

Brookfield

2022

Q1 INTERIM
REPORT

INTERIM REPORT Q1 2022

FOR THE THREE MONTHS ENDED MAR. 31	2022	2021
TOTAL (MILLIONS)		
Revenues	\$ 21,882	\$ 16,410
Net income	2,960	3,776
Funds from operations ¹	1,597	2,821
PER SHARE ²		
Net income	\$ 0.81	\$ 0.77
Funds from operations	0.96	1.80
Dividends ²		
Cash	0.14	0.13
AS AT MAR. 31, 2022 AND DEC. 31, 2021	2022	2021
TOTAL (MILLIONS, EXCEPT PER SHARE AMOUNTS)		
Assets under management ¹	\$ 720,161	\$ 688,138
Consolidated results		
Balance sheet assets	401,953	391,003
Equity	136,433	134,741
Common equity	43,399	42,210
Diluted number of common shares outstanding	1,651	1,652
Market trading price – NYSE	\$ 56.57	\$ 60.38

1. See definition in the MD&A Glossary of Terms beginning on page 58.
2. See Corporate Dividends on page 27.

CONTENTS

Brookfield at a Glance	3
Letter to Shareholders	4
Management's Discussion & Analysis	10
PART 1 – Our Business and Strategy	13
PART 2 – Review of Consolidated Financial Results	16
PART 3 – Operating Segment Results	30
PART 4 – Capitalization and Liquidity	47
PART 5 – Accounting Policies and Internal Controls	56
Glossary of Terms	58
Consolidated Financial Statements	65
Shareholder Information	91
Board of Directors and Officers	92

BROOKFIELD AT A GLANCE

We are a premier global alternative asset manager with approximately \$725 billion of assets under management. With a 100+ year heritage as an owner and operator, we focus on investing in assets and businesses that help form the backbone of the global economy. Throughout our operations in more than 30 countries on five continents, we are committed to supporting and enhancing the communities in which we operate.

Our goal is to deliver strong long-term returns and provide downside protection for our investors—including pension plans, endowments, foundations, sovereign wealth funds, financial institutions, insurance companies and individual investors. We invest our own capital alongside our investors in virtually every transaction, aligning interests and leveraging our deep operational expertise, global reach and access to large-scale capital.

Our approach is focused on investing on a value basis. We recognize that generating attractive returns often requires seeking out assets, businesses, markets and sectors that are out of favor or experiencing periods of distress. We are disciplined in acquiring high-quality assets and businesses that we believe can deliver strong performance across market cycles. And we take a long-term view in deploying capital—but are ready to act decisively when the right opportunities emerge.

We believe that sound environmental, social and governance (ESG) practices are integral to building resilient businesses and creating long-term value for our investors and other stakeholders. As a result, we embed these principles into all our activities—including our investment process—and conduct our business in a sustainable and ethical manner. An emphasis on diversity and inclusion reinforces our culture of collaboration. It strengthens our ability to develop our people and maintain an engaged workforce focused on serving as a trusted partner and first-choice provider of investment solutions.

HOW WE INVEST

- **The Brookfield Advantage** We invest where we can bring our competitive advantages to bear, leveraging our deep operational expertise, global reach and access to large-scale, flexible capital.
- **Long-Life, High-Quality Assets** Leveraging our operating experience, we invest in key sectors across renewable power & transition, infrastructure, private equity, real estate, and credit & insurance.
- **Diverse Product Offering** We offer core, core-plus, value-add, opportunistic/growth equity and credit strategies through closed-end and perpetual vehicles in both the public and private markets.
- **Disciplined Financing Approach** We take a conservative approach to the use of leverage, ensuring that we can preserve capital across all business cycles.
- **Sustainability** We are committed to ensuring that the assets and businesses we invest in are set up for long-term success, and we seek to have a positive impact on the environment and the communities in which we operate

“Brookfield,” the “company,” “we,” “us” or “our” refers to Brookfield Asset Management Inc. and its consolidated subsidiaries. The “Corporation” refers to our asset management business which is comprised of our asset management and corporate business segments. Our “invested capital” includes our “perpetual affiliates” Brookfield Renewable Partners L.P., Brookfield Infrastructure Partners L.P. and Brookfield Business Partners L.P., which are separate issuers included within our Renewable Power and Transition, Infrastructure and Private Equity segments, respectively, and also includes issuers in the Brookfield Property Group, which are included in our Real Estate segment. Additional discussion of their businesses and results can be found in their public filings. We use “private funds” to refer to our real estate funds, transition funds, infrastructure funds and private equity funds. Our other businesses include Residential Development and Corporate. Please refer to the Glossary of Terms beginning on page 58 which defines our key performance measures that we use to measure our business.

LETTER TO SHAREHOLDERS

OVERVIEW

We had an excellent quarter and were active on many fronts. Cash flows and earnings were strong, and we closed on a number of acquisitions. We continue to see the impacts from Covid diminishing and we have had no major disruptions resulting from the various current macroeconomic issues. And while macro challenges are always of concern, time has shown us that the best option for long-term investors is to stay the course—owning great businesses for long periods of time is the key to wealth creation.

The main focus in the investment world today is on determining where capital is best invested. On the one hand, buying fixed income with duration offers some return but a lot of risk—and staying in short-duration bonds offers low risk but generates little yield. On the other hand, however, real assets and real businesses offer the opportunity for investors to ride out markets while the businesses continue to generate cash and compound in value. Moreover, many of these real assets and businesses offer significant inflation protection as the world adjusts.

We expect by year end to make a special distribution, on a tax-free basis to most shareholders, in the form of 25% of the shares of our Asset Management business. We believe, like other distributions we have made, that separating this entity will be a very strategic transaction in the longer term for our business.

THE MARKET ENVIRONMENT HAD LOTS OF VOLATILITY

Global central banks are raising rates and pulling back on stimulus. The 10-year bond in the U.S. now sits at 3%, which represents more than a 1% increase from the start of the year. While large in percentages, it is important to remember that by historical standards, interest rates continue to remain very low—and therefore constructive for businesses.

The overriding worries today are about inflation and its effect on the economy, and central bank interest rates. The good news is that the underlying investments we own are very resilient in an inflationary environment and continue to provide a compelling alternative to traditional investments. We don't own the super high growth speculative technology related businesses which have been reevaluated in these markets.

Capital markets have tightened but remain open, and liquidity is available for good businesses. Labor markets continue to trend positively, with unemployment rates in most major economies recovering to near, or better than, pre-pandemic levels. The U.S. labor market is, by some measures, the strongest it has been in decades.

FINANCIAL RESULTS WERE STRONG

Distributable earnings before realizations were \$947 million in the quarter and \$3.7 billion over the last 12 months. This is approximately 30% greater than the comparable periods. Fee-related earnings and distributions from principal investments continue to grow significantly as a result of strong fundraising, new products and strong operating results across our businesses. Total Distributable Earnings were \$1.2 billion in the quarter.

Our underlying operations continue to perform well, supporting stable and growing cash distributions. We received distributions from principal investments of \$622 million in the quarter and \$2.3 billion over the past year, representing 27% and 19% increases over the comparative periods.

AS AT AND FOR THE 12 MONTHS ENDED MAR 31 (\$US MILLIONS, EXCEPT PER SHARE AMOUNTS)	2018	2019	2020	2021	2022	CAGR
Distributable Earnings						
– Total	\$ 2,294	\$ 2,444	\$ 2,659	\$ 6,113	\$ 4,957	21%
– Per share	\$ 1.56	\$ 1.67	\$ 1.77	\$ 3.97	\$ 3.09	19%
– Before realizations	2,155	2,119	2,225	2,872	3,674	14%
Gross annual run rate of fees plus target carry	2,465	3,100	5,561	6,637	7,969	34%
Total assets under management	282,731	365,957	518,956	609,075	720,161	26%

In the current economic environment, real assets continue to be the place to invest. We closed our latest credit opportunities fund at \$16 billion and will shortly close our \$15 billion global transition fund. Our real estate fund has raised \$12 billion to date and will be closed out by year end, and our perpetual private infrastructure and real estate funds have raised a total of \$5 billion since the start of the year. We launched our fifth flagship infrastructure fund and our sixth flagship private equity fund, both expected to have first closes in the near term. We launched fundraising for both our third infrastructure debt fund and our third growth equity fund, and our non-traded REIT is now approved on numerous distribution platforms, and we expect to see inflows ramp up throughout 2022 and beyond.

With the public market volatility in the quarter, we were very successful in closing a number of public market bids with companies. We acquired or are in the process of acquiring three public property companies—in Ireland, Belgium and Germany, totaling an investment of about \$3 billion of equity. We acquired one and are acquiring two other infrastructure businesses in Australia for \$8 billion. Our private equity business acquired two listed entities, one private entity and one carve-out transaction. This included a \$4 billion software and technology services company that provides backbone technology for car dealerships globally; a 50% interest in an iconic information services business; a non-bank asset manager in Australia; and a payment services provider in the UAE.

On the other hand, private markets remain robust for the sale of assets that generate cash returns and have a form of inflation protection. We agreed to sell two office complexes in Melbourne and Sydney for \$2 billion and \$1 billion, respectively—well above IFRS values and at the tightest cap rates we have ever sold properties in Australia. In London, we are in the process of selling an office property for over £300 million for just under a 4% cap rate – market setting; and we are progressing sales processes across other properties as well.

OUR ASSET MANAGEMENT BUSINESS WILL BE LISTED AND 25% DISTRIBUTED TO SHAREHOLDERS

In our year-end letter, we mentioned that we were considering publicly listing a partial interest in our asset management organization. We have been very encouraged by the feedback we received from shareholders and **concluded that publicly listing a 25% interest in our asset management business will be overwhelmingly positive. We expect that these shares can be distributed to shareholders before year end. The special distribution of shares of the Manager, based on our estimate of Value¹, will be around \$20 billion or approximately \$12.00 for each share of Brookfield you own at that time. The distribution will be executed on a tax-free basis to Canadian and U.S. shareholders and we are working through the taxation in other jurisdictions.**

1. See Cautionary Statement Regarding Forward-Looking Statements and Information for further disclosure relevant to the distribution and our outlook on the equity value of the management business.

As you may know, Brookfield's history dates back to the establishment of its predecessor company in 1899 for the purpose of providing electricity and transportation services. The company evolved throughout the 20th century and underwent a number of name changes. In the 1970s, the company shifted its investment focus to real estate, financial services, hydroelectric power and industrial investments. Thus, our roots are in the direct ownership and operation of businesses, sometimes in partnership with others but mostly for our own account. It may surprise some of today's shareholders to learn that we didn't begin to provide asset management services to third parties, in a meaningful way, until the late 1990s.

Over the more than 20 years since then, our expertise in investing our own capital has greatly benefitted our asset management clients, and the asset management business has expanded rapidly. The investment sectors we focus on—renewable power & transition, infrastructure, private equity, real estate, credit and insurance solutions—which have turned out to be prime components of what is now known as the “alternative investment” industry, are very much in demand. We have emphasized achieving superior returns on our clients' investments and Brookfield's investments alongside those clients, and we have developed dedicated, expert management in each of the sectors.

Thus, Brookfield has made a lot of money investing on its own balance sheet, to the point where Brookfield now has proprietary assets representing approximately \$75 billion of invested capital, and our asset management organization has taken its place as one of the very top alternative investment firms.

The combination of our top-tier alternative asset management organization with our very significant invested capital makes us unique among our peers and has represented a significant competitive advantage to us in building our business. This combination leverages our significant operating expertise across all our businesses, it further aligns our interests with the investors in our funds, and it means we can move rapidly to seize new opportunities. The bottom line is that today's Brookfield consists of two businesses that are very different in nature but work together very well.

Looking forward, we believe that each of these businesses has incredible potential to expand further. To achieve this growth, however, we have concluded that they should now be separated, while preserving the benefits of their complementary nature and alignment.

We have seen the benefits that can be derived from this type of separation of businesses. Over close to 15 years, we have methodically launched our renewables, infrastructure, real estate and private equity platforms into separately managed businesses. We attribute their outstanding success in no small part to them having strong, dedicated, decentralized management teams whose efforts are concentrated on their respective businesses. This experience gives us great confidence that implementing operational separation between our asset manager and the capital investor will provide each business a platform and focus to deliver on its growth plan.

Moreover, if we are successful in our objective, creating a “pure-play” asset manager should also expand our investor base. Today, some potential investors interested in our asset management business may be put off by the need to also understand and value our proprietary investments (or they may avoid making this effort by taking our proprietary assets into account at a severe discount). Having a new security or “currency” that is well understood and appreciated by the public markets will maximize optionality for us as we continue to scale and diversify our asset management platform.

Here's how we think about this: for now, we will refer to the capital investor of our proprietary assets as the “Corporation” and our asset management entity as the “Manager”:

Corporation

- Invests for its own account
- Is capital intensive
- Retains/invests the bulk of its earnings

Manager

- Manages money for others
- Requires little or no capital
- Can thus adopt a higher dividend payout ratio

As a first step, the Corporation will publicly distribute a 25% interest in the Manager to our shareholders. This will make the Manager a pure play in money management and one of the clear leaders in alternatives. The Manager's balance sheet will be free of the substantial proprietary investments the Corporation makes for its own account, facilitating comparison of its financial statements with those of other asset managers, and its performance as a pure money manager will be clear. Since asset managers don't need much in the way of facilities, equipment or working capital to do business, we plan for the Manager to pay out approximately 90% of its annual earnings in dividends. At our midpoint of valuation estimates, the Manager will in our view have a Value of \pm \$80 billion ("trading price" may be more or less) and based on that will have a free float of \pm \$20 billion.

The Corporation will initially hold a 75% ownership of the Manager. In addition to the shares of the Manager and our other proprietary investments, the Corporation will own its existing interest in Brookfield Reinsurance, the most recent example of a company we have built by investing our own funds. In essence, following the transaction, the Corporation (at our midpoint valuation estimates) will hold \pm \$135 billion of investments: the \pm \$75 billion of investments it currently owns plus \pm \$60 billion of Manager shares—its 75% ownership in the Manager. Shareholders will directly own the other 25% of the Manager.

The Corporation is also the entity that will continue to make early investment commitments to funds managed by the Manager, make direct investments in new and existing businesses, or repurchase shares when they represent the best potential use of funds. The Corporation's objective will be to continue investing and compounding capital over the long term at an annualized rate in excess of 15%, consistent with our historical returns. The Corporation's appetite for investment capital means, however, that its annual dividend will initially be set at a lower level (which, when combined with the dividends shareholders will receive from the high payout of the Manager, will be around the same as they receive today).

The result of this transaction will be two companies: a leading alternative asset management firm and a capital investor focused on compounding its capital over time, each of which has its own financial dynamics and each of which will be easier to analyze when viewed from the outside. However, through their common ownership and the fact that the Manager will manage many of the Corporation's investments, we will preserve the extensive synergies that historically have existed between our asset management and proprietary capital investing functions. These include the sharing of industry expertise; accessing the operating expertise across our platforms; joint sourcing of deals; and the capital investor's use of its strong balance sheet to invest alongside the asset manager, enabling our combined entities to complete large-scale transactions.

We think this is the best of both worlds: separate identities for our two distinct businesses, but preservation of their ability to benefit each other, and thus all shareholders. Separated from "asset-heavy" investments, we think the performance of the Manager as an investment manager will become even more visible, and therefore be more appealing to investors desirous of a pure-play investment in the alternatives industry. On the other hand, shareholders who wish to retain exposure to the capital investment function may favor the Corporation. Of course, any shareholder who likes things exactly the way they've been will be able to hold both shares side-by-side and have just that.

We hope you will share our enthusiasm for this transaction, and we look forward to having you with us in the Corporation and/or the Manager, in whatever combination you find most attractive. As we move forward, we look forward to providing you with further updates as we finalize the details of the transaction.

Lastly, as to the fundamental mechanics of the transaction, we expect them to be as follows:

- The split and distribution of shares will be structured to be tax-free for shareholders in the U.S. and Canada.
- The Corporation and the Manager will both trade on the New York and Toronto stock exchanges.
- Immediately post-transaction, the Corporation will own 75% of the Manager and current Brookfield shareholders will own the remaining 25% via the shares they receive from the distribution.
- We will also ensure that holders of Brookfield Reinsurance shares (which are exchangeable for Class A shares of Brookfield Asset Management Inc.) will be treated equally from an economic perspective.

- The transaction will proceed by way of a “plan of arrangement” in accordance with Canadian laws, subject to approval of our shareholders.

INFLATION IS VERY POSITIVE FOR REAL ASSETS AND BUSINESSES

We own and manage one of the largest portfolios of cash generating inflation-protected assets in the world.

In general, we own assets and businesses that require large investment up front, earn very high margins, and generally have low expenses compared with their capital cost. As a result, the impact of inflation is on our expenses, which represent approximately 30-40% of revenues. But correspondingly, we benefit from expansion on 100% of revenues. Therefore, as inflation occurs, margins increase—which means that inflation has a positive impact for owners of real assets and real return businesses. With approximately \$725 billion of assets of this nature and prices up 10-20%, the value of our overall investment portfolio increases and the compounding effect over time is even more meaningful.

As an example, last year we acquired a number of utility assets in our super core infrastructure strategy, which is a fixed income alternative for our clients. These utility assets are long-dated and low risk, mostly contracted or regulated, so the risk of disruption of income is minimal. That said, our upside is capped within a reasonable band. Last year, with a view that odds favored more inflation rather than less, we acquired many assets that are regulated/contracted, with the expectation of inflation increases in the portfolio greater than the 2% assumed in the purchase prices.

These acquisitions included part of an electricity transmission line in the U.S., part of a natural gas delivery system in the U.K., and numerous electricity transmission and distributions systems in Australia. Our expectation at acquisition was an all-in 9% return on these assets, and we started with an average of 5% current yield. Fast forward to today, with inflation running at 5% plus, the cash flows dropping to the bottom line will be higher—and the compounding effect in the future even greater. This is because both the overall revenues are higher, and the benefits are amplified when one has fixed-rate financial leverage.

In real estate, we estimate that in the last three years, prices for construction materials are up at least 20%—and even more in some parts of the world. This number is based on the knowledge in our construction and development businesses, and as we price the construction of buildings daily. The ramification of this is that to build a new building, the costs will be over 20% higher than three years ago. As a result, and keeping returns equal, rental rates to start a new building need to be at least 20% higher. This means that upon vacancies getting utilized, rents are going higher. Our experience today in New York is that for quality office buildings, rents have increased more than 30% from pre-pandemic levels.

THE COUNTRY MATTERS – IT ALWAYS HAS

Given recent events, and as global investors, it is worth revisiting our views on global markets, and where we will invest. As many of you will recall, we are very global, but very choosy. We invest in 30 or so countries, but we are very methodical about where and how we invest. This process always matters, and while sometimes it is tempting to be lured into a situation, one only finds out the ramifications when it is too late. Recent events have only emphasized this point.

Before we describe our process, we would like to emphasize that we have no Brookfield business in Russia. We have no people, and we have no direct exposures. Of course, given the scale of our business, we have some de minimis indirect exposure to businesses that had dealings in Russia, but they are essentially inconsequential.

Most importantly, this is not by accident. It was, and is, the direct result of the rigorous process we go through before entering a country and deciding that we will invest the time, energy and resources to be there for the long term. Once the decision is made, it is difficult to stop the train from moving forward.

Our rules are quite simple, but they require rigorous discipline to adhere to them. Over the years, we have been approached to do business in most countries. Often the transactions in themselves look very appealing. Each time we ponder and consider investing, but we try to always adhere to our principles. The last few months have provided us all a very good reminder as to why we have our rules.

As a refresher, our rules are:

- We must be able to operate with governance that we adhere to in advanced countries globally;
- The country must respect the capital of foreign private investors;
- The country must be large enough that we can make the opportunity meaningful for Brookfield; and
- We would like to operate in most of our sectors, so we get the benefits of synergy and scale.

We are in over 30 countries that fit these criteria, and there are not many others that we need to be in—or that we want to be in. For example, there are some great small countries we do not operate in; it is simply that they are too small for us. In others, we don't feel confident that we can operate with our standards.

As you know, we buy long-term assets and businesses that generate reasonable cash flows that grow over time. If we look after and enhance the assets, they tend to grow in value over the longer term. If there is any chance that we might not get our value back at the end, or that the value could otherwise be impaired by things other than regular business risk, the country does not fit our investment criteria.

The world is a big place and we do not need to be everywhere. In fact, concentrating our efforts often has ancillary benefits, so we don't ever plan to be everywhere. There are so many great opportunities around the world for a franchise like ours and it is exciting to be at the center of them.

CLOSING

We remain committed to being a world-class asset manager, and to investing capital for you and the rest of our investment partners 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 to generate increasing cash flows on a per-share basis, and as a result, higher intrinsic value per share over the longer term.

And do not hesitate to contact any of us should you have suggestions, questions, comments or ideas you wish to share.

Sincerely,



Bruce Flatt
Chief Executive Officer

May 12, 2022

Note: In addition to the disclosures set forth in the cautionary statements included elsewhere in this Report, there are other important disclosures that must be read in conjunction with, and that have been incorporated in, this letter as posted on our website at <https://bam.brookfield.com/reports-filings>.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ORGANIZATION OF MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

PART 1 – OUR BUSINESS AND STRATEGY		Infrastructure	38
Overview	13	Private Equity	40
PART 2 – REVIEW OF CONSOLIDATED FINANCIAL RESULTS		Real Estate	42
Overview	16	Residential Development	44
Income Statement Analysis	17	Corporate Activities	45
Balance Sheet Analysis	23	PART 4 – CAPITALIZATION AND LIQUIDITY	
Foreign Currency Translation	26	Capitalization	47
Corporate Dividends	27	Liquidity	51
Summary of Quarterly Results	28	Review of Consolidated Statement of Cash Flows ..	55
PART 3 – OPERATING SEGMENT RESULTS		PART 5 – ACCOUNTING POLICIES AND INTERNAL CONTROLS	
Basis of Presentation	30	Accounting Policies, Estimates and Judgments	56
Summary of Results by Operating Segment	31	Management Representations and Internal Controls	57
Asset Management	32	GLOSSARY OF TERMS	58
Renewable Power and Transition	36		

"Brookfield," the "company," "we," "us" or "our" refers to Brookfield Asset Management Inc. and its consolidated subsidiaries. The "Corporation" refers to our asset management business which is comprised of our asset management and corporate business segments. Our "invested capital" includes our "perpetual affiliates" Brookfield Renewable Partners L.P., Brookfield Infrastructure Partners L.P. and Brookfield Business Partners L.P., which are separate issuers included within our Renewable Power and Transition, Infrastructure and Private Equity segments, respectively, and also includes issuers in the Brookfield Property Group, which are included in our Real Estate segment. Additional discussion of their businesses and results can be found in their public filings. We use "private funds" to refer to our real estate funds, transition funds, infrastructure funds and private equity funds. Our other businesses include Residential Development and Corporate.

Please refer to the Glossary of Terms beginning on page 58 which defines our key performance measures that we use to measure our business.

Additional information about the company, including our Annual Information Form, is available on our website at www.brookfield.com, on the Canadian Securities Administrators' website at www.sedar.com and on the EDGAR section of the U.S. Securities and Exchange Commission's ("SEC") website at www.sec.gov.

We are incorporated in Ontario, Canada, and qualify as an eligible Canadian issuer under the Multijurisdictional Disclosure System and as a "foreign private issuer" as such term is defined in Rule 405 under the U.S. Securities Act of 1933, as amended, and Rule 3b-4 under the U.S. Securities Exchange Act of 1934, as amended. As a result, we comply with U.S. continuous reporting requirements by filing our Canadian disclosure documents with the SEC; our annual report is filed under Form 40-F and we furnish our quarterly interim reports under Form 6-K.

