating cash flow based on current pricing and average hydrology. The application of a capitalization rate to this cash flow yields the following values for our portfolio:

	Operating	Book Value	Capitalization Value			
MILLIONS	*Cash Flow* [1]	***2004***	*5.0%*	*6.0%*	*7.0%*	*8.0%*
Power generating facilities	$ 360	$ **3,048**	$ 7,200	$ 6,000	$ 5,150	$ 4,500

1 Expected annualized operating cash flow based on year end capacity, current in-place pricing and average hydrology

The book value is lower than the intrinsic value because the assets have either been held for many years and therefore depreciated for accounting purposes which, in our view, is inconsistent with the nature of hydroelectric generating assets; or because we have been successful in acquiring, developing and upgrading many of our facilities on an attractive basis. The high end of the value range reflects our belief that hydroelectric generating facilities will over time become increasingly attractive to investors due to the quality of their cash flows.

Components of Operating Cash Flow

The following table illustrates the components of the change in operating cash flows from the company's power generating business during the past three years:

YEARS ENDED DECEMBER 31 (MILLIONS)	*2002 – 2004*	***2004***	*2003*	*2002*
Prior year's net operating income	$ 92	**$ 172**	$ 153	$ 92
(i) Hydrology variations within existing capacity	32	**27**	(10)	15
(ii) Variation in prices and operational improvements	55	**50**	(8)	13
(iii) Capacity additions	104	**34**	37	33
Current year operating cash flow	$ 283	**$ 283**	$ 172	$ 153

(i) Hydrology variations within existing capacity

Generation from existing capacity increased to 6,818 gigawatt hours during the year, a significant increase from the 4,231 gigawatt hours generated in 2003. The increase was due to a return to normal water conditions following unusually dry conditions in northern Ontario and western Quebec during the first half of 2003. The variance in water conditions increased cash flow from our power generating operations by $27 million in 2004 compared to a decrease of $10 million in 2003. The continued expansion of our operating base into different watersheds and river systems should reduce the relative significance of hydrology variances in any one region in the future. Water levels in the fourth quarter were slightly below long-term averages. However all facilities are currently operating at or above average generation levels.

(ii) Variation in prices and operational improvements

During 2004 we successfully restructured a number of our power sales arrangements to increase the base level of revenue pricing, many of which have clauses to provide for price increases every year, primarily linked to inflation. The total increase was $50 million. Our reservoirs enable us to capture peak pricing by storing water for utilization during periods of high demand. We experienced lower prices during 2003, relative to the higher price environment which occurred during the weather extremes in 2002.

(iii) Capacity additions

We have increased our generating capacity significantly over the past three years through acquisitions and selective development. Most of the capacity additions in 2004 occurred at the end of the third quarter, and accordingly, were not fully reflected in the current year's results. Nonetheless, additional capacity contributed $34 million in 2004, compared with $37 million in 2003 and $33 million in 2002. The additional facilities also further the diversification of our watersheds, thereby reducing hydrology risk, and position us as a leading generator in Ontario and an important participant in the New York and New England electricity markets.

Operating Margins

Our power generating operations are among the lowest cost producers of electricity in North America, with cash operating costs averaging 1.6 cents per kilowatt hour. This compares favourably with other forms of power generation. Our low cost structure results from the high quality of our assets, the continued application of new technology and the recent re-turbining of many of our facilities. Our power plants are also environmentally preferable to most other forms of electricity generation and produce virtually no harmful emissions.

Based on average hydrology and current power prices, our operations are capable of generating $360 million of annual operating cash flows:

AS AT DECEMBER 31, 2004	Per Kilowatt Hour	Total[1]
	(CENTS)	(MILLIONS)
Revenue	4.8	$ 504
Expenses	(1.6)[2]	(166)
Operating cash flow	3.2	338
Transmission and distribution		22
		$ 360

1 *Based on in-place capacity of 2,622 MW and a verage generation of 10,482 GWh*

2 *Includes fuel for gas plants*

Contract Profile

We endeavour to maximize the stability and predictability of our power generating revenues through the use of contracts to minimize the impact of price fluctuations, by diversifying watersheds, and by utilizing water storage reservoirs to minimize fluctuations in annual generation levels.

Approximately 70% of our projected 2005 revenue is subject to long-term bilateral and fixed-price power sales contracts or regulated rate-base arrangements. The remaining revenue is generated through the sale of power on a wholesale basis. The level of contracted revenue is lower than our target of 80% to 85% because power generated by the recently acquired New York operations was not contracted at the time of acquisition. Approximately 50% of this output was subsequently contracted on a short-term basis with the objective of establishing longer term contracts in the future.

Our long-term sales contracts have an average term of 13 years and the counterparties are almost exclusively customers with long-standing favourable credit histories or have investment grade ratings. Our policy is to use financial contracts which typically have a term of between one and three years to lock in the future price of uncommitted power generation such that between 15% and 20% of total revenues is based on spot pricing. All power that is produced and not otherwise sold under a contract is sold in wholesale electricity markets, and due to the low variable cost of hydroelectric power and the ability to concentrate generation during peak pricing periods, we are able to generate attractive margins on non-contracted power. This approach provides an appropriate level of revenue stability, without exposing the company to undue risk of contractual shortfalls and also provides the flexibility to enhance profitability through the production of power during peak price periods.

A brief description of our power operations in each of our major markets follows.

Ontario

Our power operations in northern Ontario include 17 hydroelectric generating stations on six river systems in northern Ontario, with a combined generating capacity of 847 megawatts, and one 110 megawatt natural-gas fired cogeneration plant located in Sault Ste. Marie. Our transmission and distribution operations in northern Ontario consist of approximately 726 km of 44 kilovolt ("kV") to 230 kV transmission lines and 11 distribution sub-stations that serve approximately 11,500 customers. In November 2004, we were selected by the Ontario Government to develop two wind power projects with almost 150 megawatts of capacity. Construction on these projects is expected during 2005 and 2006.

AS AT AND FOR THE YEARS ENDED DECEMBER 31	Installed Capacity	Generating Stations	Long-term Average Generation 2004	Book Value		Operating Cash Flow		
				2004	2003	**2004**	2003	2002
	(MW)		(GWh)	(MILLIONS)		(MILLIONS)		
Lake Superior Power	110	1	850	**$ 105**	$ 105			
Mississagi Power[1]	488	4	750	**274**	258			
Sault Power	203	5	906	**492**	409			
Wawa Power	156	8	756	**251**	205			
	957	18	3,262	**$1,122**	$ 977	**$ 140**	$ 102	$ 83

1 *Held through 50% owned Great Lakes Hydro Income Fund*

Operating cash flow increased substantially during 2004 due to a 4% increase in generation as well as improvements in pricing achieved as a result of re-marketing contracts and increasing the proportion of power dispatched during peak demand periods.

Quebec

Our operations in western Quebec consist of five hydroelectric generation stations on three tributaries of the Ottawa River, with a combined generating capacity of 266 megawatts. These operations have four key interconnections with the Quebec power grid and two with the Ontario power grid.

AS AT AND FOR THE YEARS ENDED DECEMBER 31	Installed Capacity	Generating Stations	Long-term Average Generation 2004	Book Value		Operating Cash Flow		
				2004	2003	**2004**	2003	2002
	(MW)		(GWh)	(MILLIONS)		(MILLIONS)		
Lièvre River Power [1]	238	3	1,418	**$ 271**	$ 248			
Pontiac Power	28	2	210	**88**	80			
	266	5	1,628	**$ 359**	$ 328	**$ 57**	$ 33	$ 40

1 *Held through 50% owned Great Lakes Hydro Income Fund*

Operating cash flow improved during 2004 due to a 14% increase in generation as well as improved margins arising from re-contracting and by utilizing our interconnections to facilitate sales into higher priced markets.

British Columbia

Our operations in British Columbia include three hydroelectric power generating stations with a combined generating capacity of 127 megawatts. During 2004, we added a third generating unit to the recently constructed Pingston Power station near Revelstoke, B.C., increasing its capacity to 45 megawatts.

AS AT AND FOR THE YEARS ENDED DECEMBER 31	Installed Capacity	Generating Stations	Long-term Average Generation 2004	Book Value		Operating Cash Flow		
				2004	2003	**2004**	2003	2002
	(MW)		(GWh)	(MILLIONS)		(MILLIONS)		
Powell River Energy [1]	82	2	261	**$ 48**	$ 44			
Pingston Power	45	1	95	**32**	27			
	127	3	356	**$ 80**	$ 71	**$ 10**	$ 7	$ 5

1 *Held through 50% owned Great Lakes Hydro Income Fund*

New England

Our New England operations include seven hydroelectric generating stations in Maine and eight hydroelectric generating stations in New Hampshire, with a combined generating capacity of 174 megawatts. During 2004, we completed construction of the 25 megawatt White Mountain cogeneration facility in Berlin/Gorham.

AS AT AND FOR THE YEARS ENDED DECEMBER 31	Installed Capacity	Generating Stations	Long-term Average Generation 2004	Book Value		Operating Cash Flow		
				2004	2003	**2004**	2003	2002
	(MW)		(GWh)	(MILLIONS)		(MILLIONS)		
Maine Power [1]	129	7	748	**$ 180**	$ 177			
New Hampshire Power [1]	45	8	262	**49**	51			
White Mountain, NH	25	1	184	**33**	—			
	199	16	1,194	**$ 262**	$ 228	**$ 34**	$ 16	$ 15

1 *Held through 50% owned Great Lakes Hydro Income Fund*

Operating cash flow increased substantially during 2004 reflecting a full year of contribution from operations acquired in November 2003 and early 2004, and a return to normal water conditions following particularly dry conditions in the first half of 2003.

New York

In September 2004, we established our operations in New York State through the acquisition of 72 power stations for approximately $900 million including working capital. These stations have a combined generating capacity of 779 megawatts and long-term average generating capacity of 2,933 GWh. They include 71 hydroelectric power generating stations located on 14 river systems in upstate New York, and one 105 megawatt dual-fired cogeneration station in East Syracuse.

AS AT AND FOR THE YEARS ENDED DECEMBER 31	Installed Capacity	Generating Stations	Long-term Average Generation 2004	Book Value		Operating Cash Flow		
				2004	2003	**2004**	2003	2002
	(MW)		(GWh)	(MILLIONS)		(MILLIONS)		
Hudson River Power	237	12	915	**$ 272**	$ —			
St. Lawrence River Power	223	30	1,096	**313**	—			
Lake Ontario Power	214	29	892	**221**	—			
East Syracuse	105	1	30	**33**	—			
	779	72	2,933	**$ 839**	$ —	**$ 17**	$ —	$ —

Operating cash flow in 2004 includes the period from September 29, 2004, the date of acquisition. We expect these operations to contribute approximately $90 million of annual net operating income on a normalized basis.

Other Power Operations

Our other power operations include our interest in Louisiana Hydroelectric Power, which operates a 192 megawatt run-of-the-river facility on a diversion of the Mississippi River, and five hydroelectric stations in southern Brazil with 102 megawatts of capacity, two of which we acquired in 2004. Our Brazilian power stations are located in the states of Minas Gerais, Paraná and Rio Grande do Sul, and are operated from our office in Curitiba. In December 2004, we announced an agreement to acquire six additional hydroelectric stations in the State of Minas Gerais with a combined generating capacity of 76 megawatts.

AS AT AND FOR THE YEARS ENDED DECEMBER 31	Installed Capacity	Generating Stations	Long-term Average Generation 2004	Book Value		Operating Cash Flow		
				2004	2003	**2004**	2003	2002
	(MW)		(GWh)	(MILLIONS)		(MILLIONS)		
Louisiana HydroElectric Power	192	1	677	**$ 244**	$ 228			
Brazil	102	5	432	**90**	50			
Development properties			—	**52**	45			
	294	6	1,109	**$ 386**	$ 323	**$ 25**	$ 14	$ 10

Operating cash flow increased due to the additional Brazilian operations and higher generation levels at Louisiana HydroElectric Power.

The book value of our investment in Louisiana HydroElectric Power represents our 75% equity interest in the project, which we do not consolidate as we do not have voting control at this time. We expect to consolidate this entity in our accounts beginning in 2005 under new accounting requirements for variable interest entities. The book value of Louisiana HydroElectric Power's assets at year end was $1.0 billion, financed by $0.8 billion of project specific debt.

Funds Management

We manage dedicated investment funds for ourselves and on behalf of institutional and other investors. Our current industry focus is on property and long-life infrastructure assets.

In addition, we hold a proprietary portfolio of private equity investments consisting of interests in businesses that we believe are undervalued and are being held until such time as they may be sold for a higher value or combined with our core operations. In the meantime we actively manage these investments and pursue alternatives to restructure or optimize these businesses to enhance their value.

The following table shows the assets under management at December 31, 2004 and 2003, together with the associated operating cash flows:

AS AT AND FOR THE YEARS ENDED DECEMBER 31	*Return on Assets*[1]	*Assets Under Management*[2]	*Book Value*		*Operating Cash Flow*		
MILLIONS	***2004***	***2004***	***2004***	*2003*	***2004***	*2003*	*2002*
Bridge Lending Fund	10%	**$ 1,148**	**$ 698**	$ 265	**$ 40**	$ 21	$ 37
Real Estate Finance Fund	12%	**627**	**103**	157	**15**	8	—
Restructuring Fund	24%	**366**	**95**	64	**19**	8	9
Real Estate Opportunity Fund	—	**210**	**80**	—	—	—	—
Timber Management Fund	11%	**87**	**87**	89	**10**	4	2
Private Equity Fund	5%	**750**	**750**	844	**40**	32	41
Structured Products and Capital Markets	9%	**1,775**	**1,420**	561	**85**	95	84
Traditional assets under management	—	**3,208**	**2**	—	**1**	—	—
Office properties under management[3]	—	**2,200**	**—**	—	**—**	—	—
Other	—	**140**	**140**	115	**9**	30	5
Total	8%	**$ 10,511**	**$ 3,375**	$ 2,095	**$ 219**	$ 198	**$** 178

1 As a percentage of average book value

2 Represents capital committed or pledged by Brascan and co-investors, including the book value of our invested capital

3 Management fees included in property income

We believe that the combination of our operating experience and knowledge of a number of industries, together with our financial capabilities, enables us to earn superior risk-adjusted returns in our selected areas of investment. This, combined with our willingness and ability to invest significant capital alongside our co-investors, makes us an attractive investment partner.

Of the $10.5 billion which we manage in this business, $3.4 billion represents our own capital. We expect that the amounts managed on behalf of partners will grow substantially over time. This should result in increased returns on our capital as we earn management and performance based incentive fees. As many of these funds have only recently been launched, performance fees earned to date have been modest, although we expect these to grow over time.

We continue to own financial assets directly which we acquired prior to establishing our investment funds or because they do not fit the specific mandate of any one of our current funds.

The following table shows operating cash flows generated by our funds management operations:

YEARS ENDED DECEMBER 31 (MILLIONS)	***2004***	*2003*	*2002*
Investment income			
Interest	**$ 70**	$ 58	$ 43
Dividends	**24**	34	30
Capital gains	**39**	40	31
Net fee income	**46**	34	33
	179	166	137
Private equity investment income	**40**	32	41
	$ 219	$ 198	$ 178

Operating cash flows increased to $219 million in 2004, an increase of 11% over 2003 which in turn was higher than 2002. Net fee income increased to $46 million in 2004 as a result of a higher level of activity and more assets under management. Higher interest income reflects higher levels of interest bearing securities and loans held during the year.

The value of our funds management business is determined by the value of our invested capital together with the value of the associated net fee stream, which in 2004 totalled $46 million. We are in the early stage of building these cash flows and, accordingly, are incurring a proportionately higher level of start-up costs. Based on net fee incomes that we expect will increase significantly, the incremental value of this business is currently between $500 million and $1 billion, using multiples of 10 to 20 times. This is in addition to the appreciation in value the of assets we own in our various Funds.

Bridge Lending Fund

The Bridge Lending Fund is a C$1 billion fund dedicated to providing bridge loans, primarily in Canada. The Fund leverages our 20-year history of offering tailored lending solutions to companies in need of access to short-term financing. We have committed 45% of the Fund's capital and our institutional partners have committed the balance. For larger transactions, we may invest directly and have granted co-investment rights to our partners to allow them to participate in a similar manner.

AS AT AND FOR THE YEARS ENDED DECEMBER 31 MILLIONS	Assets Under Management [1] **2004**	Book Value **2004**	 2003	Operating Cash Flow **2004**	 2003	 2002
Bridge Lending Fund	**$ 833**	**$ 383**	$ 28	**$ 14**	$ 2	$ —
Directly held bridge and corporate loans	**315**	**315**	237	**26**	19	37
Total	**$ 1,148**	**$ 698**	$ 265	**$ 40**	$ 21	$ 37

1 Represents capital committed by Brascan and co-investors, including invested capital

Loans advanced during the year by the Fund include a $200 million loan to Atlas Cold Storage, an industrial storage company, and a $200 million loan to Unibord, a manufacturer of wood panel products. The Fund's management team reviewed over $4 billion of financing opportunities and issued funding commitments totalling $800 million. A total of $575 million was advanced during the year to 11 clients. We also hold $315 million of bridge and corporate loans, which represent co-investments or were originated prior to the establishment of the Fund.

Real Estate Finance Fund

The Real Estate Finance Fund was launched in 2002 as a $600 million fund to finance the ownership of real estate properties on a basis which is senior to traditional equity, but subordinate to traditional first mortgages or investment grade debt. The Fund combines our own 35-year track record in real estate and finance with an experienced New York-based management team. We have agreed to provide $200 million of capital and institutional investors will provide the balance of $400 million.

AS AT AND FOR THE YEARS ENDED DECEMBER 31 MILLIONS	Assets Under Management [1] **2004**	Book Value **2004**	 2003	Operating Cash Flow **2004**	 2003	 2002
Real Estate Finance Fund	**$ 600**			**$ 15**	$ 8	$ —
Office property loans		**$ 43**	$ 56			
Retail property loans		**8**	56			
CMBS REIT		**15**	45			
Collateralized debt obligation notes		**10**	—			
	600	**76**	157	**15**	8	—
Directly held	**27**	**27**	—	**—**	—	—
Total	**$ 627**	**$ 103**	$ 157	**$ 15**	$ 8	$ —

1 Represents capital committed by Brascan and co-investors, including invested capital

During 2004, the Fund acquired 35 loan positions with an aggregate investment of $436 million. Significant transactions included the acquisition of a $70 million junior mortgage on the Bank of America Center in San Francisco, and $65 million in mezzanine financing on a diversified portfolio of long-term health care centers in the U.S.

The Fund also established a $350 million collateralized debt obligation facility with a group of institutional lenders who have committed low cost funding for a seven-year term to finance the acquisition of mortgage loan securities. This financing provides a stable source of funding that will enable the Fund to achieve higher returns for its investors, including Brascan.

In 2005, we plan to expand our operations to the U.K. with the increase of the Fund's mandate to include European opportunities.

Restructuring Fund

The Tricap Restructuring Fund was launched in 2002 as a C$415 million restructuring fund, to invest long-term capital in companies facing financial or operational difficulties in industries where we have expertise. The Fund benefits from our 20 year record of restructuring companies experiencing financial and operational difficulties. We have committed C$200 million of the capital and institutional investors have provided the balance.

AS AT AND FOR THE YEARS ENDED DECEMBER 31 MILLIONS	Assets Under Management [1] **2004**	Book Value **2004**	 2003	Operating Cash Flow **2004**	 2003	 2002
Tricap Restructuring Fund	**$ 347**			**$ 13**	$ 6	$ 4
Western Forest Products		**$ 15**	$ 31			
Concert Industries		**37**	—			
Other		**24**	—			
	347	**76**	31	**13**	6	4
Directly held restructuring assets	**19**	**19**	33	**6**	2	5
Total	**$ 366**	**$ 95**	$ 64	**$ 19**	$ 8	$ 9

1 Represents capital committed by Brascan and co-investors, including invested capital

During the year, we completed the restructuring of Western Forest Products (formerly Doman Industries), a western Canadian forest products company. We recovered the full amount of our initial fund investment of $62 million on the reorganization, with the Fund continuing to hold an 18% interest in Western Forest, received through the restructuring. The 18% interest has a current investment value of $30 million.

We recently advanced $75 million to acquire the senior secured debt of Concert Industries, a leading manufacturer of air woven consumer tissue products. Tricap sponsored the restructuring of this company, and in return received a 100% common equity interest in Concert which will be operationally restructured over the next few years.

Directly held restructuring assets relate to co-investment positions and assets owned prior to the establishment of the Fund.

Real Estate Opportunity Fund

Our Real Estate Opportunity Fund was launched in 2003 as a C$250 million property fund to invest in underperforming commercial properties. Premier office properties will continue to be pursued through our direct property operations or a planned core property fund. The Fund has a dedicated management team which had previously been pursuing similar types of activities within our commercial property operations for many years. We provided the initial capital and will raise funds from other investors after the origination of a number of initial investments.

AS AT AND FOR THE YEARS ENDED DECEMBER 31	*Assets Under Management [1]*	*Book Value*		*Operating Cash Flow*		
MILLIONS	***2004***	***2004***	*2003*	***2004***	*2003*	*2002*
Real Estate Opportunity Fund	**$ 210**	**$ 80**	$ —	**$ —**	$ —	$ —

1 Represents capital committed by Brascan and co-investors, including invested capital

Our objective is to acquire underperforming real estate which, through our management, leasing and capital investment expertise, can be enhanced to provide a superior return on capital. We completed several investments since inception including the acquisition of a $69 million office property portfolio in Indianapolis and an $11 million redevelopment asset in Toronto. We are currently examining a number of attractive investment opportunities and expect to significantly increase invested assets during 2005.

Timber Management Fund

We currently own 440,000 acres of timberlands located in Maine and in the State of Paraná in Brazil. These lands generated net operating cash flow of $10 million in 2004 and have a book value of $87 million. We also own, through our investment in Fraser Papers, an indirect 42% interest in timberlands in Maine and New Brunswick, which include one million acres owned outright and a further 1.3 million acres managed under license.

AS AT AND FOR THE YEARS ENDED DECEMBER 31	*Assets Under Management*	*Book Value*		*Operating Cash Flow*		
MILLIONS	***2004***	***2004***	*2003*	***2004***	*2003*	*2002*
Timber Management Fund						
Directly held	**440,000**	**$ 87**	$ 89	**$ 10**	$ 4	$ 2
Indirect holdings[1]	**2,300,000**	**—**	—	**—**	—	—
Total	**2,740,000**	**$ 87**	$ 89	**$ 10**	$ 4	$ 2

1 Held indirectly through our 42% ownership interest in Fraser Papers

In 2003, we assembled a team of forest management professionals to expand our timber management operations and to ultimately establish a Timber Management Fund. We have formed relationships with institutional investors who wish to acquire timber assets and we are currently jointly examining a number of promising opportunities.

Private Equity Fund

We own a number of private equity investments which will either be sold once value has been maximized or integrated into our core operations. Within our areas of expertise, we continue to seek new investments of this nature and dispose of more mature assets. The following table sets out the investments in our proprietary private equity fund, together with associated cash flows and gains:

AS AT AND FOR THE YEARS ENDED DECEMBER 31 MILLIONS	Location	# of Shares	% Interest	Book Value 2004	Book Value 2003	Operating Cash Flow 2004	Operating Cash Flow 2003	Operating Cash Flow 2002
Forest products								
Norbord Inc.	North America/UK	53.8	36%	**$ 177**	$ 356	**$ 19**	$ 18	$ 16
Fraser Papers Inc.	North America	12.8	42%	**204**	—	**—**	—	—
Katahdin Paper Company, LLC	Maine	—	100%	**85**	76	**(1)**	(2)	—
Business Services								
Banco Brascan, S.A.	Rio de Janeiro	—	40%	**59**	45	**4**	3	13
Privately held	Various	—	—	**81**	89	**11**	9	7
Publicly listed	Canada	—	—	**86**	72	**3**	—	(1)
Mining and metals								
Coal lands	Alberta	—	100%	**58**	53	**4**	4	5
Northgate Exploration Limited	British Columbia	—	—	**—**	—	**—**	—	1
Real Estate								
Canary Wharf Group, plc	London, UK	—	—	**—**	153	**—**	—	—
Total				**$ 750**	$ 844	**$ 40**	$ 32	$ 41

Norbord Inc.

We own approximately 54 million shares, representing a 36% interest in Norbord Inc. (“Norbord”). The book value of this investment was $177 million at year end. We issued debentures during 2004 that are exchangeable into 20 million of these shares and which are reflected as a liability at year end of $195 million. Accordingly, our net interest in Norbord is approximately 34 million shares, or 23%, and had a quoted market value at year end of approximately $349 million.

Norbord is an international producer of wood panels with operations in the United States, Canada and Europe. The company’s principal product is oriented strandboard (“OSB”). Norbord contributed $19 million of dividends to our cash flow together with a $63 million gain as described below.

During 2004, Norbord distributed its paper operations to shareholders as a newly formed public company, Fraser Papers Inc. and concurrently changed its name from Nexfor Inc. At the same time, Norbord paid a special dividend of C$1.00 per share.

We also monetized approximately half of our investment in Norbord during the year through the sale of 10 million Norbord common shares and the issuance of debentures exchangeable into a further 20 million Norbord common shares, all at a price of C$12.75 per share. Including the special dividend, we generated proceeds from this investment of approximately $300 million and a realized pre-tax gain of $63 million.

Norbord reported net income of $326 million ($2.21 per share) during 2004, which represents a substantial increase from the $126 million ($1.12 per share) earned during 2003 on a comparable basis. This increase was driven largely by a very strong pricing environment for panel products, particularly OSB, in addition to expanded capacity and operating efficiencies.

Norbord is traded on the Toronto Stock Exchange. Further information on Norbord is available through its web site at *www.norbord.com.*

Fraser Papers Inc.

We own approximately 13 million common shares of Fraser Papers, which we received on the distribution of this business from Norbord during the year. These shares represent a 42% equity interest in Fraser and have a book value of $204 million.

Fraser Papers produces a wide range of specialty paper products from its operations which are located principally in Maine and New Brunswick. The company also owns one million acres of timberlands and operates a further 1.3 million acres under provincial license.

Fraser Papers reported a net loss of $43 million during 2004, which represents a substantial improvement from the loss of $92 million incurred during 2003. The improved results were driven largely by the stabilization of the paper markets and the impact of cost reductions. Fraser Papers will continue to explore opportunities to improve its operating base. Although prices for the products produced by Fraser have been weak in recent months, the business is cyclical in nature and over the long term we expect substantially improved operating results.

Fraser Papers is traded on the Toronto Stock Exchange. Further information on Fraser Papers is available through its web site at *www. fraserpapers. com.*

Katahdin Paper Company, LLC

We own a 280,000 ton per year directory paper producer in East Millinocket, Maine and a 185,000 ton per year super-calender fine paper producer in Millinocket, Maine, which together operate under the name Katahdin Paper. These operations were acquired out of a third party bankruptcy in April 2003. The directory plant was restarted in 2003 and is currently generating positive cash flows. The supercalender plant was restarted in June 2004 and is expected to reach full production in the near future.

Banco Brascan, S.A.

We own 40% of Banco Brascan, which is a Brazilian investment bank based in Rio de Janeiro and São Paulo, Brazil. The balance of the company is owned 40% by Mellon Financial Group and 20% by management. Banco Brascan advises, lends to and provides asset management services to domestic and foreign companies in Brazil.

Privately Held

Privately held business service investments include a joint venture with the Accor Group of France which owns and manages the Accor Group hotel brands in Brazil, including Novotel, Sofitel, Ibis and Formula One, and a voucher services business in Brazil, which provides paper and electronic vouchers to corporations which utilize them in their compensation programs for employees and for the purchase of motor fuel and other purposes.

Publicly Listed

Publicly listed business service investments include controlling interests in NBS Technologies Inc. and MediSolution Ltd. NBS provides secure identification solutions, financial transaction services and operates a commerce gateway that facilitates electronic payment processing. MediSolution Ltd. develops and manages medical human resources management software and systems to the hospital industry, primarily in Canada.

Coal Lands

Brascan owns the coal rights under approximately 475,000 acres of freehold lands in central Alberta. These lands supply approximately 11% of Alberta's coal-fired power generation through the production of approximately 12 million tonnes of coal annually. Royalties from this production generate $4 million of operating cash flow and provide a stable source of income as they are free of crown royalties and require no holdings costs. In addition, we own a 3.5% net profit interest in 75 million tonnes of proven reserves, and 25 million tonnes of potential reserves of high quality metallurgical coal in British Columbia.

Northgate Exploration Limited

We held a 42% interest in Northgate Exploration Limited until its sale in November 2003. Northgate is a publicly traded mid-tier gold producer. This investment resulted from the successful restructuring of the Kemess gold mine in British Columbia. On completion of the financial and operational restructuring, we sold our interest in Northgate through a broad public distribution in the capital markets, recognizing a gain of $57 million which is included in Property and Disposition Gains.

Canary Wharf Group, plc

At the beginning of 2004, we owned approximately 96 million shares of Canary Wharf Group, plc which owns high quality commercial property interests in London, United Kingdom. Our initial shareholdings were purchased in 2003 following a precipitous decline in their trading value. Along with several institutional partners, we formed an investment group that made an offer to the existing shareholders of Canary Wharf Group, plc in 2004 to acquire a larger equity interest and operational control of the company. Although unsuccessful in our offer, we were able to increase our interest through subsequent purchases to 17% and, together with investment partners, a combined 34%. Following the conclusion of the takeover offer process, we transferred this investment to our real estate operations in accordance with our long term intentions with respect to these assets and their correlation with our core commercial real estate operations.

Structured Products and Capital Market Investments

We have developed a number of structured products directed towards both retail and institutional investors. In addition, we maintain portfolios of public securities such as high yield bonds, preferred shares and common equities. The capital invested in these activities at year end was $1.4 billion, with nearly $1.8 billion under management.

AS AT AND FOR THE YEARS ENDED DECEMBER 31 MILLIONS	Assets Under Management [1] **2004**	Book Value **2004**	 2003	Operating Cash Flow **2004**	 2003	 2002
Reinsurance portfolio	**$ 991**	**$ 991**	$ 288	**$ 32**	$ 23	$ 23
Brascan SoundVest Funds	**188**					
Titanium Asset Backed Trust	**167**					
Securities portfolios	**429**			**53**	72	61
High yield bonds		**122**	86			
Equity securities		**307**	187			
Total	**$ 1,775**	**$ 1,420**	$ 561	**$ 85**	$ 95	$ 84

1 Represents capital committed by Brascan and co-investors, including invested capital

Our reinsurance operations raised $100 million from institutional investors during 2004, reducing our ownership interest from 100% to 80%. The assets deployed in this business consist largely of fixed income securities, which increased during the year with the continued expansion of this business. We also launched two retail product offerings under the names of Brascan SoundVest Diversified Income Fund, a fund of income trusts, and Brascan SoundVest Total Return Fund, a diversified fund of income trusts, common shares and other equity securities. Investment advisory and portfolio management services are provided by SoundVest Capital Management Ltd., which is 50%-owned by Brascan. In 2003 we launched Titanium Trust, an asset backed trust which finances receivables and other assets acquired from our own operations, as well as from others. This trust issues short-term asset backed commercial paper and medium-term notes, and will over time assist in lowering our overall cost of capital.

We continued to actively invest in high yield bonds and other publicly traded securities. These activities, which utilize the knowledge and experience gained from our operating activities, rely on careful due diligence and a value based investment philosophy. The dramatic strengthening of the high yield markets provided us with exceptional returns during the previous two years.

From time to time, in our areas of industry expertise, we also take positions in securities which we believe to be under-valued which are included in our equity security portfolios.

Traditional Assets Under Management

While we have focussed principally on alternative assets under management, we have also established joint ventures and have invested relatively small amounts of capital with a number of traditional managers of equity and fixed income. Our infrastructure and position in the capital markets assists our partners to expand their businesses with confidence and these relationships provide us with additional perspective on the financial markets. In 2004, we formed Brascan Strategic Asset Management, a New York based investment manager specializing in fixed income products, which has grown rapidly.

Manager	% Ownership	Investment Type	Assets Under Management **2004**
			(MILLIONS)
Brascan Strategic Asset Management	100%	Equities/Fixed Income	**$ 1,500**
Highstreet Asset Management	35%	Equities/Fixed Income	**833**
Mavrix Fund Management	10%	Mutual Funds	**417**
SoundVest Capital Management	50%	Equities/Fixed Income	**458**
Total			**$ 3,208**

Office Properties Under Management

We currently manage $2.2 billion of commercial properties held by institutional investors that represent co-ownership interests in our core commercial property portfolio. The fees earned on these activities are included in property income. We are currently developing a core office property fund that will expand our real estate assets under management and associated fees and will enhance our return from future office property acquisitions.

Investment in Noranda
We own approximately 123 million shares, or 42% of Noranda Inc. Our investment had a book value of $1.4 billion and a stock market value of $2.2 billion at December 31, 2004.

AS AT AND FOR THE YEARS ENDED DECEMBER 31		*Book Value*		*Dividends Received*		
MILLIONS	*# of Shares*	***2004***	*2003*	***2004***	*2003*	*2002*
Noranda common shares	122.6	**$ 1,374**	$ 1,196	**$ 45**	$ 49	$ 48

Noranda is a base metals company with over $9 billion of assets. The major commodities produced are nickel, copper, zinc and aluminum, which experienced significant increases in demand and prices over the past year, and into 2005. As a result, Noranda continues to benefit from increased profit margins for most of its products and, accordingly, we expect the company to report strong operating earnings and cash flows during 2005.

The following table shows Noranda's segmented cash flow from operations and net income:

YEARS ENDED DECEMBER 31 (MILLIONS)	***2004***	*2003*
Cash flow from operations		
Copper	**$ 894**	$ 313
Nickel	**680**	323
Aluminum	**119**	59
Zinc	**72**	4
Unallocated costs	**(412)**	(122)
Cash flow from operations	**1,353**	577
Restructuring charges	**33**	(24)
Depreciation and other non-cash items	**(835)**	(530)
Net income	**$ 551**	$ 23

In response to improved metal prices and increases in the value of its businesses, Noranda's board of directors initiated a process whereby a special committee of its board was formed to review expressions of interest to purchase Noranda. Brascan has supported this process fully, while also considering other alternatives to maximize the value and liquidity of its 42% interest in Noranda.

Noranda is traded on both the New York and Toronto stock exchanges. Further information on Noranda is available through its web site at *www.noranda.com.*

Business Environment and Risks
Our financial results are impacted by the performance of each of our operations and various external factors influencing the specific sectors and geographic locations in which we operate; by macro-economic factors such as economic growth, changes in currency, inflation and interest rates; by regulatory requirements and initiatives; and by litigation and claims that arise in the normal course of business.

Our strategy is to invest in high quality long-life assets which generate sustainable streams of cash flow. While high quality assets may initially generate lower returns on capital, we believe that the sustainability and future growth of their cash flows is more assured over the long term, and as a result, warrant higher valuation levels. We also believe that the high quality of our asset base protects the company against future uncertainty and enables us to invest with confidence when opportunities arise.

The following is a review of the potential impact these different factors may have on our business operations. Additional information of the business environment and risks of each of our businesses can be obtained by reference to the Annual Information Forms of our reporting issuer subsidiaries and affiliates.

Commercial Properties
Our strategy is to invest in high-quality commercial properties as defined by the physical characteristics of the assets and, more importantly, the certainty of receiving rental payments from large corporate tenants which these properties attract. Nonetheless, Brascan remains exposed to certain risks inherent in the commercial property business.

Commercial property investments are generally subject to varying degrees of risk depending on the nature of the property. These risks include changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the markets in which we operate), the attractiveness of the properties to tenants, competition from other landlords with competitive space and our ability to provide adequate maintenance at an economical cost.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made regardless of whether or not a property is producing sufficient income to service these expenses. Our

commercial properties are subject to mortgages which require substantial debt service payments. If our property operations became unable or unwilling to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or of sale.

Our commercial properties generate a relatively stable source of income from contractual tenant rent payments. Continued growth of rental income is dependent on strong leasing markets to ensure expiring leases are renewed and new tenants are found promptly to fill vacancies.

While we believe the outlook for commercial office rents is positive in the longer term, 2005 may not provide the same level of increases in rental rates or renewals as compared to 2004. The company is, however, substantially protected against these short term market conditions, since most of our leases are long term in nature with an average term of 10 years. A protracted disruption in the economy, such as the onset of a severe recession, could place downward pressure on overall occupancy levels and net effective rents.

Our commercial property operations have insurance covering certain acts of terrorism for up to $500 million of damage and business interruption costs. We continue to seek additional coverage equal to the full replacement cost of our assets; however, until this type of coverage becomes commercially available on a reasonably economic basis, any damage or business interruption costs as a result of uninsured acts of terrorism could result in a material cost to the company.

Residential Properties

In our residential land development and home building operations, markets have been favourable over the past five years with strong demand for well located building lots, particularly in the United States. Our operations are concentrated in high growth areas which we believe have positive demographic and economic conditions.

Nonetheless, the residential home building and land development industry is cyclical and may be significantly affected by changes in general and local economic conditions such as consumer confidence, job stability, availability of financing for home buyers and higher interest rates due to their impact on home buyers' decisions. These conditions can affect the outlook of consumers and, in particular, the price and volume of home purchases. Furthermore, we are subject to risks related to the availability and cost of materials and labour, supply and cost of building lots, and adverse weather conditions that can cause delays in construction schedules and cost overruns.

Power Generating Operations

Our strategy is to own primarily hydroelectric generating facilities, which have operating costs significantly below that of most competing forms of generation. As a result, there is a high level of assurance that we will be able to deliver power on a profitable basis. In addition, we sell most of our generation pursuant to long term contracts that protect us from variations in future prices. Nonetheless, we are subject to certain risks, the most significant of which are hydrology and price.

The revenues generated by our power facilities are proportional to the amount of electricity generated, which is dependent upon available water flows. Although annual deviations from long term average water flows can be significant, we strive to mitigate this risk by increasing the geographic diversification of our facilities which assists in balancing the impact of generation fluctuations in any one geographic region.

Demand for electricity varies with economic activity. Accordingly, an economic slow down could have an adverse impact on prices. In addition, oversupply in our markets may result from excess generating capacity. Pricing risk is mitigated through fixed-price contracts, forward sales of electricity, and the regulated revenues we earn from our transmission and distribution business. Continued growth in pricing is dependent on favourable economic and supply conditions and the renewal of contracts on favourable terms.

Our power operations are typically financed with long term debt. A prolonged decline in operating income due to unusually poor hydrology or extremely low pricing could impact our ability to meet our obligations to mortgagees and could result in losses as a result of the mortgagee's right of foreclosure or sale.

The operation of hydroelectric generating facilities and associated sales of electricity are regulated to varying degrees in most regions. Changes in regulation can affect the quantity of generation and the manner in which we produce it, which could impact revenues.

Funds Management Operations

Our funds management operations are focussed on the ownership and management of investments, the majority of which are debt and similar obligations that are supported by underlying tangible assets and cash flows. The principal risks in this business are potential loss of invested capital as well as insufficient investment or fee income to cover operating expenses and cost of capital.

Unfavourable economic conditions could have a significant impact on our investees, which could negatively impact their ability to satisfy their obligations to us on a timely basis. This could reduce the value and liquidity of our investments and the level of investment income. Since most of our investments are in our areas of expertise and given that we strive to maintain adequate supplemental liquidity at all times, we are well positioned to assume ownership of and operate most of the assets and businesses that we finance. Furthermore, if this situation does arise, we typically acquire the assets at a discount to the underwritten value, which protects us from loss.

Conversely, overly favourable economic conditions may limit the number of attractive investment opportunities and thereby restrict our ability to increase assets under management and the related income streams. We mitigate this risk by exercising patience and by maintaining a relatively low level of administrative overhead.

We finance many of our funds management investments with debt capital, typically on a matched basis reflecting maturity and interest rate profiles. Nonetheless, a contraction of available credit could result in an increase in financing costs which would impact our profitability or cause us to dispose of assets sooner than otherwise planned and thereby reduce returns or result in a loss of capital. This risk is mitigated through the structuring of our financing arrangements and by maintaining adequate liquidity to refinance obligations if necessary.

Our ability to successfully expand our funds management business is dependent on our reputation with our current and potential investment partners. We believe that our track record and recent investments, as well as adherence to operating policies that emphasize a constructive management culture, will enable us to continue to develop productive relationships with institutional investors.

Investment in Noranda

Our investment in Noranda, a global mining and metals business, is cyclical in nature. Its products are primarily sold in the United States, Europe and Asia. As a result, fluctuations in the level of economic activity in these markets influence the demand for and prices of the resource products produced by Noranda.

With the increase in commodity prices over the past eighteen months, our share of the earnings of this investment improved substantially during 2004 and we expect continued strong performance in 2005 based on current prices.

Execution of Strategy

Our strategy for building shareholder value is to develop or acquire high quality assets and businesses that generate sustainable and increasing cash flows, with the objective of achieving higher returns on capital invested over the long term.

We endeavour to maintain an appropriate level of liquidity in order to invest on a value basis when attractive opportunities arise. Our approach to business entails adding assets to our existing businesses when the competition for assets is lowest, either due to depressed economic conditions or when concerns exist relating to a particular industry. However, there is no certainty that we will be able to acquire or develop additional high quality assets at attractive prices to supplement our growth.

The successful execution of a value investment strategy requires careful timing and business judgment, as well as the resources to complete asset purchases and restructure them as required, notwithstanding difficulties being experienced in a particular industry. Our diversified business base, liquidity and the sustainability of our cash flows provide important elements of strength in executing this strategy.

The conduct of our business and the execution of our growth strategy rely heavily on teamwork. We believe that co-operation among our operations and our team-oriented management structure are essential to responding promptly to opportunities and challenges as they arise. There is, however, also no certainty that the appointment of new senior executives will always be successfully executed.

DIRECTORS AND OFFICERS

The Corporation's directors are elected annually and hold office until the next annual meeting of shareholders of the Corporation or until a successor is elected or appointed. In April 2004, the Corporation's shareholders approved a reduction in the size of the board from 18 to 16 directors and a further reduction to 14 directors is proposed for consideration at the shareholder meeting to be held on April 29, 2005. Particulars relating to each of the 14 directors nominated for election at this meeting are contained in the Corporation's Management Information Circular dated March 18, 2005 at pages 5 to 8, which are incorporated herein by reference.

As at March 28, 2005, the directors and executive officers of the Corporation together beneficially owned, directly or indirectly, or exercised control or direction over 19,429,285 Class A Limited Voting Shares, representing approximately 7.5% of the Corporation's issued and outstanding Class A Limited Voting Shares. None of the Corporation's directors or executive officers own any of the Corporation's Class B Limited Voting Shares.

Officers of the Company

The names of the officers of the Corporation, their location of residence and their current offices are shown in the following table:

Robert J. Harding, FCA Ontario, Canada	Chairman of the Board
Jack L. Cockwell Ontario, Canada	Group Chairman
J. Bruce Flatt Ontario, Canada	President and Chief Executive Officer
George E. Myhal Ontario, Canada	Chief Operating Officer and Chairman, Brascan Asset Management
Brian D. Lawson Ontario, Canada	Chief Financial Officer
Jeffrey M. Blidner Ontario, Canada	Managing Partner and Chairman, Brascan Investments
Samuel J.B. Pollock Ontario, Canada	Managing Partner and President, Brascan Investments
Bruce K. Robertson Ontario, Canada	Managing Partner and President, Brascan Asset Management
Bryan K. Davis Ontario, Canada	Senior Vice-President, Finance
Alan V. Dean Ontario, Canada	Senior Vice-President, Corporate Affairs and Secretary
Joseph S. Freedman Ontario, Canada	Senior Vice-President and General Counsel
Frank N.C. Lochan Ontario, Canada	Executive Vice-President, Taxation
Kelly J. Marshall Ontario, Canada	Senior Vice-President, Corporate Finance
Lori A. Pearson Ontario, Canada	Senior Vice-President, Human Resources
Rui M. Senos Ontario, Canada	Senior Vice-President, Internal Audit
Jack Sidhu Ontario, Canada	Senior Vice-President, Treasury
Katherine C. Vyse Ontario, Canada	Senior Vice-President, Investor Relations and Communications
Stephen A. Adams Ontario, Canada	Vice-President, Technology
Lisa W. Chu Ontario, Canada	Vice-President, Business Systems
Aleks Novakovic Ontario, Canada	Vice-President, Taxation
Sachin G. Shah Ontario, Canada	Vice-President, Finance and Treasury
Ian C. Turnbull	Vice-President, Information Systems

Ontario, Canada

Linda T. Northwood Ontario, Canada	Director, Investor Relations

For those officers of the Corporation appointed to their current positions within the last five years, their prior positions during this period were as follows. Prior to February 2002, Mr. Cockwell was President and Chief Executive Officer of the Corporation. Prior to February 2002, Mr. Flatt was President and Chief Executive Officer of Brookfield Properties. Prior to April 2003, Mr. Myhal was and continues to be President and Chief Executive Officer of Brascan Financial. Prior to February 2002, Mr. Lawson held various executive positions in Brascan Financial. Prior to April 2004, Mr. Lochan was Managing Partner, Commercial Financing of Brascan Financial.

Prior to April 2003, Mr. Davis was Vice-President and Chief Financial Officer of Brascan Financial. Prior to April 2003, Mr. Freedman held various positions with Brascan Financial, and prior to May 2002 he was Chief Financial Officer for Cleanpulse Corp. Prior to February 2004, Mr. Marshall held various positions with Brascan Financial, and prior to July 2001 he was Managing Director at Fortress Investment Corporation. Prior to August 2003, Ms. Pearson held various positions with Ernst & Young, LLP in human resources and its audit practice. Prior to November 2002, Mr. Senos was Vice-President, Corporate Audit Services of Brascan Financial. Prior to February 2002, Mr. Sidhu held various positions with Brascan Financial. Prior to August 2000, Ms. Vyse was Vice-President, Investor Relations and Communications of Brookfield Properties.

Prior to May 2003, Mr. Adams was Chief Technology Officer of Centract Residential Property Services. Prior to February 2004, Ms. Chu was Controller of the Corporation. Prior to February 2004, Mr. Novakovic was Manager of Taxation of Royal Bank of Canada. Prior to April 2003, Mr. Shah was a member of the accounting staff of Brascan Power, and prior to June 2002 he was employed by Ernst & Young, LLP. Prior to February 2002, Prior to March 2004, Mr. Turnbull was Vice-President of Business Systems of Brookfield Properties. Prior to August 2003, Ms. Northwood was Director of Investor Relations and Corporate Secretary for Brookfield Properties.

