

Contents

Management's Report on Fund Performance.....	1
Management's Responsibility for the Financial Statements	6
Auditors' Report	6
Financial Statements	7
Notes to the Financial Statements.....	11
Corporate Information	15
Enquires	15

This Annual Report contains forward-looking information within the meaning of Canadian provincial securities laws concerning the company's business and operations. The words "objective", "likely", "generally", "believe", "ensure", "intends", "endeavours", "expects", "enable" and "continue" and other expressions of similar import, or negative variations thereof, and similar expressions of future or conditional verbs such as "will", "may", "shall", "can", "could", "often" and "would" are predictions of or indicate future events or prospects or identify forward-looking information. Forward-looking information in this Annual Report include among others, statements with respect to the company's objective of generating cash dividends to fund fixed preferential cumulative quarterly dividends for the holders of its preferred shares by investing in Class A Limited Voting Shares ("Brookfield Shares") of Brookfield Asset Management Inc. ("Brookfield") and enabling the holders of its capital shares to participate in any capital appreciation of the Brookfield Shares, fluctuations in the market value of the company's units, fluctuations in exchange rates, the company's international financial reporting standards ("IFRS") conversion plan, the impact of the adoption of IFRS on the company's reported financial position and results of operations, future classification of the company's investments, redemption and retractions of the company's preferred shares and capital shares, the company's future qualification as a mutual fund corporation under the Income Tax Act (Canada), variations in the value of the company's investment portfolio, potential exposure to liquidity risk to fund dividend obligations, the company's ability to fund retraction obligations and obligations of the company under potential indemnification and guarantee agreements.

Although the company believes that the anticipated future results or achievements expressed or implied by the forward-looking information and statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on the forward looking statements and 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 information and statements.

Factors that could cause actual results to differ materially from those contemplated or implied by the forward-looking information include interest and exchange 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. We caution that the foregoing list of important factors that affect future results is not exhaustive. When relying on our forward-looking information to make decisions with respect to the company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, in the company undertakes no obligation to publicly update or revise any forward-looking information or statements, whether written or oral, that may be 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, 2010.

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 ("Brookfield Shares") of Brookfield Asset Management Inc. ("Brookfield") which generate cash flow through dividend payments that fund quarterly fixed cumulative preferential dividends for the holders of the company's preferred shares, and provide the holders of the company's capital shares the opportunity 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 ("unit").

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 Brookfield 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 it 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, 2010 were \$1,547.4 million, compared to \$1,295.5 million at September 30, 2009. The increase in the total assets reflects a \$4.69 increase in the market value of a Brookfield Share during the year which resulted in a \$249.3 million increase in the market value of the investment portfolio. The fair value of the company's investment portfolio at September 30, 2010 was \$1,544.8 million (September 30, 2009 – \$1,295.5 million).

As at September 30, 2010, the net asset value of the company was \$1,181.0 million, an increase of 26.5% from the value of \$933.9 million at September 30, 2009. On a per unit basis, net asset value was \$104.97 at September 30, 2010 compared to \$88.05 as at September 30, 2009 representing an increase of 19.2%. The increase in net asset value per unit is the result of an increase in the quoted market value of Brookfield Shares.

The company generated income available for distribution for the year ended September 30, 2010 of \$26.7 million compared to \$26.0 million in the prior year as a result of an increase in the number of Brookfield Shares held throughout the year compared to the prior year.

During the year, the company paid dividends of \$19.9 million and \$8.9 million to the holders of preferred shares and capital shares, respectively, compared to \$19.9 million and \$9.8 million for the same period in the prior year.