Information contained in or otherwise accessible through the websites mentioned throughout this report does not form part of this report. All references in this report to websites are inactive textual references and are not incorporated by reference. Any other reports of the company referred to herein are not incorporated by reference unless explicitly stated otherwise.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

This Report contains “forward-looking information” within the meaning of Canadian provincial securities laws and “forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. We may provide such information and make such statements in the Report, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission or in other communications. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements which reflects management’s expectations regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Corporation and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as “expects,” “anticipates,” “plans,” “believes,” “estimates,” “seeks,” “intends,” “targets,” “projects,” “forecasts” or negative versions thereof and other similar expressions, or future or conditional verbs such as “may,” “will,” “should,” “would” and “could.” In particular, forward-looking statements contained in the letter to shareholders included in this Report include statements regarding the listing and distribution of our asset management business, including the anticipated timing and value of such transaction and the impact that such transaction may have on Brookfield and its shareholders. The board of directors of Brookfield has approved, in principle, Brookfield pursuing the transaction. The transaction will be subject to the satisfaction of a number of conditions, including shareholder approval, and, as such, there can be no certainty that the transaction will proceed or proceed in the manner described. Our outlook on the equity value of the Manager and the Corporation and their respective shares are based on (i) annualized fee-related earnings and net target carried interest of approximately \$1.9 billion and \$2.2 billion, respectively, (ii) applying a 30x multiple, being the midpoint of a market-based valuation multiple range of 25-35x to fee-related earnings, and a 10x multiple to net target carried interest, in each case as adopted by management in its business planning, and (iii) our accumulated unrealized carried interest balance as of March 31, 2022, however the trading price of the shares of the Corporation and the Manager following the distribution may differ, possibly materially.

Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information contained in this Report. The statements and information involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results, performance or achievements of the company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

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) investment 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, including as a result of COVID-19 and the related global economic disruptions; (iii) the behavior of financial markets, including fluctuations in interest and foreign exchange rates; (iv) global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; (v) strategic actions including 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; (xiv) litigation; (xv) changes in tax laws; (xvi) ability to collect amounts owed; (xvii) catastrophic events, such as earthquakes, hurricanes, or pandemics/epidemics; (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 our real estate, renewable power and transition, infrastructure, private equity, and other alternatives, including credit; and (xxv) factors detailed from time to time in our documents filed with the securities regulators in Canada and the United States, including in “Part 6 – Business Environment and Risks” of our Annual Report available on SEDAR at www.sedar.com and EDGAR at www.sec.gov.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. Readers are urged to consider the foregoing risks, as well as other uncertainties, factors and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such forward-looking information. Except as required by law, the Corporation undertakes no obligation to publicly update or revise any forward-looking statements or information, 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 the historic investments discussed herein (because of economic conditions, the availability of investment opportunities or otherwise), that targeted returns, diversification or asset allocations will be met or that an investment strategy or investment objectives will be achieved.

STATEMENT REGARDING USE OF NON-IFRS MEASURES

We disclose a number of financial measures in this Report that are calculated and presented using methodologies other than in accordance with International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”). We utilize these measures in managing the business, including for performance measurement, capital allocation and valuation purposes and believe that providing these performance measures on a supplemental basis to our IFRS results is helpful to investors in assessing the overall performance of our businesses. These financial measures should not be considered as the sole measure of our performance and should not be considered in isolation from, or as a substitute for, similar financial measures calculated in accordance with IFRS. We caution readers that these non-IFRS financial measures or other financial metrics may differ from the calculations disclosed by other businesses and, as a result, may not be comparable to similar measures presented by other issuers and entities. Reconciliations of these non-IFRS financial measures to the most directly comparable financial measures calculated and presented in accordance with IFRS, where applicable, are included within this Report. Please refer to our Glossary of Terms beginning on page 58 for all non-IFRS measures.

PART 1

OUR BUSINESS AND STRATEGY

OVERVIEW

We are a premier global alternative asset manager¹ with a history spanning over 100 years. We have approximately \$725 billion of assets under management (“AUM”)¹ across a broad portfolio of renewable power and transition, infrastructure, private equity, real estate and credit. Our \$379 billion in fee-bearing capital¹ is invested on behalf of some of the world’s largest institutional investors, sovereign wealth funds and pension plans, along with thousands of individuals.

We provide a diverse product mix of private funds¹ and dedicated public vehicles, which allow investors to invest in our five key asset classes and participate in the strong performance of the underlying portfolio. We invest in a disciplined manner, targeting returns of 12-15% over the long-term with strong downside protection, allowing our investors and their stakeholders to meet their goals and protect their financial futures.

✓ **Investment Focus**

We predominantly invest in real assets across renewable power and transition, infrastructure, private equity, real estate and credit.

✓ **Diverse Products Offering**

We offer public and private vehicles to invest across a number of product lines, including core, value-add, and opportunistic equity and credit strategies in both closed-end and perpetual vehicles.

✓ **Focused Investment Strategies**

We invest where we can bring our competitive advantages to bear, such as our strong capabilities as an owner-operator, our large-scale capital and our global reach.

✓ **Disciplined Financing Approach**

We employ leverage¹ in a prudent manner to enhance returns while preserving capital throughout business cycles. Underlying investments are typically funded at investment-grade levels on a standalone and non-recourse basis, providing us with a stable capitalization. Only 6% of the total leverage reported in our consolidated financial statements has recourse to the Corporation.

✓ **Sustainability**

We are committed to ensuring that the assets and businesses in which we invest are set up for long-term success, and we seek to have a positive impact on the environment and the communities in which we operate.

1. See definition in Glossary of Terms beginning on page 58.

In addition, we maintain significant invested capital¹ on the Corporation's balance sheet where we invest alongside our investors. This capital generates annual cash flows that enhance the returns we earn as an asset manager, creates a strong alignment of interest, and allows us to bring the following strengths to bear on all our investments:

1. Large-scale capital

We have approximately \$725 billion in assets under management and \$379 billion in fee-bearing capital.

2. Operating expertise

We have approximately 180,000 operating employees worldwide who maximize value and cash flows from our operations.

3. Global reach

We operate in more than 30 countries on five continents around the world.

The value of the business is comprised of two key components: Our asset management activities that we refer to as Asset Management, and our balance sheet investments that we refer to as Invested Capital. Our financial returns are represented by the combination of the earnings of our Asset Management business, as well as capital appreciation and distributions from our Invested Capital. The primary performance measure we use is funds from operations ("FFO")¹ which we use to evaluate the performance of our segments.

ASSET MANAGEMENT

Our Asset Management business oversees \$379 billion of fee-bearing capital across a broad portfolio of renewable power and transition, infrastructure, private equity, real estate and credit. Today, we have approximately 2,100 unique institutional investors and have approximately \$33 billion of additional committed capital that will be fee-bearing when invested. Within each of our investment verticals, we manage capital in a variety of products that broadly fall into one of three categories: i) long-term private funds, ii) perpetual strategies and iii) liquid strategies¹. Products within these three strategies have similar base management fee¹ and carried interest¹ or performance fee¹ drivers.

Long-term Private Funds – \$174 billion fee-bearing capital

We manage and earn fees on a diverse range of renewable power and transition, infrastructure, private equity, real estate and credit funds. These funds have a long duration, are closed-end and include opportunistic, value-add, core and core plus investment strategies.

On long-term private fund capital, we earn:

1. Diversified and long-term **base management fees** on capital that is typically committed for 10 years with two one-year extension options.
2. **Carried interest**, which enables us to receive a portion of overall fund profits provided that investors receive a minimum prescribed preferred return. Carried interest is recognized when a fund's cumulative returns are in excess of preferred returns and when it is highly probable that a significant reversal will not occur.
3. Transaction and advisory fees are one-time fees earned on co-investment capital related to the close of transactions, and vary based on transaction agreements.

1. See definition in Glossary of Terms beginning on page 58.

Perpetual Strategies – \$128 billion fee-bearing capital

We manage perpetual capital in our perpetual affiliates¹, as well as in our core and core plus private funds, which can continually raise new capital. From our perpetual strategies, we earn:

1. Long-term perpetual **base management fees**, which are based on total capitalization or net asset value (“NAV”) of our perpetual affiliates and the NAV of our perpetual private funds.
2. Stable **incentive distribution**¹ fees which are linked to cash distributions from perpetual affiliates (BEP/BEPC and BIP/BIPC) that exceed pre-determined thresholds. These cash distributions have a historical track record of growing annually and each of these perpetual affiliates target annual distribution growth rates within a range of 5-9%.
3. **Performance fees** based on unit price performance (BBU) and **carried interest** on our perpetual private funds.

Liquid Strategies – \$77 billion fee-bearing capital

We manage publicly listed funds and separately managed accounts, focused on fixed income and equity securities across real estate, infrastructure and natural resources. We earn **base management fees**, which are based on committed capital and fund NAV, and performance income based on investment returns.

INVESTED CAPITAL

We have approximately \$72 billion of invested capital on our balance sheet as a result of our history as an owner and operator of real assets. This capital provides attractive financial returns and important stability and flexibility to our asset management business.

Key attributes of our invested capital:

- Transparent – a significant portion of our invested capital is in our publicly traded investments. The remainder is primarily held in our recently privatized real estate perpetual affiliate, a residential homebuilding business, and a few other directly held investments.
- Diversified, long-term, stable cash flows – received from our underlying perpetual affiliates. These cash flows are underpinned by investments in real assets which should provide inflation protection and less volatility compared to traditional equities, and higher yields compared to fixed income.
- Strong alignment of interests – we are the largest investor in each of our perpetual affiliates, and in turn, the perpetual affiliates are typically the largest investor in each of our private funds.

Refer to Parts 2 and 3 of this MD&A for more information on our operations and performance.

1. See definition in Glossary of Terms beginning on page 58.

PART 2

REVIEW OF CONSOLIDATED FINANCIAL RESULTS

The following section contains a discussion and analysis of line items presented within our consolidated financial statements. The financial data in this section has been prepared in accordance with IFRS. Starting on page 55 of our 2021 annual report, we provide an overview of our fair value accounting process and why we believe it provides useful information for investors about our performance. We also provide an overview of our application of the control-based model under IFRS used to determine whether or not an investment should be consolidated. Our fair value accounting process and application of the control-based model under IFRS in the period were consistent with those referenced in our 2021 annual report.

OVERVIEW

In the current quarter, our operating performance was strong due to the resilience of our underlying operations, resulting in solid financial results across most of our businesses.

Net income was \$3.0 billion in the current quarter, with \$1.4 billion attributable to common shareholders (\$0.81 per share) and the remaining income attributable to non-controlling interests.

During the quarter, the decrease of \$816 million in consolidated net income compared to the prior period is attributable to:

- an increase in equity accounted income of \$175 million from valuation gains on investment properties held in our equity accounted investments; and
- contributions from acquisitions over the last twelve months and same-store¹ growth across our operations; more than offset by
- lower fair value gains of \$1.8 billion compared to \$2.1 billion in the prior year quarter, primarily as a result of a gain on the deconsolidation of our graphite electrode operation recognized in the prior period, partially offset by higher gains on our investment properties in the current quarter; and
- income tax expense of \$708 million compared to \$544 million in the prior year quarter, predominantly attributable to the tax impact of the aforementioned fair value uplifts.

Our consolidated balance sheet mainly increased as a result of assets acquired, net of liabilities. Further increases relate to net valuation gains on our investment properties within our Real Estate business, as well as higher inventory within our Private Equity business. These increases were partially offset by dispositions of certain investment properties, including a portfolio of hospitality assets in the U.S.

1. See definition in Glossary of Terms beginning on page 58.

INCOME STATEMENT ANALYSIS

The following table summarizes the financial results of the company for the three months ended March 31, 2022 and 2021:

FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	2022	2021	Change
Revenues	\$ 21,882	\$ 16,410	\$ 5,472
Direct costs ¹	(18,695)	(13,697)	(4,998)
Other income and gains	29	704	(675)
Equity accounted income	843	668	175
Expenses			
Interest	(2,138)	(1,830)	(308)
Corporate costs	(33)	(29)	(4)
Fair value changes	1,780	2,094	(314)
Income tax expense	(708)	(544)	(164)
Net income	2,960	3,776	(816)
Non-controlling interests	(1,601)	(2,541)	940
Net income attributable to shareholders	\$ 1,359	\$ 1,235	\$ 124
Net income per share	\$ 0.81	\$ 0.77	\$ 0.04

1. In 2021, the company reclassified depreciation and amortization, which was previously presented as a separate line item, to direct costs. Direct costs include \$1.8 billion of depreciation and amortization expenses. Prior period amounts were also adjusted to reflect this change, which resulted in an increase to direct costs by \$1.5 billion for the period ended March 31, 2021, with equal and offsetting decreases to depreciation and amortization. This reclassification had no impact on revenues, net income, or basic and diluted earnings per share.

Three Months Ended March 31

Revenues for the quarter were \$21.9 billion, an increase of \$5.5 billion or 33%, compared to the first quarter of 2021, resulting from:

- higher prices and volumes at our road fuels operation within our Private Equity segment. Included within revenues and direct costs are import duties that are passed through to their customers;
- increased contributions from our hospitality and retail portfolios within our Real Estate segment as pandemic-related restrictions and closures were lifted;
- benefits from inflation indexation and higher tariffs at our utilities and transport operations within our Infrastructure segment; and
- revenues from acquisitions during the last twelve months, net of the absence of contributions from businesses fully or partially sold; partially offset by
- outperformance at our gas storage operation within our Infrastructure segment due to the extreme weather experienced in the U.S. in the prior period.

A discussion of the impact on revenues and net income from recent acquisitions and dispositions can be found on page 19.

Direct costs were \$18.7 billion, an increase of \$5.0 billion or 36%, primarily due to:

- the aforementioned higher prices and volumes at our road fuels operation in our Private Equity segment, increased occupancy at our hospitality assets in our Real Estate segment and incremental costs associated with organic growth initiatives in our Infrastructure segment;
- an increase in depreciation and amortization expense due to an increase in the carrying value of our property, plant and equipment ("PP&E") from the impact of revaluation gains as part of our year-end revaluation process; and
- higher direct costs related to recent acquisitions, net of dispositions; partially offset by
- cost saving initiatives across our businesses.

Other income and gains of \$29 million decreased relative to the prior year quarter of \$704 million, as the prior period included a gain from the partial sale of our stake in our graphite electrode operation within our Private Equity segment.

Equity accounted income increased by \$175 million mainly due to:

- mark-to-market gains at our reinsurance business; and
- valuation gains in our retail and office portfolios held in our equity accounted investments; partially offset by
- lower contribution from Oaktree Capital Management (“Oaktree”)¹ as a result of a one-time realization in the prior year quarter.

Interest expense of \$2.1 billion increased by \$308 million due to additional borrowings associated with acquisitions, partially offset by the impact of dispositions across our operations.

We recorded fair value gains of \$1.8 billion, a decrease of \$314 million compared to the prior year quarter. Major contributors include:

- valuation gains at our retail portfolios, office assets and LP Investments within our Real Estate business; more than offset by
- the absence of transaction related gains on the reclassification of our interest in our graphite electrode operation within our Private Equity business, with the sell down resulting in the deconsolidation of this investment.

Refer to pages 20 and 21 for a discussion on fair value changes.

We recorded an income tax expense of \$708 million this quarter compared to \$544 million in the prior year quarter due to the tax impact of the aforementioned fair value uplifts.

1. See definition in Glossary of Terms beginning on page 58.

SIGNIFICANT ACQUISITIONS AND DISPOSITIONS

We have summarized below the impact of recent significant acquisitions and dispositions on our results for the three months ended March 31, 2022:

FOR THE THREE MONTHS ENDED MAR. 31, 2022 (MILLIONS)	Acquisitions		Dispositions	
	Revenue	Net Income (Loss)	Revenue	Net Income (Loss)
Renewable Power and Transition.....	\$ 33	\$ 10	\$ (44)	\$ 16
Infrastructure	767	52	(148)	4
Private Equity.....	2,292	(51)	—	(48)
Real Estate	274	234	(132)	(15)
	<u>\$ 3,366</u>	<u>\$ 245</u>	<u>\$ (324)</u>	<u>\$ (43)</u>

ACQUISITIONS

Acquisitions over the past year contributed incremental revenues and net income of \$3.4 billion and \$245 million, respectively, in the current quarter.

Renewable Power and Transition

Within our Renewable Power and Transition segment, recent acquisitions contributed to incremental revenues and net income of \$33 million and \$10 million, respectively. These contributions were primarily due to the acquisitions of a hydro asset in Colombia and a solar asset in China in the second half of 2021.

Infrastructure

Recent acquisitions contributed incremental revenues of \$767 million and net income of \$52 million. These contributions were primarily from Inter Pipeline Ltd. ("IPL")¹ which was acquired in 2021.

Private Equity

Within our Private Equity segment, recent acquisitions contributed to incremental revenues of \$2.3 billion and a net loss of \$51 million. These contributions and net loss were primarily from acquisitions of an engineered components manufacturer, a modular building leasing services operation and a solar power solutions operation acquired in the second half of 2021.

Real Estate

Recent acquisitions contributed incremental revenues of \$274 million and net income of \$234 million. These contributions were primarily from the acquisitions of investment properties made through our Brookfield Strategic Real Estate Partners III and IV funds ("BSREP III" and "BSREP IV")¹.

DISPOSITIONS

Recent asset sales reduced revenues and net income by \$324 million and \$43 million, respectively, in the current quarter. The assets that most significantly impacted our results were the dispositions of our North American district energy and Chilean toll road operations within our Infrastructure segment, our triple net lease portfolio within our Real Estate segment and a wind portfolio within our Renewable Power and Transition segment.

1. See definition in Glossary of Terms beginning on page 58.

FAIR VALUE CHANGES

The following table disaggregates fair value changes into major components to facilitate analysis:

FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	<u>2022</u>	<u>2021</u>	<u>Change</u>
Investment properties	\$ 1,846	\$ 827	\$ 1,019
Transaction related (losses) gains, net of expenses	(73)	1,281	(1,354)
Financial contracts	16	515	(499)
Impairment and provisions	(17)	(235)	218
Other fair value changes	8	(294)	302
Total fair value changes	<u>\$ 1,780</u>	<u>\$ 2,094</u>	<u>\$ (314)</u>

INVESTMENT PROPERTIES

Investment properties are recorded at fair value with changes recorded in net income. We present the investment properties of our Real Estate segment within three sub-segments. The sub-segments are based on our strategy to maintain an irreplaceable portfolio of trophy mixed-use precincts in global gateway cities ("Core"), maximize returns through a development or buy-fix-sell strategy ("Transitional and Development"), or recycle capital from our private funds ("LP Investments").

The following table disaggregates investment property fair value changes by asset type:

FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	<u>2022</u>	<u>2021</u>	<u>Change</u>
Core	\$ 147	\$ 3	\$ 144
Transitional and Development	46	(177)	223
LP Investments and Other	1,653	1,001	652
	<u>\$ 1,846</u>	<u>\$ 827</u>	<u>\$ 1,019</u>

We discuss the key valuation inputs of our investment properties on pages 56 and 57.

Core

Valuation gains of \$147 million mainly due to changes in market rent assumptions on certain New York office assets and higher cash flows in our retail assets.

Valuation gains of \$3 million in the prior year quarter were largely due to changes in market rent assumptions on our New York office portfolio, partially offset by losses in our retail portfolio from updated cash flow assumptions.

Transitional and Development

Valuation gains of \$46 million primarily relate to higher cash flows in certain retail assets, partially offset by losses at certain office assets in California due to updated leasing assumptions.

Valuation losses of \$177 million in the prior year quarter mainly related to losses on our retail assets as a result of updated cash flow assumptions, partially offset by gains at our U.K. portfolio as development milestones were met.

LP Investments and Other

Valuation gains of \$1.7 billion mostly relate to:

- capitalization rate compression at our U.S. manufactured housing portfolio as a result of external appraisals and recent market activity;
- valuation gains in our U.S. logistics portfolio due to development milestones and higher market rents;

- higher valuation at our Australian senior living portfolio as a result of an increase in unit prices; and
- fair value uplifts at our U.K. student housing portfolio to reflect comparable market pricing.

In the prior year quarter, valuation gains of \$1.0 billion were mainly related to capitalization rate compression within our manufactured housing portfolio in the U.S. and an office asset in the U.K., as well as updated cash flows at our senior living portfolio in Australia. Our portfolio of life science assets also contributed to these gains.

Transaction Related (Losses) Gains, Net of Expenses

Transaction related losses, net of expenses, totaled \$73 million for the quarter. This was primarily due to restructuring costs incurred within our Private Equity segment, as well as transaction costs associated with the step-up acquisition of our German office portfolio within our Real Estate segment.

Transaction related gains, net of expenses, in the prior year quarter of \$1.3 billion primarily related to the gain on the deconsolidation of our investment in our graphite electrode operation within our Private Equity business.

Financial Contracts

Financial contracts include mark-to-market gains and losses related to foreign currency, interest rate and pricing exposures that are not designated as hedges.

The gain this quarter of \$16 million is mainly attributable to mark-to-market gains on interest rate swaps within our Real Estate business, partially offset by the mark-to-market movement on short-term financial contracts that hedge power prices in our Renewable Power and Transition business.

Unrealized gains of \$515 million in the prior year quarter were primarily attributable to gains on our toehold positions in our Private Equity and Infrastructure segments as well as interest rate contracts in our Real Estate segment.

Impairment and Provisions

Impairment and provisions expense for the quarter of \$17 million is mainly related to legal provisions in our residential development operations.

Other Fair Value Changes

Other fair value gains of \$8 million were reported for the quarter. Included in this balance are various other one-time charges across our segments.

INCOME TAXES

We recorded an aggregate income tax expense of \$708 million in the current quarter (2021 – \$544 million), including current tax expenses of \$283 million (2021 – \$355 million) and deferred tax expense of \$425 million (2021 – \$189 million).

Our income tax provision does not include a number of non-income taxes paid that are recorded elsewhere in our consolidated financial statements. For example, a number of our operations in Brazil are required to pay non-recoverable taxes on revenue, which are included in direct costs as opposed to income taxes. In addition, we pay considerable property, payroll and other taxes that represent an important component of the tax base in the jurisdictions in which we operate, which are also predominantly recorded in direct costs.

Our effective income tax rate is different from the Canadian domestic statutory income tax rate due to the following differences:

FOR THE THREE MONTHS ENDED MAR. 31	2022	2021	Change
Statutory income tax rate	26%	26%	—%
(Reduction) increase in rate resulting from:			
Portion of gains subject to different tax rates	(1)	(3)	2
Taxable income attributed to non-controlling interests	(8)	(12)	4
International operations subject to different tax rates	1	1	—
Recognition of deferred tax assets	—	(2)	2
Non-recognition of the benefit of current year's tax losses	1	2	(1)
Other	—	1	(1)
Effective income tax rate	19%	13 %	6%

As an asset manager, many of our operations are held in partially owned “flow-through” entities, such as partnerships, and any tax liability is incurred by the investors as opposed to the entity. As a result, while our consolidated earnings include income attributable to non-controlling ownership interests in these entities, our consolidated tax provision includes only our proportionate share of the associated tax provision of these entities. In other words, we are consolidating all the net income, but only our share of the associated tax provision. This reduced our effective tax rate by 8% in the current quarter.

We operate in countries with different tax rates, most of which vary from our domestic statutory rate and we also benefit from tax incentives introduced in various countries to encourage economic activity. Differences in global tax rates resulted in a 1% increase in our effective tax rate in the current quarter. The difference will vary from period to period depending on the relative proportion of income earned in each country.