The Corporation has confirmed that none of its directors or senior officers has within the last ten years been a director or executive officer of any company that was subject to a cease-trade order or became bankrupt or insolvent. The Corporation has also confirmed that there are not any existing or potential conflicts of interest between the Corporation and any of its directors or officers.

MARKET FOR SECURITIES

The Corporation's publicly traded securities are listed on the following exchanges under the symbols shown below:

Security	Symbol	Stock Exchange
Class A Limited Voting Shares	**BNN**	New York
	BNN.LV.A	Toronto
Class A Preference Shares		
Series 2	**BNN.PR.B**	Toronto
Series 3	**BNN.PR.F**	Canadian Venture
Series 4	**BNN.PR.C**	Toronto
Series 8	**BNN.PR.E**	Toronto
Series 9	**BNN.PR.G**	Toronto
Series 10	**BNN.PR.H**	Toronto
Series 11	**BNN.PR.I**	Toronto
Series 12	**BNN.PR.J**	Toronto
Series 13	**BNN.PR.K**	Toronto
Series 14	**BNN.PR.L**	Toronto
Preferred Securities		
8.35% due 2050	**BNN.PR.S**	Toronto
8.30% due 2051	**BNN.PR.T**	Toronto

Information on the trading price and volume for each class of the Corporation's publicly traded securities for each month of the calendar year ended December 31, 2004 is contained in Appendix A to this Annual Information Form.

RATINGS

We endeavour to arrange our affairs to maintain investment grade ratings and to improve them further over time. The credit ratings for the Corporation as at the date of this Annual Information Form were as follows:

	DBRS	*S&P*	*Moody's*
Commercial paper	R-1(low)	A-1(low)	—
Term debt	A(low)	A–	Baa3
Preferred shares	Pfd-2(low)	P2(mid)	—

We also endeavour to ensure that our principal operations maintain investment grade ratings in order to provide continuous access to a wide range of financings and to enhance borrowing flexibility, a low cost of capital and access to various forms of financing unavailable to non-investment grade borrowers.

DIVIDENDS AND DIVIDEND POLICY

The declaration and payment of dividends on the Corporation's Class A and Class B Limited Voting Shares are at the discretion of the Corporation's board of directors. Dividends on the Class A and Class B Limited Voting Shares are paid quarterly, normally at the end of February, May, August and November of each year. The board of directors supports a stable and consistent common share dividend policy, and will consider increasing dividends from time to time at a rate based on a portion of the growth rate in cash flow from operations per share.

In February 2004, the Corporation announced an increase on the quarterly dividend paid on its Class A and Class B Limited Voting Shares from C$0.26 to C$0.27, commencing with the dividend paid on May 31, 2004.

On April 29, 2004, the Corporation's Board of Directors decided to change the declaration currency for the dividend payable on the Class A and Class B Limited Voting Shares from Canadian to US funds, commencing with the dividend paid on August 31, 2004 of US$0.14 per share. Registered Canadian shareholders receive their dividends in Canadian funds, unless they elect otherwise. This declared dividend was pro-rated to reflect the three-for-two stock split implemented by way of a stock dividend paid on June 1, 2004.

On February 11, 2005, the Corporation announced a further increase in the quarterly dividend paid on its Class A and Class B Limited Voting Shares from US$0.14 per share to US$0.15 per share, commencing with the dividend payable of May 31, 2005.

Dividends on the Corporation's Class A Preference Shares, Series 2, 4, 5, 7,10,11,12 and 13 are paid quarterly, normally at the end of March, June, September and December of each year. Dividends on the Corporation's Class A Preference Shares, Series 9 are paid quarterly, normally at the beginning of February, May, August and November. Dividends on the Corporation's Class A Preference Shares, Series 3, 8 and 14 are paid monthly.

The Corporation has a Dividend Reinvestment Plan which enables registered holders of Class A Limited Voting Shares who are resident in Canada to receive their dividends in the form of newly issued Class A Limited Voting Shares. The price of the new shares is equal to the weighted average price at which board lots of Class A Limited Voting Shares have traded on the Toronto Stock Exchange during the five trading days immediately preceding the relevant dividend payment date. Our Dividend Reinvestment Plan allows current shareholders of the Corporation who are resident in Canada to increase their investment in the Corporation free of commissions.

The Corporation also pays interest quarterly on two series of unsecured junior subordinated debentures ("Preferred Securities") which are traded publicly: the 8.35% Preferred Securities due December 31, 2050, which were issued in December 2001; and the 8.30% Preferred Securities due June 30, 2051, which were issued in April 2002.

The following table summarizes the dividends paid per share and the interest paid per preferred security for the three years ended December 31, 2004, all expressed in United States dollars, on each class and series of securities of the Corporation that were outstanding at that date:

	2004	2003	2002
Per Class A and Class B Limited Voting Share *1*	**$ 0.55**	$ 0.49	$ 0.43
Per Class A Preference Share			
Series 1 *2*	**$ 0.30**	$ 0.54	$ 0.43
Series 2	**0.54**	0.59	0.46
Series 3	**1,774.04**	2,112.47	1,579.32
Series 4 + 7	**0.54**	0.59	0.46
Series 8	**0.56**	0.81	0.65
Series 9	**1.08**	1.01	0.90
Series 10	**1.11**	1.03	0.92
Series 11 *3*	**1.06**	0.98	0.54
Series 12 *4*	**1.04**	0.83	—
Preferred Securities			
Due 2050	**$ 1.61**	$ 1.49	$ 1.37
Due 2051	**1.60**	1.48	0.92

1 Dividend amounts per Class A Limited Voting share have been adjusted retroactively to show the impact of the three-for-two share split on June 1, 2004.

2 The Corporation's Class A Series 1 Preference Shares were redeemed on July 30, 2004.

3 The Series 11 Preference Shares paid their initial dividend on September 30, 2002.

4 The Series 12 Preference Shares paid their initial dividend of C$0.1479 on March 31, 2003.

The Corporation's Preference Shares, Series 13, 14, 15 and 16 were issued on December 31, 2004 in conjunction with the amalgamation of the Corporation with Brascan Financial. The first dividends on these series of shares were paid in 2005.

Information relating to the dividends and dividend policies of the Corporation's publicly traded subsidiaries can be found in their individual Annual Information Forms.

DESCRIPTION OF CAPITAL STRUCTURE

The following is a summary of the principal features of the Corporation's share capital. Reference should be made to the articles of the Corporation for a complete description of all terms and conditions of our share capital.

The Corporation's authorized share capital consists of:

- an unlimited number of preference shares designated as Class A Preference Shares, issuable in series:
- the first series, which consists of 23,391 Class A Preference Shares, Series 1, none of which are currently issued and outstanding;
- the second series, which consists of 10,465,100 Class A Preference Shares, Series 2;
- the third series, which consists of 2,000 Class A Preference Shares, Series 3;
- the fourth series, which consists of 4,000,000 Class A Preference Shares, Series 4;
- the fifth series, which consists of 2,600,000 Class A Preference Shares, Series 5;
- the sixth series, which consists of 111,633 Class A Preference Shares, Series 6, none of which are currently issued and outstanding;
- the seventh series, which consists of 4,000,000 Class A Preference Shares, Series 7;
- the eighth series, which consists of 8,000,000 Class A Preference Shares, Series 8;
- the ninth series, which consists of 8,000,000 Class A Preference Shares, Series 9;
- the tenth series, which consists of 10,000,000 Class A Preference Shares, Series 10;
- the eleventh series, which consists of 31,500,000 Class A Preference Shares, Series 11;
- the twelfth series, which consists of 8,000,000 Class A Preference Shares, Series 12;
- the thirteenth series, which consists of 9,999,000 Class A Preference Shares, Series 13;

- the fourteenth series, which consists of 665,000 Class A Preference Shares, Series 14;
- the fifteenth series, which consists of 4,000,000 Class A Preference Shares, Series 15;
- the sixteenth series, which consists of 7,810,200 Class A Preference Shares, Series 16;
- an unlimited number of preference shares designated as Class AA Preference Shares, issuable in series, of which no series have been created or issued;
- an unlimited number of Class A Limited Voting Shares; and
- 85,120 Class B Limited Voting Shares.

As at February 28, 2005 the following shares of the Corporation were issued and outstanding: nil Class A Preference Shares, Series 1; 10,465,100 Class A Preference Shares, Series 2; 2,000 Class A Preference Shares, Series 3; 4,000,000 Class A Preference Shares, Series 4; 2,600,000 Class A Preference Shares, Series 5; nil Class A Preference Shares, Series 6; 4,000,000 Class A Preference Shares, Series 7; 1,049,792 Class A Preference Shares, Series 8; 6,950,208 Class A Preference Shares, Series 9; 10,000,000 Class A Preference Shares, Series 10; 4,032,401 Class A Preference Shares, Series 11; 7,000,000 Class A Preference Shares, Series 12; 9,999,000 Class A Preference Shares, Series 13; 665,000 Class A Preference Shares, Series 14; 4,000,000 Class A Preference Shares, Series 15; 7,810,200 Class A Preference Shares, Series 16; nil Class AA Preference Shares; 259,039,456 Class A Limited Voting Shares; and 85,120 Class B Limited Voting Shares.

Summary information on the terms and conditions attached to or affecting each Class of the Corporation's authorized securities is contained in Appendix B to this Annual Information Form.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar of the Corporation is CIBC Mellon Trust Company at its principal office in Toronto, Ontario.

MATERIAL CONTRACTS

The following are the only material contracts, other than contracts entered into in the ordinary course of business, which have been entered into by the Corporation or any of its subsidiaries or their predecessors within the most recently completed financial year, or were entered into before the most recently completed financial year and are still in effect, or which are proposed to be entered into:

- The agreement relating to the acquisition by Brascan Power of 72 power generating stations in New York State from Reliant Energy Inc. for $900 million, referred to in this Annual Information Form under "Development of the Business — Power Operations";
- The agreement relating to the acquisition of Weyerhaeuser Company's British Columbia coastal business for approximately C$1.2 billion plus working capital referred to in this Annual Information Form under "Development of the Business — Funds Management Operations;
- The lock-up agreement relating to the combination of Noranda and Falconbridge, referred to in this Annual Information Form under "Development of the Business — Investments"; and
- The Trust Agreement referred to under "Principal Shareholder" in the Corporation's Management Information Circular, dated March 18, 2005.

Copies of these agreement have been filed on SEDAR as material contracts and are available at *www.sedar.com.*

INTERESTS OF EXPERTS

The auditors of the Corporation are Deloitte & Touche LLP in Toronto, Ontario. The partners and staff of Deloitte & Touche LLP beneficially own, directly and indirectly, less than 1% of the securities of the Corporation or its associates or affiliates.

AUDIT COMMITTEE INFORMATION

Responsibilities of the Audit Committee
The Corporation's board of directors has established an Audit Committee with the responsibility for monitoring the Corporation's systems and procedures for financial reporting, risk management and internal controls, for reviewing all public disclosure documents containing financial information, and for monitoring the performance of the Corporation's external and internal auditors. The responsibilities of the Audit Committee are set out in a written charter, which is reviewed and approved annually by the board of directors. The current Charter of the Audit Committee was approved by the board on February 11, 2005 and is set out in full in Appendix C to this Annual information Form.

Composition of the Audit Committee
As at March 31, 2005, the Audit Committee was comprised of the following four directors: Dr. Jack M. Mintz, who is the Committee's chairman, James K. Gray, Philip B. Lind and George S. Taylor, all of whom are independent directors. The Corporation's board of directors has determined that Mr. Taylor qualifies as an "audit committee financial expert". Mr. Taylor is a Certified Management Accountant (CMA) and has extensive financial and senior management experience with a public company as an executive of John Labatt Limited from 1977 to 1995. Mr. Taylor currently chairs the audit committees of a number of public companies and non-profit organizations.

Principal Accountant Fees and Services
Deloitte and Touche LLP, the member firms of Deloitte Touche Tohmatsu and their respective affiliates (collectively "Deloitte & Touche") are the principal external auditors of the Corporation and its consolidated reporting issue subsidiaries. The following table provides information about the aggregate fees billed to the Corporation and its consolidated subsidiaries for professional services rendered by Deloitte & Touche LLP during 2004 and 2003:

YEARS ENDED DECEMBER 31 (MILLIONS)	***2004***	*2003*
Audit Fees	**$ 3.9**	$ 3.8
Audit-Related Fees	**2.1**	1.0
Tax Fees	**0.5**	0.8
All Other Fees	**0.3**	0.2
Total	**$ 6.8**	$ 5.8

All Canadian dollar amounts included in the above totals have been converted to United States dollars at the exchange rate of US$1.00 to C$1.20, which was the noon rate quoted by the Bank of Canada on December 31, 2004.

Audit Fees. Audit fees include fees for services that would normally be provided by the external auditor in connection with statutory and regulatory filings or engagements, including fees for services necessary to perform an audit or review in accordance with generally accepted auditing standards. This category also includes services that generally only the external auditor reasonably can provide, including comfort letters, statutory audits, attest services, consents and assistance with and review of certain documents filed with securities regulatory authorities.

Audit-Related Fees. Audit-related fees are for assurance and related services, such as due diligence services, that traditionally are performed by the external auditor. More specifically, these services include, among others: assistance in preparing for the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, employee benefit plan audits, due diligence related to mergers and acquisitions, accounting consultations and audits in connection with acquisitions, attest services that are not required by statute or regulation, and consultation concerning financial accounting and reporting standards.

Tax Fees. Tax fees are principally for assistance in tax return preparation and tax advisory services.

All Other Fees. All other fees include fees for translation, litigation and advisory support services.

Pre-Approval Policies and Procedures
The Audit Committee of the Corporation's board of directors has adopted a policy regarding the provision of services by its external auditors, currently Deloitte & Touche. This policy requires audit committee pre-approval of all permitted audit, audit-related and non-audit services. It also specifies a number of services that may not be provided by the Corporation's external auditors, including all services prohibited by law from being provided by the external auditors.

Under the policy, all permitted services to be provided by Deloitte & Touche must be pre-approved by the Audit Committee or a designated member of the Audit Committee. Any pre-approval granted by a designated member must be reported to the Audit

Committee at its next scheduled meeting. The pre-approval of services may be given at any time up to a year before commencement of the specified service.

The audit committee may delegate its pre-approval authority and responsibility to the audit committee of any consolidated subsidiary of the registrant in respect of services to be provided to such subsidiary, provided that such subsidiary's audit committee members are independent from the registrant and its management, such subsidiary adopts pre-approval policies and procedures that are substantially similar to those of the registrant, and such subsidiary's audit committee makes certain reports to the registrant's audit committee.

Subject to the policy, the audit committee may establish fee thresholds for a group of pre-approved services, provided that such fees will, when combined with all such fees that have not been specifically approved by the audit committee, aggregate less than 25% of the anticipated audit fees for the registrant and its subsidiaries for the same year. In such cases, the description of services must be sufficiently detailed as to the particular services to be provided to ensure that (i) the audit committee knows precisely what services it is being asked to pre-approve and (ii) the audit committee's responsibilities are not delegated to management. All such services will be ratified at the next scheduled meeting of the audit committee, and upon such ratification will no longer be included in determining the aggregate fees covered by this limited approval.

Of the fees reported in this Annual Information Form under the heading "Principal Accountant Fees and Services", none of the fees billed by Deloitte & Touche LLP were approved by the Audit Committee of the board of directors of the Corporation pursuant to the *de minimis* exception provided by Section (c)(7)(i)(C) of Rule 2-01 of Regulation S-X.

ADDITIONAL INFORMATION

Additional information relating to the Corporation, including information as to directors' and executive officers' remuneration and indebtedness, the principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, is set out in the corporation's Management Information Circular, dated March 18, 2005.

Additional financial information on the Corporation is provided in its Financial Statements and in Management's Discussion and Analysis for the most recently completed financial year. Additional information on the Corporation may also be found on SEDAR at *www.sedar.com.*

We will provide to any person, upon request to the Secretary of the Corporation:

(a) if the securities of the Corporation are in the course of a distribution pursuant to a short form prospectus, or if a preliminary short form prospectus is filed in respect of a distribution of the Corporation's securities,

  (i) a copy of this Annual Information Form, together with a copy of any document or pertinent pages of any document incorporated by reference in this Annual Information Form;

  (ii) a copy of the audited financial statements of the Corporation for its most recently completed financial year together with the accompanying report of the auditor;

  (iii) a copy of the interim financial statements of the Corporation subsequent to the financial statements for its most recently completed financial year;

  (iv) a copy of the Management Information Circular of the Corporation in respect of its most recent annual meeting of shareholders; and

  (v) a copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus; or

(b) at any other time, a copy of any documents referred to in (a)(i), (ii), (iii) or (iv) above, providing that the Corporation may require the payment of a reasonable charge if the request is made by a person who is not a security holder of the Corporation.

APPENDIX A

TRADING INFORMATION FOR THE CORPORATION'S PUBLICLY-LISTED SECURITIES

The following sets out trading information for 2004 for the Corporation's publicly traded securities, all of which are listed on the Toronto Stock Exchange, except as noted.

Class A Limited Voting Shares (BNN.LV.A)

The Corporation's Class A Limited Voting Shares traded on the Toronto Stock Exchange under the symbol BNN.A prior to December 2004. These shares are also listed on the New York Stock Exchange under the symbol BNN.

Trading Summary for: *BNN.LV.A*

Date	Open	High	Low	Close	# of Trades	Volume Traded	Value Traded
2004/12	42.610	44.000	40.250	43.150	14,614	9,799,967	419,327,529.300

Trading Summary for: *BNN.LV.A*

Date	Open	High	Low	Close	# of Trades	Volume Traded	Value Traded
2004/11	43.510	47.330	41.020	45.600	13,902	8,144,377	357,616,602.760
2004/10	38.350	44.260	38.100	43.380	15,406	11,282,115	468,266,811.820
2004/09	36.850	39.900	36.780	38.130	14,146	9,786,020	377,107,498.810
2004/08	37.010	38.250	34.600	37.250	12,920	6,927,797	252,847,292.930
2004/07	37.880	39.000	35.500	36.510	11,822	7,107,347	264,664,856.900
2004/06	35.060	38.690	33.550	37.420	17,759	11,042,644	397,193,078.260
2004/05	46.900	51.420	34.000	35.950	10,545	7,935,285	347,993,175.930
2004/04	52.500	52.790	43.000	46.500	13,123	6,944,832	335,403,393.530
2004/03	50.480	53.200	48.280	52.300	14,143	9,439,126	470,935,209.680
2004/02	42.260	50.170	42.250	49.950	11,091	5,985,804	274,863,446.540
2004/01	39.920	43.500	39.700	42.370	9,976	10,095,705	422,742,584.960

Class A Preference Shares, Series 2 (BNN.PR.B)

Date	Open	High	Low	Close	# of Trades	Volume Traded	Value Traded
2004/12	23.650	23.730	22.500	23.150	232	101,802	2,369,910.850
2004/11	23.200	23.850	22.850	23.150	302	723,500	16,821,415.100
2004/10	23.990	24.000	23.200	23.200	237	1,091,905	25,655,155.800
2004/09	23.230	24.000	22.850	23.990	240	339,330	7,823,452.200
2004/08	23.250	23.250	22.360	23.050	260	439,669	10,147,619.550
2004/07	23.350	23.450	23.000	23.150	211	299,616	6,960,927.530
2004/06	23.400	23.500	23.050	23.350	236	192,995	4,513,024.850
2004/05	23.600	23.600	22.750	23.400	318	560,170	13,111,783.670
2004/04	23.500	23.900	23.010	23.340	239	436,948	10,284,804.500
2004/03	23.200	24.000	22.900	23.520	253	923,729	22,640,808.400
2004/02	23.150	23.250	22.900	23.100	227	220,007	5,087,837.450
2004/01	23.300	23.300	22.250	23.050	190	621,596	14,326,429.100

Class A Preference Shares, Series 3 (BNN.PR.F)
These shares are listed on the TSX Venture Exchange.

Date	Open	High	Low	Close	# of Trades	Volume Traded	Value Traded
2004/12	23.300	24.250	23.000	23.650	193	103,652	2,424,853.540
2004/11	23.450	24.000	22.920	23.250	205	156,979	3,677,220.940
2004/10	24.100	24.100	23.400	23.500	156	536,629	12,882,751.520
2004/09	23.100	24.200	22.900	24.100	165	253,124	5,852,796.590
2004/08	23.250	23.500	22.640	23.100	148	250,715	5,821,441.330
2004/07	23.200	23.500	23.000	23.350	147	39,201	909,153.420
2004/06	23.350	23.500	23.110	23.350	192	57,030	1,332,739.110
2004/05	23.600	23.610	22.500	23.400	271	235,499	5,484,674.830
2004/04	23.500	25.000	23.000	23.500	167	123,217	2,904,227.210
2004/03	23.240	23.550	22.650	23.500	217	200,101	4,651,189.200
2004/02	23.200	23.250	22.900	23.250	187	289,172	6,744,934.710
2004/01	23.200	23.250	23.000	23.150	214	211,035	4,866,933.590

Class A Preference Shares, Series 4 (BNN.PR.C)

Date	Open	High	Low	Close	# of Trades	Volume Traded	Value Traded
2004/12	23.300	24.250	23.000	23.650	193	103,652	2,424,853.540
2004/11	23.450	24.000	22.920	23.250	205	156,979	3,677,220.940
2004/10	24.100	24.100	23.400	23.500	156	536,629	12,882,751.520
2004/09	23.100	24.200	22.900	24.100	165	253,124	5,852,796.590
2004/08	23.250	23.500	22.640	23.100	148	250,715	5,821,441.330
2004/07	23.200	23.500	23.000	23.350	147	39,201	909,153.420
2004/06	23.350	23.500	23.110	23.350	192	57,030	1,332,739.110
2004/05	23.600	23.610	22.500	23.400	271	235,499	5,484,674.830
2004/04	23.500	25.000	23.000	23.500	167	123,217	2,904,227.210
2004/03	23.240	23.550	22.650	23.500	217	200,101	4,651,189.200
2004/02	23.200	23.250	22.900	23.250	187	289,172	6,744,934.710
2004/01	23.200	23.250	23.000	23.150	214	211,035	4,866,933.590

Class A Preference Shares, Series 8 (BNN.PR.E)

Date	Open	High	Low	Close	# of Trades	Volume Traded	Value Traded
2004/12	24.150	24.500	24.050	24.400	15	9,150	222,078.500
2004/11	24.150	24.500	24.050	24.160	21	11,335	273,541.250
2004/10	24.500	25.400	24.000	24.210	17	6,790	166,968.500
2004/09	25.500	25.500	24.850	24.950	16	5,125	127,933.750
2004/08	25.250	25.900	24.900	25.500	17	8,950	225,558.500
2004/07	25.100	25.700	24.950	25.250	17	9,400	236,272.000
2004/06	25.350	26.000	25.000	25.000	62	136,555	3,445,354.750
2004/05	25.650	25.650	24.800	25.400	42	13,833	347,044.200
2004/04	25.000	25.700	25.000	25.500	36	159,684	4,030,776.800
2004/03	25.500	25.550	24.850	24.850	43	29,575	742,232.500
2004/02	25.450	25.850	25.200	25.500	34	32,979	835,275.700
2004/01	25.850	25.850	25.100	25.500	19	114,913	2,885,648.500

Class A Preference Shares, Series 9 (BNN.PR.G)

Date	Open	High	Low	Close	# of Trades	Volume Traded	Value Traded
2004/12	26.500	26.980	26.260	26.500	66	21.830	579,025.450
2004/11	26.650	27.450	26.110	27.000	98	107.970	2,934,489.200
2004/10	26.390	26.650	25.360	26.250	85	177.383	4,577,391.980
2004/09	26.110	26.610	26.100	26.100	44	18.310	480,608.350
2004/08	26.050	26.640	26.000	26.350	60	34.460	903,602.600
2004/07	26.250	27.000	26.010	26.060	27	11.313	298,575.000
2004/06	25.950	26.400	25.650	26.040	68	37.355	969,246.250
2004/05	26.200	26.500	25.000	25.850	86	246.835	6,350,463.250
2004/04	26.520	26.700	25.600	26.100	51	32.151	841,212.600
2004/03	26.600	26.990	26.500	26.650	59	60.000	1,597,517.000
2004/02	26.950	26.950	26.350	26.600	44	94.840	2,511,084.000
2004/01	26.800	27.930	26.310	26.950	53	17.918	482,496.100

Class A Preference Shares, Series 10 (BNN.PR.H)

Date	Open	High	Low	Close	# of Trades	Volume Traded	Value Traded
2004/12	28.200	28.800	28.050	28.690	177	497,171	14,259,888.390
2004/11	27.850	28.380	27.600	28.200	256	825,388	23,123,885.280
2004/10	27.900	28.150	27.520	27.980	230	366,183	10,183,106.880
2004/09	28.120	28.330	27.530	27.850	328	888,898	25,011,967.990
2004/08	28.200	28.740	27.650	28.150	369	646,853	18,139,365.610
2004/07	26.850	28.290	26.800	27.950	236	661,116	17,871,104.670
2004/06	27.250	27.250	26.620	26.900	190	197,829	5,324,054.990
2004/05	27.000	27.250	25.870	27.250	331	176,400	4,696,557.660
2004/04	28.150	28.150	26.010	27.100	413	325,622	8,809,870.400
2004/03	27.940	28.500	27.750	28.030	307	382,095	10,812,539.620
2004/02	28.000	28.490	27.790	28.000	194	270,659	7,581,000.300
2004/01	27.500	28.400	27.250	28.400	193	74,210	2,057,945.080

Class A Preference Shares, Series 11 (BNN.PR.I)

Date	Open	High	Low	Close	# of Trades	Volume Traded	Value Traded
2004/12	27.800	28.600	27.400	27.400	88	328,267	9,282,144.360
2004/11	27.580	27.900	27.000	27.800	95	434,304	12,028,596.230
2004/10	27.000	27.800	26.910	27.100	88	51,838	1,416,961.680
2004/09	27.300	27.800	26.620	27.100	97	39,887	1,085,198.630
2004/08	26.850	27.740	26.510	27.500	229	249,408	6,783,337.330
2004/07	26.400	27.390	26.250	27.000	97	47,187	1,264,934.040
2004/06	26.150	26.600	25.900	26.450	142	158,341	4,180,681.280
2004/05	26.500	26.800	26.000	26.250	180	237,151	6,287,556.550
2004/04	27.950	28.300	26.150	26.750	181	164,848	4,471,633.600
2004/03	27.650	28.350	27.350	27.950	182	230,550	6,429,289.010
2004/02	27.490	28.350	27.050	27.400	191	740,562	20,423,518.300
2004/01	26.500	27.740	26.400	27.000	86	129,842	3,465,875.900

Class A Preference Shares, Series 12 (BNN.PR.J)

Date	Open	High	Low	Close	# of Trades	Volume Traded	Value Traded
2004/12	27.250	28.000	27.080	27.800	232	88,040	2,420,681.200
2004/11	26.600	27.500	26.300	27.250	324	126,711	3,423,481.080
2004/10	26.020	27.000	26.020	26.450	269	211,560	5,624,214.000
2004/09	26.600	27.000	26.140	26.300	308	110,919	2,940,589.850
2004/08	26.400	27.000	26.310	26.400	235	96,610	2,573,793.950
2004/07	25.380	27.200	25.270	26.400	268	99,259	2,598,339.100
2004/06	25.900	26.000	25.080	25.440	306	128,925	3,282,852.750
2004/05	24.800	26.890	24.600	26.000	415	348,710	8,787,004.780
2004/04	27.500	27.750	23.900	24.900	370	170,878	4,462,175.250
2004/03	26.850	27.790	26.800	27.750	429	500,420	13,637,162.350
2004/02	26.750	27.990	26.600	26.980	334	288,475	7,766,176.200
2004/01	26.500	27.500	26.150	26.850	292	102,892	2,748,862.200

Preferred Securities, Due 2050 (BNN.PR.S)

Date	Open	High	Low	Close	# of Trades	Volume Traded	Value Traded
2004/12	27.300	28.000	27.150	27.790	180	73,932	2,034,536.350
2004/11	27.170	27.980	27.120	27.500	184	64,309	1,761,467.640
2004/10	27.000	27.840	26.800	27.110	159	50,505	1,369,264.100
2004/09	26.910	27.330	26.620	27.000	140	70,507	1,896,563.550
2004/08	26.750	27.260	26.700	26.900	314	121,858	3,278,897.100
2004/07	26.250	27.080	26.160	26.800	181	58,101	1,546,996.190
2004/06	26.700	26.740	25.720	26.250	323	119,641	3,123,772.490
2004/05	26.040	26.970	25.800	26.700	213	79,917	2,097,848.940
2004/04	28.000	28.000	26.210	26.400	231	72,860	1,981,575.010
2004/03	28.030	28.400	27.430	28.000	227	75,782	2,116,995.660
2004/02	28.000	28.440	27.650	28.350	178	58,675	1,643,051.450
2004/01	27.560	28.270	27.500	28.000	169	52,052	1,452,434.290

Preferred Securities, Due 2051 (BNN.PR.T)

Date	Open	High	Low	Close	# of Trades	Volume Traded	Value Traded
2004/12	27.500	28.090	27.200	27.720	207	67,740	1,883,602.150
2004/11	27.560	28.140	27.330	27.400	220	70,978	1,960,077.230
2004/10	27.570	27.900	27.000	27.900	180	62,891	1,723,928.800
2004/09	27.320	27.650	26.750	27.420	184	67,900	1,842,585.700
2004/08	26.820	27.530	26.820	27.070	222	93,025	2,530,878.500
2004/07	26.450	27.460	26.260	26.900	194	67,106	1,796,543.850
2004/06	26.400	26.750	25.760	26.300	299	103,088	2,710,086.120
2004/05	26.600	26.750	25.640	26.430	296	104,654	2,756,340.230
2004/04	28.000	28.350	26.010	26.600	279	97,460	2,658,647.250
2004/03	28.080	28.790	27.660	28.350	410	127,017	3,583,891.720
2004/02	27.750	28.750	27.650	28.100	312	117,682	3,316,429.170
2004/01	27.500	28.400	27.400	27.900	202	66,494	1,853,833.600

APPENDIX B

SUMMARY OF TERMS AND CONDITIONS OF THE CORPORATION'S AUTHORIZED SECURITIES

Certain Provisions of the Class A Preference Shares as a Class

The following is a summary of certain provisions attaching to or affecting the Class A Preference Shares as a class.

Series

The Class A Preference Shares may be issued from time to time in one or more series. The board of directors of the Corporation will fix the number of shares in each series and the provisions attached to each series before issue.

Priority

The Class A Preference Shares rank senior to the Class AA Preference Shares, the Class A Limited Voting Shares, the Class B Limited Voting Shares and other shares ranking junior to the Class A Preference Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs. Each series of Class A Preference Shares ranks on a parity with every other series of Class A Preference Shares with respect to priority in the payment of dividends and in the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation, whether voluntary or involuntary, or in the event of any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs.

Shareholder Approvals

The Corporation shall not delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Class A Preference Shares as a class or create preference shares ranking in priority to or on parity with the Class A Preference Shares except by special resolution passed by at least 66 2/3% of the votes cast at a meeting of the holders of the Class A Preference Shares duly called for that purpose, in accordance with the provisions of the articles of the Corporation.

Each holder of Class A Preference Shares entitled to vote at a class meeting of holders of Class A Preference Shares, or at a joint meeting of the holders of two or more series of Class A Preference Shares, has one vote in respect of each C$25.00 of the issue price of each Class A Preference Share held by such holder.

Certain Provisions of the Class A Preference Shares, Series 1 as a Series

Dividends

The holders of the Class A Preference Shares, Series 1 are entitled to receive cumulative preferential cash dividends, accruing daily, as and when declared by the board of directors, payable quarterly on the last day of March, June, September and December in each year, in an amount per share equal to C$25.00 multiplied by one-quarter of 65% of the average "Prime Rate" (as defined in the share conditions).

Redemption

Each of the Class A Preference Shares, Series 1 is redeemable at any time in whole or in part from time to time at the option of the Corporation at a redemption price of C$25.00 per share together with all accrued and unpaid dividends thereon up to but excluding the date fixed for redemption. Notice of any redemption must be given by the Corporation at least 30 days and not more than 60 days prior to the date fixed for redemption.

Retraction

Subject to the restrictions imposed by applicable law, each of the Class A Preference Shares, Series 1 is retractable by the holder on any January 1, April 1, July 1 and October 1 at a price of C$25.00 per share together with all accrued and unpaid dividends to the applicable retraction date. Notice of retraction must be given by the holder to the transfer agent at least 15 days prior to the date fixed for retraction.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 1 in the open market or by invitation for tenders at a price not exceeding C$25.00 per share plus accrued and unpaid dividends and costs of purchase.

Conversion

The holders of the Class A Preference Shares, Series 1 have the right at any time and from time to time, but effective on the next following January 1, April 1, July 1 or October 1 to convert any or all of the Class A Preference Shares, Series 1 held by them into Class A Preference Shares, Series 2 of the Corporation, on a one-for-one basis. Notice of conversion must be given by the holder to the transfer agent at least 15 days prior to the next following conversion date.

Voting

At any time dividends have not been paid for two years on the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 or Class A Preference Shares, Series 3 and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 are paid, the holders of Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 shall be entitled to receive notice of and to attend all meetings of shareholders and to one vote in respect of each Class A Preference Share, Series 1, Class A Preference Share, Series 2 and Class A Preference Share, Series 3 held and in addition shall be entitled to elect two members of the board of directors of Brascan if the board consists of seven or fewer directors or three members of the board of directors if the board consists of more than seven directors; subject to the foregoing, when entitled to vote in the election of directors, the holders of Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 will vote with the holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 1 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

Restrictions on Dividends and Retirement of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 1:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 1) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 1;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 1, redeem or call for redemption, purchase or otherwise pay off or retire for value any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 1;

(c) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares of the Corporation from time to time issued, redeem or call for redemption, purchase or otherwise pay off or retire for value any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 1; or

(d) redeem or call for redemption, purchase or otherwise pay off or retire for value less than all of the Class A Preference Shares, Series 1;

unless, in each such case, all dividends then payable on the Class A Preferences Shares, Series 1 then outstanding and on all other shares of the Corporation ranking as to dividends on a parity with the Class A Preference Shares, Series 1 accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon shall have been declared and paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 1 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of shares ranking junior as to capital to the Class A Preference Shares, Series 1. Upon such payment, the holders of Class A Preference Shares, Series 1 will not be entitled to share in any future distribution of assets of the Corporation.

Certain Provisions of the Class A Preference Shares, Series 2 as a Series

Dividends

The holders of the Class A Preference Shares, Series 2 are entitled to receive cumulative preferential cash dividends, accruing daily, as and when declared by the board of directors, payable quarterly on the last day of March, June, September and December in each year in an amount per share equal to C$25.00 multiplied by one-quarter of 70% of the average “Prime Rate” (as defined in the share conditions).

Redemption

Each of the Class A Preference Shares, Series 2 is redeemable at any time in whole or in part from time to time at the option of the Corporation at a redemption price of C$25.00 per share together with all accrued and unpaid dividends thereon up to but excluding the date fixed for redemption. Notice of any redemption must be given by the Corporation at least 30 days and not more than 60 days prior to the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 2 in the open market or by invitation for tenders at a price not exceeding C$25.00 per share plus accrued and unpaid dividends and costs of purchase.

Voting

At any time dividends have not been paid for two years on the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 or Class A Preference Shares, Series 3 and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 are paid, the holders of Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 shall be entitled to receive notice of and to attend all meetings of shareholders and to one vote in respect of each Class A Preference Share, Series 1, Class A Preference Share, Series 2 and Class A Preference Share, Series 3 held and in addition shall be entitled to elect two members of the board of directors of the Corporation if the board consists of seven or fewer directors or three members of the board of directors if the board consists of more than seven directors; subject to the foregoing, when entitled to vote in the election of directors, the holders of Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 will vote with the holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 2 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

Restrictions on Dividends and Retirement of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 2:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 2) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 2;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 2, redeem or call for redemption, purchase or otherwise pay off or retire for value any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 2;

(c) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares of the Corporation from time to time issued, redeem or call for redemption, purchase or otherwise pay off or retire for value any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 2; or

(d) redeem or call for redemption, purchase or otherwise pay off or retire for value less than all of the Class A Preference Shares, Series 2;

unless, in each such case, all dividends then payable on the Class A Preferences Shares, Series 2 then outstanding and on all other shares of the Corporation ranking as to dividends on a parity with the Class A Preference Shares, Series 2 accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon, shall have been declared and paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 2 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of shares ranking junior as to capital to the Class A Preference Shares, Series 2. Upon such payment, the holders of Class A Preference Shares, Series 2 will not be entitled to share in any future distribution of assets of the Corporation.

Certain Provisions of the Class A Preference Shares, Series 3 as a Series

Dividends

The holders of the Class A Preference Shares, Series 3 are entitled to receive cumulative preferential cash dividends, accruing from the date of issue, as and when declared by the board of directors, on the Thursday following the second Wednesday of each month in each year in an amount equal to the product of (a) C$100,000, (b) a dividend rate determined by an auction of Class A Preference Shares, Series 3 conducted on the business day next preceding the commencement of each dividend period, and (c) the number of days in the dividend period, all divided by 365. The dividend rate is subject to a maximum dividend rate equal to the Bankers' Acceptance Rate (as defined in the share conditions) in effect on the business day next preceding the commencement of the dividend period plus 0.40% and provided that if the Corporation fails to pay a dividend on the Class A Preference Shares, Series 3 (whether or not declared) or fails to redeem any Class A Preference Shares, Series 3 after giving notice to do so, dividends become payable at the said maximum dividend rate.

Redemption

Each of the Class A Preference Shares, Series 3 is redeemable at any time in whole or in part from time to time at the option of the Corporation at a redemption price of C$100,000 per share, provided that the Corporation may not redeem such shares unless the board of directors shall have declared a dividend on the Class A Preference Shares, Series 3 equal to all accrued and unpaid dividends thereon to the date fixed for redemption. Notice of any redemption must be given by the Corporation at least 10 days prior to the date fixed for redemption.

Voting

At any time dividends have not been paid for two years on the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 or Class A Preference Shares, Series 3 and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 are paid, the holders of Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 shall be entitled to receive notice of and to attend all meetings of shareholders and to one vote in respect of each Class A Preference Share, Series 1, Class A Preference Share, Series 2 and Class A Preference Share, Series 3 held and in addition shall be entitled to elect two members of the board of directors of the Corporation if the board consists of seven or fewer directors or three members of the board of directors if the board consists of more than seven directors; subject to the foregoing, when entitled to vote in the election of directors, the holders of Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 will vote with the holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 3 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

Restrictions on Dividends and Retirement of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 3:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 3) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 3;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 3, redeem or call for redemption, purchase or otherwise pay off or retire any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 3;

(c) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares of the Corporation, redeem or call for redemption, purchase or otherwise pay off or retire any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 3; or

(d) redeem or call for redemption, purchase or otherwise retire for value less than all of the Class A Preference Shares, Series 3;

unless, in each such case, all dividends then payable on the Class A Preference Shares, Series 3 then outstanding and on all other shares of the Corporation ranking as to dividends on a parity with the Class A Preference Shares, Series 3 accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon shall be payable, shall have been declared and paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 3 will be entitled to payment of an amount equal to C$100,000 per share plus accrued and unpaid dividends before any amount can be paid to the holders of shares ranking junior as to capital to the Class A Preference Shares, Series 3. Upon such payment, the holders of Class A Preference Shares, Series 3 will not be entitled to share in any future distribution of assets of the Corporation.

Certain Provisions of the Class A Preference Shares, Series 4 as a Series

Dividends

The holders of the Class A Preference Shares, Series 4 are entitled to receive cumulative preferential cash dividends, accruing daily from the date of issue, as and when declared by the board of directors, payable quarterly on the last day of March, June, September and December in each year in an amount per share equal to C$25.00 multiplied by one-quarter of 70% of the "Average Prime Rate" (as defined in the share conditions).

Redemption

Each of the Class A Preference Shares, Series 4 is redeemable at any time in whole or in part from time to time at the option of the Corporation at a redemption price of C$25.00 per share together with all unpaid dividends accrued thereon up to the date of redemption. Notice of any redemption must be given by the Corporation at least 30 days and not more than 60 days prior to the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 4 in the open market or by invitation for tenders at a price not exceeding C$25.00 plus accrued and unpaid dividends and costs of purchase.

Voting

At any time that eight quarterly dividends, whether or not consecutive, on the Class A Preference Shares, Series 4 are not paid and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 4 are paid, the holders of Class A Preference Shares, Series 4 shall be entitled to receive notice of and to attend all meetings of shareholders at which directors are to be elected and to one vote in respect of each Class A Preference Share, Series 4 held, voting with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). Except as aforesaid and as provided by law, the holders of Class A Preference Shares, Series 4 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

Restrictions on Dividends and Retirement of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 4:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 4) on shares of the Corporation ranking as to capital or dividends junior to the Class A Preference Shares, Series 4;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 4, redeem or call for redemption, purchase or otherwise pay off or retire for value any shares of the Corporation ranking as to capital or dividends junior to the Class A Preference Shares, Series 4;

(c) call for redemption, redeem, purchase or otherwise pay off or retire for value less than all of the Class A Preference Shares, Series 4; or

(d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares of the Corporation, redeem or call for redemption, purchase or otherwise pay off or retire for value any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 4;

unless, in each such case, all dividends then payable for the Class A Preference Shares, Series 4 then outstanding and on all other shares of the Corporation ranking as to dividends on parity with the Class A Preference Shares, Series 4 accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon shall have been declared and paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 4 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of any other shares ranking junior as to capital to the Class A Preference Shares, Series 4. Upon such payment, the holders of Class A Preference Shares, Series 4 will not be entitled to share in any future distribution of assets of the Corporation.

Certain Provisions of the Class A Preference Shares, Series 5 as a Series

Dividends

The holders of the Class A Preference Shares, Series 5 are entitled to receive cumulative preferential cash dividends, accruing daily from the date of issue, as and when declared by the board of directors, payable quarterly on the last day of March, June, September and December in each year in an amount per share equal to C$25.00 multiplied by one-quarter of 65% of the "Average Prime Rate" (as defined in the share conditions).

Redemption

Each of the Class A Preference Shares, Series 5 is redeemable at any time in whole or in part from time to time at the option of the Corporation at a redemption price of C$25.00 per share together with all unpaid dividends accrued thereon up to the date of redemption. Notice of any redemption must be given by the Corporation at least 30 days and not more than 60 days prior to the date fixed for redemption.

Purchase for Cancellation

the Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 5 in the open market or by invitation for tenders at a price not exceeding C$25.00 per share plus accrued and unpaid dividends and costs of purchase.

Retraction

Subject to the restrictions imposed by applicable law, each of the Class A Preference Shares, Series 5 is retractable by the holder on any March 1, June 1, September 1 and December 1 at a price of C$25.00 together with all accrued and unpaid dividends thereon to but excluding the date of retraction. Notice of retraction must be given by the holder to the transfer agent at least 15 days prior to the date fixed for retraction.

Voting

At any time that eight quarterly dividends, whether or not consecutive, on the Class A Preference Shares, Series 5 are not paid and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 5 are paid, the holders of Class A Preference Shares, Series 5 shall be entitled to receive notice of and to attend all meetings of shareholders at which directors are to be elected and to one vote in respect of each Class A Preference Share, Series 5 held, voting with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). Except as aforesaid and as permitted by law, the holders of Class A Preference Shares, Series 5 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

Restrictions on Dividends and Retirement of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 5:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 5) on shares of the Corporation ranking as to capital or dividends junior to the Class A Preference Shares, Series 5;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 5, redeem or call for redemption, purchase or otherwise pay off or retire for value any shares of the Corporation ranking as to capital or dividends junior to the Class A Preference Shares, Series 5;

(c) call for redemption, redeem, purchase or otherwise pay off or retire for value less than all of the Class A Preference Shares, Series 5; or

(d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching to any series of preferred shares from time to time issued, redeem or call for redemption, purchase or

otherwise pay off or retire for value any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 5;

unless, in each such case, all dividends then payable on the Class A Preference Shares, Series 5 then outstanding and on all other shares of the Corporation ranking as to dividends on a parity with the Class A Preference Shares, Series 5 accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon shall have been declared and paid or set apart for payment.

Creation or Issue of Additional Shares

The Corporation will not, without the approval of the holders of the Class A Preference Shares, Series 5, create or issue any shares ranking as to capital or dividends prior to or on a parity with the Class A Preference Shares, Series 5, provided that the Corporation may without such approval issue additional series of Class A Preference Shares if all dividends then payable on the Class A Preference Shares, Series 5 then outstanding and on all other shares of the Corporation ranking as to dividends prior to or on a parity with the Class A Preference Shares, Series 5 shall have been declared and paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 5 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of any other shares ranking junior as to capital to the Class A Preference Shares, Series 5. Upon such payment, the holders of Class A Preference Shares, Series 5 will not be entitled to share in any future distribution of assets of the Corporation.

Certain Provisions of the Class A Preference Shares, Series 6 as a Series

Dividends

The holders of the Class A Preference Shares, Series 6 are entitled to receive fixed cumulative preferential cash dividends, accruing daily from the date of issue, as and when declared by the board of directors, payable quarterly on the last day of March, June, September and December in each year in an aggregate annual amount equal to C$1.875 per share, being a rate of 7 1/2% per annum on the price of C$25.00 per share.

Redemption

Each of the Class A Preference Shares, Series 6 is redeemable at any time in whole or in part from time to time at the option of the Corporation at a redemption price of C$25.00 per share together with all unpaid dividends accrued thereon up to the date of redemption. Notice of any redemption must be given by the Corporation at least 30 days and not more than 60 days prior to but excluding the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 6 through the facilities of a stock exchange on which the Class A Preferred Shares, Series 6 are listed, or in any other manner, at a price not exceeding C$25.00 per share plus accrued and unpaid dividends and costs of purchase.

