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This report contains forward-looking information within the meaning of Canadian provincial securities laws concerning the company's business and operations. The words "objective", "will", "enable" and other expressions which are predictions of or indicate future events and trends and which do not relate to historical matters identify statements containing forward-looking information. Reliance should not be placed on statements containing forward-looking information because they involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the company to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include general economic conditions, interest rates, availability of equity and debt financing and other risks detailed from time-to-time in the company's continuous disclosure documents including under the heading "Investment Considerations and Risk Factors" in the Company's most recent Annual Information Form available at www.sedar.com. Except as required by law, in the company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Management's Report on Fund Performance

The following is a report on the performance of BAM Split Corp. (the "company") and contains financial highlights but does not contain the complete financial statements of the company. This report follows the disclosure obligations under National Instrument 81-106 Investment Fund Continuous Disclosure ("NI-81-106" or the "Instrument") and should be read in conjunction with the financial statements and notes thereto for the year ended September 30, 2008.

You can receive a copy of the company's annual financial statements at your request and at no cost by calling (416) 363-9491, by writing to us at 181 Bay Street, Brookfield Place, Suite 300, P.O. Box 762, Toronto, Ontario M5J 2T3 or by visiting SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the company's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure when that information becomes available.

INVESTMENT OBJECTIVE AND STRATEGIES

The company's objective is to invest in Class A Limited Voting shares of Brookfield Asset Management Inc. ("Brookfield") that will generate cash dividends to fund fixed preferential cumulative quarterly dividends for the holders of the company's preferred shares and enable the holders of the company's capital shares to participate in any capital appreciation in the Brookfield shares. The company's capital shares and preferred shares are also referred to collectively as units, with each unit consisting of one capital share and one preferred share.

RISKS

The risk factors relating to an investment in the company include those disclosed below. A complete list of the risk factors relating to an investment in the company is disclosed in the company's most recent Annual Information Form available at www.sedar.com or by contacting the company by the means described above.

Interest Rate Fluctuations

The market value of a unit may, at any given time, be affected by the level of interest rates prevailing at such time. An increase (decrease) in interest rates will, on its own, likely reduce (increase) the value of a preferred share, given that the dividends on such preferred shares are fixed rate.

Fluctuations in Value of Brookfield Shares

The value of a unit will vary according to the value of the Brookfield shares. The value of the investment may be influenced by factors not within the control of the company, including: financial performance of the Brookfield shares which may result in a decline in value of the investment portfolio and/or in dividend income from the investment; interest rates, general economic conditions, availability of equity and debt financing and financial market conditions.

Foreign Currency Exchange Fluctuations

Brookfield's functional currency is the United States dollar and declares dividends in that currency. Accordingly, changes in the exchange rate between the Canadian and United States currencies may impact the value of the company's investment portfolio and cashflows relative to its financial obligations which are denominated principally in Canadian currency.

RESULTS OF OPERATIONS

Total assets at September 30, 2008 were \$1,324.6 million, compared to \$1,715.5 million at September 30, 2007. The decrease in the carrying value of the assets reflects a decrease in the quoted market value of the investment portfolio of \$391.1 million which is partially offset by the acquisition of an additional 1.1 million Brookfield shares. The fair value of the company's investment portfolio at September 30, 2008 was \$1,323.0 million (September 30, 2007 – \$1,714.0 million).

The company issued approximately 1.5 million Class AAA Series I Preferred shares in consideration for the purchase of 1.1 million Brookfield shares through a private placement. As a result, the company subdivided the Capital Shares to reflect the increase in Preferred shares outstanding.

As at September 30, 2008, the net asset value of the company was \$852.5 million, a decrease of 33.5% from the value of \$1,281.7 million at September 30, 2007 which primarily reflects the decline in the quoted market price of a Brookfield share from \$38.07 at September 30, 2007 to \$28.66 per share at September 30, 2008. Net asset value is calculated by the differential between total assets and total liabilities. On a per unit basis, net asset value was \$69.59 compared to \$97.74 as at September 30, 2007, representing a decrease of 28.8%. This reflects the change in market value noted above as well as dilution per unit from the subdivision of the Capital shares caused by the issuance of 1.5 million Class AAA Series I Preferred shares.

The company generated income available for distribution for the year ended September 30, 2008 of \$19.4 million, consistent with the prior year.

During the year, the company paid dividends of \$20.5 million and \$37.1 million to Preferred and Capital shareholders, respectively, compared to \$17.3 million and \$3.9 million for the same period in the prior year. The increase in dividends paid to Capital shareholders is due to the distribution of the special dividend received on the Brookfield shares.

