

# Brookfield Corporation Shareholders

## Introduction

Over the years, as our company has grown, we have always maintained a singular focus: serving our shareholders and clients through economic cycles, to protect and enhance their long-term wealth and financial security. In doing so, managing our business with integrity, purpose and discipline has been foundational to what we do and a cornerstone of our success.

Against a backdrop of significant change and volatility in the global environment, maintaining this focus is more important than ever. This is a responsibility that all of us at Brookfield take very seriously. And because of this, we want to take this opportunity to remind you of some important aspects of our business today, and how we are managing our growth.

We have always believed that a large global company such as ours, especially one entrusted with managing the wealth of millions of people, should be subject to detailed oversight and scrutiny. That is why we have always operated our business with a deep commitment to transparency and engagement, providing our shareholders, clients and regulators with full disclosure and regular access to our business.

Reflective of that commitment, I'm delighted that earlier this month our insurance business, Brookfield Wealth Solutions, received its regulatory license to launch in the UK. This is the first such dedicated PRT license granted in the UK since 2007, and follows a comprehensive process of engagement with the UK's Prudential Regulation Authority (PRA) in which they considered every aspect of our business. The successful outcome of this process is testament to the quality of our business, our robust governance and compliance, and our transparent engagement with regulators.

As we reflect on a busy and productive start to the year, including that important milestone for our insurance business, I wanted to take the opportunity to reiterate some of the key tenets by which we run our business – and explain how this has delivered leading returns to our shareholders and clients over three decades.

## Our 30 Year Track Record

At its core, Brookfield exists to generate long-term wealth for shareholders and clients. We invest our own capital in our investment strategies alongside our investors (as many of us personally at Brookfield do), creating a unique and very strong alignment between our interests and those of our shareholders and clients. We do not make short-term decisions at the expense of either our ability to generate sustainable, long-term returns, or our reputation. Period.

Over the past 30 years, we have generated a total compound return of 18,480% for shareholders—or an annual compound return of 19%<sup>1</sup>. Few have matched this, and our focus on long-term investing has been a big part of this success.

Brookfield has been built over many, many decades; I have personally been the CEO for nearly 25

years and in that time our overarching purpose has been to ensure that we serve our shareholders and clients. Our structure has evolved over time and while it does have many parts, it has been built very thoughtfully and in a disciplined way over the years. Each part serves an important purpose, providing us with multiple sources of permanent capital for investment and growth. It also reflects the markets we operate in and allows us to address growing investor demand for the types of solutions we can provide.

It is precisely because of this structure that we have become a successful global investment organization that has delivered leading returns for our shareholders and clients over three decades.

## **Real Estate**

Our real estate business is one of the world's largest and most established platforms and has been built carefully over decades. Our success is demonstrated by the fact that our opportunistic real estate funds have returned a net IRR of 17% since inception (nearly 20 years).

As many of you will know, real estate is a cyclical business, but if you own high quality assets, finance them conservatively in a way that allows you to weather the downturns—and are never forced to sell at the low points—real estate offers the ability to compound capital at very attractive, inflation protected returns over a long period of time. We were investors through the crash in the '90s, during 9/11, and through the financial crisis—and came out of those stronger than before. We take a long-term approach to our investments, we maintain our discipline, and we do not lose our focus through the highs and lows.

Importantly, over the past decade, when we have chosen to monetize assets, approximately 90% of the 900 real estate assets we sold transacted at or above their IFRS carrying values, reflecting the overall quality of our portfolio and our conservative approach to valuations. Over the past three years alone, our real estate assets have sold at an average of a 3% premium to IFRS carrying value.

A final point: where required, we always support our businesses, and sometimes that means we pay down leverage in tougher times. Quite the opposite to short-term behaviour, this represents prudent management of our business for the long-term.

## **Insurance**

As you know, five years ago we established an insurance business, today called Brookfield Wealth Solutions (BWS). It has since made a number of acquisitions in the US and as mentioned above, is now beginning to expand internationally, having just received its license from the PRA in the UK.

We are proud of the fact that the insurance companies owned by Brookfield Wealth Solutions are stronger and better capitalized under its ownership than they were before; so far BWS has invested \$11 billion of our own equity capital into the business. It is important to note that this is all balance sheet—and not third-party—capital. Investing permanent capital will help these businesses grow for decades to come.

Brookfield Wealth Solutions is building a sustainable insurance business that can compound capital over multiple decades. Our objective from the start has been to run the business with conservative leverage, strong capitalization and focus on low risk, long-duration liabilities, ensuring that the protection of policyholders is always the primary factor in decision making.

We believe that over-capitalizing BWS and matching the long duration liabilities with high quality credit and long duration, inflation protected real assets provides us with the opportunity to deliver attractive risk adjusted returns through the cycle, to both policyholders and our shareholders.

One of our great strategic advantages is our vast sourcing network, which means we can offer access to transactions available to few other insurance companies. If on occasion those transactions have a related party component to them, as you would expect from us, they are subject to a robust internal review process, third party validation, and regulatory reporting and oversight.

In addition, Brookfield Corporation and Brookfield Wealth Solutions are paired securities for the time being, with the shares of Brookfield Wealth Solutions being exchangeable into, and economically equivalent to, the shares of Brookfield Corporation. As a result, any gain or loss in one entity would affect the owners of both. This was extremely important to us, as it eliminates any conflict for the owners.