BALANCE SHEET ANALYSIS

The following table summarizes the statement of financial position of the company as at March 31, 2022 and December 31, 2021:

AS AT MAR. 31, 2022 AND DEC. 31, 2021 (MILLIONS)	2022	2021	Change
Assets			
Property, plant and equipment	\$ 117,286	\$ 115,489	\$ 1,797
Investment properties	105,429	100,865	4,564
Equity accounted investments	45,806	46,100	(294)
Cash and cash equivalents	11,816	12,694	(878)
Accounts receivable and other	25,587	21,760	3,827
Intangible assets	31,597	30,609	988
Goodwill	21,116	20,227	889
Other assets	43,316	43,259	57
Total assets	\$ 401,953	\$ 391,003	\$ 10,950
Liabilities			
Corporate borrowings	\$ 11,154	\$ 10,875	\$ 279
Non-recourse borrowings of managed entities	173,880	165,057	8,823
Other non-current financial liabilities	27,171	27,718	(547)
Other liabilities	53,315	52,612	703
Equity			
Preferred equity	4,145	4,145	—
Non-controlling interests	88,889	88,386	503
Common equity	43,399	42,210	1,189
Total equity	136,433	134,741	1,692
	\$ 401,953	\$ 391,003	\$ 10,950

March 31, 2022 vs. December 31, 2021

Total assets increased by \$11.0 billion since December 31, 2021 to \$402 billion as at March 31, 2022. The increase is driven by net valuation gains as well as recently completed business combinations and asset acquisitions, net of disposals, which added \$5.0 billion of total assets. This was partially offset by amortization and depreciation of our asset base during the quarter.

PP&E increased by \$1.8 billion primarily as a result of:

- additions of \$2.6 billion, which includes the acquisition of a utility-scale solar development business in the U.S. within our Renewable Power and Transition segment; and
- the favorable impact of foreign currency translation of \$964 million; partially offset by
- depreciation of \$1.4 billion in the quarter; and
- dispositions and assets reclassified as held for sale of \$287 million, most notably our hydroelectric portfolio in Brazil within our Renewable Power and Transition segment.

We provide a continuity of PP&E in Note 10 of the consolidated financial statements.

Investment properties predominantly consist of the company's real estate assets. The balance as at March 31, 2022 increased by \$4.6 billion, mostly due to:

- additions of \$7.3 billion, mainly through the purchase of investment properties within our real estate funds; and
- net valuation gains of \$1.8 billion, primarily driven by valuation gains on our retail and office assets as well as our LP investments; partially offset by

- asset sales and reclassifications to assets held for sale of \$4.4 billion in our real estate funds; and
- the negative impact of foreign currency translation and other of \$128 million.

We provide a continuity of investment properties in Note 9 of the consolidated financial statements.

Equity accounted investments decreased by \$294 million to \$45.8 billion in the current quarter, mainly due to:

- our proportionate share of comprehensive income of \$886 million; and
- the positive impact of foreign currency translation and other of \$442 million; more than offset by
- dispositions of \$1.3 billion, net of additions, primarily from the change in accounting basis of our interest in our German office portfolio within our Real Estate segment, with the step-up acquisition resulting in the consolidation of this investment. Other contributors include the partial sale of a core office asset, somewhat offset by the acquisition of AusNet Services Ltd. (“AusNet”)¹ within our Infrastructure segment; and
- distributions and returns of capital received of \$328 million.

We provide a continuity of equity accounted investments in Note 8 of the consolidated financial statements.

Cash and cash equivalents decreased by \$878 million as at March 31, 2022. For further information, refer to our Consolidated Statements of Cash Flows and to the Review of Consolidated Statements of Cash Flows within Part 4 – Capitalization and Liquidity.

The increase of \$988 million in our intangible assets primarily relates to the impact of foreign exchange within our Infrastructure and Private equity segments, partially offset by the amortization of certain intangible assets. Goodwill increased by \$889 million due to additions from acquisitions, net of dispositions, across our segments.

Other assets are comprised of inventory, deferred income tax assets, assets classified as held for sale and other financial assets. The increase of \$57 million is primarily a result of:

- an increase in inventory of \$588 million mainly due to higher inventory on hand at our advanced energy storage operation and solar power solutions provider, combined with higher prices at our road fuels operation within our Private Equity segment;
- an increase in other financial assets of \$466 million as a result of mark-to-market gains on our public securities portfolio; partially offset by
- a decrease in assets held for sale of \$1.1 billion largely attributable to the dispositions of a triple-net lease portfolio and a hospitality portfolio in the U.S., somewhat offset by the reclassification of certain office assets and other properties within our Real Estate segment to held for sale.

Corporate borrowings increased by \$279 million from the \$400 million green bond issuance and \$400 million re-opening of our 2028 notes during the quarter, partially offset by the repayment of our commercial paper issuances and credit facility draws.

Non-recourse borrowings of managed entities increased by \$8.8 billion, net of borrowings reclassified to held for sale, largely attributable to recent acquisitions across our business segments.

Other non-current financial liabilities consist of our subsidiary equity obligations, non-current accounts payable and other long-term financial liabilities that are due after one year. The decrease of \$547 million was primarily due to a decrease in lease liabilities within our Real Estate segment.

The increase of \$703 million in other liabilities, was primarily due to the increase in deferred income tax liabilities as a result of acquisitions completed in the quarter and higher prices at our road energy operations within our Private Equity segment. This increase was partially offset by the aforementioned decrease in assets held for sale within our Real Estate segment. Please see Note 6 of the consolidated financial statements for further information.

1. See definition in Glossary of Terms beginning on page 58.

EQUITY

The significant variances in common equity and non-controlling interests are discussed below. Preferred equity is discussed in Part 4 – Capitalization and Liquidity.

COMMON EQUITY

The following table presents the major contributors to the period-over-period variances for common equity:

AS AT AND FOR THE THREE MONTHS ENDED MAR. 31, 2022
(MILLIONS)

Common equity, beginning of period	\$ 42,210
Changes in period	
Net income attributable to shareholders	1,359
Common dividends	(220)
Preferred dividends	(37)
Other comprehensive income	382
Share repurchases, net of issuances	(192)
Ownership changes and other	(103)
	1,189
Common equity, end of period	<u>\$ 43,399</u>

Common equity increased by \$1.2 billion to \$43.4 billion during the three month period ended March 31, 2022. The change includes:

- net income attributable to common shareholders of \$1.4 billion; and
- other comprehensive income of \$382 million, primarily due to foreign currency translation; partially offset by
- distributions of \$257 million to shareholders as common and preferred share dividends;
- share repurchases, net of issuances, of \$192 million, mainly related to the repurchase of 3.9 million Class A Limited Voting Shares (“Class A shares”) during the three months ended March 31, 2022; and
- ownership changes and other of \$103 million primarily attributable to losses recorded directly in equity on the step-up acquisition of our German office portfolio in the quarter.

NON-CONTROLLING INTERESTS

Non-controlling interests in our consolidated results primarily consist of third-party interests in BEP, BIP, BBU, BPG and their consolidated entities as well as co-investors and other participating interests in our consolidated investments as follows:

AS AT MAR. 31, 2022 AND DEC. 31, 2021
(MILLIONS)

	2022	2021
Brookfield Renewable	\$ 19,756	\$ 19,355
Brookfield Infrastructure	24,261	23,695
Brookfield Business Partners	10,194	10,197
Brookfield Property Group	27,486	28,064
Other participating interests	7,192	7,075
	<u>\$ 88,889</u>	<u>\$ 88,386</u>

Non-controlling interests increased by \$503 million during the three month period ended March 31, 2022, primarily due to:

- comprehensive income attributable to non-controlling interests, which totaled \$3.0 billion; and
- ownership changes of \$1.8 billion; partially offset by
- distributions, net of equity issuances, of \$4.3 billion.

FOREIGN CURRENCY TRANSLATION

Approximately half of our capital is invested in non-U.S. currencies and the cash flows generated from these businesses, as well as our equity, are subject to changes in foreign currency exchange rates. From time to time, we utilize financial contracts to adjust these exposures. The most significant currency exchange rates that impact our business are shown in the following table:

AS AT MAR. 31, 2022 AND DEC. 31, 2021 AND FOR THE THREE MONTHS ENDED MAR. 31	Period-End Spot Rate			Average Rate		
	2022	2021	Change	2022	2021	Change
Australian dollar	0.7482	0.7262	3 %	0.7245	0.7727	(6)%
Brazilian real ¹	4.7371	5.5804	18 %	5.2301	5.4825	5 %
British pound	1.3138	1.3532	(3)%	1.3410	1.3792	(3)%
Canadian dollar	0.7995	0.7913	1 %	0.7896	0.7899	— %
Colombian peso ¹	3,764.5	4,064.9	8 %	3,910.2	3,561.0	(9)%
Euro	1.1067	1.1370	(3)%	1.1218	1.2051	(7)%

1. Using Brazilian real and Colombian peso as the price currency.

Currency exchange rates relative to the U.S. dollar at the end of the current quarter were higher than December 31, 2021 for all of our significant non-U.S. dollar investments with the exception of the British pound and Euro. As at March 31, 2022, our common equity of \$43.4 billion was invested in the following currencies: U.S. dollars – 47% (December 31, 2021 – 55%); Brazilian reais – 7% (December 31, 2021 – 6%); British pounds – 17% (December 31, 2021 – 16%); Canadian dollars – 7% (December 31, 2021 – 7%); Australian dollars – 6% (December 31, 2021 – 6%); Colombian pesos – 1% (2021 – 1%); and other currencies – 15% (December 31, 2021 – 9%).

The following table disaggregates the impact of foreign currency translation on our equity by the most significant non-U.S. currencies:

FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	2022	2021
Australian dollar	\$ 267	\$ (110)
Brazilian real	1,768	(1,018)
British pound	(418)	103
Canadian dollar	156	164
Colombian peso	352	(467)
Euro	(270)	(327)
Other	11	(181)
Total cumulative translation adjustments	1,866	(1,836)
Currency hedges ¹	(423)	187
Total cumulative translation adjustments net of currency hedges	\$ 1,443	\$ (1,649)
Attributable to:		
Shareholders	\$ 347	\$ (375)
Non-controlling interests	1,096	(1,274)
	\$ 1,443	\$ (1,649)

1. Net of deferred income tax recovery of \$9 million (2021 – income tax expense of \$4 million).

The foreign currency translation of our equity, net of currency hedges, for the three months ended March 31, 2022 generated a gain of \$1.4 billion. This was primarily attributable to higher period-end rates for the Brazilian real, Colombian peso and Australian dollar, partially offset by losses on the lower period-end and average rates for the British pound and Euro.

We seek to hedge foreign currency exposure where the cost of doing so is reasonable. Due to the high historical costs associated with hedging the Brazilian real, Colombian peso and other emerging market currencies, hedge levels against those currencies were low at quarter end.

CORPORATE DIVIDENDS

The dividends paid by Brookfield on outstanding securities during the first three months of 2022, 2021 and 2020, are summarized in the following table. Dividends to the Class A and B Limited Voting Shares have been adjusted to reflect a three-for-two stock split on April 1, 2020.

	Distribution per Security		
	2022	2021	2020
Class A and B ¹ Limited Voting Shares ("Class A and B shares") ²	\$ 0.14	\$ 0.13	\$ 0.12
Class A Preferred Shares			
Series 2	0.08	0.08	0.13
Series 4	0.08	0.08	0.13
Series 8	0.12	0.12	0.18
Series 9	0.14	0.14	0.13
Series 13	0.08	0.08	0.13
Series 15	0.03	0.03	0.11
Series 17	0.23	0.23	0.22
Series 18	0.23	0.23	0.22
Series 24	0.16	0.15	0.14
Series 25 ³	—	0.12	0.18
Series 26	0.17	0.17	0.16
Series 28	0.13	0.13	0.13
Series 30	0.23	0.23	0.22
Series 32	0.25	0.25	0.24
Series 34	0.22	0.22	0.21
Series 36	0.24	0.24	0.23
Series 37	0.24	0.24	0.23
Series 38 ⁴	0.18	0.18	0.20
Series 40	0.20	0.20	0.19
Series 42 ⁵	0.16	0.16	0.21
Series 44	0.25	0.25	0.23
Series 46	0.24	0.24	0.22
Series 48	0.23	0.23	0.22

1. Class B Limited Voting Shares ("Class B shares").

2. Adjusted to reflect the three-for-two stock split effective April 1, 2020.

3. Dividend rate reset commenced the last day of each quarter. All Series 25 shares were converted into Series 24 on a one-for-one basis effective June 30, 2021.

4. Dividend rate reset commenced March 31, 2020.

5. Dividend rate reset commenced June 30, 2020.

Dividends on the Class A and B shares are declared in U.S. dollars whereas Class A Preferred share dividends are declared in Canadian dollars.

SUMMARY OF QUARTERLY RESULTS

The quarterly variances in revenues over the past two years are due primarily to acquisitions and dispositions. Variances in net income to shareholders relate primarily to the timing and amount of non-cash fair value changes and deferred tax provisions, as well as seasonality and cyclical influences in certain businesses. Changes in ownership have resulted in the consolidation and deconsolidation of revenues from some of our assets, particularly in our Real Estate and Private Equity businesses. Other factors include the impact of foreign currency on non-U.S. revenues, net income attributable to non-controlling interests, and the global economic shutdown.

Our Real Estate business typically generates consistent results on a quarterly basis due to the long-term nature of contractual lease arrangements subject to the intermittent recognition of disposition and lease termination gains. Our retail properties typically experience seasonally higher retail sales during the fourth quarter, and our resort hotels tend to experience higher revenues and costs as a result of increased visits during the first quarter. We fair value our real estate assets on a quarterly basis which results in variations in net income based on changes in the value.

Renewable power hydroelectric operations are seasonal in nature. Generation tends to be higher during the winter rainy season in Brazil and spring thaws in North America; however, this is mitigated to an extent by prices, which tend not to be as strong as they are in the summer and winter seasons due to the more moderate weather conditions and reductions in demand for electricity. Water and wind conditions may also vary from year to year. Our infrastructure operations are generally stable in nature as a result of regulation or long-term sales contracts with our investors, certain of which guarantee minimum volumes.

Revenues and direct costs in our private equity operations vary from quarter to quarter primarily due to acquisitions and dispositions of businesses, fluctuations in foreign exchange rates, business and economic cycles, and weather and seasonality in underlying operations. Broader economic factors and commodity market volatility may have a significant impact on a number of our businesses, in particular within our industrials portfolio. For example, seasonality affects our contract drilling and well-servicing operations as the ability to move heavy equipment safely and efficiently in western Canadian oil and gas fields is dependent on weather conditions. Within our infrastructure services, the core operating plants business of our service provider to the power generation industry generates the majority of its revenue during the fall and spring, when power plants go offline to perform maintenance and replenish their fuel. Some of our business services operations will typically have stronger performance in the latter half of the year whereas others, such as our fuel marketing and road fuel distribution businesses, will generate stronger performance in the second and third quarters. Net income is impacted by periodic gains and losses on acquisitions, monetization and impairments.

Our residential development operations are seasonal in nature and a large portion is correlated with the ongoing strength of the U.S. housing market and, to a lesser extent, economic conditions in Brazil. Results in these businesses are typically higher in the third and fourth quarters compared to the first half of the year, as weather conditions are more favorable in the latter half of the year which tends to increase construction activity levels. Our condensed statements of operations for the eight most recent quarters are as follows:

FOR THE PERIODS ENDED (MILLIONS, EXCEPT PER SHARE AMOUNTS)	2022		2021				2020	
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Revenues	\$21,882	\$21,787	\$19,248	\$18,286	\$16,410	\$17,088	\$16,249	\$12,829
Net income (loss)	2,960	3,461	2,722	2,429	3,776	1,815	542	(1,493)
Net income (loss) to shareholders	1,359	1,118	797	816	1,235	643	172	(656)
Per share								
– diluted	\$ 0.81	\$ 0.66	\$ 0.47	\$ 0.49	\$ 0.77	\$ 0.40	\$ 0.10	\$ (0.43)
– basic	0.84	0.69	0.49	0.51	0.79	0.41	0.10	(0.43)

The following table shows fair value changes and income taxes for the last eight quarters, as well as their combined impact on net income:

FOR THE PERIODS ENDED (MILLIONS)	2022	2021				2020		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Fair value changes	\$ 1,780	\$ 1,980	\$ 700	\$ 377	\$ 2,094	\$ 175	\$ (31)	\$ (1,153)
Income taxes	(708)	(516)	(717)	(547)	(544)	(243)	(225)	(5)
Net impact	\$ 1,072	\$ 1,464	\$ (17)	\$ (170)	\$ 1,550	\$ (68)	\$ (256)	\$ (1,158)

Over the last eight quarters, the factors discussed below caused variations in revenues and net income to shareholders on a quarterly basis:

- In the first quarter of 2022, revenues increased compared to the prior quarter mainly due to increased contributions from recent acquisitions and same-store growth across our businesses. The higher net income in the quarter is primarily attributable to increased valuation gains at our consolidated and equity accounted investments within our Real Estate segment, partially offset by higher income taxes.
- In the fourth quarter of 2021, revenues increased relative to the prior quarter due to increased contributions from recent acquisitions across our operating segments as well as same-store growth in most of our businesses. The higher net income in the quarter is primarily attributable to higher fair value gains in our Real Estate segment and lower income taxes, partially offset by lower gains from asset sale activities.
- In the third quarter of 2021, revenues increased in comparison to the prior quarter due to same-store growth in most of our businesses. The higher net income in the quarter is primarily attributable to higher fair value gains in our Real Estate segment partially offset by higher income taxes.
- In the second quarter of 2021, revenues increased in comparison to the prior quarter due to same-store growth in most of our businesses. The lower net income in the quarter as compared to the first quarter of 2021, is a result of lower fair value gains partially offset by asset sale activity within our Infrastructure segment.
- In the first quarter of 2021, revenues decreased in comparison to the prior quarter primarily due to lower same-store results due in part to seasonality across certain operating segments. The higher net income in the quarter is a result of gains from asset sale activities.
- In the fourth quarter of 2020, revenues increased in comparison to the prior quarter due to same-store growth in most of our businesses. The higher net income in the quarter is a result of gains from asset sales in the quarter as well as a positive contribution from our equity accounted investments and fair value changes.
- In the third quarter of 2020, revenues increased relative to the prior quarter due to increased contributions from recent acquisitions across our businesses. We had net income in the quarter, relative to the prior quarter's net loss, as a result of improved performance across many of our businesses and a positive contribution from fair value changes within our consolidated investment properties, particularly within our BSREP III fund.
- In the second quarter of 2020, our revenues decreased in comparison to the prior quarter, due to the impact of the economic shutdown for a large part of the quarter. The higher net loss in the quarter is primarily attributed to a decline in the valuation of our investment property portfolio as cash flow assumptions were adjusted downwards to reflect the impact of the shutdown.

PART 3

OPERATING SEGMENT RESULTS

BASIS OF PRESENTATION

HOW WE MEASURE AND REPORT OUR OPERATING SEGMENTS

Our operations are organized into our asset management business, five operating businesses and our corporate activities, which collectively represent seven operating segments for internal and external reporting purposes. We measure operating performance primarily using FFO generated by each operating segment and the amount of capital invested by the Corporation in each segment using common equity. Common equity relates to invested capital allocated to a particular business segment which we use interchangeably with segment common equity. To further assess operating performance for our Asset Management segment we also provide unrealized carried interest¹ which represents carried interest generated on unrealized changes in value of our private fund investment portfolios, net of realized carried interest.

Our operating segments are global in scope and are as follows:

- i. *Asset Management* business includes managing our long-term private funds, perpetual strategies and liquid strategies on behalf of our investors and ourselves, as well as our share of the asset management activities of Oaktree. We generate contractual base management fees for these activities as well as incentive distributions and performance income, including performance fees, transaction fees and carried interest.
- ii. *Renewable Power and Transition* business includes the ownership, operation and development of hydroelectric, wind, solar and energy transition power generating assets.
- iii. *Infrastructure* business includes the ownership, operation and development of utilities, transport, midstream, data and sustainable resource assets.
- iv. *Private Equity* business includes a broad range of industries, and is mostly focused on business services, infrastructure services and industrials.
- v. *Real Estate* business includes the ownership, operation and development of core investments, transitional and development investments, and our share of LP investments, which sit within our private funds.
- vi. *Residential Development* business consists of homebuilding, condominium development and land development.
- vii. *Corporate Activities* include the investment of cash and financial assets, as well as the management of our corporate leverage, including corporate borrowings and preferred equity, which fund a portion of the capital invested in our other operations. Certain corporate costs such as technology and operations are incurred on behalf of our operating segments and allocated to each operating segment based on an internal pricing framework.

In assessing operating performance and capital allocation, we separately identify the portion of FFO and common equity within our segments that relate to our perpetual affiliates (BEP, BIP, BBU, BPG). We believe that identifying the FFO and common equity attributable to our perpetual affiliates enables investors to understand how the results of these entities are integrated into our financial results and is helpful in analyzing variances in FFO between reporting periods. Additional information with respect to these perpetual affiliates is available in their public filings. We also separately identify the components of our asset management FFO and realized disposition gains included within the FFO of each segment in order to facilitate analysis of variances in FFO between reporting periods.

1. See definition in Glossary of Terms beginning on page 58.

SUMMARY OF RESULTS BY OPERATING SEGMENT

The following table presents revenues, FFO and common equity by segment on a period-over-period basis for comparative purposes:

AS AT MAR. 31, 2022 AND DEC. 31, 2021 AND FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	Revenues ¹			FFO			Common Equity		
	2022	2021	Change	2022	2021	Change	2022	2021	Change
Asset Management	\$ 1,268	\$ 1,482	\$ (214)	\$ 629	\$ 636	\$ (7)	\$ 4,863	\$ 4,905	\$ (42)
Renewable Power and Transition	1,246	1,089	157	70	823	(753)	5,353	5,264	89
Infrastructure	3,487	2,764	723	115	130	(15)	3,010	3,022	(12)
Private Equity	13,496	9,867	3,629	219	992	(773)	3,530	3,565	(35)
Real Estate	2,994	2,102	892	598	250	348	32,682	32,004	678
Residential Development	596	589	7	72	23	49	2,160	2,392	(232)
Corporate Activities	39	85	(46)	(106)	(33)	(73)	(8,199)	(8,942)	743
Total segments	<u>\$23,126</u>	<u>\$17,978</u>	<u>\$ 5,148</u>	<u>\$ 1,597</u>	<u>\$ 2,821</u>	<u>\$ (1,224)</u>	<u>\$43,399</u>	<u>\$42,210</u>	<u>\$ 1,189</u>

1. Revenues include inter-segment revenues which are adjusted to arrive at external revenues for IFRS purposes. Please refer to Note 3(c) of the consolidated financial statements for further details.

Total revenues and FFO were \$23.1 billion and \$1.6 billion in the current quarter, compared to \$18.0 billion and \$2.8 billion in the prior period, respectively. FFO includes realized disposition gains of \$356 million, compared to \$1.8 billion in the prior year quarter. Excluding realized carried interest and disposition gains, revenues and FFO increased by \$5.5 billion and \$336 million, respectively, from the prior year quarter.

Revenues increased primarily due to organic growth initiatives across our businesses and from acquisitions completed in the last twelve months across most segments. These increases were partially offset by sales of operating businesses in the LTM.

The decrease in FFO is primarily a result of:

- increased fee-related earnings driven by significant capital inflows and strong capital deployment efforts over the last twelve months;
- improved contributions from our office, retail and hospitality portfolios within our Real Estate segment;
- higher prices and volumes at our infrastructure services operations within our Private Equity segment; and
- organic growth across our businesses, as well as contributions from recent acquisitions net of the impact of asset sales; more than offset by
- lower realized disposition gains as the prior period primarily related to the secondary offering of BEPC shares in our Renewable Power and Transition segment;
- lower realized carried interest¹ in our Asset Management segment as the prior period benefitted from monetization activities within our credit strategies; and
- lower gains on our financial assets portfolio in our Corporate segment.

Common equity increased by \$1.2 billion since year-end to \$43.4 billion, primarily as a result of net income attributable to shareholders and foreign currency translation gains. These items were partially offset by dividends paid and the impact of share buybacks.

