

**FORM ADV PART 2A BROCHURE**

**Brookfield**

**BROOKFIELD ASSET MANAGEMENT  
PRIVATE INSTITUTIONAL CAPITAL ADVISER US, LLC**

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This brochure (the “*Brochure*”) provides information about the qualifications and business practices of Brookfield Asset Management Private Institutional Capital Adviser US, LLC (“*BAM PIC US*”). If you have any questions about the contents of this Brochure, please contact us at 212-417-7000 or [BAMPIC.compliance@brookfield.com](mailto:BAMPIC.compliance@brookfield.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“*SEC*”) or by any state securities authority.

Additional information about BAM PIC US also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

BAM PIC US is a registered investment adviser. Registration of an investment adviser does not imply any level of skill or training.

## ITEM 2 – MATERIAL CHANGES

The material changes to report for this Brochure, dated March 30, 2012, since the previous annual update on March 31, 2011 are as follows:

(1) the addition in Item 8 of a description of BAM PIC US's Special Situations and Timberlands strategies and the risks associated with each strategy. A similar description of the Infrastructure strategy was removed as no longer applicable to BAM PIC US's investment strategies;

(2) a legal event was added to Item 9; and

(3) BAM PIC US and its "relying advisers" (that is, affiliated advisers that rely on BAM PIC US's registration as an investment adviser) are now together filing a single Form ADV in reliance on the position expressed in the response by the staff of the U.S. Securities and Exchange Commission, dated January 18, 2012, to the American Bar Association, Business Law Section. Information about the relying advisers and the funds managed by the relying advisers is now included in this Form.

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## ITEM 4 – ADVISORY BUSINESS

Brookfield Asset Management Private Institutional Capital Adviser US, LLC (“BAM PIC US”) provides investment advisory services to certain private investment funds (each, a “*Brookfield Fund*”), sponsored by Brookfield Asset Management Inc. or its affiliates (collectively, “*Brookfield*”). BAM PIC US is a Delaware limited liability company wholly owned by Brookfield US Corporation, which is wholly owned by Brookfield US Holdings Inc., which is wholly owned by Brookfield Asset Management Inc., a publicly traded Canadian corporation. Brookfield is a global asset manager offering investment strategies in property, infrastructure, timberlands, agrilands, and private equity to institutional investors. BAM PIC US has been serving as an investment adviser to Brookfield Funds, which invest in such strategies, since its inception in 2009. An affiliate of BAM PIC US serves as general partner or the equivalent of each Brookfield Fund (each, a “*General Partner*”).

BAM PIC US generally provides investment management services directly and through management entities under common control established with respect to one or more clients for operational and other purposes (each, a “*Relying Adviser*” and collectively each is included within the term BAM PIC US, except as the context otherwise requires). BAM PIC US controls, or is under common control with, each Relying Adviser. Unless specifically noted otherwise, the responses to this Form ADV Part 2A combine information about BAM PIC US and the Relying Advisers.

BAM PIC US identifies investment opportunities for Brookfield Funds and participates in the acquisition, management, monitoring and disposition of Brookfield Funds’ investments using an operations-oriented approach, as discussed in “Methods of Analysis, Investment Strategies and Risk of Loss” in Item 8 below. Investment advice is provided directly to the Brookfield Fund and not individually to the limited partners in the Brookfield Funds (the “*Limited Partners*”).

BAM PIC US provides similar investment advisory services to Brookfield Funds, although BAM PIC US tailors specific investment management advice for a Brookfield Fund based on the Brookfield Fund’s investment objectives, as established by BAM PIC US and generally set out in separate investment management agreements, limited partnership agreements, private placement memoranda and/or other governing documents for the Brookfield Fund (collectively, the “*Governing Documents*”). The terms of the Governing Documents may differ from Brookfield Fund to Brookfield Fund. Limited Partners may impose restrictions on certain types of investments by a Brookfield Fund for tax, regulatory, or other reasons. The Brookfield Funds’ investment strategies are described in more detail in “Methods of Analysis, Investment Strategies and Risk of Loss” in Item 8 below.

BAM PIC US does not participate in any wrap fee programs.

As of December 31, 2011, BAM PIC US had \$12 billion of discretionary assets under management.

## ITEM 5 – FEES AND COMPENSATION

As compensation for services rendered to a Brookfield Fund, BAM PIC US or one of its affiliates will be entitled to deduct directly from each Limited Partner’s assets in its capital account in the Brookfield Fund (other than affiliates of BAM PIC US) an annual management fee that is typically calculated and paid quarterly in advance, subject to the terms of the applicable Governing Documents. In addition, a General Partner may deduct directly a portion of the distributions of investment proceeds attributable to each Limited Partner’s capital account in the Brookfield Fund (other than affiliates of BAM PIC US) as performance based compensation, subject to the terms of the applicable Governing Documents. Overall fees may vary by Brookfield Fund and will be determined as set forth in the

applicable Governing Documents. Each General Partner also reserves the right to apply different fee and expense arrangements to investors on an individual basis.

BAM PIC US, or an affiliate, may charge additional transaction fees or monitoring fees in connection with an investment of a Brookfield Fund or earn break-up fees in connection with transactions that are not consummated, payable by a portfolio investment of a Brookfield Fund. In addition, representatives of BAM PIC US, or an affiliate, may serve on the board of directors of a portfolio investment. As set out in the Governing Documents for each Brookfield Fund, up to 100% of the Limited Partners' portion of the Brookfield Fund's allocable share of any transaction fees, monitoring fees, directors' fees or break-up fees received by BAM PIC US or its affiliate (or, in the case of directors' fees, representatives of BAM PIC US or an affiliate) from a portfolio investment will be applied, net of the Brookfield Fund's allocable share of applicable expenses, to reduce the annual management fee. Any of these fees applied to reduce the annual management fee in excess of the current management fee may be applied to subsequent annual management fees.

In addition to the fees above, each Brookfield Fund must generally bear all of its legal, operating, organizational and offering expenses and each Limited Partner bears its pro rata portion of these expenses. Organizational expenses may include the out-of-pocket expenses of the General Partner and its agents incurred in the formation of the Brookfield Fund, although often subject to a cap. Ongoing operating expenses generally include:

- legal, auditing, consulting and accounting fees and expenses (including costs of reports to the Limited Partners, financial statements, tax returns and K-1s);
- expenses of meetings of any Limited Partner advisory committee and of the Limited Partners contemplated by the Governing Documents;
- all insurance, indemnification and other unreimbursed expenses associated with the acquisition, holding and disposition of its proposed investments or the portfolio investments of the Brookfield Fund;
- all extraordinary expenses (such as litigation);
- interest on and fees and expenses arising out of all permitted borrowings made by the Brookfield Fund;
- all third-party expenses relating to unconsummated transactions;
- all expenses of liquidating the Brookfield Fund; and
- any taxes, fees or other governmental charges levied against the Brookfield Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Brookfield Fund.

The Brookfield Funds may incur brokerage and other transaction costs, as discussed more fully under "Brokerage Practices" in Item 12 below.

As noted above, asset based advisory fees are typically paid quarterly in advance. A Limited Partner is generally only permitted to withdraw from a Brookfield Fund under limited circumstances and will generally not be entitled to a refund of fees paid in advance.

Certain supervised persons of BAM PIC US are also registered principals or representatives (“Registered Representatives”) of the Private Funds Group (“PFG”) of Brookfield Private Advisors LLC (“BPAL”), a registered limited service securities broker-dealer that is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”). BPAL is affiliated with BAM PIC US. A Registered Representative of PFG may obtain commitments to Brookfield Funds from prospective investors and would receive compensation for this service from BPAL. These Registered Representatives do not sell securities or other investment products to clients of BAM PIC US. Currently, the only investment products sold by Registered Representatives of PFG are sponsored by Brookfield. Registered Representatives of PFG are compensated in the same manner regardless of which Brookfield investment product they sell. As a result, BAM PIC US believes that the Registered Representatives of PFG do not have a conflict of interest or an incentive to recommend products based on compensation received rather than clients’ needs. While certain registered principals and representatives of BPAL may sell securities and investment products sponsored by third parties, these principals or representatives who do so are not supervised persons of BAM PIC US.

As stated above, BPAL obtains commitments to BAM PIC US’s Brookfield Funds from investors. Such investors do not have the option to purchase interests in Brookfield Funds through other U.S. brokers or agents.

None of BAM PIC US’s revenue from advisory clients results from commissions and other compensation for the sale of investment products that BAM PIC US recommends to its clients.

BAM PIC US is not a broker-dealer and does not charge commissions or markups in addition to its advisory fees.

## **ITEM 6 – PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described above, BAM PIC US and its affiliates have entered into performance fee arrangements with certain Brookfield Funds. Any such performance or incentive fee arrangement will be structured to comply with Rule 205-3 under the Investment Advisers Act of 1940, as amended (the “Advisers Act”), to the extent applicable. Performance based fee arrangements may create an incentive for BAM PIC US to recommend investments which may be riskier or more speculative than those which would be recommended under a different fee arrangement. Such fee arrangements also create an incentive for BAM PIC US to favor higher fee paying accounts over lower fee paying accounts in the allocation of investment opportunities. BAM PIC US does not advise clients that do not pay both a performance fee and an asset based fee, as described in Item 5 above.

## **ITEM 7 – TYPES OF CLIENTS**

BAM PIC US’s clients are Brookfield Funds, which are U.S. and non-U.S. limited partnerships sponsored by Brookfield.

Investors in the Brookfield Funds are public and corporate pensions, sovereign wealth funds, insurance companies, financial institutions, corporations and high net worth individuals.

## **ITEM 8 – METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

BAM PIC US, as a subsidiary of Brookfield, follows Brookfield’s methods of investment analysis. Based on these methods, BAM PIC US pursues specific investment objectives and strategies for Brookfield Funds based on the Brookfield Fund’s Governing Documents.

