

Brookfield Asset Management Inc.

A GLOBAL ASSET MANAGEMENT COMPANY
Focused on Property, Renewable Power and Infrastructure Assets

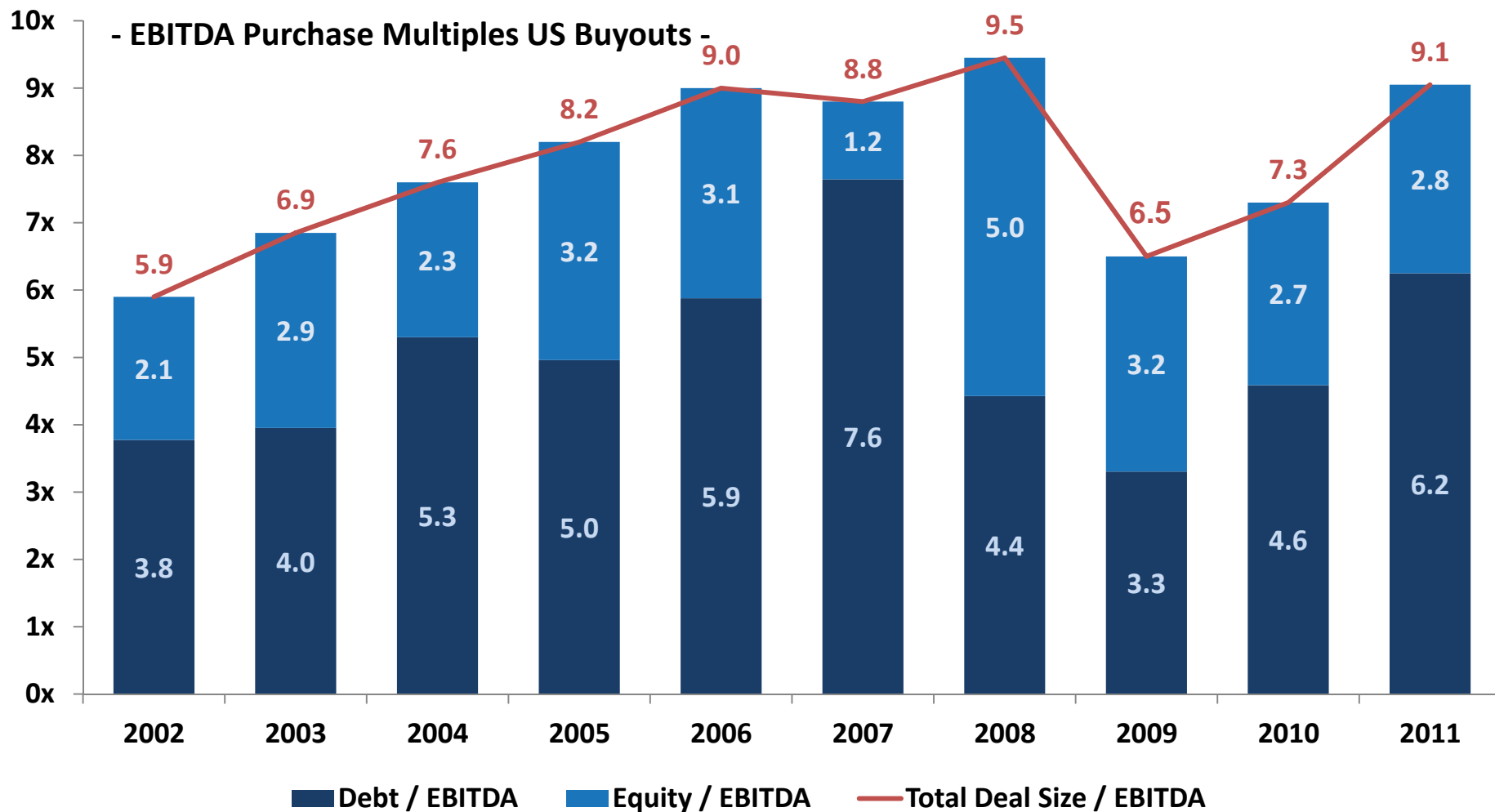


PRIVATE EQUITY SYMPOSIUM | April 2012

Transaction Financing

- Availability and amount of debt financing continues to be situation and industry specific
- Senior debt available at reasonable leverage levels – 3.75 x EBITDA in Canada
- Mezzanine debt still available – albeit from fewer players today than the past – additional 1x EBITDA in Canada
- Investor appetite and emergence of the Canadian high yield market provides another alternative – albeit limited use today due to transaction size
- U.S. high yield market open for transactions of size – spreads continue tightening after moving higher in late 2011
- Leverage multiples higher for U.S. buyouts