1. See definition in Glossary of Terms beginning on page 58.

ASSET MANAGEMENT

FEE-BEARING CAPITAL

The following table summarizes fee-bearing capital:

AS AT MAR. 31, 2022 AND DEC. 31, 2021 (MILLIONS)	Long-Term Private Funds	Perpetual Strategies	Liquid Strategies	Total 2022	Total 2021
Renewable power and transition	\$ 20,639	\$ 30,829	\$ —	\$ 51,468	\$ 47,525
Infrastructure	30,745	44,785	—	75,530	67,736
Private equity	28,044	7,873	—	35,917	34,395
Real estate	53,234	31,470	—	84,704	82,282
Credit and other	41,017	12,819	77,132	130,968	132,195
March 31, 2022	\$ 173,679	\$ 127,776	\$ 77,132	\$ 378,587	n/a
December 31, 2021	\$ 169,279	\$ 114,624	\$ 80,230	n/a	\$ 364,133

We have approximately \$33 billion of additional committed capital that does not currently earn fees but will generate approximately \$330 million in annual fees once deployed.

Fee-bearing capital increased by \$14.5 billion during the quarter. The changes are set out in the following table:

AS AT AND FOR THE THREE MONTHS ENDED MAR. 31, 2022 (MILLIONS)	Renewable Power and Transition	Infrastructure	Private Equity	Real Estate	Credit and Other	Total
Balance, December 31, 2021	\$ 47,525	\$ 67,736	\$ 34,395	\$ 82,282	\$ 132,195	\$ 364,133
Inflows	73	5,308	2,067	2,217	6,225	15,890
Outflows	—	—	—	(89)	(4,733)	(4,822)
Distributions	(318)	(1,100)	(11)	(1,516)	(440)	(3,385)
Market valuation	3,713	2,882	(545)	961	(1,910)	5,101
Other	475	704	11	849	(369)	1,670
Change	3,943	7,794	1,522	2,422	(1,227)	14,454
Balance, March 31, 2022	\$ 51,468	\$ 75,530	\$ 35,917	\$ 84,704	\$ 130,968	\$ 378,587

Renewable Power and Transition fee-bearing capital increased by \$3.9 billion, due to:

- \$3.7 billion increase in market valuations as a result of the higher market capitalization of BEP; and
- \$0.5 billion increase in working capital; partially offset by
- \$0.3 billion of distributions, including quarterly distributions paid to BEP's unitholders.

Infrastructure fee-bearing capital increased by \$7.8 billion, due to:

- \$5.3 billion of inflows largely driven by the \$4.8 billion of capital deployed within our supercore perpetual strategies and a capital market issuance in the quarter; and
- \$2.9 billion increase in market valuations primarily due to a higher market capitalization of BIP; partially offset by
- \$1.1 billion of distributions, including quarterly distributions paid to BIP's unitholders and capital returned to investors.

Private Equity fee-bearing capital increased by \$1.5 billion, due to:

- \$2.1 billion of inflows from capital deployed in our long-term private funds; partially offset by
- \$0.5 billion decrease in market valuations as a result of the lower market capitalization of BBU.

Real Estate fee-bearing capital increased by \$2.4 billion, due to:

- \$2.2 billion of inflows from capital raised and deployed across our perpetual and long-term private funds; and
- \$1.0 billion increase from higher valuations in our perpetual strategies during the quarter; partially offset by
- \$1.5 billion of distributions, including quarterly distributions paid to unitholders and capital returned to investors.

Credit and Other fee-bearing capital decreased by \$1.2 billion, due to:

- \$4.7 billion of outflows primarily due to redemptions within open-end credit funds and our liquid strategies;
- \$1.9 billion decrease in market valuations primarily from our liquid strategies; and
- \$0.4 billion of distributions from our long-term private funds; partially offset by
- \$6.2 billion of inflows as a result of capital deployed in our closed-end credit funds and capital raised in our liquid strategies.

CARRY ELIGIBLE CAPITAL

Carry eligible capital decreased by \$2.8 billion during the quarter to \$171.5 billion as at March 31, 2022 (December 31, 2021 – \$174.3 billion). The decrease was primarily related to capital returned to investors in our credit and real estate long-term private funds.

As at March 31, 2022, \$117.5 billion of carry eligible capital was deployed (December 31, 2021 – \$112.7 billion). This capital is either currently earning carried interest or will begin earning carried interest once its related funds have reached their preferred return threshold. There are currently \$53.9 billion of uncalled fund commitments that will begin to earn carried interest once the capital is deployed and fund preferred returns are met (December 31, 2021 – \$61.6 billion).

OPERATING RESULTS

Asset management FFO includes fee-related earnings and realized carried interest earned by us in respect of capital managed for our investors. Fee-related earnings also include fees earned on the capital invested by us in the perpetual affiliates. This is representative of how we manage the business and measure the returns from our asset management activities.

To facilitate analysis, the following table disaggregates our Asset Management segment revenues and FFO into fee-related earnings and realized carried interest, net, as these are the measures that we use to analyze the performance of the Asset Management segment. We also analyze unrealized carried interest, net, to provide insight into the value our investments have created in the period.

We have provided additional detail, where referenced, to explain significant variances from the prior period.

FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	Ref.	Revenues		FFO	
		2022	2021	2022	2021
Fee-related earnings	i	\$ 965	\$ 801	\$ 501	\$ 413
Realized carried interest	ii	303	681	128	223
Asset management		<u>\$ 1,268</u>	<u>\$ 1,482</u>	<u>\$ 629</u>	<u>\$ 636</u>
Unrealized carried interest					
Generated				\$ 896	\$ 1,565
Foreign exchange				64	(169)
				<u>960</u>	<u>1,396</u>
Less: direct costs				(326)	(538)
Unrealized carried interest, net	iii			<u>634</u>	<u>858</u>
Less: unrealized carried interest not attributable to BAM				(64)	(160)
				<u>\$ 570</u>	<u>\$ 698</u>

i. Fee-Related Earnings

FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	2022	2021
Fee revenues		
Base management fees	\$ 850	\$ 717
Incentive distributions	84	84
Transaction and advisory fees	31	—
	<u>965</u>	<u>801</u>
Less: direct costs	(426)	(354)
	<u>539</u>	<u>447</u>
Less: fee-related earnings not attributable to BAM	(38)	(34)
Fee-related earnings	<u>\$ 501</u>	<u>\$ 413</u>

Fee-related earnings increased to \$501 million at our share, mainly due to higher base management fees driven by increased fee-bearing capital and higher transaction and advisory fees in the quarter, partially offset by increased direct costs.

Base management fees increased by \$133 million to \$850 million, a 19% increase from the same quarter in 2021. The increase is broken down as follows:

- \$53 million increase in our Real Estate segment largely due to fundraising for our fourth flagship fund, higher valuations across our perpetual strategies and capital deployed during the quarter;
- \$33 million increase in our Credit and Other business due to capital deployed within our closed-end funds and market valuation increases in our perpetual strategies;
- \$29 million increase from our Infrastructure segment, primarily as a result of BIP's increased market capitalization and their capital market issuance in the quarter;
- \$10 million increase from our Renewable Power and Transition segment due to fundraising for our transition fund, partially offset by a lower market capitalization for BEP compared to the prior year quarter; and
- \$8 million increase from our Private Equity segment largely due to the increased market capitalization of BBU compared to the prior year quarter.

Incentive distributions across our perpetual affiliates were consistent at \$84 million, as higher incentive distributions earned from BIP and BEP due to higher distribution levels were offset by the absence of BPY's incentive distributions fees following its privatization in the third quarter of 2021.

Direct costs consist primarily of employee expenses and professional fees, as well as business related technology costs and other shared services. Direct costs increased \$72 million or 20% from the prior year quarter as we continue to scale our asset management franchise, including enhancing our fundraising and client service capabilities as well as developing new complementary strategies.

The margin on our fee-related earnings, including our 62% share of Oaktree's fee-related earnings, was 58% in the current quarter (2021 – 59%). Our fee-related earnings margin before performance fees, including 100% of Oaktree's fee-related earnings, was 56% in the current quarter (2021 – 56%).

ii. Realized Carried Interest

We realize carried interest when a fund's cumulative returns are in excess of preferred returns and are no longer subject to future investment performance (e.g., subject to "clawback"). During the quarter, we realized \$128 million of carried interest, net of direct costs (2021 – \$223 million). Realizations during the quarter were primarily driven by distribution and monetization activities in our Credit and Other and Real Estate businesses.

We provide supplemental information and analysis below on the estimated amount of unrealized carried interest (see Section iii) that has accumulated based on fund performance up to the date of the consolidated financial statements.

iii. Unrealized Carried Interest

The amounts of accumulated unrealized carried interest and associated costs are not included in our Consolidated Balance Sheets or Consolidated Statements of Operations as they are still subject to clawback. These amounts are shown in the following table:

FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	2022			2021		
	Carried Interest	Direct Costs	Net	Carried Interest	Direct Costs	Net
Accumulated unrealized, beginning of period	\$ 7,747	\$ (2,562)	\$ 5,185	\$ 4,695	\$ (1,774)	\$ 2,921
In-period change						
Unrealized in period	896	(299)	597	1,565	(583)	982
Foreign currency revaluation	64	(27)	37	(169)	45	(124)
	960	(326)	634	1,396	(538)	858
Less: realized	(303)	135	(168)	(681)	343	(338)
	657	(191)	466	715	(195)	520
Accumulated unrealized, end of period	8,404	(2,753)	5,651	5,410	(1,969)	3,441
Carried interest not attributable to BAM shareholders	(1,008)	519	(489)	(743)	381	(362)
Accumulated unrealized, end of period, net	\$ 7,396	\$ (2,234)	\$ 5,162	\$ 4,667	\$ (1,588)	\$ 3,079

Unrealized carried interest generated in the current quarter before foreign exchange and associated costs was \$896 million, primarily related to increased valuations across our strategies.

Accumulated unrealized carried interest, net¹, totaled \$7.4 billion at March 31, 2022. We estimate approximately \$2.2 billion of associated costs related to the future realization of the accumulated amounts to date, predominantly related to employee long-term incentive plans and taxes that will be incurred. We expect to recognize \$3.5 billion of this carry at our share, before costs, within the next three years; however, realization of this carried interest is dependent on future investment performance and the timing of monetizations.

1. See definition in Glossary of Terms beginning on page 58.

RENEWABLE POWER AND TRANSITION

SUMMARY OF OPERATING RESULTS

The following table disaggregates segment revenues and our share of FFO and common equity of entities in our Renewable Power and Transition segment, which was previously referred to as our Renewable Power segment. We have provided additional detail, where referenced, to explain significant movements from the prior period.

AS AT MAR. 31, 2022 AND DEC. 31, 2021 AND FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	Ref.	Revenues		FFO		Common Equity	
		2022	2021	2022	2021	2022	2021
Brookfield Renewable ¹	i	\$ 1,257	\$ 1,112	\$ 101	\$ 89	\$ 4,702	\$ 4,641
Energy contracts	ii	(11)	(23)	(36)	(35)	651	623
Realized disposition gains	iii	—	—	5	769	—	—
		<u>\$ 1,246</u>	<u>\$ 1,089</u>	<u>\$ 70</u>	<u>\$ 823</u>	<u>\$ 5,353</u>	<u>\$ 5,264</u>

1. Brookfield's interest in BEP consists of 194.5 million redemption-exchange units, 68.7 million Class A limited partnership units, 4.0 million general partnership units, as well as 44.8 million Class A shares in Brookfield Renewable Corporation ("BEPC"), together representing an economic interest of 48% of BEP.

Compared to the prior year quarter, revenues increased by \$157 million primarily driven by contributions from organic growth initiatives, recent acquisitions and higher realized pricing across most markets. FFO decreased by \$753 million, as a result of the gain on the secondary offering of BEPC shares in the prior year quarter.

Excluding realized disposition gains, FFO increased by \$11 million. This increase was mainly attributable to the aforementioned contributions, partially offset by lower generation mix in North America.

i. Brookfield Renewable

The following table disaggregates BEP's generation and FFO by business line to facilitate analysis of the quarter-over-quarter variances:

FOR THE THREE MONTHS ENDED MAR. 31 (GIGAWATT HOURS AND MILLIONS)	Actual Generation (GWh) ¹		Long-Term Average (GWh) ¹		FFO	
	2022	2021	2022	2021	2022	2021
Hydroelectric	5,197	5,113	5,090	5,027	\$ 164	\$ 170
Wind	1,626	1,716	1,729	2,041	92	128
Solar	354	327	423	364	64	30
Energy transition	248	219	172	170	47	33
Corporate	—	—	—	—	(124)	(119)
Attributable to unitholders	<u>7,425</u>	<u>7,375</u>	<u>7,414</u>	<u>7,602</u>	<u>243</u>	<u>242</u>
Non-controlling interests and other ²					(137)	(135)
Segment reallocation ³					(5)	(18)
Brookfield's interest					<u>\$ 101</u>	<u>\$ 89</u>

1. Proportionate to BEP; see "Proportionate basis generation" in Glossary of Terms beginning on page 58.

2. Includes incentive distributions paid to Brookfield of \$24 million (2021 – \$20 million) as the general partner of BEP.

3. Segment reallocation refers to disposition gains, net of NCI, included in BEP's operating FFO that we reclassify to realized disposition gains. This allows us to present FFO attributable to unitholders on the same basis as BEP in the table above.

BEP's FFO for the first quarter of 2022 was \$243 million, of which our share was \$101 million, compared to \$89 million in the prior year quarter. Generation for the year totaled 7,425 GWh, relatively consistent with the long-term average ("LTA")¹. However, this represents a 1% increase in actual generation compared to the prior year quarter. Key variances for our operations are described on the following page.

1. See definition in Glossary of Terms beginning on page 58.

Hydroelectric

FFO in the current quarter decreased by \$6 million relative to the prior year quarter, due to lower generation in higher priced markets in North America. This was partially offset by the benefits of inflation indexation, resulting in higher realized prices across most markets.

Wind

FFO from our wind operations in the prior year quarter included a gain of \$37 million related to the sale of certain development assets in Scotland. Excluding this gain, FFO increased by \$1 million, which was consistent compared to the prior year quarter.

Solar

FFO in the current quarter included a gain of \$11 million related to the sale of a solar development project in North America. Excluding this gain, FFO increased by \$23 million primarily due to higher market prices and newly commissioned facilities.

Energy Transition

FFO from our energy transition business increased by \$14 million from the prior year quarter due to higher pricing for grid stability services and the growth of our distributed generation portfolio.

Corporate

The corporate FFO deficit increased by \$5 million associated with foreign exchange losses in the current quarter.

ii. Energy Contracts

During the quarter, we purchased 968 GWh (2021 – 757 GWh) from BEP at \$75 per MWh (2021 – \$78 per MWh) and sold the purchased generation at an average selling price of \$41 per MWh (2021 – \$34 per MWh). As a result, we incurred an FFO deficit of \$36 million compared to a deficit of \$35 million in the prior year quarter.

iii. Realized Disposition Gains

Disposition gains of \$5 million for the quarter relate to the sale of a solar development project in North America.

Disposition gains of \$769 million for the prior year quarter mainly include the secondary offering of 15 million Class A shares of BEPC.

COMMON EQUITY

Common equity in our Renewable Power and Transition segment increased to \$5.4 billion as at March 31, 2022 from \$5.3 billion as at December 31, 2021, due to contributions from FFO and the appreciation in foreign currency exchange rates on invested capital. Our Renewable Power and Transition PP&E is revalued annually, and therefore, common equity in this segment is typically not affected by revaluation items during the first three quarters of the year. For further information, refer to our Revaluation Method for PP&E within Part 5 – Accounting Policies and Internal Controls.

INFRASTRUCTURE

SUMMARY OF OPERATING RESULTS

The following table disaggregates segment revenues and our share of FFO and common equity of entities in our Infrastructure segment. We have provided additional detail, where referenced, to explain significant movements from the prior period.

AS AT MAR. 31, 2022 AND DEC. 31, 2021 AND FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)		Revenues		FFO		Common Equity	
	Ref.	2022	2021	2022	2021	2022	2021
Brookfield Infrastructure ¹	i	\$ 3,461	\$ 2,715	\$ 113	\$ 103	\$ 2,713	\$ 2,696
Sustainable resources and other	ii	26	49	2	4	297	326
Realized disposition gains	iii	—	—	—	23	—	—
		<u>\$ 3,487</u>	<u>\$ 2,764</u>	<u>\$ 115</u>	<u>\$ 130</u>	<u>\$ 3,010</u>	<u>\$ 3,022</u>

1. Brookfield's interest consists of 129.1 million redemption-exchange units, 0.2 million limited partnership units, 1.6 million general partnership units of BIP LP, as well as 8.7 million Class A shares in Brookfield Infrastructure Corporation ("BIPC"), together representing an economic interest of 27% of BIP.

FFO decreased by \$15 million mainly due to the gain on the partial sale of our U.S. gas pipeline in the prior period.

Revenues generated by our Infrastructure segment increased by \$723 million, compared to the prior year quarter. Excluding realized disposition gains, FFO increased by \$8 million. These increases were primarily related to organic growth across our operations and contributions from acquisitions completed in the last twelve months. These increases were partially offset by recent dispositions and higher management fee expenses.

i. Brookfield Infrastructure

The following table disaggregates BIP's FFO by business line to facilitate analysis of the quarter-over-quarter variances:

FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	2022	2021
Utilities	\$ 167	\$ 166
Transport	185	162
Midstream	196	146
Data	58	60
Corporate	(113)	(103)
Attributable to unitholders	493	431
Non-controlling interests and other ¹	(376)	(324)
Segment reallocation ²	(4)	(4)
Brookfield's interest	<u>\$ 113</u>	<u>\$ 103</u>

1. Includes incentive distributions paid to Brookfield of \$60 million (2021 – \$50 million) as the general partner of BIP.

2. Segment reallocation refers to certain items, net of NCI, included in BIP's FFO that we reclassify. This allows us to present FFO attributable to unitholders on the same basis as BIP in the table above.

BIP's FFO for the first quarter of 2022 was \$493 million, of which our share was \$113 million compared to \$103 million in the prior year quarter. Key variances for our operations are described below and on the following page.

Utilities

FFO in our utilities operations of \$167 million was consistent compared to the prior period.

Transport

FFO from our transport operations of \$185 million was \$23 million higher than the prior year quarter. The increase is mainly attributable to:

- strong performance at our U.S. LNG export terminal due to continued strength in prices;
- higher storage revenue at our North American and U.K. ports due to supply chain congestion; and
- benefits from increased tariffs across our transport operations; partially offset by
- the absence of contributions associated with the sale of our Chilean toll road operation in the fourth quarter of 2021.

Midstream

FFO in our midstream operations of \$196 million was \$50 million higher than the prior year quarter. The increase is primarily due to:

- contributions from our acquisition of IPL in the second half of 2021;
- elevated commodity prices; and
- growth initiatives completed at our U.S. gas pipeline; partially offset by
- exceptional performance at our gas storage operations due to extreme cold weather conditions experienced in the U.S. in the first quarter of 2021.

Data

FFO from our data operations of \$58 million was largely in line with the prior period.

Corporate

The Corporate FFO deficit of \$113 million increased by \$10 million from the prior year quarter, largely attributable to higher base management fees from a higher market capitalization of BIP.

ii. Sustainable Resources and Other

FFO at our sustainable resources and other operations decreased by \$2 million relative to the prior period, resulting from the sale of a Brazilian agricultural portfolio in 2021.

iii. Realized Disposition Gains

There were no disposition gains realized in the current quarter.

The prior period disposition gains of \$23 million primarily relate to the partial sale of our U.S. gas pipeline.

COMMON EQUITY

Common equity in our Infrastructure segment was \$3.0 billion as at March 31, 2022 (December 31, 2021 – \$3.0 billion). The contributions from earnings and the favorable impact of foreign currencies were partially offset by distributions to unitholders.

This equity is primarily our investment in PP&E and certain concessions, which are recorded as intangible assets. Our PP&E is recorded at fair value and revalued annually while concessions are considered as intangible assets under IFRS, and therefore recorded at historical cost and amortized over the life of the concession. Accordingly, a smaller portion of our equity is impacted by revaluation compared to our Real Estate and Renewable Power and Transition segments, where a larger portion of the balance sheet is subject to revaluation.

PRIVATE EQUITY

SUMMARY OF OPERATING RESULTS

The following table disaggregates segment revenues and our share of FFO and common equity of entities in our Private Equity segment. We have provided additional detail, where referenced, to explain significant movements from the prior period.

AS AT MAR. 31, 2022 AND DEC. 31, 2021 AND FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)		Revenues		FFO		Common Equity	
		Ref.	2022	2021	2022	2021	2022
Brookfield Business Partners ¹	i	\$ 13,476	\$ 9,857	\$ 201	\$ 137	\$ 2,829	\$ 2,803
Other investments	ii	20	10	18	8	701	762
Realized disposition gains	iii	—	—	—	847	—	—
		\$ 13,496	\$ 9,867	\$ 219	\$ 992	\$ 3,530	\$ 3,565

1. Brookfield's interest in BBU consists of 69.7 million redemption-exchange units, 24.8 million limited partnership units, eight general partnership units, as well as 47.2 million Class A shares in Brookfield Business Corporation ("BBUC"), together representing an economic interest of 65% of BBU.

Revenues generated from our Private Equity segment increased by \$3.6 billion, as a result of higher prices and volumes at our road fuels operation, as well as contributions from the recent acquisitions in the second half of 2021. These increases were partially offset by the partial sale of a stake in our graphite electrode operation in 2021.

FFO decreased by \$773 million due to the disposition gains of \$847 million in the prior period, which related to the partial sell-down of our interests in West Fraser Timber Co. ("West Fraser")¹ and our graphite electrode operation, along with the disposal of a portion of our investment in public securities. Excluding realized disposition gains, FFO increased by \$74 million, mainly due to the aforementioned contributions, and strong performance and increased ownership at our residential mortgage insurer.

i. Brookfield Business Partners

The following table disaggregates BBU's FFO by business line to facilitate analysis of the quarter-over-quarter variances:

FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)		2022	2021
Business services		\$ 80	\$ 70
Infrastructure services		139	73
Industrials		122	421
Corporate		(31)	(19)
Attributable to unitholders		310	545
Non-controlling interests		(109)	(198)
Segment reallocation and other ¹		—	(210)
Brookfield's interest		\$ 201	\$ 137

1. Segment reallocation and other refers to disposition gains, net of NCI, included in BBU's FFO that we reclassify to realized disposition gains. This allows us to present FFO attributable to unitholders on the same basis as BBU.

BBU generated \$310 million of FFO compared to \$545 million in the prior year quarter, of which our share of BBU's FFO was \$201 million, compared to \$137 million in the prior year quarter. Key variances for our operations are described on the following page.

1. See definition in Glossary of Terms beginning on page 58.

Business Services

Business services' FFO increased by \$10 million, compared to the prior year quarter, to \$80 million. Contributing factors include:

- strong business performance at our residential mortgage insurer as a result of lower mortgage default rates and higher premiums earned due to the resilient Canadian housing market, as well as our increased ownership in the operation; partially offset by
- reduced contributions from our Indian non-bank financial services operation impacted by a higher level of provisions recorded against its loan portfolio.

Infrastructure Services

Within our infrastructure services operations, we generated \$139 million of FFO, an increase of \$66 million compared to prior year quarter, largely driven by:

- increased contributions at our offshore oil services operation due to higher oil price;
- contributions from the acquisition of our modular building leasing services operation in the fourth quarter of 2021; and
- higher volumes at our nuclear technology services operation; partially offset by
- reduced activity in the U.S. at our work access services operation.