On December 10, 2010, the company issued \$125.0 million of Class AA, Series 5 Preferred Shares ("Series 5 Shares"). The Series 5 Shares pay a fixed dividend of 4.85% per annum and will have a final maturity of December 10, 2017. The net proceeds of the offering will be used to pay a special dividend to the holders of the Company's Capital 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, 2010, Brookfield charged a fee of \$30,000 (2009 – \$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 over the last five years 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	2010	2009	2008	2007	2006
Net asset value per unit, beginning of year	\$ 88.05	\$ 69.59	\$ 97.74	\$ 137.04	\$ 100.11
Financial instruments transition adjustment	—	—	—	(0.10)	—
Share issuance proceeds	—	8.01	2.00	13.05	—
Share issuance costs	—	(0.22)	—	(0.35)	—
Net asset value antidilution (dilution) ^{1, 2}	—	20.03	(7.05)	(65.73)	—
Increase (decrease) from operations:					
Total revenue	1.96	1.57	1.23	1.45	1.64
Total expenses ⁴	(0.03)	(0.08)	(0.09)	(0.08)	(0.10)
Realized and unrealized gains (losses) for the year	16.95	(9.25)	(21.13)	13.84	36.96
Total increase (decrease) from operations ³	18.88	(7.76)	(19.99)	15.21	38.50
Distributions:					
From interest and dividends	(1.96)	(1.60)	(3.11)	(1.38)	(1.57)
Total annual distributions	(1.96)	(1.60)	(3.11)	(1.38)	(1.57)
Net asset value per unit, end of year	\$ 104.97	\$ 88.05	\$ 69.59	\$ 97.74	\$ 137.04

1 Antidilution occurred during 2009 as a result of the consolidation of capital shares following the conversion of preferred shares held by BAM Investments Corp. into capital shares and the purchase of 7.0 million Brookfield Shares for consideration of capital shares issued.

2 Dilution occurred as a result of the subdivision of capital shares following the retraction/redemption of preferred shares during 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. This resulted in the dilution to holders of the existing preferred shares.

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

4. Total expenses net of non-cash preferred share issuance cost amortization.

<i>thousands, except per share/unit amounts</i>	As at and for the years ended September 30				
	2010	2009	2008	2007	2006
Total assets	\$ 1,547,354	\$1,295,547	\$1,324,645	\$1,715,531	\$1,311,924
Net asset value	1,181,011	933,866	852,455	1,281,731	1,069,785
Number of units outstanding	14,713	14,713	19,032	17,547	9,548
Management expense ratio (excluding dividends on preferred shares, issue costs and Class A Preferred Share redemption premium)	0.0%	0.0%	0.2%	0.1%	0.1%
Management expense ratio (including dividends on preferred shares, issue costs and Class A Preferred Share redemption premium)	1.9%	2.5%	2.8%	1.6%	1.4%
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
Class AA Series 1 ³	26.00	26.00	N/A	N/A	N/A
Class AA Series 3 ⁴	N/A	N/A	N/A	N/A	N/A
Class AA Series 4 ⁵	26.00	26.00	N/A	N/A	N/A

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

² Redeemed on July 27, 2009.

³ Redemption period commenced on March 25, 2009.

⁴ Redemption period commences on January 10, 2012.

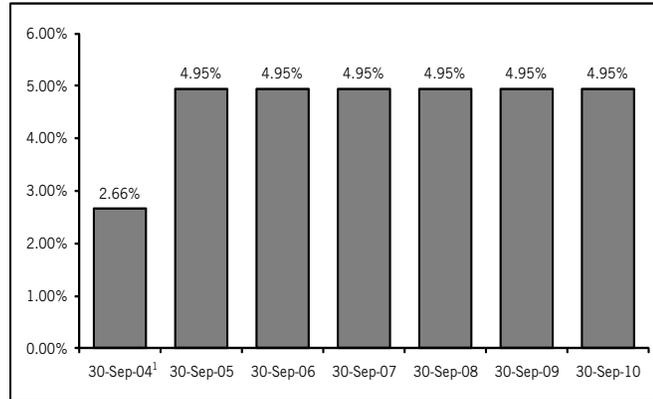
⁵ Mandatory redemption on July 9, 2014.