Voting

At any time that eight quarterly dividends, whether or not consecutive, on the Class A Preference Shares, Series 6 are not paid and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 6 are paid, the holders of Class A Preference Shares, Series 6 shall be entitled to receive notice of and to attend all annual and other general meetings of shareholders, but shall not be entitled to vote thereat except in the election of directors in which case the holders of Class A Preference Shares, Series 6 shall be entitled to one vote in respect of each Class A Preference Share, Series 6 held, voting with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 6 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

Restrictions on Dividends and Retirement and Issue of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 6:

(a) declare, pay or set apart for payment any dividends on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 6 (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 6);

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 6, redeem or call for redemption, purchase or otherwise reduce or make any return of capital in respect of shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 6;

(c) redeem or call for redemption, purchase or otherwise reduce or make any return of capital in respect of less than all of the Class A Preference Shares, Series 6;

(d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching thereto, redeem or call for redemption, purchase or otherwise reduce or make any return of capital in respect of any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 6; or

(e) issue any additional Class A Preference Shares or any shares ranking as to dividends or capital on a parity with the Class A Preference Shares, Series 6;

unless at the date of such declaration, payment, setting apart for payment, redemption, call for redemption, purchase or reduction, return of capital or issuance, as the case may be, all accrued and unpaid cumulative dividends up to and including the dividend payment for the last completed period for which such dividends shall be payable, shall have been declared and paid or set apart for payment on the Class A Preference Shares, Series 6 and any accrued and unpaid cumulative dividends which have become payable and any declared and unpaid non-cumulative dividends shall have been paid or set apart for payment on all other shares ranking as to dividends prior to or on a parity with the Class A Preference Shares, Series 6. The Corporation will not, without the prior approval of the holders of Class A Preference Shares, Series 6 issue any shares ranking as to dividends or capital prior to the Class A Preference Shares, Series 6.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 6 will be entitled to payment of an aggregate amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of any other shares of the Corporation ranking junior as to capital to the Class A Preference Shares, Series 6. Upon such payment, the holders of Class A Preference Shares, Series 6 will not be entitled to share in any future distribution of assets of the Corporation.

Certain Provisions of the Class A Preference Shares, Series 7 as a Series

Dividends

The holders of the Class A Preference Shares, Series 7 are entitled to receive fixed cumulative preferential cash dividends, accruing daily, as and when declared by the board of directors, payable quarterly on the last day of March, June, September and December in each year in an amount per share equal to 8 1/2% per annum applied to the price of C$25.00 per share.

Redemption

Each of the Class A Preference Shares, Series 7 is redeemable at any time in whole or in part from time to time at the option of the Corporation at a redemption price of C$25.00 per share together with all unpaid dividends accrued thereon up to but excluding the date fixed for redemption. Notice of any redemption must be given by the Corporation at least 30 days and not more than 60 days prior to the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 7 through the facilities of a stock exchange on which the Class A Preferred Shares, Series 7 are listed, or in any other manner, at a price not exceeding C$25.00 per share plus accrued and unpaid dividends and costs of purchase.

Right to Exchange

The holders of the Class A Preference Shares, Series 7 shall have the right (“Exchange Right”), on each date on which a closing (a “Closing”) occurs of:

(a) a distribution (a “Public Offering”) by the Corporation of its Class A Limited Voting Shares pursuant to a prospectus or other similar document (“prospectus”) filed with any appropriate securities regulatory agency or stock exchange;

(b) a rights offering (a “Rights Offering”) by the Corporation; or

(c) a private placement (a “Private Placement”) by the Corporation;

to exchange Class A Preference Shares, Series 7 held by them for up to a certain maximum aggregate number of Class A

Limited Voting Shares at an exchange rate per Class A Preference Share, Series 7 which is A divided by B, where A is the price per Class A Limited Voting Share which would have been payable by the holder exercising the exchange right to acquire Class A Limited Voting Shares in connection with the Public Offering, Rights Offering or Private Placement and B is C$25.00.

Voting

At any time that eight quarterly dividends, whether or not consecutive, on the Class A Preference Shares, Series 7 are not paid and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 7 are paid, the holders of Class A Preference Shares, Series 7 shall be entitled to receive notice of and to attend all annual and other general meetings of shareholders, but shall not be entitled to vote thereat except in the election of directors in which case the holders of Class A Preference Shares, Series 7 shall be entitled and to one vote in respect of each Class A Preference Share, Series 7 held, voting with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). Except as aforesaid, the holders of Class A Preference Shares, Series 7 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

Restrictions on Dividends and Retirement and Issue of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 7:

(a) declare, pay or set apart for payment any dividends on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 7 (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 7);

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 7, redeem or call for redemption, purchase or otherwise reduce or make any return of capital in respect of shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 7;

(c) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provision attaching thereto, redeem or call for redemption, purchase or otherwise reduce or make any return of capital in respect of any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 7; or

(d) issue any additional Class A Preference Shares or any shares ranking as to dividends or capital on a parity with the Class A Preference Shares, Series 7;

unless at the date of such declaration, payment, setting apart for payment, redemption, call for redemption, purchase or reduction, return of capital or issuance, as the case may be, all accrued and unpaid cumulative dividends up to and including the dividend payment for the last completed period for which such dividends shall be payable, shall have been declared and paid or set apart for payment on the Class A Preference Shares, Series 7 and any accrued and unpaid cumulative dividends which have become payable and any declared and unpaid non-cumulative dividends shall have been paid or set apart for payment on all other shares ranking as to dividends prior to or on a parity with the Class A Preference Shares, Series 7.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 7 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of any other shares ranking junior as to capital to the Class A Preference Shares, Series 7. Upon such payment, the holders of Class A Preference Shares, Series 7 will not be entitled to share in any future distribution of assets of the Corporation.

Certain Provisions of the Class A Preference Shares, Series 8 as a Series

Dividends

The holders of the Class A Preference Shares, Series 8 are initially entitled to receive fixed cumulative preferential cash dividends, accruing daily from the date of issue, to and including October 31, 2001, as and when declared by the board of directors, payable quarterly on the first day of February, May, August and November in each year in an amount per share equal to 6.25% per annum applied to the price of C$25.00 per share, and thereafter are entitled to receive monthly floating cumulative preferential cash dividends, accruing daily, as and when declared by the board of directors on the 12th day of each month in an amount per share equal to the product of C$25.00 per share and one-twelve of an annual floating dividend rate equal to between 50% and 100% of the Prime Rate, as provided in the share conditions.

Redemption

The Corporation may not redeem the Class A Preference Shares, Series 8 prior to November 1, 2001. Subject to applicable law and certain restrictions and to the rights, privileges, restrictions and conditions attaching to other shares of the Corporation, all, but not less than all, of the Class A Preference Shares, Series 8 are redeemable at the option of the Corporation on November 1, 2001 at a redemption price of C$25.00 per share together with all accrued and unpaid dividends thereon up to but excluding the date of redemption and after November 1, 2001 at a redemption price of C$25.50 together with all accrued and unpaid dividends thereon up to but excluding the date of redemption. Notice of any redemption must be given by the Corporation at least 45 days and not more than 60 days prior to the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 8 in the open market or by private agreement or otherwise, at the lowest price obtainable, in the opinion of the board of directors, plus accrued and unpaid dividends and costs of purchase.

Conversion

Subject to certain restrictions, the holders of the Class A Preference Shares, Series 8 have the right, on November 1, 2001, and on November 1 in every fifth year thereafter, to convert any or all of the Class A Preference Shares, Series 8 held by them into Class A Preference Shares, Series 9 of Brascan, on a one-for one basis. A conversion of Class A Preference Shares, Series 8 into Class A Preference Shares Series 9 must be initiated not less than 14 days and not more than 45 days prior to a conversion date. Under certain circumstances, the Class A Preference Shares, Series 8 automatically convert into Class A Preference Shares, Series 9, on a one-for-one basis.

Voting

At any time that during the fixed rate period eight quarterly dividends, or during the floating rate period twenty-four monthly dividends, as applicable, whether or not consecutive, on the Class A Preference Shares, Series 8 are not paid and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 8 are paid, the holders of Class A Preference Shares, Series 8 shall be entitled to receive notice of and to attend each meeting of shareholders which takes place more than 60 days after the date such failure first occurs and to one vote in respect of each Class A Preference Share, Series 8 held, voting, with respect to directors, with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 8 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

Restrictions on Dividends and Retirement and Issue of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 8:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Class A Preference Shares, Series 8) on shares of the Corporation ranking junior to the Class A Preference Shares, Series 8;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Class A Preference Shares, Series 8, redeem, purchase or otherwise retire or make any capital distribution on or in respect of shares of the Corporation ranking junior to the Class A Preference Shares, Series 8;

(c) purchase or otherwise retire less than all of the Class A Preference Shares, Series 8 then outstanding;

(d) except pursuant to any retraction privilege, mandatory redemption or purchase obligation attaching thereto, redeem, purchase or otherwise retire any shares of any class or series ranking on a parity with the Class A Preference Shares, Series 8; or

(e) issue any additional Class A Preference Shares or any shares ranking as to dividends or capital on a parity with the Class A Preference Shares, Series 8;

unless, in each such case, all dividends on outstanding Class A Preference Shares, Series 8 accrued up to and including the dividend payable for the last completed period for which dividends were payable shall have been declared and paid.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 8 will be

entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of shares ranking junior to the Class A Preference Shares, Series 8. Upon such payment, the holders of Class A Preference Shares, Series 8 will not be entitled to share in any future distribution of assets of the Corporation.

Certain Provisions of the Class A Preference Shares, Series 9 as a Series

Dividends

The holders of the Class A Preference Shares, Series 9 are entitled to receive fixed cumulative preferred cash dividends, as and when declared by the board of directors, payable quarterly on the first day of February, May, August and November in each year, in an amount per share per annum equal to the product of C$25.00 and a percentage (which shall not be less than 80%) of the yield on certain Government of Canada bonds, as provided in the share conditions.

Redemption

The Corporation may not redeem the Class A Preference Shares, Series 9 on or prior to November 1, 2006. Subject to applicable law and certain restrictions and to the rights, privileges, restrictions and conditions attaching to any other shares of the Corporation, on November 1, 2006 and on November 1 in every fifth year thereafter, all, but not less than all, of the Class A Preference Shares, Series 9 are redeemable at the option of the Corporation at a redemption price of C$25.00 per share together with all accrued and unpaid dividends up to but excluding the date of redemption. Notice of any redemption must be given by the Corporation at least 45 days and not more than 60 days prior to the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 9 in the open market or by private agreement, or otherwise, at the lowest price obtainable, in the opinion of the board of directors, plus accrued and unpaid dividends and costs of purchase.

Conversion

Subject to certain restrictions, the holders of the Class A Preference Shares, Series 9 have the right on November 1, 2006, and on November 1 in every fifth year thereafter, to convert any or all of the Class A Preference Shares, Series 9 held by them into Class A Preference Shares, Series 8 of the Corporation, on a one-for-one basis. A conversion of Class A Preference Shares, Series 9 into Class A Preference Shares, Series 8 must be initiated not less than 14 days and not more than 45 days prior to a conversion date. Under certain circumstances, the Class A Preference Shares, Series 9 automatically convert into Class A Preference Shares, Series 8, on a one-for-one basis.

Voting

At any time that eight quarterly dividends, whether or not consecutive, on the Class A Preference Shares, Series 9 are not paid and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 9 are paid, the holders of Class A Preference Shares, Series 9 shall be entitled to receive notice of and to attend each meeting of shareholders which takes place more than 60 days after the date of such failure first occurs and to one vote in respect of each Class A Preference Share, Series 9 held, voting, with respect to directors, with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 9 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

Restrictions on Dividends and Retirement and Issue of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 9:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking junior to the Class A Preference Shares, Series 9) on shares of the Corporation ranking junior to the Class A Preference Shares, Series 9;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking junior to the Class A Preference Shares, Series 9, redeem, purchase or otherwise retire or make any capital distribution on or in respect of shares of the Corporation ranking junior to the Class A Preference Shares, Series 9;

(c) purchase or otherwise retire less than all of the Class A Preference Shares, Series 9 then outstanding;

(d) except pursuant to any retraction privilege, mandatory redemption or purchase obligation attaching thereto, redeem, purchase or otherwise retire any shares of any class or series ranking on a parity with the Class A Preference Shares,

Series 9; or

(e) issue any additional Class A Preference Shares or any shares ranking as to dividends or capital on a parity with the Class A Preference Shares, Series 9;

unless in each such case, all dividends on outstanding Class A Preference Shares, Series 9 accrued up to and including the dividend payable for the last completed period for which dividends were payable shall have been declared and paid.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding up its affairs, the holders of the Class A Preference Shares, Series 9 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of shares ranking junior to the Class A Preference Shares, Series 9. Upon such payment, the holders of Class A Preference Shares, Series 9 will not be entitled to share in any future distribution of assets of the Corporation.

Certain Provisions of the Class A Preference Shares, Series 10 as a Series

Dividends

The holders of the Class A Preference Shares, Series 10 are entitled to receive fixed cumulative preferential cash dividends, if, as and when declared by the board of directors of the Corporation, in an amount equal to C$1.4375 per share per annum, accruing daily from the date of issue, payable quarterly on the last day of March, June, September and December in each year.

Redemption

The Class A Preference Shares, Series 10 are not redeemable on or prior to September 30, 2008. On or after this date, but subject to applicable law and to the provisions described under “Certain Provisions of the Class A Preference Shares, Series 10 as a Series – Restrictions on Dividends and Retirement and Issue of Shares” the Corporation may, at its option, at any time redeem all, or from time to time any part, of the outstanding Class A Preference Shares, Series 10, by the payment of an amount in cash for each such share so redeemed of C$25.75 if redeemed before September 30, 2009, of C$25.50 if redeemed on or after September 30, 2009 but before September 30, 2010, of $25.25 if redeemed on or after September 30, 2010 but before September 30, 2011, and of C$25.00 thereafter plus, in each case, all accrued and unpaid dividends up to but excluding the date fixed for redemption.

Conversion at the Option of the Corporation

The Class A Preference Shares, Series 10 are not convertible at the option of the Corporation prior to September 30, 2008. On or after this date, the Corporation may, subject to applicable law and, if required, to stock exchange approval, convert all, or from time to time any part, of the outstanding Class A Preference Shares, Series 10 into that number of Class A Limited Voting Shares determined (per Class A Preference Share, Series 10) by dividing the then applicable redemption price, together with all accrued and unpaid dividends up to but excluding the date fixed for conversion, by the greater of C$2.00 or 95% of the weighted average trading price of the Class A Limited Voting Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on: (i) the fourth day prior to the date specified for conversion, or (ii) if such fourth day is not a trading day, the immediately preceding trading day (the “Current Market Price”). Fractional Class A Limited Voting Shares will not be issued on any conversion of Class A Preference Shares, Series 10, but in lieu thereof the Corporation will make cash payments.

Conversion at the Option of the Holder

Subject to applicable law and the rights of the Corporation described below, on and after March 31, 2012, each Class A Preference Share, Series 10 is be convertible at the option of the holder on the last day of each of March, June, September and December in each year on at least 30 days notice (which notice shall be irrevocable) into that number of Class A Limited Voting Shares determined by dividing C$25.00, together with all accrued and unpaid dividends up to but excluding the date fixed for conversion, by the greater of C$2.00 or 95% of the Current Market Price. Fractional Class A Limited Voting Shares will not be issued on any conversion of Class A Preference Shares, Series 10, but in lieu thereof the Corporation will make cash payments.

The Corporation, subject to the provisions described under “Certain Provisions of the Class A Preference Shares, Series 10 as a Series – Restrictions on Dividends and Retirement and Issue of Shares”, as applicable, may by notice given not later than 20 days before the date fixed for conversion to all holders who have given a conversion notice, either (i) redeem on the first business day after the date fixed for conversion all or any part of the Class A Preference Shares, Series 10 forming the subject matter of the applicable conversion notice, or (ii) cause the holder of such Class A Preference Shares, Series 10 to sell on the first business day after the date fixed for conversion all or any part of such Class A Preference Shares, Series 10 to another purchaser or purchasers in the event that a purchaser or purchasers willing to purchase all or any part of such Class A Preference Shares, Series 10 is or are found. Any such redemption or purchase shall be made by the payment of an amount in cash of C$25.00 per share, together with all accrued and unpaid dividends up to but excluding the date fixed for redemption or purchase. The Class A

Preference Shares, Series 10 to be so redeemed or purchased shall not be converted on the date set forth in the conversion notice.

Purchase for Cancellation

Subject to applicable law and to the provisions described under "Certain Provisions of the Class A Preference Shares, Series 10 as a Series – Restrictions on Dividends and Retirement and Issue of Shares", the Corporation may at any time purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 10 at the lowest price or prices at which in the opinion of the board of directors of the Corporation such shares are obtainable.

Voting

The holders of the Class A Preference Shares, Series 10 are not (except as otherwise provided by law and except for meetings of the holders of Class A Preference Shares as a class and meetings of the holders of Class A Preference Shares, Series 10 as a series) entitled to receive notice of, attend, or vote at, any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight quarterly dividends on the Class A Preference Shares, Series 10, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Corporation properly applicable to the payment of dividends. In that event, and for only so long as any such dividends remain in arrears, the holders of the Class A Preference Shares, Series 10 are entitled to receive notice of and to attend each meeting of the Corporation's shareholders other than any meetings at which only holders of another specified class or series are entitled to vote, and to one vote for each Class A Preference Share, Series 10 held, provided that in respect of the election of directors, the holders of Class A Preference Shares, Series 10 will vote with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect).

Restrictions on Dividends and Retirement and Issue of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 10:

(a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 10) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 10;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to return of capital and dividends junior to the Class A Preference Shares, Series 10, redeem or call for redemption, purchase or otherwise pay off or retire any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 10;

(c) redeem or call for redemption, purchase or otherwise retire for value less than all of the Class A Preference Shares, Series 10 then outstanding;

(d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off or retire any Class A Preference Shares, ranking as to the payment of dividends or return of capital on a parity with the Class A Preference Shares, Series 10; or

(e) issue any additional Class A Preference Shares, Series 10 or any shares ranking as to dividends or return of capital prior to or on a parity with the Class A Preference Shares, Series 10;

unless, in each such case, all accrued and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Class A Preference Shares, Series 10 and on all other shares of the Corporation ranking prior to or on a parity with the Class A Preference Shares, Series 10 with respect to the payment of dividends have been declared paid or set apart for payment.

Liquidation, Dissolution and Winding-Up

In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Class A Preference Shares, Series 10 will be entitled to receive C$25.00 per share, together with all accrued and unpaid dividends up to but excluding the date fixed for payment, before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Class A Preference Shares, Series 10. The holders of the Class A Preference Shares, Series 10 will not be entitled to share in any further distribution of the assets of the Corporation.

Certain Provisions of the Class A Preference Shares, Series 11 as a Series

Dividends

The holders of the Class A Preference Shares, Series 11 are entitled to receive fixed non-cumulative preferential cash dividends, if, as and when declared by the board of directors of the Corporation, in an amount per share per annum equal to C$1.375, accruing daily from the date of issue payable quarterly on the last day of March, June, September and December in each year.

Redemption

The Class A Preference Shares, Series 11 are not redeemable before June 30, 2009. On or after this date, but subject to applicable law and to the provisions described under "Certain Provisions of the Class A Preference Shares, Series 11 as a Series – Restrictions on Dividends and Retirement and Issue of Shares", the Corporation may, at its option, at any time redeem all, or from time to time any part, of the then outstanding Class A Preference Shares, Series 11, by the payment of an amount in cash for each such share so redeemed of C$25.75 if redeemed before June 30, 2010, of C$25.50 if redeemed on or after June 30, 2010 but before June 30, 2011, of C$25.25 if redeemed on or after June 30, 2011, but before June 30, 2012, and of C$25.00 thereafter, in each case together with, all declared and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation).

Conversion at the Option of the Corporation

The Class A Preference Shares, Series 11 are not convertible at the option of the Corporation prior to June 30, 2009. On or after this date, the Corporation may, subject to applicable law and any requirement to obtain regulatory relief, and upon notice, convert all, or from time to time any part, of the then outstanding Class A Preference Shares, Series 11 into that number of Class A Limited Voting Shares determined (per Class A Preference Share, Series 11) by dividing the then applicable redemption price, together with all declared and unpaid dividends up to but excluding the date fixed for conversion, by the greater of C$2.00 or 95% of the then Current Market Price. Fractional Class A Limited Voting Shares will not be issued on any conversion of Class A Preference Shares, Series 11, but in lieu thereof the Corporation will make cash payments.

Conversion at the Option of the Holder

Subject to applicable law and to the rights of the Corporation described below, on or after December 31, 2013, each Class A Preference Share, Series 11 is convertible at the option of the holder on the last day of each of March, June, September and December in each year on at least 30 days notice (which notice shall be irrevocable) into that number of Class A Limited Voting Shares determined (per Class A Preference Share, Series 11) by dividing C$25.00, together with all declared and unpaid dividends up to but excluding the date fixed for conversion, by the greater of C$2.00 or 95% of the then Current Market Price. Fractional Class A Limited Voting Shares will not be issued on any conversion of Class A Preference Shares, Series 11, but in lieu thereof the Corporation will make cash payments.

The Corporation, subject to the provisions described under "Certain Provisions of the Class A Preference Shares, Series 11 as a Series – Restrictions on Dividends and Retirement and Issue of Shares", as applicable, may by notice given not later than 20 days before the date fixed for conversion to all holders who have given a conversion notice, either (i) redeem on the first business day after the date fixed for conversion all or any part of the Class A Preference Shares, Series 11 forming the subject matter of the applicable conversion notice, or (ii) cause the holder of such Class A Preference Shares, Series 11 to sell on the first business day after the date fixed for conversion all or any part of such Class A Preference Shares, Series 11 to another purchaser or purchasers in the event that a purchaser or purchasers willing to purchase all or any part of such Class A Preference Shares, Series 11 is or are found. Any such redemption or purchase shall be made by the payment of an amount in cash of C$25.00 per share, together with all declared and unpaid dividends up to but excluding the date fixed for redemption or purchase (less any tax required to be deducted and withheld by the Corporation). The Class A Preference Shares, Series 11 to be so redeemed or purchased shall not be converted on the date set forth in the conversion notice.

Purchase for Cancellation

Subject to applicable law and to the provisions described under "Certain Provisions of the Class A Preference Shares, Series 11 as a Series – Restrictions on Dividends and Retirement and Issue of Shares" below, the Corporation may at any time purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 11 at the lowest price or prices at which in the opinion of the board of directors of the Corporation such shares are obtainable.

Voting

The holders of the Class A Preference Shares, Series 11 are not (except as otherwise provided by law and except for meetings of the holders of Class A Preference Shares as a class and meetings of all holders of Class A Preference Shares, Series 11 as a series) entitled to receive notice of, attend, or vote at, any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight quarterly dividends on the Class A Preference Shares, Series 11, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Corporation

properly applicable to the payment of dividends. In the event of such non-payment, until such time as the Corporation pays the whole amount of a quarterly dividend, the holders of the Class A Preference Shares, Series 11 will be entitled to receive notice of and to attend each meeting of the Corporation's shareholders (other than any meetings at which only holders of another specified class or series are entitled to vote), and to one vote for each Class A Preference Shares, Series 11 held, provided that in respect of the election of directors, the holders of Class A Preference Shares, Series 11 will vote with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). The voting rights of the holders of the Class A Preference Shares, Series 11 shall forthwith cease upon payment by the Corporation of the whole amount of a quarterly dividend on the Class A Preference Shares, Series 11 subsequent to the time such voting rights first arose.

Restrictions on Dividends and Retirement and Issue of Shares

So long as any of the Class A Preference Shares, Series 11 are outstanding, the Corporation will not, without the approval of the holders of the Class A Preference Shares, Series 11:

(a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 11) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 11;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to return of capital and dividends junior to the Class A Preference Shares, Series 11, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 11;

(c) redeem or call for redemption, purchase or otherwise retire for value or make any return of capital in respect of less than all of the Class A Preference Shares, Series 11 then outstanding;

(d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any Class A Preference Shares, ranking as to the payment of dividends or return of capital on a parity with the Class A Preference Shares, Series 11; or

(e) issue any additional Class A Preference Shares, Series 11 or any shares ranking as to the payment of dividends or the return of capital prior to or on a parity with the Class A Preference Shares, Series 11;

unless, in each such case, all declared and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Class A Preference Shares, Series 11 and on all other shares of the Corporation ranking prior to or on a parity with the Class A Preference Shares, Series 11 with respect to the payment of dividends have been declared paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Class A Preference Shares, Series 11 will be entitled to receive C$25.00 per share, together with all declared and unpaid dividends up to but excluding the date of payment or distribution (less any tax required to be deducted or withheld by the Corporation), before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Class A Preference Shares, Series 11. Upon payment of such amounts, the holders of the Class A Preference Shares, Series 11 will not be entitled to share in any further distribution of the assets of the Corporation.

Certain Provisions of the Class A Preference Shares, Series 12 as a Series

Dividends

The holders of the Class A Preference Shares, Series 12 are entitled to receive fixed non-cumulative preferential cash dividends, if, as and when declared by the board of directors of the Corporation, in an amount per share per annum equal to C$1.35, accruing daily from the date of issue payable quarterly on the last day of March, June, September and December in each year.

Redemption

The Class A Preference Shares, Series 12 are not redeemable before March 31, 2014. On or after this date, but subject to applicable law and to the provisions described under "Certain Provisions of the Class A Preference Shares, Series 12 as a Series – Restrictions on Dividends and Retirement and Issue of Shares", the Corporation may, at its option, at any time redeem all, or from time to time any part, of the then outstanding Class A Preference Shares, Series 12, by the payment of an amount in cash

for each such share so redeemed of C$26.00 if redeemed before March 31, 2015 of C$25.75 if redeemed on or after March 31, 2015 but before March 31, 2016, of C$25.50 if redeemed on or after March 31, 2016 but before March 31, 2017, of C$25.25 if redeemed on or after March 31, 2017, but before March 31, 2018, and of C$25.00 thereafter, in each case together with, all declared and unpaid dividends up to but excluding the date fixed for redemption (less any tax required to be deducted and withheld by the Corporation).

Conversion at the Option of the Corporation

The Class A Preference Shares, Series 12 are not convertible at the option of the Corporation prior to March 31, 2014. On or after this date, the Corporation may, subject to applicable law and any requirement to obtain regulatory relief, and upon notice, convert all, or from time to time any part, of the then outstanding Class A Preference Shares, Series 12 into that number of Class A Limited Voting Shares determined (per Class A Preference Share, Series 12) by dividing the then applicable redemption price, together with all declared and unpaid dividends up to but excluding the date fixed for conversion, by the greater of C$2.00 or 95% of the then Current Market Price. Fractional Class A Limited Voting Shares will not be issued on any conversion of Class A Preference Shares, Series 12, but in lieu thereof the Corporation will make cash payments.

Conversion at the Option of the Holder

Subject to applicable law and to the rights of the Corporation described below, on or after March 31, 2018, each Class A Preference Share, Series 12 is convertible at the option of the holder on the last day of each of March, June, September and December in each year on at least 30 days notice (which notice shall be irrevocable) into that number of Class A Limited Voting Shares determined (per Class A Preference Share, Series 12) by dividing C$25.00, together with all declared and unpaid dividends up to but excluding the date fixed for conversion, by the greater of C$2.00 or 95% of the then Current Market Price. Fractional Class A Limited Voting Shares will not be issued on any conversion of Class A Preference Shares, Series 12, but in lieu thereof the Corporation will make cash payments.

The Corporation, subject to the provisions described under “Certain Provisions of the Class A Preference Shares, Series 12 as a Series – Restrictions on Dividends and Retirement and Issue of Shares”, as applicable, may by notice given not later than 20 days before the date fixed for conversion to all holders who have given a conversion notice, either (i) redeem on the first business day after the date fixed for conversion all or any part of the Class A Preference Shares, Series 12 forming the subject matter of the applicable conversion notice, or (ii) cause the holder of such Class A Preference Shares, Series 12 to sell on the first business day after the date fixed for conversion all or any part of such Class A Preference Shares, Series 12 to another purchaser or purchasers in the event that a purchaser or purchasers willing to purchase all or any part of such Class A Preference Shares, Series 12 is or are found. Any such redemption or purchase shall be made by the payment of an amount in cash of C$25.00 per share, together with all declared and unpaid dividends up to but excluding the date fixed for redemption or purchase (less any tax required to be deducted and withheld by the Corporation). The Class A Preference Shares, Series 12 to be so redeemed or purchased shall not be converted on the date set forth in the conversion notice.

Purchase for Cancellation

Subject to applicable law and to the provisions described under “Certain Provisions of the Class A Preference Shares, Series 12 as a Series – Restrictions on Dividends and Retirement and Issue of Shares” below, the Corporation may at any time purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 12 at the lowest price or prices at which in the opinion of the board of directors of the Corporation such shares are obtainable.

Voting

The holders of the Class A Preference Shares, Series 12 will not (except as otherwise provided by law and except for meetings of the holders of Class A Preference Shares as a class and meetings of all holders of Class A Preference Shares, Series 12 as a series) be entitled to receive notice of, attend, or vote at, any meeting of shareholders of the Corporation unless and until the Corporation shall have failed to pay eight quarterly dividends on the Class A Preference Shares, Series 12, whether or not consecutive and whether or not such dividends have been declared and whether or not there are any monies of the Corporation properly applicable to the payment of dividends. In the event of such non-payment, until such time as the Corporation pays the whole amount of a quarterly dividend, the holders of the Class A Preference Shares, Series 12 will be entitled to receive notice of and to attend each meeting of the Corporation’s shareholders (other than any meetings at which only holders of another specified class or series are entitled to vote), and to one vote for each Class A Preference Shares, Series 12 held, provided that in respect of the election of directors, the holders of Class A Preference Shares, Series 12 will vote with holders of Class A Limited Voting Shares and, in certain circumstances, with the holders of certain other series of the Class A Preference Shares in the election of one-half of the board of directors (less the number of directors which the holders of the Class A Preference Shares, Series 1, Class A Preference Shares, Series 2 and Class A Preference Shares, Series 3 may be entitled to elect). Upon payment of the entire amount of all Class A Preference Shares, Series 12 dividends in arrears, the voting rights of the holders of the Class A Preference Shares, Series 12 shall forthwith cease.

Restrictions on Dividends and Retirement and Issue of Shares

So long as any of the Class A Preference Shares, Series 12 are outstanding, the Corporation will not, without the approval of the holders of the Class A Preference Shares, Series 12:

(a) declare, pay or set apart for payment any dividends (other than stock dividends payable in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 12) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 12;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares of the Corporation ranking as to return of capital and dividends junior to the Class A Preference Shares, Series 12, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 12;

(c) redeem or call for redemption, purchase or otherwise retire for value or make any return of capital in respect of less than all of the Class A Preference Shares, Series 12 then outstanding;

(d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off, retire or make any return of capital in respect of any Class A Preference Shares, ranking as to the payment of dividends or return of capital on a parity with the Class A Preference Shares, Series 12; or

(e) issue any additional Class A Preference Shares, Series 12 or any shares ranking as to the payment of dividends or the return of capital prior to or on a parity with the Class A Preference Shares, Series 12;

unless, in each such case, all declared and unpaid dividends up to and including the dividend payable for the last completed period for which dividends were payable on the Class A Preference Shares, Series 12 and on all other shares of the Corporation ranking prior to or on a parity with the Class A Preference Shares, Series 12 with respect to the payment of dividends have been declared paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Class A Preference Shares, Series 12 will be entitled to receive C$25.00 per share, together with all declared and unpaid dividends up to but excluding the date of payment or distribution (less any tax required to be deducted or withheld by the Corporation), before any amount is paid or any assets of the Corporation are distributed to the holders of any shares ranking junior as to capital to the Class A Preference Shares, Series 12. Upon payment of such amounts, the holders of the Class A Preference Shares, Series 12 will not be entitled to share in any further distribution of the assets of the Corporation.

Certain Provisions of the Class A Preference Shares, Series 13 as a Series

Dividends

The holders of the Class A Preference Shares, Series 13 are entitled to receive cumulative preferential cash dividends, accruing daily, as and when declared by the board of directors of the Corporation, payable quarterly on the last day of March, June, September and December in each year in an amount per share equal to C$25.00 multiplied by one quarter of 70% of the “Average Prime Rate” (as defined in the share conditions).

Redemption

Each of the Class A Preference Shares, Series 13 is redeemable at any time in whole or in part from time to time at the option of the Corporation at a redemption price of C$25.00 per share together with all accrued and unpaid dividends thereon up to but excluding the date fixed for redemption. Notice of any redemption must be given by the Corporation at least 30 days and not more than 60 days prior to the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 13 in the open market or by invitation for tenders at a price not exceeding C$25.00 per share plus accrued and unpaid dividends and reasonable costs of purchase.

Voting

At any time the Corporation fails to pay in the aggregate eight quarterly dividends on the Class A Preference Shares, Series 13 and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 13 are paid, the holders of the Corporation Class A Preference Shares, Series 13 shall be entitled to receive notice of and to attend all meetings of

shareholders of the Corporation other than any meeting of the holders of any other class or series of shares of the Corporation held separately as a class or series, but shall not be entitled to vote thereat, except in the election of directors in which case the holders of the Class A Preference Shares, Series 13 shall be entitled to one vote per share (provided that holders of the Series 13 Preference Shares shall vote together with holders of Class A Limited Voting Shares in the election of one-half of the board of directors). Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 13 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

At a class meeting of holders of Class A Preference Shares, or at a joint meeting of the holders of two or more series of Class A Preference Shares, each Class A Preference Share, Series 13 will have one vote.

Restrictions on Dividends and Retirement and Issue of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 13:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 13) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 13; pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 13) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 13;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 13, redeem or call for redemption, purchase or otherwise pay off or retire for value any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 13;

(c) redeem or call for redemption, purchase or otherwise pay off or retire for value less than all of the Class A Preference Shares, Series 13;

(d) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise pay off or retire for value any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 13; or

(e) issue any additional Class A Preference Shares, Series 13 or any shares ranking as to dividends or capital on a parity with the Class A Preference Shares, Series 13;

unless, in each such case, all dividends then payable on the Class A Preferences Shares, Series 13 then outstanding and on all other shares of the Corporation ranking as to dividends on a parity with the Class A Preference Shares, Series 13 accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon, shall have been declared and paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Class A Preference Shares, Series 13 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of shares ranking junior as to capital to the Class A Preference Shares, Series 13. Upon such payment, the holders of Class A Preference Shares, Series 13 will not be entitled to share in any future distribution of assets of the Corporation.

Certain Provisions of the Class A Preference Shares, Series 14 as a Series

Dividends

The holders of the Class A Preference Shares, Series 14 are entitled to receive cumulative preferential cash dividends, accruing daily, as and when declared by the board of directors of the Corporation, payable monthly in respect of each calendar month in an amount per share equal to C$100.00 multiplied by one twelfth of 63% of the “Average Prime Rate” (as defined in the share conditions).

Redemption

Each of the Class A Preference Shares, Series 14 is redeemable on any March 1, June 1, September 1 and December 1 in whole or in part from time to time at the option of the Corporation at a redemption price of C$100.00 per share together with all accrued and unpaid dividends thereon up to but excluding the date fixed for redemption. Notice of any redemption must be given by the Corporation at least 30 days and not more than 60 days prior to the date fixed for redemption.

Retraction

Subject to the restrictions imposed by applicable law, each of the Class A, Preference Shares, Series 14 is retractable by the holder on any March 1, June 1, September 1 and December 1 at a price of C$100.00 per share together with all accrued and unpaid dividends to the applicable retraction date. Notice of retraction must be given by the holder to the transfer agent at least 15 days prior to the date fixed for retraction.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 14 in the open market or by invitation for tenders at a price not exceeding C$100.00 per share plus accrued and unpaid dividends thereon.

Voting

At any time the Corporation fails to pay in the aggregate 24 monthly dividends on the Class A Preference Shares, Series 14 and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 14 are paid, the holders of Class A Preference Shares, Series 14 shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation other than any meetings of the holders of any other class or series of shares of the Corporation held separately as a class or series, but shall not be entitled to vote thereat except in the election of directors in which case the holders of the Class A Preference Shares, Series 14 shall be entitled to four votes in respect of each C$100.00 of the issue price of the Class A Preference Shares, Series 14 held. Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 14 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting (provided that holders of the Series 14 Preference Shares shall vote together with holders of Class A Limited Voting Shares in the election of one-half of the board of directors).

At a class meeting of holders of Class A Preference Shares, or at a joint meeting of the holders of two or more series of Class A Preference Shares, each Class A Preference Share, Series 14 will have four votes.

Restrictions on Dividends and Retirement and Issue of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 14:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 14) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 14;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 14, redeem or call for redemption, purchase or otherwise reduce or make any return of capital in respect of any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 14;

(c) except pursuant to the retraction privilege attaching thereto, redeem or call for redemption or purchase or otherwise reduce or make any return of capital in respect of less than all the Class A Preference Shares, Series 14;

(d) pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto redeem or call for redemption, purchase or otherwise reduce or make any return of capital in respect of any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 14; or

(e) issue any additional Class A Preference Shares, Series 14 or any shares ranking as to dividends or capital on a parity with the Class A Preference Shares, Series 14;

unless, in each such case, all dividends then payable on the Class A Preferences Shares, Series 14 then outstanding and on all other shares of the Corporation ranking as to dividends on a parity with the Class A Preference Shares, Series 14 accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon, shall have been declared and paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Class A Preference Shares, Series 14 will be entitled to payment of an amount equal to C$100.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of shares ranking junior as to capital to the Class A Preference Shares, Series 14. Upon such payment, the holders of Class A Preference Shares, Series 14 will not be entitled to share in any future distribution of assets of the Corporation.

Certain Provisions of the Class A Preference Shares, Series 15 as a Series

Dividends

The holders of the Class A Preference Shares, Series 15 are entitled to receive cumulative preferential cash dividends, accruing daily, as and when declared by the board of directors of the Corporation, payable quarterly on the last day of March, June, September and December in each year in an amount per share equal to C$25.00 multiplied by the rate determined by negotiation, bid or auction. If the amount is not determinable by negotiation, bid or auction, it shall be the Bankers' Acceptable Rate (defined in the share conditions) plus 0.40%.

Redemption

Each of the Class A Preference Shares, Series 15 is redeemable at any time in whole or in part from time to time at the option of the Corporation at a redemption price of C$25.00 per share together with all accrued and unpaid dividends thereon up to but excluding the date fixed for redemption. Notice of any redemption must be given by the Corporation at least 30 days and not more than 60 days prior to the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 15 in the open market or by invitation for tenders at a price not exceeding C$25.00 per share plus accrued and unpaid dividends and reasonable costs of purchase.

Voting

At any time the Corporation fails to pay in the aggregate dividends for 24 months on the Class A Preference Shares, Series 15 and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 15 are paid, the holders of Class A Preference Shares, Series 15 shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation other than any meetings of the holders of any other class or series of shares of the Corporation held separately as a class or series, but shall not be entitled to vote thereat except in the election of directors in which case the holders of the Class A Preference Shares, Series 15 shall be entitled to one vote per share (provided that holders of the Series 15 Preference Shares shall vote together with holders of Class A Limited Voting Shares in the election of one-half of the board of directors). Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 15 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

At a class meeting of holders of Class A Preference Shares, or at a joint meeting of the holders of two or more series of Class A Preference Shares, each Class A Preference Share, Series 15 will have one vote.

Restrictions on Dividends and Retirement and Issue of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 15:

(a) pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 15) on shares of the Corporation ranking as to dividends junior to the Class A Preference Shares, Series 15;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 15, redeem or call for redemption, purchase or otherwise reduce or make any return of capital in respect of any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 15;

(c) except pursuant to any purchase obligation, sinking fund, retraction privilege or mandatory redemption provisions attaching thereto, redeem or call for redemption, purchase or otherwise reduce or make any return of capital in respect of any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 15;

(d) redeem or call for redemption, purchase or otherwise reduce or make any return of capital in respect of less than all of the Class A Preference Shares, Series 15; or

(e) issue any additional Class A Preference Shares, Series 15 or any shares ranking as dividends or capital on a parity with the Class A Preference Shares, Series 15;

unless, in each such case, all dividends then payable on the Class A Preferences Shares, Series 15 then outstanding and on all other shares of the Corporation ranking as to dividends on a parity with the Class A Preference Shares, Series 15 accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon, shall have been declared and paid or set apart for payment.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding-up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Class A Preference Shares, Series 15 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of shares ranking junior as to capital to the Class A Preference Shares, Series 15. Upon such payment, the holders of Class A Preference Shares, Series 15 will not be entitled to share in any future distribution of assets of the Corporation.

Certain Provisions of the Class A Preference Shares, Series 16 as a Series

Dividends

The holders of the Class A Preference Shares, Series 16 are entitled to receive annual floating rate cumulative preferential cash dividends, accruing daily, as and when declared by the board of directors of the Corporation, payable monthly in respect of each calendar month, equal to 75% of the "Prime Rate" (as defined in the share conditions). The dividend rate will be adjusted upwards or downwards on a monthly basis whenever the inferred trading price of the Class A Preference Shares, Series 16 (as determined by the Corporation's management based on the trading price of the Class A Preference Shares, Series 8) is C$24.875 or less, or C$25.125 or more, respectively. The maximum monthly adjustment for changes will be 4% of the Prime Rate, subject to a floor of 50% of the Prime Rate and a ceiling of 150% of the Prime Rate.

Redemption

Each of the Class A Preference Shares, Series 16 is redeemable at any time in whole from time to time at the option of the Corporation at a redemption price of C$25.00 per share together with all accrued and unpaid dividends up to but excluding the date of redemption. Notice of any redemption must be given by the Corporation at least 45 days and not more than 60 days prior to the date fixed for redemption.

Purchase for Cancellation

The Corporation may purchase (if obtainable) for cancellation the whole or any part of the Class A Preference Shares, Series 16 in the open market or by private agreement or otherwise, at the lowest price obtainable, in the opinion of the board of directors of the Corporation plus accrued and unpaid dividends and reasonable costs of purchase.

Voting

At any time that the Corporation fails to pay in the aggregate dividends for 24 months on the Class A Preference Shares, Series 16 and thereafter until such time as all arrears of dividends on the Class A Preference Shares, Series 16 are paid, the holders of Class A Preference Shares, Series 16 shall be entitled to receive notice of and to attend all meetings of shareholders of the Corporation which takes place more than 60 days after the date such failure first occurs and to one vote for each Class A Preference Share, Series 16 held (provided that holders of the Series 16 Preference Shares shall vote together with holders of Class A Limited Voting Shares in the election of ½ of the board of directors). Except as aforesaid or as permitted by law, the holders of Class A Preference Shares, Series 16 are not entitled to notice of or to attend any meeting of the shareholders of the Corporation or to vote at any such meeting.

At a class meeting of holders of Class A Preference Shares, or at a joint meeting of the holders of two or more series of Class A Preference Shares, each Class A Preference Share, Series 16 will have one vote.

Restrictions on Dividends and Retirement and Issue of Shares

The Corporation will not without the approval of the holders of the Class A Preference Shares, Series 16:

(a) declare, pay or set apart for payment any dividends (other than stock dividends in shares of the Corporation ranking as to capital and dividends junior to the Class A Preference Shares, Series 16) on shares of the Corporation ranking junior as to dividends to the Class A Preference Shares, Series 16;

(b) except out of the net cash proceeds of a substantially concurrent issue of shares ranking as to capital and dividends junior to the Class A Preference Shares, Series 16, redeem or call for redemption, purchase or otherwise retire or make any capital distribution on or in respect of any shares of the Corporation ranking as to capital junior to the Class A Preference Shares, Series 16;

(c) except pursuant to any purchase obligation, retraction privilege or mandatory redemption provisions attaching thereto, redeem, purchase or otherwise retire any shares of the Corporation ranking as to capital on a parity with the Class A Preference Shares, Series 16;

(d) purchase or otherwise retire less than all of the Class A Preference Shares, Series 16 then outstanding; or

(e) issue any additional Class A Preference Shares or any shares ranking as to dividends or capital on a parity with the

Class A Preference Shares, Series 16;

unless, in each such case, all dividends then payable on the Class A Preference Shares, Series 16 then outstanding accrued up to and including the dividends payable on the immediately preceding respective date or dates for the payment of dividends thereon, shall have been declared and paid.

Liquidation, Dissolution and Winding Up

In the event of the liquidation, dissolution or winding up of the Corporation or any other distribution of assets of the Corporation among its shareholders for the purpose of winding-up its affairs, the holders of the Class Preference Shares, Series 16 will be entitled to payment of an amount equal to C$25.00 per share plus accrued and unpaid dividends before any amount can be paid to the holders of shares ranking junior as to capital to the Class A Preference Shares, Series 16. Upon such payment, the holders of Class A Preference Shares, Series 16 will not be entitled to share in any future distribution of assets of the Corporation.

Certain Provisions of the Class A Limited Voting Shares and the Class B Limited Voting Shares

The following is a summary of certain provisions attaching to or affecting the common equity of the Corporation, consisting of the Class A Limited Voting Shares (into which the Class A Preference Shares, Series 12 may be converted) and the Class B Limited Voting Shares. The attributes of the Class A Limited Voting Shares and the Class B Limited Voting Shares are substantially equivalent, except for the differing voting rights attached to the two classes of shares.

The sole holder of the Class B Limited Voting Shares of the Corporation is a party to a trust agreement with Computershare Trust Company of Canada (formerly, Montreal Trust Company of Canada) (as trustee for the holders of the Corporation's Class A Limited Voting Shares) dated August 1, 1997. The trust agreement provides, among other things, that that holder agrees not to sell any Class B Limited Voting Shares, directly or indirectly, pursuant to a takeover bid, unless a concurrent bid is made to all holders of Class A Limited Voting Shares. The concurrent offer must be: (i) for the same percentage of Class A Limited Voting Shares as the percentage of Class B Limited Voting Shares offered to be purchased from that holder; and (ii) the same in all material respects as the offer for the Class B Limited Voting Shares. Among other things, the trust agreement permits: (i) a sale by the sole holder of Class B Limited Voting Shares at a price per share less than 115% of the market price of Class A Limited Voting Shares and as part of a transaction involving not more than five persons in the aggregate; and (ii) a direct or indirect sale of shares of the sole holder of the Class B Limited Voting Shares to a purchaser who is or will become a shareholder of that holder and will not hold more than 20% of that holders' outstanding shares as a result of the transaction.