Industrials

Industrials' FFO in the prior period included a gain of \$328 million related to the partial sell-down of our stake in our graphite electrode operation and the sale of our investment in public securities. Excluding this gain, FFO increased by \$29 million to \$122 million primarily due to:

- contributions from the acquisitions of our engineered components manufacturer and our solar power solutions operations in the second half of 2021; partially offset by
- lower volumes and increased input costs at our advanced energy storage operation.

Corporate

The Corporate FFO deficit increased by \$12 million due to higher base management fees as a result of the increased market capitalization of BBU.

ii. Other Investments

FFO from other investments increased by \$10 million to \$18 million mainly related to the acquisition of a European alternative credit investment manager in 2021.

iii. Realized Disposition Gains

There were no disposition gains realized in the current quarter.

Realized disposition gains were \$847 million in the prior year quarter, primarily due to the partial sales of our interests in West Fraser and our graphite electrode operation.

COMMON EQUITY

Common equity in our Private Equity segment was \$3.5 billion as at March 31, 2022 (December 31, 2021 – \$3.6 billion). The decrease is primarily attributable to distributions to unitholders and depreciation expense. These decreases were partially offset by contributions from FFO. The depreciable assets held in these operations are recorded at amortized cost, with depreciation recorded on a quarterly basis, with the exception of investments in financial assets, which are carried at fair value based predominantly on quoted prices.

REAL ESTATE

SUMMARY OF OPERATING RESULTS

The following table disaggregates segment revenues and our share of FFO and common equity of entities in our Real Estate segment. We have provided additional detail, where referenced, to explain significant movements from the prior period. We present the operating results of our Real Estate segment, which include our investment in BPY and in other directly held real estate investments, within three sub-segments. The sub-segments are based on our strategy to maintain an irreplaceable portfolio of trophy mixed-use precincts in global gateway cities (“Core”), maximize returns through a development or buy-fix-sell strategy (“Transitional and Development”), or recycle capital from our private funds (“LP Investments”). We also separately manage certain corporate activities for these underlying investments.

		Revenues		FFO		Common Equity	
AS AT MAR. 31, 2022 AND DEC. 31, 2021 AND FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)		2022	2021	2022	2021	2022	2021
Ref.	Brookfield Property Group ¹	\$ 2,994	\$ 2,102	\$ 271	\$ 85	\$ 32,682	\$ 32,004
	Realized disposition gains	—	—	327	165	—	—
		<u>\$ 2,994</u>	<u>\$ 2,102</u>	<u>\$ 598</u>	<u>\$ 250</u>	<u>\$ 32,682</u>	<u>\$ 32,004</u>

1. See “Economic ownership interest” in the Glossary of Terms beginning on page 58.

Revenues and FFO from our Real Estate business increased by \$892 million and \$348 million, respectively, compared to the prior period. Excluding realized disposition gains, FFO increased by \$186 million. These increases were primarily due to higher earnings from our office and retail portfolios within our Core and Transitional and Development operations, as well as contributions from our hospitality assets within our LP Investments. These increases were partially offset by higher management fee expenses.

i. Brookfield Property Group

The following table disaggregates BPG’s FFO by business line to facilitate analysis of the quarter-over-quarter variances:

FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)		2022	2021
Core		\$ 152	\$ 135
Transitional and Development		173	106
LP Investments		84	12
Corporate		(127)	(104)
Attributable to BPG		<u>282</u>	<u>149</u>
Non-controlling interests		—	(48)
Segment reallocation and other ¹		<u>(11)</u>	<u>(16)</u>
Brookfield’s interest		<u>\$ 271</u>	<u>\$ 85</u>

1. Reflects preferred dividend distributions as well as fee-related earnings, net carried interest and associated asset management expenses not included in FFO reclassified to the Asset Management segment.

BPG’s FFO for the first quarter of 2022 was \$271 million compared to \$85 million in the prior year quarter. Key variances for our operations are described on the following page.

Core

FFO of \$152 million was \$17 million higher compared to the prior year quarter mostly due to growth in same-property NOI within our retail and office portfolios.

Transitional and Development

FFO of \$173 million was \$67 million higher than the prior period mainly attributable to:

- increased contributions and growth in same-property NOI within our retail and office portfolios; partially offset by
- the absence of contributions from asset sales during the last twelve months.

LP Investments

FFO of \$84 million was \$72 million higher than the prior year quarter due to:

- benefits from the re-opening of our hospitality assets as pandemic-related restrictions and closures were lifted compared to the prior year quarter; and
- incremental income on the sale of develop-for-sale multifamily properties.

Corporate

Corporate expenses within our Real Estate segment of \$127 million, which include interest expense, management fees and other costs, increased by \$23 million from the prior year quarter, primarily due to higher management fees resulting from an increase in core NAV.

ii. Realized Disposition Gains

Realized disposition gains in the current quarter and prior year quarter of \$327 million and \$165 million, respectively, mainly relate to the sales of investment properties within our Core and LP Investments operations.

COMMON EQUITY

Common equity in our Real Estate segment increased to \$32.7 billion as at March 31, 2022 compared to \$32.0 billion as at December 31, 2021. The increase is mainly attributable to contributions from FFO and valuation gains, partially offset by the aforementioned dispositions as well as distributions.

RESIDENTIAL DEVELOPMENT

SUMMARY OF OPERATING RESULTS

The following table disaggregates segment revenues, FFO and common equity into the amounts attributable to the two principal operating regions of our wholly owned residential development businesses:

	Revenues		FFO		Common Equity	
	2022	2021	2022	2021	2022	2021
AS AT MAR. 31, 2022 AND DEC. 31, 2021 AND FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)						
North America.....	\$ 515	\$ 518	\$ 69	\$ 27	\$ 1,520	\$ 1,892
Brazil and other.....	81	71	3	(4)	640	500
	\$ 596	\$ 589	\$ 72	\$ 23	\$ 2,160	\$ 2,392

North America

FFO from our North American operations increased by \$42 million to \$69 million. The increase is largely driven by higher average sales prices for homes and additional joint venture income.

As at March 31, 2022, we had 64 active housing communities (March 31, 2021 – 79) and 16 active land communities (March 31, 2021 – 18).

Brazil and Other

FFO at our Brazilian and other operations increased compared to the prior period, resulting from the delivery of three projects in the current quarter compared to two in the prior year quarter.

Our Brazilian operations started 2022 with 26 projects under construction and as of March 31, 2022, we have 25 projects under construction.

COMMON EQUITY

Common equity was \$2.2 billion as at March 31, 2022 (March 31, 2021 – \$2.4 billion) and consists largely of residential development inventory which is carried at the lower of cost and market value, notwithstanding the length of time that we may have held these assets and created value through the development process. The decrease in common equity is primarily attributable to dividends received from our North America operation as a result of strong business performance.

CORPORATE ACTIVITIES

SUMMARY OF OPERATING RESULTS

The following table disaggregates segment revenues, FFO and common equity into the principal assets and liabilities within our corporate operations and associated FFO to facilitate analysis:

AS AT MAR. 31, 2022 AND DEC. 31, 2021 AND FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	Revenues		FFO		Common Equity	
	2022	2021	2022	2021	2022	2021
Corporate cash and financial assets, net	\$ 39	\$ 71	\$ 25	\$ 73	\$ 4,107	\$ 3,522
Corporate borrowings	—	—	(117)	(108)	(11,154)	(10,875)
Preferred equity ^{1,2}	—	—	—	—	(4,375)	(4,375)
Other corporate investments	—	15	18	29	2,095	2,087
Corporate costs and taxes/net working capital	—	—	(56)	(44)	1,128	699
Realized disposition gains	—	—	24	17	—	—
	\$ 39	\$ 85	\$ (106)	\$ (33)	\$ (8,199)	\$ (8,942)

1. FFO excludes preferred share distributions of \$40 million (2021 – \$39 million).

2. Includes \$230 million of perpetual subordinated notes issued in November 2020 by a wholly owned subsidiary of Brookfield, included within non-controlling interest.

Our portfolio of corporate cash and financial assets is generally recorded at fair value with changes recognized through net income, unless the underlying financial investments are classified as fair value through other comprehensive income, in which case changes in value are recognized in other comprehensive income. Loans and receivables are typically carried at amortized cost. As at March 31, 2022, our portfolio of corporate cash and financial assets included \$2.3 billion of cash and cash equivalents (December 31, 2021 – \$1.9 billion). The increase from December 31, 2021 is largely attributable to \$1.2 billion of distributable earnings, partially offset by dividends paid to shareholders, funding of capital calls for fund commitments, and the repurchase of 3.9 million Class A shares.

Our corporate cash and financial assets generated FFO of \$25 million compared to \$73 million in the prior year quarter primarily due to lower unrealized mark-to-market returns on our financial asset portfolio in the current quarter relative to the prior period.

Corporate borrowings are generally issued with fixed interest rates. Some of these borrowings are denominated in Canadian dollars and therefore the carrying value fluctuates with changes in the foreign exchange rate. A number of these borrowings have been designated as hedges of our Canadian dollar net investments within our other segments, resulting in the majority of the currency revaluation being recognized in other comprehensive income. The \$117 million FFO expense reported through corporate borrowings reflects the interest expense on all of our corporate borrowings. The increase from the prior year quarter was primarily attributable to corporate debt issuances during the last twelve months.

Preferred equity does not revalue under IFRS and the total outstanding shares remain unchanged from year-end.

We describe cash and financial assets, corporate borrowings and preferred equity in more detail within Part 4 – Capitalization and Liquidity.

Other corporate investments include our equity accounted investment in Brookfield Asset Management Reinsurance Partners Ltd. (“BAMR”)¹, as part of the spin-out in the second quarter of 2021. Additionally, these investments include our share of the corporate cash and financial assets of Oaktree. The decrease in FFO is primarily from a one-time realization on Oaktree’s balance sheet investments in the prior year quarter, partially offset by positive operating results from our investment in BAMR.

1. See definition in Glossary of Terms beginning on page 58.

Corporate costs, taxes and net working capital were collectively in an asset position of \$1.1 billion as at March 31, 2022, an increase from the prior year balance of \$699 million. The increase was due to settlement of certain option premiums and other liabilities. Included within this balance are net deferred income tax assets of \$1.7 billion (December 31, 2021 – \$1.8 billion). The FFO deficit of \$56 million includes corporate costs and cash taxes, which were higher compared to the prior year quarter due to a one-time tax expense and higher direct costs.

Disposition gains of \$24 million were primarily due to the partial sale of a financial asset, which was previously recognized through the consolidated statement of comprehensive income.

PART 4

CAPITALIZATION AND LIQUIDITY

CAPITALIZATION

We review key components of our capitalization in the following sections. In several instances we have disaggregated the balances into the amounts attributable to our operating segments in order to facilitate discussion and analysis.

*Corporate Capitalization*¹ – reflects the amount of debt held in the Corporate segment and our issued and outstanding common and preferred shares. Corporate debt includes unsecured bonds and, from time to time, draws on revolving credit facilities and the issuance of short-term commercial paper. At March 31, 2022, our corporate capitalization was \$64.4 billion (December 31, 2021 – \$62.9 billion) with a debt to capitalization of 17% (December 31, 2021 – 17%).

*Consolidated Capitalization*¹ – reflects the aggregate capitalization of wholly owned, partially owned, and managed entities that we consolidate in our financial statements. At March 31, 2022, consolidated capitalization increased compared to the prior year largely due to acquisitions, which resulted in additional associated borrowings, working capital balances and non-controlling interests. Much of the borrowings issued within our managed entities are included in our consolidated balance sheet notwithstanding that virtually none of this debt has any recourse to the Corporation.

The following table presents our capitalization on a corporate and consolidated basis:

AS AT MAR. 31, 2022 AND DEC. 31, 2021 (MILLIONS)	Ref.	Corporate		Consolidated	
		2022	2021	2022	2021
Corporate borrowings	i	\$ 11,154	\$ 10,875	\$ 11,154	\$ 10,875
Non-recourse borrowings					
Subsidiary borrowings	i	—	—	13,699	13,049
Property-specific borrowings	i	—	—	160,181	152,008
		11,154	10,875	185,034	175,932
Accounts payable and other		5,069	5,104	53,810	52,546
Deferred income tax liabilities		354	299	20,891	20,328
Subsidiary equity obligations		—	—	4,632	4,308
Liabilities associated with assets classified as held for sale		—	—	1,153	3,148
Equity					
Non-controlling interests		230	230	88,889	88,386
Preferred equity	ii	4,145	4,145	4,145	4,145
Common equity	iii	43,399	42,210	43,399	42,210
		47,774	46,585	136,433	134,741
Total capitalization		\$ 64,351	\$ 62,863	\$401,953	\$391,003
Debt to capitalization		17%	17%	46%	45%

1. See definition in Glossary of Terms beginning on page 58.

i. Borrowings

Corporate Borrowings

AS AT MAR. 31, 2022 AND DEC. 31, 2021 (\$ MILLIONS)	Average Rate		Average Term (Years)		Consolidated	
	2022	2021	2022	2021	2022	2021
Term debt	4.1%	4.2%	13	13	\$ 10,880	\$ 10,039
Revolving facilities ¹	n/a	n/a	4	4	356	912
Deferred financing costs	n/a	n/a	n/a	n/a	(82)	(76)
Total					\$ 11,154	\$ 10,875

1. Reflects \$356 million of commercial paper outstanding as at March 31, 2022.

As at March 31, 2022, corporate borrowings included term debt of \$10.9 billion (December 31, 2021 – \$10.0 billion) which had an average term to maturity of 13 years (December 31, 2021 – 13 years). Term debt consists of public and private bonds, all of which are fixed rate and have maturities ranging from 2024 to 2080. These financings provide an important source of long-term capital and are appropriately matched to our long-term asset profile.

The increase in term debt compared to the prior year is mainly driven by the issuance of \$400 million 2052 green notes and a \$400 million re-opening of our 2028 notes in the first quarter of 2022.

We had \$356 million of commercial paper and revolving facility draws outstanding at March 31, 2022 (December 31, 2021 – \$912 million). As at March 31, 2022, \$55 million of the facilities were utilized for letters of credit (December 31, 2021 – \$61 million).

Subsidiary Borrowings

We endeavor to capitalize our principal affiliates to enable continuous access to debt capital markets, usually on an investment-grade basis, thereby reducing the demand for capital from the Corporation. Subsidiary borrowings include perpetual affiliates' recourse term debt and credit facility draws. These borrowings have no recourse to the Corporation.

AS AT MAR. 31, 2022 AND DEC. 31, 2021 (\$ MILLIONS)	Average Rate		Average Term (Years)		Consolidated	
	2022	2021	2022	2021	2022	2021
Renewable power and transition	3.7%	3.9%	12	12	\$ 2,290	\$ 2,147
Infrastructure	3.1%	3.2%	9	10	3,180	2,719
Private equity	3.0%	2.6%	4	4	1,701	1,619
Real estate	3.4%	3.1%	4	4	4,358	4,782
Residential development	5.4%	5.5%	6	7	2,170	1,782
Total	3.6%	3.5%	7	7	\$ 13,699	\$ 13,049

Property-Specific Borrowings

As part of our financing strategy, the majority of our debt capital is in the form of property-specific borrowings and project financings and is denominated in local currencies that have recourse only to the assets being financed and have no recourse to the Corporation or the relevant perpetual affiliate.

AS AT MAR. 31, 2022 AND DEC. 31, 2021 (\$ MILLIONS)	Average Rate		Average Term (Years)		Consolidated	
	2022	2021	2022	2021	2022	2021
Renewable power and transition	4.4%	4.5%	10	10	\$ 21,450	\$ 19,893
Infrastructure	5.0%	4.3%	7	7	30,518	28,515
Private equity	5.0%	4.7%	5	5	28,981	27,894
Real estate	3.7%	3.6%	3	3	78,467	74,978
Residential development	5.3%	4.4%	2	2	765	728
Total	4.3%	4.0%	5	5	\$160,181	\$152,008

Property-specific borrowings have increased by \$8.2 billion since December 31, 2021, which is largely attributable to acquisitions in our real estate and infrastructure operations.

Fixed and Floating Interest Rate Exposure

Many of our borrowings, including all corporate borrowings recourse to the Corporation, are fixed rate, long-term financings. The remainder of our borrowings are at floating rates; however, from time to time, we enter into interest rate contracts to swap our floating rate exposure to fixed rates.

As at March 31, 2022, 67% of our share of debt outstanding, including the effect of swaps, was fixed rate. Accordingly, changes in interest rates are typically limited to the impact of refinancing borrowings at prevailing market rates or changes in the level of debt as a result of acquisitions and dispositions.

The following table presents the fixed and floating rates of interest expense:

AS AT MAR. 31, 2022 AND DEC. 31, 2021 (\$ MILLIONS)	Fixed Rate				Floating Rate			
	2022		2021		2022		2021	
	Average Rate	Consolidated	Average Rate	Consolidated	Average Rate	Consolidated	Average Rate	Consolidated
Corporate borrowings	4.2%	\$ 11,154	4.2%	\$ 10,875	—%	\$ —	—%	\$ —
Subsidiary borrowings	4.1%	8,682	4.0%	8,619	2.8%	5,017	2.4%	4,430
Property-specific borrowings	4.9%	58,823	4.8%	58,392	3.9%	101,358	3.6%	93,616
Total	4.7%	\$ 78,659	4.7%	\$ 77,886	3.9%	\$ 106,375	3.5%	\$ 98,046

Non-controlling interests

Non-controlling interests increased in the first quarter of 2022 predominantly due to comprehensive income attributable to non-controlling interests and increases from acquisitions. These items were partially offset by distributions, net of equity issuances.

ii. Preferred Equity

Preferred equity represents permanent non-participating preferred shares that provide leverage to our common equity. The shares are categorized by their principal characteristics in the following table:

AS AT MAR. 31, 2022 AND DEC. 31, 2021 (\$ MILLIONS)	Term	Average Rate		2022	2021
		2022	2021		
Fixed rate-reset	Perpetual	4.2%	4.1%	\$ 2,901	\$ 2,901
Fixed rate	Perpetual	4.8%	4.8%	739	739
Floating rate	Perpetual	3.1%	2.3%	505	505
Total		4.1%	4.0%	\$ 4,145	\$ 4,145

Fixed rate-reset preferred shares are issued with an initial fixed rate coupon that is reset after an initial period, typically five years, at a predetermined spread over the Canadian five-year government bond yield. The average reset spread as at March 31, 2022 was 279 basis points.

iii. Common Equity

Issued and Outstanding Shares

Changes in the number of issued and outstanding Class A and Class B shares during the periods are as follows:

AS AT AND FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	2022	2021
Outstanding at beginning of period	1,568.8	1,510.7
(Repurchased) issued		
Repurchases	(3.9)	(2.5)
Long-term share ownership plans ¹	1.3	1.8
Dividend reinvestment plan and others	0.1	—
Outstanding at end of period	1,566.3	1,510.0
Unexercised options and other share-based plans ¹ and exchangeable shares of affiliate	84.7	67.0
Total diluted shares at end of period	1,651.0	1,577.0

1. Includes management share option plan and restricted stock plan.

The company holds 72.0 million Class A shares (March 31, 2021 – 65.8 million) purchased by consolidated entities in respect of long-term share ownership programs, which have been deducted from the total amount of shares outstanding at the date acquired. Diluted shares outstanding include 23.6 million (March 31, 2021 – 16.9 million) shares issuable in respect of these plans based on the market value of the Class A shares at March 31, 2022 and March 31, 2021, resulting in a net reduction of 48.4 million (March 31, 2021 – 48.9 million) diluted shares outstanding.

During the first quarter of 2022, 1.6 million options were exercised, of which 0.7 million and 0.2 million were issued on a net-settled and gross basis, respectively, resulting in the cancellation of 0.7 million vested options.

The cash value of unexercised options was \$1.4 billion as at March 31, 2022 (March 31, 2021 – \$1.3 billion) based on the proceeds that would be paid on exercise of the options.

As of May 13, 2022, the Corporation had outstanding 1,565,252,453 Class A shares and 85,120 Class B shares. Refer to Note 12 of the consolidated financial statements for additional information on equity.

LIQUIDITY

CORPORATE LIQUIDITY

We maintain significant liquidity at the corporate level. Our primary sources of liquidity, which we refer to as core liquidity, consist of:

- cash and financial assets, net of other associated liabilities; and
- undrawn committed credit facilities.

We further assess overall liquidity inclusive of our perpetual affiliates BEP, BIP, BBU, BPG and Oaktree because of their role in funding acquisitions both directly and through our managed funds. On a group basis, we had \$15 billion of core liquidity, including liquidity from corporate and perpetual affiliates, and \$85 billion of total liquidity, including third-party commitments available for drawdown in our private funds, as at March 31, 2022.

CAPITAL REQUIREMENTS

The Corporation has very few non-discretionary capital requirements. Our largest normal course capital requirements are our debt maturities and there are no corporate debt maturities until March 2024 when approximately \$1.1 billion is due. Periodically, we will fund acquisitions and seed new investment strategies.

At the perpetual affiliate level, the largest normal course capital requirements are debt maturities and the pro-rata share of private fund capital calls. New acquisitions are primarily funded through the private funds or perpetual affiliates that we manage. We endeavor to structure these entities so that they are self-funding, preferably on an investment-grade basis, and in almost all circumstances do not rely on financial support from the Corporation.

In the case of private funds, the necessary equity capital is obtained by calling on commitments made by the limited partners in each fund, which include commitments made by our perpetual affiliates. In the case of our transition, infrastructure, private equity and real estate funds, these commitments are expected to be funded by BEP, BIP, BBU, BPG and BAM. On January 31, 2019, the Corporation committed \$2.75 billion to our third flagship real estate fund alongside BPG's \$1 billion commitment. As of March 31, 2022, the Corporation has funded \$1.9 billion of our commitment. On May 26, 2021, the Corporation committed \$2.5 billion to our fourth flagship real estate fund and has not funded any amount associated with this commitment. On August 3, 2020, the Corporation committed \$750 million to our latest opportunistic credit fund. As of March 31, 2022, the Corporation has funded \$337.5 million of our commitment. In the case of perpetual affiliates, capital requirements are funded through their own resources and access to capital markets, which may be supported by us from time to time through participation in equity offerings or bridge financings.

At the asset level, we schedule ongoing capital expenditure programs to maintain the operating capacity of our assets at existing levels. We refer to this as sustaining capital expenditures. The sustaining capital expenditure programs are typically funded by, and represent a relatively small proportion of, the operating cash flows within each business. The timing of these expenditures is discretionary; however, we believe it is important to maintain the productivity of our assets in order to optimize cash flows and value accretion.

CORE AND TOTAL LIQUIDITY

The following table presents core liquidity of the Corporation, perpetual affiliates and managed funds:

AS AT MAR. 31, 2022 AND DEC. 31, 2021 (MILLIONS)	Corporate	Real Estate	Renewable Power and Transition	Infrastructure	Private Equity	Credit and Other	Total 2022	Total 2021
Cash and financial assets, net.....	\$ 4,107	\$ 52	\$ 560	\$ 498	\$ 590	\$ 442	\$ 6,249	\$ 6,233
Undrawn committed credit facilities	2,179	1,705	1,931	1,893	374	650	8,732	8,778
Core liquidity ¹	6,286	1,757	2,491	2,391	964	1,092	14,981	15,011
Uncalled private fund commitments	—	24,735	11,952	8,504	9,925	14,735	69,851	77,079
Total liquidity ¹	\$ 6,286	\$ 26,492	\$ 14,443	\$ 10,895	\$ 10,889	\$ 15,827	\$ 84,832	\$ 92,090

1. See definition in Glossary of Terms beginning on page 58.

As at March 31, 2022, the Corporation's core liquidity was \$6.3 billion, consisting of \$4.1 billion in cash and financial assets and \$2.2 billion in undrawn credit facilities. The Corporation's liquidity is readily available for use without any material tax consequences. We utilize this liquidity to support the activities of our perpetual affiliates and private funds, funding strategic transactions as well as seeding new investment products.