BAM PIC US's operations-oriented approach plays an important role in the investment process. This approach leverages Brookfield's operating platforms in the evaluation and optimization of investments. This approach is generally comprised of the following attributes:

- **Operational expertise.** Brookfield's operations-oriented approach is an essential differentiating factor in its ability to generate superior risk-adjusted returns. During its 110-year history as an owner and operator of real assets, Brookfield has built global operating platforms, primarily in property, infrastructure, private equity and timberlands/agrilands. These operating platforms are backed by the expertise of approximately 18,000 operating employees.
- **Industry knowledge.** Brookfield's operating platforms enhance BAM PIC US's ability to develop fundamental views on the major factors that impact asset values. BAM PIC US will utilize this knowledge to make acquisition and divestiture decisions, as well as to take advantage of sophisticated financing and operating practices.
- **Active management of investments.** Through Brookfield's representation on boards of directors, leadership on advisory or operating committees, as well as frequent interaction with management, BAM PIC US will actively manage its investments. A key aspect of this management role is a "hands on approach" to key value drivers such as growth capital investments, development projects, follow-on acquisitions and financings.

The Brookfield Funds that BAM PIC US advises focus on the following operating platforms or investment strategies: real estate, infrastructure and private equity. As noted in Item 4 above, Brookfield is a global asset manager offering private funds and investment programs primarily focused on real assets, such as property, infrastructure, timberlands, agrilands and private equity. Such strategies include those offered through Brookfield Funds advised by BAM PIC US. Brookfield private funds that are not advised by BAM PIC US are not discussed in this Brochure. The discussion of the Brookfield Funds that appears in this Brochure is not intended to constitute an offer of interests in those Funds.

**Property** – This strategy focuses on acquiring control positions in real estate assets and real estate companies located around the globe through a variety of structures, including direct property acquisitions, equity positions in real estate companies, distressed debt, recapitalizations, toe-hold positions in debt and equity securities, control-oriented loan originations, and development or redevelopment projects. This strategy involves investing in various real estate platforms, including office, retail, residential and development.

**Real Estate Finance** – This strategy focuses on prudently investing in real estate debt transactions. A Brookfield Fund's lending activities will be principally focused on high quality properties in strategic locations in dynamic and resilient primary U.S. markets. The quality of underlying real estate collateral, as well as the experience and reputation of the borrower, are important to investment decisions. A Brookfield Fund will originate loans, provide capital to recapitalize transactions and purchase debt secured by real estate located in target markets. The form of targeted investments will generally include mezzanine loans (secured by pledges of equity) and will include participations and B-Notes in these investments. In all situations, loan structure and the ability to realize value on the underlying collateral when the investment does not produce expected results will be a major factor in making investment decisions. The key investment principles are to invest in real estate debt instruments generating compelling risk-adjusted returns with a significant component of current income. Brookfield also provides debtor-in-possession ("DIP") loans to companies.

**Special Situations** – Brookfield's turnaround and restructuring approach employed by certain Brookfield Funds focuses on opportunities with underlying tangible assets, capital preservation and an operations-oriented

approach for value creation. The strategy is to seek control investments in mid-market companies that require a restructuring of their operations and/or capital structure, primarily in the industrial products, building materials, metals and mining, homebuilding, forest products, oil and gas and manufacturing sectors. A Brookfield Fund will also invest in financial services companies that have underlying tangible assets to support the investment. Brookfield seeks to take a leadership role through the restructuring process of each portfolio investment and add value through ongoing, active participation in management and governance.

**Timberlands** – A Brookfield Fund’s timberlands investment strategy is to acquire quality timberland assets and actively manage them to achieve strong risk-adjusted total returns over the long term. Timberlands focuses on investments in regions with well-established wood-consuming economies, well-capitalized domestic converting customers and/or good economic access to export markets, low currency risk and a strongly embedded concept of private property rights generally supported by effective legal and land title systems. BAM PIC US targets investments located primarily in North and South America, but will also pursue investments in other regions. Brookfield aims to achieve a balanced portfolio through both diversification of timber types within and across timberland estates and timber markets served. Brookfield is a vertically integrated timberlands manager, retaining control over all aspects of decision making.

Investing in securities involves risk of loss that clients should be prepared to bear, **INCLUDING THE RISK OF LOSS OF THE ENTIRE INVESTMENT.**

***Material Risks of Key Investment Strategies:***

**Competitive Market for Investment Opportunities.** The activity of identifying, completing and realizing attractive real estate, infrastructure and private equity investments is highly competitive and involves a high degree of uncertainty. There can be no assurance that BAM PIC US will be able to locate and complete investments which satisfy the Brookfield Funds’ investment objectives, realize the value of these investments, or fully invest the Limited Partners’ committed capital. Competition for such investment opportunities could come from other consortia, financial investors, and other asset managers and owners. These competitors may have financial, geographic, or strategic advantages that may reduce BAM PIC US’s competitiveness and potentially materially and adversely affect its ability to successfully conclude transactions.

**Operational Risk.** The long-term profitability of the assets in which a Brookfield Fund invests will be dependent upon the efficient operation, maintenance and high availability of such assets. Inefficient operations, maintenance and low availability may reduce returns to Limited Partners.

**Risk of Unsuccessful Exit Strategies.** A Brookfield Fund may opportunistically sell, publicly list, distribute or otherwise dispose of portfolio investments at any time. It is not possible to predict whether an exit strategy will be advantageous or available at the appropriate time. If a Brookfield Fund fails to execute an exit strategy successfully prior to liquidation, the Fund may be forced to liquidate its assets on terms less favorable than anticipated and the proceeds from these portfolio investments and the remaining portfolio investments may be materially and adversely affected.

**Currency Risk.** A Brookfield Fund’s investments may be subject to currency exchange rate volatility, including, without limitation, fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which certain of the Brookfield Fund’s investments may be denominated and costs associated with conversion of investment principal and income from one currency into another. It is not possible to hedge fully or perfectly against currency fluctuations affecting the value of investments denominated in non-U.S. currencies and it may not be economically feasible to do so.



**Illiquid and Long-Term Investments.** Although investments may generate current income, the return of capital and the realization of gains, if any, from an investment will most likely occur only upon the partial or complete disposition of such investment. While an investment may be sold at any time, it is generally expected that the disposition of most investments will not occur for a number of years after such investments are made. A Brookfield Fund generally will not be able to sell its securities publicly unless their sale is registered under applicable securities laws or will be able to sell the securities only under Rule 144 or other rules under the Securities Act which permit only limited sales under specified conditions. In addition, in some cases, a Brookfield Fund may be prohibited or limited by contract from selling certain securities for a period of time.

**Hedging Transactions.** A Brookfield Fund or its portfolio investment may utilize financial instruments such as forward contracts, options, swaps, caps, collars, floors and other derivatives to seek to hedge against fluctuations in the relative values of their assets as a result of changes in currency exchange rates, market interest rates and public security prices. While these transactions may reduce certain risks, the transactions themselves entail certain other risks. Hedging against a decline in the value of an investment does not eliminate fluctuations in the value of such investment or prevent losses if the value of such investment declines, but instead establishes other positions designed to gain from those same developments, thus offsetting the decline in such investment's value. These types of hedge transactions also limit the opportunity for gain if the value of such investment should increase. The success of hedging transactions will be subject to the ability to correctly predict movements in and the direction of, currency exchange rates, interest rates and public security prices. Therefore, while a Brookfield Fund or a portfolio investment may enter into hedging transactions to seek to reduce these risks, unanticipated changes in currency exchange rates, interest rates or public security prices may result in a poorer overall performance for the Brookfield Fund than if it had not engaged in any hedging transaction. In addition, the degree of correlation between price movements of the instruments used in a hedging strategy and price movements in the investments being hedged may vary. Moreover, for a variety of reasons, a Brookfield Fund or a portfolio investment may not have established a perfect correlation between hedging instruments and the investments being hedged. This imperfect correlation may prevent the Brookfield Fund or a portfolio investment, as applicable, from achieving the intended hedge or expose it to risk of loss.

In addition, there is no limit on the exposure that may be incurred to any single counterparty under OTC derivative instruments, exchange listed securities, options, repurchase agreements or other similar transactions and, as a result, if any such counterparty becomes unable to pay amounts due on such instruments or transactions, the financial losses to a Brookfield Fund would be greater than if such limits were imposed.

It is possible that a Brookfield Fund will leave unhedged certain investments denominated in or generating cash flow in non-U.S. currencies and in any such case, the Brookfield Fund will be exposed to risk that such currency will decline in value against the U.S. dollar during the term of the portfolio investment such that the results of such portfolio investment will be worse in U.S. dollar terms than the results based upon the local currency.

**Non-U.S. Investments.** A Brookfield Fund may invest globally, including investments in emerging markets. Foreign securities involve certain risks not typically associated with investing in U.S. securities, including risks relating to (a) currency exchange matters including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the Brookfield Fund's foreign investments may be denominated, and costs associated with conversion of investment principal and income from one currency into another, (b) differences between the U.S. and foreign securities markets, including potential price volatility in and relative illiquidity of some foreign securities markets, (c) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation, (d) certain economic and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital and the risks of political, economic or social instability, (e) obtaining foreign governmental approvals and complying with foreign laws, (f) the possible imposition of foreign taxes on income and gains recognized with respect to such securities and (g) differing tax structures. Anti-fraud and anti-insider trading legislation in these countries may be rudimentary. There may be no prohibitions or restrictions on the ability of management to

terminate existing business operations, sell or otherwise dispose of a portfolio investment's assets or otherwise materially affect the value of the portfolio investment without the consent of the portfolio investment's shareholders. Anti-dilution protection also may be very limited. In these countries, the concept of fiduciary duty on the part of the management or directors of companies to shareholders may be limited. The legal systems in these countries may offer no effective means for a Brookfield Fund to seek to enforce its rights or otherwise seek legal redress or to seek to enforce foreign legal judgments.

**Portfolio Investment Management Risks.** With respect to management at the portfolio investment level, many portfolio investments rely on the services of a limited number of key individuals, the loss of any one of whom could materially and adversely affect the portfolio investment's performance. Although BAM PIC US expects to monitor the management of each portfolio investment, management of each portfolio investment will have day-to-day responsibility with respect to the business of such portfolio investment.