The types of long-duration investments we make at Brookfield are ideally suited for the long-duration liabilities of these insurance companies. Brookfield Wealth Solutions has reshaped these insurance company portfolios to ensure they are high-quality, durable and serve policyholders. This business is a core and strategic growth driver for Brookfield, and the long-term commitment to policyholders is at the center of everything Brookfield Wealth Solutions does.

## Closing

We remain committed to investing capital for you in high-quality assets that earn solid cash returns on equity, while emphasizing downside protection for the capital employed. The primary objective of the company continues to be generating increased cash flows on a per share basis and, as a result, higher intrinsic value per share over the longer term.

Thank you for your interest in Brookfield, and please do not hesitate to contact any of us should you have any suggestions, questions, comments, or ideas you wish to share.

Sincerely,



Bruce Flatt  
Chief Executive Officer

March 19, 2025

### **Cautionary Statement Regarding Forward-Looking Statements and Information**

All references to "\$" or "Dollars" are to U.S. Dollars. This letter to shareholders contains "forward-looking information" within the meaning of Canadian provincial securities laws and "forward-looking statements" within the meaning of the U.S. Securities Act of 1933, the U.S. Securities Exchange Act of 1934, "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations (collectively, "forward-looking statements"). Forward-looking statements include statements that are predictive in nature, depend upon or refer to future results, events or conditions, and include, but are not limited to, statements which reflect management's current estimates, beliefs and assumptions regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies, capital management and outlook of Brookfield Corporation and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and which in turn are based on our experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. The estimates, beliefs and assumptions of Brookfield Corporation are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. Forward-looking statements are typically identified by words such as "expect," "anticipate," "believe," "foresee," "could," "estimate," "goal," "intend," "plan," "seek," "strive," "will," "may" and "should" and similar expressions. In particular, the forward-looking statements contained in this letter include statements referring to the impact of current market or economic conditions on our business, the future state of the economy or the securities market, the anticipated allocation and deployment of our capital, our liquidity and ability to access and raise capital, our fundraising targets, our target growth objectives, and our target carried interest.

Although Brookfield Corporation believes that such forward-looking statements are based upon reasonable estimates, beliefs and assumptions, actual results may differ materially from the forward-looking statements. Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: (i) returns that are lower than target; (ii) the impact or unanticipated impact of general economic, political and market factors in the countries in which we do business; (iii) the behavior of financial markets, including fluctuations in interest and foreign exchange rates and heightened inflationary pressures; (iv) global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; (v) strategic actions including acquisitions and dispositions; the ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits; (vi) changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates); (vii) the ability to appropriately manage human capital; (viii) the effect of applying future accounting changes; (ix) business competition; (x) operational and reputational risks; (xi) technological change; (xii) changes in government regulation and legislation within the countries in which we operate; (xiii) governmental investigations and sanctions; (xiv) litigation; (xv) changes in tax laws; (xvi) ability to collect amounts owed; (xvii) catastrophic events, such as earthquakes, hurricanes and epidemics/pandemics; (xviii) the possible impact of international conflicts and other developments including terrorist acts and cyberterrorism; (xix) the introduction, withdrawal, success and timing of business initiatives and strategies; (xx) the failure of effective disclosure controls and procedures and internal controls over financial reporting and other risks; (xxi) health, safety and environmental risks; (xxii) the maintenance of adequate insurance coverage; (xxiii) the existence of information barriers between certain businesses within our asset management operations; (xxiv) risks specific to our business segments including asset management, wealth solutions, renewable power and transition, infrastructure, private equity, real estate and corporate activities; and (xxv) factors detailed from time to time in our documents filed with the securities regulators in Canada and the United States.

We caution that the foregoing list of important factors that may affect future results is not exhaustive and other factors could also adversely affect future results. Readers are urged to consider these risks, as well as other uncertainties, factors and assumptions carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements, which are based only on information available to us as of the date of this letter or such other date specified herein. Except as required by law, Brookfield Corporation undertakes no obligation to publicly update or revise any forward-looking statements, whether written or oral, that may be as a result of new information, future events or otherwise.

Past performance is not indicative nor a guarantee of future results. There can be no assurance that comparable results will be achieved in the future, that future investments will be similar to historic investments discussed herein, that targeted returns, growth objectives, diversification or asset allocations will be met or that an investment strategy or investment objectives will be achieved (because of economic conditions, the availability of appropriate opportunities or otherwise).

Target returns and growth objectives set forth in this letter are for illustrative and informational purposes only and have been presented based on various assumptions made by Brookfield Corporation in relation to the investment strategies being pursued, any of which may prove to be incorrect. There can be no assurance that targeted returns or growth objectives will be achieved. Due to various risks, uncertainties and changes (including changes in economic, operational, political or other circumstances) beyond Brookfield Corporation's control, the actual performance of the business could differ materially from the target returns and growth objectives set forth herein. In addition, industry experts may disagree with the assumptions used in presenting the target returns and growth objectives. No assurance, representation or warranty is made by any person that the target returns or growth objectives will be achieved, and undue reliance should not be put on them.

When we speak about our wealth solutions business or Brookfield Wealth Solutions, we are referring to Brookfield's investments in this business that supported the acquisitions of its underlying operating subsidiaries.

### Endnotes

1. Results are shown on a compound return basis as of and up to January 31, 2025.