RELATED PARTY TRANSACTIONS

The company's operations are managed by Brookfield, which is entitled to a fee of up to 10% of ordinary expenses of the company. For the year ended September 30, 2008, Brookfield charged a fee of \$20,000 (2007 – \$20,000).

FINANCIAL HIGHLIGHTS

The following table shows selected key financial information about the company and is intended to facilitate an understanding of the company's financial performance since inception and is presented in accordance with NI-81-106. This information is derived from the company's audited financial statements.

For the years ended September 30	2008	2007	2006	2005	2004
Net asset value per unit, beginning of year	\$ 97.74	\$ 137.04	\$ 100.11	\$ 70.72	\$ 65.76
Financial instruments transition adjustment	—	(0.10)	—	—	—
Share issuance proceeds	2.00	13.05	—	—	15.38
Share issuance costs	—	(0.35)	—	—	(0.41)
Net asset value dilution ¹	(6.96)	(65.64)	—	—	(41.90)
Increase (decrease) from operations:					
Total revenue	1.23	1.45	1.64	1.33	1.54
Total expenses	(0.18)	(0.17)	(0.10)	(0.02)	(0.05)
Realized and unrealized (losses) gains for the year	(21.13)	13.84	36.96	29.39	32.01
Total (decrease) increase from operations ²	(20.08)	15.12	38.50	30.70	33.50
Distributions:					
From interest and dividends	(3.11)	(1.38)	(1.57)	(1.31)	(1.61)
Total annual distributions	(3.11)	(1.38)	(1.57)	(1.31)	(1.61)
Net asset value per unit, end of year	\$ 69.59	\$ 97.74	\$ 137.04	\$ 100.11	\$ 70.72

¹ Dilution occurred as a result of the subdivision of Capital shares following the issuance of Preferred shares during 2004, 2007 and 2008 so that the number of Capital shares issued and outstanding was equal to the number of Preferred shares issued and outstanding as required by the articles of the company. There was no dilution to holders of existing Preferred shares.

² Net asset value and distributions are based on the actual number of units outstanding over the period. The (decrease) increase from operations is based on the weighted average number of units outstanding over the period.

	As at and for the years ended September 30				
<i>thousands, except per share/unit amounts</i>	2008	2007	2006	2005	2004
Total assets	\$1,324,645	\$1,715,531	\$1,311,924	\$955,921	\$675,250
Net asset value	852,455	1,281,731	1,069,785	717,145	436,495
Number of units outstanding	19,032	17,547	9,548	9,548	9,548
Management expense ratio (excluding dividends on Preferred shares and issue costs)	0.4%	0.2%	0.1%	—	0.1%
Management expense ratio (including dividends on Preferred shares and issue costs)	2.8%	1.6%	1.4%	1.7%	3.0%
Portfolio turnover rate ¹	N/A	N/A	N/A	N/A	N/A
Redemption price of Preferred shares					
Class A ²	\$ 25.50	\$ 25.75	\$ 26.00	\$ 26.25	\$ 26.50
Class AA Series I ³	N/A	N/A	N/A	N/A	N/A
Class AA Series III ⁴	N/A	N/A	N/A	N/A	N/A

¹ The company has not sold any securities within its investment portfolio since inception.

² The company amended the mandatory redemption date and redemption price on August 21, 2003.

³ Redemption period commences on March 25, 2009.

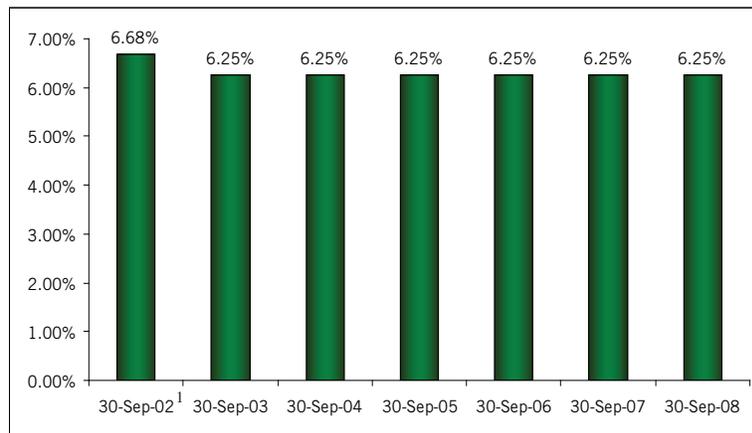
⁴ Redemption period commences on January 10, 2012.