Priority

Subject to the prior rights of the holders of the Class A Preference Shares, the Class AA Preference Shares and any other senior-ranking shares outstanding from time to time, holders of Class A Limited Voting Shares and Class B Limited Voting Shares rank on a parity with each other with respect to the payment of dividends (if, as and when declared by the board of directors of the Corporation) and the return of capital on the liquidation, dissolution or winding-up of the Corporation or any other distribution of the assets of the Corporation among its shareholders for the purpose of winding up its affairs.

Voting Rights

Except as set out below under "Election of Directors", each holder of Class A Limited Voting Shares and Class B Limited Voting Shares is entitled to notice of, and to attend and vote at, all meetings of the Corporation's shareholders, other than meetings at which holders of only a specified class or series may vote, and shall be entitled to cast one vote per share. Subject to applicable law and in addition to any other required shareholder approvals, all matters to be approved by shareholders (other than the election of directors), must be approved by:

- a majority or, in the case of matters that require approval by a special resolution of shareholders, at least 66 2/3%, of the votes cast by holders of Class A Limited Voting Shares who vote in respect of the resolution or special resolution, as the case may be; and
- a majority or, in the case of matters that require approval by a special resolution of shareholders, at least 66 2/3%, of the votes cast by holders of Class B Limited Voting Shares who vote in respect of the resolution or special resolution, as the case may be.

Election of Directors

In the election of directors, holders of Class A Limited Voting Shares, together, in certain circumstances, with the holders of certain series of Class A Preference Shares, are entitled to elect one-half of the board of directors of the Corporation, provided that if the holders of Class A Preference Shares, Series 1, Series 2 or Series 3 become entitled to elect two or three directors, as the case may be, the numbers of directors to be elected by holders of Class A Limited Voting Shares, together, in certain circumstances with the holders of certain series of Class A Preference Shares, shall be reduced by the number of directors to be

elected by holders of Class A Preference Shares, Series 1, Series 2 and Series 3. Holders of Class B Limited Voting Shares are entitled to elect the other one-half of the board of directors of the Corporation.

Other Provisions Regarding the Share Capital of the Corporation

The Corporation's articles provide that each holder of shares of a class or series of shares of the Corporation entitled to vote in an election of directors has the right to cast a number of votes equal to the number of votes attached to the shares held by the holder multiplied by the number of directors to be elected by the holder and the holders of shares of the classes or series of shares entitled to vote with the holder in the election of directors. A holder may cast all such votes in favour of one candidate or distribute such votes among its candidates in any manner the holder sees fit. Where a holder has voted for more than one candidate without specifying the distribution of votes among such candidates, the holder shall be deemed to have divided the holder's votes equally among the candidates for whom the holder voted.

APPENDIX C

AUDIT COMMITTEE CHARTER

A committee of the board of directors of the Corporation to be known as the Audit Committee (the "Committee") shall have the following terms of reference:

MEMBERSHIP AND CHAIRPERSON

Following each annual meeting of shareholders, the board of directors of the Corporation (the "board") shall appoint from its number three or more directors (the "Members" and each a "Member") to serve on the Committee until the close of the next annual meeting of shareholders of the Corporation or until the Member ceases to be a director, resigns or is replaced, whichever occurs first.

The Members will be selected by the board on the recommendation of the Governance and Nominating Committee. Any Member may be removed from office or replaced at any time by the board. All of the Members will be Independent Directors. In addition, every Member will be Financially Literate and at least one Member will be an Audit Committee Financial Expert. Members may not serve on more than two other public company audit committees, except with the prior approval of the board.

The board shall appoint one Member as the chairperson of the Committee. If the chairperson is absent from a meeting, the Members shall select a chairperson from those in attendance to act as chairperson of the meeting.

RESPONSIBILITIES

The Committee shall:

a) oversee the work of the Corporation's external auditor (the "auditor") engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation;

b) review and evaluate the auditor's independence, experience, qualifications and performance and determine whether the auditor should be appointed or re-appointed and nominate the auditor for appointment or re-appointment by the shareholders;

c) where appropriate, terminate the auditor;

d) when a change of auditor is proposed, review all issues related to the change, including the information to be included in the notice of change of auditor required, and the orderly transition of such change;

e) review the terms of the auditor's engagement and the appropriateness and reasonableness of the proposed audit fees;

f) at least annually, obtain and review a report by the auditor describing:

   (i) the auditor's internal quality-control procedures; and

   (ii) any material issues raised by the most recent internal quality control review, or peer review, of the auditor, or review by any independent oversight body such as the Canadian Public Accountability board or the Public Company Accounting Oversight board, or governmental or professional authorities within the preceding five years respecting one or more independent audits carried out by the auditor, and the steps taken to deal with any issues raised in any such review;

g) at least annually, confirm that the auditor has submitted a formal written statement describing all of its relationships with the Corporation; discuss with the auditor any disclosed relationships or services that may affect its objectivity and independence; obtain written confirmation from the auditor that it is objective within the meaning of the Rules of Professional Conduct/Code of Ethics adopted by the provincial institute or order of Chartered Accountants to which it belongs and is an independent public accountant within the meaning of the federal securities legislation administered by the United States Securities and Exchange Commission and of the Independence Standards of the Canadian Institute of Chartered Accountants, and is in compliance with any independence requirements adopted by the Public Company Accounting Oversight board; and, confirm that it has complied with applicable laws with the rotation of certain members of the audit engagement team;

h) review and evaluate the lead partner of the auditor;

i) ensure the regular rotation of the audit engagement team members as required by law, and periodically consider whether there should be regular rotation of the auditor firm;

j) meet privately with the auditor as frequently as the Committee feels is appropriate to fulfill its responsibilities, which will not be less frequently than annually, to discuss any items of concern to the Committee or the auditor, including:

   (i) planning and staffing of the audit;

   (ii) any material written communications between the auditor and management;

   (iii) whether or not the auditor is satisfied with the quality and effectiveness of financial recording procedures and systems;

   (iv) the extent to which the auditor is satisfied with the nature and scope of its examination;

   (v) whether or not the auditor has received the full co-operation of management of the Corporation;

   (vi) the auditor's opinion of the competence and performance of the Chief Financial Officer and other key financial personnel;

   (vii) the items required to be communicated to the Committee in accordance with generally accepted auditing standards;

   (viii) all critical accounting policies and practices to be used by the Corporation;

   (ix) all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor;

   (x) any difficulties encountered in the course of the audit work, any restrictions imposed on the scope of activities or access to requested information, any significant disagreements with management and management's response; and

   (xi) any illegal act that may have occurred and the discovery of which is required to be disclosed to the Committee pursuant to the United States Securities Exchange Act of 1934.

k) pre-approve or approve, if permitted by law, the appointment of the auditor to provide any audit service or non-prohibited non-audit service and, if desired, establish detailed policies and procedures for the pre-approval of audit services and non-prohibited non-audit services by the auditor. The Committee may delegate this responsibility to one or more Members to the extent permitted by applicable law provided that any pre-approvals granted pursuant to such delegation must be detailed as to the particular service to be provided, may not delegate Committee responsibilities to management and must be reported to the full Committee at its next scheduled meeting;

l) resolve any disagreements between management and the auditor regarding financial reporting;

m) review, and, where appropriate, recommend for approval by the board, the following:

   (i) audited annual financial statements, in conjunction with the report of the external auditor;

   (ii) interim financial statements;

   (iii) annual and interim management discussion and analysis of financial condition and results of operation;

   (iv) reconciliations of the annual or interim financial statement;

   (v) all other audited or unaudited financial information contained in public disclosure documents, including without limitation, any prospectus, or other offering or public disclosure documents and financial statements required by regulatory authorities; and

n) discuss earnings press releases and other press releases containing financial information (to ensure consistency of the disclosure to the financial statement), as well as financial information and earnings guidance provided to analysts and rating agencies including the use of "pro forma" or "adjusted" non-GAAP information in such press releases and financial information. Such review may consist of a general discussion of the types of information to be disclosed or the types of presentations to be made;

o) review the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Corporation's financial statements;

p) review disclosures made to the Committee by the Chief Executive Officer and Chief Financial Officer during their certification process for applicable securities law filings about any significant deficiencies and material weaknesses in the design or operation of the Corporation's internal control over financial reporting which are reasonably likely to adversely affect the Corporation's ability to record, process, summarize and report financial information, and any fraud involving management or other employees;

q) review the effectiveness of management's policies and practices concerning financial reporting, any proposed changes in major accounting policies, the appointment and replacement of management responsible for financial reporting and the internal audit function;

r) review the adequacy of the internal controls that have been adopted by the Corporation to safeguard assets from loss and unauthorized use and to verify the accuracy of the financial records and any special audit steps adopted in light of material control deficiencies;

s) meet privately with the person responsible for the Corporation's internal audit function as frequently as the Committee feels appropriate to fulfill its responsibilities, which will not be less frequently than annually, to discuss any items of concern;

t) review the mandate, budget, planned activities, staffing and organizational structure of the internal audit function (which may be outsourced to a firm other than the auditor) to confirm that it is independent of management and has sufficient resources to carry out its mandate. The Committee will discuss this mandate with the auditor; review the appointment and replacement of the person in charge of the Corporation's internal audit and review the significant reports to management prepared by the internal auditor and management's responses;

u) review the controls and procedures that have been adopted to confirm that material information about the Corporation and its subsidiaries that is required to be disclosed under applicable law or stock exchange rules is disclosed and to review the public disclosure of financial information extracted or derived from the issuer's financial statements and periodically assess the adequacy of these procedures;

v) review periodically, the Corporation's policies with respect to risk assessment and management, particularly financial risk exposure, including the steps taken to monitor and control risks;

w) review periodically, the status of taxation matters of the Corporation;

x) set clear policies for hiring partners and employees and former partners and employees of the external auditor;

y) review, with legal counsel where required, such litigation, claims, tax assessments, transactions, material inquiries from regulators and governmental agencies or other contingencies which may have a material impact on financial results or which may otherwise adversely affect the financial well-being of the Corporation; and

z) consider other matters of a financial nature as directed by the board.

REPORTING

The Committee will regularly report to the board on:

a) the auditor's independence;

b) the performance of the auditor and the Committee's recommendations regarding its reappointment or termination;

c) the performance of the internal audit function department;

d) the adequacy of the Corporation's internal controls and disclosure controls;

e) its recommendations regarding the annual and interim financial statements of the Corporation and any reconciliation of the Corporation's financial statements, including any issues with respect to the quality or integrity of the financial statements;

f) its review of any other public disclosure document including the annual information form and the annual and interim management's discussion and analysis of financial condition and results of operations;

g) the Corporation's compliance with legal and regulatory requirements, particularly those related to financial reporting; and

h) all other significant matters it has addressed and with respect to such other matters that are within its responsibilities.

COMPLAINTS PROCEDURE

The Committee will establish a procedure for the receipt, retention and follow-up of complaints received by the Corporation regarding accounting, internal controls, disclosure controls or auditing matters and a procedure for the confidential, anonymous submission of concerns by employees of the Corporation regarding such matters.

REVIEW AND DISCLOSURE

The Committee will review this Charter at least annually and submit it to the Governance and Nominating Committee together with any proposed amendments. The Governance and Nominating Committee will review the Charter and submit it to the board for approval with such further amendments as it deems necessary and appropriate.

This Charter will be posted on the Corporation's web site and the annual report of the Corporation will state that this Charter is available on the web site or is available in print to any shareholder who requests a copy.

ASSESSMENT

At least annually, the Governance and Nominating Committee will review the effectiveness of this Committee in fulfilling its responsibilities and duties as set out in this Charter and in a manner consistent with the corporate governance guidelines adopted by the board. The Committee will also conduct its own assessment of the Committee's performance on an annual basis.

ACCESS TO OUTSIDE ADVISORS AND SENIOR MANAGEMENT

The Committee may retain any outside advisor including legal counsel, at the expense of the Corporation, without the board's approval at any time and has the authority to determine any such advisor's fees.

The Corporation will provide for appropriate funding, for payment of compensation to any auditor engaged to prepare or issue an audit report or perform other audit, review or attest services, and ordinary administrative expenses of the Committee.

Members will meet privately with senior management as frequently as they feel is appropriate to fulfill the Committee's responsibilities, but not less than annually.

MEETINGS

Meetings of the Committee may be called by any Member, the Chairman of the board, the Chief Executive Officer or Chief Financial Officer of the Corporation, the internal auditor or the auditor. Meetings will be held each quarter and at such additional times as is necessary for the Committee to fulfill its responsibilities. The Committee shall appoint a secretary to be the secretary of each meeting of the Committee and to maintain minutes of the meeting and deliberations of the Committee.

The powers of the Committee shall be exercisable at a meeting at which a quorum is present. A quorum shall be not less than a majority of the Members from time to time. Matters decided by the Committee shall be decided by majority vote. Subject to the foregoing, the Business Corporations Act (Canada) and the by-laws, and unless otherwise determined by the board, the Committee shall have the power to regulate its procedure.

Notice of each meeting shall be given to each Member, the internal auditor, the auditor, and to the Chairman of the board and the Chief Executive Officer of the Corporation. Notice of meeting may be given verbally or by letter, by facsimile or telephone not less than 24 hours before the time fixed for the meeting. Members may waive notice of any meeting and attendance at a meeting is deemed waiver of notice. The notice need not state the purpose or purposes for which the meeting is being held.

The Committee may invite from time to time such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee. The Committee may require the auditors to attend any or all meetings.

DEFINITIONS

Capitalized terms used in this Charter and not otherwise defined have the meaning attributed to them below:

"Independent Director" means a director who has been affirmatively determined by the board to have no material relationship with the Corporation, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Corporation. In addition to any other requirement of applicable securities laws or stock exchange provisions, a director who:

a) is an employee, or whose immediate family member is an executive officer of the Corporation is not independent until three years after the end of such employment relationship;

b) is receiving, or whose immediate family member receives, more than US$50,000 per year in direct compensation from the Corporation, other than director and committee fees and pension or other forms of deferred compensation for prior

service (provided such compensation is not contingent in any way on continued service) is not independent until three years after he or she ceases to receive more than US$50,000 per year in compensation;

c) is affiliated with or employed by, or whose immediate family member is employed in a professional capacity by a present or former internal or external auditor of the Corporation is not independent until three years after the end of the affiliation or employment of the auditing relationship;

d) is employed as, or whose immediate family member is employed as, an executive officer of another company where any of the present (at the time of review) members of senior management of the Corporation serve on that company's compensation committee is not independent until three years after the end of such service or the employment relationship; and

e) is an executive officer or an employee of, or whose immediate family member is an executive officer of, another company for which the Corporation accounts for at least 2% or US$1 million, whichever is greater, of such other company's consolidated gross revenues, in each case is not independent until three years after falling below such threshold.

For the purposes of the definition above, the term Corporation includes any parent, subsidiary or other affiliated entity of the Corporation.

Additionally, an Independent Director for the purpose of the Audit Committee specifically may not:

i) accept any consulting, advisory, or other compensatory fee from the Corporation or any of its subsidiaries, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), or

ii) be an affiliated person of the Corporation or any of its subsidiaries (within the meaning of applicable rules and regulations).

"Financially Literate" means the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

"Audit Committee Financial Expert" means a person who has the following attributes:

a) an understanding of generally accepted accounting principles and financial statements;

b) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and reserves;

c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements, or experience actively supervising one or more persons engaged in such activities;

d) an understanding of internal controls and procedures for financial reporting; and

e) an understanding of audit committee functions;

acquired through any one or more of the following:

i) education and experience as a principal financial officer, principal accounting officer, controller, public accountant or auditor or experience in one or more positions that involve the performance of similar functions;

ii) experience actively supervising a principal financial officer, principal accounting officer, controller, public accountant, auditor or person performing similar functions; or

iii) experience overseeing or assessing the performance of companies or public accountants with respect to the preparation, auditing or evaluation of financial statements; or other relevant experience.

CONTENTS

Management's Discussion and Analysis of Financial Results

Performance Overview 9

Operations Review 15

Property 15

Power Generating 22

Funds Management 27

Investment in Noranda 34

Capital Resources and Liquidity 36

Financial Policies 43

Business Environment and Risks 45

Supplemental Information 48

Outlook 51

Auditors' Report 53

Consolidated Financial Statements 54

INTRODUCTION

This section of our annual report includes management's discussion and analysis of our financial results ("MD&A"), our consolidated financial statements for the most recent year and the report of the Corporation's auditors. The MD&A is intended to provide you with an assessment of our performance over the past three years as well as our financial position, performance objectives and future prospects. The basis of presentation in the MD&A is the same as that used for our consolidated financial statements with two principal exceptions: much of the discussion of performance is based on operating cash flow, which is how we benchmark performance and assess value; and certain of our operations are grouped according to how we manage the business, which differs in certain ways from the grouping prescribed by generally accepted accounting principles. We also provide a full reconciliation to our consolidated financial statements, including net income, and an assessment of our performance on that basis as well.

The information in this section should be read in conjunction with our audited consolidated financial statements, which are included on pages 53 through 87 of this report. Additional information, including the company's Annual Information Form, is available on the company's web site at **www.brascancorp.com** and on SEDAR's web site at **www.sedar.com**. For additional information on each of the five most recently completed financial years, please refer to the table included on page 90 of this report. Unless the context indicates otherwise, references in this section of the annual report to the "Corporation" refer to Brascan Corporation, and references to "Brascan" or "the company" refer to the Corporation and its direct and indirect subsidiaries.

PERFORMANCE OVERVIEW

Operating results for the past three years are summarized as follows:

YEARS ENDED DECEMBER 31, (MILLIONS, EXCEPT PER SHARE AMOUNTS)	***2004***	*2003*	*2002*
Operating cash flow	**$ 670**	$ 624	$ 469
Per share	**2.34**	2.14	1.58
Excluding property and disposition gains	**$ 577**	$ 517	$ 439
Per share	**1.98**	1.74	1.48
Net income	**$ 688**	$ 403	$ 83
Per share	**2.38**	1.31	0.14

We achieved record operating cash flow of $670 million ($2.34 per share) during 2004. On a comparable basis, excluding property and disposition gains, annual growth was 14% on a per share basis. This growth came on top of a particularly strong year in 2003.

Nearly all of our businesses contributed to the improved results in 2004. Power generation and residential property operations recorded substantial increases in net operating income. Our power operations benefitted from acquisitions and a return to normal water levels following unusually poor conditions in 2003, and our home building operations experienced continued strength in our core residential markets of California, Virginia and Alberta.

Our commercial property operations continue to produce steady increases in cash flows, and we successfully expanded our portfolio with the acquisition of three properties in the Washington D.C. market, the completion of our 300 Madison Avenue property in midtown Manhattan and the addition of assets in London, U.K. Our funds management business made significant progress in increasing both funds under management and capital deployed, which will produce cash flow growth in future years.

Net income increased to $688 million ($2.38 per share), also a record result for the company. We benefitted from a substantial increase in the net earnings of Noranda and Norbord, each of which generated record results during the year due to strong product prices. Our operating cash flow only includes cash dividends received from these companies, whereas net income includes our proportionate share of their earnings.

We measure our financial performance with two principal metrics: operating cash flow per share and cash return on equity. The following table shows our performance compared to our objectives over the past three years:

		Three Year	*Annual Results*		
YEARS ENDED DECEMBER 31	*Objective*	*Average*	***2004***	*2003*	*2002*
Operating cash flow and gains per share					
Annual growth	12% to 15%	20%	**10%**	35%	16%
Excluding property and disposition gains	12% to 15%	17%	**14%**	17%	19%
Cash return on equity	20%	18%	**19%**	18%	16%

Over the past three years our cash flows have grown at an annualized rate of 20% (17% excluding property and disposition gains), exceeding our target of 12% to 15%, and the cash return on equity in 2004 of 19% is nearly at our target of 20%. Cash flow growth during 2004 of 10% was below that of the prior year; however it is important to note that this was in comparison to 2003 which was a particularly strong year in terms of growth and gains realized on dispositions. As we stated in our report last year, we recognize that we will not hit our targets every year, but believe we can achieve our growth and return objectives on a relatively consistent basis over the long term.

Operating Cash Flow

We focus on cash flow in assessing our performance because we believe that the intrinsic value of Brascan is determined by the magnitude and quality of operating cash flow generated on a per share basis, as well as our ability to increase these cash flows on a sustainable basis over time. Accordingly, our two key performance measurements are annual growth in operating cash flow and cash return on equity, both determined on a per share basis. We define operating cash flow as net income excluding non-cash charges relating to depreciation and amortization, future taxes and, in the case of our major investments and cyclical resource investments, undistributed earnings.

Cash flow is tangible and underpins the value of our assets and is utilized by financial analysts as a key measure in each of our operating sectors. In particular, cash flow excludes depreciation and amortization expense recorded in respect of our commercial real estate properties and hydroelectric power generating assets. Depreciation expense implies that these assets decline in value on a pre-determined basis over time, whereas we believe that the value of these assets will typically increase over time, and will vary based on a number of market and other conditions that cannot be determined in advance.

We do recognize, however, that net income is also an important measure for many readers and that operating cash flow is a non-GAAP measure. Accordingly, we also provide a specific discussion of net income and a reconciliation of the two measures, under Summary of Operating Results – Net Income.

In our opinion, the quality of operating cash flow is measured largely by the degree of stability and growth over an extended period of time, which is in turn determined by the nature of contractual arrangements governing the payment of the cash flows, the credit worthiness of the counterparties, and the competitive profile and cost profile of the operations which generate the cash flows.

For example, our commercial office property lease portfolio has an average length of ten years with a high quality tenant roster. Similarly, over 70% of our power generating revenues are based on contractual arrangements with an average length of 13 years, again with a high quality group of customers. Our funds management business will, over time, generate a growing stream of relatively predictable management fees with a large component related to structured debt securities and loans receivable, which have contractual cash flow entitlements.

We believe that strong, growing cash flows will be rewarded with a premium valuation multiple, leading to a higher equity valuation than would be derived from the ownership of higher yielding assets of lower quality. High quality cash flows also enable us to finance assets on a long-term, low-cost basis without recourse to the Corporation, thereby increasing common equity returns on a reduced risk basis.

Operating Profile

Brascan is an asset management company, with a particular focus on property, power generation and other long-life infrastructure assets. We concentrate on businesses that generate sustainable, low-risk, growing streams of cash flow, such as high quality commercial properties, hydroelectric power generation plants and other infrastructure assets with similar characteristics.

Our direct investments include 70 premier office properties and 120 power generating plants. Relatively low capital investment is required to maintain these operations and the values of the assets owned within these businesses typically appreciate as the associated cash flow streams grow, rather than depreciate over time, as is common with many other types of operating assets. In addition to our direct investments, we have $7 billion of additional assets and capital committed under management and plan to expand these assets significantly in future years.

Brascan's common share market capitalization exceeds $9 billion and our common shares are inter-listed on both the New York and Toronto stock exchanges.

We own and manage our operations directly as well as through partially owned companies, joint venture partnerships and investment funds that are co-owned with institutional and other partners. We finance our operations with diversified sources of capital. Attractive low-risk financial leverage for our common shares is obtained through the use of property specific mortgages that have no recourse to the Corporation and the issuance of low-rate non-participating securities such as preferred shares. At year end, total shareholders' interests, including interests of others in our consolidated operations, totalled $7 billion at book value and had an aggregate market capitalization of $15 billion.

Our core operations are concentrated in three areas: our property operations include commercial properties, residential home building, associated development activities and property services; our power generation business is concentrated almost exclusively on hydroelectric power generation, although we also operate three gas fired generating facilities and a small transmission and distribution business; and our funds management business develops, invests and manages funds and investments on behalf of a select group of institutional investors that co-invest in the same types of assets which we own.

Summary Of Operating Results

Operating Cash Flow

The following is a summarized statement of operating cash flows over the past three years:

AS AT AND FOR THE YEARS ENDED DECEMBER 31	*Book Value*	*Operating Cash Flow*			*Annualized Return [1]*		
MILLIONS, EXCEPT PER SHARE AMOUNTS	***2004***	***2004***	*2003*	*2002*	***2004***	*2003*	*2002*
Net operating income							
Core operations							
Property	**$ 9,289**	**$ 1,019**	$ 837	$ 743	**12%**	10%	10%
Power generation	**3,048**	**283**	172	153	**11%**	10%	11%
Funds management	**3,375**	**219**	198	178	**8%**	13%	11%
	15,712	**1,521**	1,207	1,074	**11%**	11%	10%
Investment in Noranda	**1,374**	**45**	49	48	**4%**	5%	5%
Cash and financial assets	**1,400**	**79**	89	96	**6%**	8%	8%
Receivables and other assets	**1,524**	**—**	—	—	**—**	—	—
Property and disposition gains	**—**	**123**	157	60	**—**	—	—
	$ 20,010	**$ 1,768**	$ 1,502	$ 1,278	**10%**	10%	10%
Interest expense							
Property specific mortgages	**$ 6,045**	**$ 321**	$ 300	$ 297	**6%**	6%	6%
Other debt of subsidiaries	**2,373**	**122**	105	106	**5%**	5%	5%
Corporate borrowings	**1,675**	**87**	66	63	**6%**	6%	7%
Cash taxes and other operating costs	**2,719**	**169**	88	56	**7%**	6%	5%
Minority interests of others in assets [2]	**2,628**	**399**	319	287	**15%**	15%	15%
Operating cash flow and gains	**4,570**	**670**	624	469	**16%**	17%	14%
Corporate preferred equity	**1,089**	**62**	58	44	**6%**	6%	6%
Operating cash flow for common shares	**$ 3,481**	**$ 608**	$ 566	$ 425	**19%**	18%	16%
Per common share	**$ 13.51**	**$ 2.34**	$ 2.14	$ 1.58	**19%**	18%	16%

1 Operating cash flow as a percentage of average book value

2 Includes preferred equity issued by subsidiaries and associated distributions

Cash flow from operations and gains for the year ended December 31, 2004, including dividends from Noranda and Norbord, totalled $670 million ($2.34 per share) after deducting financing charges, operating costs and the portion of operating cash flow that is attributable to other investors with interests in our businesses, whether retained or distributed. This represents a 9% increase from the $2.14 per share generated in 2003, which in turn represented a 35% increase over 2002.

We operate our businesses with the objective of generating sustainable and increasing cash flow streams, which should result in the value of these operations appreciating over time. It is worth noting that the cash flow from operations shown above includes virtually no return on $1 billion of real estate and power generation development properties, a low return from undeployed cash and financial assets, and includes only the dividends received from our investment in Noranda, which has a current market value of more than $2 billion.

Property operations increased their contribution to operating cash flow to $1,019 million from $837 million in 2003 and $743 million in 2002. The 2004 results reflect outstanding performance from our residential property operations, due primarily to exceptionally strong demand for new homes in our core markets. Net operating income from currently owned commercial properties also increased during 2004 due to the addition of new properties after remaining relatively unchanged between 2003 and 2002, as growth from existing properties in that year was offset by the impact of the sale of partial interests in more mature properties.

Power generating operations increased their contribution by 65% over 2003 due to a return to normal water flows as well as capacity additions over the past two years. Corresponding growth between 2003 and 2002 was lower than expected as the impact of capacity additions was offset by lower water levels in several key regions.

Contribution from funds management increased by 11% from 2003. We continue to expand our fund offerings and assets under management and the level of capital deployed in this sector increased significantly in the last half of 2004, which together should lead to improved results in 2005. In addition, the 2003 results included a high level of realized gains, particularly from high yield investments, that contributed to significant growth over 2002 but were not replicated in 2004.

We recorded property and disposition gains in each of the past three years. The 2004 results include $60 million of income arising from the termination of a major office lease, and a $63 million gain on the partial monetization of our investment in Norbord. The 2003 results include property disposition gains of $100 million on the sale of a partial interest in one of our New York office properties and a $57 million gain on the sale of a copper/gold mine which we had restructured. The 2002 results include gains of $60 million on the sale of partial interests in properties located in Toronto and Calgary.

Interest expense increased during 2004 and 2003 due to additional non-recourse property specific mortgages arranged to finance our commercial property and hydroelectric generating assets. Interest incurred on corporate and non-recourse debt of subsidiaries also increased due to long-term debt issued to capitalize on low interest rates and the market demand for longer maturities. We also decided to shift our interest rate profile to predominantly fixed rate payments, which results in higher interest payments but a reduced exposure to rising rates.

Minority interest share of cash flow increased, reflecting the interest of those shareholders in the improved performance of the operations in which they participate. The majority of these interests are in our property operations, which recorded particularly strong results in 2004. The increase in cash taxes and other operating costs largely reflects income taxes payable by our U.S. home building operations.

The operating results are discussed in more detail for each business segment under Operations Review.

Net Income

Net income increased significantly in 2004. This was due to the increase in cash flow from operations previously discussed, as well as meaningful improvements in the equity accounted results of Noranda and Norbord as a result of improved product prices and cost efficiencies. The 2002 results included a net charge of $145 million representing our share of Noranda's restructuring charges.

Net income is reconciled to operating cash flow as set forth below:

YEARS ENDED DECEMBER 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	***2004***	*2003*	*2002*
Operating cash flow and gains	**$ 670**	$ 624	$ 469
Less: dividends from Noranda and Norbord	**(64)**	(67)	(64)
	606	557	405
Non-cash items			
Depreciation and amortization	**(251)**	(149)	(121)
Future income taxes and other provisions	**(153)**	(165)	(104)
Minority share of non-cash items	**141**	100	84
Equity accounted income (loss) from Noranda, Norbord and Fraser Papers	**345**	60	(181)
Net income	**$ 688**	$ 403	$ 83
Net income per share	**$ 2.38**	$ 1.31	$ 0.14

Depreciation and amortization increased significantly in 2004 as a result of recent changes in accounting requirements which required commercial property operations, including ours, to adopt the straight-line method for depreciation during 2004. This resulted in a $58 million increase in depreciation charges during the year. The remaining increases of $44 million in 2004 and $28 million in 2003 are due to the acquisition and development of additional commercial properties and power generating facilities.

Future income taxes and other provisions were largely unchanged compared to 2003. Brascan has access to significant tax shields as a result of the nature of our asset base, and we do not expect to incur any meaningful cash tax liability in the near future other than in our home building operations. Nonetheless, we record non-cash tax provisions as required under GAAP, which includes expensing the carrying value of tax losses utilized during the period, and tax provisions in respect of the non-cash equity earnings recorded on our investments in Noranda and Norbord.

Minority share of non-cash items reflects the extent to which the foregoing charges are attributable to the minority shareholders of operating subsidiaries, primarily Brookfield Properties and Brookfield Homes.

Equity accounted income from Noranda, Norbord and Fraser Papers contributed $345 million during 2004 compared to $60 million in 2003. The negative contribution in 2002 was due to restructuring charges recorded by Noranda. The contribution is summarized as follows:

YEARS ENDED DECEMBER 31 (MILLIONS)	***2004***	*2003*	*2002*
Noranda	**$ 218**	$ 6	$ (186)
Norbord *1*	**135**	54	5
Fraser Papers *1*	**(8)**	—	—
Net income (loss)	**$ 345**	$ 60	$ (181)

1 In 2004, Nexfor Inc. distributed its paper operations to its shareholders as Fraser Papers Inc. and changed its name to Norbord Inc.

FINANCIAL PROFILE

Total assets at book value increased to $20.0 billion as at December 31, 2004 from $16.3 billion at the end of the preceding year and $14.4 billion at the end of 2002. The increase was due to a higher level of invested assets, as well as the impact of the higher Canadian dollar on the assets which we own and operate in Canada.

The following is a summarized statement of our financial position and employment of capital over the past three years:

AS AT DECEMBER 31	*Book Value*		
MILLIONS, EXCEPT PER SHARE AMOUNTS	***2004***	*2003*	*2002*
Assets			
Property	**$ 9,289**	$ 8,222	$ 7,872
Power generation	**3,048**	1,927	1,587
Funds management	**3,375**	2,095	1,765
	15,712	12,244	11,224
Investment	**1,374**	1,196	877
Cash and securities	**1,400**	1,236	1,050
Accounts receivable and other	**1,524**	1,623	1,271
	$ 20,010	$ 16,299	$ 14,422
Liabilities			
Non-recourse borrowings			
Property specific mortgages	**$ 6,045**	$ 4,881	$ 4,992
Other debt of subsidiaries	**2,373**	2,075	1,867
Corporate borrowings	**1,675**	1,213	1,035
Accounts payable and other liabilities	**2,719**	1,745	1,262
Shareholders' interests			
Minority interests of others in assets	**1,569**	1,516	1,456
Preferred equity – corporate and subsidiaries	**2,148**	1,861	1,185
Common equity	**3,481**	3,008	2,625
Total shareholders' interests	**7,198**	6,385	5,266
	$ 20,010	$ 16,299	$ 14,422
Per common share	**$ 13.51**	$ 11.63	$ 9.90

Our property, power and funds management operations each increased assets deployed by over $1 billion in 2004. Property specific mortgages increased as a result of financing arranged in connection with the acquisition of the commercial property and power generating assets referred to above.

Corporate borrowings increased by $462 million due in part to the inclusion of corporate debt issued by our funds management operations, which was assumed by Brascan as part of an amalgamation at year end, as well as net new debt issuances.

Shareholders' interests increased as a result of $490 million of undistributed earnings and the issuance of $268 million of additional preferred equity through our commercial real estate operations.

OPERATIONS REVIEW

PROPERTY

Our property operations consist of commercial office properties, residential properties, development properties and property services activities. In total, we manage approximately 170 million square feet of real estate properties. This includes our own commercial properties, properties managed for institutional investors and third party managed properties. These operations are located predominantly in North America, but also include operations in the United Kingdom and Brazil.

Operating cash flows generated by each area of our real estate operations for the past three years, together with the assets deployed, were as follows:

AS AT AND FOR THE YEARS ENDED DECEMBER 31		*Book Value*		*Operating Cash Flow*		
MILLIONS	*Return on Assets [1]*	***2004***	*2003*	***2004***	*2003*	*2002*
Commercial properties	10%	**$ 7,470**	$ 6,622	**$ 697**	$621	$622
Residential properties	39%	**818**	738	**305**	131	105
Development properties	—	**950**	814	**1**	67	2
Property services	32%	**51**	48	**16**	18	14
	12%	**$ 9,289**	$ 8,222	**$ 1,019**	$837	$743

1 As a percentage of average book value

Commercial Properties

Commercial properties generated $697 million of operating cash flows, an increase of 12% over 2003 which in turn was unchanged from 2002. The composition of the commercial property portfolio owned by the company at the end of 2004 and 2003 was as follows:

	Leasable	*Return on*	*Book Value*		*Operating Cash Flow*		
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2004	*Area [1]*	*Assets [2]*	***2004***	*2003*	***2004***	*2003*	*2002*
	(000 SQ. FT.)		*(MILLIONS)*			*(MILLIONS)*	
New York, New York	**9,506**	11.3%	**$ 3,576**	$ 3,552	**$404**	$315	$307
Boston, Massachusetts	**1,103**	10.3%	**328**	333	**34**	33	32
Toronto, Ontario	**4,777**	8.5%	**1,068**	928	**85**	75	63
Calgary, Alberta	**3,166**	11.8%	**448**	450	**53**	46	37
Washington, D.C.	**1,557**	7.5%	**439**	150	**22**	—	—
Denver, Colorado	**2,811**	8.6%	**370**	372	**32**	32	36
Minneapolis, Minnesota	**3,008**	4.9%	**414**	400	**20**	22	28
Other North America	**927**	22.0%	**84**	134	**24**	44	45
Rio de Janeiro, São Paulo, Brazil	**2,292**	7.7%	**293**	303	**23**	28	25
London, United Kingdom	**1,617**	—	**450**	—	**—**	—	—
Income from properties sold	**—**	—	**—**	—	**—**	26	49
Total *3*	**30,764**	9.9%	**$ 7,470**	$ 6,622	**$697**	$621	$622

1 Effective interest

2 As a percentage of average book value

3 Excludes development sites

Approximately 86% of commercial property net income is generated from our five core North American markets: New York, Boston, Toronto, Calgary and Washington. We intend to continue our strategy of concentrating our operations within a select number of supply constrained markets with attractive tenant bases in order to maintain a meaningful presence and build on the strength of our tenant relationships within these markets.

The book value of our commercial property portfolio increased during the year with the acquisition of two properties in Washington and a net effective 17% interest in 17 properties within the Canary Wharf estate in London, U.K., as well as the impact of the higher Canadian dollar on our Canadian assets. During 2003 we completed the development of

300 Madison Avenue in New York and sold a 49% interest in our 245 Park Avenue property, also in New York, as well as a smaller Calgary property. The consolidated carrying value of our North American properties is approximately $250 per square foot, significantly less than the estimated replacement cost of these assets. Our core properties are on average 1.4 million square feet in size.

The commercial properties currently owned are expected to generate approximately $750 million of annual operating cash flows. The application of a capitalization rate to this cash flow yields the following values for our portfolio:

	Operating	Book Value	Capitalization Value			
MILLIONS	*Cash Flow [1]*	***2004***	*5.00%*	*5.75%*	*6.50%*	*7.25%*
Commercial properties	$ 750	**$ 7,470**	$ 15,000	$ 13,000	$ 11,500	$ 10,350

1 Expected annualized operating cash flow based on year end portfolio

Components of Operating Cash Flow

The components of the change in commercial property operating cash flow from year to year are contractual increases in rental rates, lease rollovers, lease-up of vacancies and acquisitions net of dispositions, as follows:

YEARS ENDED DECEMBER 31 (MILLIONS)	*2002 – 2004*	***2004***	*2003*	*2002*
Previous net operating income before lease termination income and property gains	$ 642	**$ 621**	$ 622	$ 642
Changes due to:				
(i) Contractual increases on in-place leases	36	**4**	16	16
– Straight-line rental income	22	**22**	—	—
(ii) Rental increases achieved on in-place rents when re-leased	20	**2**	10	8
(iii) Lease-up of vacancies	9	**1**	3	5
(iv) Acquisitions and dispositions, net	(32)	**47**	(30)	(49)
Current year's net operating income	$ 697	**$ 697**	$ 621	$ 622

(i) Contractual increases on in-place leases

During 2004, contractual increases in leases added $4 million to net operating income compared with $16 million in each of 2003 and 2002. Our leases generally have clauses which provide for the collection of rental revenues in amounts that increase every five years, with these increases negotiated at the signing of the leases. Given the high credit quality of tenants in our buildings, there is generally low risk of not achieving these increases. Prior to 2004 our policy was to record most of our rental revenues in accordance with the actual payments received under the terms of our leases, which typically increase over time. However, we adopted straight-line rent recognition during 2004 in accordance with revised industry standards and accounting requirements, resulting in a $22 million increase during the year.

(ii) Rental increases achieved on in-place rents when re-leased

During 2004, higher rental rates on the re-leasing of space in the portfolio contributed $2 million of increased cash flow over 2003, compared with a corresponding increase of $10 million during the prior year and $8 million in 2002. At December 31, 2004, average in-place net rents throughout the portfolio were $23 per square foot, up from $22 per square foot in December 31, 2003 and $21 per square foot at December 31, 2002, as leasing environments across North America improved. The average market net rent was $25 per square foot in 2004, an increase of $1 over $24 per square foot in 2003. Decreases in New York and Boston were offset by increases in other markets.

(iii) Lease-up of vacancies

Contribution to net operating income from lease-up of vacancies was $1 million in 2004 compared with $3 million in 2003 and $5 million in 2002. Contributions from vacancy lease-up was greater in 2003 due to vacancies leased in properties acquired in prior years. The contribution to operating cash flow from vacancy lease-up is expected to increase in the future as properties acquired or developed in 2004 with vacancies are leased up.

During 2004 we leased close to four million square feet of space, approximately four times the amount of space contractually expiring. This includes two million square feet of new leases and 1.6 million square feet of renewals.

Our total portfolio occupancy rate at December 31, 2004 was 97% in our core North American markets, and 95% overall, as shown in the following table:

	2004		2003		2002	
AS AT DECEMBER 31 THOUSANDS OF SQUARE FEET	**Leasable Area**	**Percentage Leased**	Leasable Area	Percentage Leased	Leasable Area	Percentage Leased
New York, New York	**11,221**	**98%**	11,262	98%	10,113	98%
Boston, Massachusetts	**2,163**	**97%**	2,163	98%	2,163	97%
Toronto, Ontario	**6,790**	**95%**	6,884	96%	6,883	96%
Calgary, Alberta	**6,331**	**98%**	7,454	98%	7,570	97%
Washington, D.C.	**1,557**	**93%**	570	53%	—	—
Core North America	**28,062**	**97%**	28,333	97%	26,729	97%
Denver, Colorado	**3,017**	**85%**	3,017	83%	3,017	90%
Minneapolis, Minnesota	**3,008**	**86%**	3,008	74%	3,008	85%
Other North America	**927**	**89%**	1,281	91%	1,515	97%
Total North America	**35,014**	**95%**	35,639	94%	34,269	96%
Brazil	**2,292**	**92%**	2,216	93%	2,216	92%
London, United Kingdom	**1,617**	**86%**	—	—	—	—
Total *1*	**38,923**	**95%**	37,855	94%	36,485	96%

1 Excludes development sites

(iv) Acquisitions and dispositions, net

The value created in our mature commercial properties provides us with the opportunity to generate additional gains and capital in order to reinvest in other opportunities at higher returns. We continued our practice of actively managing our portfolio with the acquisition of two properties in Washington D.C., aggregating 1.6 million square feet, and completed the first full year of operations of our 300 Madison Avenue property in midtown Manhattan, New York. This 1.2 million square foot building was completed in late 2003 and is fully leased to CIBC World Markets and PricewaterhouseCoopers for 30 years with a CIBC covenant on 100% of the property.

We sold partial interests in mature, well leased properties with the sale of a 49% interest in 245 Park Avenue during 2003, as well as a smaller property in Calgary. In 2002 we sold partial interests in properties located in Toronto and Calgary, and acquired 1.2 million vacant square feet located in Tower Three of our World Financial Center complex in New York City. The net acquisition of properties, together with associated leasing fees, increased operating cash flow by $47 million in 2004, and the sale of properties reduced operating cash flow by $30 million in 2003 and $49 million in 2002.

Tenant Relationships and Lease Maturities

An important characteristic of our commercial property portfolio is the strong credit quality of our tenants. Special attention is given to tenants' credit quality in order to ensure the long-term sustainability of rental revenues through economic cycles. The tenant profile on average represents an "A" credit rating. Major tenants with over 400,000 square feet of space in the portfolio include Merrill Lynch, CIBC, RBC Financial Group, Petro-Canada, Imperial Oil and JPMorgan Chase, among others.

Our strategy is to sign long-term leases with our tenants in order to mitigate risk and reduce overall re-tenanting costs in the portfolio. We typically commence discussions with our tenants regarding their space requirements well in advance of their contractual expiration, and while each market is different, the majority of our leases, when signed, extend between 10 and 20 years. As a result, the average amount of leasable area in the total portfolio maturing annually is approximately 5%.

Residential Properties

Our residential property business consists primarily of single family home building across North America with our established niche being in the mid to upper-end of the home building industry. We are one of the 20 largest home builders in the United States, with a significant base of operations in California and Virginia. We also build residential condominiums in Brazil and build homes and develop lots in Toronto and Calgary, and have done so successfully for over 20 years. The capital deployed and the cash flows generated by these operations over the past three years were as follows:

AS AT AND FOR THE YEARS ENDED DECEMBER 31		*Book Value*		*Operating Cash Flow [1]*		
MILLIONS	*Return on Assets [2]*	***2004***	*2003*	***2004***	*2003*	*2002*
United States						
California	48%	**$ 414**	$ 361	**$ 184**	$ 57	$ 50
Virginia	35%	**196**	110	**53**	27	21
Colorado	43%	**22**	25	**10**	3	(9)
Florida	—	**4**	91	**—**	—	(3)
Canada						
Ontario	38%	**16**	26	**8**	5	3
Alberta	30%	**90**	68	**24**	23	33
Brazil	39%	**76**	57	**26**	16	10
	39%	**$ 818**	$ 738	**$ 305**	$ 131	$ 105

1 Revenue less cost of sales

2 As a percentage of average book value

Operating cash flow from our residential operations increased to $305 million in 2004, up from $131 million in 2003 and $105 million in 2002. This substantial increase reflected both higher selling prices and improved margins, as well as an increase in the number of homes and lot sales closed during the year. All of our major markets continued to experience strong demand due to favourable economic fundamentals and demographic trends. We own approximately 50% of the equity capital in our U.S. and Canadian operations and, accordingly, a corresponding proportion of the improved returns accrued to other investors which is reflected as minority interests of others in assets.

Home sales totalled 3,321 units for the year compared with 2,731 in 2003. Lot sales in 2004, including the bulk sale of lots to other builders, totalled 6,125 compared with 5,152 in 2003.

The book value of the assets employed in our residential business has increased in each of the past two years due to an increased level of activity, development of land and higher level of work in process.

Details of the home and lot sales by regional market, are as follows:

	Home Sales			*Lot Sales [1]*		
YEARS ENDED DECEMBER 31 (UNITS)	***2004***	*2003*	*2002*	***2004***	*2003*	*2002*
United States						
California	**1,357**	1,023	1,093	**1,415**	1,044	1,420
Virginia	**523**	505	461	**864**	745	791
Colorado	**—**	—	—	**468**	448	277
Florida	**—**	—	47	**—**	—	47
Canada						
Ontario	**339**	318	374	**339**	318	468
Alberta	**496**	479	382	**2,433**	2,191	2,221
Brazil	**606**	406	535	**606**	406	535
Total	**3,321**	2,731	2,892	**6,125**	5,152	5,759

1 Including lots associated with home sales

The average home sales price in 2004 for our home building operations was $416,000 per unit, an increase of 12% over 2003 levels. The increase in the average home price was due to a larger proportion of higher priced houses sold, and increased pricing on housing sales across virtually all markets in North America.

The backlog of orders for delivery in 2005, as at the date of this report was approximately 40% of expected 2005 closings.

Development Properties

Development properties consist predominantly of commercial property development sites, density rights and related infrastructure, and land owned and under option, held pending future development into income producing assets or for sale to other users or our own home building operations. These assets are owned to add value through obtaining building entitlements or for conversion into cash flow generating real estate. Development properties also include rural development properties in Brazil.