PAST PERFORMANCE

Year by Year Returns

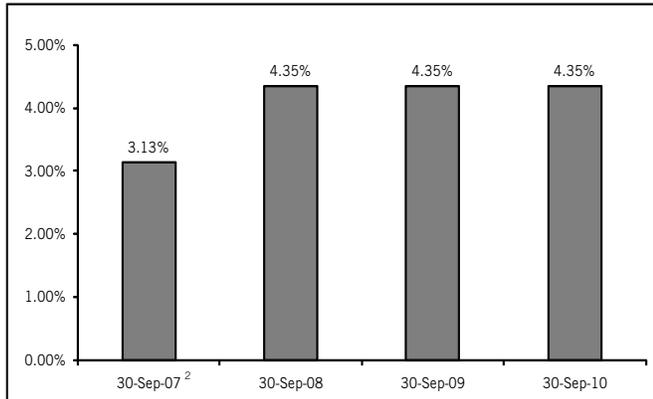
The following charts show the company's annual performance of its Class AA Series 1, Series 3 and Series 4 Preferred Shares since issuance indicating, in percentage terms, that an investment made in these preferred shares at issuance would yield 4.95% and 4.35% and 7.25% for the year ended September 30, 2010, respectively, assuming the preferred shares are sold at redemption price at maturity. The charts are not reflective of the current yield to maturity and past performance is not an indication of how the preferred shares will perform in the future.

Class AA Series 1 Preferred Shares



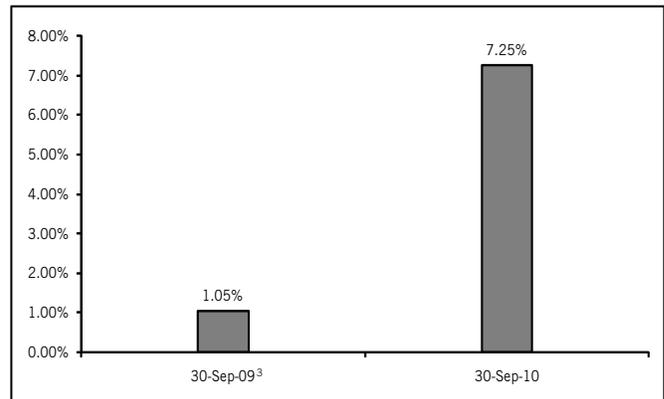
¹ Reflects the period September 18, 2004 to September 30, 2004.

Class AA Series 3 Preferred Shares



² Reflects the period January 10, 2007 to September 30, 2007.

Class AA Series 4 Preferred Shares



³ Reflects the period July 9, 2009 to September 30, 2009.

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. Returns are based on the par value of a preferred share.

	Since Inception	Three-Year	One-Year
Preferred shares Class AA Series 1 – March 25, 2016 ¹	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 3 – January 10, 2019 ²	4.35%	4.35%	4.35%
10-year Government of Canada Bonds – June 1, 2018	4.25%	4.25%	4.25%
Preferred shares Class AA Series 4 – July 9, 2014 ³	7.25%	N/A	7.25%
5-year Government of Canada Bonds – December 1, 2014	2.00%	N/A	2.00%

¹ The Class AA Series 1 Preferred shares were issued on March 25, 2004.

² The Class AA Series 3 Preferred shares were issued on January 10, 2007.

³ The Class AA Series 4 Preferred shares were issued on July 9, 2009.

Investment Portfolio

The investment in the Brookfield Shares, the associated costs and the fair values as at September 30, 2010, and September 30, 2009 are as follows:

<i>thousands</i>	Number of Shares		Cost		Fair Value	
	2010	2009	2010	2009	2010	2009
Brookfield Class A Limited Voting Shares	53,161	53,161	\$715,234	\$715,234	\$1,544,848	\$1,295,525

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The AcSB announced in September 2010 that International Financial Reporting Standards ("IFRS") will replace Canadian Generally Accepted Accounting Principals ("GAAP") for investment companies, as defined in and applying Accounting Guidelines 18 *Investment Companies*, for the financial periods beginning on and after January 1, 2012, with earlier adoption permitted. The company has developed and is in the process of implementing an IFRS conversion plan that will address changes in accounting policy, the restatement of comparative periods, organizational and internal control and the modification of existing systems, in addition to other related business matters. The company expects to complete its implementation of this plan prior to the filing of its first financial statement prepared under IFRS. Overall responsibility for the implementation and success of the company's conversion plan rests with the company's senior financial management who report to and are overseen by the company's Audit Committee.