PAST PERFORMANCE

Year by Year Returns

The following charts show the company's annual performance of its Class A Preferred shares, Class AA Series I Preferred shares and Class AA Series III Preferred shares since their issuance indicating, in percentage terms, that an investment made in these shares at issuance would yield 6.25%, 4.95% and 4.35%, for the year ended September 30, 2008, respectively, assuming the shares are sold at redemption price. The charts are not reflective of the current yield to maturity and past performance is not an indication of how the shares will perform in the future.

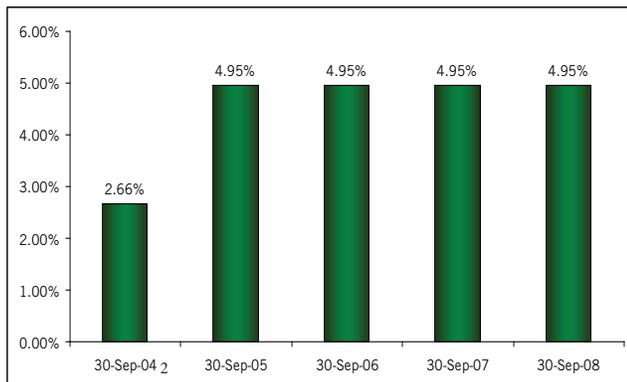
Annual Performance – Class A Preferred shares



¹ Reflects the period September 5, 2001 to September 30, 2002.

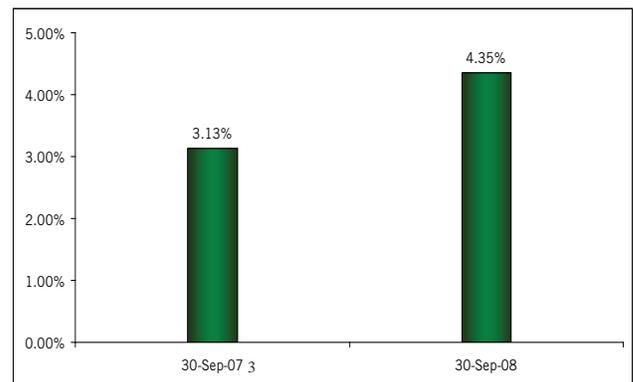
Annual Performance – Class AA Preferred shares

Series I



² Reflects the period September 18, 2004 to September 30, 2004.

Series III



³ Reflects the period January 10, 2007 to September 30, 2007.

Annual Compound Returns

The following table compares the yield on issuance of the company's preferred shares against the yield provided by a government of Canada bond that matures during a similar period. Return are based on the par value of a preferred share.

	Since Inception	Three-Year	One-Year
Preferred Shares Class A – September 30, 2010	6.25%	6.25%	6.25%
10-year Government of Canada Bonds – June 1, 2010	5.50%	5.50%	5.50%
Preferred Shares Class AA Series I – March 25, 2016	4.95%	4.95%	4.95%
10-year Government of Canada Bonds – June 1, 2015	4.50%	4.50%	4.50%
Preferred Shares Class AA Series III – January 10, 2019 ¹	4.35%	N/A	4.35%
10-year Government of Canada Bonds – June 1, 2018 ¹	4.25%	N/A	4.25%

¹ The Class AA Series III Preferred Shares were issued on January 10, 2007.

Investment Portfolio

The investment in the Brookfield shares, the associated costs and the fair values as at September 30, 2008, and September 30, 2007 are as follows:

<i>thousands</i>	Number of Shares		Cost		Fair Value	
	2008	2007	2008	2007	2008	2007
Brookfield Class A Limited Voting shares	46,161	45,023	\$571,155	\$548,068	\$1,322,964	\$1,714,024

Management's Responsibility for the Financial Statements

The accompanying financial statements and other financial information in this Annual Report have been prepared by the company's management who is responsible for their integrity, consistency, objectivity and reliability. To fulfill this responsibility, the company maintains policies, procedures and systems of internal control to ensure that its reporting practices and accounting and administrative procedures are appropriate to provide a high degree of assurance that relevant and reliable financial information is produced and assets are safeguarded. These controls include the careful selection and training of employees, the establishment of well-defined areas of responsibility and accountability for performance and the communication of policies and code of conduct throughout the company. These financial statements have been prepared in conformity with Canadian generally accepted accounting principles, and where appropriate, reflect estimates based on management's judgment. The financial information presented throughout this Annual Report is generally consistent with the information contained in the accompanying financial statements. Deloitte & Touche LLP, the independent auditors appointed by the shareholders, have examined the financial statements set out on pages 7 through 14 in accordance with auditing standards generally accepted in Canada to enable them to express to the shareholders their opinion on the financial statements. Their report is set out below. The financial statements have been further reviewed and approved by the Board of Directors acting through its Audit Committee, which is comprised of directors who are not officers or employees of the company. The Audit Committee, which meets with the auditors and management to review the activities of each and reports to the Board of Directors, oversees management's responsibilities for the financial reporting and internal control systems. The auditors have full and direct access to the Audit Committee and meet periodically with the committee both with and without management present to discuss their audit and related findings.

