




# Brookfield

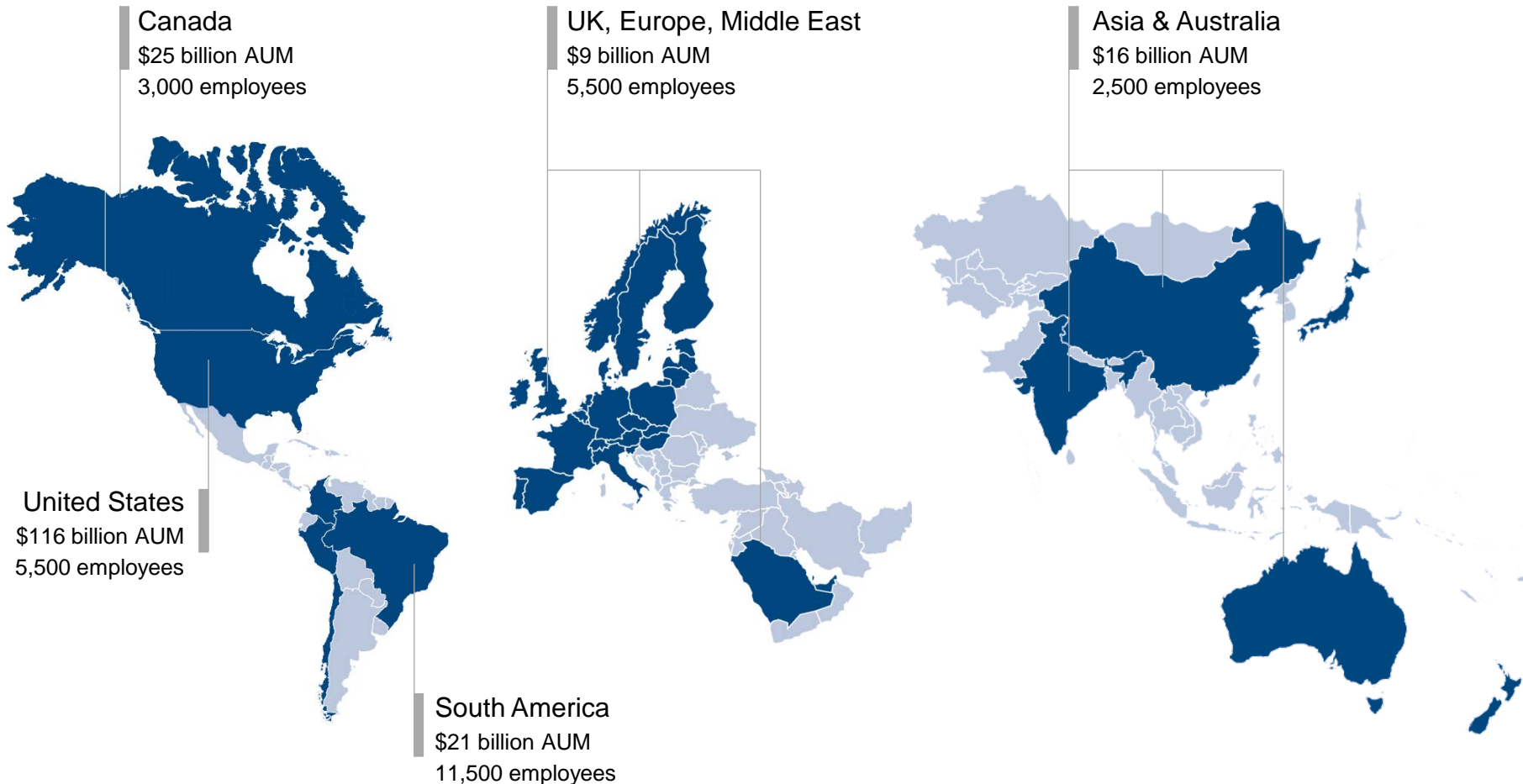
Ben Graham Centre's 2014 Value Investing Conference | April 8, 2014



# Agenda

-  Describe our business to you
-  Try to explain how we invest
-  Utilize some transactions to show our strategy in action

# Our operations include 100 offices **across the globe** with 700 investment professionals and 28,000 operating employees managing \$180 billion of assets