The Corporation has the ability to raise additional liquidity through the issuance of securities and the sale of holdings of listed investments within our perpetual affiliates and other investments on page 54. However, this is not included in our core liquidity as we are generally able to finance our operations and capital requirements through other means.

During the first quarter of 2022, we generated \$1.2 billion of distributable earnings, inclusive of:

- \$501 million fee-related earnings;
- \$622 million of distributions from our perpetual affiliates and other principal investments, and yield earned on corporate cash and financial assets; and
- realizations, including \$128 million of net realized carried interest and \$107 million of disposition gains from principal investments; partially offset by
- corporate costs, interest expense, and preferred share dividends, net of equity-based compensation costs, of \$176 million.

The Corporation paid \$220 million in cash dividends on its common equity during the quarter ended March 31, 2022 (2021 – \$196 million).

The following table presents distributable earnings generated by the Corporation:

FOR THE THREE MONTHS ENDED MAR. 31
(MILLIONS)

	2022	2021
Fee revenues	\$ 965	\$ 801
Direct costs	(426)	(354)
	<u>539</u>	<u>447</u>
Amounts attributable to non-Brookfield shareholders	(38)	(34)
Fee-related earnings¹	501	413
Perpetual affiliates	533	389
Corporate cash and financial assets	25	73
Other principal investments	64	27
Distributions from investments	622	489
Corporate borrowings	(117)	(108)
Corporate costs and taxes	(56)	(44)
	<u>(173)</u>	<u>(152)</u>
Preferred share dividends ²	(40)	(39)
Add back: equity-based compensation costs	37	29
	<u>(176)</u>	<u>(162)</u>
Distributable earnings before realizations	947	740
Realizations		
Realized carried interest, net ³	128	223
Disposition gains from principal investments	107	1,544
Distributable earnings	\$ 1,182	\$ 2,507

1. Includes \$60 million (2021 – \$54 million) of fee-related earnings from Oaktree at our share.
2. Includes \$3 million (2021 – \$2 million) of dividends paid on perpetual subordinated notes.
3. Includes our share of Oaktree's distributable earnings attributable to realized carried interest.

The following table shows the quoted market value of the company's listed securities and annual cash distributions of the company's invested capital based on current distribution policies for each entity:

AS AT MAR. 31, 2022 (MILLIONS, EXCEPT PER UNIT AMOUNTS)	Ownership %	Brookfield Owned Units	Distributions Per Unit	Quoted Value ²	Current Distributions (Current Rate) ³	YTD Distributions (Actual)
Distributions from investments						
Perpetual affiliates						
Brookfield Renewable ⁴	48%	312.0	\$ 1.28	\$ 12,937	\$ 399	\$ 100
Brookfield Infrastructure ⁵	27%	139.6	2.16	9,324	301	75
Brookfield Business Partners ⁶	65%	141.7	0.25	4,444	35	6
Brookfield Property Group ⁷	100%	n/a	n/a	n/a	1,342	336
					<u>2,077</u>	<u>517</u>
Corporate cash and financial assets ⁸	various	various	various	4,107	329	25
Other investments ⁹	various	various	various	various	5	1
Total					<u>\$ 2,411</u>	<u>\$ 543</u>

1. Based on current distribution policies.
2. Quoted value represents the value of Brookfield owned units as at market close on March 31, 2022.
3. Distributions (current rate) are calculated by multiplying units held as at March 31, 2022 by distributions per unit. Actual dividends may differ due to timing of dividend increases and payment of special dividends, which are not factored into the current rate calculation. See definition in Glossary of Terms beginning on page 58.
4. Brookfield owned units represent the combined units held in BEP and BEPC.
5. Brookfield owned units represent the combined units held in BIP and BIPC.
6. Brookfield owned units represent the combined units held in BBU and BBUC.
7. For the three months ended March 31, 2022, BPG's distributions include nominal amounts of preferred share dividends received by the Corporation (2021 – nominal amounts).
8. Includes cash and cash equivalents and financial assets net of deposits.
9. Other includes cash distributions from our listed investment within our Private Equity segment.

REVIEW OF CONSOLIDATED STATEMENTS OF CASH FLOWS

The following table summarizes the consolidated statements of cash flows within our consolidated financial statements:

FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	<u>2022</u>	<u>2021</u>
Operating activities.....	\$ 470	\$ 1,831
Financing activities.....	1,153	2,387
Investing activities.....	<u>(2,672)</u>	<u>(4,159)</u>
Change in cash and cash equivalents.....	<u>\$ (1,049)</u>	<u>\$ 59</u>

This statement reflects activities within our consolidated operations and therefore excludes activities within non-consolidated entities.

Operating Activities

Cash inflow from operating activities totaled \$470 million in the first quarter of 2022, a \$1.4 billion decrease from the first quarter of 2021. Excluding the net change in non-cash working capital, cash flow from operating activities increased by \$271 million versus the prior year period mostly as a result of the same-store growth across our business and contributions from subsidiaries acquired, net of disposals, during the last 12 months.

Financing Activities

Net cash inflows from financing activities totaled \$1.2 billion in the first quarter of 2022 versus \$2.4 billion in the prior year period, and primarily related to:

- non-recourse borrowings arranged by our subsidiaries, net of repayments, of \$4.5 billion; and
- non-recourse credit facilities drawn, net, of \$1.5 billion related to short-term borrowings backed by private fund commitments; partially offset by
- distributions to non-controlling interests and shareholders of \$3.2 billion;
- capital repaid to non-controlling interests, net of capital returned, of \$1.3 billion; and
- redemption of subsidiary equity obligations of \$229 million.

Investing Activities

Net cash outflows from investing activities were \$2.7 billion in the first quarter of 2022 versus \$4.2 billion in the prior year quarter, and mainly related to:

- additions to PP&E, net of dispositions, of \$1.5 billion;
- an increase to restricted cash and deposits of \$1.0 billion; and
- acquisitions of investment properties, net of dispositions, of \$929 million; partially offset by
- dispositions of subsidiaries, net of acquisitions, of \$1.2 billion primarily associated with dispositions in our Real Estate segment; and
- dispositions of financial assets and other, net of acquisitions, of \$50 million primarily as a result of investments in debt and equity securities across our operating segments as well as financial assets associated with managing currency risk.

Refer to Note 4 Acquisitions of Consolidated Entities and Note 8 Equity Accounted Investments in the consolidated financial statements for further details.

PART 5

ACCOUNTING POLICIES AND INTERNAL CONTROLS

ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

OVERVIEW

We are a Canadian corporation and, as such, we prepare our consolidated financial statements in accordance with IFRS.

We present our consolidated balance sheets on a non-classified basis, meaning that we do not distinguish between current and long-term assets or liabilities. We believe this classification is appropriate given the nature of our business strategy.

The preparation of the consolidated financial statements requires management to select appropriate accounting policies and to make judgments and estimates that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

In making judgments and estimates, management relies on external information and observable conditions, where possible, supplemented by internal analysis, as required. These estimates have been applied in a manner consistent with the prior year and there are no known trends, commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized in this report. As we update the fair values of our investment property portfolios quarterly, with gains reflected in net income, we discuss judgments and estimates relating to the key valuation metrics in Note 9 of the unaudited March 31, 2022 Consolidated Financial Statements and below.

For further reference on accounting policies, including new and revised standards issued by the IASB and judgments and estimates, see our significant accounting policies contained in Note 2 of the December 31, 2021 consolidated financial statements.

CONSOLIDATED FINANCIAL INFORMATION

IFRS uses a control-based model to determine if consolidation is required. Therefore, we are deemed to control an investment if we: (1) exercise power over the investee; (2) are exposed to variable returns from our involvement with the investee; and (3) have the ability to use our power to affect the amount of the returns. Due to the ownership structure of many of our subsidiaries, we control entities in which we hold only a minority economic interest. Please refer to Part 2 – Review of Consolidated Financial Results for additional information.

i. Investment Properties

We classify the majority of the property assets within our Real Estate segment as investment properties. Our valuations are prepared at the individual property level by internal investment professionals with the appropriate expertise in the respective industry, geography and asset type. These valuations are updated at each balance sheet date with gains or losses recognized in net income.

The majority of underlying cash flows in the models are comprised of contracted leases, many of which are long term, with our office assets within our Core and Transitional and Development portfolios having a combined 88% occupancy level and an average 8 year lease life, while our retail assets within our Core and Transitional and Development portfolios have a combined occupancy rate of 94%. The models also include property-level assumptions for renewal probabilities, future leasing rates and capital expenditures. These are reviewed as part of

the business planning process and external market data is utilized when determining the cash flows associated with lease renewals.

We test the outcome of our process by having a number of our properties externally appraised each year, including appraisals for core office properties, at least on a three-year rotating basis. We compare the results of the external appraisals to our internally prepared values and reconcile significant differences when they arise. In the current year, 22 of our properties were externally appraised, representing a gross property value of \$11 billion of assets; external appraisals were within 1% of management's valuations.

The valuations are most sensitive to changes in cash flows, which include assumptions relating to lease renewal probabilities, downtime, capital expenditures, future leasing rates and associated leasing costs, discount rates and terminal capitalization rates. The key valuation metrics of our real estate assets as of March 31, 2022 and December 31, 2021 are summarized below.

AS AT MAR. 31, 2022 AND DEC. 31, 2021	Core		Transitional and Development		LP Investments		Weighted Average	
	2022	2021	2022	2021	2022	2021	2022	2021
Discount rate	5.9%	5.9%	7.3%	7.3%	9.0%	9.1%	7.7%	7.7%
Terminal capitalization rate	4.6%	4.6%	5.9%	5.8%	5.8%	5.9%	5.5%	5.5%
Investment horizon (years)	11	11	10	10	14	13	12	12

The following table presents the impact on the fair value of our consolidated investment properties as at March 31, 2022 from a 25-basis point change to the relevant unobservable inputs. For properties valued using the discounted cash flow method, the basis point change in valuation metrics relates to a change in discount and terminal capitalization rates. For properties valued using the direct capitalization approach, the basis point change in valuation metrics relates to a change in the overall capitalization rate. These amounts represent the effect on all consolidated investment property assets within the consolidated financial statements of BAM on a pre-tax basis, including amounts attributed to non-controlling interests in our perpetual affiliates and private fund investments. The amounts attributable to shareholders may be significantly less than shown depending on ownership levels in the individual assets.

AS AT MAR. 31, 2022 (MILLIONS)	Fair Value	Sensitivity
Core	\$ 19,526	\$ 1,940
Transitional and Development	28,002	555
LP Investments	55,677	2,510
Other investment properties	2,224	63
Total	\$ 105,429	\$ 5,068

ii. Revaluation Method for PP&E

PP&E is revalued on a regular basis. The critical estimates and assumptions underlying the valuation of PP&E are set out in Note 10, Property, Plant and Equipment in our December 31, 2021 audited consolidated financial statements. Our PP&E are measured at fair value on a recurring basis with an effective date of revaluation for all asset classes as of December 31, 2021. Refer to Note 10 for further information.

MANAGEMENT REPRESENTATIONS AND INTERNAL CONTROLS

Internal Control Over Financial Reporting

No change in our internal control over financial reporting occurred during the quarter ended March 31, 2022 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We have not experienced any material impact to our internal controls over financial reporting due to the global pandemic. We are continually monitoring and assessing our internal controls to minimize the impact of the global pandemic on their design and operating effectiveness.

GLOSSARY OF TERMS

The below summarizes certain terms relating to our business that are made throughout the MD&A and it defines IFRS performance measures, non-IFRS performance measures and key operating measures that we use to analyze and discuss our results.

REFERENCES

“Brookfield,” the “company,” “we,” “us” or “our” refers to Brookfield Asset Management Inc. and its consolidated subsidiaries. The “Corporation” refers to our asset management business which is comprised of our asset management and corporate business segments.

We refer to investors in the Corporation as **shareholders** and we refer to investors in our private funds and perpetual affiliates as **investors**.

We use **asset manager** to refer to our Asset Management segment which offers a variety of investment products to our investors:

- We have over 40 active funds across major asset classes: renewable power and transition, infrastructure, private equity and real estate. These funds include core, credit, value-add and opportunistic closed-end funds and core long-life funds. We refer to these funds as our private funds.
- We refer to BEP, BEPC, BIP, BIPC, BBU, BBUC and BPG, as our perpetual affiliates.
- We refer to our public securities group as liquid strategies. This group manages fee-bearing capital through numerous funds and separately managed accounts, focused on fixed income and equity securities.

Throughout the MD&A and consolidated financial statements, the following operating companies, joint ventures and associates, and their respective subsidiaries, will be referenced as follows:

- **AusNet** – AusNet Services Ltd.
- **BAMR** – Brookfield Asset Management Reinsurance Partners Ltd.
- **BBU** – Brookfield Business Partners L.P.
- **BBUC** – Brookfield Business Corporation
- **BEP** – Brookfield Renewable Partners L.P.
- **BEPC** – Brookfield Renewable Corporation
- **BIP** – Brookfield Infrastructure Partners L.P.
- **BIPC** – Brookfield Infrastructure Corporation
- **BPG** – Brookfield Property Group
- **BPY** – Brookfield Property Partners L.P.
- **BSREP III** – Brookfield Strategic Real Estate Partners III
- **BSREP IV** – Brookfield Strategic Real Estate Partners IV
- **IPL** – Inter Pipeline Ltd.
- **Oaktree** – Oaktree Capital Management
- **West Fraser** – West Fraser Timber Co.

PERFORMANCE MEASURES

Definitions of performance measures, including IFRS, non-IFRS and operating measures, are presented below in alphabetical order. We have specifically identified those measures which are IFRS or non-IFRS measures; the remainder are operating measures.

Assets under management (“AUM”) refers to the total fair value of assets that we manage, on a gross asset value basis, including assets for which we earn management fees and those for which we do not. AUM is calculated as follows: (i) for investments that Brookfield consolidates for accounting purposes or actively manages, including investments of which Brookfield or a controlled investment vehicle is the largest shareholder or the primary operator or manager, at 100% of the investment’s total assets on a fair value basis; and (ii) for all other investments, at Brookfield’s or its controlled investment vehicle’s, as applicable, proportionate share of the investment’s total assets on a fair value basis. Brookfield’s methodology for determining AUM may differ from the methodology employed by other alternative asset managers and Brookfield’s AUM presented herein may differ from our AUM reflected in other public filings and/or our Form ADV and Form PF.

Base management fees, which are determined by contractual arrangements, are typically equal to a percentage of fee-bearing capital and are accrued quarterly. Base management fees, including private fund base fees and perpetual affiliate base fees, are IFRS measures.

Private fund base fees are typically earned on fee-bearing capital from third-party investors only and are earned on invested and/or uninvested fund capital, depending on the stage of the fund life.

Perpetual affiliate base fees are earned on the total capitalization or net asset value of our perpetual affiliates, which includes our investment. Base fees for BEP include a quarterly fixed fee amount of \$5 million, with additional fees of 1.25% on the increase in capitalization above their initial capitalization of \$8 billion. Base fees for BIP and BBU are 1.25% of total capitalization. Base fees for BPG are 1.05% of net asset value, excluding its interests in private funds and investments which were held directly by Brookfield prior to the BPY privatization. Perpetual affiliate capitalization as at March 31, 2022, was as follows: BEP/BEPC – \$30.8 billion; BIP/BIPC – \$38.2 billion; BBU/BBUC – \$7.9 billion; and BPG – \$20.9 billion.

Carried interest is a contractual arrangement whereby we receive a fixed percentage of investment gains generated within a private fund provided that the investors receive a pre-determined minimum return. Carried interest is typically paid towards the end of the life of a fund after the capital has been returned to investors and may be subject to “clawback” until all investments have been monetized and minimum investment returns are sufficiently assured.

Realized carried interest is an IFRS measure and represents our share of investment returns based on realized gains within a private fund. Realized carried interest earned is recognized when an underlying investment is profitably disposed of and the fund’s cumulative returns are in excess of preferred returns, in accordance with the respective terms set out in the fund’s governing agreements, and when the probability of clawback is remote. We include realized carried interest when determining our Asset Management segment results within our consolidated financial statements.

Realized carried interest, net is a non-IFRS measure and represents realized carried interest after direct costs, which include employee expenses and cash taxes. A reconciliation of realized carried interest to realized carried interest, net, is shown below:

FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	2022	2021
Realized carried interest ¹	\$ 303	\$ 681
Less: direct costs associated with realized carried interest	(135)	(343)
	168	338
Less: realized carried interest not attributable to BAM	(40)	(115)
Realized carried interest, net	\$ 128	\$ 223

1. Includes \$226 million of realized carried interest related to Oaktree (2021 – \$630 million). For segment reporting, Oaktree’s revenue is shown on a 100% basis.

Carry eligible capital represents the capital committed, pledged or invested in the private funds that we manage and which entitle us to earn carried interest. Carry eligible capital includes both invested and uninvested (i.e. uncalled) private fund amounts as well as those amounts invested directly by investors (co-investments) if those entitle us to earn carried interest. We believe this measure is useful to investors as it provides additional insight into the capital base upon which we have potential to earn carried interest once minimum investment returns are sufficiently assured.

Adjusted carry eligible capital excludes uncalled fund commitments and funds that have not yet reached their preferred return, as well as co-investments and separately managed accounts that are subject to lower carried interest than our standard funds.

A reconciliation from carry eligible capital to adjusted carry eligible capital is provided below:

AS AT MAR. 31 (MILLIONS)	<u>2022</u>	2021
Carry eligible capital ¹	\$113,759	\$ 86,529
Less:		
Uncalled private fund commitments	(39,046)	(27,388)
Co-investments and other	(7,925)	(7,089)
Funds not yet at target preferred return	(18,260)	(8,529)
Adjusted carry eligible capital	<u>\$ 48,528</u>	<u>\$ 43,523</u>

1. Excludes carry eligible capital related to Oaktree.

Consolidated capitalization reflects the full capitalization of wholly owned and partially owned entities that we consolidate in our financial statements. Our consolidated capitalization includes 100% of the debt of the consolidated entities even though in many cases we only own a portion of the entity and therefore our pro-rata exposure to this debt is much lower. In other cases, this basis of presentation excludes the debt of partially owned entities that are accounted for following the equity method, such as our investments in Canary Wharf and several other businesses.

Core liquidity represents the amount of cash, financial assets and undrawn credit lines at the Corporation, perpetual affiliates and directly held investments. We use core liquidity as a key measure of our ability to fund future transactions and capitalize quickly on opportunities as they arise. Our core liquidity also allows us to backstop the transactions of our various businesses as necessary and fund the development of new activities that are not yet suitable for our investors.

Total liquidity represents the sum of core liquidity and uncalled private fund commitments and is used to pursue new transactions.

Corporate capitalization represents the amount of debt issued by the Corporation, accounts payable and deferred tax liability in our Corporate segment as well as our issued and outstanding common and preferred shares.

Distributions (current rate) represents the distributions that we would receive during the next twelve months based on the current distribution rates of the investments that we currently hold. The dividends from our listed investments are calculated by multiplying the number of shares held by the most recently announced distribution policy. The yield on cash and financial assets portfolio is equal to an estimated 8% on the ending balance as of the end of the current year. Distributions on our unlisted investments are calculated based on the distributions received in the most recent fiscal year.

Distributable earnings is a non-IFRS measure that provides insight into earnings received by the Corporation that are available for distribution to common shareholders or to be reinvested into the business. It is calculated as the sum of our Asset Management segment FFO (i.e., fee-related earnings and realized carried interest, net); distributions from our perpetual affiliates, other investments that pay regular cash distributions and FFO from our corporate cash and financial assets; other invested capital earnings, which include FFO from our residential operations, energy contracts, sustainable resources and other real estate, private equity, corporate investments that do not pay regular cash distributions, corporate costs and corporate interest expense; excluding equity-based compensation costs and net of preferred share dividend payments.

Economic ownership interest represents the company's proportionate equity interest in our listed partnerships which can include redemption-exchange units ("REUs"), Class A limited partnership units, special limited partnership units and general partnership units in each subsidiary, where applicable, as well as any units or shares issued in subsidiaries that are exchangeable for units in our listed partnerships ("exchange units"). REUs and exchange units share the same economic attributes as the Class A limited partnership units in all respects except for our redemption right, which the listed partnership can satisfy through the issuance of Class A limited partnership units. The REUs, general partnership units and exchange units participate in earnings and distributions on a per unit basis equivalent to the per unit participation of the Class A limited partnership units of the subsidiary.

Fee-bearing capital represents the capital committed, pledged or invested in the perpetual affiliates, private funds and liquid strategies that we manage which entitles us to earn fee revenues. Fee-bearing capital includes both called (“invested”) and uncalled (“pledged” or “committed”) amounts. When reconciling period amounts, we utilize the following definitions:

- **Inflows** include capital commitments and contributions to our private and liquid strategies funds and equity issuances in our perpetual affiliates.
- **Outflows** represent distributions and redemptions of capital from within the liquid strategies capital.
- **Distributions** represent quarterly distributions from perpetual affiliates as well as returns of committed capital (excluding market valuation adjustments), redemptions and expiry of uncalled commitments within our private funds.
- **Market valuation** includes gains (losses) on portfolio investments, perpetual affiliates and liquid strategies based on market prices.
- **Other** includes changes in net non-recourse leverage included in the determination of perpetual affiliate capitalization and the impact of foreign exchange fluctuations on non-U.S. dollar commitments.

Fee-related earnings is a non-IFRS measure and is comprised of fee revenues less direct costs associated with earning those fees, which include employee expenses and professional fees as well as business related technology costs, other shared services and taxes. We use this measure to provide additional insight into the operating profitability of our asset management activities. See below for a table which reconciles fee-related earnings and total FFO to net income, the most comparable IFRS measure.

Fee revenues is a non-IFRS measure and includes base management fees, incentive distributions, performance fees and transaction fees presented within our Asset Management segment. Many of these items do not appear in consolidated revenues because they are earned from consolidated entities and are eliminated on consolidation. The following table reconciles fee revenues to revenue, the most comparable IFRS measure:

FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	<u>2022</u>	<u>2021</u>
Revenue	\$ 21,882	\$ 16,410
Add: revenues from Oaktree	278	253
Add: Inter-segment and other revenues	582	471
Less: external revenues from consolidated subsidiaries of other segments	(21,777)	(16,333)
Fee Revenues	<u>\$ 965</u>	<u>\$ 801</u>

Funds from operations (“FFO”) is a key measure of our financial performance. We use FFO to assess operating results and the performance of our businesses on a segmented basis. While we use segment FFO as our segment measure of profit and loss (see Note 3 to our consolidated financial statements), the sum of FFO for all our segments, or total FFO, is a non-IFRS measure.

The following table reconciles total FFO, fee-related earnings, and distributable earnings to net income:

	Total	
	2022	2021
FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)		
Net income	\$ 2,960	\$ 3,776
Financial statement components not included in FFO:		
Equity accounted fair value changes and other non-FFO items ¹	226	288
Fair value changes	(1,780)	(2,094)
Depreciation and amortization	1,811	1,510
Deferred income taxes	425	189
Realized disposition gains recorded as fair value changes or equity	368	1,724
Non-controlling interest in FFO ²	(2,413)	(2,572)
Total FFO	1,597	2,821
Less: total disposition gains	(356)	(1,821)
Less: net invested capital FFO	(612)	(364)
Less: realized carried interest, net	(128)	(223)
Fee-related earnings	501	413
Distributions from investments	622	489
Corporate activities	(173)	(152)
Preferred share dividends	(40)	(39)
Add back: equity-based compensation costs	37	29
Distributable earnings before realizations	947	740
Realized carried interest, net	128	223
Disposition gains from principal investments	107	1,544
Distributable earnings	\$ 1,182	\$ 2,507

1. Other non-FFO items correspond to amounts that are not directly related to revenue earning activities and are not normal or recurring items necessary for business operations. In addition, this adjustment is to back out non-FFO expenses (income) that are included in consolidated equity accounted income including depreciation and amortization, deferred taxes and fair value changes from equity accounted investments.
2. Amounts attributable to non-controlling interests are calculated based on the economic ownership interests held by non-controlling interests in consolidated subsidiaries. By adjusting FFO attributable to non-controlling interests, we are able to remove the portion of FFO earned at non-wholly owned subsidiaries that is not attributable to Brookfield.