Toronto, Canada
December 11, 2008

"signed"

Brian D. Lawson
Chairman

Auditors' Report

To the Shareholders of BAM Split Corp.

We have audited the statements of net assets of BAM Split Corp. as at September 30, 2008 and 2007, and the statements of investment operations and retained earnings, changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the company as at September 30, 2008 and 2007 and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada
December 19, 2008



Chartered Accountants
Licensed Public Accountants

Statements of Net Assets

As at September 30 <i>thousands, except per share/unit amounts</i>	Note	2008	<i>2007</i>
Assets			
Cash and cash equivalents		\$ —	\$ 6
Investment portfolio, at fair market value	3	1,322,964	1,714,024
Future tax asset		—	1,479
Accounts receivable		1,681	22
Total assets		1,324,645	1,715,531
Liabilities			
Accounts payable		187	587
Preferred shares	4	472,003	433,213
Total liabilities		472,190	433,800
Net asset value		\$ 852,455	\$ 1,281,731
Shareholders' equity			
Capital shares	5	\$ 123,937	\$ 123,937
Retained earnings		728,518	1,157,794
		\$ 852,455	\$ 1,281,731
Number of units outstanding		19,032	17,547
Net asset value per Capital share ¹		\$ 44.79	\$ 67.35
Book value per Preferred share		24.80	24.69
Net asset value per unit		\$ 69.59	\$ 97.74

¹ Prior year adjusted to reflect February 7, 2008 Capital share split.

On behalf of the Board,

"signed"

Bruce K. Robertson
Director

"signed"

Brian D. Lawson
Director

Statements of Investment Operations and Retained Earnings

For the years ended September 30
thousands, except per share amounts

	<i>2008</i>	<i>2007</i>
Income		
Dividend income	\$ 22,771	\$ 22,144
Interest income	11	10
	22,782	22,154
Expenses		
Amortization of share issuance costs	1,682	1,396
Legal and audit fees	56	113
Listing fees	78	32
Management fees	20	20
Administrative fees	17	46
Directors fees	29	26
Custodial fees	10	9
Transfer agent fees	23	18
Rating fees	5	5
Other	9	13
Future tax expense	1,479	—
Interest and penalties relating to taxes	—	922
	3,408	2,600
Income available for distribution	19,374	19,554
Dividends paid on Preferred shares	(20,473)	(17,290)
Income available for distribution on Capital shares	(1,099)	2,264
Change in realized and unrealized (depreciation) appreciation of investment	(391,090)	212,079
Results of investment operations	\$ (392,189)	\$ 214,343
Opening retained earnings	\$ 1,157,794	\$ 945,835
Results of investment operations	(392,189)	214,343
Dividends paid on Capital shares	(37,087)	(3,916)
Transition adjustment - October 1, 2006	—	1,532
Retained earnings, end of year	\$ 728,518	\$ 1,157,794
Results of investment operations per Capital share^{1,2}	\$ (21.19)	\$ 12.90

¹ Based on weighted average number of Capital shares outstanding.

² Prior year adjusted to reflect February 7, 2008 Capital share split.

Statements of Changes in Net Assets

For the years ended September 30

thousands

2008

2007

Investment transactions

Change in realized and unrealized (depreciation) appreciation of investment portfolio	\$ (391,090)	\$ 212,079
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Income transactions

Income available for distribution	19,374	19,554
Dividends paid on Preferred shares	(20,473)	(17,290)
	(1,099)	2,264

Capital transactions

Dividends paid on Capital shares	(37,087)	(3,916)
Capital share redemptions	—	(13)
	(37,087)	(3,929)

Change in net asset value during the year	(429,276)	210,414
Net asset value, beginning of year	1,281,731	1,069,785
Transition adjustment - October 1, 2006	—	1,532
Net asset value, end of year	\$ 852,455	\$1,281,731