**Control Position.** A Brookfield Fund will generally seek investment opportunities that allow the Brookfield Fund, alone or in combination with Brookfield, to have significant influence on the management, operations and strategic direction of the portfolio investments in which it invests. The exercise of control and/or significant influence over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management and other types of liability in which the limited liability characteristic of business operations may generally be ignored. The exercise of control and/or significant influence over a portfolio investment could expose the assets of a Brookfield Fund to claims by such portfolio investment, its security holders and its creditors. While BAM PIC US intends to manage each Brookfield Fund in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

**Minority Position.** A Brookfield Fund may also make minority equity investments in portfolio investments where it may have limited influence. Such portfolio investments may have economic or business interests or goals that are inconsistent with those of the Brookfield Fund and the Brookfield Fund may not be in a position to limit or otherwise protect the value of its investment in such portfolio investments. A Brookfield Fund's control over the investment policies of such portfolio investments may also be limited. This could result in the Brookfield Fund's investments being frozen in minority positions that incur substantial loss. If the Brookfield Fund takes a minority position in publicly-traded securities as a "toe-hold" investment, such publicly-traded-securities may fluctuate in value over the limited duration of the Brookfield Fund's investment in such publicly-traded-securities, which could potentially reduce returns to Limited Partners.

**Toehold Investments.** A Brookfield Fund may accumulate minority positions in the outstanding debt securities or in voting stock, or securities convertible into the voting stock, of potential portfolio investments. While a Brookfield Fund will seek to achieve such accumulation through open market purchases, registered tender offers, negotiated transactions, or private placements, the Brookfield Fund may be unable to accumulate a sufficiently large position in a portfolio investment to execute its strategy. In such circumstances, the Brookfield Fund may dispose of its position in the portfolio investment within a short time of acquiring it; there can be no assurance that the price at which the Brookfield Fund can sell such securities will not have declined since the time of acquisition. Moreover, this may be exacerbated by the fact that securities of the companies that the Brookfield Fund may target may be thinly traded and that the Brookfield Fund's position may nevertheless have been substantial, although not controlling, and its disposal may depress the market price for such securities.

**Fund Level and Portfolio Investment Level Borrowing.** A Brookfield Fund may, from time to time, borrow money to facilitate investments. It is expected that this indebtedness, if incurred, will be secured primarily by the commitments of the Limited Partners of the Brookfield Fund. In addition, BAM PIC US intends to evaluate whether it is prudent and appropriate to incur this leverage and there can be no assurance that leverage will be incurred given that adverse economic factors, such as a significant rise in interest rates, may cause BAM PIC US, in its discretion, to elect not to incur such leverage.

The extent to which the Brookfield Fund uses leverage may have important consequences to the Limited Partners, including, but not limited to, the following: (a) greater fluctuations in the net assets of the Brookfield Fund; (b) use of cash flow (including capital contributions) for debt service and related costs and expenses, rather than for additional portfolio investments, distributions or other purposes; (c) increased interest expense if interest rate levels were to increase; (d) in certain circumstances, prematurely disposing of portfolio investments to service a Brookfield Fund's debt obligations; and (e) limitation on the flexibility of the Brookfield Fund to make distributions to its Partners or sell assets that are pledged to secure the indebtedness. There can be no assurance that a Brookfield Fund will have sufficient cash flow to meet its debt service obligations. As a result, a Brookfield Fund's exposure to losses may be increased due to the illiquidity of its portfolio investments generally. Finally, Limited Partners whose commitments have been pledged may be called upon to fund their entire commitments to repay indebtedness and the failure of other Limited Partners to honor their commitments may result in a Limited Partner's payments exceeding its pro rata share of the indebtedness that has been obtained by a Brookfield Fund.

In addition, a Brookfield Fund's investments are expected to include portfolio investments the capital structure of which may have significant leverage. While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a high degree of risk. Although BAM PIC US will seek to use leverage in a manner it believes is appropriate under the circumstances, the leveraged capital structure of a portfolio investment will increase the exposure of such portfolio investment to material and adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of such portfolio investment or its industry and which may impair such portfolio investment's ability to finance its future operations and capital needs and result in restrictive financial and operating covenants. As a result, such portfolio investment's flexibility to respond to changing business and economic conditions may be limited. If, for any of these reasons, a portfolio investment is unable to generate sufficient cash flow to meet principal and/or interest payments on its indebtedness or make regular dividend payments, the value of a Brookfield Fund's investment in such portfolio investment could be significantly reduced or even eliminated. In addition, it may be the intention of a portfolio investment to refinance existing indebtedness at its maturity date but such portfolio investment may not be able to do so (a) at the rate assumed based on current market conditions, in which case such refinancing may be more costly or (b) at all, in which case such portfolio investment may not have sufficient funds on hand to pay its existing lenders.

**Leverage.** Some of the investments of a Brookfield Fund may utilize a leveraged capital structure in which case a third party would be entitled to cash flow generated by such investments prior to the Brookfield Fund receiving a return. While such leverage may increase returns or the funds available for investment by the Brookfield Fund, it will also increase the risk of loss on a leveraged investment due to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the conditions of the investment. If a Brookfield Fund defaults on secured indebtedness, the lender may foreclose and the Brookfield Fund could lose its entire investment in the security for such loan. Because a Brookfield Fund may engage in portfolio financings where several investments are cross-collateralized, multiple investments may be subject to the risk of loss. As a result, a Brookfield Fund could lose its interests in performing investments in the event such investments are cross-collateralized with poorly performing or non-performing investments.

**Board Participation.** A Brookfield Fund, either alone or in combination with Brookfield, may seek to be the sole or largest investor in portfolio investments and will generally be represented on the boards of directors of most of its portfolio investments as well as positions on advisory, operating or similar committees of such portfolio investments. Such positions may have the effect of impairing BAM PIC US's ability to sell the related securities when and upon the terms, it may otherwise desire and may subject BAM PIC US and the Brookfield Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director related claims. In general, a Brookfield Fund will indemnify BAM PIC US from such claims.

**Risk of Limited Number of Investments.** Since each Brookfield Fund generally may make only a limited number of investments and since a Brookfield Fund's investments generally will involve a high degree of risk, poor

performance by a few of the investments could severely affect the total returns to the Limited Partners. In the event a portfolio investment fails to meet projections, the Brookfield Fund may suffer a partial or total loss of capital invested in that company.

**Expedited Transactions.** Investment analyses and decisions by BAM PIC US may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to BAM PIC US at the time an investment decision is made may be limited and BAM PIC US may not have access to detailed information regarding the investment. Therefore, no assurance can be made that BAM PIC US will have knowledge of all circumstances that may materially and adversely affect an investment.

**Follow-On Investments.** Following the initial investment in a portfolio investment, a Brookfield Fund may be called upon to provide additional funds or have the opportunity to increase its investment in such company or to fund additional investments through such company. There is no assurance that the Brookfield Fund will make follow-on investments or that the Brookfield Fund will have sufficient funds to make all such investments. Any decision not to make follow-on investments or a Brookfield Fund's inability to make them may have substantial negative impact on the portfolio investment in need of such investment.

**Potential Restrictive Covenants.** Some Brookfield Funds may enter into a subscription credit facility with one or more lenders in order to finance the acquisition of portfolio investments. It is anticipated that any such subscription credit facility will contain a number of covenants that, among other things, might restrict the ability of a Brookfield Fund and a subsidiary, if applicable, to: (i) acquire or dispose of assets or businesses; (ii) incur additional indebtedness; (iii) make capital expenditures; (iv) make cash distributions; (v) create liens on assets; (vi) enter into leases, investments or acquisitions; (vii) engage in mergers or consolidations; (viii) make capital calls to the Limited Partners; (ix) amend certain documents, such as the Governing Documents and a subsidiary's organizational documents, if applicable; or (x) engage in certain transactions with affiliates, and otherwise restrict activities of the Brookfield Fund (including its ability to acquire additional investments, businesses or assets, or effect certain changes of control or asset sale transactions) without the consent of the lenders. In addition, such a subscription credit facility would likely require the Brookfield Fund to maintain specified financial ratios and comply with tests, including minimum interest coverage ratios, maximum leverage ratios, minimum net worth and minimum equity capitalization requirements. The Brookfield Fund may incur indebtedness under such subscription credit facility that bears interest at a variable rate. Economic conditions could result in higher interest rates, which could increase debt service requirements on variable rate debt and could reduce the amount of cash available for various Brookfield Fund purposes.

**Risks of Multi-Step Acquisitions.** In the event a transaction is to be effected by means of a multi-step acquisition, there can be no assurance that the remainder can be successfully acquired. This could result in a Brookfield Fund having only partial control over the investment or partial access to its cash flow to service debt incurred in connection with the acquisition.

**Bridge Loans.** From time to time, a Brookfield Fund may lend to portfolio investments on a short-term, unsecured basis in connection with an equity investment or otherwise invest on an interim basis in portfolio investments in anticipation of future issuances of equity or long-term debt securities or other refinancing or syndication. Such bridge loans will typically be convertible into more permanent, long-term securities, however, for reasons not always in the Brookfield Fund's control, the conversion of such bridge loans to long-term securities may not occur and such bridge loans may remain outstanding. In addition, the Brookfield Fund will bear the risk of any capital market fluctuations that adversely affect the ability of the Brookfield Fund or the portfolio investment to refinance or syndicate the bridge loans. If neither the Brookfield Fund nor the portfolio investment is able to refinance or syndicate the bridge loans, such bridge loans may remain outstanding. In the event bridge loans remain outstanding for greater than the planned duration, the interest rate on such bridge loans may not adequately reflect the risk associated with the unsecured position taken by the Brookfield Fund.