The composition of our development properties at December 31, 2004 and 2003 was as follows:

AS AT AND FOR THE YEARS ENDED DECEMBER 31		*Book Value*		*Operating Cash Flow*		
MILLIONS	*Potential Development*	***2004***	*2003*	***2004***	*2003*	*2002*
Commercial development properties	22.1 million sq. ft.	**$ 603**	$ 509	**$ —**	$ —	$ —
Residential lots – owned	35,658 lots	**263**	246	**—**	65*1*	—
– optioned	14,919 lots	**45**	19	**—**	—	—
Rural development properties	135,000 acres	**39**	40	**1**	2	2
Total		**$ 950**	$ 814	**$ 1**	$ 67	$ 2

1 Realized gain on sale of lots

Commercial Development Properties

We maintain an in-house development capability to undertake commercial developments when the risk-adjusted returns are adequate and significant pre-leasing has been achieved. Commercial development properties at December 31, 2004 and 2003, included the following projects:

	Projected Office Density		*Book Value*	
AS AT DECEMBER 31 (MILLIONS)	*% owned*	*# of sq. ft. 1*	***2004***	*2003*
Commercial Office Projects				
New York	100%	3,700,000		
Toronto	25% to 65%	3,692,000		
Calgary	100%	500,000		
Denver	100%	400,000		
São Paulo	100%	7,500,000		
London, United Kingdom *2*	17%	735,000		
		16,527,000	**$ 449**	$ 382
Residential Projects				
São Paulo	100%	1,558,000		
Rio de Janeiro	100%	4,030,000		
		5,588,000	**154**	127
Total		22,115,000	**$ 603**	$ 509

1 Effective interest excluding partners

2 Proportionate share held indirectly through Canary Wharf Group plc

Currently our largest commercial office development property is a 1.2 million square foot divided interest in Three World Financial Center, the 2.1 million square foot third tower of our flagship World Financial Center complex in downtown Manhattan. We acquired the vacant property in 2002 at a substantial discount to replacement value and are in the process

of securing tenants for the portion owned by us, which is expected to be 70% leased by the end of 2005. Also in New York is our Penn Station development in midtown New York which recently received increased permitting for 2.5 million square feet of office density.

We own a 50% interest in the Bay-Adelaide Centre development property, located in Toronto's downtown financial district. This project includes below-grade infrastructure for 1.8 million square feet of office and residential space and a fully operational underground revenue-generating parking facility. We also own expansion rights for a third office tower at BCE Place, our flagship Toronto office complex, which would add approximately 800,000 square feet of density. We have similar rights to develop 500,000 square feet of office space at Bankers Hall in Calgary and 400,000 square feet for Republic Plaza in Denver.

In São Paulo, Brazil, we own the Green Valley Office Park, which currently encompasses 300,000 square feet of built office space. We also own density to build commercial office space of up to a further 7.5 million square feet, and residential condominium density of a further 1.5 million square feet, to be developed over the next fifteen years. In Rio de Janeiro, we own 4.0 million square feet of condominium density in Barra da Tijucca which will be built over the next 10 years.

Residential Development Properties

Residential development properties include land, both owned and optioned, which is in the process of being converted to residential lots, but not expected to enter the home building process for more than three years.

		Book Value	
AS AT DECEMBER 31 (MILLIONS)	*# of Lots*	***2004***	*2003*
Residential lots – owned			
United States	7,970	**$ 110**	$ 144
Canada	27,688	**153**	102
	35,658	**263**	246
Residential lots – optioned			
United States	14,919	**45**	19
Total	50,577	**$ 308**	$ 265

Over the past two years, with strong markets we have chosen to sell additional development lots to other home builders, rather than continue to hold these lots for future conversion into homes for sale at a later date. We recorded gains of $65 million during 2003 on sales of this nature and, although we did not complete any significant transaction of a similar nature in 2004, we continue to pursue such opportunities.

We have elected to increase our use of options to control lots for future years in our most active markets in order to reduce risk. To that end, we have acquired options on nearly 15,000 lots in our U.S. markets in return for us providing our planning and development expertise to obtain the required entitlements.

Rural Development Properties

We own 135,000 acres of prime rural development land in the States of São Paulo and Minas Gerais in Brazil. These properties have, until recently, been utilized primarily for beef production, but are also suitable for the growing of soy beans and sugar cane for the production of ethanol. A substantial increase in the world-wide consumption of ethanol to add to or use as a substitute for gasoline has resulted in a significant increase in the value of lands which are suitable for sugar cane

growing. Accordingly, we are in the process of entering into long-term land leases with operators of large sugar cane processing facilities. During 2004 we set aside approximately 30,000 acres to lease for 20-year terms to earn growing annual cash flows significantly in excess of those previously received. We will continue to retain ownership in the land, which we expect to appreciate further in value.

Property Services

We operate a broad array of property services which leverage our industry presence. These services include commercial property brokerage and investment banking services, and residential and commercial property services. The composition of our property services operations at December 31, 2004 and 2003 was as follows:

AS AT AND FOR THE YEARS ENDED DECEMBER 31		*Book Value*			*Operating Cash Flow [1]*		
MILLIONS	*Return on Assets [2]*	***2004***	*2003*		***2004***	*2003*	*2002*
Commercial Brokerage and Advisory Services		**$ 8**	$ 8		**$ 10**	$ 4	$ 2
Brookfield LePage Facilities Management		**10**	9		**4**	3	2
Brookfield Residential Management Services		**3**	4		**1**	1	1
Centract Residential Property Services		**30**	27		**1**	10	9
Total	32%	**$ 51**	$ 48		**$ 16**	$ 18	$ 14

1 Revenue less operating cost

2 As a percentage of average book value

Although the aggregate operating cash flow from property services is relatively small in comparison to that generated by our other property operations, the return on capital employed is significant. In addition to benefitting our clients, these operations complement our other property operations and broaden our market knowledge.

Commercial brokerage and advisory services are provided through Royal LePage Commercial. These include commercial leasing, sales, appraisal and brokerage services across Canada. This operation has the largest share of many major markets across Canada. Our advisory services group leverages our commercial brokerage, bridge lending and asset management operations to earn fees and also assists in developing opportunities for our other operations. The Brascan Financial Real Estate Group provides financing, advisory and investment banking and brokerage services throughout North America.

Brookfield LePage Facilities Management, one of the largest facilities management operations in Canada, is owned 40% by Brascan in partnership with Johnson Controls, the largest facilities management operator in the world. Our joint venture manages close to 100 million square feet of premises for major corporations and governments, and continues to benefit from the trend towards outsourcing of facilities management worldwide.

Brookfield Residential Management Services manages premier condominium and apartments in Canada, providing management services to approximately 35,000 upscale residential units.

Centract Residential Property Services provides a wide array of services to homeowners, corporations and institutions, such as mortgage settlement, home appraisal, relocation and move-in services. We also provide services to the Royal LePage property franchise network, a residential property brokerage organization with 10,000 agents across Canada. Royal LePage brokered one in five of all homes sold in Canada in 2004. A public royalty trust was established during 2003 to finance the ownership of franchise contracts associated with this business. This enabled us to reduce the capital committed to the business by approximately $100 million.

POWER GENERATING OPERATIONS

Our power generating operations are predominantly hydroelectric facilities located on river systems in North America, many of which contain reservoirs that enable us to generate increased revenues through the sale of power during periods of high demand. These operations are predominantly 100% owned by the company, although we do share ownership of some facilities with co-investors, including operations which are held through a publicly listed income trust. We anticipate sharing the ownership of additional assets with institutional partners once we have achieved sufficient scale in this business, similar to our strategy for our commercial property portfolio.

The capital deployed and operating cash flows produced by our power generating operations are as follows:

AS AT AND THE YEARS ENDED FOR DECEMBER 31	*Installed*	*Return on*	*Book Value*		*Operating Cash Flow*		
MILLIONS	*Capacity (MW)*	*Assets [1]*	***2004***	*2003*	***2004***	*2003*	*2002*
Ontario	957	13%	**$ 1,122**	$ 977	**$ 140**	$ 102	$ 83
Quebec	266	17%	**359**	328	**57**	33	40
British Columbia	127	13%	**80**	71	**10**	7	5
New England	199	14%	**262**	228	**34**	16	15
New York	779	8%	**839**	—	**17**	—	—
Other	294	7%	**386**	323	**25**	14	10
Total	2,622	11%	**$ 3,048**	$ 1,927	**$ 283**	$ 172	$ 153

1 As a percentage of average book value

As at December 31, 2004, we owned operating interests in 120 power generating stations with a combined generating capacity of 2,622 megawatts. Since year end, we have acquired 2 additional stations with a combined generating capacity of 23 megawatts and have entered into agreements to acquire interests in nine other hydroelectric generating stations with a combined generating capacity of 772 megawatts. Of our existing stations, all but three are hydroelectric facilities located on river systems in seven geographic regions, specifically Ontario, Quebec, British Columbia, New York, New England, Louisiana and southern Brazil. This distribution provides important diversification of water flows to minimize the overall impact of fluctuating hydrology. Our storage reservoirs contain sufficient water to produce approximately 20% of our total annual generation and provide partial protection against short-term changes in water supply. The reservoirs also enable us to optimize selling prices by generating and selling power during higher-priced peak periods. Our facilities produce approximately 10,500 gigawatt hours of electricity annually based on average water flows, more than double our annual generation capacity of five years ago.

Operating cash flow from our power generating business increased 65% in 2004 to $283 million from $172 million in 2003 and $153 million in 2002. Operating assets in this business, at book value, increased from $1.6 billion at the end of 2002 to $3.0 billion at the end of 2004 as a result of acquisitions and the development of new facilities, as well as the increased carrying value of our Canadian operations due to currency appreciation.

We expect the operations owned at year end to contribute approximately $360 million of operating cash flow based on current pricing and average hydrology. The application of a capitalization rate to this cash flow yields the following values for our portfolio:

	Operating	*Book Value*	*Capitalization Value*			
MILLIONS	*Cash Flow [1]*	***2004***	*5.0%*	*6.0%*	*7.0%*	*8.0 %*
Power generating facilities	$ 360	**$ 3,048**	$ 7,200	$ 6,000	$ 5,150	$ 4,500

1 Expected annualized operating cash flow based on year end capacity, current in-place pricing and average hydrology

The book value is lower than the intrinsic value because the assets have either been held for many years and therefore depreciated for accounting purposes which, in our view, is inconsistent with the nature of hydroelectric generating assets; or because we have been successful in acquiring, developing and upgrading many of our facilities on an attractive basis.

The high end of the value range reflects our belief that hydroelectric generating facilities will over time become increasingly attractive to investors due to the quality of their cash flows.

Components of Operating Cash Flow

The following table illustrates the components of the change in operating cash flows from the company's power generating business during the past three years:

YEARS ENDED DECEMBER 31 (MILLIONS)	*2002 – 2004*	***2004***	*2003*	*2002*
Prior year's net operating income	$ 92	**$ 172**	$ 153	$ 92
(i) Hydrology variations within existing capacity	32	**27**	(10)	15
(ii) Variation in prices and operational improvements	55	**50**	(8)	13
(iii) Capacity additions	104	**34**	37	33
Current year operating cash flow	$ 283	**$ 283**	$ 172	$ 153

(i) Hydrology variations within existing capacity

Generation from existing capacity increased to 6,818 gigawatt hours during the year, a significant increase from the 4,231 gigawatt hours generated in 2003. The increase was due to a return to normal water conditions following unusually dry conditions in northern Ontario and western Quebec during the first half of 2003. The variance in water conditions increased cash flow from our power generating operations by $27 million in 2004 compared to a decrease of $10 million in 2003. The continued expansion of our operating base into different watersheds and river systems should reduce the relative significance of hydrology variances in any one region in the future. Water levels in the fourth quarter were slightly below long-term averages. However all facilities are currently operating at or above average generation levels.

(ii) Variation in prices and operational improvements

During 2004 we successfully restructured a number of our power sales arrangements to increase the base level of revenue pricing, many of which have clauses to provide for price increases every year, primarily linked to inflation. The total increase was $50 million. Our reservoirs enable us to capture peak pricing by storing water for utilization during periods of high demand. We experienced lower prices during 2003, relative to the higher price environment which occurred during the weather extremes in 2002.

(iii) Capacity additions

We have increased our generating capacity significantly over the past three years through acquisitions and selective development. Most of the capacity additions in 2004 occurred at the end of the third quarter, and accordingly, were not fully reflected in the current year's results. Nonetheless, additional capacity contributed $34 million in 2004, compared with $37 million in 2003 and $33 million in 2002. The additional facilities also further the diversification of our watersheds, thereby reducing hydrology risk, and position us as a leading generator in Ontario and an important participant in the New York and New England electricity markets.

Operating Margins

Our power generating operations are among the lowest cost producers of electricity in North America, with cash operating costs averaging 1.6 cents per kilowatt hour. This compares favourably with other forms of power generation. Our low cost structure results from the high quality of our assets, the continued application of new technology and the recent re-turbining of many of our facilities. Our power plants are also environmentally preferable to most other forms of electricity generation and produce virtually no harmful emissions.

Based on average hydrology and current power prices, our operations are capable of generating $360 million of annual operating cash flows:

AS AT DECEMBER 31, 2004	Per Kilowatt Hour	Total [1]
	(CENTS)	(MILLIONS)
Revenue	4.8	$ 504
Expenses	(1.6) [2]	(166)
Operating cash flow	3.2	338
Transmission and distribution		22
		$ 360

1 Based on in-place capacity of 2,622 MW and average generation of 10,482 GWh

2 Includes fuel for gas plants

Contract Profile

We endeavour to maximize the stability and predictability of our power generating revenues through the use of contracts to minimize the impact of price fluctuations, by diversifying watersheds, and by utilizing water storage reservoirs to minimize fluctuations in annual generation levels.

Approximately 70% of our projected 2005 revenue is subject to long-term bilateral and fixed-price power sales contracts or regulated rate-base arrangements. The remaining revenue is generated through the sale of power on a wholesale basis. The level of contracted revenue is lower than our target of 80% to 85% because power generated by the recently acquired New York operations was not contracted at the time of acquisition. Approximately 50% of this output was subsequently contracted on a short-term basis with the objective of establishing longer term contracts in the future.

Our long-term sales contracts have an average term of 13 years and the counterparties are almost exclusively customers with long-standing favourable credit histories or have investment grade ratings. Our policy is to use financial contracts which typically have a term of between one and three years to lock in the future price of uncommitted power generation such that between 15% and 20% of total revenues is based on spot pricing. All power that is produced and not otherwise sold under a contract is sold in wholesale electricity markets, and due to the low variable cost of hydroelectric power and the ability to concentrate generation during peak pricing periods, we are able to generate attractive margins on non-contracted power. This approach provides an appropriate level of revenue stability, without exposing the company to undue risk of contractual shortfalls and also provides the flexibility to enhance profitability through the production of power during peak price periods.

A brief description of our power operations in each of our major markets follows.

Ontario

Our power operations in northern Ontario include 17 hydroelectric generating stations on six river systems in northern Ontario, with a combined generating capacity of 847 megawatts, and one 110 megawatt natural-gas fired cogeneration plant located in Sault Ste. Marie. Our transmission and distribution operations in northern Ontario consist of approximately 726 km of 44 kilovolt ("kV") to 230 kV transmission lines and 11 distribution sub-stations that serve approximately 11,500 customers. In November 2004, we were selected by the Ontario Government to develop two wind power projects with almost 150 megawatts of capacity. Construction on these projects is expected during 2005 and 2006.

AS AT AND FOR THE YEARS ENDED DECEMBER 31	Installed Capacity	Generating Stations	Long-term Average Generation 2004	Book Value		Operating Cash Flow		
				2004	2003	**2004**	2003	2002
	(MW)		(GWh)	(MILLIONS)		(MILLIONS)		
Lake Superior Power	110	1	850	**$ 105**	$ 105			
Mississagi Power [1]	488	4	750	**274**	258			
Sault Power	203	5	906	**492**	409			
Wawa Power	156	8	756	**251**	205			
	957	18	3,262	**$1,122**	$ 977	**$ 140**	$ 102	$ 83

1 Held Through 50% Owned Great Lakes Hydro Income Fund

Operating cash flow increased substantially during 2004 due to a 4% increase in generation as well as improvements in pricing achieved as a result of re-marketing contracts and increasing the proportion of power dispatched during peak demand periods.

Quebec

Our operations in western Quebec consist of five hydroelectric generation stations on three tributaries of the Ottawa River, with a combined generating capacity of 266 megawatts. These operations have four key interconnections with the Quebec power grid and two with the Ontario power grid.

AS AT AND FOR THE YEARS ENDED DECEMBER 31	Installed Capacity	Generating Stations	Long-term Average Generation 2004	Book Value		Operating Cash Flow		
				2004	2003	**2004**	2003	2002
	(MW)		(GWh)	(MILLIONS)		(MILLIONS)		
Lièvre River Power *1*	238	3	1,418	**$ 271**	$ 248			
Pontiac Power	28	2	210	**88**	80			
	266	5	1,628	**$ 359**	$ 328	**$ 57**	$ 33	$ 40

1 Held through 50% owned Great Lakes Hydro Income Fund

Operating cash flow improved during 2004 due to a 14% increase in generation as well as improved margins arising from re-contracting and by utilizing our interconnections to facilitate sales into higher priced markets.

British Columbia

Our operations in British Columbia include three hydroelectric power generating stations with a combined generating capacity of 127 megawatts. During 2004, we added a third generating unit to the recently constructed Pingston Power station near Revelstoke, B.C., increasing its capacity to 45 megawatts.

AS AT AND FOR THE YEARS ENDED DECEMBER 31	Installed Capacity	Generating Stations	Long-term Average Generation 2004	Book Value		Operating Cash Flow		
				2004	2003	**2004**	2003	2002
	(MW)		(GWh)	(MILLIONS)		(MILLIONS)		
Powell River Energy *1*	82	2	261	**$ 48**	$ 44			
Pingston Power	45	1	95	**32**	27			
	127	3	356	**$ 80**	$ 71	**$ 10**	$ 7	$ 5

1 Held through 50% owned Great Lakes Hydro Income Fund

New England

Our New England operations include seven hydroelectric generating stations in Maine and eight hydroelectric generating stations in New Hampshire, with a combined generating capacity of 174 megawatts. During 2004, we completed construction of the 25 megawatt White Mountain cogeneration facility in Berlin/Gorham.

AS AT AND FOR THE YEARS ENDED DECEMBER 31	Installed Capacity	Generating Stations	Long-term Average Generation 2004	Book Value		Operating Cash Flow		
				2004	2003	**2004**	2003	2002
	(MW)		(GWh)	(MILLIONS)		(MILLIONS)		
Maine Power *1*	129	7	748	**$ 180**	$ 177			
New Hampshire Power *1*	45	8	262	**49**	51			
White Mountain, NH	25	1	184	**33**	—			
	199	16	1,194	**$ 262**	$ 228	**$ 34**	$ 16	$ 15

1 Held through 50% owned Great Lakes Hydro Income Fund

Operating cash flow increased substantially during 2004 reflecting a full year of contribution from operations acquired in November 2003 and early 2004, and a return to normal water conditions following particularly dry conditions in the first half of 2003.

New York

In September 2004, we established our operations in New York State through the acquisition of 72 power stations for approximately $900 million including working capital. These stations have a combined generating capacity of 779 megawatts and long-term average generating capacity of 2,933 GWh. They include 71 hydroelectric power generating stations located on 14 river systems in upstate New York, and one 105 megawatt dual-fired cogeneration station in East Syracuse.

AS AT AND FOR THE YEARS ENDED DECEMBER 31	Installed Capacity	Generating Stations	Long-term Average Generation 2004	Book Value		Operating Cash Flow		
				2004	2003	**2004**	2003	2002
	(MW)		(GWh)	(MILLIONS)		(MILLIONS)		
Hudson River Power	237	12	915	**$ 272**	$ —			
St. Lawrence River Power	223	30	1,096	**313**	—			
Lake Ontario Power	214	29	892	**221**	—			
East Syracuse	105	1	30	**33**	—			
	779	72	2,933	**$ 839**	$ —	**$ 17**	$ —	$ —

Operating cash flow in 2004 includes the period from September 29, 2004, the date of acquisition. We expect these operations to contribute approximately $90 million of annual net operating income on a normalized basis.

Other Power Operations

Our other power operations include our interest in Louisiana Hydroelectric Power, which operates a 192 megawatt run-of-the-river facility on a diversion of the Mississippi River, and five hydroelectric stations in southern Brazil with 102 megawatts of capacity, two of which we acquired in 2004. Our Brazilian power stations are located in the states of Minas Gerais, Paraná and Rio Grande do Sul, and are operated from our office in Curitiba. In December 2004, we announced an agreement to acquire six additional hydroelectric stations in the State of Minas Gerais with a combined generating capacity of 76 megawatts.

AS AT AND FOR THE YEARS ENDED DECEMBER 31	Installed Capacity	Generating Stations	Long-term Average Generation 2004	Book Value		Operating Cash Flow		
				2004	2003	**2004**	2003	2002
	(MW)		(GWh)	(MILLIONS)		(MILLIONS)		
Louisiana HydroElectric Power	192	1	677	**$ 244**	$ 228			
Brazil	102	5	432	**90**	50			
Development properties			—	**52**	45			
	294	6	1,109	**$ 386**	$ 323	**$ 25**	$ 14	$ 10

Operating cash flow increased due to the additional Brazilian operations and higher generation levels at Louisiana HydroElectric Power.

The book value of our investment in Louisiana HydroElectric Power represents our 75% equity interest in the project, which we do not consolidate as we do not have voting control at this time. We expect to consolidate this entity in our accounts beginning in 2005 under new accounting requirements for variable interest entities. The book value of Louisiana HydroElectric Power's assets at year end was $1.0 billion, financed by $0.8 billion of project specific debt.

FUNDS MANAGEMENT

We manage dedicated investment funds for ourselves and on behalf of institutional and other investors. Our current industry focus is on property and long-life infrastructure assets.

In addition, we hold a proprietary portfolio of private equity investments consisting of interests in businesses that we believe are undervalued and are being held until such time as they may be sold for a higher value or combined with our core operations. In the meantime we actively manage these investments and pursue alternatives to restructure or optimize these businesses to enhance their value.

The following table shows the assets under management at December 31, 2004 and 2003, together with the associated operating cash flows:

AS AT AND FOR THE YEARS ENDED DECEMBER 31	*Return on Assets [1]*	*Assets Under Management [2]*	*Book Value*		*Operating Cash Flow*		
MILLIONS	***2004***	***2004***	***2004***	*2003*	***2004***	*2003*	*2002*
Bridge Lending Fund	10%	**$ 1,148**	**$ 698**	$ 265	**$ 40**	$ 21	$ 37
Real Estate Finance Fund	12%	**627**	**103**	157	**15**	8	—
Restructuring Fund	24%	**366**	**95**	64	**19**	8	9
Real Estate Opportunity Fund	—	**210**	**80**	—	**—**	—	—
Timber Management Fund	11%	**87**	**87**	89	**10**	4	2
Private Equity Fund	5%	**750**	**750**	844	**40**	32	41
Structured Products and Capital Markets	9%	**1,775**	**1,420**	561	**85**	95	84
Traditional assets under management	—	**3,208**	**2**	—	**1**	—	—
Office properties under management [3]	—	**2,200**	—	—	**—**	—	—
Other	—	**140**	**140**	115	**9**	30	5
Total	8%	**$ 10,511**	**$ 3,375**	$ 2,095	**$ 219**	$ 198	$ 178

1 As a percentage of average book value

2 Represents capital committed or pledged by Brascan and co-investors, including the book value of our invested capital

3 Management fees included in property income

We believe that the combination of our operating experience and knowledge of a number of industries, together with our financial capabilities, enables us to earn superior risk-adjusted returns in our selected areas of investment. This, combined with our willingness and ability to invest significant capital alongside our co-investors, makes us an attractive investment partner.

Of the $10.5 billion which we manage in this business, $3.4 billion represents our own capital. We expect that the amounts managed on behalf of partners will grow substantially over time. This should result in increased returns on our capital as we earn management and performance based incentive fees. As many of these funds have only recently been launched, performance fees earned to date have been modest, although we expect these to grow over time.

We continue to own financial assets directly which we acquired prior to establishing our investment funds or because they do not fit the specific mandate of any one of our current funds.

The following table shows operating cash flows generated by our funds management operations:

YEARS ENDED DECEMBER 31 (MILLIONS)	***2004***	*2003*	*2002*
Investment income			
Interest	**$ 70**	$ 58	$ 43
Dividends	**24**	34	30
Capital gains	**39**	40	31
Net fee income	**46**	34	33
	179	166	137
Private equity investment income	**40**	32	41
	$ 219	$ 198	$ 178

Operating cash flows increased to $219 million in 2004, an increase of 11% over 2003 which in turn was higher than 2002. Net fee income increased to $46 million in 2004 as a result of a higher level of activity and more assets under management. Higher interest income reflects higher levels of interest bearing securities and loans held during the year.

The value of our funds management business is determined by the value of our invested capital together with the value of the associated net fee stream, which in 2004 totalled $46 million. We are in the early stage of building these cash flows and, accordingly, are incurring a proportionately higher level of start-up costs. Based on net fee incomes that we expect will increase significantly, the incremental value of this business is currently between $500 million and $1 billion, using multiples of 10 to 20 times. This is in addition to the appreciation in value the of assets we own in our various Funds.

Bridge Lending Fund

The Bridge Lending Fund is a C$1 billion fund dedicated to providing bridge loans, primarily in Canada. The Fund leverages our 20-year history of offering tailored lending solutions to companies in need of access to short-term financing. We have committed 45% of the Fund's capital and our institutional partners have committed the balance. For larger transactions, we may invest directly and have granted co-investment rights to our partners to allow them to participate in a similar manner.

AS AT AND FOR THE YEARS ENDED DECEMBER 31	*Assets Under Management [1]*	*Book Value*		*Operating Cash Flow*		
MILLIONS	***2004***	***2004***	*2003*	***2004***	*2003*	*2002*
Bridge Lending Fund	**$ 833**	**$ 383**	$ 28	**$ 14**	$ 2	$ —
Directly held bridge and corporate loans	**315**	**315**	237	**26**	19	37
Total	**$ 1,148**	**$ 698**	$ 265	**$ 40**	$ 21	$ 37

1 Represents capital committed by Brascan and co-investors, including invested capital

Loans advanced during the year by the Fund include a $200 million loan to Atlas Cold Storage, an industrial storage company, and a $200 million loan to Unibord, a manufacturer of wood panel products. The Fund's management team reviewed over $4 billion of financing opportunities and issued funding commitments totalling $800 million. A total of $575 million was advanced during the year to 11 clients. We also hold $315 million of bridge and corporate loans, which represent co-investments or were originated prior to the establishment of the Fund.

Real Estate Finance Fund

The Real Estate Finance Fund was launched in 2002 as a $600 million fund to finance the ownership of real estate properties on a basis which is senior to traditional equity, but subordinate to traditional first mortgages or investment grade debt. The Fund combines our own 35-year track record in real estate and finance with an experienced New York-based management team. We have agreed to provide $200 million of capital and institutional investors will provide the balance of $400 million.

AS AT AND FOR THE YEARS ENDED DECEMBER 31	Assets Under Management [1]	Book Value			Operating Cash Flow		
MILLIONS	**2004**	**2004**	2003		**2004**	2003	2002
Real Estate Finance Fund	**$ 600**				**$ 15**	$ 8	$ —
Office property loans		**$ 43**	$ 56				
Retail property loans		**8**	56				
CMBS REIT		**15**	45				
Collateralized debt obligation notes		**10**	—				
	600	**76**	157		**15**	8	—
Directly held	**27**	**27**	—		**—**	—	—
Total	**$ 627**	**$ 103**	$ 157		**$ 15**	$ 8	$ —

1 Represents capital committed by Brascan and co-investors, including invested capital

During 2004, the Fund acquired 35 loan positions with an aggregate investment of $436 million. Significant transactions included the acquisition of a $70 million junior mortgage on the Bank of America Center in San Francisco, and $65 million in mezzanine financing on a diversified portfolio of long-term health care centers in the U.S.

The Fund also established a $350 million collateralized debt obligation facility with a group of institutional lenders who have committed low cost funding for a seven-year term to finance the acquisition of mortgage loan securities. This financing provides a stable source of funding that will enable the Fund to achieve higher returns for its investors, including Brascan.

In 2005, we plan to expand our operations to the U.K. with the increase of the Fund's mandate to include European opportunities.

Restructuring Fund

The Tricap Restructuring Fund was launched in 2002 as a C$415 million restructuring fund, to invest long-term capital in companies facing financial or operational difficulties in industries where we have expertise. The Fund benefits from our 20 year record of restructuring companies experiencing financial and operational difficulties. We have committed C$200 million of the capital and institutional investors have provided the balance.

AS AT AND FOR THE YEARS ENDED DECEMBER 31	Assets Under Management [1]	Book Value			Operating Cash Flow		
MILLIONS	**2004**	**2004**	2003		**2004**	2003	2002
Tricap Restructuring Fund	**$ 347**				**$ 13**	$ 6	$ 4
Western Forest Products		**$ 15**	$ 31				
Concert Industries		**37**	—				
Other		**24**	—				
	347	**76**	31		**13**	6	4
Directly held restructuring assets	**19**	**19**	33		**6**	2	5
Total	**$ 366**	**$ 95**	$ 64		**$ 19**	$ 8	$ 9

1 Represents capital committed by Brascan and co-investors, including invested capital

During the year, we completed the restructuring of Western Forest Products (formerly Doman Industries), a western Canadian forest products company. We recovered the full amount of our initial fund investment of $62 million on the reorganization, with the Fund continuing to hold an 18% interest in Western Forest, received through the restructuring. The 18% interest has a current investment value of $30 million.

We recently advanced $75 million to acquire the senior secured debt of Concert Industries, a leading manufacturer of air woven consumer tissue products. Tricap sponsored the restructuring of this company, and in return received a 100% common equity interest in Concert which will be operationally restructured over the next few years.

Directly held restructuring assets relate to co-investment positions and assets owned prior to the establishment of the Fund.

Real Estate Opportunity Fund

Our Real Estate Opportunity Fund was launched in 2003 as a C$250 million property fund to invest in underperforming commercial properties. Premier office properties will continue to be pursued through our direct property operations or a planned core property fund. The Fund has a dedicated management team which had previously been pursuing similar types of activities within our commercial property operations for many years. We provided the initial capital and will raise funds from other investors after the origination of a number of initial investments.

AS AT AND FOR THE YEARS ENDED DECEMBER 31	*Assets Under Management [1]*	*Book Value*		*Operating Cash Flow*		
MILLIONS	***2004***	***2004***	*2003*	***2004***	*2003*	*2002*
Real Estate Opportunity Fund	**$ 210**	**$ 80**	$ —	**$ —**	$ —	$ —

1 Represents capital committed by Brascan and co-investors, including invested capital

Our objective is to acquire underperforming real estate which, through our management, leasing and capital investment expertise, can be enhanced to provide a superior return on capital. We completed several investments since inception including the acquisition of a $69 million office property portfolio in Indianapolis and an $11 million redevelopment asset in Toronto. We are currently examining a number of attractive investment opportunities and expect to significantly increase invested assets during 2005.

Timber Management Fund

We currently own 440,000 acres of timberlands located in Maine and in the State of Paraná in Brazil. These lands generated net operating cash flow of $10 million in 2004 and have a book value of $87 million. We also own, through our investment in Fraser Papers, an indirect 42% interest in timberlands in Maine and New Brunswick, which include one million acres owned outright and a further 1.3 million acres managed under license.

AS AT AND FOR THE YEARS ENDED DECEMBER 31	*Assets Under Management*	*Book Value*		*Operating Cash Flow*		
MILLIONS	***2004***	***2004***	*2003*	***2004***	*2003*	*2002*
Timber Management Fund						
Directly held	**440,000**	**$ 87**	$ 89	**$ 10**	$ 4	$ 2
Indirect holdings *1*	**2,300,000**	**—**	—	**—**	—	—
Total	**2,740,000**	**$ 87**	$ 89	**$ 10**	$ 4	$ 2

1 Held indirectly through our 42% ownership interest in Fraser Papers

In 2003, we assembled a team of forest management professionals to expand our timber management operations and to ultimately establish a Timber Management Fund. We have formed relationships with institutional investors who wish to acquire timber assets and we are currently jointly examining a number of promising opportunities.

Private Equity Fund

We own a number of private equity investments which will either be sold once value has been maximized or integrated into our core operations. Within our areas of expertise, we continue to seek new investments of this nature and dispose of more mature assets. The following table sets out the investments in our proprietary private equity fund, together with associated cash flows and gains:

AS AT AND FOR THE YEARS ENDED DECEMBER 31		*# of*	*%*	*Book Value*		*Operating Cash Flow*		
MILLIONS	*Location*	*Shares*	*Interest*	***2004***	*2003*	***2004***	*2003*	*2002*
Forest products								
Norbord Inc.	North America/UK	53.8	36%	**$ 177**	$ 356	**$ 19**	$ 18	$ 16
Fraser Papers Inc.	North America	12.8	42%	**204**	—	**—**	—	—
Katahdin Paper Company, LLC	Maine	—	100%	**85**	76	**(1)**	(2)	—
Business Services								
Banco Brascan, S.A.	Rio de Janeiro	—	40%	**59**	45	**4**	3	13
Privately held	Various	—	—	**81**	89	**11**	9	7
Publicly listed	Canada	—	—	**86**	72	**3**	—	(1)
Mining and metals								
Coal lands	Alberta	—	100%	**58**	53	**4**	4	5
Northgate Exploration Limited	British Columbia	—	—	**—**	—	**—**	—	1
Real Estate								
Canary Wharf Group, plc	London, UK	—	—	**—**	153	**—**	—	—
Total				**$ 750**	$ 844	**$ 40**	$ 32	$ 41

Norbord Inc.

We own approximately 54 million shares, representing a 36% interest in Norbord Inc. (“Norbord”). The book value of this investment was $177 million at year end. We issued debentures during 2004 that are exchangeable into 20 million of these shares and which are reflected as a liability at year end of $195 million. Accordingly, our net interest in Norbord is approximately 34 million shares, or 23%, and had a quoted market value at year end of approximately $349 million.

Norbord is an international producer of wood panels with operations in the United States, Canada and Europe. The company’s principal product is oriented strandboard (“OSB”). Norbord contributed $19 million of dividends to our cash flow together with a $63 million gain as described below.

During 2004, Norbord distributed its paper operations to shareholders as a newly formed public company, Fraser Papers Inc. and concurrently changed its name from Nexfor Inc. At the same time, Norbord paid a special dividend of C$1.00 per share.

We also monetized approximately half of our investment in Norbord during the year through the sale of 10 million Norbord common shares and the issuance of debentures exchangeable into a further 20 million Norbord common shares, all at a price of C$12.75 per share. Including the special dividend, we generated proceeds from this investment of approximately $300 million and a realized pre-tax gain of $63 million.

Norbord reported net income of $326 million ($2.21 per share) during 2004, which represents a substantial increase from the $126 million ($1.12 per share) earned during 2003 on a comparable basis. This increase was driven largely by a very strong pricing environment for panel products, particularly OSB, in addition to expanded capacity and operating efficiencies.

Norbord is traded on the Toronto Stock Exchange. Further information on Norbord is available through its web site at **www.norbord.com**.

Fraser Papers Inc.

We own approximately 13 million common shares of Fraser Papers, which we received on the distribution of this business from Norbord during the year. These shares represent a 42% equity interest in Fraser and have a book value of $204 million.

Fraser Papers produces a wide range of specialty paper products from its operations which are located principally in Maine and New Brunswick. The company also owns one million acres of timberlands and operates a further 1.3 million acres under provincial license.

Fraser Papers reported a net loss of $43 million during 2004, which represents a substantial improvement from the loss of $92 million incurred during 2003. The improved results were driven largely by the stabilization of the paper markets and the impact of cost reductions. Fraser Papers will continue to explore opportunities to improve its operating base. Although prices for the products produced by Fraser have been weak in recent months, the business is cyclical in nature and over the long term we expect substantially improved operating results.

Fraser Papers is traded on the Toronto Stock Exchange. Further information on Fraser Papers is available through its web site at **www.fraserpapers.com**.

Katahdin Paper Company, LLC

We own a 280,000 ton per year directory paper producer in East Millinocket, Maine and a 185,000 ton per year supercalender fine paper producer in Millinocket, Maine, which together operate under the name Katahdin Paper. These operations were acquired out of a third party bankruptcy in April 2003. The directory plant was restarted in 2003 and is currently generating positive cash flows. The supercalender plant was restarted in June 2004 and is expected to reach full production in the near future.

Banco Brascan, S.A.

We own 40% of Banco Brascan, which is a Brazilian investment bank based in Rio de Janeiro and São Paulo, Brazil. The balance of the company is owned 40% by Mellon Financial Group and 20% by management. Banco Brascan advises, lends to and provides asset management services to domestic and foreign companies in Brazil.

Privately Held

Privately held business service investments include a joint venture with the Accor Group of France which owns and manages the Accor Group hotel brands in Brazil, including Novotel, Sofitel, Ibis and Formula One, and a voucher services business in Brazil, which provides paper and electronic vouchers to corporations which utilize them in their compensation programs for employees and for the purchase of motor fuel and other purposes.

Publicly Listed

Publicly listed business service investments include controlling interests in NBS Technologies Inc. and MediSolution Ltd. NBS provides secure identification solutions, financial transaction services and operates a commerce gateway that facilitates electronic payment processing. MediSolution Ltd. develops and manages medical human resources management software and systems to the hospital industry, primarily in Canada.

Coal Lands

Brascan owns the coal rights under approximately 475,000 acres of freehold lands in central Alberta. These lands supply approximately 11% of Alberta's coal-fired power generation through the production of approximately 12 million tonnes of coal annually. Royalties from this production generate $4 million of operating cash flow and provide a stable source of income as they are free of crown royalties and require no holdings costs. In addition, we own a 3.5% net profit interest in 75 million tonnes of proven reserves, and 25 million tonnes of potential reserves of high quality metallurgical coal in British Columbia.

Northgate Exploration Limited

We held a 42% interest in Northgate Exploration Limited until its sale in November 2003. Northgate is a publicly traded mid-tier gold producer. This investment resulted from the successful restructuring of the Kemess gold mine in British Columbia. On completion of the financial and operational restructuring, we sold our interest in Northgate through a broad public distribution in the capital markets, recognizing a gain of $57 million which is included in Property and Disposition Gains.

Canary Wharf Group, plc

At the beginning of 2004, we owned approximately 96 million shares of Canary Wharf Group, plc which owns high quality commercial property interests in London, United Kingdom. Our initial shareholdings were purchased in 2003 following a precipitous decline in their trading value. Along with several institutional partners, we formed an investment group that made an offer to the existing shareholders of Canary Wharf Group, plc in 2004 to acquire a larger equity interest and operational control of the company. Although unsuccessful in our offer, we were able to increase our interest through subsequent purchases to 17% and, together with investment partners, a combined 34%. Following the conclusion of the takeover offer process, we transferred this investment to our real estate operations in accordance with our long term intentions with respect to these assets and their correlation with our core commercial real estate operations.

Structured Products and Capital Market Investments

We have developed a number of structured products directed towards both retail and institutional investors. In addition, we maintain portfolios of public securities such as high yield bonds, preferred shares and common equities. The capital invested in these activities at year end was $1.4 billion, with nearly $1.8 billion under management.

AS AT AND FOR THE YEARS ENDED DECEMBER 31	*Assets Under Management [1]*	*Book Value*		*Operating Cash Flow*		
MILLIONS	***2004***	***2004***	*2003*	***2004***	*2003*	*2002*
Reinsurance portfolio	**$ 991**	**$ 991**	$ 288	**$ 32**	$ 23	$ 23
Brascan SoundVest Funds	**188**					
Titanium Asset Backed Trust	**167**					
Securities portfolios	**429**			**53**	72	61
High yield bonds		**122**	86			
Equity securities		**307**	187			
Total	**$ 1,775**	**$ 1,420**	$ 561	**$ 85**	$ 95	$ 84

1 Represents capital committed by Brascan and co-investors, including invested capital

Our reinsurance operations raised $100 million from institutional investors during 2004, reducing our ownership interest from 100% to 80%. The assets deployed in this business consist largely of fixed income securities, which increased during the year with the continued expansion of this business. We also launched two retail product offerings under the names of Brascan SoundVest Diversified Income Fund, a fund of income trusts, and Brascan SoundVest Total Return Fund, a diversified fund of income trusts, common shares and other equity securities. Investment advisory and portfolio management services are provided by SoundVest Capital Management Ltd., which is 50%-owned by Brascan. In 2003 we launched Titanium Trust, an asset backed trust which finances receivables and other assets acquired from our own operations, as well as from others. This trust issues short-term asset backed commercial paper and medium-term notes, and will over time assist in lowering our overall cost of capital.

We continued to actively invest in high yield bonds and other publicly traded securities. These activities, which utilize the knowledge and experience gained from our operating activities, rely on careful due diligence and a value based investment philosophy. The dramatic strengthening of the high yield markets provided us with exceptional returns during the previous two years.

From time to time, in our areas of industry expertise, we also take positions in securities which we believe to be undervalued which are included in our equity security portfolios.

Traditional Assets Under Management

While we have focussed principally on alternative assets under management, we have also established joint ventures and have invested relatively small amounts of capital with a number of traditional managers of equity and fixed income. Our infrastructure and position in the capital markets assists our partners to expand their businesses with confidence and these relationships provide us with additional perspective on the financial markets. In 2004, we formed Brascan Strategic Asset Management, a New York based investment manager specializing in fixed income products, which has grown rapidly.

Manager	*% Ownership*	*Investment Type*	*Assets Under Management* ***2004***
			(MILLIONS)
Brascan Strategic Asset Management	100%	Equities/Fixed Income	**$ 1,500**
Highstreet Asset Management	35%	Equities/Fixed Income	**833**
Mavrix Fund Management	10%	Mutual Funds	**417**
SoundVest Capital Management	50%	Equities/Fixed Income	**458**
Total			**$ 3,208**

Office Properties Under Management

We currently manage $2.2 billion of commercial properties held by institutional investors that represent co-ownership interests in our core commercial property portfolio. The fees earned on these activities are included in property income. We are currently developing a core office property fund that will expand our real estate assets under management and associated fees and will enhance our return from future office property acquisitions.

INVESTMENT IN NORANDA

We own approximately 123 million shares, or 42% of Noranda Inc. Our investment had a book value of $1.4 billion and a stock market value of $2.2 billion at December 31, 2004.

AS AT AND FOR THE YEARS ENDED DECEMBER 31		*Book Value*		*Dividends Received*		
MILLIONS	*# of Shares*	***2004***	*2003*	***2004***	*2003*	*2002*
Noranda common shares	122.6	**$ 1,374**	$ 1,196	**$ 45**	$ 49	$ 48

Noranda is a base metals company with over $9 billion of assets. The major commodities produced are nickel, copper, zinc and aluminum, which experienced significant increases in demand and prices over the past year, and into 2005. As a result, Noranda continues to benefit from increased profit margins for most of its products and, accordingly, we expect the company to report strong operating earnings and cash flows during 2005.

The following table shows Noranda's segmented cash flow from operations and net income:

YEARS ENDED DECEMBER 31 (MILLIONS)	***2004***	*2003*
Cash flow from operations		
Copper	**$ 894**	$ 313
Nickel	**680**	323
Aluminum	**119**	59
Zinc	**72**	4
Unallocated costs	**(412)**	(122)
Cash flow from operations	**1,353**	577
Restructuring charges	**33**	(24)
Depreciation and other non-cash items	**(835)**	(530)
Net income	**$ 551**	$ 23

In response to improved metal prices and increases in the value of its businesses, Noranda's board of directors initiated a process whereby a special committee of its board was formed to review expressions of interest to purchase Noranda. Brascan has supported this process fully, while also considering other alternatives to maximize the value and liquidity of its 42% interest in Noranda.

Noranda is traded on both the New York and Toronto stock exchanges. Further information on Noranda is available through its web site at **www.noranda.com**.

Cash and Financial Assets

Although we generate substantial amounts of cash flow within our operations, we generally carry modest cash balances and instead utilize excess cash to repay contractual revolving credit lines and invest in shorter term financial assets which generate higher returns while still providing a source of liquidity to fund investment initiatives.

Financial assets represent securities that are not actively deployed within our funds management operations, pending deployment into our core operations. The market value of our financial assets approximates their realizable value. The following table shows the composition of these assets and associated cash flow:

AS AT AND FOR THE YEARS ENDED DECEMBER 31	*Book Value*		*Operating Cash Flow*		
MILLIONS	***2004***	*2003*	***2004***	*2003*	*2002*
Financial assets					
Government bonds	**$ 42**	$ 49	**$ 3**	$ 4	$ 5
Corporate bonds	**463**	387	**17**	12	14
Preferred shares	**351**	342	**22**	27	28
Common shares	**140**	76	**3**	2	4
Other	**—**	—	**34**	44	45
Total financial assets	**996**	854	**79**	89	96
Cash	**404**	382	**—**	—	—
Total	**$ 1,400**	$ 1,236	**$ 79**	$ 89	$ 96

Property and Disposition Gains

The following table sets out property and disposition gains over the past three years.

YEARS ENDED DECEMBER 31 (MILLIONS)	***2004***	*2003*	*2002*
Disposition gains	**$ 63**	$ 57	$ —
Lease termination income	**60** *1*	—	—
Property gains	**—**	100 *1*	60 *1*
	$ 123	$ 157	$ 60

1 50% of these items were shared with the other shareholders of our commercial property operations

During 2004 we earned a $63 million gain on the partial monetization of our investment in Norbord. During 2003 we earned a $57 million gain on the sale of our investment in Northgate. These investments are discussed further under Funds Management — Private Equity.

Also during 2004 we earned lease termination income of $60 million from the cancellation of an existing lease and replacement with a new 20-year 460,000 square foot lease at One World Financial Center. Property gains during 2003 of $100 million related to the sale of a 49% interest in 245 Park Avenue. During 2002, we generated $60 million of gains on the sale of partial interests in office properties located in Toronto and Calgary. There were no significant lease termination payments during either 2003 or 2002. The lease termination income and property gains noted above were shared as to 50% with other investors in these operations.

While these events are opportunistic and difficult to predict, the dynamic nature of our asset base should produce similar opportunities in the future.

CAPITAL RESOURCES AND LIQUIDITY

We are committed to maintaining high levels of liquidity and access to a broad range of low cost capital. This enables us to provide financial stability and a low cost of capital to our operations, and ensures that we can react quickly to potential investment opportunities. Our liquidity consists of cash and financial assets, as well as committed lines of credit. Furthermore, we generate high levels of free cash flow within our businesses and have minimal sustaining capital expenditure requirements. Free cash flow exceeded $800 million during 2004.