Statements of Cash Flows

For the years ended September 30
thousands

	2008	2007
Cash flow from operating activities		
Income available for distribution	\$ 19,374	\$ 19,554
Add (deduct) non-cash items:		
Amortization of share issuance costs	1,682	1,396
Future income tax	1,479	—
Net change in non-cash working capital	(2,068)	(1,333)
	20,467	19,617
Cash flow used in investing activities		
Purchase of investments	—	(193,239)
Cash flow used in financing activities		
Preferred share dividends	(20,473)	(17,290)
Capital share dividends	—	(3,916)
Preferred shares issued, net of retractions	—	199,975
Capital shares redeemed	—	(13)
Share issue costs on Preferred share issuance	—	(5,338)
	(20,473)	173,418
Decrease in cash and cash equivalents	(6)	(204)
Cash and cash equivalents balance, beginning of year	6	210
Cash and cash equivalents balance, end of year	\$ —	\$ 6
 Supplemental disclosures		
Cash income taxes paid	\$ —	\$ —

Notes to the Financial Statements

1. BASIS OF PRESENTATION

The company's portfolio of Class A Limited Voting shares ("Brookfield shares" or the "portfolio") of Brookfield Asset Management Inc. ("Brookfield") is carried at fair market value, which is the bid price on a recognized exchange, with any adjustment required being recorded as an unrealized appreciation (depreciation) on the Statements of Investment Operations and Retained Earnings.

Cash and cash equivalents includes any instruments with a maturity of less than 90 days.

Dividend income is recorded on the ex-dividend date.

Guarantees

In the normal course of operations, the company may execute agreements that provide for indemnification and guarantees to third parties. The nature of substantially all the indemnification undertakings precludes the possibility of making a reasonable estimate of the maximum potential amount that the company could be required to pay to third parties as the agreements often do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically the company has not made any significant payments under such indemnification agreements and guarantees.

2. CHANGES IN ACCOUNTING POLICIES

Financial Instruments-Disclosures and Presentation

On December 1, 2006, the CICA issued two new accounting standards, Section 3862, *Financial Instruments – Disclosures* and Section 3863, *Financial Instruments – Presentation*. These standards replace Section 3861, *Financial Instruments – Disclosures and Presentations* and enhance the disclosure of the nature and extent of risks arising from financial instruments and how the entity manages those risks. These standards were effective on October 1, 2007.

Capital Disclosures

On December 1, 2006, the CICA issued Section 1535, *Capital Disclosures*. Section 1535 requires the disclosure of: (i) an entity's objectives, policies and process for managing capital; (ii) quantitative data about an entity's managed capital; (iii) whether an entity has complied with capital requirements; and (iv) if an entity has not complied with such capital requirements, the consequences of such non-compliance. This standard was effective on October 1, 2007.

3. INVESTMENT PORTFOLIO

The company accounts for its investment in Brookfield at fair market value, which is considered for these purposes to be the bid price on a recognized exchange, with any adjustments required being recorded as an unrealized appreciation (depreciation) in the Statements of Investment Operations and Retained Earnings. On February 7, 2008, the company acquired 1.1 million Brookfield shares for consideration of \$37.1 million.

The investment in the Brookfield shares, the associated cost amounts and the fair values as at September 30, 2008 and September 30, 2007 are as follows:

<i>thousands</i>	Number of Shares		Cost		Fair Value	
	2008	2007	2008	2007	2008	2007
Brookfield Class A Limited Voting shares	46,161	45,023	\$ 571,155	\$ 548,068	\$ 1,322,964	\$ 1,714,024

4. PREFERRED SHARES

The company is authorized to issue an unlimited number of Class A, Class AA and up to 2,500,000 Class AAA Preferred shares.

As at September 30, 2008 and September 30, 2007, the following Preferred shares were issued and outstanding and have been included in liabilities, net of \$3.8 million (September 30, 2007 – \$5.5 million) of associated transaction costs which are amortized using the effective interest method of amortization.

	Issued and Outstanding			
	2008	2007	2008	2007
6.25% Class A	5,000,000	5,000,000	\$ 125,000,000	\$ 125,000,000
4.95% Class AA, Series I	3,199,000	3,199,000	79,975,000	79,975,000
0.00% Class AA, Series II	1,348,000	1,348,000	33,700,000	33,700,000
4.35% Class AA, Series III	8,000,000	8,000,000	200,000,000	200,000,000
0.00% Class AAA, Series I	1,484,672	—	37,116,800	—
			\$ 475,791,800	\$ 438,675,000

The fair values of the Class A, Class AA Series I and Series III Preferred shares based on quoted market prices as at September 30, 2008 were \$24.50 and \$19.50 and \$14.90 per share, respectively.

The company issued 1.5 million Class AAA, Series I Preferred shares for consideration of 1.1 million Brookfield shares through a private placement, during the year ended September 30, 2008.