Note: Current and target countries of investment

# This makes us one of the largest global managers of **Real Assets** and includes....

## Private Funds

20 Institutional funds..... \$30B

## Publicly Traded Funds

3 Real Asset funds..... \$30B

12 Closed-ended funds..... \$5B

16 Open-ended funds..... \$4B

4 Hedge funds..... \$1B

Institutional Real Asset mandates..... \$10B

## And, our business model is simple

- Source equity from clients who are seeking exposure to property and infrastructure returns
- Utilize our global reach to identify and acquire high quality real assets on a value basis
- Finance them on a long-term, low risk basis
- Enhance the cash flows and value of these assets through our leading operating platforms

We try to differentiate ourselves as  
owner-operators of  
**Real Assets**

Despite common stock market wisdom,  
our greatest advantage is that we invest in  
multiple types of Real Assets in multiple places  
....which allows us to be value investors  
and pick our spots!!

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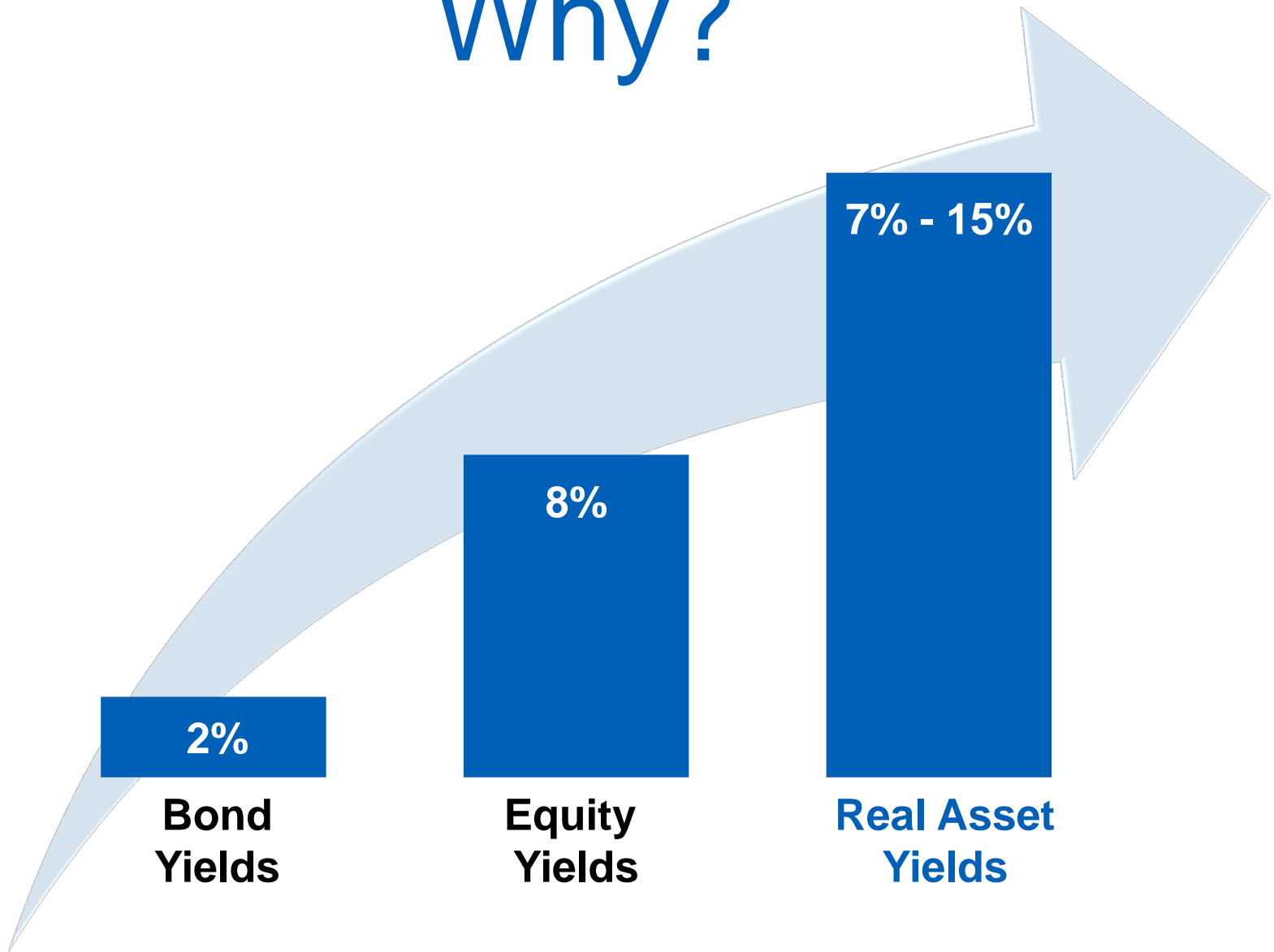
“As there is always a Real Asset  
sector or country out of favour”