Our capitalization, which is summarized in the following table, includes corporate debt and other borrowings that do not have recourse to the Corporation, preferred equity issued by the company and certain of our operating business units, as well as Brascan's common equity capital. Other shareholder interests represent the equity they have invested in our assets, which consist principally of common shares of our North American commercial office property operations.

During the year, we raised $2.3 billion of capital through the issuance of long-term debt and preferred equity, enabling us to remain in a very solid financial position.

CAPITALIZATION

The strength and diversification of the income streams generated by our various operations permit us to have financing costs below that of many peers who operate in only one of our selected areas of business. By continuously monitoring the balance between debt and equity financing, and maintaining access to a broad range of financing sources, we endeavour to reduce our weighted average cost of capital on a risk adverse basis and thereby improve common shareholder returns.

Our overall weighted average cash cost of capital, using a 20% return objective for our common equity, is 9.5%, unchanged from 2003. This reflects the low cost of non-participating preferred equity issued over a number of years, principally in the form of perpetual preferred shares, as well as the low cost of non-recourse investment grade financings achievable due to the high quality of our commercial properties and power generating plants.

The following table details our consolidated liabilities and shareholders' interests at the end of 2004 and 2003 and the related cash costs:

AS AT AND FOR THE YEARS ENDED DECEMBER 31	Cost of Capital [1]		*Book Value*		*Operating Cash Flow* [2]		
MILLIONS	***2004***	*2003*	***2004***	*2003*	***2004***	*2003*	*2002*
Liabilities							
Non-recourse borrowings							
Property specific mortgages	**6%**	6%	**$ 6,045**	$ 4,881	**$ 321**	$ 300	$ 297
Other debt of subsidiaries	**5%**	5%	**2,373**	2,075	**122**	105	106
Corporate borrowings	**6%**	6%	**1,675**	1,213	**87**	66	63
Accounts payable and other liabilities	**7%**	6%	**2,719**	1,745	**169**	88	56
Shareholders' interests							
Minority interests of others in operations	**22%**	20%	**1,569**	1,516	**345**	294	262
Preferred equity	**6%**	6%	**2,148**	1,861	**116**	83	69
Common equity	**19%**	18%	**3,481**	3,008	**608**	566	425
	16%	16%	**7,198**	6,385	**1,069**	943	756
	9.5%	9.5%	**$20,010**	$16,299	**$ 1,768**	$ 1,502	$ 1,278

1 Based on operating cash flows as a percentage of average book value

2 Interest expense in the case of borrowings. Attributable operating cash flows in the case of shareholders' interests, including cash distributions, and current taxes and operating expenses in the case of accounts payable and other liabilities

Brascan makes judicious use of debt and preferred equity at the corporate and subsidiary level to enhance returns to common shareholders as well as those who hold participating interests in our consolidated subsidiaries. While corporate and subsidiary debt is typically investment grade, we take care to minimize any liquidity or refinancing risk to the company.

We have benefitted recently from low interest rates, particularly short-term rates, and since rates appear poised to increase we are locking in longer term fixed rates and closing out floating rate swap positions. This resulted in a modest increase in our cost of capital during 2004, but should protect our returns over the longer term.

LIABILITIES

Property Specific Mortgages

Where appropriate, we finance our operating assets with long-term, non-recourse borrowings such as property specific mortgages which do not have recourse to the Corporation or our operating entities.

The composition of Brascan's borrowings which have recourse limited to specific assets is as follows:

AS AT AND FOR THE YEARS ENDED DECEMBER 31	*Average*	*Cost of Capital [1]*	*Book Value*		*Operating Cash Flow [2]*		
MILLIONS	*Term*	*2004*	***2004***	*2003*	***2004***	*2003*	*2002*
Commercial properties	12	6%	**$ 4,534**	$ 4,149	**$ 261**	$ 255	$ 258
Power generation	10	6%	**1,511**	732	**60**	45	39
Total	11	6%	**$ 6,045**	$ 4,881	**$ 321**	$ 300	$ 297

1 As a percentage of average book value of debt

2 Interest expense

These borrowings leverage common shareholders' equity with long-term lower risk financing, which is largely fixed rate, with an average maturity of 11 years.

Commercial property borrowings represent mortgage debt on properties. Our commercial property operations have a relatively low level of general corporate indebtedness since we finance this business primarily with mortgages with recourse only to specific properties. At the end of 2004, these mortgages had an average term of 12 years and a weighted average interest rate of 6%. Commercial borrowings increased as a result of mortgage financings secured by our newly acquired Washington, D.C. properties.

Power generation borrowings consist of financings secured by specific power facilities with an average interest rate of 6%. We raised $500 million of two-year secured debt to finance the acquisition of our New York power operations in September 2004. This debt will be refinanced in 2006 with long-term debt once we have secured appropriate power contracts, consistent with our other financings. The Corporation has guaranteed repayment of $75 million of this debt under certain circumstances, but we expect to negotiate fully non-recourse financing when the long-term debt is put into place. The balance of the increase in power generation debt is due to the impact of foreign currency translation on Canadian dollar denominated financings.

Principal repayments on property specific mortgages due over the next five years and thereafter are as follows:

YEARS ENDED DECEMBER 31 (MILLIONS)	*2005*	*2006*	*2007*	*2008*	*2009*	*Beyond*	*Total*
Commercial properties	$ 311	$ 210	$ 642	$ 285	$ 193	$ 2,893	$ 4,534
Power generation	89	524	22	22	59	795	1,511
Total	$ 400	$ 734	$ 664	$ 307	$ 252	$ 3,688	$ 6,045
Percentage of total	7%	12%	11%	5%	4%	61%	100%

Other Debt of Subsidiaries

These borrowings are largely corporate debt, issued by way of corporate bonds, bank credit facilities and other types of debt and financial obligations of subsidiaries. The composition of these borrowings is as follows:

AS AT AND FOR THE YEARS ENDED DECEMBER 31	*Average*	*Cost of Capital [1]*	*Book Value*		*Operating Cash Flow [2]*		
MILLIONS	*Term*	*2004*	***2004***	*2003*	***2004***	*2003*	*2002*
Property	2	5%	**$ 660**	$ 576	**$ 32**	$ 19	$ 12
Power generation	3	6%	**617**	375	**23**	22	23
Funds management	13	5%	**530**	647	**38**	34	29
International operations and other	7	6%	**566**	477	**29**	30	42
Total	4	5%	**$ 2,373**	$ 2,075	**$ 122**	$ 105	$ 106

1 As a percentage of average book value of debt

2 Interest expense

Property debt includes residential property debt, which consists primarily of construction financing which is repaid from the proceeds from sales of building lots, single family houses and condominiums and is generally renewed on a rolling basis as new construction commences.

Power generation debt consists of $200 million 8.3% U.S. public notes which mature in 2005, C$400 million 4.6% public notes which mature in 2009 and C$100 million floating rate public notes which mature in 2006. The notes are rated BBB by S&P and BBB(high) by DBRS.

Funds management debt includes C$325 million of retractable preferred shares that will be repaid in 2007 and 2011 and pay dividends at an average rate of 6.4%. Funds management debt also includes a C$255 million debenture issued during 2004 by a subsidiary of Brascan, that is exchangeable at the option of either the company or the holder into 20 million common shares of Norbord held by the subsidiary at C$12.75 per share. The carrying value of these debentures, which at year end was $195 million, is required under current accounting principles to be adjusted to reflect the market value of the underlying shares with any changes in value recorded in the company's income statement during the period. The 2003 balance includes $313 million (C$375 million) of public debt assumed by the Corporation with effect from December 31, 2004 upon amalgamating the funds management operations into the Corporation, and accordingly is no longer reflected as debt of subsidiaries.

A portion of the outstanding debt of our international operations is denominated in their domestic currencies and is utilized to hedge their operating assets against local currency fluctuations, the most significant of which is the Brazilian *real*. The Corporation does not typically guarantee the debts of subsidiaries with the exception of $393 million included in debt of international operations that is supported by financial assets held within those operations.

Principal repayments on other debt of subsidiaries due over the next five years and thereafter are as follows:

YEARS ENDED DECEMBER 31 (MILLIONS)	*2005*	*2006*	*2007*	*2008*	*2009*	*Beyond*	*Total*
Property	$ 407	$ 214	$ 32	$ 7	$ —	$ —	$ 660
Power generation	200	84	—	—	333	—	617
Funds management	5	—	114	11	7	393	530
International operations and other	120	46	2	1	3	394	566
Total	$ 732	$ 344	$ 148	$ 19	$ 343	$ 787	$ 2,373
Percentage of total	31%	15%	6%	1%	14%	33%	100%

Corporate Borrowings

Corporate borrowings represent long-term and short-term obligations of the company. Long-term corporate borrowings are in the form of bonds and debentures issued in the Canadian and U.S. capital markets both on a public and private basis. Short-term financing needs are typically met by issuing commercial paper that is backed by long-term fully committed lines of credit from a group of international banks.

The following table summarizes Brascan's corporate credit facilities:

AS AT AND FOR THE YEARS ENDED DECEMBER 31	*Cost of Capital [1]*	*Book Value*		*Operating Cash Flow [2]*		
MILLIONS	*2004*	***2004***	*2003*	***2004***	*2003*	*2002*
Commercial paper and bank debt	3%	**$ 249**	$ —	**$ 5**	$ 3	$ 7
Publicly traded term debt	5%	**1,413**	1,100	**74**	54	48
Privately held term debt	8%	**13**	113	**8**	9	8
Total	6%	**$ 1,675**	$ 1,213	**$ 87**	$ 66	$ 63

1 As a percentage of average book value of debt

2 Interest expense

The company assumed $313 million (C$375 million) of public term debt originally issued by our funds management business as of December 31, 2004. The notes mature evenly over 2005, 2006 and 2007. The company redeemed $100 million of privately held term debt that matured during the year.

At December 31, 2004, the company had approximately $1 billion of committed corporate credit facilities which are utilized principally as back-up credit lines to support commercial paper issuance. The unutilized portion of these lines totalled $765 million at year end.

Principal repayments on corporate borrowings due over the next five years and thereafter are as follows:

YEARS ENDED DECEMBER 31 (MILLIONS)	*2005*	*2006*	*2007*	*2008*	*2009*	*Beyond*	*Total*
Commercial paper and bank debt	$ 249	$ —	$ —	$ —	$ —	$ —	$ 249
Publicly traded term debt	104	104	105	300	—	800	1,413
Privately held term debt	10	2	1	—	—	—	13
Total	$ 363	$ 106	$ 106	$ 300	$ —	$ 800	$ 1,675
Percentage of total	22%	6%	6%	18%	—%	48%	100%

SHAREHOLDERS' INTERESTS

Shareholders' interests are comprised of three components: participating interests of other shareholders in our operating assets and subsidiary companies; non-participating preferred equity issued by the company and its subsidiaries; and common equity of the company.

Shareholders' interests at December 31, 2004 and 2003 were as follows:

AS AT AND FOR THE YEARS ENDED DECEMBER 31	*Number of Shares*	*Book Value*		*Operating Cash Flow [1]*		
MILLIONS	*2004*	***2004***	*2003*	***2004***	*2003*	*2002*
Participating interests of others in assets						
Property						
Commercial	77.5	**$ 1,063**	$ 998	**$ 238**	$ 220	$ 217
Residential [2]	15.3	**122**	190	**84**	64	—
Power generation	24.1	**194**	184	**21**	15	11
Other		**190**	144	**2**	(5)	34
		1,569	1,516	**345**	294	262
Non-participating preferred equity						
Corporate		**1,089**	852	**62**	58	44
Subsidiaries		**1,059**	1,009	**54**	25	25
		2,148	1,861	**116**	83	69
Common equity	271.7 [3]	**3,481**	3,008	**608**	566	425
		$ 7,198	$ 6,385	**$ 1,069**	$ 943	$ 756

1 Represents share of operating cash flows attributable to the interests of the respective shareholders and includes cash distributions

2 Residential real estate interests included in commercial real estate prior to 2003

3 Includes convertible debentures and options on an "as converted" basis

Participating Interests of Others in Assets

The majority of our commercial and residential property operations are conducted through Brookfield Properties Corporation and Brookfield Homes Corporation, respectively, in which shareholders other than Brascan own an approximate 50% common share interest. Power generating interests represent the 50% interest of unit holders in the Great Lakes Hydro Income Fund, through which we own some of our power generating operations. Other interests include holdings of others in certain funds management businesses.

The book values of these interests typically increase each year, representing the excess of income over cash distributions. During 2004, our U.S. residential operations distributed $142 million of surplus cash generated within the business, resulting in a decrease in the book value of these interests, and we raised additional capital in certain of our funds management businesses. Distributions to other minority shareholders in the form of cash dividends totalled $73 million in 2004 compared with $62 million in 2003. The undistributed cash flows attributable to minority shareholders are retained in the respective operating businesses and are available to expand their operations, reduce indebtedness or repurchase equity.

Preferred Equity

The company has $2,148 million of non-participating preferred equity outstanding: $1,089 million issued by the Corporation and $1,059 million issued by consolidated subsidiaries. The preferred equity enables us to expand our equity base at low-risk without dilution to common shareholders. The average cost of this capital to the common shareholder was 6% at year end.

During 2004, we issued $237 million of corporate preferred equity in exchange for preferred shares previously issued by our Funds Management operations. Our commercial property subsidiary also issued C$200 million of preferred shares yielding 5.00%, and C$150 million of preferred shares yielding 5.20%, for total proceeds of C$350 million.

As a result of new accounting requirements, we will reclassify as financial obligations preferred equity securities that are convertible into common shares at the option of the holders at market prices, notwithstanding the company's right to redeem the securities for cash prior to conversion. This change, which will be implemented January 1, 2005, will include $500 million of corporate preferred equity and $809 million of preferred equity issued by our commercial property operations.

Common Equity

On a diluted basis, Brascan had 271.7 million common shares outstanding at year end, an increase of 0.4 million shares from December 31, 2003. During 2004, we repurchased 0.8 million common shares under a normal course issuer bid at an average price of $23.35 per share and issued 1.5 million options at an average price of $25.06 per share. During 2003, 6.9 million common shares and equivalents were repurchased in a similar manner at a price of $14.83 per share. We split our common shares on a three-for-two basis on June 1, 2004 in order to increase their liquidity. All share amounts have been adjusted to reflect the split on a retroactive basis.

Brascan has two classes of common shares outstanding: Class A and Class B. Each class of shares elects one-half of the company's Board of Directors. The Class B shares are held by Partners Limited, a private company owned by 35 individuals, including a number of the senior executive officers of Brascan.

Free Cash Flow

Our free cash flow represents the operating cash flow retained in the business after dividend payments to shareholders of subsidiaries, preferred equity distributions to preferred shareholders and sustaining capital expenditures. Free cash flow is typically used to pay common share dividends, invest in the business for future growth, reduce borrowings or repurchase equity.

A summary of Brascan's free cash flow is as follows:

YEARS ENDED DECEMBER 31 (MILLIONS)	***2004***	*2003*	*2002*
Receipts			
Net operating income	**$ 1,704**	$ 1,435	$ 1,214
Dividends from Noranda and Norbord	**64**	67	64
	1,768	1,502	1,278
Disbursements			
Interest expense on borrowings	**530**	471	466
Other operating costs and taxes	**169**	88	56
Sustaining capital investments			
Brascan	**55**	45	30
Minority interests	**20**	20	20
Distributions			
Minority interests	**73**	62	55
Preferred equity	**116**	83	69
	963	769	696
Free cash flow	**$ 805**	$ 733	$ 582

The following table provides an overview of how our free cash flow and financing proceeds have been utilized over the past three years:

YEARS ENDED DECEMBER 31 (MILLIONS)	*Total*	***2004***	*2003*	*2002*
Free cash flow	$ 2,120	**$ 805**	$ 733	$ 582
Financing				
Borrowings, net of repayments	2,020	**1,577**	(125)	568
Net issuance of preferred equity	1,042	**264**	525	253
Minority interest distributions	(140)	**(140)**	—	—
	2,922	**1,701**	400	821
Investing				
Property *1*	(701)	**(349)**	(221)	(131)
Power generation *1*	(1,738)	**(1,070)**	(139)	(529)
Funds management and securities	(1,816)	**(1,087)**	(549)	(180)
Net repurchase of common shares				
Brascan	(253)	**(19)**	(91)	(143)
Subsidiaries	(401)	**(33)**	(125)	(243)
	(4,909)	**(2,558)**	(1,125)	(1,226)
Common share dividends	(374)	**(136)**	(126)	(112)
Net generation (utilization) of cash	(241)	**(188)**	(118)	65
Net change in non-cash working capital balances	263	**210**	168	(115)
Increase (decrease) in cash	$ 22	**$ 22**	$ 50	$ (50)

1 Excludes the levelized amount of sustaining capital expenditures which are included in the determination of free cash flow

Working Capital and Other Balances

The composition of our working capital and other balances is as follows:

	2004			*2003*		
AS AT DECEMBER 31 (MILLIONS)	***Accounts Receivable***	***Accounts Payable***	***Net***	*Accounts Receivable*	*Accounts Payable*	*Net*
Working capital balances						
Property operations	**$ 482**	**$ 524**	**$ (42)**	$ 231	$ 375	$ (144)
Power generation	**169**	**100**	**69**	131	89	42
Funds management	**204**	**1,298**	**(1,094)**	449	419	30
International and other	**332**	**160**	**172**	242	280	(38)
	1,187	**2,082**	**(895)**	1,053	1,163	(110)
Other items						
Future income tax assets	**56**	**—**	**56**	62	—	62
Prepaid expenses and other assets, deferred credits, provisions and other liabilities	**281**	**637**	**(356)**	508	582	(74)
	337	**637**	**(300)**	570	582	(12)
Net working capital and other	**$ 1,524**	**$ 2,719**	**$ (1,195)**	$ 1,623	$ 1,745	$ (122)

Working capital balances include the trade accounts receivable and payables held in the normal course of each of our operating businesses. We endeavour to minimize the amount of capital required in our businesses, and in this regard we have established Titanium Asset Backed Trust to effectively finance working capital balances with asset backed commercial paper and medium-term notes.

The increase in net liabilities of our funds management business is due principally to a higher level of insurance deposit liabilities. Other balances include future income tax assets, as well as other accrued asset balances and provisions.

FINANCIAL POLICIES

Capital Allocation

We consider effective capital allocation to be critical to our success. As a result, we apply a rigorous approach towards the allocation of capital among our operations. Capital is invested only when the expected returns exceed pre-determined thresholds, taking into consideration both the degree and magnitude of the relative risks and upside potential and, if appropriate, strategic considerations in the establishment of new business activities. We conduct post-investment reviews on capital allocation decisions to assess the results against anticipated returns.

Liquidity

We strive to maintain sufficient financial liquidity at all times in order to participate in attractive investment opportunities as they arise, as well as to withstand sudden adverse changes in economic circumstances.

As at year end, Brascan and its consolidated subsidiaries had $0.9 billion of undrawn committed credit facilities with 12 international financial institutions, largely maintained as back-up facilities for the issuance of commercial paper. We also maintain substantial cash and financial assets that can be liquidated to fund investments as required.

During 2004, we generated $670 million of operating cash flow and we aim to increase this by approximately 12% to 15% per annum over the long term. The free cash flow from operations, which includes undistributed cash flow attributable to minority interests in subsidiaries, totalled $805 million during 2004 and is expected to increase generally in line with our operating cash flow. Free cash flow is available to expand our operating base, pay common share dividends, reduce debt or repurchase common shares as appropriate.

Credit Profile

We endeavour to arrange our affairs to maintain investment grade ratings and to improve them further over time. The credit ratings for the company at December 31, 2004, and at the time of the printing of this report were as follows:

	DBRS	*S&P*	*Moody's*
Commercial paper	R-1(low)	A-1(low)	—
Term debt	A(low)	A–	Baa3
Preferred shares	Pfd-2(low)	P2(mid)	—

We also endeavour to ensure that our principal operations maintain investment grade ratings in order to provide continuous access to a wide range of financings and to enhance borrowing flexibility, a low cost of capital and access to various forms of financing unavailable to non-investment grade borrowers.

The following outlines our targeted debt to capitalization levels:

	Objective	***2004***	*2003*	*2002*
Debt to capitalization				
Excluding property specific mortgages	30% to 40%	**29%**	29%	31%
Corporate borrowings	20% to 30%	**22%**	20%	20%

Use Of Derivatives

We utilize a number of financial instruments to manage our foreign currency, commodity and interest rate exposures. As a general policy, we endeavour to maintain balanced positions, although unmatched positions may be taken from time to time within predetermined limits. The company's risk management and derivative financial instruments are more fully described in the notes to our Consolidated Financial Statements.

Brascan's intent is to maintain a hedged position with respect to the carrying value of net assets denominated in currencies other than the U.S. dollar. Accordingly, fluctuation in the value of the U.S. dollar relative to other currencies has a negligible impact on the company's net financial position. The company receives certain cash flows that are denominated in Canadian dollars that are not hedged. The estimated impact of a C$0.05 change in the Canada/U.S. exchange rate is a corresponding change in operating cash flow of approximately $0.04 per share.

We typically finance our assets that generate predictable long-term cash flows with long term fixed rate debt in order to provide stability in cash flows and protect returns in the event of changes in interest rates. We also make use of fixed rate preferred equity financing as well as financial contracts to provide additional hedges in this regard. Nonetheless, the company and our subsidiaries typically maintain a net floating rate liability position because we believe that this results in lower financing costs over the long term and can do this given the company's substantial annual operating cash flows. For several years we had swapped a significant amount of fixed rate debt to floating rate to take advantage of declining interest rates, which resulted in a meaningful reduction in our cost of capital and benefitted our operating results. Although interest rates remain at low levels, we continue to reduce our floating rate exposure with the expectation that rates will increase over the next few years.

Accounting principles require that the impact of fluctuating interest rates on the values of most of our assets and financial obligations are not recorded as income. However changes in values of certain of our fixed-rate financial instruments are recorded as income, even though they represent an economic hedge against changes in value of the corresponding assets. Accordingly, although such changes may be offset by variances in the value of the related asset, movements in long-term interest rates may have an increased impact on our reported financial results.

As at December 31, 2004, our net floating rate liability was $1.2 billion. As a result, a 100 basis point increase in interest rates would adversely impact operating cash flow by $0.05 per share. Our fixed-rate obligations at year end include a notional amount of $1.6 billion (2003 – $0.3 billion) which is required to be recorded at market value and any changes in value recorded as current income, with the result that a 10 basis point increase in long term interest rates will result in a corresponding increase in income of $0.05 per share and vice versa, based on our year end positions. It is important for shareholders to keep in mind that these interest rate related revaluation gains or losses are offset by corresponding changes in values of the assets and cash flow streams that they relate to, which are not reflected in current income.

Corporate Guarantees, Commitments and Contingent Obligations

Brascan's policy is to not guarantee obligations of subsidiaries or affiliates. We do, however, provide limited guarantees and indemnities when required from time-to-time to further the growth of our power marketing and fund management businesses. The Corporation has guaranteed $75 million of project specific debt raised during 2004 to finance the acquisition of power generating assets, as well as $393 million of subsidiary debt previously guaranteed by a company with which we amalgamated. The Corporation has also guaranteed obligations under power purchase agreements which amounted to $19 million at year end. Certain of these obligations, together with $172 million of obligations included in accounts payable and other liabilities, are subject to credit rating provisions and are supported by financial assets of the principal obligor.

The company may be contingently liable with respect to regulatory proceedings, litigation and claims that arise in the normal course of business. The company does not believe it has any material exposure in this regard and has provided for any expected claims in its accounts. In addition, the company may execute agreements that provide indemnifications and guarantees to third parties. Disclosure of commitments, guarantees and contingencies can be found in the Notes to the Consolidated Financial Statements.

Off Balance Sheet Arrangements

We conduct our operations through entities that are fully or proportionately consolidated in our financial statements other than equity accounted investments. Brascan's interests in Noranda, Norbord, Fraser Papers and Louisiana HydroElectric Power are each accounted for on the equity basis.

Brascan holds non-controlling interests in a small number of investment entities through loans receivable or equity investments acquired through restructurings and other asset management initiatives. These entities will be consolidated into our financial statements commencing January 1, 2005 in accordance with new accounting requirements, because we are considered to be the principal beneficiary, based on the relative amount of equity at risk. We do not believe that we hold any such interests that would give rise to a material impact on our financial statements if they were to be consolidated as of December 31, 2004. We will also commence consolidating our investment in Louisiana HydroElectric Power beginning January 1, 2005, as further described under Power Generating operations.

BUSINESS ENVIRONMENT AND RISKS

Our financial results are impacted by the performance of each of our operations and various external factors influencing the specific sectors and geographic locations in which we operate; by macro-economic factors such as economic growth, changes in currency, inflation and interest rates; by regulatory requirements and initiatives; and by litigation and claims that arise in the normal course of business.

Our strategy is to invest in high quality long-life assets which generate sustainable streams of cash flow. While high quality assets may initially generate lower returns on capital, we believe that the sustainability and future growth of their cash flows is more assured over the long term, and as a result, warrant higher valuation levels. We also believe that the high quality of our asset base protects the company against future uncertainty and enables us to invest with confidence when opportunities arise.

The following is a brief review of the potential impact these different factors may have on the company's business operations. A discussion of the business environment and risks is also contained in our annual information form which is posted on our web site.

Commercial Properties

Our strategy is to invest in high-quality commercial properties as defined by the physical characteristics of the assets and, more importantly, the certainty of receiving rental payments from large corporate tenants which these properties attract. Nonetheless, Brascan remains exposed to certain risks inherent in the commercial property business.

Commercial property investments are generally subject to varying degrees of risk depending on the nature of the property. These risks include changes in general economic conditions (such as the availability and cost of mortgage funds), local conditions (such as an oversupply of space or a reduction in demand for real estate in the markets in which we operate), the attractiveness of the properties to tenants, competition from other landlords with competitive space and our ability to provide adequate maintenance at an economical cost.

Certain significant expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made regardless of whether or not a property is producing sufficient income to service these expenses. Our commercial properties are subject to mortgages which require substantial debt service payments. If our property operations became unable or unwilling to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or of sale.

Our commercial properties generate a relatively stable source of income from contractual tenant rent payments. Continued growth of rental income is dependent on strong leasing markets to ensure expiring leases are renewed and new tenants are found promptly to fill vacancies.

While we believe the outlook for commercial office rents is positive in the longer term, 2005 may not provide the same level of increases in rental rates or renewals as compared to 2004. The company is, however, substantially protected against these short term market conditions, since most of our leases are long term in nature with an average term of 10 years. A protracted disruption in the economy, such as the onset of a severe recession, could place downward pressure on overall occupancy levels and net effective rents.

Our commercial property operations have insurance covering certain acts of terrorism for up to $500 million of damage and business interruption costs. We continue to seek additional coverage equal to the full replacement cost of our assets; however, until this type of coverage becomes commercially available on a reasonably economic basis, any damage or business interruption costs as a result of uninsured acts of terrorism could result in a material cost to the company.

RESIDENTIAL PROPERTIES

In our residential land development and home building operations, markets have been favourable over the past five years with strong demand for well located building lots, particularly in the United States. Our operations are concentrated in high growth areas which we believe have positive demographic and economic conditions.

Nonetheless, the residential home building and land development industry is cyclical and may be significantly affected by changes in general and local economic conditions such as consumer confidence, job stability, availability of financing for home buyers and higher interest rates due to their impact on home buyers' decisions. These conditions can affect the outlook of consumers and, in particular, the price and volume of home purchases. Furthermore, we are subject to risks related to the availability and cost of materials and labour, supply and cost of building lots, and adverse weather conditions that can cause delays in construction schedules and cost overruns.

POWER GENERATING OPERATIONS

Our strategy is to own primarily hydroelectric generating facilities, which have operating costs significantly below that of most competing forms of generation. As a result, there is a high level of assurance that we will be able to deliver power on a profitable basis. In addition, we sell most of our generation pursuant to long term contracts that protect us from variations in future prices. Nonetheless, we are subject to certain risks, the most significant of which are hydrology and price.

The revenues generated by our power facilities are proportional to the amount of electricity generated, which is dependent upon available water flows. Although annual deviations from long term average water flows can be significant, we strive to mitigate this risk by increasing the geographic diversification of our facilities which assists in balancing the impact of generation fluctuations in any one geographic region.

Demand for electricity varies with economic activity. Accordingly, an economic slow down could have an adverse impact on prices. In addition, oversupply in our markets may result from excess generating capacity. Pricing risk is mitigated through fixed-price contracts, forward sales of electricity, and the regulated revenues we earn from our transmission and distribution business. Continued growth in pricing is dependent on favourable economic and supply conditions and the renewal of contracts on favourable terms.

Our power operations are typically financed with long term debt. A prolonged decline in operating income due to unusually poor hydrology or extremely low pricing could impact our ability to meet our obligations to mortgagees and could result in losses as a result of the mortgagee's right of foreclosure or sale.

The operation of hydroelectric generating facilities and associated sales of electricity are regulated to varying degrees in most regions. Changes in regulation can affect the quantity of generation and the manner in which we produce it, which could impact revenues.

FUNDS MANAGEMENT OPERATIONS

Our funds management operations are focussed on the ownership and management of investments, the majority of which are debt and similar obligations that are supported by underlying tangible assets and cash flows. The principal risks in this business are potential loss of invested capital as well as insufficient investment or fee income to cover operating expenses and cost of capital.

Unfavourable economic conditions could have a significant impact on our investees, which could negatively impact their ability to satisfy their obligations to us on a timely basis. This could reduce the value and liquidity of our investments and the level of investment income. Since most of our investments are in our areas of expertise and given that we strive to maintain adequate supplemental liquidity at all times, we are well positioned to assume ownership of and operate most of the assets and businesses that we finance. Furthermore, if this situation does arise, we typically acquire the assets at a discount to the underwritten value, which protects us from loss.

Conversely, overly favourable economic conditions may limit the number of attractive investment opportunities and thereby restrict our ability to increase assets under management and the related income streams. We mitigate this risk by exercising patience and by maintaining a relatively low level of administrative overhead.

We finance many of our funds management investments with debt capital, typically on a matched basis reflecting maturity and interest rate profiles. Nonetheless, a contraction of available credit could result in an increase in financing costs which would impact our profitability or cause us to dispose of assets sooner than otherwise planned and thereby reduce returns or result in a loss of capital. This risk is mitigated through the structuring of our financing arrangements and by maintaining adequate liquidity to refinance obligations if necessary.

Our ability to successfully expand our funds management business is dependent on our reputation with our current and potential investment partners. We believe that our track record and recent investments, as well as adherence to operating policies that emphasize a constructive management culture, will enable us to continue to develop productive relationships with institutional investors.

INVESTMENT IN NORANDA

Our investment in Noranda, a global mining and metals business, is cyclical in nature. Its products are primarily sold in the United States, Europe and Asia. As a result, fluctuations in the level of economic activity in these markets influence the demand for and prices of the resource products produced by Noranda.

With the increase in commodity prices over the past eighteen months, our share of the earnings of this investment improved substantially during 2004 and we expect continued strong performance in 2005 based on current prices.

EXECUTION OF STRATEGY

Our strategy for building shareholder value is to develop or acquire high quality assets and businesses that generate sustainable and increasing cash flows, with the objective of achieving higher returns on capital invested over the long term.

We endeavour to maintain an appropriate level of liquidity in order to invest on a value basis when attractive opportunities arise. Our approach to business entails adding assets to our existing businesses when the competition for assets is lowest, either due to depressed economic conditions or when concerns exist relating to a particular industry. However, there is no certainty that we will be able to acquire or develop additional high quality assets at attractive prices to supplement our growth.

The successful execution of a value investment strategy requires careful timing and business judgment, as well as the resources to complete asset purchases and restructure them as required, notwithstanding difficulties being experienced in a particular industry. Our diversified business base, liquidity and the sustainability of our cash flows provide important elements of strength in executing this strategy.

The conduct of our business and the execution of our growth strategy rely heavily on teamwork. We believe that co-operation among our operations and our team-oriented management structure are essential to responding promptly to opportunities and challenges as they arise. There is, however, also no certainty that the appointment of new senior executives will always be successfully executed.

SUPPLEMENTAL INFORMATION

Segmented Financial Information

The following is a summarized statement that shows the net investment in each of our operating businesses along with associated operating cash flows and the return on our net investment:

YEARS ENDED DECEMBER 31	*Book Value*		*Operating Cash Flow*		*Annualized Return [1]*	
MILLIONS, EXCEPT PER SHARE AMOUNTS	***2004***	*2003 [2]*	***2004***	*2003 [2]*	***2004***	*2003 [2]*
Assets						
Property						
Direct *3*	**$ 921**	$ 616	**$ 53**	$ 60	**7%**	10%
Brookfield Properties	**1,114**	1,038	**231**	218	**21%**	21%
Brookfield Homes	**122**	195	**85**	64	**54%**	33%
	2,157	1,849	**369**	342	**18%**	18%
Power generation	**1,216**	749	**180**	112	**18%**	15%
Funds management	**2,286**	1,913	**224**	209	**11%**	11%
Investment in Noranda	**1,374**	1,196	**45**	49	**4%**	4%
Cash and financial assets	**288**	879	**32**	68	**5%**	8%
Accounts receivable and other assets	**122**	141	**—**	—	**—**	—
	$ 7,443	$ 6,727	**$ 850**	$ 780	**12%**	12%
Liabilities						
Other debt of subsidiaries	**$ 393**	$ 327	**$ 46**	$ 43	**13%**	13%
Corporate borrowings	**1,675**	1,576	**103**	100	**6%**	6%
Accounts other payables	**730**	658	**27**	8	**4%**	1%
Shareholders' interests						
Preferred equity – corporate and subsidiaries	**1,164**	1,158	**66**	63	**6%**	5%
Common equity	**3,481**	3,008	**608**	566	**19%**	18%
	4,645	4,166	**674**	629	**15%**	15%
	$ 7,443	$ 6,727	**$ 850**	$ 780	**12%**	12%
Per share	**$ 13.65**	$ 11.63	**$ 2.38**	$ 2.14		

1 Operating cash flow as a percentage of average book value

2 Restated to reflect amalgamation of Brascan Financial Corporation

3 Includes $450 million (2003 – $153 million) of book value relating to our investment in Canary Wharf Group plc that does not generate any current investment income

QUARTERLY RESULTS

The 2004 and 2003 results by quarter are as follows:

	Q1		Q2		Q3		Q4	
MILLIONS, EXCEPT PER SHARE AMOUNTS	***2004***	*2003*	***2004***	*2003*	***2004***	*2003*	***2004***	*2003*
Total revenue and gains	**$ 768**	$ 667	**$ 898**	$ 728	**$1,062**	$ 835	**$1,299**	$1,140
Net operating income								
Property	**214**	192	**222**	191	**241**	221	**342**	233
Power generation	**74**	36	**71**	44	**68**	35	**70**	57
Funds management	**54**	52	**65**	50	**46**	45	**35**	33
Investment income and other	**25**	27	**17**	21	**26**	30	**11**	11
Property and disposition gains	**—**	—	**60**	—	**63**	—	**—**	157
	367	307	**435**	306	**444**	331	**458**	491
Expenses								
Interest expense	**129**	116	**135**	108	**134**	121	**132**	126
Current income taxes	**8**	—	**16**	—	**16**	2	**46**	20
Other operating costs	**18**	14	**13**	19	**22**	14	**30**	19
Minority share of net income before the following	**82**	63	**109**	64	**84**	73	**124**	119
Net income before the following	**130**	114	**162**	115	**188**	121	**126**	207
Depreciation and amortization	**(56)**	(35)	**(56)**	(36)	**(60)**	(38)	**(79)**	(40)
Future taxes and other provisions	**(54)**	(28)	**(53)**	(30)	**(56)**	(41)	**10**	(66)
Minority share of the foregoing items	**31**	23	**41**	22	**34**	27	**35**	28
Equity accounted income (loss) from investments	**96**	(18)	**95**	(8)	**86**	31	**68**	55
Net income	**$ 147**	$ 56	**$ 189**	$ 63	**$ 192**	$ 100	**$ 160**	$ 184
Net income per common share								
Diluted	**$0.50**	$0.15	**$0.67**	$0.18	**$ 0.68**	$0.32	**$ 0.53**	$ 0.66
Basic	**$0.51**	$0.16	**$0.68**	$0.18	**$ 0.68**	$0.33	**$ 0.56**	$ 0.66

2004 and 2003 cash flow from operations by quarter are as follows:

	Q1		Q2		Q3		Q4	
MILLIONS, EXCEPT PER SHARE AMOUNTS	***2004***	*2003*	***2004***	*2003*	***2004***	*2003*	***2004***	*2003*
Income before non-cash items	**$ 130**	$ 114	**$ 162**	$ 115	**$ 188**	$ 121	**$ 126**	$ 207
Dividends from Noranda	**11**	12	**11**	13	**11**	12	**12**	12
Dividends from Norbord	**5**	4	**5**	4	**4**	5	**5**	5
Cash flow from operations and gains	**$ 146**	$ 130	**$ 178**	$ 132	**$ 203**	$ 138	**$ 143**	$ 224
Per common share	**$0.49**	$0.44	**$0.64**	$0.44	**$0.72**	$0.46	**$0.49**	$0.80

For the three months ended December 31, 2004, cash flow from operations and gains totalled $143 million ($0.49 per share) compared with $224 million ($0.80 per share) in 2003. The 2003 cash flow results include the $100 million property gain from the sale of a partial interest in our 245 Park Avenue commercial property during the fourth quarter, of which $50 million accrued to Brascan after deducting minority interests. The fourth quarter results of 2003 also reflected a $57 million gain on the sale of our investment in Northgate Exploration, included in Property and Disposition Gains.

The following sections contain additional information required by applicable continuous disclosure guidelines.

CONTRACTUAL OBLIGATIONS

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

		Payments Due by Period			
MILLIONS	***Total***	*Less than One Year*	*1- 3 Years*	*4 - 5 Years*	*After 5 Years*
Long-term debt					
Property specific mortgages	**$ 6,045**	$ 400	$ 1,705	$ 494	$ 3,446
Other debt of subsidiaries	**2,373**	732	511	343	787
Corporate borrowings	**1,675**	363	512	200	600
Commitments	**445**	445	—	—	—

Contractual obligations include $445 million of commitments by the company and its subsidiaries provided in the normal course of business, including commitments to provide bridge financing, and letters of credit and guarantees provided in respect of power sales contracts and reinsurance obligations, of which $81 million is included in the consolidated balance sheet.

CORPORATE SECURITIES AND DIVIDENDS

The dividends paid by Brascan during the past three years are as follows:

	Dividends per Share		
YEARS ENDED DECEMBER 31	***2004***	*2003*	*2002*
Class A Common Shares	**$ 0.55**	$ 0.49	$ 0.43
Class A Preferred Shares			
Series 1 *1*	**0.30**	0.54	0.43
Series 2	**0.54**	0.59	0.46
Series 3	**1,774.04**	2,112.47	1,579.32
Series 4 + 7	**0.54**	0.59	0.46
Series 8	**0.56**	0.81	0.65
Series 9	**1.08**	1.01	0.90
Series 10	**1.11**	1.03	0.92
Series 11	**1.06**	0.98	0.54
Series 12	**1.04**	0.83	—
Preferred Securities			
Due 2050	**1.61**	1.49	1.37
Due 2051	**1.60**	1.48	0.92

1 Redeemed July 30, 2004

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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. In particular, estimates required in the normal course of preparing Brascan's financial statements include the determination of: future cash flows utilized in assessing net recoverable amounts and net realizable values; depreciation and amortization; value of goodwill and intangible assets; ability to utilize tax losses; effectiveness of financial hedges for accounting purposes; and fair values for disclosure purposes. These estimates have been applied in a manner consistent with that in the prior year. The estimates are impacted by, among other things, movements in interest rates and other factors as described in the analysis of business environment and risks, beginning on page 46. The interrelated nature of these factors prevents us from quantifying the overall impact of these movements on the company's financial statements in a meaningful way.

RELATED PARTY TRANSACTIONS

In the normal course of operations the company enters into various transactions on market terms with related parties which have been measured at exchange value and are recognized in the consolidated financial statements. None of the transactions individually or in aggregate are material to the overall operations.

CHANGES IN ACCOUNTING POLICIES

Effective January 1, 2004 the company adopted the following new accounting policies, none of which individually or collectively had a material impact on the consolidated financial statements of the company, unless otherwise noted. These changes were the result of changes to the Canadian Institute of Chartered Accountants ("CICA") Handbook, Accounting Guidelines ("AcG") and Emerging Issues Committee Abstracts ("EIC").

Generally Accepted Accounting Principles, CICA Handbook Section 1100

Section 1100 establishes standards for financial reporting in accordance with GAAP, and provides guidance on sources to consult when selecting accounting policies and determining appropriate disclosures when a matter is not dealt with explicitly in the primary sources of GAAP. The provision of section 1100 have been applied on a prospective basis to balances outstanding as at January 1, 2004, and transactions after that date. The adoption of the new standard resulted in recognition of additional straight-line rental revenues of $22 million and additional depreciation of $58 million before any tax effects for the year ended December 31, 2004.

Asset Retirement Obligations, CICA Handbook Section 3110

Section 3110 addresses the recognition and re-measurement of obligations associated with the retirement of a tangible long-lived asset. This standard provides that obligations associated with the retirement of tangible long-lived assets be recorded as liabilities when those obligations are incurred, with the amount of the liabilities initially measured at fair value. These obligations are capitalized to the book value of the related long-lived assets and are depreciated over the useful life of the related asset.

Hedging Relationship, AcG 13

AcG 13 requires the discontinuance of hedge accounting for hedging relationships previously established that do not meet the criteria at the date it is first applied. AcG 13 does not change the method of accounting for derivatives in hedging relationships, but EIC 128, "Accounting for Trading, Speculative or Non-Hedging Derivative Financial Instruments", effective when AcG 13 is adopted, requires fair value accounting for derivatives that do not qualify for hedge accounting.

Impairment of Long-Lived Assets, CICA Handbook Section 3063

Section 3063 provides that an impairment loss be recognized when the carrying value of an asset exceeds the total undiscounted cash flows expected from its use and eventual disposition. The impairment recognized is measured as the amount by which the carrying value exceeds its fair value.

Accounting for Operating Leases Acquired in Either an Asset Acquisition of Business Combination, EIC 140

EIC 140 requires that when a company acquires real estate in either an asset acquisition or business combination, a portion of the purchase price should be allocated to the in-place leases to reflect the intangible amounts of leasing costs, above or below market leases and tenant relationship values, if any. These intangible costs are amortized over their respective lease terms.

OUTLOOK

We are optimistic as we review the outlook for our operations in 2005 and believe we are well positioned for growth.

In the commercial property sector, the leasing markets in which we operate are improving on a measured basis, although we are planning our affairs with the expectation that a sustained recovery in rental rates does not commence until 2006. Fortunately, our strong tenant lease profile and low vacancies give us a high level of confidence that we expect to achieve our targets in 2005.

Residential markets remain exceptionally strong in our core markets. Accordingly, we expect another strong year in these operations. Real estate services continue to benefit from the buoyant commercial and residential markets.

Our power operations benefitted from a return to normal water flows during 2004 and current storage levels are consistent with long-term averages. We expect cash flows to increase compared to 2004 due to the acquisitions made during the past three years and current pricing levels.

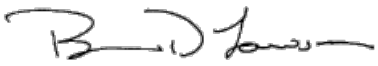
We continue to build our funds management business by committing additional resources and launching new funds. During 2005, we will continue to concentrate on investing the capital committed by us and by our partners. We expect to achieve this over the course of the year, based on the level of activity and higher profile of our fund activities. This should positively impact our results in 2005.

Our largest private equity investments comprise ownership interests in Norbord and Fraser Papers. Norbord is continuing to benefit from strong panelboard prices, which are likely to result in healthy operating margins at least for the first part of 2005. Fraser Papers, however, continues to face pricing pressures for a number of its products.

Noranda has benefitted from significant increases in prices for most of its products, and despite higher operating costs including currency and energy prices, achieved record earnings and cash flows. The outlook for metal prices remains favourable which will result in Noranda reporting strong results while these conditions exist. Brascan and Noranda are undertaking a process which could result in the restructuring or sale of all or part of Brascan's interests in Noranda. In the meantime, we remain supportive of Noranda and its management team as they continue to build value for their shareholders.

Our cost of capital is expected to remain substantially unchanged in 2005. We intend to continue to reduce our floating rate interest profile in anticipation of rising interest rates. Although this may result in higher current borrowing costs, we believe this will prove to be beneficial over the longer term. We expect to achieve this by issuing long-term, fixed-rate capital where appropriate, and by adjusting the interest rate profile of our existing debt and financial assets.

Needless to say, there are many factors that could impact our performance in 2005, both positively and negatively. We have described the principal risks earlier in this report, and we will continue to manage our business with the objective of reducing the impact of market fluctuations, for example, through the use of long-term revenue contracts and long-term financings. It is this measured approach to business that provides us with confidence that we will meet our 2005 performance objectives with respect to cash flow growth and value creation.



Brian D. Lawson
Chief Financial Officer
February 10, 2005

Consolidated Financial Statements

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements and other financial information have been prepared by the company's management which is responsible for their integrity and objectivity. To fulfill this responsibility, the company maintains policies, procedures and systems of internal control to ensure that its reporting practices and accounting and administrative procedures are appropriate. These policies and procedures are designed to provide a high degree of assurance that relevant and reliable financial information is produced.

These financial statements have been prepared in conformity with accounting principles generally accepted in Canada, and where appropriate, reflect estimates based on management's judgment. The financial information presented throughout this Annual Report is generally consistent with the information contained in the accompanying consolidated financial statements.

Deloitte & Touche, LLP, the independent auditors appointed by the shareholders, have examined the consolidated financial statements set out on pages 54 through 87 in accordance with auditing standards generally accepted in Canada to enable them to express to the share-holders their opinion on the consolidated financial statements. Their report is set out below.

The consolidated financial statements have been further examined by the Board of Directors and by its Audit Committee, which meets with the auditors and management to review the activities of each and reports to the Board of Directors. The auditors have direct and full access to the Audit Committee and meet with the committee both with and without management present. The Board of Directors, directly and through its Audit Committee, oversees management's financial reporting responsibilities and is responsible for reviewing and approving the financial statements.