Holders of Class A Preferred shares and Class AA Preferred shares, Series I and Class AA Preferred shares, Series III are entitled to receive cumulative quarterly dividends of \$0.390625, \$0.309375 and \$0.271875 per share respectively, payable on the 7th day of March, June, September and December in each year.

Class A and Class AA Series I Preferred shares may be surrendered for retraction at any time. The Class A and Class AA Series I Preferred share Retraction Price will be equal to the lesser of (i) 95% of Net Asset Value per Unit; and (ii) \$25.00 less 5% of the Net Asset Value per Unit, in either case less \$1.00.

Class AA Series II Preferred shares may be surrendered for retraction at any time. The Class AA Series II Preferred Share Retraction price will be equal to the lesser of (i) 95% of Net Asset Value per Unit less \$1.00; and (ii) \$24.00

Class AA Series III Preferred Shares may be surrendered for retraction at any time. The Class AA Series III Retraction Price will be equal to the lesser of (i) Net Asset Value per Unit, and (ii) \$25.00. Retraction Consideration will be a number of Series I Debentures determined by the dividing the Retraction Price by \$25.00.

The Series I Debentures will have a principal amount of \$25.00 per debenture and will mature on January 10, 2019. Holders of the Series I Debentures will be entitled to receive quarterly fixed interest payments at a rate of 4.45% per annum paid on or about the 7th day of March, June, September and December in each year. The Series I Debentures shall be redeemable by the Company at any time. The Series I debentures may not be retracted.

Class AAA Series I Preferred shares may be surrendered for retraction at any time. The Class AAA Series I Preferred Share Retraction price will be equal to the lesser of (i) 95% of Net Asset Value per Unit less \$1.00; and (ii) \$24.00

The "Net Asset Value per Unit" is defined as the fair value of the Portfolio shares held by the company plus (minus) the amount by which the value of the other assets of the company exceed (are less than) the liabilities (including any extraordinary liabilities) of the company and the redemption value of the Preferred shares, divided by the total number of Units outstanding. A "Unit" is considered to consist of one Capital share and one Preferred share of any class or series. For greater certainty, the Class A, Class AA Series I, II and III and Class AAA Series I Preferred shares will not be treated as liabilities for purposes of determining Net Asset Value per Unit.

Redemption

The Class A Preferred shares issued, outstanding and as amended may be redeemed by the company at any time prior to the Redemption Date at a price (the "Class A Preferred share Redemption Price") which, at September 30, 2008, equals \$25.50 and which will decline by \$0.25 each year to be equal to \$25.00 after September 30, 2009. Any Class A Preferred shares outstanding on the Redemption Date, will be redeemed for the lesser of \$25.00 plus any accrued and unpaid dividends and the Net Asset Value per Unit.

The company will only redeem Class A Preferred shares prior to the Redemption Date if the Capital shares have been retracted, if there is a take-over bid for the Brookfield shares and the Board of Directors determines that such bid is in the best interest of the holders of the Capital shares, or if a further issue of Preferred shares is completed; the proceeds from which would be used to redeem outstanding Preferred shares.

The Class AA Series I Preferred shares may be redeemed by the company at any time after March 25, 2009 and prior to the redemption date for the Class AA Series I Preferred shares at a price which until March 25, 2013 will equal \$26.00 per share plus accrued and unpaid dividends and which will decline by \$0.25 each year thereafter to be equal to \$25.00 on March 25, 2016 (the "Class AA Series I Redemption Date"). All Class AA Series I Preferred shares outstanding on the Class AA Series I Redemption Date will be redeemed for a cash amount equal to the lesser of \$25.00 plus any accrued and unpaid dividends and the Net Asset Value per Unit. Notwithstanding the first sentence of this paragraph, the company may redeem Class AA Series I Preferred shares prior to March 25, 2009 for \$26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA Series I Preferred shares prior to the Class AA Series I Redemption Date unless: (i) Capital shares have been retracted; or (ii) there is a take-over bid for the Brookfield shares and the Board of Directors of the company determines that such bid is in the best interest of the holders of the Capital shares. In addition, the company may redeem Class AA Series I Preferred shares after March 25, 2009 but prior to the Class AA Redemption Date if the redemption of the then outstanding Class AA Series I Preferred shares will occur using net proceeds from the issuance of Class AA Series I or other class of preferred shares.

Holders of the Preferred shares are not entitled to vote at meetings of shareholders of the company other than meetings of holders of the Preferred shares.

Class AA Series II Preferred shares may be redeemed by the Company at anytime at a price equal to the lesser of (i) \$25.00; and (ii) Net Asset Value per Unit on the Redemption Date.