**Investments with Third Parties.** A Brookfield Fund may co-invest with third parties through joint ventures or other entities in so called “club deals”. Such portfolio investments may involve risks not present in investments where a third party is not involved, including the possibility that such third-party co-venturer or partner may have investment strategies and objectives (with respect to the particular investment or their fund as a whole) which are inconsistent with those of the Brookfield Fund, may have or encounter financial difficulties after the investment is made leading to a change in investment strategies and objectives, or may be in a position to take action in a manner contrary to the Brookfield Fund’s investment objectives. In the event a third-party co-venturer defaults on its funding obligations to a portfolio investment, the Brookfield Fund may be required to make additional capital contributions to such company to replace the shortfall caused by such third-party co-venturer. In addition, a Brookfield Fund may in certain circumstances be liable for the actions of its third-party co-venturers or partners. It may also be more difficult for the Brookfield Fund to sell its interest in any joint venture, partnership or entity with other owners than to sell its interest in other types of investments. Co-venturers or partners may possess joint approval rights with the Brookfield Fund with respect to major decisions concerning the management and disposition of a portfolio investment, which would increase the risk of deadlocks. A deadlock could delay the execution of the business plan for the investment or require the Brookfield Fund to engage in a buy-sell of the portfolio investment with the co-venturer or partner or conduct the forced sale of such investment. As a result of these risks, a Brookfield Fund may be unable to fully realize its expected return on any such investment.

### **Material Risks of Specific Types of Investments:**

#### ***Property Specific Risks***

**General Real Estate Considerations.** Real property investments are subject to varying degrees of risk. Real estate values are affected by a number of factors, including: (i) changes in the general economic climate; (ii) local real estate conditions (such as an oversupply of space or a reduction in demand for space); (iii) the quality and philosophy of management; (iv) competition based on rental rates; (v) attractiveness and location of the properties; (vi) financial condition of operators, buyers and sellers of properties; (vii) quality of maintenance, insurance and management services; (viii) changes in operating costs; (ix) changes in interest rates and the availability of financing; (x) uninsured losses or delays from casualties or condemnation; (xi) government regulations (including those governing usage, improvements, zoning and taxes); (xii) potential liability under changing environmental and other laws; (xiii) structural or property-level latent defects; (xiv) the imposition of rent controls; (xv) energy and supply shortages; and (xvi) other factors beyond the control of the manager. Investments in existing entities (e.g., buying out a distressed partner or acquiring an interest in an entity that owns a real property) could also create risks of successor liability.

There is also a risk that subsequent property acquisitions could trigger property tax reassessments and cause property taxes payable by a Brookfield Fund to increase. Revenues from real estate may be affected adversely by competition from other properties offering the same or similar attributes, the ongoing need for capital improvements (particularly in older structures), changes in real estate tax rates (or increases in property tax valuations) and other operating expenses, civil unrest, acts of God, including earthquakes, hurricanes and other natural disasters (which may result in uninsured or underinsured losses), acts of war, acts of terrorism, adverse changes in zoning laws and other factors which are beyond the control of BAM PIC US or the Brookfield Fund. Furthermore, there can be no assurance that there will be tenants or buyers for the Brookfield Fund’s properties.

**Competition for Real Property Interests.** A Brookfield Fund will encounter competition for real property investments from numerous other real estate investment partnerships, limited liability companies and trusts, as well as from individuals, corporations, bank and insurance company investment accounts, foreign investors and other entities engaged in real estate investment activities. Competition for investments may have the effect of increasing costs, thereby reducing investment returns to the Brookfield Fund or decreasing the number of

opportunities that satisfy the Brookfield Fund's investment criteria, thereby reducing the amount of capital deployed by the Brookfield Fund.

**Development Risks.** A Brookfield Fund will acquire equity interests in development properties or properties with redevelopment potential. To the extent that the Brookfield Fund invests in such development activities, it will be subject to the risks normally associated with such activities. Such risks include, without limitation, risks relating to the availability and timely receipt of zoning and other regulatory approvals, the cost and timely completion of construction (including risks beyond the control of the Fund, such as weather or labor conditions or material shortages) and the availability of both construction and permanent financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the investment and on the amount of funds available for distribution to the partners of the Brookfield Fund.

**Potential Environmental Liability.** Property owners are subject to potential liabilities under various federal, provincial, state and local laws, ordinances and regulations as well as common law principals (collectively, "Environmental Laws"). Among other things, certain Environmental Laws provide that an owner of real property may be liable for the costs of removal or remediation of certain hazardous or toxic substances on or in such property and subject the owner or operator of real property or a facility to claims or liability for the costs of removal or remediation of hazardous substances that are released at, in, on, under, or from real property or a facility. The cost of any required remediation and the owner's liability therefore as to any property are generally not limited under such laws and could exceed the value of the property and/or the aggregate assets of the owner. In addition to claims for cleanup costs, the presence of hazardous substances on or the release of hazardous substances from a property or a facility and persons who arranged for off-site disposal activities could result in a claim by a private party for personal injury or property damage or could result in a claim from a governmental agency for other damages. Liability under such Environmental Laws can be imposed on the owner or the operator of real property or a facility without regard to fault or even knowledge of the release of hazardous substances and other regulated materials on, at, in, under, or from the property or facility. Environmental liabilities associated with hazardous substances also could be imposed on a Brookfield Fund under other applicable Environmental Laws. The presence of hazardous substances in amounts requiring response action or the failure to undertake necessary remediation may adversely affect the Brookfield Fund's ability to use or sell real estate or borrow money using such real estate as collateral, which could have an adverse effect on the Brookfield Fund's return from such investment.

It is possible that future Environmental Laws, ordinances, or regulations or new interpretations of existing Environmental Laws, ordinances, or regulations will impose material environmental liabilities on a Brookfield Fund. The environmental conditions of Brookfield Fund's properties could be affected adversely by hazardous substances associated with other nearby properties or the actions of third parties unrelated to the Brookfield Fund. Tenants may engage in activities prohibited by their leases or otherwise expose the Brookfield Fund to liability under applicable Environmental Laws, ordinances, or regulations. The costs of defending any future environmental claims, performing any future environmental remediation, satisfying any such environmental liabilities, or responding to any changed environmental conditions could materially adversely affect the Brookfield Fund's financial conditions and results of operations.

**Uninsured Losses.** A Brookfield Fund will attempt to maintain insurance coverage against liability to third parties and property damage as is customary for similarly situated businesses. However, there can be no assurance that insurance will be available or sufficient to cover any such risks. Insurance against certain risks, such as earthquakes, floods, hurricanes and terrorist acts, may be unavailable, available in amounts that are less than the full market value or replacement cost of investments or underlying assets or subject to a large deductible. In addition, there can be no assurance the particular risks which are currently insurable will continue to be insurable on an economically feasible basis. In general, losses related to terrorism are becoming more difficult and more expensive to insure against. Most insurers are excluding terrorism coverage from their all-risk policies. In some



cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums which can greatly increase the total cost of casualty insurance for a property. As a result, Brookfield Fund investments might not be insured against terrorism. Inflation, changes in building codes and ordinances, environmental considerations, provisions in loan documents encumbering the portfolio of properties pledged as collateral for loans, and other factors also might make it economically impractical to use insurance proceeds to replace improvements on a property if it is damaged or destroyed. Under such circumstances, the insurance proceeds received, if any, might not be adequate to restore the investment with respect to the affected property. If a major uninsured loss occurs, the Brookfield Fund could lose both invested capital in and anticipated profits from the affected investment. In such an event, the Brookfield Fund might nevertheless remain obligated for any mortgage debt or other financial obligations related to the property. No assurances can be given that material losses in excess of insurance proceeds will not occur in the future.

### ***Special Situations Specific Risks***

**Nature of Distressed Investments.** A Brookfield Fund may purchase securities and other obligations of companies that are experiencing significant financial or business distress, including companies involved in bankruptcy, reorganization or liquidation proceedings. Investing in distressed securities involves a substantial degree of risk, even as compared to other private equity fund investment strategies. Each of these investments must be considered purely speculative by any potential investor. Such securities and obligations are subject to the significant risk of an issuer's inability to meet principal and/or interest payments on its obligations as they become due (credit risk) and the risk of price volatility due to factors such as interest rate sensitivity, market perception of the creditworthiness of the issuer and general market liquidity (market risk). There can be no assurance that BAM PIC US or its affiliates will correctly evaluate the nature and magnitude of a prospective investment's credit risk, market risk and the various other factors and uncertainties that could affect the value of such investment.

There are a significant number of risks inherent in any bankruptcy process, including proceedings under the Companies' Creditors Arrangement Act in Canada and Chapter 11 of the U.S. Code in the United States. Most actions and outcomes in bankruptcy are the product of contested matters and adversarial proceedings determined by a court which has been granted equitable power to impose a variety of remedies on stakeholders, almost all of which are beyond the control of creditors. The effect of a bankruptcy filing on a portfolio investment may adversely and permanently affect such company through the loss of key employees, suppliers and overall market presence. The duration of any bankruptcy case is difficult to predict and, as such, the return on investment realized by any creditor will be adversely affected by delays in negotiating, approving and confirming the plan of reorganization. As the length of any bankruptcy increases, the creditors' costs in monitoring and enforcing its claim also substantially increase. Administrative costs of bankruptcy, including the costs and expenses of official or unofficial committees, can be significant in magnitude as compared to the value of the portfolio investment emerging from bankruptcy. In addition, such costs are frequently paid out of the debtor's estate prior to any return to general unsecured creditors. Certain claims that have priority by law (for example, claims to taxes) also may be significant. Finally, under certain circumstances, creditors' claims against bankrupt or insolvent entities are subject to equitable subordination or re-characterization as equity (particularly where the creditor is an insider or otherwise controls the debtor as may often be the case with many of the Brookfield Fund's investments), and transfers made to creditors may be subject to avoidance and disgorgement as preferences or fraudulent conveyances.

**Junior, Unsecured Securities.** Any debt securities in which a Brookfield Fund will invest may be unsecured and subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. In the event of the bankruptcy or liquidation of an issuer of such securities, there may not be enough proceeds to repay the holders of such securities following repayment to the holders of senior indebtedness. In addition, such securities may not be protected by financial covenants or limitations upon additional indebtedness, thereby providing less control over the investment, and may have limited liquidity.