Toronto, Canada
February 10, 2005

Bryan K. Davis
Senior Vice-President, Finance

REPORT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

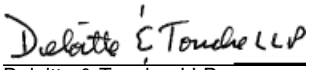
To the Shareholders of Brascan Corporation:

We have audited the consolidated balance sheets of Brascan Corporation as at December 31, 2004 and 2003 and the consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2004 and 2003 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion.



Toronto, Canada
February 10, 2005

Deloitte & Touche, LLP
Chartered Accountants

Consolidated Balance Sheet	54
Consolidated Statement of Income	55
Consolidated Statement of Retained Earnings	55
Consolidated Statement of Cash Flows	56
Notes to Consolidated Financial Statements	57

Consolidated Balance Sheet

AS AT DECEMBER 31 *MILLIONS*	*Note*		***2004***		*2003*
Assets					
Cash and cash equivalents			**$ 404**		$ 382
Securities	*2*		**996**		854
Accounts receivable and other	*3*		**1,524**		1,623
Property, plant and equipment					
Property	*4*		**8,839**		8,222
Power generation	*5*		**3,048**		1,927
Funds management	*6*				
Securities		**$ 2,494**		$ 1,347	
Loans and notes receivable		**900**		409	
Other		**431**		339	
			3,825		2,095
Investment	*7*		**1,374**		1,196
			$ 20,010		$ 16,299
Liabilities					
Non-recourse borrowings					
Property specific mortgages	*8*		**$ 6,045**		$ 4,881
Other debt of subsidiaries	*8*		**2,373**		2,075
Corporate borrowings	*9*		**1,675**		1,213
Accounts payable and other liabilities	*10*		**2,719**		1,745
Shareholders' interests					
Minority interests of others in assets	*11*		**1,569**		1,516
Preferred equity					
Corporate	*12*		**1,089**		852
Subsidiaries	*12*		**1,059**		1,009
Common equity	*13*		**3,481**		3,008
			$ 20,010		$ 16,299

On behalf of the Board:



Robert J. Harding, FCA, Director



Jack M. Mintz, Director

Consolidated Statement of Income

YEARS ENDED DECEMBER 31 MILLIONS, EXCEPT PER SHARE AMOUNTS	Note	2004	2003
Total revenues		**$ 4,027**	$ 3,370
Net operating income	15		
Property		**1,019**	837
Power generation		**283**	172
Funds management		**200**	180
Investment income and other		**79**	89
Property and disposition gains		**123**	157
		1,704	1,435
Expenses			
Interest expense		**530**	471
Current income taxes		**86**	22
Other operating costs		**83**	66
Minority share of net income before the following	16	**399**	319
		606	557
Depreciation and amortization		**(251)**	(149)
Future income taxes and other provisions	17	**(153)**	(165)
Minority share of the foregoing items	16	**141**	100
Equity accounted income from investments	18	**345**	60
Net income		**$ 688**	$ 403
Net income per common share			
Diluted	13	**$ 2.38**	$ 1.31
Basic		**$ 2.43**	$ 1.33

Consolidated Statement of Retained Earnings

YEARS ENDED DECEMBER 31 MILLIONS	Note	2004	2003
Retained earnings, beginning of year		**$1,669**	$1,491
Change in accounting policy	1	**—**	(11)
Net income		**688**	403
Preferred equity issue costs		**—**	(4)
Shareholder distributions – Preferred equity	22	**(62)**	(58)
– Common equity	22	**(136)**	(126)
Amount paid in excess of the book value of common shares purchased for cancellation		**(10)**	(26)
Retained earnings, end of year		**$2,149**	$1,669

Consolidated Statement of Cash Flows

YEARS ENDED DECEMBER 31 *MILLIONS*	*Note*	***2004***	*2003*
Operating activities			
Net income		**$ 688**	$ 403
Adjusted for the following non-cash items			
Depreciation and amortization		**251**	149
Future income taxes and other provisions		**153**	165
Minority share of non-cash items	*16*	**(141)**	(100)
Excess of equity income over dividends received		**(281)**	7
		670	624
Commercial property gains, net of minority share		**(30)**	(50)
Net change in non-cash working capital balances and other		**270**	168
		910	742
Financing activities			
Corporate borrowings, net of repayments	*21*	**97**	177
Property specific mortgages, net of repayments	*21*	**980**	(384)
Other debt of subsidiaries, net of repayments	*21*	**500**	82
Corporate preferred equity issued		**—**	117
Preferred equity of subsidiaries issued		**264**	408
Common shares and equivalents repurchased		**(19)**	(91)
Common shares of subsidiaries repurchased, net	*21*	**(33)**	(125)
Special dividend distributed to minority shareholders		**(140)**	—
Undistributed minority share of cash flow		**242**	182
Shareholder distributions	*22*	**(198)**	(184)
		1,693	182
Investing activities			
Investment in or sale of operating assets, net			
Property	*21*	**(341)**	(161)
Power generation		**(1,105)**	(164)
Funds management	*21*	**(1,305)**	(316)
Securities	*21*	**170**	(45)
Investment		**—**	(188)
		(2,581)	(874)
Cash and cash equivalents			
Increase		**22**	50
Balance, beginning of year		**382**	332
Balance, end of year		**$ 404**	$ 382

1. SUMMARY OF ACCOUNTING POLICIES

These consolidated financial statements are prepared in accordance with generally accepted accounting principles ("GAAP") as prescribed by the Canadian Institute of Chartered Accountants ("CICA").

(a) Basis of Presentation

All currency amounts are in United States dollars ("U.S. dollars") unless otherwise stated. The consolidated financial statements include the accounts of Brascan Corporation ("the company") and the entities over which it has control.

The company accounts for its investments in Noranda Inc. ("Noranda"), Norbord Inc. ("Norbord"), Fraser Papers Inc. ("Fraser Papers") and other investments over which it has significant influence, on the equity basis. Interests in jointly controlled partnerships and corporate joint ventures are proportionately consolidated.

(b) Acquisitions

The cost of acquiring a company is allocated to its identifiable net assets on the basis of the estimated fair values at the date of purchase. The excess of acquisition costs over the underlying net book values of assets acquired is allocated to the underlying tangible and intangible assets with the balance being goodwill. The allocated amounts are amortized over the estimated useful lives of the assets. The company periodically evaluates the carrying values of these amounts based on reviews of estimated future operating income and cash flows on an undiscounted basis, and any impairment is charged against income at that time. Goodwill arising on acquisitions is allocated to reporting units and tested annually for impairment.

(c) Property

(i) Commercial properties

Commercial properties held for investment are carried at cost less accumulated depreciation. For operating properties and properties held for long-term investment, a write-down to estimated fair value is recognized when a property's estimated undiscounted future cash flow is less than its carried value. The projections of the future cash flow take into account the specific business plan for each property and management's best estimate of the most probable set of economic conditions anticipated to prevail in the market.

Depreciation on buildings is provided during the year ended December 31, 2004 on a straight-line basis and on the sinking-fund basis in previous years, in each case over the useful lives of the properties to a maximum of 60 years. The sinking-fund method provides for a depreciation charge of an annual amount increasing on a compounded basis of 5% per annum. Depreciation is determined with reference to the carried value, remaining estimated useful life and residual value of each rental property. Tenant improvements and re-leasing costs are deferred and amortized over the lives of the leases to which they relate.

Development properties consist of properties for which a major repositioning program is being conducted and properties which are under construction. These properties are recorded at cost, including pre-development expenditures, unless an impairment is identified requiring a write-down to estimated fair value.

(ii) Residential properties

Homes and other properties held for sale, which include properties subject to sale agreements, are recorded at the lower of cost and estimated fair value. Income received relating to homes and other properties held for sale is applied against the carried value of these properties.

Development land and infrastructure is recorded at cost unless impairment is identified requiring a write-down to estimated fair value. Costs are allocated to the saleable acreage of each project or subdivision in proportion to the anticipated revenue.

(d) Power Generation

Power generating facilities are recorded at cost, less accumulated depreciation. Facilities are tested for impairment based on an assessment of net recoverable amounts in the event of any adverse developments. A write-down to estimated fair value is recognized if a facility's estimated undiscounted future cash flow is less than its carried value. The projections of the future cash flow take into account the operating plan for each facility and management's best estimate of the most probable set of economic conditions anticipated to prevail in the market. Depreciation on power generating facilities and equipment is provided at various rates on a straight-line basis over the estimated service lives of the assets, which are up to 60 years for hydroelectric generation assets and up to 40 years for transmission, distribution and other assets.

Power generating facilities and infrastructure under development consist of power generating facilities under construction. These assets are recorded at cost, including pre-development expenditures, unless impairment is identified requiring a write-down to estimated fair value.

(e) Funds Management and Securities

Funds management operations include activities where the company manages investment funds for itself and on behalf of other institutional investors. Securities represent holdings that are not actively deployed within financial operations, however, with varying degrees of timing, can be liquidated and utilized to fund strategic acquisitions.

Securities are carried at the lower of cost and their estimated net realizable value with any valuation adjustments charged to income. This policy considers the company's intent to hold an investment through periods where quoted market values may not fully reflect the underlying value of that investment. Accordingly, there are periods where the "fair value" or the "quoted market value" may be less than cost. In these circumstances, the company reviews the relevant security to determine if it will recover its carrying value within a reasonable period of time and will reduce the carrying value, if necessary. The company also considers the degree to which estimation is incorporated into valuations and any potential impairment relative to the magnitude of the related portfolio. Securities held within the company's trading portfolio, which are designated as trading securities at the time of acquisition, are recorded at fair value and any valuation adjustments recorded as income.

In determining fair values, quoted market prices are generally used where available and, where not available, management estimates the amounts which could be recovered over time or through a transaction with knowledgeable and willing third parties under no compulsion to act.

Loans and notes receivable are carried at the lower of cost and estimated net realizable value calculated based on expected future cash flows, discounted at market rates for assets with similar terms and investment risks.

(f) Revenue and Expense Recognition

(i) Commercial property operations

Revenue from a commercial property is recognized upon the earlier of attaining a break-even point in cash flow after debt servicing, or the expiration of a reasonable period of time following substantial completion, subject to the time limitation determined when the project is approved. Prior to this, the property is categorized as a rental property under development, and related revenue is applied to reduce development costs.

The company has retained substantially all of the risks and benefits of ownership of its rental properties and therefore accounts for leases with its tenants as operating leases. The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease; a receivable is recorded for the difference between the rental revenue recorded and the contractual amount received. Rental revenue includes percentage participating rents and recoveries of operating expenses, including property, capital and Canadian large corporation taxes. Percentage participating rents are recognized when tenants' specified sales targets have been met. Operating expense recoveries are recognized in the period that recoverable costs are chargeable to tenants.

Revenue from the sale of land and other properties is recorded when the collection of the sale proceeds is reasonably assured and all other significant conditions are met. Properties which have been sold, but for which these criteria have not been satisfied, are classified as commercial properties or included in residential inventory assets, unless they meet the criteria for treatment as discontinued operations.

(ii) Residential property operations

Revenue from the sale of residential land is recorded when the collection of the sale proceeds is reasonably assured and all other significant conditions are met. Properties which have been sold, but for which these criteria have not been satisfied, are included in development property or residential inventory assets.

(iii) Power generation

Revenue from the sale of electricity is recorded at the time power is provided based upon output delivered and capacity provided at rates as specified under contract terms or prevailing market rates.

(iv) Funds management and securities

Revenue from loans and securities, less a provision for uncollectible amounts, is recorded on the accrual basis. Provisions are established in instances where, in the opinion of management, there is reasonable doubt concerning the repayment of loans or the realization of the carrying values of portfolio securities or portfolio investments.

Gains on the exchange of assets which do not represent a culmination of the earnings process are deferred until realized by sale. Gains resulting from the exercise of options and other participation rights are recognized when the securities acquired are sold.

The net proceeds recorded under reinsurance contracts are accounted for as deposits when a reasonable possibility that the company may realize a significant loss from the insurance risk does not exist.

(v) Real estate services

Commissions from property brokerage are recognized at the time of the closing of the related real estate transaction.

(g) Capitalized Costs

Capitalized costs on assets under development and redevelopment include all expenditures incurred in connection with the acquisition, development and construction until the asset is available for its intended use. These expenditures consist of costs and interest on debt that is related to these assets. Ancillary income relating specifically to such assets during the development period is treated as a reduction of costs.

(h) Pension Benefits and Employee Future Benefits

The costs of retirement benefits for defined benefit plans and post-employment benefits are recognized as the benefits are earned by employees. The company uses the accrued benefit method pro-rated on the length of service and management's best estimate assumptions to value its pension and other retirement benefits. Assets are valued at fair value for purposes of calculating the expected return on plan assets. For defined contribution plans, the company expenses amounts as paid.

(i) Derivative Financial Instruments

The company and its subsidiaries utilize derivative financial instruments primarily to manage financial risks, including interest rate, commodity and foreign exchange risks. Hedge accounting is applied when the derivative is designated as a hedge of a specific exposure and there is reasonable assurance that it will continue to be effective as a hedge based on an expectation of offsetting cash flows or fair value. Realized and unrealized gains and losses on foreign exchange forward contracts and currency swaps designated as hedges of currency risks are included in the cumulative translation adjustment account when the currency risk relates to a net investment in a self-sustaining subsidiary and are otherwise included in income in the same period as when the underlying asset, liability or anticipated transaction affects income. The periodic exchanges of payments on interest rate swaps designated as hedges of debt are recorded on an accrual basis as an adjustment to interest expense. The periodic exchanges of payments on power generation commodity swaps designated as hedges are recorded on a settlement basis as an adjustment to power generation revenue. Premiums paid on options are initially recorded as assets and are amortized into earnings over the term of the option contract. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as a hedge or the hedging relationship is terminated. The fair value of a derivative that was deferred by the application of hedge accounting is recognized in income over the term of the original hedging relationship.

Derivative financial instruments that are not designated as hedges are carried at estimated fair values and gains and losses arising from changes in fair values are recognized in investment income and other in the period the changes occur. The use of non-hedging derivative contracts is governed by documented risk management policies and approved limits. Derivative financial instruments of a financing nature are recorded at fair value determined on a credit adjusted basis.

(j) Income Taxes

The company uses the asset and liability method whereby future income tax assets and liabilities are determined based on differences between the carrying amounts and tax bases of assets and liabilities, and measured using the tax rates and laws that will be in effect when the differences are expected to reverse.

(k) Reporting Currency and Foreign Currency Translation

The U.S. dollar is the functional currency of the company's head office operations and the company adopted the U.S. dollar as its reporting currency.

The accounts of subsidiaries having a functional currency other than the U.S. dollar are translated using the current rate method. Gains or losses on translation are deferred and included in the cumulative translation adjustment account. Gains or losses on foreign currency denominated balances and transactions that are designated as hedges of net investments in these subsidiaries are reported in the same manner.

Foreign currency denominated monetary assets and liabilities of the company and subsidiaries where the functional currency is the U.S. dollar are translated at the rate of exchange prevailing at period-end and revenues and expenses at average rates during the period. Gains or losses on translation of these items are included in the consolidated statement of income. Gains or losses on transactions which hedge these items are also included in the consolidated statement of income.

(l) Stock-Based Compensation

The company and its consolidated subsidiaries account for stock options using the fair value method. Under the fair value method, compensation expense for stock options is determined based on the fair value at the grant date using an option pricing model and charged to income over the vesting period.

(m) Business Combinations, Goodwill and Other Intangible Assets

The company accounts for business combinations using the purchase method of accounting which establishes specific criteria for the recognition of intangible assets separately from goodwill. Goodwill is not amortized, but is subjected to impairment tests on at least an annual basis.

(n) Carrying Value of Assets

The company assesses the carrying values of long-lived assets, when events necessitate a review, based on the net recoverable amounts determined on an undiscounted cash flow basis. If the carrying value of an asset exceeds its net recoverable amount, an impairment loss is recognized to the extent that the fair value is below the asset's carrying value. Fair value is determined based on quoted market prices when available, otherwise on the discounted cash flows over the life of the asset.

(o) Use of Estimates

The preparation of financial statements in conformity with GAAP 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; tax and other provisions; hedge effectiveness; and fair values for disclosure purposes.

(p) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and all highly liquid short-term investments with original maturity less than 90 days.

(q) Changes in Accounting Policies

Effective January 1, 2004 the company adopted the following new accounting policies, none of which individually or collectively had a material impact on the consolidated financial statements of the company, unless otherwise noted. These changes were the result of changes to the Canadian Institute of Chartered Accountants ("CICA") Handbook, Accounting Guidelines ("AcG") and Emerging Issues Committee Abstracts ("EIC").

(i) Generally accepted accounting principles, CICA Handbook Section 1100

Section 1100 establishes standards for financial reporting in accordance with GAAP, and provides guidance on sources to consult when selecting accounting policies and determining appropriate disclosures when a matter is not dealt with explicitly in the primary sources of GAAP. The provision of section 1100 have been applied on a prospective basis to balances outstanding as at January 1, 2004, and transactions after that date. The adoption of the new standard resulted in recognition of additional straight-line rental revenues of $22 million and additional depreciation of $58 million before any tax effects for the year ended December 31, 2004.

(ii) Asset retirement obligations, CICA Handbook Section 3110

Section 3110 addresses the recognition and re-measurement of obligations associated with the retirement of a tangible long-lived asset. This standard provides that obligations associated with the retirement of tangible long-lived assets be recorded as liabilities when those obligations are incurred, with the amount of the liabilities initially measured at fair value. These obligations are capitalized to the book value of the related long-lived assets and are depreciated over the useful life of the related asset.

(iii) Hedging relationship, AcG 13

AcG 13 requires the discontinuance of hedge accounting for hedging relationships previously established that do not meet the criteria at the date it is first applied. AcG 13 does not change the method of accounting for derivatives in hedging relationships, but EIC 128, "Accounting for Trading, Speculative or Non-Hedging Derivative Financial Instruments", effective when AcG 13 is adopted, requires fair value accounting for derivatives that do not qualify for hedge accounting.

(iv) Impairment of long-lived assets, CICA Handbook Section 3063

Section 3063 provides that an impairment loss be recognized when the carrying value of an asset exceeds the total undiscounted cash flows expected from its use and eventual disposition. The impairment recognized is measured as the amount by which the carrying value exceeds its fair value.

(v) Accounting for operating leases acquired in either an asset acquisition or business combination, EIC 140

EIC 140 requires that when a company acquires real estate in either an asset acquisition or business combination, a portion of the purchase price should be allocated to the in-place leases to reflect the intangible amounts of leasing costs, above or below market leases and tenant relationship values, if any. These intangible costs are amortized over their respective lease terms.

(r) Future Accounting Policy Changes

The following future accounting policy changes may have an impact on the company, although the impact, if any, has not been determined at this time.

(i) Consolidation of variable interest entities, AcG 15

In June 2003, the CICA issued AcG 15, "Consolidation of Variable Interest Entities". AcG 15 provides guidance for applying the principles in handbook section 1590, "Subsidiaries", to those entities (defined as Variable Interest Entities ("VIEs")), in which either the equity at risk is not sufficient to permit that entity to finance its activities without additional subordinated financial support from other parties, or equity investors lack voting control, an obligation to absorb expected losses, or the right to share expected residual returns. AcG 15 requires consolidation of VIEs by the Primary Beneficiary, which is defined as the party which has exposure to the majority of a VIEs expected losses and/or expected residual returns. The impact of consolidating VIEs is reflected in the company's Note 23.

(ii) Liabilities and equity, CICA Handbook Section 3860

In November 2003, the Accounting Standards Board ("AcSB") approved a revision to CICA handbook section 3860, Financial Instruments: Disclosure and Presentation, to require certain obligations that must or could be settled with a variable number of the issuer's own equity instruments to be presented as a liability. It is expected that this will require the reclassification to liabilities of certain of the company's preferred shares and securities that are currently included in equity. Similar reclassifications are expected for the preferred equity securities issued by the company's subsidiaries.

(s) Comparative Figures

Certain of the prior year's figures have been reclassified to conform with the 2004 presentation.

2. SECURITIES

MILLIONS	***2004***	*2003*
Government bonds	**$ 42**	$ 49
Corporate bonds	**463**	387
Preferred shares	**351**	342
Common shares	**140**	76
Total	**$ 996**	$ 854

Securities are comprised of securities that are not an active component of the company's funds management operations (see Note 6).

The fair value of securities as at December 31, 2004 was $1,031 million (2003 – $852 million). The portfolio consists of $344 million (2003 – $340 million) fixed rate securities with an average yield of 4.0% (2003 – 4.2%).

Securities include $335 million (2003 – $356 million) of securities of affiliates, principally equity accounted investees. Revenue earned on these securities during the year amounted to $17 million (2003 – $24 million).

3. ACCOUNTS RECEIVABLE AND OTHER

MILLIONS	*Note*	***2004***	*2003*
Accounts receivable	*(a)*	**$ 1,187**	$ 1,053
Prepaid expenses and other assets	*(b)*	**281**	508
Future income tax assets	*(c)*	**56**	62
Total		**$ 1,524**	$ 1,623

(a) Accounts Receivable

MILLIONS	***2004***	*2003*
Property operations	**$ 482**	$ 231
Power generation	**169**	131
Funds management	**204**	449
Other	**332**	242
Total	**$ 1,187**	$ 1,053

Included in accounts receivable are Executive Share Ownership Plan loans receivable from executives of the corporation and consolidated subsidiaries of $31 million (C$38 million) (2003 – $30 million (C$39 million)). No loans have been made since July 2002.

(b) Prepaid Expenses and Other Assets

MILLIONS	***2004***	*2003*
Property operations	**$ 235**	$ 475
Other	**46**	33
Total	**$ 281**	$ 508

(c) Future Income Tax Assets

MILLIONS	***2004***	*2003*
Tax assets related to operating and capital losses	**$ 941**	$ 744
Tax liabilities related to differences between tax and book base	**(885)**	(682)
Future income tax assets	**$ 56**	$ 62

The future income tax assets relate primarily to non-capital losses available to reduce taxable income which may arise in the future. The company and its Canadian subsidiaries have future income tax assets of $739 million (2003 – $482 million) that relate to non-capital losses which expire over the next seven to ten years, and $52 million (2003 – $68 million) that relate to capital losses which have no expiry. The company's U.S. subsidiaries have future income tax assets of $150 million (2003 – $194 million) that relate to net operating losses which expire over the next 16 years. The amount of non-capital losses and deductible temporary differences for which no future income tax assets have been recognized is approximately $755 million (2003 – $645 million).

4. PROPERTY

MILLIONS	*Note*	***2004***	*2003*
Commercial properties	*(a)*	**$ 7,020**	$ 6,622
Residential properties	*(b)*	**818**	738
Development properties	*(c)*	**950**	814
Property services	*(d)*	**51**	48
Total		**$ 8,839**	$ 8,222

(a) Commercial Properties

MILLIONS	***2004***	*2003*
Commercial properties	**$ 7,671**	$ 7,137
Less: accumulated depreciation	**651**	515
Total	**$ 7,020**	$ 6,622

(i) Commercial properties carried at a net book value of approximately $2,300 million (2003 – $2,380 million) are situated on land held under leases or other agreements largely expiring after the year 2069. Minimum rental payments on land leases are approximately $22 million (2003 – $22 million) annually for the next five years and $973 million (2003 – $996 million) in total on an undiscounted basis.

(ii) Construction costs of $15 million (2003 – $7 million) were capitalized to the commercial property portfolio for properties undergoing redevelopment in 2004.

(b) Residential Properties

Residential properties include infrastructure, land and construction in progress for single family homes and condominiums.

The company, through its subsidiaries, is contingently liable for obligations of its associates in its residential development land joint ventures. In each case, all of the assets of the joint venture are available first for the purpose of satisfying these obligations, with the balance shared among the participants in accordance with predetermined joint venture arrangements.

(c) Development Properties

MILLIONS	***2004***	*2003*
Commercial development properties	**$ 603**	$ 509
Residential lots – owned	**263**	246
– optioned	**45**	19
Agricultural lands	**39**	40
Total	**$ 950**	$ 814

Development properties include commercial development land and density rights, and residential land owned and under option.

During 2004, the company capitalized construction and related costs of $26 million (2003 – $123 million) and interest costs of $14 million (2003 – $44 million) to its commercial development sites, and interest costs of $32 million (2003 – $28 million) to its residential land operations.

(d) Property Services

MILLIONS	***2004***	*2003*
Centract Residential Property Services	**$ 30**	$ 27
Brookfield LePage Facilities Management	**10**	9
Brookfield Residential Management Services	**3**	4
Royal LePage Commercial Brokerage Services	**8**	8
Total	**$ 51**	$ 48

Property services include fixed assets and $21 million (2003 – $20 million) of goodwill and other intangible assets associated with the company's property services businesses. These services include residential and commercial brokerage, move management, facilities and condominium management and other services associated with commercial and residential real estate.

5. POWER GENERATION

MILLIONS	***2004***	*2003*
Property, plant and equipment		
Generation	**$ 2,888**	$ 1,762
Transmission	**164**	130
Distribution	**70**	60
	3,122	1,952
Less:		
Accumulated depreciation	**370**	298
	2,752	1,654
Investment in Louisiana HydroElectric Power	**244**	228
Generating facilities under development	**52**	45
Total	**$ 3,048**	$ 1,927

Generation assets includes the cost of the company's 120 (2003 – 44) hydroelectric generating stations in Ontario, Quebec, New York, Maine, New Hampshire, British Columbia and Brazil, and the Lake Superior Power gas-fired cogeneration plant. Transmission and distribution is comprised of the cost of regulated transmission and distribution facilities located in northern Ontario.

The company's hydroelectric power facilities operate under various agreements for water rights which extend to or are renewable over terms through the years 2009 to 2044. The company's transmission and distribution network operates under a regulated rate base arrangement which is applied to its invested capital.

During 2004, the company completed the acquisition of 71 hydroelectric power generating plants and one cogeneration facility in upstate New York from Reliant Energy for approximately $881 million. These facilities have a combined generating capacity of 674 megawatts.

During 2003, the company completed the development of, through a 50%-owned joint venture, a 30 megawatt (MW) hydroelectric generating station in British Columbia for $51 million, and a 100%-owned 45 MW hydroelectric generation station in Ontario for a cost of $57 million. In addition, during 2003 the company acquired three hydroelectric generating stations located in New England, with a combined generating capacity of 17 MW for an aggregate cash purchase price of $28 million. In December 2003, the company's three hydroelectric generating stations in Brazil commenced operations with a total installed capacity of 60 MW.

The company accounts for its 75% equity interest in the equity of Louisiana HydroElectric Power under the equity method as it does not have voting control over the investee. The financial statements of Louisiana HydroElectric Power for 2004 and 2003 are summarized as follows:

MILLIONS	***2004***	*2003*
Assets	**$ 1,054**	$ 1,044
Debt	**816**	812
Other liabilities	**98**	100
Operating revenues	**159**	138
Operating expenses	**38**	35
Net income	**40**	21

6. FUNDS MANAGEMENT

MILLIONS	*Note*	***2004***	*2003*
Securities	*(a)*	**$ 2,494**	$ 1,347
Loans and notes receivable	*(b)*	**900**	409
Other	*(c)*	**431**	339
Total		**$ 3,825**	$ 2,095

(a) Securities

MILLIONS	***2004***	*2003*
Debentures	**$ 1,171**	$ 553
Preferred shares	**5**	1
Common shares	**857**	368
Equity accounted investments	**461**	425
Total	**$ 2,494**	$ 1,347

Securities include $173 million (2003 – $54 million) of securities held within the company's trading portfolio which are recorded at fair market value. The balance of securities are carried at the lower of cost and their net realizable value. The fair value of securities at December 31, 2004 was $3,065 million (2003 – $1,442 million). Securities also include a 17% (2003 – 9%) common share interest in Canary Wharf Group plc, accounted for under the cost method with a book value of $450 million at December 31, 2004 (2003 – $153 million).

The portfolio's debentures and preferred shares include fixed rate securities totalling $172 million (2003 – $79 million) with an average yield of 6.5% (2003 – 6.8%) and an average maturity of approximately five years.

Equity accounted investments include the following:

	Number of Shares		*% Interest*		*Book Value*	
MILLIONS	***2004***	*2003*	***2004***	*2003*	***2004***	*2003*
Norbord Inc.	**53.8**	63.8	**36%**	42%	**$ 177**	$ 356
Fraser Papers Inc.	**12.8**	—	**42%**	—	**204**	—
Other					**80**	69
					$ 461	$ 425

The carrying values of equity accounted investments are subject to periodic reviews to assess whether any impairments are other than temporary.

(b) Loans and Notes Receivable

Loans and notes receivable include corporate loans, merchant banking loans and other loans, either underwritten on a primary basis or acquired in the secondary market.

The fair value of the company's loans and notes receivable at December 31, 2004 and 2003 approximated their carrying value based on expected future cash flows, discounted at market rates for assets with similar terms and investment risks.

Loans and notes receivable include $180 million (2003 – $169 million) which include $25 million (2003 – $24 million) due from affiliates, which are principally equity accounted investees. Interest earned during the year on loans due from equity accounted investees amounted to $3 million (2003 – $3 million).

The loan portfolio matures between one year and three years, with an average maturity of approximately one year and includes fixed rate loans totalling $67 million (2003 – $61 million) with an average yield of 6.5% (2003 – 6.6%).

(c) Other

Other assets includes $93 million (2003 – $90 million) of goodwill principally arising from the privatization of Brascan Financial Corporation during 2002, and $63 million (2003 – $75 million) of goodwill and other intangibles associated with Brascan's business services investments including contracts and intellectual property.

7. INVESTMENT

The company holds 122.6 million common shares of Noranda representing a 42% interest. The company's ownership interest is unchanged from December 31, 2003. Noranda is an international base mining and metals company. Included in the carrying value of the company's long-term investments in Noranda is a net amount of $286 million (2003 – $286 million) which represents the excess of acquisition costs over the company's share of the net book value of Noranda.

8. NON-RECOURSE BORROWINGS

(a) Property Specific Mortgages

MILLIONS	***2004***	*2003*
Commercial properties	**$ 4,534**	$ 4,149
Power generation	**1,511**	732
Total	**$ 6,045**	$ 4,881

Property specific mortgages include $1,786 million (2003 – $1,632 million) repayable in Canadian dollars equivalent to C$2,143 million (2003 – C$2,122 million) and $113 million (2003 – $43 million) in Brazilian *reais* equivalent to R$301 million (2003 – R$124 million). The weighted average interest rate at December 31, 2004 was 6.4% (2003 – 6.6%).

Principal repayments on property specific mortgages due over the next five years and thereafter are as follows:

MILLIONS	*Commercial Properties*	*Power Generation*	*Annual Repayments*
2005	$ 311	$ 89	$ 400
2006	210	524	734
2007	642	22	664
2008	285	22	307
2009	193	59	252
Thereafter	2,893	795	3,688
Total	$ 4,534	$ 1,511	$ 6,045

(b) Other Debt of Subsidiaries

MILLIONS	***2004***	*2003*
Residential properties	**$ 660**	$ 576
Power generation	**617**	375
Funds management	**530**	647
International operations and other	**566**	477
Total	**$ 2,373**	$ 2,075

Other debt of subsidiaries include $883 million (2003 – $539 million) repayable in Canadian dollars equivalent to C$1,059 million (2003 – C$701 million) and $14 million (2003 – $15 million) in Brazilian *reais* equivalent to R$38 million (2003 – R$43 million). The weighted average interest rate at December 31, 2004 was 6.8% (2003 – 6.6%).

Residential properties debt represents $660 million (2003 – $576 million) drawn under construction financing facilities which are typically established on a project by project basis. Amounts drawn are repaid from the proceeds on the sale of building lots, single family houses and condominiums and redrawn to finance the construction of new homes.

Funds management debt includes the issuance of debentures with a principal amount of C$255 million issued for net proceeds of C$245 million on September 30, 2004 that are exchangeable for up to 20 million common shares of Norbord and will mature on September 30, 2029. The carrying value of the debentures is adjusted to reflect the market value of the underlying Norbord shares, which at December 31, 2004 was $195 million, and any change in value is recorded in income.

Other debt of subsidiaries include obligations pursuant to financial instruments which are recorded as liabilities. These amounts include $393 million (2003 – $327 million) of obligations relating to the company's international operations subject to credit rating provisions, which are supported directly and indirectly by corporate guarantees.

Principal repayments on other debt of subsidiaries over the next five years and thereafter are as follows:

MILLIONS	*Residential Properties*	*Power Generation*	*Funds Management*	*International and Other*	*Total*
2005	$ 407	$ 200	$ 5	$ 120	$ 732
2006	214	84	—	46	344
2007	32	—	114	2	148
2008	7	—	11	1	19
2009	—	333	6	4	343
Thereafter	—	—	394	393	787
Total	$ 660	$ 617	$ 530	$ 566	$ 2,373

The fair value of property specific mortgages and other debt of subsidiaries exceeds the book value by $205 million (2003 – $198 million), determined by way of discounted cash flows using market rates adjusted for credit spreads applicable to the debt.

9. CORPORATE BORROWINGS

MILLIONS	***2004***	*2003*
Publicly traded term debt	**$ 1,413**	$ 1,100
Privately held term debt	**13**	113
Commercial paper and bank borrowings	**249**	—
Total	**$ 1,675**	$ 1,213

Commercial paper and bank borrowings is principally commercial paper issued by the company. Commercial paper obligations are backed by the company's bank credit facilities, which are in the form of 364-day revolving facilities, convertible at the company's option into three-year amortizing term facilities on each anniversary. These borrowings are at floating rates and have a weighted average interest rate as at December 31, 2004 of 2.5% (2003 – 2.7%).

Term debt borrowings, which have maturity dates up to 2033, have a weighted average interest rate of 7.3% (2003 – 5.4%), and include $325 million (2003 – $13 million) repayable in Canadian dollars equivalent to C$390 million (2003 – C$17 million).

On December 31, 2004, the company assumed C$125 million 7.35% medium-term notes due October 2005, C$125 million 8.35% debentures due December 2006, C$125 million 7.25% debentures due June 2007 and $47 million of commercial paper and bank borrowings of Brascan Financial Corporation, as a result of the amalgamation of Brascan Financial Corporation and the company.

During 2003, the company issued $200 million of 5.75% publicly traded term debt due March 2010 and $250 million of 7.375% publicly traded term debt due March 2033.

Principal repayments on corporate borrowings due over the next five years and thereafter are as follows:

MILLIONS	*Annual Repayments*
2005	$ 364
2006	106
2007	105
2008	300
2009	—
Thereafter	800
Total	$ 1,675

The fair value of corporate borrowings at December 31, 2004 exceeds the book value by $167 million (2003 – $140 million), determined by way of discounted cash flows using market rates adjusted for the company's credit spreads.

MILLIONS	*Note*	***2004***	*2003*
Accounts payable	*(a)*	**$ 2,082**	$ 1,163
Other liabilities	*(b)*	**637**	582
Total		**$ 2,719**	$ 1,745

(a) Accounts Payable

MILLIONS	***2004***	*2003*
Property operations	**$ 524**	$ 375
Power generation	**100**	89
Funds management	**1,298**	419
Other	**160**	280
Total	**$ 2,082**	$ 1,163

(b) Other Liabilities

Other liabilities include provisions for tax, currency and other financial obligations, as well as the fair value of the company's obligations to deliver securities it did not own at the time of sale and those pursuant to financial instruments recorded as liabilities.

11. MINORITY INTERESTS OF OTHERS IN ASSETS

Minority interests of others in assets represent the common equity in consolidated subsidiaries that is owned by other shareholders. The balances are as follows:

MILLIONS	***2004***	*2003*
Property operations	**$ 1,185**	$ 1,228
Power generation	**194**	184
Funds management	**110**	34
Other	**80**	70
Total	**$ 1,569**	$ 1,516

12. PREFERRED EQUITY – CORPORATE AND SUBSIDIARIES

Corporate Preferred Equity

Corporate preferred equity outstanding:

MILLIONS	*Note*	***2004***	*2003*
Corporate			
Preferred shares	*(a)*	**$ 930**	$ 693
Preferred securities	*(b)*	**159**	159
Total		**$ 1,089**	$ 852

(a) Corporate – Preferred Shares

The following Class A preferred shares are issued and outstanding:

			Issued and Outstanding			
	Rate	*Term*	***2004***	*2003*	***2004***	*2003*
					(MILLIONS)	
Class A Preferred Shares						
Series 1	65% P	Retractable	**—**	18,891	**$ — *1***	$ — *2*
Series 14	63% P	Retractable	**25**	—	**— *2***	—
Series 2	70% P	Perpetual	**10,465,100**	10,465,100	**$ 169**	$ 169
Series 3	B.A. + 40 b.p. *3*	Perpetual	**1,171**	1,171	**75**	75
Series 4 + 7	70% P/8.5%	Perpetual	**2,800,000**	2,800,000	**45**	45
Series 8	Variable up to P	Perpetual	**1,049,792**	1,049,792	**17**	17
Series 9	5.63%	Perpetual	**2,950,208**	2,950,208	**46**	46
Series 10	5.75%	Convertible	**10,000,000**	10,00,000	**159**	159
Series 11	5.50%	Convertible	**4,032,401**	4,032,401	**65**	65
Series 12	5.40%	Convertible	**7,000,000**	7,000,000	**117**	117
Series 13	70% P	Perpetual	**9,288,700**	—	**195**	—
Series 15	B.A. + 40 b.p. *4*	Perpetual	**2,000,000**	—	**42**	—
Total					**$ 930**	$ 693

1 Redeemed July 30, 2004

2 Included in accounts and other payables

3 Rate determined in a monthly auction

4 Rate determined in a quarterly auction

P – Prime Rate B.A. – Banker's Acceptance Rate b.p. – Basis Points

The company is authorized to issue an unlimited number of Class A preferred shares and an unlimited number of Class AA preferred shares, issuable in series. No Class AA preferred shares have been issued.

The Class A preferred shares have preference over the Class AA preferred shares, which in turn are entitled to preference over the Class A and Class B common shares on the declaration of dividends and other distributions to shareholders. All series of the outstanding preferred shares have a par value of C$25 per share, except the Class A, Series 3 preferred shares which have a par value of C$100,000 per share, and the Class A, Series 14 preferred shares which have a par value of C$100 per share.

The Series 10, 11 and 12 shares, unless redeemed by the company, are convertible into Class A common shares at a price equal to the greater of 95% of the market price at the time of conversion and C$2.00, at the option of both the company and the holder, at any time after the following dates:

	Earliest Permitted Redemption Date	*Company's Option*	*Holder's Option*
Series 10	September 30, 2008	September 30, 2008	March 31, 2012
Series 11	June 30, 2009	June 30, 2009	December 31, 2013
Series 12	March 31, 2014	March 31, 2014	March 31, 2018

On December 31, 2004, the company issued 9,288,700 Series 13 preferred shares, 25 Series 14 preferred shares and 2,000,000 Series 15 preferred shares as a result of the amalgamation of Brascan Financial Corporation and the company.

During 2003, the company issued 7,000,000 Series 12 5.4% preferred shares for cash proceeds of C$175 million by way of a public offering.

(b) Corporate – Preferred Securities

The company has the following preferred securities outstanding:

MILLIONS	***2004***	*2003*
8.35% due 2050	**$ 79**	$ 79
8.30% due 2051	**80**	80
Total	**$ 159**	$ 159

The preferred securities are subordinated and unsecured. The company may redeem the preferred securities in whole or in part five years after the date of issue at a redemption price equal to 100% of the principal amount of the preferred securities plus accrued and unpaid distributions thereon to the date of such redemption. The company may elect to defer interest payments on the preferred securities for periods of up to five years and may settle deferred interest and principal payments by way of cash, preferred shares or common shares of the company.

Subsidiaries Preferred Equity

Subsidiaries of the corporation have issued the following perpetual preferred shares:

MILLIONS	***2004***	*2003*
Commercial real estate	**$ 1,006**	$ 722
Funds management	**53**	287
Total	**$ 1,059**	$ 1,009

During 2004, the company's real estate operations issued 8,000,000 Class AAA, Series J preferred shares and 6,000,000 Class AAA, Series K preferred shares for cash proceeds of C$350 million.

13. COMMON EQUITY

The company is authorized to issue an unlimited number of Class A Limited Voting Shares ("Class A common shares") and 85,120 Class B Limited Voting Shares ("Class B common shares"), together referred to as common shares.

The company's common shareholders' equity is comprised of the following:

MILLIONS	*Rate*	*Maturity*	***2004***	*2003* [1]
Convertible Notes				
Series I	B.A. + 40 b.p. *2*	2085	**$ 9**	$ 44
Series II	3.9% *3*	2088	**2**	8
			11	52
Class A and B common shares			**1,226**	1,188
Retained earnings			**2,149**	1,669
Cumulative translation adjustment			**95**	99
Common equity			**$ 3,481**	$ 3,008

NUMBERS OF SHARES		
Class A common shares	**258,620,702**	256,035,490
Class B common shares	**85,120**	85,120
	258,705,822	256,120,610
Unexercised options	**12,181,392**	11,363,277
Reserved for conversion of subordinated notes	**824,927**	3,792,206
Total diluted common shares	**271,712,141**	271,276,093

1 Prior year has been restated to reflect 3-for-2 stock split on June 1, 2004 2

2 Rate determined in a semi-annual auction, maximum 10%

3 Rate determined as 120% of the current common share dividend

B.A. – Banker's Acceptance Rate b.p. – Basis Points

(a) Convertible Notes

The Convertible Notes are subordinate to the company's senior debt and the company may, at its option, pay principal and interest due on the notes in Class A common shares of the company.

The Series I and II Convertible Notes are convertible at the option of the holder at any time into a total of 824,927 (2003 –3,792,206) Class A common shares at conversion prices of C$21.33 and C$20.67 per share, respectively, and are redeemable at any time at the company's option.

(b) Class A and Class B Common Shares

The company's Class A common shares and its Class B common shares are each, as a separate class, entitled to elect one-half of the company's Board of Directors. Shareholder approvals for matters other than for the election of Directors must be received from the holders of the company's Class A common shares as well as the Class B common shares, each voting as a separate class.

During 2004 and 2003 the number of issued and outstanding common shares changed as follows:

MILLIONS	***2004***	*2003 [1]*
Outstanding at beginning of year	**256,120,610**	261,206,606
Issued (repurchased):		
Dividend reinvestment plan	**72,539**	58,251
Management share option plan	**382,430**	586,200
Conversion of debentures and minority interests	**2,967,334**	1,124,307
In exchange for shares of Brascan Financial	**—**	12,246
Fractional shares cancelled in relation to stock split	**(12,186)**	—
Normal course issuer bid	**(824,905)**	(6,867,000)
Outstanding at end of year	**258,705,822**	256,120,610

1 Prior year has been restated to reflect 3-for-2 stock split on June 1, 2004

In 2004, under a normal course issuer bid, the company repurchased 824,905 (2003 – 6,867,000) Class A common shares at a cost of $19 million (2003 – $102 million). Proceeds from the issuance of common shares pursuant to the company's dividend reinvestment plan and management share option plan ("MSOP"), totalled $6 million (2003 – $7 million).

(c) Earnings Per Share

The components of basic and diluted earnings per share are summarized in the following table:

MILLIONS	***2004***	*2003 [1]*
Net income	**$ 688**	$ 403
Convertible note interest	**(1)**	(2)
Preferred security distributions	**(16)**	(15)
Preferred share dividends	**(46)**	(43)
Net income available for common shareholders	**$ 625**	$ 343
Weighted average outstanding common shares	**258**	257
Dilutive effect of the conversion of notes and options using treasury stock method	**6**	7
Common shares and common share equivalents	**264**	264

1 Prior year has been restated to reflect 3-for-2 stock split on June 1, 2004

(d) Stock-Based Compensation

Options issued under the company's MSOP vest proportionately over five years and expire 10 years after the grant date. The exercise price is equal to the market price at the grant date. During 2004, the company granted 1,527,545 (2003 –1,987,500) options with an exercise price of C$30.07 (2003 – C$19.98) per share. The cost of the options was determined using the Black-Scholes model of valuation, assuming a 7.5 year term (2003 – 7.5 year), 12% volatility (2003 – 20%), a weighted average expected dividend yield of 2.3% (2003 – 3.44%) annually and an interest rate of 4.0% (2003 – 4.11%). The cost of $5 million (2003 – $4 million) was charged to employee compensation expense over the five-year vesting period of the options granted.

The changes in the number of options during 2004 and 2003 were as follows:

	2004		2003 [1]	
	Number of Options (000'S)	**Weighted Average Exercise Price**	Number of Options (000'S)	Weighted Average Exercise Price
Outstanding at beginning of year	**11,363**	**C$16.94**	10,053	C$16.17
Granted	**1,527**	**30.07**	1,987	19.98
Exercised	**(382)**	**15.13**	(588)	13.59
Cancelled	**(327)**	**14.95**	(89)	18.79
Outstanding at end of year	**12,181**	**C$18.70**	11,363	C$16.94
Exercisable at end of year	**7,069**		5,823	

1 Prior year has been restated to reflect 3-for-2 stock split on June 1, 2004

At December 31, 2004, the following options to purchase Class A common shares were outstanding:

NUMBER OUTSTANDING (000'S)	Exercise Price	Weighted Average Remaining Life	Number Exercisable (000'S)
1,989	C$8.80 – C$12.80	4.7 yrs.	1,630
3,664	C$12.87 – C$19.27	5.1 yrs.	2,589
5,027	C$19.60 – C$27.64	6.0 yrs.	2,850
1,501	C$30.07 – C$37.42	9.1 yrs.	—
12,181			7,069

A Restricted Share Unit Plan is offered to executive officers and non-employee directors of the company. Under this plan, each officer and director may choose to receive all or a percentage of his or her annual incentive bonus or directors fees in the form of Deferred Share Units ("DSUs") and Restricted Share Appreciation Units ("RSAUs"). The DSUs and RSAUs vest over a five-year period, and DSUs accumulate additional DSUs at the same rate as dividends on common shares. Officers and directors are not allowed to convert DSUs and RSAUs into cash until retirement or cessation of employment. The value of the DSUs, when converted to cash, will be equivalent to the market value of the common shares at the time the conversion takes place. The value of the RSAUs when converted into cash will be equivalent to the difference between the market price of equivalent numbers of common shares at the time the conversion takes place, less the market price on the date the RSAUs are granted. The value of the vested and unvested DSUs and RSAUs as at December 31, 2004 was $87 million (2003 – $43 million).

