NEW YORK--(BUSINESS WIRE)--Fitch Ratings has affirmed the Issuer Default Rating (IDR) and senior unsecured debt rating of Brookfield Asset Management Inc. (BAM) at 'BBB'. The Rating Outlook is Stable. Approximately CAD$4.5 billion of long-term debt is affected by this rating action.

Key Positive Rating Drivers

--Diversified and stable revenue sources from a global investment portfolio;

--Underlying commercial real estate, power generation, and infrastructure assets are individually cash-flow producing, enhancing liquidity;

--Enhanced financial flexibility from holding company structure with key subsidiaries publicly listed and maintaining direct access to capital.

Key Negative Rating Drivers

--Structural subordination of the majority of BAM's cash flows to debt at the project level or subsidiary debt;

--High degree of leverage at the operating entities;

--Opportunistic value-oriented investment strategy can alter the risk profile.

BAM is a holding company that through majority-owned or -controlled operating subsidiaries owns a diversified business portfolio, principally commercial real estate, power generation, and infrastructure assets, which provide a stable stream of earnings and cash flows. BAM also derives a stable and recurring revenue stream from its asset management business.

BAM's credit profile is supported by the equity values of BAM's subsidiaries, the largest of which are publicly traded, as well as substantial dividends or distributions from its subsidiaries and investments which are concentrated in the real estate, power generation, and infrastructure sectors. The largest publicly traded investments, Brookfield Property Partners, Brookfield Infrastructure Partners, and Brookfield Renewable Energy, provide recurring fees and distributions that provide substantial interest and asset coverage support to BAM's outstanding parent-level debt.

In April 2013, BAM initiated the restructuring of its commercial real estate holdings through the creation of Brookfield Property Partners which will consolidate BAM's commercial real estate properties and its investments in General Growth Properties and Brookfield Office under one platform.

As a holding company with a portfolio of investments, rather than an operating company, Fitch analyzes recurring cash flows that are directly received by BAM in the form of dividends, distributions, and asset management fees against parent level debt and its debt service obligations. The resulting adjusted parent-only cash flow (APOCF, a non-GAAP or non-International Financial Reporting Standards measure) approximates $1.5 billion and produces a debt service coverage measure of approximately 4.5x in Fitch's models. APOCF-to-parent-level debt is approximately 30%. Fitch expects coverage and leverage measures to remain stable at 4.5x and 30%, respectively, as higher parent debt levels offset cash flows from new investments.

Liquidity is strong. BAM maintains $2.2 billion in unsecured credit facilities with a consortium of banks and debt maturities are manageable. BAM derives considerable liquidity and financial flexibility from its strategic investments and diversified investments.

The holding company structure, with its primary assets held in several majority-owned publicly listed companies, enhances BAM's financial flexibility in managing the capital structures of its operating subsidiaries, but also subordinates its cash flow which will now be primarily derived from dividends and distributions. BAM also receives management fees based on asset valuations of its core operating subsidiaries, which Fitch considers a stable source of income, as well as performance-based incentive distributions.

The holding company structure also protects BAM from the legal risks of its subsidiaries and parental guarantees or other contingent supports are limited. Additionally, there are no cross default provisions between subsidiaries or between the parent and subsidiaries.

Rating Sensitivities

Positive: No positive rating actions are currently foreseen under the present corporate structure or risk profile.

Negative: Future developments that may individually or collectively lead to a negative rating action include:

--A change in the risk profile of BAM's real estate and power assets which are generally considered to be of very high quality;

--A large debt-financed acquisition.

Additional information is available at ' www.fitchratings.com '.

Applicable criteria and related research:

Corporate Rating Methodology, Aug. 2013

Parent and Subsidiary Linkage, Aug. 5, 2013

Criteria for Rating U.S. Equity REITs and REOCs, Feb. 26, 2013

Investment Manager and Alternative Funds Criteria, Dec. 17, 2012

Applicable Criteria and Related Research:

Investment Manager and Alternative Funds Criteria

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=725057

Criteria for Rating U.S. Equity REITs and REOCs

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=700091

Parent and Subsidiary Rating Linkage

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=685552

Corporate Rating Methodology: Including Short-Term Ratings and Parent and Subsidiary Linkage

http://www.fitchratings.com/creditdesk/reports/report_frame.cfm?rpt_id=715139

Additional Disclosure

Solicitation Status

http://www.fitchratings.com/gws/en/disclosure/solicitation?pr_id=821643