### ***Real Estate Finance Specific Risks***

**General Real Estate Risks.** There is no assurance that the real estate investments acquired by a Brookfield Fund will be profitable or that cash flow will be available for distribution to Investors. Because real estate, like many other types of long-term investments, historically has experienced significant fluctuation and cycles in value, specific market conditions may result in occasional or permanent reductions in the value of the investments or the collateral therefor. The cash flow and value of the investments will depend on many factors beyond the control of Brookfield, including, without limitation: changes in general economic or local conditions; changes in supply of or demand for competing properties in an area (as a result, for instance, of over-building); changes in interest rates; the promulgation and enforcement of governmental regulations relating to land-use and zoning restrictions, environmental protection and occupational safety; unavailability of mortgage funds which may render the construction, leasing, sale or refinancing of a property difficult; the financial condition of borrowers and of tenants, buyers and sellers of property; changes in real estate tax rates and other operating expenses; the imposition of rent controls; energy and supply shortages; various uninsured or uninsurable risks; and natural disasters. There is no assurance that there will be a ready market for the investments as investments in real estate generally are not liquid.

**Risks Associated with Commercial Property Loans.** A Brookfield Fund's investments may include loans or participations in loans, or securities whose underlying performance depends on loans made with respect to a variety of commercial real estate. Such investments are subject to normal credit risks as well as those generally not associated with traditional debt securities. The ability of the borrowers to repay the investments will typically depend upon the successful operation of the related real estate project and the availability of financing. Any factors which affect the ability of the project to generate sufficient cash flow could have a material effect on the value of the investments. Such factors include, but are not limited to, (a) the uncertainty of cash flow to meet fixed obligations, (b) adverse changes in general and local economic conditions, including interest rates and local market conditions, (c) tenant credit risks, (d) the unavailability of financing, which may make the operation, sale, or refinancing of a property difficult or unattractive, (e) vacancy and occupancy rates, (f) construction and operating costs, (g) regulatory requirements, including zoning, rent control and real and personal property tax laws, rates and assessments, (h) environmental concerns, (i) project and borrower diversification, (j) vandalism (with attendant security costs), and (k) uninsured losses. In addition, commercial properties often involve a single user or tenant, or relatively few tenants. Commercial property specification may be tailored to the requirements of particular users or tenants and, accordingly, it may be difficult, costly and time consuming to liquidate such properties or attract new tenants. Security underlying such investments will generally be in a junior or subordinate position to senior financing. In certain circumstances, in order to protect its investment, the Brookfield Fund may decide to repay all or a portion of the senior indebtedness relating to the particular investment or to cure defaults with respect to such senior indebtedness. In a bankruptcy of a borrower, the Brookfield Fund's investments are expected to have a priority greater than other general creditors of the borrower but less than senior secured creditors. In addition to repayment risks, there may be restrictions on enforcement rights prior to maturity or foreclosure of the senior position resulting in a Brookfield Fund's inability to realize upon or control the underlying assets.

**Risks Associated with Mezzanine Investments.** A Brookfield Fund may invest in mezzanine debt interests in real estate companies and properties whose capital structures have significant leverage ranking ahead of the Brookfield Fund's investments. While BAM PIC US anticipates that such a Brookfield Fund's investments will usually benefit from the same or similar financial and other covenants as those enjoyed by the leverage ranking ahead of the Brookfield Fund's investments and will usually benefit from cross-default provisions, some or all of such terms may not apply to particular investments. Brookfield anticipates that a Brookfield Fund's usual security for its investments will be pledges of ownership interests, directly and/or indirectly, in a property-owning entity, and in many cases the Brookfield Fund may not have a mortgage or other direct security interest in the underlying real estate assets. Moreover, it is likely that the Brookfield Fund will be restricted in the exercise of its rights in respect of its investments by the terms of subordination agreements between it and the debt ranking ahead of the



mezzanine capital. Accordingly, the Brookfield Fund may not be able to take the steps necessary to protect its investments in a timely manner or at all and there can be no assurance that the rate of return objectives of the Brookfield Fund or any particular investment will be achieved. To protect its original investment and to gain greater control over the underlying assets, the Brookfield Fund may need to elect to purchase the interest of a senior creditor or take an equity interest in the underlying assets, which may require additional investment by the Brookfield Fund.

**Market for Senior Interests.** Certain Brookfield Funds' strategy depends, in part, upon the ability to syndicate or sell participations in, senior interests in investments, either through capital markets CDO transactions or otherwise. There is no assurance that such transactions can be completed on terms that are favorable to the Brookfield Fund and the inability to complete such transactions could adversely affect the Brookfield Fund's performance.

**Certain Legal Aspects of Mortgage Loans; Lender Liability.** Certain investments acquired by a Brookfield Fund may be subject to risks relating to the legal aspects of mortgage loans. Depending upon the applicable law governing mortgage loans (which laws may differ substantially), the Brookfield Fund may be adversely affected by the operation of law (including state law) with respect to its ability to foreclose mortgage loans, the borrower's right of redemption, the enforceability of assignments of rents, due-on-sale and acceleration clauses in loan instruments, as well as other creditor's rights provided in such documents. In addition, the Brookfield Fund may be subject to liability as a lender with respect to its negotiation, administration, collection and/or foreclosure of mortgage loans. Moreover, in order to qualify as a venture capital operating company, a Brookfield Fund may attempt in a majority of the investments to obtain contractual rights to participate in or substantially influence the management of properties by borrowers. The likelihood is increased that a borrower may claim that the Brookfield Fund interfered with the borrower's business, acted in bad faith in exercising its management rights or otherwise acted in a manner giving rise to a claim for lender liability. As a lender, the Brookfield Fund may also be subject to penalties for violation of usury limitations, which penalties may be triggered by contracting for, charging or receiving usurious interest. Bankruptcy laws may delay the ability of the Brookfield Fund to realize on its collateral or may adversely affect the priority thereof through doctrines such as equitable subordination or may result in a restructuring of the debt through principles such as the "cramdown" provisions of applicable bankruptcy laws.

**Investment in Troubled Assets.** A Brookfield Fund may make substantial investments in nonperforming or other troubled assets that involve a degree of financial risk and there can be no assurance that the Brookfield Fund's internal rate of return and/or cash multiple of invested capital objectives will be realized or that there will be any return of capital. Furthermore, investments in properties operating in workout modes or under Chapter 11 of the Bankruptcy Code may, in certain circumstances, be subject to additional potential liabilities that could exceed the value of the investor's original investment, including equitable subordination and/or disallowance of claims or lender liability. In addition, under certain circumstances, payments to the Brookfield Fund and distributions by the Brookfield Fund to the Investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment under applicable law.

**Risks Associated with Equity Ownership.** In certain circumstances a Brookfield Fund may take an equity position in a property-owning entity (for example, if the Brookfield Fund forecloses on a loan). In such a case, the Brookfield Fund's interests will be subordinated to both general and secured creditors of the asset. This subordination could increase the Brookfield Fund's risk of loss. Moreover, acquisition of equity interests involves certain risks not present in real property loans or direct property ownership. For example, there is the possibility that other equity owners may have economic or business interests or goals which are inconsistent with those of the Brookfield Fund. In addition, the foreclosure process is often lengthy and expensive. Borrowers may resist foreclosure actions by asserting numerous claims, counterclaims and defenses against the Brookfield Fund in an effort to prolong the foreclosure action and force the lender into a modification of the loan or a favorable buy-out of the borrower's position. In some U.S. states, foreclosure actions can sometimes take several years to litigate. At any time prior to

or during the foreclosure proceedings the borrower may file for bankruptcy, which would have the effect of staying the foreclosure actions and further delaying the foreclosure process.

**Controlling Person Liability.** If a Brookfield Fund determines to foreclose on its security to protect its investment, the Brookfield Fund may have controlling interests in some of its investments in real estate companies. Other circumstances, such as the exercise of warrants or other interests acquired as part of a Brookfield Fund investment, could cause the Brookfield Fund to hold such controlling interests. The exercise of control over an entity can impose additional risks of liability for environmental damage, failure to supervise management, violation of government regulations (including securities laws) or other types of liability in which the limited liability characteristic of business ownership may be ignored. If these liabilities were to arise, the Brookfield Fund might suffer a significant loss.

### ***Timberland Specific Risks***

**Highly Competitive Market for Timberland Investment Opportunities.** The activity of identifying, completing and realizing attractive private equity timberlands investments is highly competitive and involves a high degree of uncertainty. There can be no assurance that a Brookfield Fund's general partner will be able to locate and complete portfolio investments which satisfy a Brookfield Fund's objectives, realize the value of these portfolio investments or fully invest the Brookfield Fund's committed capital. However, the limited partners of a Brookfield Fund will be required to pay the management fee based on invested capital during the commitment period.

A Brookfield Fund will compete with other consortia and companies for timberlands investments. These competitors, which include large timberland owners, construction and engineering groups and financial investors, may have significant financial resources and may be able to present bids with competitive terms. As a result of such competition, a Brookfield Fund may have difficulty in making certain timberlands investments or, alternatively, a Brookfield Fund may be required to make portfolio investments on economic terms less favorable than anticipated. If a Brookfield Fund fails to make new portfolio investments or makes portfolio investments on less favorable terms, the Brookfield Fund's financial condition and results of operations could be materially and adversely affected.

**Highly Competitive Timberland Industry.** The portfolio investments operate in a highly competitive business environment in which companies compete, to a large degree, on the basis of price and also on the basis of service and ability to provide a steady supply of products over the long term. In a Brookfield Fund's target markets, such portfolio investments' prime competitors are generally other large forestland owners, governments and small private forestland owners. In addition, wood and paper products are subject to increasing competition from a variety of substitute products, including non-wood and engineered wood products and electronic media. The competitive position of the portfolio investments is also influenced by a number of other factors including the availability, quality and cost of labor, the cost of energy, the ability to attract and maintain long-term customer relationships, the quality of products and customer service and foreign currency fluctuations.

**Timberland Development Risks.** BAM PIC US anticipates that certain Brookfield Funds will acquire equity interests in development timberlands or timberlands with redevelopment potential. To the extent that a Brookfield Fund invests in such development activities, it will be subject to the risks normally associated with such activities. Such risks include, but are not limited to, risks relating to the availability and timely receipt of applicable regulatory approvals, the cost and timely completion of development activities (including risks beyond the control of the Brookfield Fund, such as weather or labor conditions or material shortages) and the availability of financing on favorable terms. These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent completion of development activities once undertaken, any of which could have an adverse effect on the investment and on the amount of funds available for distribution to Limited Partners.