Significant differences between IFRS and Canadian GAAP

IFRS are premised on a conceptual framework similar to Canadian GAAP, however, significant differences exist in certain matters of recognition, measurement and disclosure. The adoption of IFRS will not change the cash flows generated by the company; however, the adoption of IFRS may result in changes to the reported financial position and results of operations of the company.

A detailed analysis of the differences between IFRS and the company's current accounting policies under Canadian GAAP is currently in process. At this time, the company has not identified any significant differences between Canadian GAAP and IFRS.

IFRS 1 First-time Adoption of International Financial Reporting Standards

The adoption of IFRS requires the application of IFRS 1 First-time Adoption of International Financial Reporting Standards ("IFRS 1"), which provides guidance for an entity's initial adoption of IFRS. IFRS 1 generally requires that an entity apply all standards effective at the end of its first IFRS reporting period retrospectively. However, IFRS 1 does require certain mandatory exceptions and provides limited optional exemptions in specified areas of certain standards from this general requirement. The company does not expect to elect any of the available optional exemptions on adoption of IFRS.

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 15 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, and meet periodically with, the Audit Committee both with and without management present to discuss their audit and related findings.

Toronto, Canada
December 8, 2010



Edward C. Kress
President

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, 2010 and 2009, 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, 2010 and 2009 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 9, 2010



Chartered Accountants
Licensed Public Accountants

Statements of Net Assets

As at September 30 <i>thousands, except per share/unit amounts</i>	Note	2010	2009
Assets			
Cash and cash equivalents		\$ 10	\$ 1
Investment portfolio, at fair market value	2	1,544,848	1,295,525
Accounts receivable		2,496	21
Total assets		1,547,354	1,295,547
Liabilities			
Accounts payable		2,901	89
Preferred shares	3	363,442	361,592
Total liabilities		366,343	361,681
Net asset value		\$ 1,181,011	\$ 933,866
Shareholders' equity			
Capital shares	4	\$ 380,244	\$ 380,244
Retained earnings		800,767	553,622
		\$ 1,181,011	\$ 933,866
Number of units outstanding		14,713	14,713
Net asset value per capital share		\$ 80.27	\$ 63.47
Book value per preferred share		24.70	24.58
Net asset value per unit		\$ 104.97	\$ 88.05

On behalf of the Board,



Edward C. Kress
Director and President



Brian D. Lawson
Director

Statements of Investment Operations and Retained Earnings

For the years ended September 30

thousands, except per share amounts

	2010	2009
Income		
Dividend income	\$ 28,856	\$ 29,079
Interest and other income	5	62
	28,861	29,141
Expenses		
Amortization of share issuance costs	1,850	1,689
Listing fees	72	62
Legal and audit fees	61	56
Directors' fees	46	38
Transfer agent fees	37	27
Management fees	30	20
Rating fees	20	5
Custodial fees	12	10
Administrative fees and other	55	30
Class A Preferred Share redemption premium	—	1,200
	2,183	3,137
Income available for distribution	26,678	26,004
Dividends paid on preferred shares	(19,937)	(19,898)
Income available for distribution on capital shares	6,741	6,106
Change in realized and unrealized value of investment	249,323	(171,118)
Results of investment operations	\$ 256,064	\$ (165,012)
Opening retained earnings	\$ 553,622	\$ 728,518
Results of investment operations	256,064	(165,012)
Dividends paid on capital shares	(8,919)	(9,776)
Redemption of capital shares	—	(108)
Retained earnings, end of year	\$ 800,767	\$ 553,622
Results of investment operations per capital share^{1,2}	\$ 17.40	\$ (8.92)

¹ Based on weighted average number of capital shares outstanding.

² Prior year adjusted to reflect July 31, 2009 capital share consolidation.