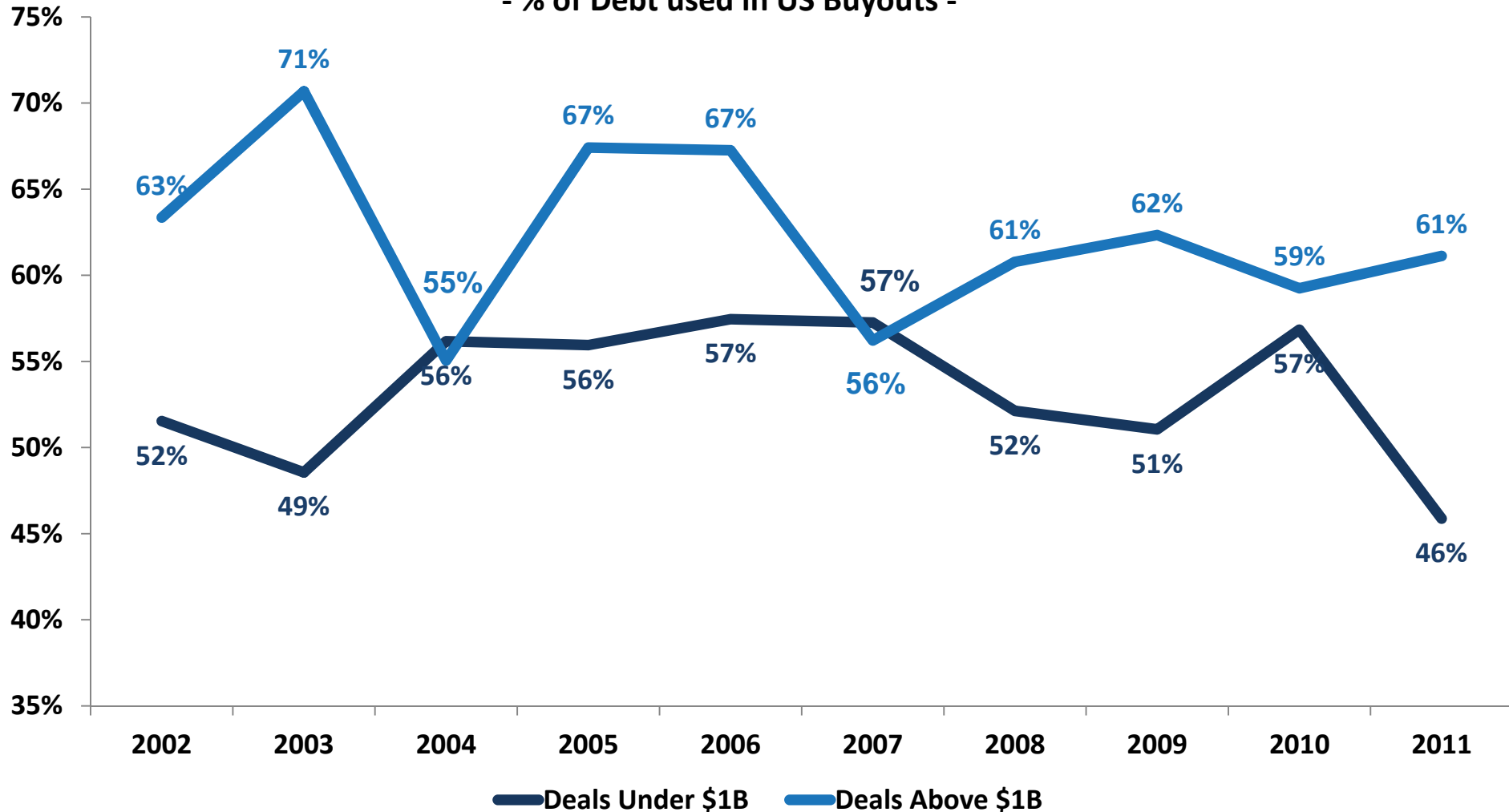
Leverage Multiples Increasing



Source: PitchBook

Equity Contributions Increasing For Deals <\$1 B

- % of Debt used in US Buyouts -



Source: PitchBook

Achieving Returns Absent Strong Financing Markets

- Operational Focus** Continuing importance of focusing on improving financial performance and cash flows rather than high financial leverage to generate returns
- Surface Hidden Assets** Opportunities to generate capital and excess returns from hidden assets
- Active Management** Economic conditions may provide growth opportunities through acquisition as competitors may be struggling
- Capital Preservation** Lower levels of financial leverage reduces risk and may result in better risk adjusted returns
- Conservative Leverage** Improving earnings before incurring leverage can (1) reduce the cost of debt capital; and (2) result in the ability to get more leverage

Case Study: Longview Fibre

- In 2007, Brookfield acquired Longview, an integrated packaging company based in Washington State
- Established a working capital facility supported current assets
- Commenced operational turnaround and focus on higher margin products
- EBITDA improved from \$40 million at acquisition to in excess of \$100 million
- In 2010, using cash generated by the business made a distribution of 1x our equity capital
- In 2011, accessed the high yield market and made a distribution equivalent to 4x our equity capital
- Brookfield owns 100% of the Company – and we have earned a multiple of capital of close to 5x for our investors
- Balance sheet remains strong with positive cash balances and undrawn revolver capacity to support working capital needs