**Risks Associated with Greenfield Timberland Projects.** A Brookfield Fund may invest in greenfield timberland projects. It is common for such projects to be initiated alongside the establishment of a new local converting

business, which is intended to be the primary or sole purchaser of the timber. As such, the timberland operations are frequently exposed to risks associated with the construction of the converting facility, as well as the converting facility's purchasing power thereafter. Moreover, greenfield projects require significant capital investments at the planting stage, with no prospect of cash flows being generated from such investments during the growth stage. This customer concentration and the unavailability of near-term cash flows could have a material adverse effect on a Brookfield Fund.

**General Risk Factors Relating to Timberlands.** Timberland investments are generally subject to varying degrees of risk. These risks include changes in general economic conditions (including market and price factors, currency fluctuations and global economic health), government regulations and trade issues, dealings with unionized employees, regulations regarding environmental issues and land claims. Certain significant expenditures, including interest payments, must be made whether or not a Brookfield Fund's timberlands are producing sufficient income to service these expenses.

**Timber and Wood Market and Price Volatility.** The financial performance of certain Brookfield Funds is dependent on the selling prices of timber. The markets for timber are cyclical and are influenced by a variety of factors beyond the Brookfield Fund's control. For example, the market prices for timber can be affected by changes in regional and global demand, supply and economic conditions which are affected by: general economic activity; consumption and production levels and prices of lumber, pulp and paper; new housing, repair and remodeling activity; interest and foreign currency exchange rates; change in levels of investment in lumber mills, pulp mills and paper mills; population growth and other demographic factors; consumer preferences; price and availability of substitute wood and non-wood products; weather conditions, including wind damage and flooding; fires, disease epidemics and insect infestation of forestlands; regional, domestic and international changes in regulatory, social, political, labor or economic conditions and policies, in a specific country or region; global shipping and transportation costs; trade protection laws, policies and measures and other regulatory requirements affecting trade and investment, including loss or modification of exemptions for taxes and tariffs, and import and export licensing requirements; increases in global timber supply, including global supply shifts to low cost countries; harvesting restrictions in wood-supplying regions that affect supply; the costs of timber production; and technological advances, which improve harvest yield in competing supply regions.

In addition, such a Brookfield Fund's financial performance will be subject to global economic changes. In particular, a significant component of the products sold by the portfolio investments will likely be sold in markets that are sensitive to macroeconomic conditions in the principal timber consuming markets. Accordingly, adverse economic conditions in these economies could reduce demand for these products and negatively impact a Brookfield Fund's financial performance.

**Weather and other Natural Conditions.** Weather conditions, climate change, timber growth cycles and restrictions on access may reduce the volume and value of timber that can be harvested from a Brookfield Fund's timberlands, as may other factors, such as damage by fire, insect infestation, disease, prolonged drought and natural disasters. As is typical in the industry, BAM PIC US will not insure against losses of timber from any causes, including fire.

**Geographic Concentration.** A Brookfield Fund's timberlands investments are expected to be primarily concentrated in the United States. If the level of production from the forests in the United States or any other region in which the Brookfield Fund invests substantially declines, it could have a material adverse effect on the Brookfield Fund's overall production levels and its financial performance.

**Restrictions Imposed by Forestry and Environmental Regulations.** Government regulations relating to forestry practices and sale of logs may result in increased costs for the portfolio investments and, accordingly, impact their financial results and operations. Examples of such regulations include reforestation requirements and those impacting upon harvesting activities within close proximity or otherwise affecting watercourses or inland shorelines. In addition, forestry and environmental regulations may restrict timber harvesting and may otherwise restrict the ability of such investments to conduct their business. There can be no assurance that, as a result of such regulations, the portfolio investments will not incur significant costs, civil and criminal penalties and liabilities,

including those relating to claims for damages to property or natural resources, resulting from their operations, any of which could have a material adverse effect on the performance of the portfolio investments. Management intends to maintain environmental and safety compliance programs and conduct regular internal and independent third-party audits of its facilities and timberlands to monitor compliance with these laws and regulations.

Laws, regulations and related judicial decisions and administrative interpretations affecting the business of the portfolio investments are subject to change and new laws and regulations that may affect their business are frequently enacted. Some of these laws and regulations could impose on such investments significant costs, penalties and liabilities for violations of existing conditions whether or not they caused or knew about them. Timberlands in various jurisdictions are subject to laws and regulations which relate to, among other things, the protection of timberlands, health and safety, the protection of endangered species, air and water quality, timber harvesting practices, and recreation and aesthetics. Regions with frequent policy changes add volatility to revenue streams and depress timberland values.

In connection with a variety of operations of timberlands, the portfolio investments may be required to make regulatory filings. Any government agencies could delay review of or reject any of such filings. Any such delay or rejection could result in a delay or restriction in harvesting, replanting, thinning, insect control or fire control, any of which could have a material adverse effect on the performance of the portfolio investments.

In general, over time, the number of environmental, endangered species and forestry laws and regulations, in many countries, has increased markedly and the enforcement of these laws and regulations has intensified. These laws and regulations could continue to become more restrictive and have a material adverse effect on a Brookfield Fund's financial performance.

**Potential Undetected Environmental Liabilities of Timberlands.** A Brookfield Fund may acquire timberlands that are subject to environmental and other liabilities under various federal, state and local laws, ordinances and regulations (collectively, "Environmental Laws"), such as obligations to clean up or pay for the cleanup of contamination. While timberlands do not generally carry as high a risk of environmental contamination as industrial properties, the cost of clean-up of contaminated properties could increase such investments' operating costs, which could have a material adverse effect on the financial performance of a Brookfield Fund.

It is possible that future Environmental Laws or new interpretations of existing Environmental Laws will impose material environmental liabilities on the portfolio investments. The environmental conditions of investment properties could be affected adversely by hazardous substances associated with other nearby properties or the actions of third parties unrelated to a Brookfield Fund. The costs of defending any future environmental claims, performing any future environmental remediation, satisfying any such environmental liabilities, or responding to any changed environmental conditions could materially adversely affect the Brookfield Fund's financial performance.

**Limitations on Ability to Harvest.** Revenues, earnings and cash flow from the operations of the portfolio investments are dependent to a significant extent on their continued ability to harvest timber at adequate levels. Weather conditions, timber growth cycles, access limitations and regulatory requirements associated with the protection of wildlife and water resources may restrict harvesting of the timberlands, as may other factors, including damage by fire, insect infestation, disease, prolonged drought and other natural and man-made disasters. There can be no assurance that such investments will achieve harvest levels in the future necessary to maintain or increase revenues, earnings and cash flows.

**Timberland Commodity Price Risk.** Timberlands, particularly those which are inland, rely almost exclusively on land transportation. Consequently, the portfolio investments may be more susceptible to fuel cost increases than timberland companies which use water transportation, which is less exposed to fuel prices. Historically, the markets for fuel such as oil, gas, coal and power have been volatile. This volatility is likely to continue in the future. Market prices of these energy commodities may fluctuate materially depending on a variety of factors beyond the control of BAM PIC US or a Brookfield Fund, including, without limitation, weather conditions and foreign and

domestic supply. Such portfolio investments may be limited in the amount of fuel cost increases they can pass on to their customers.

In addition, many of the customers of the portfolio investments are expected to be high-energy consumers and, as a result, are themselves vulnerable to energy cost increases. If energy costs increase significantly, such customers may not be able to compete effectively and may have to reduce current operating volumes or close mills, which could have a material adverse effect on the financial performance of a Brookfield Fund.

**Labor Relations and Labor Laws.** A significant portion of the work force employed by the portfolio investments may be unionized and, as a result, such portfolio investments will be required to negotiate wages, benefits and other terms with many of its employees collectively. A Brookfield Fund's financial performance could be adversely affected if labor negotiations were to restrict its ability to maximize the efficiency of its operations. Its inability to negotiate acceptable contracts with any of these unions as existing agreements expire could result in strikes by the affected workers and increased operating costs as a result of higher wages or benefits paid to union members. If the unionized employees were to engage in a strike or other work stoppage, or other employees were to become unionized, the portfolio investments could experience a significant disruption of its operations and higher ongoing labor costs, which could have a material adverse effect on a Brookfield Fund.

**Changes in Demand for HBU Properties.** In the ordinary course of business, the portfolio investments will undertake to sell HBU properties each year in order to realize the appreciated value of these holdings. The majority of these sales are expected to consist of properties that have become more valuable for development or conservation than for growing timber. A number of factors, including a slowdown in commercial or residential real estate development or a reduction in the availability of public and private funding for conservation projects, could reduce the demand for such properties, and, consequently, reduce revenues from any land sale program, which could have a material adverse effect on a Brookfield Fund's financial performance.

**Insurance.** Standing timber is subject to the risks of forest harvesting, such as fires, drought, tree diseases, severe weather, unforeseen equipment breakdowns, or any other event, including any event of force majeure, which could result in material damages to the timberlands. From time to time, various types of insurance for companies who operate timberlands have not been available on commercially acceptable terms or, in some cases, have been unavailable. For example, a Brookfield Fund does not intend to insure and cannot obtain insurance against losses of standing timber from any causes, including fire, and insurance against certain environmental risks is not available on commercially acceptable terms. Any material damages to the timber of the portfolio investments which is not insured could have a material adverse effect on a Brookfield Fund's financial performance.

**Land Titles Claims.** While certain Brookfield Funds intend to have their timberlands registered under land titles systems, where such systems exist, such systems may not be available or, where land titles regimes are in place, there may be a risk of title claims in the future. Furthermore, leasehold opportunities in connection with timber rights are subject to risks not associated with timberlands secured with clear title. These risks include possible cancellation of operating licenses related to non-payment of land taxes, title disputes or other property-related judicial disputes where the land-owner is responsible for managing conflicts. If a claim to any portion of a Brookfield Fund's timberlands is successful, the Brookfield Fund could be required to forfeit such lands or pay amounts to the claimant, which could have a material adverse effect on a Brookfield Fund's financial performance.