Statements of Changes in Net Assets

For the years ended September 30

thousands

	2010	2009
Investment transactions		
Change in realized and unrealized value of investment portfolio	\$ 249,323	\$ (171,118)
Income transactions		
Income available for distribution	26,678	26,004
Dividends paid on preferred shares	(19,937)	(19,898)
	6,741	6,106
Capital transactions		
Dividends paid on capital shares	(8,919)	(9,776)
Capital shares issued, net of redemptions	—	256,199
	(8,919)	246,423
Change in net asset value during the year	247,145	81,411
Net asset value, beginning of year	933,866	852,455
Net asset value, end of year	\$1,181,011	\$ 933,866

Statements of Cash Flows

For the years ended September 30
thousands

	2010	2009
Cash flow from operating activities		
Income available for distribution	\$ 26,678	\$ 26,004
Add (deduct) non-cash items:		
Amortization of share issuance costs	1,850	1,689
Net change in non-cash working capital	(2,513)	1,529
	26,015	29,222
Cash flow used in financing activities		
Preferred share dividends	(19,937)	(19,898)
Capital share dividends	(6,069)	(9,776)
Preferred shares issued	—	125,000
Preferred shares redeemed	—	(120,241)
Capital shares redeemed	—	(172)
Preferred share issue costs	—	(4,134)
	(26,006)	(29,221)
Increase (decrease) in cash and cash equivalents	9	1
Cash and cash equivalents balance, beginning of year	1	—
Cash and cash equivalents balance, end of year	\$ 10	\$ 1

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 a change in unrealized value of investment 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.

Certain comparative figures have been reclassified to conform with the current year's presentation.

2. INVESTMENT PORTFOLIO

The investment in the Brookfield shares, the associated cost amounts and the fair values as at September 30, 2010 and September 30, 2009 are as follows:

<i>thousands</i>	Number of Shares		Cost		Fair Value	
	2010	2009	2010	2009	2010	2009
Brookfield Class A Limited Voting Shares	53,161	53,161	\$ 715,234	\$ 715,234	\$ 1,544,848	\$ 1,295,525

3. PREFERRED SHARES

The company is authorized to issue an unlimited number of Class A, Class AA and Class AAA Preferred Shares.

As at September 30, 2010 the following Preferred Shares were issued and outstanding and have been included in liabilities, net of \$4.4 million (September 30, 2009 – \$6.2 million) of associated transaction costs which are amortized using the effective interest method of amortization.

<i>thousands</i>	Issued and Outstanding			
	2010	2009	2010	2009
4.95% Class AA Series 1	2,076	2,076	\$ 51,905	\$ 51,905
4.35% Class AA Series 3	7,637	7,637	190,920	190,920
7.25% Class AA Series 4	5,000	5,000	125,000	125,000
	14,713	14,713	367,825	367,825
Transaction costs			(4,383)	(6,233)
			\$ 363,442	\$ 361,592

The fair values of the Class AA Series 1, Series 3 and Series 4 Preferred Shares based on quoted market prices as at September 30, 2010 were \$25.30 and \$21.60 and \$26.88 per share, respectively.

Retraction

Class AA Series 1 Preferred Shares may be surrendered for retraction at any time. The Class AA Series 1 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 3 Preferred shares may be surrendered for retraction at any time. The Class AA Series 3 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 1 Debentures determined by dividing the Retraction Price by \$25.00.

The Series 1 Debentures will have a principal amount of \$25.00 per debenture and will mature on January 10, 2019. Holders of the Series 1 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 1 Debentures shall be redeemable by the Company at any time. The Series 1 debentures may not be retracted.

Class AA Series 4 Preferred shares may be surrendered for retraction any time. The Class AA Series 4 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 2 Debentures determined by dividing the holder's aggregate Preferred share Retraction Price by \$25.00.

The Series 2 Debentures will have a principal amount of \$25.00 per debenture and will mature on July 9, 2014. Holders of the Series 2 Debentures will be entitled to receive quarterly fixed interest payments at a rate of 7.35% per annum paid on or about

the 7th day of March, June, September and December in each year. The Series 2 Debentures can be redeemed by the Company at any time. The Series 2 Debentures may not be retracted.

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, Class AA Series 1, Series 3 and Series 4 Preferred Shares will not be treated as liabilities for purposes of determining Net Asset Value per Unit.