We use FFO to assess our performance as an asset manager and separately as an investor in our assets. FFO includes the fees that we earn from managing capital as well as our share of revenues earned and costs incurred within our operations, which include interest expense and other costs. Specifically, FFO includes the impact of contracts that we enter into to generate revenue, including asset management agreements, power sales agreements, contracts that our operating businesses enter into such as leases and take or pay contracts and sales of inventory. FFO also includes the impact of changes in borrowings or the cost of borrowings as well as other costs incurred to operate our business.

We use realized disposition gains and losses within FFO in order to provide additional insight regarding the performance of investments on a cumulative realized basis, including any unrealized fair value adjustments that were recorded in equity and not otherwise reflected in current period FFO, and believe it is useful to investors to better understand variances between reporting periods. We exclude depreciation and amortization from FFO as we believe that the value of most of our assets typically increases over time, provided we make the necessary maintenance expenditures, the timing and magnitude of which may differ from the amount of depreciation recorded in any given period. In addition, the depreciated cost base of our assets is reflected in the ultimate realized disposition gain or loss on disposal. As noted above, unrealized fair value changes are excluded from FFO until the period in which the asset is sold. We also exclude deferred income taxes from FFO because the vast majority of the company's deferred income tax assets and liabilities are a result of the revaluation of our assets under IFRS.

Our definition of FFO differs from the definition used by other organizations, as well as the definition of FFO used by the Real Property Association of Canada ("REALPAC") and the National Association of Real Estate Investment Trusts,

Inc. (“NAREIT”), in part because the NAREIT definition is based on U.S. GAAP, as opposed to IFRS. The key differences between our definition of FFO and the determination of FFO by REALPAC and/or NAREIT are that we include the following: realized disposition gains or losses and cash taxes payable or receivable on those gains or losses, if any; foreign exchange gains or losses on monetary items not forming part of our net investment in foreign operations; and foreign exchange gains or losses on the sale of an investment in a foreign operation. We do not use FFO as a measure of cash generated from our operations.

Incentive distributions is an IFRS measure and is determined by contractual arrangements; incentive distributions are paid to us by BEP and BIP and represent a portion of distributions paid by perpetual affiliates above a predetermined hurdle. Incentive distributions are accrued on the record date of the associated distributions of the entity.

A summary of our distribution hurdles and current distribution rates is as follows:

AS AT MAR. 31, 2022	Current Distribution Rate	Distribution Hurdles (per unit) ²	Incentive Distributions
Brookfield Infrastructure (BIP) ³	\$ 2.16	\$ 0.73 / \$ 0.79	15% / 25%
Brookfield Renewable (BEP) ⁴	1.28	0.80 / 0.90	15% / 25%

1. Current rate based on most recently announced distribution rates.
2. Incentive distributions equate to 18% and 33% of limited partner distribution increases over the first and second hurdles, respectively.
3. Incentive distributions from Brookfield Infrastructure are earned on distributions made by BIP and BIPC.
4. Incentive distributions from Brookfield Renewable are earned on distributions made by BEP and BEPC.

Invested capital consists of investments in our perpetual affiliates, other listed securities, unlisted investments and corporate working capital. Our invested capital provides us with FFO and cash distributions.

Invested capital, net consists of invested capital and leverage.

Leverage represents the amount of corporate borrowings and perpetual preferred shares held by the company.

Long-term average (“LTA”) generation is used in our Renewable Power and Transition segment and is determined based on expected electrical generation from its assets in commercial operation during the year. For assets acquired or reaching commercial operation during the year, LTA generation is calculated from the acquisition or commercial operation date. In Brazil, assured generation levels are used as a proxy for LTA. We compare LTA generation to actual generation levels to assess the impact on revenues and FFO of hydrology, wind generation levels and irradiance, which vary from one period to the next.

Performance fees is an IFRS measure. Performance fees are paid to us when we exceed predetermined investment returns within BBU and BBUC and on certain liquid strategies portfolios. BBU and BBUC performance fees are accrued quarterly based on the volume-weighted average increase in BBU unit price over the previous threshold, whereas performance fees within liquid strategies funds are typically determined on an annual basis. Performance fees are not subject to clawback.

Proportionate basis generation is used in our Renewable Power and Transition segment to describe the total amount of power generated by facilities held by BEP, at BEP’s respective economic ownership interest percentage.

Realized disposition gains/losses is a component of FFO and includes gains or losses arising from transactions during the reporting period together with any fair value changes and revaluation surplus recorded in prior periods, presented net of cash taxes payable or receivable. Realized disposition gains include amounts that are recorded in net income, other comprehensive income and as ownership changes in our consolidated statements of equity, and exclude amounts attributable to non-controlling interests unless otherwise noted. We use realized disposition gains/losses to provide additional insight regarding the performance of investments on a cumulative realized basis, including any unrealized fair value adjustments that were recorded in prior periods and not otherwise reflected in current period FFO, and believe it is useful to investors to better understand variances between reporting periods.

Same-store or same-property represents the earnings contribution from assets or investments held throughout both the current and prior reporting period on a constant ownership basis. We utilize same-store analysis to illustrate the growth in earnings excluding the impact of acquisitions or dispositions.

Unrealized carried interest is the change in accumulated unrealized carried interest from prior period and represents the amount of carried interest generated during the period. We use this measure to provide insight into the value our investments have created in the period.

Accumulated unrealized carried interest is based on carried interest that would be receivable under the contractual formula at the period end date as if a fund was liquidated and all investments had been monetized at the values recorded on that date. We use this measure to provide insight into our potential to realize carried interest in the future. Details of components of our accumulated unrealized carried interest are included in the definition of unrealized carried interest below.

Accumulated unrealized carried interest, net is after direct costs, which include employee expenses and taxes.

The following table identifies the inputs of accumulated unrealized carried interest to arrive at unrealized carried interest generated in the year:

AS AT MAR. 31 (MILLIONS)	Adjusted Carry Eligible Capital ¹	Adjusted Multiple of Capital ²	Fund Target Carried Interest ³	Current Carried Interest ⁴
2022				
Real Estate	\$ 17,704	1.6x	20%	24%
Infrastructure	23,704	1.6x	20%	18%
Private Equity	7,120	1.9x	20%	17%
	<u>\$ 48,528</u>			
2021				
Real Estate	\$ 16,942	1.3x	20%	17%
Infrastructure	21,573	1.4x	20%	19%
Private Equity	5,008	2.1x	20%	13%
	<u>\$ 43,523</u>			

1. Excludes uncalled private fund commitments, co-investment capital and funds that have not met their preferred return.
2. Adjusted Multiple of Capital represents the ratio of total distributions plus estimates of remaining value to the equity invested, and reflects performance net of fund management fees and expenses, before carried interest. Our core, credit and value add funds pay management fees of 0.90-1.50% and our opportunistic and private equity funds pay fees of 1.50-2.00%. Funds typically incur fund expenses of approximately 0.35% of carry eligible capital annually.
3. Fund target carried interest percentage is the target carry average of the funds within adjusted carry eligible capital as at each period end.
4. When a fund has achieved its preferred return, we earn an accelerated percentage of the additional fund profit until we have earned the fund target carried interest percentage. Funds in their early stage of earning carry will not yet have earned the full percentage of total fund profit to which we are entitled.

The following table summarizes the unrealized carried interest generated in the current and prior year periods:

(MILLIONS)	Accumulated Unrealized Carried Interest					
	Mar. 31, 2022	Dec. 31, 2021	Change	Mar. 31, 2021	Dec. 31, 2020	Change
Real Estate	\$ 2,400	\$ 2,147	\$ 253	\$ 1,011	\$ 855	\$ 156
Infrastructure	2,337	2,064	273	1,731	1,492	239
Private Equity	1,044	1,027	17	715	599	116
Credit and other	1,615	1,547	68	1,210	1,078	132
Accumulated unrealized carried interest	<u>7,396</u>	<u>6,785</u>	<u>611</u>	<u>4,667</u>	<u>4,024</u>	<u>643</u>
Less: associated expenses ¹	<u>(2,234)</u>	<u>(2,066)</u>	<u>(168)</u>	<u>(1,588)</u>	<u>(1,423)</u>	<u>(165)</u>
Accumulated unrealized carried interest, net	<u>\$ 5,162</u>	<u>\$ 4,719</u>	<u>\$ 443</u>	<u>3,079</u>	<u>\$ 2,601</u>	<u>\$ 478</u>

1. Carried interest generated is subject to taxes and long-term incentive expenses to investment professionals. These expenses are typically 30-35% of carried interest generated.

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

(UNAUDITED)
AS AT MAR. 31, 2022 AND DEC.31, 2021
(MILLIONS)

	Note	2022	2021
Assets			
Cash and cash equivalents	5	\$ 11,816	\$ 12,694
Other financial assets	5,6	17,012	16,546
Accounts receivable and other	5,6	25,587	21,760
Inventory	6	12,003	11,415
Assets classified as held for sale	7	10,861	11,958
Equity accounted investments	8	45,806	46,100
Investment properties	9	105,429	100,865
Property, plant and equipment	10	117,286	115,489
Intangible assets		31,597	30,609
Goodwill		21,116	20,227
Deferred income tax assets		3,440	3,340
Total assets		\$ 401,953	\$ 391,003
Liabilities and equity			
Corporate borrowings	5,6	\$ 11,154	\$ 10,875
Accounts payable and other	5,6	53,810	52,546
Liabilities associated with assets classified as held for sale	7	1,153	3,148
Non-recourse borrowings of managed entities	5,6	173,880	165,057
Deferred income tax liabilities		20,891	20,328
Subsidiary equity obligations	5	4,632	4,308
Equity			
Preferred equity		4,145	4,145
Non-controlling interests		88,889	88,386
Common equity	12	43,399	42,210
Total equity		136,433	134,741
Total liabilities and equity		\$ 401,953	\$ 391,003

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)
FOR THE THREE MONTHS ENDED MAR. 31
(MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Note	2022	2021
Revenues	13	\$ 21,882	\$ 16,410
Direct costs ¹		(18,695)	(13,697)
Other income and gains		29	704
Equity accounted income	8	843	668
Expenses			
Interest		(2,138)	(1,830)
Corporate costs		(33)	(29)
Fair value changes	14	1,780	2,094
Income taxes		(708)	(544)
Net income		<u>\$ 2,960</u>	<u>\$ 3,776</u>
Net income attributable to:			
Shareholders		\$ 1,359	\$ 1,235
Non-controlling interests		1,601	2,541
		<u>\$ 2,960</u>	<u>\$ 3,776</u>
Net income per share:			
Diluted	12	\$ 0.81	\$ 0.77
Basic	12	<u>0.84</u>	<u>0.79</u>

1. In 2021, the company reclassified depreciation and amortization, which was previously presented as a separate line item, to direct costs. Direct costs include \$1.8 billion of depreciation and amortization expenses. Prior period amounts were also adjusted to reflect this change, which resulted in an increase to direct costs by \$1.5 billion for the period ended March 31, 2021, with equal and offsetting decreases to depreciation and amortization. This reclassification had no impact on revenues, net income, or basic and diluted earnings per share.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(UNAUDITED)
FOR THE THREE MONTHS ENDED MAR. 31
(MILLIONS)

	Note	2022	2021
Net income		\$ 2,960	\$ 3,776
Other comprehensive income (loss)			
Items that may be reclassified to net income			
Financial contracts and power sale agreements		518	391
Marketable securities		(116)	105
Equity accounted investments	10	31	59
Foreign currency translation		1,434	(1,645)
Income taxes	15	(26)	(21)
		1,841	(1,111)
Items that will not be reclassified to net income			
Revaluation of property, plant and equipment	12	23	(228)
Revaluation of pension obligations	17	18	35
Equity accounted investments	10	12	—
Marketable securities		(131)	309
Income taxes	15	(2)	(32)
		(80)	84
Other comprehensive income (loss)		1,761	(1,027)
Comprehensive income		\$ 4,721	\$ 2,749
Attributable to:			
Shareholders			
Net income		\$ 1,359	\$ 1,235
Other comprehensive income (loss)		382	(278)
Comprehensive income		\$ 1,741	\$ 957
Non-controlling interests			
Net income		\$ 1,601	\$ 2,541
Other comprehensive income (loss)		1,379	(749)
Comprehensive income		\$ 2,980	\$ 1,792

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(UNAUDITED) AS AT AND FOR THE THREE MONTHS ENDED MAR. 31, 2022 (MILLIONS)	Accumulated Other Comprehensive Income (Loss)							Total Common Equity	Preferred Equity	Non- controlling Interests	Total Equity
	Common Share Capital	Contributed Surplus	Retained Earnings	Ownership Changes ¹	Revaluation Surplus	Currency Translation	Other Reserves ²				
Balance as at December 31, 2021	\$ 10,538	\$ 320	\$ 17,705	\$ 6,243	\$ 8,281	\$ (2,287)	\$ 1,410	\$ 42,210	\$ 4,145	\$ 88,386	\$ 134,741
Changes in period:											
Net income	—	—	1,359	—	—	—	—	1,359	—	1,601	2,960
Other comprehensive income	—	—	—	—	—	347	35	382	—	1,379	1,761
Comprehensive income	—	—	1,359	—	—	347	35	1,741	—	2,980	4,721
Shareholder distributions											
Common equity	—	—	(220)	—	—	—	—	(220)	—	—	(220)
Preferred equity	—	—	(37)	—	—	—	—	(37)	—	—	(37)
Non-controlling interests	—	—	—	—	—	—	—	—	—	(2,992)	(2,992)
Other items											
Equity redemptions, net of issuances	—	(5)	(187)	—	—	—	—	(192)	—	(1,301)	(1,493)
Share-based compensation	—	19	(19)	—	—	—	—	—	—	—	—
Ownership changes	—	—	—	(93)	4	—	(14)	(103)	—	1,816	1,713
Total change in period	—	14	896	(93)	4	347	21	1,189	—	503	1,692
Balance as at March 31, 2022	\$ 10,538	\$ 334	\$ 18,601	\$ 6,150	\$ 8,285	\$ (1,940)	\$ 1,431	\$ 43,399	\$ 4,145	\$ 88,889	\$ 136,433

1. Includes gains or losses on changes in ownership interests of consolidated subsidiaries.
2. Includes changes in fair value of marketable securities, cash flow hedges, actuarial changes on pension plans and equity accounted other comprehensive income, net of associated income taxes.

(UNAUDITED) AS AT AND FOR THE THREE MONTHS ENDED MAR. 31, 2021 (MILLIONS)	Accumulated Other Comprehensive Income (Loss)							Total Common Equity	Preferred Equity	Non- controlling Interests	Total Equity
	Common Share Capital	Contributed Surplus	Retained Earnings	Ownership Changes ¹	Revaluation Surplus	Currency Translation	Other Reserves ²				
Balance as at December 31, 2020	\$ 7,368	\$ 285	\$ 15,178	\$ 2,691	\$ 7,530	\$ (2,133)	\$ 774	\$ 31,693	\$ 4,145	\$ 86,804	\$ 122,642
Changes in period:											
Net income	—	—	1,235	—	—	—	—	1,235	—	2,541	3,776
Other comprehensive income (loss)	—	—	—	—	(81)	(375)	178	(278)	—	(749)	(1,027)
Comprehensive income (loss)	—	—	1,235	—	(81)	(375)	178	957	—	1,792	2,749
Shareholder distributions											
Common equity	—	—	(196)	—	—	—	—	(196)	—	—	(196)
Preferred equity	—	—	(37)	—	—	—	—	(37)	—	—	(37)
Non-controlling interests	—	—	—	—	—	—	—	—	—	(2,527)	(2,527)
Other items											
Equity issuances, net of redemptions	24	(14)	(80)	—	—	—	—	(70)	—	2,916	2,846
Share-based compensation	—	18	(7)	—	—	—	—	11	—	—	11
Ownership changes	—	—	—	867	(290)	41	(23)	595	—	(149)	446
Total change in period	24	4	915	867	(371)	(334)	155	1,260	—	2,032	3,292
Balance as at March 31, 2021	\$ 7,392	\$ 289	\$ 16,093	\$ 3,558	\$ 7,159	\$ (2,467)	\$ 929	\$ 32,953	\$ 4,145	\$ 88,836	\$ 125,934

1. Includes gains or losses on changes in ownership interests of consolidated subsidiaries.
2. Includes changes in fair value of marketable securities, cash flow hedges, actuarial changes on pension plans and equity accounted other comprehensive income, net of associated income taxes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)
FOR THE THREE MONTHS ENDED MAR. 31
(MILLIONS)

	Note	2022	2021
Operating activities			
Net income		\$ 2,960	\$ 3,776
Other income and gains		(29)	(704)
Share of undistributed equity accounted earnings		(589)	(273)
Fair value changes	14	(1,780)	(2,094)
Depreciation and amortization		1,811	1,510
Deferred income taxes		425	189
Investments in residential inventory		(153)	(30)
Net change in non-cash working capital balances		(2,175)	(543)
		<u>470</u>	<u>1,831</u>
Financing activities			
Corporate borrowings arranged		828	—
Commercial paper and bank borrowings, net		(556)	—
Non-recourse borrowings arranged		14,304	8,967
Non-recourse borrowings repaid		(9,850)	(8,662)
Non-recourse credit facilities, net		1,546	2,238
Subsidiary equity obligations issued		57	—
Subsidiary equity obligations redeemed		(229)	(6)
Deposits provided to related parties		(35)	—
Capital provided from non-controlling interests		1,697	3,629
Capital repaid to non-controlling interests		(2,998)	(713)
Repayment of lease liabilities		(153)	(228)
Common shares issued		4	13
Common shares repurchased		(213)	(91)
Distributions to non-controlling interests		(2,992)	(2,527)
Distributions to shareholders		(257)	(233)
		<u>1,153</u>	<u>2,387</u>
Investing activities			
Acquisitions			
Investment properties		(1,491)	(2,215)
Property, plant and equipment		(1,588)	(1,680)
Equity accounted investments		(728)	(387)
Financial assets and other		(17,467)	(8,052)
Acquisition of subsidiaries		(801)	(1,730)
Dispositions			
Investment properties		562	1,932
Property, plant and equipment		80	13
Equity accounted investments		369	359
Financial assets and other		17,417	8,286
Disposition of subsidiaries		1,980	360
Restricted cash and deposits		(1,005)	(1,045)
		<u>(2,672)</u>	<u>(4,159)</u>
Cash and cash equivalents			
Change in cash and cash equivalents		(1,049)	59
Net change in cash classified within assets held for sale		14	(46)
Foreign exchange revaluation		157	(120)
Balance, beginning of period		12,694	9,933
Balance, end of period		<u>\$ 11,816</u>	<u>\$ 9,826</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND CAPITAL MANAGEMENT

Brookfield Asset Management Inc. (the “Corporation”) is a global alternative asset management company. References in these financial statements to “Brookfield,” “us,” “we,” “our” or “the company” refer to the Corporation and its direct and indirect subsidiaries and consolidated entities. The company owns and operates assets with a focus on renewable power and transition, infrastructure, private equity, real estate and credit. The Corporation is listed on the New York and Toronto stock exchanges under the symbols BAM and BAM.A, respectively. The Corporation was formed by articles of amalgamation under the Business Corporations Act (Ontario) and is registered in Ontario, Canada. The registered office of the Corporation is Brookfield Place, 181 Bay Street, Suite 300, Toronto, Ontario, M5J 2T3.

Capital Management

The company utilizes the Corporation’s Capital to manage the business in a number of ways, including operating performance, value creation, credit metrics and capital efficiency. The performance of the Corporation’s Capital is closely tracked and monitored by the company’s key management personnel and evaluated relative to management’s objectives. The primary goal of the company is to earn a 12-15% return compounded over the long term while always maintaining excess capital to support ongoing operations.

The Corporation’s Capital consists of the capital invested in its asset management activities, including investments in entities that it manages, its corporate investments that are held outside of managed entities and its net working capital. The Corporation’s Capital is funded with common equity, preferred equity and corporate borrowings issued by the Corporation.

As at March 31, 2022, the Corporation’s Capital totaled \$58.9 billion (December 31, 2021 – \$57.5 billion), and is computed as follows:

AS AT MAR. 31, 2022 AND DEC. 31, 2021
(MILLIONS)

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,297	\$ 1,197
Other financial assets	4,209	3,430
Common equity in managed investments	46,735	46,248
Other assets and liabilities of the Corporation	6,687	6,585
Corporation’s Capital	<u>\$ 58,928</u>	<u>\$ 57,460</u>
Corporation’s Capital is comprised of the following:		
Common equity	\$ 43,399	\$ 42,210
Preferred shares	4,145	4,145
Non-controlling interest	230	230
Corporate borrowings	11,154	10,875
	<u>\$ 58,928</u>	<u>\$ 57,460</u>

The Corporation generates returns on its capital through management fees and performance revenues earned as an asset manager, as well as distributions or dividends earned from its capital invested in managed entities, and through performance of the Corporation’s financial asset investments. Prudent levels of corporate borrowings and preferred equity are utilized to enhance returns to shareholders’ common equity.

A reconciliation of the Corporation's Capital to the company's consolidated balance sheet as at March 31, 2022 is as follows:

AS AT MAR. 31, 2022 (MILLIONS)	The Corporation	Managed Investments	Elimination ¹	Total Consolidated
Cash and cash equivalents	\$ 1,297	\$ 10,519	\$ —	\$ 11,816
Other financial assets	4,209	12,803	—	17,012
Accounts receivable and other ¹	2,962	23,591	(966)	25,587
Inventory	2	12,001	—	12,003
Assets classified as held for sale	—	10,861	—	10,861
Equity accounted investments	6,555	39,251	—	45,806
Investment properties	17	105,412	—	105,429
Property, plant and equipment	240	117,046	—	117,286
Intangible assets	225	31,372	—	31,597
Goodwill	365	20,751	—	21,116
Deferred income tax assets	2,028	1,412	—	3,440
Accounts payable and other ¹	(5,071)	(49,705)	966	(53,810)
Liabilities associated with assets classified as held for sale	—	(1,153)	—	(1,153)
Deferred income tax liabilities	(354)	(20,537)	—	(20,891)
Subsidiary equity obligations	(282)	(4,350)	—	(4,632)
Total	12,193	309,274	—	321,467
Common equity in managed investments ²	46,735	—	(46,735)	—
Corporation's Capital	58,928	309,274	(46,735)	321,467
Less:				
Corporate borrowings	11,154	—	—	11,154
Non-recourse borrowings of managed entities	—	173,880	—	173,880
Amounts attributable to preferred equity	4,145	—	—	4,145
Amounts attributable to non-controlling interests	230	88,659	—	88,889
Common equity	\$ 43,399	\$ 46,735	\$ (46,735)	\$ 43,399

1. Contains the gross up of intercompany balances, including accounts receivable and other, and accounts payable and other of \$966 million and \$966 million, respectively, between entities within the Corporation and its managed investments.

2. Represents the value of the Corporation's managed investments.

Common equity in managed investments is a measure routinely evaluated by our company's key management personnel and represents the net equity in our consolidated financial statements outside of our corporate and asset management segments, excluding non-controlling interests. This measure is equal to the sum of the common equity in our Renewable Power and Transition, Infrastructure, Private Equity, Real Estate and Residential Development operating segments.