**Seasonality of Timberlands.** The operations of the portfolio investments are expected to be subject to seasonal variations in the regions in which the portfolio investments are located. Harvesting activity can be compromised by inaccessibility to some sites during wet seasons resulting in decreased harvest levels. Results of one quarter will not be indicative of results that may be achieved in other quarters or for the full year.

**Cyclicalities of Timberlands.** The portfolio investments will depend on the state of the lumber and pulp and paper industries. Demand for products from the lumber and pulp and paper industries is correlated with global economic conditions. In periods of economic weakness, reduced spending by consumers and businesses results in decreased demand for such products, resulting in lower product prices and possible manufacturing downtime, which, in turn,

may result in lower net sales, profits and cash flows for the portfolio investments since lumber mills and pulp and paper mills are expected to be important customers to such portfolio investments. Changes in demand based in economic and market shifts, fluctuations in production capacity and changes in prices of raw materials and energy have created cyclical changes in prices, sales volume and margins for products from the lumber and pulp and paper industries. Prices and demand for lumber and pulp and paper products have fluctuated significantly in the past and may fluctuate significantly in the future. Any prolonged or severe weakness in the market for any of such products could adversely affect a Brookfield Fund's financial performance.

All of the other material risks associated with investing in a Brookfield Fund are described in the Governing Documents of each Brookfield Fund.

## ITEM 9 – DISCIPLINARY INFORMATION

In the past 10 years, neither BAM PIC US nor any of the other individuals in management who are covered by this Item (collectively referred to as “key Brookfield management”) has been involved in a legal or disciplinary event that is material to a client's or prospective client's evaluation of BAM PIC US's advisory business or the integrity of key Brookfield management including any proceedings that involve investments or investment-related business. However, there is one exception concerning Luiz Ildefonso Simões Lopes (“Mr. Lopes”) stemming from an action brought in 2000.

Mr. Lopes acts as a Director for Brookfield Brasil Asset Management Investimentos Ltda., an affiliate of Brookfield, and provides investment advice related to investments in Brazil for certain Brookfield Funds. On July 10, 2000, in an action brought by the administrators of a Brazilian pension fund (“Funcef”), Mr. Lopes was charged, in his capacity as a former Director of Brascan S/A Corretora de Títulos e Valores (“Brascan”), with an alleged loss of 3,449,850 Brazilian reais involving derivatives transactions intermediated by Brascan in the future markets on behalf of Funcef. Since it is typically not possible to indict a company under Brazilian law, the charge was brought against the former responsible officer of Brascan, Mr. Lopes.

Mr. Lopes has plead not guilty to this criminal misdemeanor and is currently awaiting adjudication before the Brazilian 5<sup>th</sup> Chamber of the Superior Court of Justice. Mr. Lopes intends to vigorously defend himself against such action both on the merits and on the basis that Funcef actually made substantial profits, not losses, on the relevant transactions. Importantly, the Securities Commission of Brazil (“CVM”) has reviewed such transactions and determined that no wrongdoing was committed. BAM PIC US believes that this suit and the allegations made in them are without merit as there was no act – intentional or otherwise – that might indicate his responsibility for losses, if any, caused to Funcef.

## ITEM 10 – OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As indicated in Item 5 above, certain members of management of BAM PIC US are also registered principals/representatives of BPAL and may obtain commitments from prospective investors to Brookfield Funds while acting in this capacity. BPAL is a registered limited service securities broker-dealer with the SEC, and a member of FINRA.

Brookfield is a global asset manager offering investment strategies in property, renewable power, infrastructure, timberlands, agrilands and private equity to institutional investors. Brookfield currently has more than \$100 billion of assets under management, over 500 investment professionals and approximately 18,000 operating employees in over 100 offices and operating locations around the world. Throughout its 100-year history, Brookfield has maintained a focus on real assets such as commercial real estate, power generation, electricity transmission and distribution, natural resources and timberlands on a worldwide basis.



BAM PIC US is an affiliate of Brookfield Investment Management Inc. ("*BIM*") and Brookfield Asset Management Private Institutional Capital Adviser (Canada), L.P. ("*BAM PIC Canada*"), each an investment adviser registered under the Advisers Act. Certain members of Brookfield's senior management and members of BAM PIC US perform similar functions for BIM and BAM PIC Canada. BIM focuses on publicly-traded fixed income, global real estate and infrastructure equities for institutional and retail clients. BAM PIC Canada manages certain non-U.S. based investment funds sponsored by Brookfield. BAM PIC US may enter into subadvisory relationships with BAM PIC Canada from time to time generally for regional specific advice and BAM PIC Canada may also continue to organize other partnerships and serve as the general partner or manager to these partnerships.

BAM PIC US does not have any employees. It provides advisory services using individuals employed by certain of its affiliates, including certain non-US affiliates, through an arrangement pursuant to which such individuals are deemed to be associated persons of BAM PIC US and are subject to the supervision of BAM PIC US.

BAM PIC US either directly or indirectly, controls, or is under common control with, the following Relying Advisers, which are located in New York, Toronto, Rio de Janeiro, London, and Vancouver:

- BREF One Series A Manager LLC
- BREF One Series B Manager LLC
- BREOF Asset Management (Canada) L.P.
- BREOF Asset Management LLC
- BREOF II Cayman G.P., L.P.
- BREOF US Managing Member II, LLC
- Brookfield Bridge Lending Fund Junior GP L.P.
- Brookfield Bridge Lending Inc.
- Brookfield Global Timber Fund GP, L.P.
- Brookfield Real Estate Financial Partners LLC
- Brookfield Special Situations II GP L.P.
- Brookfield Special Situations II GP (NR) L.P.
- Brookfield Special Situations Management Ltd.
- Brookfield US Investments Ltd.
- Island Timberlands GP Ltd

Each of the Relying Advisers is involved in identifying and monitoring investments recommended or made on behalf of certain Brookfield Funds. The extent of such participation varies and these Relying Advisers conduct no other investment advisory activities.

Brookfield is currently the sponsor of and investment adviser to various private investment funds in addition to the Brookfield Funds (which are advised by BAM PIC US). It may in the future form new private investment funds that may have overlapping investment objectives and may present potential for conflicts of interest with existing Brookfield funds. Many of Brookfield's management persons and members of the investment committees of the Brookfield Funds (each an "*Investment Committee*") may perform similar functions for those other private investment funds or new Brookfield Funds. Therefore, there may be circumstances in which investment opportunities which are consistent with a Brookfield Fund's investment objectives overlap with those of another Brookfield Fund or other Brookfield sponsored or advised investment vehicle. As an adviser registered under the Advisers Act, BAM PIC US is required to resolve conflicts on a fair and equitable basis. BAM PIC US and Brookfield proactively approach the management of conflicts by ensuring the following elements are adhered to for all funds and investment programs:

- i. **Clear Mandates:** Each Brookfield Fund is established with a clear investment mandate and necessary exclusivities to minimize overlap with other Brookfield investment programs and funds. Despite its significant efforts in minimizing the opportunity for overlapping mandates, investment opportunities arise from time to time, which may be suitable for multiple Brookfield Funds and investment programs, individually, or for purposes of making a joint investment.
- ii. **Oversight of Senior Management:** When contemplating investments, dispositions or other material transaction decisions, conflicts of interest are reviewed by the Brookfield conflicts committee (the “*Conflicts Committee*”) and the Chief Compliance Officer.
- iii. **Investor Transparency:** In the event that an investment opportunity arises that may be appropriate for multiple Brookfield Funds or other Brookfield investment programs, any joint participation must be disclosed to investors (if agreed to in the Governing Documents) or approved by the Brookfield Fund’s or other investment program’s advisory committee consisting of investor representatives (the “*Advisory Committee*”).
- iv. **Recordkeeping:** Investment Committee presentations must address any conflicts as well as a proposed solution. Records of the presentations will be preserved in accordance with applicable requirements.

In addition, Brookfield is typically the largest limited partner in every Brookfield Fund it sponsors, ensuring an alignment of interests with other Limited Partners. Brookfield, therefore, rarely encounters deal sharing or allocation issues within its investment programs.

In allocating investment opportunities, Brookfield takes into account various factors including which business area or investment vehicle sourced the opportunity, the size of the investment opportunity, the various investment objectives of the different business areas of, and investment vehicles sponsored by, Brookfield, the nature of the other potential acquirers, target rates of return, diversification considerations, risk profile, available capital and expected holding periods. The methodology for determining whether to allocate an investment either to a Brookfield Fund, or one or more of the other Brookfield sponsored investment vehicles, and the factors taken into account in determining the allocation, will likely vary over time and on a case-by-case basis. In that regard, Brookfield may take into account its financial interest in other business areas of the firm and may have a greater financial interest in other sponsored investment vehicles than it does in a particular Brookfield Fund. Any such allocation or joint participation involving a Brookfield Fund will be in accordance with the applicable Governing Documents.

Brookfield may also provide lending, consulting, development oversight, property management, power marketing, operational, financial and advisory services in connection with investments and other services to a Brookfield Fund, a Brookfield Fund’s General Partner, BAM PIC US, portfolio investments or their respective affiliates and, in each case, may receive fees at rates customarily charged for similar services by persons engaged in the same or substantially similar activities. Any such services will be on terms and conditions that are set forth in the Brookfield Fund’s Governing Documents.

Portfolio investments held by Brookfield or a Brookfield Fund may make strategic acquisitions or investments in furtherance of their respective businesses. As a result, certain investment opportunities sourced by Brookfield that might otherwise be suitable for a Brookfield Fund may not be available to such fund as set out in the applicable Governing Documents of a Brookfield Fund.

Please refer to Item 6 above and Item 11 below for a discussion of other potential conflicts of interest involving affiliates. BAM PIC US does not recommend or select other investment advisers for its clients.