Redemption

The Class AA Series 1 Preferred Shares may be redeemed by the company at any time prior to the redemption date for the Class AA Series 1 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 1 Redemption Date"). All Class AA Series 1 Preferred Shares outstanding on the Class AA Series 1 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. In addition, the company may redeem Class AA Series 1 Preferred Shares after March 25, 2009 but prior to the Class AA Redemption Date if the redemption of the then outstanding Class AA Series 1 Preferred Shares will occur using net proceeds from the issuance of Class AA Series 1 Preferred Shares or another class of preferred shares.

Class AA Series 3 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 3 Redemption Date"). All Class AA Series 3 Preferred shares outstanding on the Class AA Series 3 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 3 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 3 Preferred Shares prior to the Series 3 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 a bid is in the best interest of the holders of the capital shares. In addition, the company may redeem Class AA Series 3 Preferred Shares on or after January 10, 2012 but prior to the Class AA Series 3 Redemption Date if the redemption of the then outstanding Class AA Series 3 Preferred Shares will occur using net proceeds from the issuance of a new series or class of preferred shares.

Class AA Series 4 Preferred Shares are mandatory redeemable on July 9, 2014 (the "Series 4 Redemption Date") for the lessor of (i) \$25.00 plus any accrued and unpaid dividend and (ii) the Net Asset Value per Unit. The Series 4 Preferred Shares may be redeemed prior to the Series 4 redemption date for \$26.00 per share plus any accrued and unpaid dividends if: (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.

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.

4. CAPITAL SHARES

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

The issued and outstanding share capital as at September 30, 2010 and September 30, 2009 consists of:

	Issued and Outstanding			
	2010	2009	2010	2009
Capital shares	14,713,000	14,713,000	\$ 380,244,098	\$ 380,244,098
Class A Voting shares	100	100	100	100
			\$ 380,244,198	\$ 380,244,198

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 2010, the company declared dividends in the amount of \$8.9 million (2009 – \$9.8 million) to its Capital shareholders.

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.

5. 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 net 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 and to manage its affairs in such a way as to transfer any liability to its shareholders, no provision for income tax has been made.

The company has \$2.0 million (2009 – \$4.2 million) of non-capital losses which expire in 2027 and 2028 and \$4.4 million (2009 – \$6.3 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 \$1,029 million (2009 – \$787 million).

6. 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, 2010, the company paid management fees of \$30,000 (2009 – \$20,000).

7. 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 year ended September 30, 2010, a \$0.01 appreciation in the U.S. dollar relative to the Canadian dollar would have increased income available for distribution by \$0.3 million related to the Brookfield dividends.

Market Price Risk

The value of the Brookfield Shares is 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 \$53.2 million, on a pre-tax basis and will increase or decrease the net assets value per unit by \$3.61.

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, 2010.

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.

8. 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 \$1,181.0 million at September 30, 2010, and \$367.8 million of retractable fixed rate preferred shares.

9. OTHER

The company has a \$4.0 million credit facility with Brookfield. This facility is due on demand with interest at the prime rate. As at September 30, 2010 there was \$nil (2009 – \$nil) outstanding under this facility.

The weighted average number of capital shares/units outstanding during the year was 14.7 million.

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.

10. SUBSEQUENT EVENTS

On December 10, 2010, the company issued \$125.0 million Class AA Preferred Shares, Series 5 (the "Series 5 Preferred Shares"). The Series 5 Preferred Shares will carry a fixed coupon of 4.85% per annum and will have a final maturity of December 10, 2017. The net proceeds of the offering will be used to pay a special cash dividend to holders of the company's Capital shares.

Corporate Information

OFFICERS AND DIRECTORS

Frank N. C. Lochan
Director and Chairman

Edward C. Kress
Director and President

John P. Barratt^{1, 2}
Director

Derek E. Gorgi
Director and Chief Financial Officer

James L. R. Kelly^{1, 2}
Director

Brian D. Lawson
Director

R. Frank Lewarne¹
Director

Loretta M. Corso
Corporate Secretary

¹ Member of the Audit Committee

² Member of the Independent Review Committee

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 AA Preferred shares, Series 1	BNA.PR.B
Class AA Preferred shares, Series 3	BNA.PR.C
Class AA Preferred shares, Series 4	BNA.PR.D

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
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