In defining Real Assets,  
we try to capture several key characteristics  
of backbone long-life infrastructure

- 1) Assets which provide essential services to the global economy
- 2) Ones that generate stable and growing cash flow streams
- 3) Deliver enhanced current yield
- 4) Offer protection against inflation
- 5) Produce attractive risk-adjusted returns
- 6) Have low volatility



# Why?



Which has enabled us to assemble – 100 million sq. ft.  
of office properties

Brookfield Place, New York





150 million sq. ft.  
of retail malls

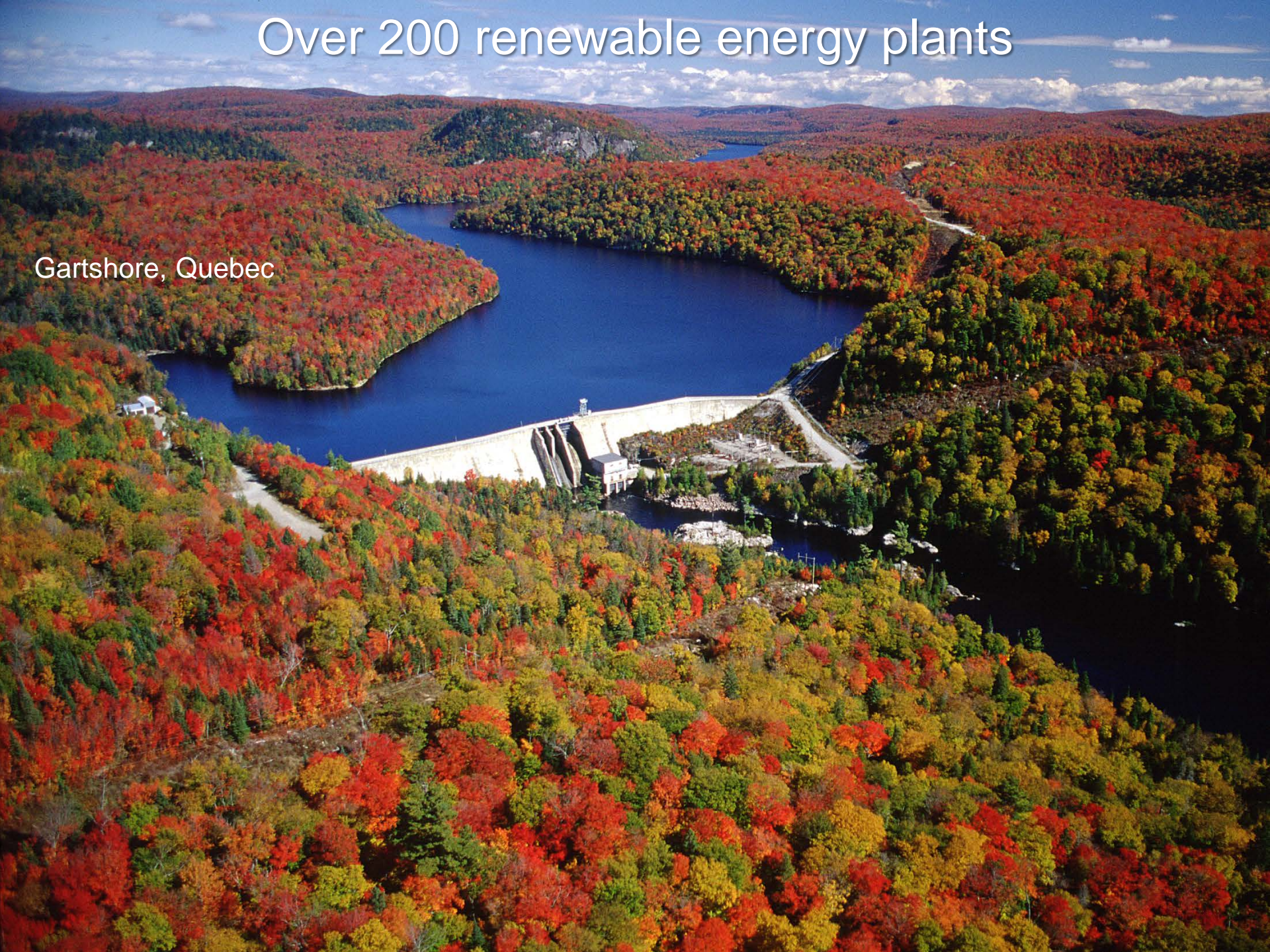
Ala Moana, Honolulu





# Over 200 renewable energy plants

Gartshore, Quebec





# 11 wind farms

Prince Wind Farm, Ontario





# The largest metallurgical coal terminal in the world

Dalrymple Bay Coal Terminal,  
Australia





And ports, rail, toll roads and transmission lines

Brookfield Rail, Australia



# These high quality Real Assets are in demand by investors

They offer favourable long-term, risk adjusted returns  
generating cash and capital returns,  
with lower volatility,  
and inflation hedge attributes



And our competitive advantage

is our ability to:

(1) source capital, and

(2) acquire assets for value

# Institutional clients' assets are growing exponentially

1970s \$ 5 Trillion

2000s \$ 30 Trillion

2012 \$ 45 Trillion

2020s \$ 70 Trillion

# Which has enabled us to generate a solid long-term return for BAM shareholders

Investment Performance	Brookfield NYSE	S&P 500
1	11%	32%
5	24%	18%
10	19%	7%
20	19%	9%

But more importantly,  
returns for our clients have also been excellent

And although the past does not foretell  
the future, our structure has enabled us  
to use our competitive advantages to build  
our operations over time...a few examples

# 1987 – Brookfield Residential

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<b>Original Equity Invested:</b>	\$400 million
<b>Compound IRR for 27 years:</b>	23%
<b>Investment Multiple:</b>	10x
<b>Realized Proceeds:</b>	\$1.4 billion
<b>Unrealized Proceeds:</b>	\$2.8 billion

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# 1989 – Olympia & York Properties

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<b>Original Equity Invested:</b>	\$615 million
<b>Compound IRR for 24 years:</b>	18%
<b>Investment Multiple:</b>	10x