## ITEM 11 – CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

BAM PIC US has adopted a code of ethics in accordance with Rule 204A-1 under the Advisers Act and each of the Relying Advisers has adopted the code of ethics of BAM PIC US or, in the case of non-U.S. Relying Advisers, a code of ethics designed to comply with the requirements of Rule 204A-1 under the Advisers Act but may contain modifications as required by local laws or regulations (all such codes of ethics collectively, the “*Code of Ethics*”). The Code of Ethics includes provisions relating to the confidentiality of client information, a prohibition on insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and personal securities trading procedures, among other things. All supervised employees at BAM PIC US must acknowledge the terms of the Code of Ethics upon commencement of employment with Brookfield and annually thereafter.

Under the Code of Ethics, BAM PIC US’s supervised persons are expected to, among other things:

- Always observe their fiduciary duties to investment management clients.
- Not take personal opportunities that are discovered through the use of property or information of the company or through their role with Brookfield.
- Protect the confidentiality of “non-public information” concerning the company or about customers, clients, investees and others.
- Not trade in the company’s securities or any other company’s securities if they possess material “non-public information” or during a blackout period.

Generally, supervised persons of BAM PIC US are to obtain pre-clearance of all transactions in their own personal discretionary accounts as well as discretionary accounts held by relatives that are members of their household. In addition, supervised persons must report all investment holdings in these accounts and must report all transactions in securities, with limited exceptions, to the Chief Compliance Officer no later than 30 days after the end of the calendar quarter.

Clients or prospective clients may request a copy of the firm’s Code of Ethics by contacting [BAMPIC.compliance@brookfield.com](mailto:BAMPIC.compliance@brookfield.com).

BAM PIC US may cause a Brookfield Fund client to sell securities from its portfolio to another Brookfield Fund client, when the transaction is in the best interests of both clients. Any transactions between one Brookfield Fund and another Brookfield Fund will be effected in a manner that is consistent with each client’s Governing Documents.

A Brookfield Fund may invest alongside Brookfield or another Brookfield Fund in specific investment opportunities. In some cases certain investment opportunities may arise which contain some assets meeting the investment objectives of a Brookfield Fund and some assets meeting the investment objectives of Brookfield or another Brookfield Fund, such that each may invest in the assets meeting its investment objectives. Subject to each Brookfield Fund’s Governing Documents, in situations in which a Brookfield Fund invests alongside Brookfield or another Brookfield Fund, conflicts of interest are potentially inherent with respect to the nature and timing of the initial investment, the allocation of control rights and strategic objectives or timing of transactions, such as the

disposition of all or part of an investment. These conflicts may result from various factors, including investments in different levels of the capital structure, different measures of control, different risk profiles, different rights with respect to disposition alternatives, different investment horizons and different target rates of return. For example, Brookfield may dispose of its investment in an entity prior to or after the time that the Brookfield Fund disposes of its interest in the same company. In addition, certain Limited Partners may co-invest alongside Brookfield and a Brookfield Fund in specific investment opportunities. In such event, these co-investors may pay Brookfield an agreed upon compensation amount set out in such Brookfield Fund's Governing Documents.

Governing Documents for each Brookfield Fund provide detail of how such conflicts of interest or potential conflicts of interest are managed, including Limited Partner approval or Advisory Committee approval. In addition, potential conflicts of interest are reviewed by the Conflicts Committee and/or the Chief Compliance Officer in connection with a transaction going to the applicable Brookfield Fund's Investment Committee. For a discussion on how conflicts of interests are generally resolved, see the discussion in "Other Financial Industry Activities and Affiliations" in Item 10 above.

## ITEM 12 – BROKERAGE PRACTICES

BAM PIC US has the authority to determine, without obtaining specific client consent, the securities or interests and the amount thereof to be bought or sold, subject to the conditions and restrictions contained in a Brookfield Fund's Governing Documents.

The Brookfield Funds advised by BAM PIC US do not conduct transactions frequently in publicly-traded securities requiring the use of a broker. In determining the brokers through whom, and commission rates and other transaction costs at which, securities transactions for the Brookfield Fund are to be executed, BAM PIC US seeks to negotiate a combination of the most favorable commission and the best price obtainable. Consequently, where necessary, brokers are selected primarily on the basis of their execution capability and trading expertise consistent with the effective execution of the transaction. BAM PIC US does not generally use "soft dollars" to receive research or other products or services other than execution in connection with client securities transactions.

BAM PIC US did not acquire any products or services (other than execution) with client brokerage commissions during the last fiscal year.

BAM PIC US does not consider, in selecting broker-dealers, whether the broker-dealer has referred clients to BAM PIC US or an affiliate.

BAM PIC US does not permit a client to direct brokerage to particular broker-dealers.

In the event that orders for the same security for more than one client are placed with the same broker, BAM PIC US may aggregate or "bunch" such orders across client accounts (including accounts advised by certain affiliates), although it will have no obligation to do so. If orders are aggregated, they will be allocated across the client accounts so that no account will be treated less favorably than another over time. While in some cases the aggregation of orders could have a detrimental effect upon the price or value of a security for a particular account, or upon the ability to complete an entire order, in other cases coordination and the ability to participate in volume transactions may be beneficial to the account. BAM PIC US may in its discretion choose not to aggregate orders, for example, where portfolio management decisions for clients are made separately or where aggregation could result in less favorable execution for a particular client.

## ITEM 13 – REVIEW OF ACCOUNTS

The Brookfield Funds' accounts and investment positions will be monitored on a current basis, and a complete list of the accounts and positions will be more formally reviewed as necessary. Such reviews will be conducted by one or more members of a Brookfield Fund's Investment Committee. Brookfield Funds are audited on a yearly basis by a firm of independent public accountants.

Certain events may require an account review other than the periodic reviews. Such events include a transfer or withdrawal of a Limited Partner interest in a Brookfield Fund or a material change in the business of a portfolio investment.

BAM PIC US will make available the books and records of a Brookfield Fund to its Limited Partners as provided in its Governing Documents. In addition, BAM PIC US will assist the General Partner of each Brookfield Fund in the preparation of the following written reports to each Limited Partner of a Brookfield Fund:

- within a period ending no later than 120th day after the end of the fiscal year an annual report with audited financial statements of the Brookfield Fund in accordance with generally accepted accounting principles ("GAAP") including an overview of the investment activities of the Brookfield Fund during the fiscal year covered by the annual report; and
- within a period ending no later than the 60th day after the end of each of the first three fiscal quarters of each fiscal year, (i) an overview of the Brookfield Fund's investments, (ii) a statement showing the distributions to each Limited Partner during the applicable fiscal quarter, (iii) a reconciliation of changes in the capital accounts of the Limited Partners during the immediately preceding fiscal quarter and (iv) a description of any material event regarding the business of the Brookfield Fund or dispositions of investments during the quarter covered by the report.

## ITEM 14 – CLIENT REFERRALS AND OTHER COMPENSATION

BAM PIC US does not have any arrangements pursuant to which someone other than a Brookfield Fund provides an economic benefit to BAM PIC US for providing investment advice or advisory services to a Brookfield Fund. See the discussion under Item 5 above of compensation that may be earned by BAM PIC US or an affiliate in connection with transactions, and under Item 10 above of other services that may be provided by Brookfield in connection with a Brookfield Fund's investments for which it may be compensated.

As described above in Item 5 above, certain supervised persons of BAM PIC US are also registered principals/representatives of BPAL and may obtain commitments from prospective investors to Brookfield Funds while acting in that capacity. BPAL is a limited service securities broker-dealer registered with the SEC and a member of FINRA.

## ITEM 15 – CUSTODY

BAM PIC US may be deemed to have custody, as defined under Rule 206(4)-2 under the Advisers Act, of funds or securities of the Brookfield Funds. BAM PIC US relies on the "audit exemption" under Rule 206(4)-2(b)(4) under the Advisers Act, which exempts an adviser to a limited partnership, limited liability company or other pooled investment vehicle from the requirement to deliver account statements to its clients if the adviser requires the vehicle to be audited annually by an independent public accountant that is registered with the Public Company

Accounting Oversight Board and distributes the audited financial statements annually to the investors in the vehicle.

## ITEM 16 – INVESTMENT DISCRETION

BAM PIC US has discretionary authority to manage the portfolios of certain Brookfield Funds pursuant to investment management agreements with each of the Brookfield Funds, which customarily do not place limitations on BAM PIC US's authority to manage the Brookfield Fund's portfolio within the objectives set out in the applicable Governing Documents. Consent from the Limited Partners or a committee of Limited Partner representatives of a Brookfield Fund is required for a Brookfield Fund to invest in securities or interests outside of the investment objectives set out in the respective Governing Documents.

## ITEM 17 – VOTING CLIENT SECURITIES

BAM PIC US may be deemed to have authority to vote proxies relating to the portfolio investments in which the Brookfield Funds invest. Therefore, BAM PIC US has adopted a set of policies and procedures (together, the "Policy") in compliance with Rule 206(4)-6 under the Advisers Act. To the extent BAM PIC US exercises or is deemed to be exercising voting authority over Brookfield Fund securities, the Policy is designed and implemented in a manner reasonably expected to ensure that voting with respect to proxy proposals, amendments, consents or resolutions (collectively, "proxies") is exercised in a manner that serves the best interest of the Brookfield Fund, as determined by BAM PIC US in its discretion. Notwithstanding the foregoing, because proxy proposals and individual company facts and circumstances may vary, BAM PIC US may not always vote proxies in accordance with the Policy. In addition, many possible proxy matters are not covered in the Policy. Generally, BAM PIC US will vote proxies (i) in favor of management's recommendation for the election of the board of directors and (ii) to approve the financial statements as presented by management.

Each proxy is voted on a case-by-case basis taking into consideration any relevant facts and circumstances at the time of the vote. For matters covered in the Policy, generally the vote will be in accordance with the Policy. In situations where BAM PIC US wishes to vote differently from what is recommended in the Policy, or where a potential material conflict of interest relating to the proxy vote exists, BAM PIC US will take such actions as are required by the Policy.

Limited Partners may request a copy of the Policy and the voting records relating to proxies of the Brookfield Fund in which they have invested by contacting BAM PIC US.

## ITEM 18 – FINANCIAL INFORMATION

Not applicable.