Employee compensation expense for these plans is charged against income over the vesting period of the DSUs and RSAUs. Changes in the amount payable by the company in respect of vested DSUs and RSAUs as a result of dividends and share price movements are recorded as employee compensation expense in the period of the change and for the year ended December 31, 2004 including those of operating subsidiaries was $39 million (2003 – $15 million).

(e) Other

Loans receivable from officers of the company of $nil (2003 – $1 million) owing under the company's Management Share Purchase Plan were secured by fully paid Class A common shares of the company and were deducted from shareholders' equity. All loans were fully repaid in January 2004.

14. RISK MANAGEMENT AND DERIVATIVE FINANCIAL INSTRUMENTS

(a) Derivative Financial Instruments

The company and its subsidiaries use derivative financial instruments including interest rate swaps, cross currency interest rate swaps, total return swaps, commodity swaps, commodity options and foreign exchange forward contracts to manage risk.

Management evaluates and monitors the credit risk of its derivative financial instruments and endeavours to minimize credit risk through offset arrangements, collateral, and other credit risk mitigation techniques. The credit risk of derivative financial instruments is limited to the replacement value of the instrument, and takes into account any replacement cost and future credit exposure. The replacement value or cost of interest rate swap contracts which form part of financing arrangements is calculated by way of discounted cash flows using market rates adjusted for credit spreads.

The company endeavours to maintain a matched book of currencies and interest rates. However, unmatched positions are carried, on occasion, within predetermined exposure limits. These limits are reviewed on a regular basis and the company believes the exposures are manageable and not material in relation to its overall business operations.

At December 31, 2004, the company held foreign exchange contracts with a notional amount of $2,703 million (2003 – $2,669 million) at an average exchange rate of $1.257 (2003 – $1.317) and a replacement value in excess of that recorded in the company's accounts of nil (2003 – $4 million) to manage its Canadian dollar exposure. At December 31, 2004, the company held foreign exchange contracts with a notional amount of $574 million (2003 – nil) at an average exchange rate of $1.904 (2003 – nil) to manage its British pounds exposure. All of the foreign exchange contracts at December 31, 2004 had a maturity of less than two years. The company also held interest rate swap contracts having a notional amount of $1,300 million (2003 – $1,125 million) with a replacement value in excess of that recorded in the company's accounts of $32 million (2003 – $2 million). These contracts expire over an 11-year period.

At December 31, 2004, the company held total return swaps with a notional amount of $106 million (2003 – nil) recorded in the balance sheet at an amount equal to replacement value.

At December 31, 2004, the company's Canadian dollar functional subsidiaries held U.S. dollar foreign exchange contracts with a notional amount of $1,884 million (2003 – $989 million) at an average exchange rate of $1.249 (2003 – $1.338) and a replacement value in excess of that recorded in the company's accounts of nil (2003 – $3 million), and contracts with a replacement cost in excess of that recorded in the company's accounts of nil (2003 – $1 million). These contracts expire over the next three years.

The company's subsidiaries also held interest rate swap contracts as at December 31, 2004 with a total notional amount of $379 million (2003 – $1,068 million). These interest rate swap contracts were comprised of contracts with a replacement cost in excess of that recorded in the company's accounts of $5 million (2003 – $12 million), and contracts with a replacement value in excess of that recorded in the company's accounts of $5 million (2003 – $18 million). The interest rate swap transactions have maturities varying from one to 19 years.

Included in 2004 income are net losses on foreign currency amounting to $3 million (2003 – gains of $55 million) and included in the cumulative translation adjustment account are losses net of taxes in respect of foreign currency contracts entered into for hedging purposes amounting to $154 million (2003 – $263 million), which have been more than offset by translation gains on the underlying net assets.

(b) Derivative Commodity Instruments

The company has entered into energy derivative contracts primarily to hedge the sale of generated power. The company endeavours to link forward electricity sale derivatives to specific periods in which it anticipates generating electricity for sale. The company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in the fair values or cash flows of the hedged items. As at December 31, 2004, the energy derivative contracts were comprised of contracts with a replacement cost in excess of that

recorded in the company's accounts of $70 million (2003 – $28 million), as well as contracts with a replacement value in excess of that recorded in the company's accounts of $63 million (2003 – $23 million).

(c) Commitments, Guarantees and Contingencies

The company and its subsidiaries are contingently liable with respect to litigation and claims that arise in the normal course of business.

In the normal course of business, the company and its subsidiaries enter into financing commitments. At the end of 2004, the company and its subsidiaries had $445 million (2003 – $467 million) in such commitments outstanding. The company's subsidiaries maintain credit facilities and other financial assets to fund these commitments.

As at September 11, 2001, the company owned eight million square feet of space in four office towers surrounding the World Trade Center site. To date, approximately $230 million has been received for property and business interruption claims relating to these properties. The company's insurance claim adjustment process is ongoing. Due to the complexity of the issues involved, this process will take additional time to conclude. Based upon the company's review of its insurance policies and consultation with outside legal experts, the company anticipates a substantial recovery of its losses in rental revenue and costs associated with the repairs of its properties.

The company has acquired $600 million of insurance for damage and business interruption costs sustained as a result of an act of terrorism. However, a terrorist act could have a material effect on the company's assets to the extent damages exceed the coverage. The company has reviewed its loan agreements and believes it is in compliance, in all material respects, with the contractual obligations therein.

In the normal course of operations, the company and its consolidated subsidiaries execute agreements that provide for indemnification and guarantees to third parties in transactions such as business dispositions, business acquisitions, sales of assets, sales of services, securitization agreements, and underwriting and agency agreements. The company has also agreed to indemnify its directors and certain of its officers and employees. The nature of substantially all of the indemnification undertakings prevents the company from making a reasonable estimate of the maximum potential amount the company could be required to pay third parties as the agreements do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, neither the company nor its consolidated subsidiaries have made significant payments nor do they expect to make any significant payments under such indemnification agreements.

Reinsurance

The company conducts reinsurance operations as part of its funds management activities and accounts for the assets and liabilities associated with such contracts as deposits. As at December 31, 2004, the company held reinsurance assets of $532 million (2003 – $822 million) which were offset in each year by an equal amount of reserves and other liabilities. Net fee income earned on reinsurance operations was $15 million (2003 – $15 million) representing $637 million (2003 – $506 million) of premium and other revenues offset by $612 million (2003 – $491 million) of reserves and other expenses.

15. NET OPERATING INCOME

Net operating income for each business segment is equal to revenue less all attributable expenses except interest, depreciation and amortization, minority share of income and tax expenses. The details are as follows:

(a) Property Operations

MILLIONS	***2004***	*2003*
Revenue	**$ 2,852**	$ 2,456
Expenses	**1,833**	1,619
Net	**$ 1,019**	$ 837

(b) Power Generation

MILLIONS	***2004***	*2003*
Revenue	**$ 542**	$ 320
Expenses	**259**	148
Net	**$ 283**	$ 172

(c) Funds Management

MILLIONS	***2004***	*2003*
Revenue	**$ 415**	$ 281
Expenses	**215**	101
Net	**$ 200**	$ 180

(d) Other Operations

MILLIONS	***2004***	*2003*
Revenue	**$ 218**	$ 313
Expenses	**16**	67
Net	**$ 202**	$ 246

Other operating costs include costs not allocated to specific business units.

16. MINORITY INTERESTS OF OTHERS

Minority interests of others is segregated into their share of income before non-cash items and their share of non-cash items. The minority share of income before non-cash items represents the portion of income before non-cash items attributable to the minority's interest, whether remitted or unremitted. The minority share of non-cash items represents the portion of depreciation and amortization and taxes and other provisions attributable to the minority's interest. The details of minority interest expense are as follows:

MILLIONS	***2004***	*2003*
Distributed as recurring dividends		
Preferred	**$ 54**	$ 25
Common	**73**	62
Undistributed	**131**	132
Minority interest expense	**$ 258**	$ 219
Minority share of income prior to the following	**$ 399**	$ 319
Minority share of depreciation and amortization, and future income taxes and other provisions	**(141)**	(100)
Minority interest expense	**$ 258**	$ 219

During 2004, the company's residential home building subsidiary paid a special dividend of $140 million to minority shareholders in addition to recurring dividends as noted above.

17. INCOME TAXES

	2004	2003
Statutory income tax rate	**37%**	37%
Increase (reduction) in rate resulting from:		
Dividends subject to tax prior to receipt by the company	**(1)**	(4)
Equity accounted earnings that have been tax effected by the investees	**(14)**	(5)
Change in Canadian tax rates	**—**	(1)
Other	**1**	(3)
Effective income tax rate	**23%**	24%

18. EQUITY ACCOUNTED INCOME

Equity accounted income (loss) includes the following:

MILLIONS	2004	2003
Noranda	**$ 218**	$ 6
Norbord	**135**	54
Fraser Papers	**(8)**	—
Total	**$ 345**	$ 60

19. JOINT VENTURES

The following amounts represent the company's proportionate interest in incorporated and unincorporated joint ventures reflected in the company's accounts.

MILLIONS	2004	2003
Assets	**$ 2,419**	$ 2,369
Liabilities	**1,456**	1,421
Operating revenues	**501**	406
Operating expenses	**233**	192
Net income	**116**	49
Cash flows from operating activities	**163**	149
Cash flows from investing activities	**(3)**	12
Cash flows from financing activities	**20**	(18)

20. POST-EMPLOYMENT BENEFITS

The company offers a number of pension and other post employment benefit plans to its employees. The company's obligations under its defined benefit pension plans are determined periodically through the preparation of actuarial valuations. As of December 31, 2004, assets of the plans totalled $57 million (2003 – $38 million), accrued benefit obligations totalled $86 million (2003 – $49 million) and unamortized transitional obligations and net actuarial losses totalled $11 million (2003 – $10 million), for a net accrued benefit liability of $18 million (2003 – $1 million). Included in the accrued benefit obligations is $15 million (2003 – $6 million) related to other post employment benefits. The benefit plan expense for 2004 was $3 million (2003 –$2 million). The discount rate used was 6% (2003 – 6%) with an increase in the rate of compensation of 4% (2003 – 4%) and an investment rate of 7% (2003 – 7%).

21. SUPPLEMENTAL CASH FLOW INFORMATION

MILLIONS	***2004***	*2003*
Corporate borrowings		
Issuances	**$ 207**	$ 450
Repayments	**(110)**	(273)
Net	**$ 97**	$ 177
Property specific mortgages		
Issuances	**$ 1,192**	$ 725
Repayments	**(212)**	(1,109)
Net	**$ 980**	$ (384)
Other debt of subsidiaries		
Issuances	**$ 733**	$ 174
Repayments	**(233)**	(92)
Net	**$ 500**	$ 82
Common shares of subsidiaries		
Issued	**$ —**	$ 8
Repurchased	**(33)**	(133)
Net	**$ (33)**	$ (125)
Property		
Dispositions	**$ 222**	$ 610
Investments	**(563)**	(771)
Net	**$ (341)**	$ (161)
Funds management		
Securities sold	**$ 345**	$ 306
Securities purchased	**(617)**	(925)
Loans collected	**108**	1,262
Loans advanced	**(1,141)**	(959)
Net	**$ (1,305)**	$ (316)
Securities		
Securities sold	**$ 337**	$ 500
Securities purchased	**(167)**	(545)
Net	**$ 170**	$ (45)

Cash taxes paid were $120 million (2003 – $42 million) and are included in other cash expenses. Cash interest paid totalled $535 million (2003 – $490 million). Capital expenditures in our power generating operations were $35 million (2003 – $25 million), and in our real estate operations, were $40 million (2003 – $40 million).

22. SHAREHOLDER DISTRIBUTIONS

MILLIONS	***2004***	*2003*
Preferred equity		
Preferred share dividends	**$ 46**	$ 43
Preferred security distributions	**16**	15
	62	58
Common equity		
Common share dividends	**135**	124
Convertible note interest	**1**	2
	136	126
Total	**$ 198**	$ 184

23. DIFFERENCE FROM UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Canadian generally accepted accounting principles ("Canadian GAAP") differ in some respects from the principles that the company would follow if its consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States ("US GAAP").

The effects of the significant accounting differences between Canadian GAAP and US GAAP on the company's balance sheets and the statements of income, retained earnings and cash flow for the years then ended are quantified and described in this note.

(a) Income Statement Differences

The significant differences in accounting principles between the company's income statements and those prepared under US GAAP are summarized in the following table:

MILLIONS, EXCEPT PER SHARE AMOUNTS	*Note*	***2004***	*2003*
Net income as reported under Canadian GAAP		**$ 688**	$ 403
Adjustments			
Reduction of equity accounted income	*(i)*	**(25)**	(23)
Change in deferred income taxes	*(ii)*	**10**	37
Convertible note and preferred security distributions	*(iii)*	**(17)**	(17)
Conversion of convertible notes and preferred securities	*(iv)*	**(16)**	(45)
Market value adjustments	*(v)*	**1**	26
Increased commercial property income	*(vi)*	**24**	18
Increased commercial property depreciation	*(vii)*	**5**	(60)
Start-up costs and other	*(viii)*	**(34)**	—
Net income under US GAAP		**$ 636**	$ 339
Per share amounts under US GAAP			
Net income			
Basic		**$ 2.29**	$ 1.15
Diluted		**$ 2.23**	$ 1.13

(i) Equity accounted income

Under US GAAP, the company's equity accounted income has been adjusted for differences in the accounting treatment by the underlying company as follows:

Accounting Treatment	*Canadian GAAP*	*US GAAP*
For 2004 and 2003		
Start-up costs	defer and amortize	expense as incurred
Pension accounting	valuation allowance	no valuation allowance/ additional minimum liability
Derivative instruments and hedging activities	See Note 1 and Note 14	See Note 23(a)(v)

Canadian GAAP requires recognition of a pension valuation allowance for any excess of the prepaid benefit expense over the expected future benefit. Changes in the pension valuation allowance are recognized in the Consolidated Statement of Income. US GAAP does not specifically address pension valuation allowances. In 2002, US regulators determined that such allowances would not be permitted under US GAAP. In light of these developments, Noranda eliminates the effects of recognizing pension valuation allowances.

(ii) Deferred income taxes

The change in deferred income taxes includes the tax effect of the income statement adjustments under US GAAP. Also, under Canadian GAAP the tax rates applied to temporary differences and losses carried forward are those which are substantively enacted. Under US GAAP, tax rates are applied to temporary differences and losses carried forward only when they are enacted. In 2004 and 2003, there were no differences between the substantively enacted rates used under Canadian GAAP and the enacted rates used under US GAAP.

(iii) Convertible note and preferred security distributions

Under Canadian GAAP, the company's subordinated convertible notes and preferred securities are treated as equity with interest paid thereon recorded as a distribution from retained earnings. This results from the company's ability to repay these notes and meet interest obligations by delivering its common shares to the holders. Under US GAAP, the subordinated convertible notes and preferred securities would be recorded as indebtedness with the corresponding interest paid recorded as a charge to income. There is no effect on basic or diluted net income per share.

(iv) Conversion of convertible note and preferred securities

Under Canadian GAAP, the company's subordinated convertible notes and preferred securities are treated as equity and converted into the company's functional currency at historic rates. Under US GAAP, the subordinated convertible notes and preferred securities would be recorded as indebtedness and converted into the company's functional currency at current rates with the corresponding foreign exchange recorded as a charge to income.

(v) Market value adjustments

Under Canadian GAAP, the company generally records short-term investments at the lower of cost and net realizable value, with any unrealized losses in value included in the determination of net income. However, the company has identified certain distinct portfolios of securities which it has designated to be carried at fair value under Canadian GAAP. Under US GAAP, all trading securities are carried at market, with unrealized gains and losses included in the determination of net income. The adjustment for the year ended December 31, 2004 to record net unrealized gains not already recognized under Canadian GAAP was $7 million (2003 – $2 million).

Under US GAAP, all derivative financial instruments are recognized in the financial statements and measured at fair value. Changes in the fair value of derivative financial instruments are recognized periodically in either income or shareholders' equity (as a component of other comprehensive income), depending on whether the derivative is being used to hedge changes in fair value or cash flows. For derivatives designated as cash flow hedges, the effective portions of changes in fair value of the derivative are reported in other comprehensive income and are subsequently reclassified into net income when the hedged item affects net income. Changes in the fair value of derivative financial instruments that are not designated in a hedging relationship and ineffective portions of hedges are recognized in income. The unrealized adjustment for the year ended December 31, 2004 was $-6 million (2003 – $24 million).

The effects of accounting for derivatives in accordance with US GAAP for the year ended December 31, 2004 resulted in an increase in assets of $112 million (2003 – $107 million), an increase in liabilities of $72 million (2003 – $28 million), a decrease in other comprehensive income of $30 million (2003 – an increase of $75 million) and a decrease in net income of $8 million (2003 – an increase of $14 million) included in the adjustment described in the preceding paragraph, within the company's consolidated financial statements. During the year ended December 31, 2004, $22 million (2003 – $7 million) of net derivative gains were reclassified from other comprehensive income to income. Over the next 12 months, principally on the settlement of

certain contracts in Noranda, the company expects to reclassify $23 million, representing its share of net gains on these contracts from other comprehensive income to income.

(vi) Increased commercial property income

Prior to January 1, 2004, Canadian GAAP permitted the recognition of rental revenue over the term of the lease as it became due where increases in rent were intended to offset the estimated effects of inflation, whereas US GAAP required that rental revenue be recognized on a straight-line basis over the term of the lease. In 2003, the impact of this difference under US GAAP was an increase to commercial property income of $9 million. The company adopted straight-line recognition of rental revenue for all of its properties effective January 1, 2004, thereby harmonizing this policy with US GAAP. In 2004, the company recorded a decrease to commercial property income of $18 million to reflect the adjustment required if straight-line rental revenue had been recognized from the outset. The recognition of lease termination income can differ between US GAAP and Canadian GAAP. In 2004, the different treatment under US GAAP resulted in an increase to commercial property income of $42 million (2003 –$9 million).

(vii) Increased commercial property depreciation

Straight-line depreciation was adopted by the company on January 1, 2004 which effectively harmonized Canadian GAAP with US GAAP. The amount recorded as an adjustment in 2004 reflects the reduction in depreciation expense that would have been recorded if straight-line depreciation had been applied from the outset. The amount recorded as an adjustment in 2003 reflects the previous difference from Canadian GAAP under which commercial properties were depreciated using the sinking-fund method.

(viii) Start-up costs and other

Start-up costs and other has been adjusted for the differences between Canadian GAAP and US GAAP and includes $30 million (2003 – $20 million) of start-up costs which are deferred and amortized under Canadian GAAP and expensed under US GAAP, and $4 million of expenses (2003 – $20 million of income) related to differences from the company's operations in Brazil and minority interests in the company's property operations.

(b) Comprehensive Income

US GAAP requires a statement of comprehensive income which incorporates net income and certain changes in equity. Comprehensive income is as follows:

MILLIONS	*Note*	***2004***	*2003*
Net income under US GAAP		**$ 636**	$ 339
Market value adjustments	*(i)*	**(52)**	243
Minimum pension liability adjustment	*(ii)*	**(7)**	23
Foreign currency translation adjustments	*(iii)*	**30**	269
Taxes on other comprehensive income		**10**	(45)
Comprehensive income		**$ 617**	$ 829

(i) Market value adjustments

Under Canadian GAAP, the company records investments other than specifically designated portfolios of securities at cost and writes them down when other than temporary impairment occurs. Under US GAAP, these investments generally meet the definition of available for sale securities, which includes securities for which the company has no immediate plans to sell but which may be sold in the future, and are carried at fair value based on quoted market prices. Changes in unrealized gains and losses and related income tax effects are recorded as other comprehensive income. Realized gains and losses, net of tax and declines in value judged to be other than temporary, are included in the determination of income. During 2004, the company recorded $34 million of net unrealized losses (2003 – $141 million of net unrealized gains) on securities and $12 million (2003 –$27 million) of net unrealized gains in accounts receivable and other.

Under Canadian GAAP, changes in the fair value of derivatives that are designated as cash flow hedges are not recognized in income. Under US GAAP, changes in the fair value of the effective portions of such derivatives are reported in other comprehensive income whereas the offsetting changes in value of the cash flows being hedged are not. The amounts recorded in other comprehensive income are subsequently reclassified into net income at the same time as the cash flows being hedged are recorded in net income. The company's share of the amounts recorded by Noranda, Norbord and Fraser Papers for derivatives that qualify as hedges under US GAAP is $-10 million (2003 – $51 million) which is included in comprehensive income. During 2004, the company also recorded in other comprehensive income a $20 million decrease (2003 – increase of $24 million) in the fair value of contracts for the forward sale of production from the company's power generating operations.

(ii) Minimum pension liability adjustment

US GAAP requires the excess of any unfunded accumulated benefit obligation (with certain other adjustments) to be reflected as an additional minimum pension liability in the consolidated balance sheet with an offsetting adjustment to intangible assets to the extent of unrecognized prior service costs, with the remainder recorded in other comprehensive income. The company has reflected the adjustment including its proportionate share of adjustments recorded by Noranda, Norbord, Fraser Papers and Brascan Power.

(iii) Foreign currency translation adjustments

Canadian GAAP provides that the carrying values of assets and liabilities denominated in foreign currencies that are held by self-sustaining operations are revalued at current exchange rates. US GAAP requires that the change in the cumulative translation adjustment account be recorded in other comprehensive income. The amount recorded by the company represents the change in the cumulative translation adjustment account. The resulting changes in the carrying values of assets which arise from foreign currency conversion are not necessarily reflective of changes in underlying value.

(c) Balance Sheet Differences

The incorporation of the significant differences in accounting principles under Canadian GAAP and US GAAP would result in the following presentation of the company's balance sheet:

MILLIONS	*Note*	***2004***	*2003*
Assets			
Cash and cash equivalents		**$ 455**	$ 382
Accounts receivable and other	*(i)*	**3,055**	2,132
Securities	*(ii)*	**3,278**	1,792
Loans and notes receivables		**897**	511
Property, plant and equipment			
Property	*(iii)*	**8,461**	7,865
Power generation	*(iii)*	**3,160**	1,924
Equity accounted investments	*(iv)*	**1,680**	1,544
Total assets under US GAAP		**$ 20,986**	$ 16,150
Liabilities and shareholders' equity			
Accounts payable and liabilities		**$ 2,806**	$ 1,736
Corporate borrowings		**1,675**	1,213
Non-recourse borrowings			
Property specific mortgages		**6,890**	4,881
Other debt of subsidiaries		**2,586**	2,100
Convertible and subordinated notes		**223**	254
Minority shareholders' interests		**1,591**	1,419
Preferred equity			
Corporate		**912**	685
Subsidiaries		**975**	1,009
Common equity	*(v)*	**3,328**	2,853
Total liabilities and equity under US GAAP		**$ 20,986**	$ 16,150

Certain balances have been adjusted to reflect the consolidation of variable interest entities ("VIEs"). The adjustments were primarily a result of the consolidation of the company's equity interests in Louisiana HydroElectric Power, which is summarized under Note 5 of the consolidated financial statements. There has been no adjustment to common equity.

The significant difference in each category between Canadian GAAP and US GAAP are as follows:

(i) Deferred income taxes

The deferred income tax asset under US GAAP is included in accounts receivable and other and is calculated as follows:

MILLIONS	***2004***	*2003*
Tax assets related to operating and capital losses	**$ 1,217**	$ 980
Tax liabilities related to differences in tax and book basis	**(653)**	(491)
Valuation allowance	**(276)**	(236)
Deferred income tax asset under US GAAP	**$ 288**	$ 253

(ii) Securities

Under Canadian GAAP, the company recorded its short-term investments at the lower of cost and net realizable value except for certain distinct portfolios of securities which it has designated to be carried at fair value and for which unrealized gains and losses in value are included in the determination of income. Under US GAAP, trading securities, which include all of the company's short-term investments, are carried at market, with unrealized gains and losses included in income.

Available for sale securities are accounted for as described in this note under (b)(i).

MILLIONS	***2004***	*2003*
Securities under Canadian GAAP	**$ 3,490**	$ 2,201
Reclassification to equity accounted investments	**(517)**	(543)
Consolidation of VIEs	**272**	—
Net unrealized losses for trading securities	**(19)**	(16)
Net unrealized gains on available for sale securities	**52**	150
Securities under US GAAP	**$ 3,278**	$ 1,792

(iii) Joint ventures

Under US GAAP, proportionate consolidation of investments in joint ventures is generally not permitted. Under certain rules for foreign private issuers promulgated by the United States Securities and Exchange Commission ("SEC"), the company has continued to follow the proportionate consolidation method. See also Note 19.

(iv) Equity accounted investments

The company's investments under US GAAP include Noranda, Norbord, Fraser Papers and other real estate and business services. These investments have been adjusted to reflect the cumulative impact of calculating equity accounted earnings under US GAAP.

MILLIONS	***2004***	*2003*
Investment under Canadian GAAP	**$ 1,374**	$ 1,196
Reclassification from securities and accounts receivable and other	**476**	493
Accumulated other comprehensive loss	**(95)**	(80)
Retained earnings adjustment	**(75)**	(65)
Equity accounted investments under US GAAP	**$ 1,680**	$ 1,544

(v) Common equity

MILLIONS	***2004***	*2003*
Common equity under Canadian GAAP	**$ 3,481**	$ 3,008
Reversal of Canadian GAAP cumulative translation adjustment	**(95)**	(99)
Paid in capital	**45**	31
Reclassification of convertible notes	**(11)**	(52)
Cumulative adjustments to retained earnings under US GAAP	**(202)**	(164)
Accumulated other comprehensive income	**110**	129
Common equity under US GAAP	**$ 3,328**	$ 2,853

As a result of the above adjustments, the components of common equity under US GAAP are as follows:

MILLIONS	***2004***	*2003*
Common shares	**$ 1,226**	$ 1,183
Paid in capital	**45**	31
Accumulated other comprehensive income	**110**	129
Retained earnings	**1,947**	1,510
Common equity under US GAAP	**$ 3,328**	$ 2,853

(d) Cash Flow Statement Differences

Under Canadian GAAP, interest on convertible notes is classified as a shareholder distribution. Under US GAAP, interest on these notes is classified as an operating activity. The summarized cash flow statement under US GAAP is as follows:

MILLIONS	***2004***	*2003*
Cash flows provided from (used for) the following activities:		
Operating under Canadian GAAP	**$ 910**	$ 742
Convertible note interest	**(1)**	(2)
Preferred security distributions	**(16)**	(15)
Operating under US GAAP	**893**	725
Financing	**1,710**	199
Investing	**(2,581)**	(874)
Net increase in cash and cash equivalents under US GAAP	**$ 22**	$ 50

(e) Changes in Accounting Policies

The FASB issued SFAS No. 150, “Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity” (“SFAS 150”) effective for the company’s 2004 fiscal year. SFAS 150 establishes standards for how an issuer classifies and measures certain financial instruments with characteristics of both liabilities and equity. It requires that an issuer classify a financial instrument that is within its scope as a liability (or an asset in some circumstances) whereas many of those instruments were previously classified as equity. Some of the provisions of this statement are consistent with the current definition of liabilities in FASB Concepts Statement No. 6, “Elements of Financial Statements”. The remaining provisions of this statement are consistent with the proposal to revise that definition to encompass certain obligations that a reporting entity can or must settle by issuing its own equity shares, depending on the nature of the relationship established between the holder and the issuer. The adoption of SFAS 150 by the company has not had a material impact on the consolidated financial statements.

In December 2003, the FASB issued revised Interpretation 46 (“FIN 46R”), “Consolidation of Variable Interest Entities” (“VIEs”), an Interpretation of Accounting Research Bulletin 51, “Consolidated Financial Statements,” and replaces the previous version of FASB Interpretation 46 issued in January 2003 (“FIN 46”). This interpretation is to be applied immediately to VIEs created after January 31, 2003. A company that holds a variable interest in a VIE it acquired before February 1, 2003 shall apply the provision of this interpretation no later than the first fiscal year or interim period ending after March 14, 2004 unless those entities are considered to be special purpose entities in which the application is to be no later than the end of the first reporting

period that ends after December 15, 2003. This interpretation may be applied prospectively with a cumulative-effect adjustment as of the date on which it is first applied or by restating previously issued financial statements for one or more years with a cumulative-effect adjustment as of the beginning of the first year restated. The decision whether to consolidate a VIE begins with establishing that a VIE exists. A VIE exists when either the total equity investment at risk is not sufficient to permit the entity to finance its activities by itself, or the equity investor lacks one of three characteristics associated with owning a controlling financial interest. Those characteristics are the direct or indirect ability to make decisions about the entity's activities through voting rights or similar rights, the obligation to absorb the expected losses of an entity, and the right to receive the expected residual returns. The entity with the majority of the expected losses or expected residual return is considered to be primary beneficiary of the entity and is required to consolidated such entity. FIN 46R was effective for the company on December 31, 2004 and the cumulative effect of the accounting change is reflected in the financial statements as of that date.

(f) Future Accounting Policy Changes

(i) Share-based payment

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment" (SFAS 123R"), which establishes accounting standards for all transactions in which an entity exchanges its equity instruments for goods and services. SFAS 123R focuses primarily on accounting for transactions with employees, and carries forward without change prior guidance for share-based payments for transactions with non-employees.

SFAS 123R eliminates the intrinsic value measurement objective in APB Opinion 25 and generally requires the company to measure the cost of employee services received in exchange for an award of equity instruments based on the fair value of the award on the date of the grant. The standard requires grant date fair value to be estimated using either an option-pricing model which is consistent with the terms of the award or a market observed price, if such a price exists. Such cost must be recognized over the period during which an employee is required to provide service in exchange for the award. The standard also requires the company to estimate the number of instruments that will ultimately be issued, rather than accounting for forfeitures as they occur. The company is assessing the requirements of the standard and believes that its adoption will not have a significant impact.

(ii) Exchange of non-monetary assets

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Non-Monetary Assets" ("SFAS 153"), an amendment of APB No. 29. This standard amends Opinion 29 to eliminate the exception for non-monetary exchanges of similar productive assets and replaces it with a general exception for exchanges of non-monetary assets that do not have commercial substance. The standard specifies that a non-monetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. This standard is effective for non-monetary asset exchanges occurring in fiscal periods beginning after June 15, 2005. Earlier application is permitted for non-monetary asset exchanges occurring in fiscal periods beginning after the date this standard is issued. Retroactive application is not permitted. The company is assessing the requirements of this standard and believes that its adoption will not have a significant impact upon adoption.

(iii) Participating securities

On March 21, 2004, the FASB ratified the consensus reached by the EITF on EITF 03-6. This EITF requires the calculation of earnings per share to be changed to measure the impact of certain securities or other instruments or contracts that entitle their holders to participate in undistributed earnings of the reporting entity, provided such entitlement is non-discretionary and objectively determinable. EITF 03-6 is effective for the first interim or annual reporting period that begins after March 31, 2004, and requires retroactive adjustment to earnings per share presented for prior periods. The company is assessing the impact that EITF 03-6 will have on its 2005 consolidated financial statements, if any.

24. SEGMENTED INFORMATION

The company's presentation of reportable segments is based on how management has organized the business in making operating and capital allocation decisions and assessing performance. The company has four reportable segments:

(a) property operations, which are principally office properties, residential development and home building operations, located primarily in major North American cities;

(b) power generation operations, which are predominantly hydroelectric power generating facilities on North American river systems;

(c) funds management, which include activities where funds are managed for the company and for institutional investors;

(b) the company's investment in Noranda.

	2004			2003		
MILLIONS	**Revenue**	**Net Income**	**Assets**	Revenue	Net Income	Assets
Property						
Commercial properties	**$ 1,118**	**$ 697**	**$ 7,020**	$ 1,020	$ 621	$ 6,622
Residential properties	**1,603**	**305**	**818**	1,262	131	738
Development properties	**5**	**1**	**950**	69	67	814
Real estate services	**126**	**16**	**51**	105	18	48
Power generation	**542**	**283**	**3,048**	320	172	1,927
Funds management	**415**	**327**	**3,825**	281	234	2,095
Investment	**—**	**218**	**1,374**	—	6 1,	196
	3,809	**1,847**	**17,086**	3,057	1,249	13,440
Financial assets and other	**218**	**202**	**2,924**	313	246	2,859
	$ 4,027	**2,049**	**$ 20,010**	$ 3,370	1,495	$16,299
Cash interest and other cash expenses		**1,098**			878	
Depreciation, taxes and other non-cash items		**263**			214	
Cash flow/income from continuing operations		**$ 688**			$ 403	

Revenue and assets by geographic segments are as follows:

	2004		2003	
MILLIONS	**Revenue**	**Assets**	Revenue	Assets
United States	**$ 2,434**	**$ 9,946**	$ 1,973	$ 7,810
Canada	**1,240**	**6,729**	990	5,135
International	**353**	**3,335**	407	3,354
Revenue/Assets	**$ 4,027**	**$ 20,010**	$ 3,370	$16,299

25. SUBSEQUENT EVENT

Subsequent to December 31, 2004, the company acquired four hydroelectric generating facilities in Maine, New York, Pennsylvania and Maryland for $73 million. The facilities have an installed capacity of 71 megawatts. The company's power operations also issued a long-term debenture for $42 million at a rate of 4.65%.

Five Year Financial Review

AS AT AND FOR THE YEARS ENDED DECEMBER 31 *MILLIONS, EXCEPT PER SHARE AMOUNTS (UNAUDITED)*	***2004***	*2003*	*2002*	*2001*	*2000*
Per Common Share *(fully diluted)*					
Book value	**$ 13.51**	$ 11.63	$ 9.90	$ 10.35	$ 10.85
Cash flow from operations	**2.34**	2.14	1.58	1.37	1.14
Cash return on book equity	**19%**	18%	16%	13%	11%
Net income	**2.38**	1.31	0.14	0.65	1.53
Market trading price – NYSE	**$ 36.01**	$ 20.36	$ 13.67	$ 12.04	$ 9.71
Market trading price – TSX	**C$ 43.15**	C$ 26.49	C$ 21.17	C$ 19.17	C$ 14.63
Dividends paid	**$ 0.55**	$ 0.49	$ 0.43	$ 0.43	$ 0.42
Total *(millions)*					
Assets	**$20,010**	$16,299	$14,422	$13,792	$14,407
Non-recourse borrowings Property specific mortgages	**6,045**	4,881	4,992	4,503	4,709
Other debt of subsidiaries	**2,373**	2,075	1,867	1,988	2,085
Corporate borrowings	**1,675**	1,213	1,035	826	913
Common equity	**3,481**	3,008	2,625	2,668	2,805
Revenues	**4,027**	3,370	3,064	3,042	2,844
Operating income	**1,704**	1,435	1,214	1,163	1,074
Cash flow from operations	**670**	624	469	388	332
Net income	**688**	403	83	201	435
Common shares outstanding	**258.7**	256.1	261.2	254.7	254.1

Cautionary Statement Regarding Forward Looking Statements

This Annual Report to shareholders contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The words “believe”, “expect”, “anticipate”, “intend”, “estimate” and other expressions which are predictions of or indicate future events and trends and which do not relate to historical matters identify forward-looking statements. Reliance should not be placed on forward-looking 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 statements. Factors that could cause actual results to differ materially from those set forward in the forward-looking statements include general economic conditions, interest rates, availability of equity and debt financing and other risks detailed from time to time in the company’s 40-F filed with the Securities and Exchange Commission. The company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

This Annual Report to shareholders and accompanying consolidated financial statements make reference to cash flow from operations on a total and per share basis. Management uses cash flow from operations as a key measure to evaluate performance and to determine the underlying value of its businesses. The consolidated statement of cash flow from operations provides a full reconciliation between this measure and net income. Readers are encouraged to consider both measures in assessing Brascan’s results.

Brascan's Board of Directors

The Hon. James J. Blanchard
Partner, Piper Rudnick

Jack L. Cockwell
Group Chairman, Brascan

William A. Dimma, C.M., O.O.*
Chairman
Home Capital Group Inc.

The Hon. J. Trevor Eyton, O.C.
Member of the Senate of Canada

J. Bruce Flatt
President and CEO, Brascan

James K. Gray, O.C.
Founder and former CEO
Canadian Hunter Exploration Ltd.

Robert J. Harding, FCA
Chairman, Brascan

David W. Kerr
Chairman, Noranda Inc.

Lance Liebman*
Professor of Law
Columbia Law School

Philip B. Lind, O.C.
Vice-Chairman,
Rogers Communications Inc.

The Hon. Roy MacLaren, P.C.
Corporate Director

G. Wallace F. McCain, O.C.,O.N.B.
Chairman, Maple Leaf Foods Inc.

Dr. Jack Mintz
President and CEO
CD Howe Institute

George S. Taylor
Corporate Director

**Director-elect*

Details on Brascan's Directors are provided in the Management Information Circular and on Brascan's web site

Members of Affiliate and Advisory Boards

Property

William T. Cahill
Deputy Director
Citicorp Real Estate, Inc.

The Hon. William G. Davis, P.C., C. C.
Counsel, Torys

Robert A. Ferchat, FCA
Former Chair and CEO
BCE Mobile Communications Inc.

Bruce T. Lehman
Principal, Armada LLC

Paul D. McFarlane
Corporate Director

Robert J. McGavin
Corporate Director

Michael F.B. Nesbitt
Chairman
Montrose Mortgage Corporation Ltd.

Allan S. Olson
President and CEO
First Industries Corporation

Sam Pollock, o.c.
Former Chair, Toronto Blue Jays

David M. Sherman
President, D. Sherman & Co., Inc.

Robert L. Stelzl
Director and former Principal
Colony Capital LLC

Michael D. Young
Principal
Quadrant Capital Partners, Inc.

William C. Wheaton
Professor of Economics and Director
MIT Center for Real Estate

Power Generation

Alex G. Balogh
Director, former Chair and CEO
Falconbridge Limited

André Bureau, o.c.
Chairman, Astral Media Inc.

Dian Cohen, C.M.
President, DC Productions Ltd.

Ronald J. Daniels
Dean, Faculty of Law
University of Toronto

Richard M. Drouin, o.c.
Former Chair and CEO
Hydro-Quebec

Pierre Dupuis
Former Vice President and COO
Dorel Industries Inc.

Kenneth W. Harrigan, o.c.
Former Chair and CEO
Ford Motor Company of Canada, Limited

O. Allan Kupcis
Chairman, Canadian Nuclear Assoc.

Sidney A. Lindsay
Corporate Director

Funds Management

Lorraine D. Bell
Corporate Director

Allen Karp, o.c.
Chairman Emeritus
Cineplex Odeon Corp.

Brian Kenning
Corporate Director

Marvin Jacob
Partner, Weil Gotshal & Manges LLP

Gail Kilgour
Corporate Director

John Lacey
Chairman, Alderwoods Group Inc.

John MacIntyre
Independent Financial Advisor
TD Capital Group Limited

Peter Tanaka
Independent Financial Advisor

Investments

André Bérard, O.C.
Chairman, National Bank of Canada

V. Maureen Kempston Darkes, O.C., O.O.
Group Vice-President
General Motors Corporation

A.L. (Al) Flood, C.M.
Former CEO
Canadian Imperial Bank of Commerce

Gordon E. Forward
Former CEO, Texas Industries Inc.

Paul Gagné
Former CEO, Avenor Inc.

Norman R. Gish
Former Chair and CEO
Alliance Pipeline Ltd.

G. Edmund King
Former Chair and CEO
CIBC Wood Gundy Corporation

Neville W. Kirchmann
President, Kirchmann Holdings Ltd.

Aldéa Landry
President, Landal Inc.

James W. McCutcheon, Q.C.
Counsel
McCarthy Tétrault, LLP

Mary A. Mogford
Corporate Director

Margot Northey
Former Dean, Queen's School of Business
Queen's University

David H. Race
Former CEO, CAE Inc.

James D. Wallace
President, Pioneer Construction Inc.

Don S. Wells
Former Executive Vice-President
Royal Bank Financial Group

Shareholder Enquiries

Shareholder enquiries are welcomed and should be directed to Katherine Vyse, Senior Vice-President, Investor Relations and Communications at 416-363-9491 or *kvyse@brascancorp.com.* Alternatively shareholders may contact the company at its administrative head office:

Brascan Corporation
Suite 300, BCE Place, Box 762, 181 Bay Street
Toronto, Ontario M5J 2T3
Telephone: 416-363-9491
Facsimile: 416-363-2856
Web Site: *www.brascancorp.com*
E-Mail: *enquiries@brascancorp.com*

Shareholder enquiries relating to dividends, address changes and share certificates should be directed to the company's Transfer Agent:

CIBC Mellon Trust Company

P.O. Box 7010, Adelaide Street Postal Station
Toronto, Ontario M5C 2W9

Telephone: 416-643-5500 or
1-800-387-0825 (Toll free throughout North America)
Facsimile: 416-643-5501
Web Site: *www.cibcmellon.com*

Stock Exchange Listings

Investor Relations and Communications

We are committed to informing our shareholders of our progress through a comprehensive communications program which includes publication of materials such as our annual report, quarterly interim reports and press releases for material information. We also maintain a web site that provides ready access to these materials, as well as statutory filings, stock and dividend information and web archived events.

Meeting with shareholders is an integral part of our communications program. Directors and management meet with Brascan's shareholders at our annual meeting and are available to respond to questions at any time. Management also meets on a regular basis with investment analysts, financial advisors and media to ensure that accurate information is available to investors. All materials distributed at any of these meetings are posted on the company's web site.

The text of the Brascan 2004 Annual Report is available in French on request from the company and is filed with and available through SEDAR at **www.sedar.com**.

Annual Meeting of Shareholders

The company's 2005 Annual Meeting of Shareholders will be held at 10:30 a.m. on Friday, April 29, 2005 at The Design Exchange, 234 Bay Street, Toronto, Ontario and will be webcast on Brascan's web site at *www.brascancorp.com*.

Stock Exchange Listings

	Symbol	Stock Exchange
Class A Common Shares	**BNN, BNN.LV.A**	New York, Toronto
Class A Preference Shares		
Series 2	**BNN.PR.B**	Toronto
Series 3	**BNN.PR.F**	Toronto Venture
Series 4	**BNN.PR.C**	Toronto
Series 8	**BNN.PR.E**	Toronto
Series 9	**BNN.PR.G**	Toronto
Series 10	**BNN.PR.H**	Toronto
Series 11	**BNN.PR.I**	Toronto
Series 12	**BNN.PR.J**	Toronto
Series 13	**BNN.PR.K**	Toronto
Series 14	**BNN.PR.L**	Toronto
Preferred Securities		
8.35%	**BNN.PR.S**	Toronto
8.30%	**BNN.PR.T**	Toronto

Dividend Record and Payment Dates

	Record Date	Payment Date
Class A Common Shares *1*	First day of February, May, August and November	Last day of February, May, August and November

Class A Preference Shares *1*		
Series 2, 4, 10, 11, 12 and 13	15th day of March, June, September and December	Last day of March, June, September and December
Series 3	Second Wednesday of each month	Thursday following second Wednesday of each month
Series 8 and 14	Last day of each month	12th day of following month
Series 9	15th day of January, April, July and October	First day of February, May, August and November
Preferred Securities *2*		
8 and 8.30%	15th day of March, June, September and December	Last day of March, June, September and December

1 All dividend payments are subject to declaration by the Board of Directors

2 Interest payments

Dividend Reinvestment Plan

Registered holders of Class A Common Shares who are resident in Canada may elect to receive their dividends in the form of newly issued Class A Common Shares at a price equal to the weighted average price at which the shares traded on the Toronto Stock Exchange during the five trading days immediately preceding the payment date of such dividends.

The Dividend Reinvestment Plan allows current shareholders to acquire additional shares in the company without payment of commissions. Further details on the Plan and a Participation Form can be obtained from our administrative head office, our transfer agent or from our web site.

Exhibit 99.4

CERTIFICATION

I, J. Bruce Flatt, certify that:

1. I have reviewed this annual report on Form 40-F of Brascan Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Dated: March 31, 2005

/s/ J. Bruce Flatt
J. Bruce Flatt
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 99.5

CERTIFICATION

I, Brian D. Lawson, certify that:

1. I have reviewed this annual report on Form 40-F of Brascan Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent function):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Dated: March 31, 2005

/s/ Brian D. Lawson
Brian D. Lawson
Chief Financial Officer (Principal Financial Officer)

Exhibit 99.6

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Brascan Corporation (the "Company") on Form 40-F for the year ended December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. Bruce Flatt, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ J. Bruce Flatt
J. Bruce Flatt
President and Chief Executive Officer

March 31, 2005

Exhibit 99.7

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Brascan Corporation (the "Company") on Form 40-F for the year ended December 31, 2003, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Brian D. Lawson, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Brian D. Lawson
Brian D. Lawson
Chief Financial Officer

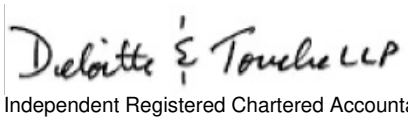
March 30, 2005

Deloitte & Touche LLP
BCE Place
181 Bay Street
Suite 1400
Toronto ON M5J 2V1
Canada

Tel: (416) 601-6500
www.deloitte.ca

CONSENT OF INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS

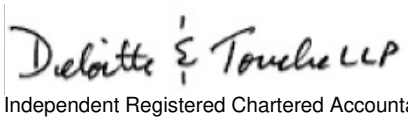
We consent to the use of our report dated February 10, 2005 appearing in this Annual Report on Form 40-F of Brascan Corporation for the year ended December 31, 2004.



Independent Registered Chartered Accountants
Toronto, Ontario, Canada
February 10, 2005

COMMENTS BY INDEPENDENT REGISTERED CHARTERED ACCOUNTANTS ON CANADA - UNITED STATES OF AMERICA REPORTING DIFFERENCES

The standards of the Public Company Accounting Oversight Board (United States), require the addition of an explanatory paragraph (following the opinion paragraph) when there are changes in accounting principles that may have a material effect on the comparability of the Company's financial statements, such as the changes described in Note 1 and Note 23 (e) to the consolidated financial statements of Brascan Corporation. Our report to the shareholders dated February 10, 2005 is expressed in accordance with Canadian reporting standards, which do not require a reference to such changes in accounting principles in the auditors' report when the changes are properly accounted for and adequately disclosed in the financial statements.



Independent Registered Chartered Accountants
Toronto, Ontario, Canada
February 10, 2005

Membre de
Deloitte Touche Tohmatsu