Class AA Series III Preferred Shares may be redeemed by the Company at any time on or after January 10, 2012 and prior to January 10, 2019 (the "Series III Redemption Date"). All Class AA Series III Preferred Shares outstanding on the Class AA Series III Redemption Date will be redeemed for a cash amount equal to the lesser of \$25.00 plus any accrued and unpaid dividends, and the Net Asset Value per Unit. Notwithstanding the first sentence of this paragraph, the Company may redeem Class AA Series III Preferred Shares prior to January 10, 2012 for \$26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA Series III Preferred Shares prior to the Series III Redemption Date unless: (i) Capital Shares have been retracted; or (ii) there is a take-over bid for the Brookfield Shares and board of directors of the Company determines that such a bid is in the best interest of the holders of the Capital Shares. In addition, the Company may redeem Class AA Series III Preferred Shares on or after January 10, 2012 but prior to the Class AA Series III Redemption Date if the redemption of the then outstanding Class AA Series III Preferred Shares will occur using net proceeds from the issuance of a new series or class of preferred shares.

Class AAA Series I Preferred shares may be redeemed by the Company at anytime at a price equal to the lesser of (i) \$25.00; and (ii) Net Asset Value per Unit on the Redemption Date.

5. CAPITAL SHARES

The company is authorized to issue an unlimited number of Capital shares.

The issued and outstanding share capital as at September 30, 2008 and September 30, 2007 consists of:

	Issued and Outstanding			
	2008	2007	2008	2007
Capital shares	19,031,672	17,547,000	\$ 123,937,000	\$ 123,937,000
Class A Voting shares	100	100	100	100
			\$ 123,937,100	\$ 123,937,100

The Capital shares were subdivided following the issuance of 1.5 million Class AAA, Series I Preferred shares during the period ended March 31, 2008.

Holders of Capital shares are entitled to receive dividends as declared by the Board of Directors of the company. The Board of Directors of the company has indicated that its policy is to pay dividends, if and to the extent that the dividends received on the Portfolio shares, less the administrative and operating expenses of the company, exceed the Preferred share dividends. During 2008, the company declared and paid dividends in the amount of \$37.1 million (2007 – \$3.9 million) to its Capital shareholders representing the special dividend it received from Brookfield in the form of Brookfield Infrastructure Partners shares. This resulted in a realized gain of \$24 million.

If the company undertakes any future issuance of Preferred shares, the articles of the company will be amended to either subdivide or consolidate, as applicable, such that the number of Capital shares outstanding after such subdivision or consolidation would be equal to the number of Preferred shares of all classes or series outstanding immediately after such issuance.

Capital shares may be surrendered for retraction at any time upon delivery of a retraction notice. The Capital share Retraction Price is equal to the amount by which 95% of the Net Asset Value per Unit calculated as at the applicable Valuation Date, less \$1.00, exceeds the Preferred share Redemption Price on such date.

If any Capital shares are retracted, the company will, as necessary and subject to applicable laws, redeem or purchase for cancellation in the open market Preferred shares in order to ensure that the number of preferred shares or any classes or series outstanding equals the number of Capital shares outstanding.

Capital shares may be redeemed by the company at any time at a price equal to the amount, if any, by which the Net Asset Value per Unit exceeds the Preferred Share Redemption Price of all outstanding classes and series.

Holders of the Capital shares are not entitled to vote at meetings of shareholders of the company other than meetings of holders of the Capital shares.

6. INCOME TAXES

The company qualifies and intends to continue to qualify as a mutual fund corporation under the Income Tax Act (Canada) (the "Act"), and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances.

The company receives tax-free dividend income; consequently, the company has no effective taxable income. However, the company is generally subject to a tax of 33-1/3% under Part IV of the Act on taxable dividends received. This tax is fully refundable upon payment of sufficient dividends.

As the company has the intention and ability to qualify as a mutual fund corporation to manage its affairs in such a way as to transfer any liability to its shareholders, no provision for income tax has been made.

For the year ended September 30, 2008, the company de-recognized a \$1.5 million future tax asset as the recognition criteria was no longer satisfied.

The company has \$1.3 million (2007 – \$3.7 million) non-capital losses which expire in 2027 and 2028 and \$3.7 million (2007 – \$4.3 million) of undeducted share issue expenses available to offset taxable income, if any, in future years. The benefit of these losses and undeducted share issue expenses have not been recorded in these financial statements. The carrying value of the company's investment in Brookfield shares exceeds its tax value by \$840 million (2007 – \$1,237 million).

7. MANAGEMENT FEES

The company's operations are managed by Brookfield, which is entitled to a fee of up to 10% of ordinary expenses of the company. For the year ended September 30, 2008, the company paid management fees of \$20,000 (2007 – \$20,000).