<b>Realized Proceeds:</b>	\$1.4 billion
<b>Unrealized Proceeds:</b>	\$5.3 billion

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# 2003 – Brookfield Brazil Renewables

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<b>Equity Invested:</b>	R\$2.2 billion
<b>Compound IRR for 10 years:</b>	35%
<b>Investment Multiple:</b>	4x
<b>Realized Proceeds:</b>	R\$1.6 billion
<b>Unrealized Proceeds:</b>	R\$7.5 billion

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# 2007 – Longview Fibre Paper & Packaging

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<b>Equity Invested:</b>	C\$114 million
<b>Compound IRR for 5 years:</b>	69%
<b>Investment Multiple:</b>	10x
<b>Realized Proceeds:</b>	C\$1.2 billion

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# 2009 – Babcock & Brown Infrastructure

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<b>Equity Invested:</b>	\$2.6 billion
<b>Compound IRR for 4 years:</b>	36%
<b>Investment Multiple:</b>	2.2x
<b>Realized Proceeds:</b>	\$1.1 billion
<b>Unrealized Proceeds:</b>	\$5.0 billion

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# 2009 – General Growth Properties

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<b>Equity Invested:</b>	\$2.8 million
<b>Compound IRR for 4 years:</b>	36%
<b>Investment Multiple:</b>	2.2x
<b>Realized Proceeds:</b>	\$1.1 billion
<b>Unrealized Proceeds:</b>	\$4.7 billion

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# Which are all a result of utilizing our competitive advantages to find value...

- The scale of capital we possess
- The limited restrictions we have on our investment capital
- Our global operations which enable us to move capital to regions/sectors where it is scarce
- Our size which ensures we can redeploy people to where they are needed

**Odds favour better returns; but its never easy!!**

# In summary we have found that in buying “property and infrastructure” assets, one should....

- 1) Acquire great assets – pay more, if one has to, for quality
- 2) Invest assuming we will own the assets forever
- 3) Buy at less than replacement cost as this is critical
- 4) Finance prudently as surviving downturns is paramount
- 5) Acquire when capital is scarce as it indicates the right time
- 6) The rest is execution, execution, execution!

Thank You!

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