8. RISK MANAGEMENT

The company is exposed to the following risks as a result of holding financial instruments: foreign currency risk, market price risk, interest rate risk and credit risk.

Foreign Currency Risk

Brookfield declares dividends in U.S. dollars, which are then converted to Canadian dollars for distribution to Canadian shareholders, including the company. During the period ended September, 2008, a \$0.01 appreciation in the U.S. dollar relative to the Canadian dollar would have increased income available for distribution by \$0.06 million related to the Brookfield dividends.

Market Price Risk

The value of Brookfield Class A shares are exposed to variability in fair value due to movements in equity prices. As a result, the fair value of the company's investment portfolio may vary from time to time. The company records these investments at market value. A \$1.00 increase or decrease in the market price will increase or decrease the carrying value of the investment in Brookfield by \$46.2 million, on a pre-tax basis and will increase or decrease the net assets value per unit by \$2.43.

Interest Rate Risk

The company's Preferred shares are fixed rate and the company has negligible floating rate assets or liabilities. Accordingly, changes in the interest rates do not have an impact on income available for distribution.

Credit Risk

The company has no material counterparty risk as of September 30, 2008.

Liquidity Risk

The company's Preferred shares expose the company to liquidity risk to fund dividend obligations. The company endeavors to maintain dividend income that exceeds the projected dividend obligations and expects to be able to continue to achieve this objective based on current circumstances. Management expects to fund any retraction obligations through a combination of ongoing cash flow, the proceeds from any new financing and proceeds from the sale of Brookfield shares.

9. CAPITAL MANAGEMENT

The company's objective is to invest in Brookfield shares that will generate cash dividends to fund fixed preferential cumulative quarterly dividends for the holders of the company's preferred shares and enable the holders of the company's capital shares to participate in any capital appreciation in the Brookfield shares.

The capital base managed by the company consists of shareholders' equity with a carrying value of \$852.5 million at September 30, 2008, and \$475.8 million of retractable fixed rate Preferred shares. There have been no material changes in the company's capital during the period ended September 30, 2008. The company has complied with all covenants, which are limited, and is subject to any externally imposed capital requirements.

10. OTHER

The company has a \$4.0 million credit facility with Brookfield Investment Corp. This facility is due on demand with interest at the prime rate. As at September 30, 2008 there was \$nil (2007 – \$nil) outstanding under this facility.

Included in Accounts receivable and Accounts payable is \$1.7 million (2007 – \$0.0 million) and \$nil (2007 – \$0.4 million) respectively, due to a related party.

The weighted average number of Capital shares/units outstanding during the year was 18.5 million.

Corporate Information

OFFICERS AND DIRECTORS

Brian D. Lawson
Director and Chairman

Bruce K. Robertson
Director, President and Chief Executive Officer

John P. Barratt⁽¹⁾
Director

James L.R. Kelly⁽¹⁾
Director

R. Frank Lewarne⁽¹⁾
Director

Derek E. Gorgi
Director and Chief Financial Officer

Loretta M. Corso
Corporate Secretary

(1) Member of the Audit Committee

INDEPENDENT REVIEW COMMITTEE

John P. Barratt

James L.R. Kelly

James C. Bacon

AUDITORS

Deloitte & Touche LLP
Chartered Accountants

LEGAL COUNSEL

Torys LLP

STOCK EXCHANGE LISTING

The company's Preferred shares are listed on the Toronto Stock Exchange under the following symbols:

<i>Security</i>	<i>Symbol</i>
Class A Preferred Shares	BNA.PR.A
Class AA Preferred Shares, Series I	BNA.PR.B
Class AA Preferred Shares, Series III	BNA.PR.C

YEAR END

September 30

Enquiries

Enquiries relating to the operations of the company should be directed to the company's Head Office:

BAM Split Corp.
Brookfield Place, 181 Bay Street
Suite 300, P.O. Box 770
Toronto, Ontario
M5J 2T3

Tel: (416) 363-9491
Fax: (416) 365-9642
Website: www.bamsplit.com

Enquiries relating to dividends, address changes and share certificates should be directed to the company's Transfer Agent:

CIBC Mellon Trust Company
P.O. Box 7010
Adelaide Street Postal Station
Toronto, Ontario
M5C 2W9

Tel: (416) 643-5500 or
(800) 387-0825
(toll free within North America)
Fax: (416) 643-5501
Website: www.cibcmellon.com
E-mail: inquiries@cibcmellon.com



BAM Split Corp.

Brookfield Place, 181 Bay Street
Suite 300, P.O. Box 770
Toronto, Ontario M5J 2T3