A reconciliation of the Corporation's Capital to the company's consolidated balance sheet as at December 31, 2021 is as follows:

AS AT DEC. 31, 2021 (MILLIONS)	The Corporation	Managed Investments	Elimination ¹	Total Consolidated
Cash and cash equivalents	\$ 1,197	\$ 11,497	\$ —	\$ 12,694
Other financial assets	3,430	13,116	—	16,546
Accounts receivable and other ¹	2,697	19,694	(631)	21,760
Inventory	2	11,413	—	11,415
Assets classified as held for sale	—	11,958	—	11,958
Equity accounted investments	6,553	39,547	—	46,100
Investment properties	16	100,849	—	100,865
Property, plant and equipment	215	115,274	—	115,489
Intangible assets	215	30,394	—	30,609
Goodwill	361	19,866	—	20,227
Deferred income tax assets	2,064	1,276	—	3,340
Accounts payable and other ¹	(5,104)	(48,073)	631	(52,546)
Liabilities associated with assets classified as held for sale	—	(3,148)	—	(3,148)
Deferred income tax liabilities	(299)	(20,029)	—	(20,328)
Subsidiary equity obligations	(135)	(4,173)	—	(4,308)
Total	11,212	299,461	—	310,673
Common equity in managed investments ²	46,248	—	(46,248)	—
Corporation's Capital	57,460	299,461	(46,248)	310,673
Less:				
Corporate borrowings	10,875	—	—	10,875
Non-recourse borrowings of managed entities	—	165,057	—	165,057
Amounts attributable to preferred equity	4,145	—	—	4,145
Amounts attributable to non-controlling interests	230	88,156	—	88,386
Common equity	\$ 42,210	\$ 46,248	\$ (46,248)	\$ 42,210

1. Contains the gross up of intercompany balances, including accounts receivable and other, and accounts payable and other of \$631 million and \$631 million, respectively, between entities within the Corporation and its managed investments.

2. Represents the value of the Corporation's managed investments.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

The consolidated financial statements have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting as issued by the International Accounting Standards Board (“IASB”) on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended December 31, 2021.

The consolidated financial statements should be read in conjunction with the most recently issued Annual Report of the company which includes information necessary or useful to understanding the company’s businesses and financial statement presentation. In particular, the company’s significant accounting policies were presented in Note 2 of the Consolidated Financial Statements for the fiscal year ended December 31, 2021 that were included in that report.

The consolidated financial statements are unaudited and reflect any adjustments (consisting of normal recurring adjustments) that are, in the opinion of management, necessary for fair statement of results for the interim periods in accordance with International Financial Reporting Standards (“IFRS”) as issued by the IASB.

The results reported in these consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. The consolidated financial statements were authorized for issuance by the Board of Directors of the company on May 11, 2022.

b) Estimates

The preparation of the interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgment in applying the company’s accounting policies. The accounting policies and critical estimates and assumptions have been set out in Note 2, Significant Accounting Policies, to the company’s consolidated financial statements for the year ended December 31, 2021 and have been consistently applied in the preparation of the interim financial statements as of and for the three months ended March 31, 2022.

c) Recently Adopted Accounting Standards

The company has applied new and revised standards issued by the IASB that are effective for the period beginning on or after January 1, 2022. The new standards were applied as follows:

i. Amendments to IFRS 3 – Business Combinations (“IFRS 3”) - Reference to Conceptual Framework

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising from liabilities and contingent liabilities that would be within the scope of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* (“IAS 37”), or IFRIC 21, *Levies* (“IFRIC 21”), if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework, to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments apply to annual reporting periods beginning on or after January 1, 2022.

The adoption did not have a significant impact on our company’s financial reporting.

d) Future Changes in Accounting Standards

i. Insurance Contracts

In May 2017, the IASB published IFRS 17, *Insurance Contracts* (“IFRS 17”), which establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. IFRS 17 will replace IFRS 4, *Insurance Contracts*, and will be applied retrospectively. In June 2020, the IASB proposed an amendment to IFRS 17 providing a one-year deferral on the effective date of the standard to January 1, 2023. IFRS 17 requires insurance contract liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts.

The company is currently assessing the impact of IFRS 17 on its operations.

ii. Amendments to IAS 1 – Presentation of Financial Statements (“IAS 1”)

The amendments clarify how to classify debt and other liabilities as current or non-current. The amendments to IAS 1 apply to annual reporting periods beginning on or after January 1, 2023.

The company is currently assessing the impact of these amendments.

3. SEGMENTED INFORMATION

a) Operating Segments

Our operations are organized into five operating business groups in addition to our corporate and asset management activities, which collectively represent seven operating segments for internal and external reporting purposes. We measure performance using funds from operations (“FFO”) generated by each operating segment and the amount of capital invested by the Corporation in each segment using common equity by segment.

Our operating segments are as follows:

The Corporation:

- i. *Asset Management* business include managing our long-term private funds, perpetual strategies and liquid strategies on behalf of our investors and ourselves, as well as our share of the asset management activities of Oaktree Capital Management (“Oaktree”). We generate contractual base management fees for these activities as well as incentive distributions and performance income, including performance fees, transaction fees and carried interest.
- ii. *Corporate Activities* include the investment of cash and financial assets, as well as the management of our corporate leverage, including corporate borrowings and preferred equity, which fund a portion of the capital invested in our other operations. Certain corporate costs such as technology and operations are incurred on behalf of our operating segments and allocated to each operating segment based on an internal pricing framework.

Managed investments:

- i. *Renewable Power and Transition* business includes the ownership, operation and development of hydroelectric, wind, solar and energy transition power generating assets.
- ii. *Infrastructure* business includes the ownership, operation and development of utilities, transport, midstream, data and sustainable resource assets.
- iii. *Private Equity* business includes a broad range of industries, and is mostly focused on business services, infrastructure services and industrials.
- iv. *Real Estate* business includes the ownership, operation and development of core investments, transitional and development investments, and our share of LP investments, which sit within our private funds.
- v. *Residential Development* business consists of homebuilding, condominium development and land development.

b) Segment Financial Measures

FFO is a key measure of our financial performance and our segment measure of profit and loss. It is utilized by our Chief Operating Decision Maker in assessing operating results and the performance of our businesses on a segmented basis. We define FFO as net income excluding fair value changes, depreciation and amortization and deferred income taxes, net of non-controlling interests. When determining FFO, we include our proportionate share of the FFO from equity accounted investments on a fully diluted basis. FFO also includes realized disposition gains and losses, which are gains or losses arising from transactions during the reporting period, adjusted to include associated fair value changes and revaluation surplus recorded in prior periods, taxes payable or receivable in connection with those transactions and amounts that are recorded directly in equity, such as ownership changes.

We use FFO to assess our performance as an asset manager and as an investor in our assets. FFO from our Asset Management segment includes fees, net of the associated costs, that we earn from managing capital in our perpetual affiliates, private funds and liquid strategies accounts. We are also eligible to earn incentive payments in the form of incentive distributions, performance fees or carried interest. As an investor in our assets, our FFO represents the company’s share of revenues less costs incurred within our operations, which include interest expenses and other costs. Specifically, it includes the impact of contracts that we enter into to generate revenues, including power sales agreements, contracts that our operating businesses enter into such as leases and take or pay contracts and sales of inventory. FFO includes the impact of changes in leverage or the cost of that financial leverage and other costs incurred to operate our business.

We use realized disposition gains and losses within FFO in order to provide additional insight regarding the performance of investments on a cumulative realized basis, including any unrealized fair value adjustments that were recorded in equity and not otherwise reflected in current period FFO, and believe it is useful to investors to better understand variances between reporting periods. We exclude depreciation and amortization from FFO as we believe that the value of most of our assets typically increases over time, provided we make the necessary maintenance expenditures, the timing and magnitude of which

may differ from the amount of depreciation recorded in any given period. In addition, the depreciated cost base of our assets is reflected in the ultimate realized disposition gain or loss on disposal. As noted above, unrealized fair value changes are excluded from FFO until the period in which the asset is sold. We also exclude deferred income taxes from FFO because the vast majority of the company's deferred income tax assets and liabilities are a result of the revaluation of our assets under IFRS.

Our definition of FFO differs from the definition used by other organizations, as well as the definition of FFO used by the Real Property Association of Canada ("REALPAC") and the National Association of Real Estate Investment Trusts, Inc. ("NAREIT"), in part because the NAREIT definition is based on U.S. GAAP, as opposed to IFRS. The key differences between our definition of FFO and the determination of FFO by REALPAC and/or NAREIT are that we include the following: realized disposition gains or losses and cash taxes payable or receivable on those gains or losses, if any; foreign exchange gains or losses on monetary items not forming part of our net investment in foreign operations; and foreign exchange gains or losses on the sale of an investment in a foreign operation. We do not use FFO as a measure of cash generated from our operations.

We illustrate how we derive FFO for each operating segment and reconcile total FFO to net income in Note 3(c)(v) of the consolidated financial statements.

Segment Balance Sheet Information

We use common equity by segment as our measure of segment assets when reviewing our deconsolidated balance sheet because it is utilized by our Chief Operating Decision Maker for capital allocation decisions.

Segment Allocation and Measurement

Segment measures include amounts earned from consolidated entities that are eliminated on consolidation. The principal adjustment is to include asset management revenues charged to consolidated entities as revenues within the company's Asset Management segment with the corresponding expenses recorded as corporate costs within the relevant segment. These amounts are based on the in-place terms of the asset management contracts between the consolidated entities. Inter-segment revenues are determined under terms that approximate market value.

The company allocates the costs of shared functions that would otherwise be included within its Corporate Activities segment, such as information technology and internal audit, pursuant to formal policies.

c) Reportable Segment Measures

AS AT AND FOR THE THREE MONTHS ENDED MAR. 31, 2022 (MILLIONS)	Asset Management	Corporate Activities	Renewable Power and Transition	Infrastructure	Private Equity	Real Estate	Residential Development	Total Segments	Note
External revenues	\$ 105	\$ 38	\$ 1,246	\$ 3,486	\$ 13,424	\$ 2,987	\$ 596	\$ 21,882	
Inter-segment and other revenues ¹	1,163	1	—	1	72	7	—	1,244	i
Segmented revenues	1,268	39	1,246	3,487	13,496	2,994	596	23,126	
FFO from equity accounted investments ¹	125	23	98	460	129	225	9	1,069	ii
Interest expense	—	(117)	(249)	(418)	(465)	(869)	(20)	(2,138)	iii
Current income taxes	—	(23)	(42)	(124)	(79)	(7)	(8)	(283)	iv
FFO ¹	629	(106)	70	115	219	598	72	1,597	v
Common equity	4,863	(8,199)	5,353	3,010	3,530	32,682	2,160	43,399	
Equity accounted investments	4,450	2,104	1,840	10,783	3,009	23,136	484	45,806	
Additions to non-current assets ²	—	149	1,412	1,350	680	7,836	75	11,502	

1. We equity account for our investment in Oaktree and include our share of the FFO and FFO from equity accounted investments at 62%. However, for segment reporting, Oaktree's revenue is shown on a 100% basis. For the three months ended March 31, 2022, \$504 million of Oaktree's revenues was included in our Asset Management segment revenue.

2. Includes additions to equity accounted investments, investment properties, property, plant and equipment, sustainable resources, intangible assets and goodwill.

AS AT DEC. 31, 2021 AND FOR THE THREE MONTHS ENDED MAR. 31, 2021 (MILLIONS)	Asset Management	Corporate Activities	Renewable Power and Transition	Infrastructure	Private Equity	Real Estate	Residential Development	Total Segments	Note
External revenues	\$ 77	\$ 86	\$ 1,089	\$ 2,763	\$ 9,712	\$ 2,094	\$ 589	\$ 16,410	
Inter-segment and other revenues ¹	1,405	(1)	—	1	155	8	—	1,568	i
Segmented revenues	1,482	85	1,089	2,764	9,867	2,102	589	17,978	
FFO from equity accounted investments ¹	237	15	25	427	87	153	12	956	ii
Interest expense	—	(108)	(213)	(362)	(363)	(767)	(17)	(1,830)	iii
Current income taxes	—	(14)	(16)	(97)	(193)	(32)	(3)	(355)	iv
FFO ¹	636	(33)	823	130	992	250	23	2,821	v
Common equity	4,905	(8,942)	5,264	3,022	3,565	32,004	2,392	42,210	
Equity accounted investments	4,496	2,056	1,801	9,569	2,945	24,829	404	46,100	
Additions to non-current assets ²	—	63	2,948	828	2,051	3,190	10	9,090	

1. We equity account for our investment in Oaktree and include our share of the FFO and FFO from equity accounted investments at 62%. However, for segment reporting, Oaktree's revenue is shown on a 100% basis. For the three months ended March 31, 2021, \$883 million of Oaktree's revenues was included in our Asset Management segment revenue.

2. Includes additions to equity accounted investments, investment properties, property, plant and equipment, sustainable resources, intangible assets and goodwill.

i. Inter-Segment Revenues

For the three months ended March 31, 2022, the adjustment to external revenues when determining segmented revenues consists of asset management revenues earned from consolidated entities and asset management revenues earned by Oaktree totaling \$1.2 billion (2021 – \$1.4 billion), revenues earned on construction projects between consolidated entities totaling \$71 million (2021 – \$152 million), and other revenues totaling a net income of \$10 million (2021 – \$11 million), which were eliminated on consolidation to arrive at the company's consolidated revenues.

ii. FFO from Equity Accounted Investments

The company determines FFO from its equity accounted investments by applying the same methodology utilized in adjusting net income of consolidated entities. The following table reconciles the company's consolidated equity accounted income to FFO from equity accounted investments:

FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	2022	2021
Consolidated equity accounted income	\$ 843	\$ 668
Non-FFO items from equity accounted investments ¹	226	288
FFO from equity accounted investments	\$ 1,069	\$ 956

1. Adjustment to back out non-FFO expenses (income) that are included in consolidated equity accounted income including depreciation and amortization, deferred taxes and fair value changes from equity accounted investments.

iii. Interest Expense

For the three months ended March 31, 2022, the adjustment to interest expense consists of interest on loans between consolidated entities totaling \$2 million (2021 – \$7 million) that is eliminated on consolidation, along with the associated revenue.

iv. Current Income Taxes

Current income taxes are included in FFO but are aggregated with deferred income taxes in income tax expense on the company's Consolidated Statements of Operations. The following table reconciles consolidated income taxes to current and deferred income taxes:

FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	2022	2021
Current income tax expense	\$ (283)	\$ (355)
Deferred income tax expense	(425)	(189)
Income tax expense	\$ (708)	\$ (544)

v. Reconciliation of Net Income to Total FFO

The following table reconciles net income to total FFO:

FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	Note	2022	2021
Net income		\$ 2,960	\$ 3,776
Financial statement components not included in FFO			
Equity accounted fair value changes and other non-FFO items		226	288
Fair value changes		(1,780)	(2,094)
Depreciation and amortization		1,811	1,510
Deferred income taxes		425	189
Realized disposition gains in fair value changes or equity	vi	368	1,724
Non-controlling interests in FFO		(2,413)	(2,572)
Total FFO		\$ 1,597	\$ 2,821

vi. Realized Disposition Gains

Realized disposition gains include gains and losses recorded in net income arising from transactions during the current period, adjusted to include fair value changes and revaluation surplus recorded in prior periods in connection with the assets sold. Realized disposition gains also include amounts that are recorded directly in equity as changes in ownership, as opposed to net income, because they result from a change in ownership of a consolidated entity.

The realized disposition gains recorded in fair value changes, revaluation surplus or directly in equity were \$368 million for the three months ended March 31, 2022 (2021 – \$1.7 billion), of which \$191 million relates to prior periods (2021 – \$950 million), \$nil has been recorded directly in equity as changes in ownership (2021 – \$751 million) and a gain of \$177 million has been recorded in fair value changes (2021 – \$23 million).

d) Geographic Allocation

The company's revenues by location of operations are as follows:

FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	2022	2021
U.S.	\$ 5,574	\$ 4,729
Canada	2,530	1,496
U.K.	5,985	4,147
Brazil	1,212	765
Europe	2,781	1,740
Australia	1,461	1,375
India	678	587
Colombia	537	461
Other Asia	722	681
Other	402	429
	\$ 21,882	\$ 16,410

The company's consolidated assets by location are as follows:

AS AT MAR. 31, 2022 AND DEC. 31, 2021
(MILLIONS)

	<u>2022</u>	<u>2021</u>
U.S.	\$ 172,836	\$ 172,952
Canada	54,412	52,989
U.K.	36,408	36,740
Brazil	26,635	22,052
Europe	35,766	32,065
Australia	22,051	20,767
India	21,124	20,935
Colombia	11,886	11,065
Other Asia	13,335	12,866
Other	7,500	8,572
	<u>\$ 401,953</u>	<u>\$ 391,003</u>

4. ACQUISITIONS OF CONSOLIDATED ENTITIES

The following table summarizes the balance sheet impact as a result of business combinations that occurred in the three months ended March 31, 2022. No material changes were made to provisional allocations.

AS AT MAR. 31, 2022 (MILLIONS)	Real Estate	Renewable Power and Transition	Infrastructure and Private Equity and Other	Total
Cash and cash equivalents	\$ 357	\$ 27	\$ 26	\$ 410
Accounts receivable and other	197	146	54	397
Inventory	—	29	42	71
Equity accounted investments	—	—	9	9
Investment properties	5,429	—	—	5,429
Property, plant and equipment	35	713	103	851
Intangible assets	—	—	161	161
Goodwill	238	264	100	602
Deferred income tax assets	—	1	7	8
Total assets	<u>6,256</u>	<u>1,180</u>	<u>502</u>	<u>7,938</u>
Less:				
Accounts payable and other	(243)	(105)	(81)	(429)
Non-recourse borrowings	(1,965)	(53)	(43)	(2,061)
Deferred income tax liabilities	(335)	(68)	(21)	(424)
Non-controlling interests ¹	(1,720)	—	(64)	(1,784)
	<u>(4,263)</u>	<u>(226)</u>	<u>(209)</u>	<u>(4,698)</u>
Net assets acquired	<u>\$ 1,993</u>	<u>\$ 954</u>	<u>\$ 293</u>	<u>\$ 3,240</u>
Consideration ²	<u>\$ 1,993</u>	<u>\$ 954</u>	<u>\$ 293</u>	<u>\$ 3,240</u>

1. Includes non-controlling interests recognized on business combinations measured as the proportionate share of fair value of the identifiable assets and liabilities on the date of acquisition.

2. Total consideration, including amounts paid by non-controlling interests that participated in the acquisition as investors in Brookfield-sponsored private funds or as co-investors.

During the three months ended March 31, 2022, Brookfield acquired \$7.9 billion of total assets as well as assumed \$4.7 billion of total liabilities and non-controlling interests in equity through business combinations. Total consideration transferred for the business combinations was \$3.2 billion. The valuations of the assets acquired are still under evaluation and as such the business combinations have been accounted for on a provisional basis.

Brookfield recorded \$76 million of revenue and \$10 million of net income in 2022 from the acquired operations as a result of the acquisitions made during the first quarter of 2022. If the acquisitions had occurred at the beginning of the year, they would have contributed \$115 million and \$9 million to total revenues and net income, respectively.

Real Estate

A subsidiary of the company, alongside institutional partners, acquired a 95% interest in a German office portfolio. The transaction was acquired in stages and was accounted for as a business combination as of the step-up acquisition date on January 11, 2022. The total consideration paid for the portfolio was \$2.0 billion, comprising of \$188 million of debt raised on closing, and an existing 46% interest valued at \$1.8 billion. Goodwill of \$238 million was recognized. Total revenues and net income that would have been recorded if the transaction had occurred at the beginning of the year are \$68 million and \$23 million, respectively.

Renewable Power and Transition

On January 24, 2022, a subsidiary of the company, alongside institutional partners, completed the acquisition of 100% of a utility scale development business in the U.S. The total consideration paid for the business was \$702 million, with \$125 million of additional incentive payments to be paid contingent upon certain milestones being achieved. Goodwill of \$178 million was recognized. Total revenues and net loss that would have been recorded if the transaction had occurred at the beginning of the year are \$nil and \$14 million, respectively.

5. RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

a) Risk Management

The company's activities expose it to a variety of financial risks, including market risk (i.e., commodity price risk, interest rate risk, and foreign currency risk), credit risk and liquidity risk. We use financial instruments primarily to manage these risks.

There have been no other material changes to the company's financial risk exposure or risk management activities since December 31, 2021. Please refer to Note 26 of the December 31, 2021 audited consolidated financial statements for a detailed description of the company's financial risk exposure and risk management activities.

b) Financial Instruments

The following tables list the company's financial instruments by their respective classification as at March 31, 2022 and December 31, 2021:

AS AT MAR. 31, 2022 AND DEC. 31, 2021 (MILLIONS)	2022		2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets				
Cash and cash equivalents	\$ 11,816	\$ 11,816	\$ 12,694	\$ 12,694
Other financial assets				
Government bonds	1,771	1,771	2,020	2,020
Corporate bonds	2,199	2,199	2,521	2,521
Fixed income securities and other	3,309	3,309	3,241	3,241
Common shares and warrants	6,539	6,539	5,927	5,927
Loans and notes receivable	3,194	3,194	2,837	2,837
	<u>17,012</u>	<u>17,012</u>	<u>16,546</u>	<u>16,546</u>
Accounts receivable and other	18,339	18,339	15,318	15,318
	<u>\$ 47,167</u>	<u>\$ 47,167</u>	<u>\$ 44,558</u>	<u>\$ 44,558</u>
Financial liabilities				
Corporate borrowings	\$ 11,154	\$ 11,286	\$ 10,875	\$ 11,993
Non-recourse borrowings of managed entities				
Property-specific borrowings	160,181	160,433	152,008	153,844
Subsidiary borrowings	13,699	13,580	13,049	13,415
	<u>173,880</u>	<u>174,013</u>	<u>165,057</u>	<u>167,259</u>
Accounts payable and other	45,012	45,012	43,504	43,504
Subsidiary equity obligations	4,632	4,632	4,308	4,308
	<u>\$ 234,678</u>	<u>\$ 234,943</u>	<u>\$ 223,744</u>	<u>\$ 227,064</u>

c) Fair Value Hierarchy Levels

The following table categorizes financial assets and liabilities, which are carried at fair value, based upon the fair value hierarchy levels:

AS AT MAR. 31, 2022 AND DEC. 31, 2021 (MILLIONS)	2022			2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Other financial assets						
Government bonds	\$ 19	\$ 1,752	\$ —	\$ 48	\$ 1,972	\$ —
Corporate bonds	62	1,766	368	85	2,050	383
Fixed income securities and other	677	2,103	408	762	1,908	451
Common shares and warrants	4,449	511	1,579	4,063	548	1,316
Loans and notes receivables	3	—	19	—	—	5
	<u>5,210</u>	<u>6,132</u>	<u>2,374</u>	<u>4,958</u>	<u>6,478</u>	<u>2,155</u>
Accounts receivable and other	31	2,184	36	3	2,265	77
	<u>\$ 5,241</u>	<u>\$ 8,316</u>	<u>\$ 2,410</u>	<u>\$ 4,961</u>	<u>\$ 8,743</u>	<u>\$ 2,232</u>
Financial liabilities						
Accounts payable and other	\$ 114	\$ 4,446	\$ 1,522	\$ 29	\$ 4,150	\$ 1,311
Subsidiary equity obligations	—	282	1,216	—	135	1,403
	<u>\$ 114</u>	<u>\$ 4,728</u>	<u>\$ 2,738</u>	<u>\$ 29</u>	<u>\$ 4,285</u>	<u>\$ 2,714</u>

During the three months ended March 31, 2022, there were no transfers between Level 1, 2 or 3.

Fair values of financial instruments are determined by reference to quoted bid or ask prices, as appropriate. If bid and ask prices are unavailable, the closing price of the most recent transaction of that instrument is used. In the absence of an active market, fair values are determined based on prevailing market rates for instruments with similar characteristics and risk profiles or internal or external valuation models, such as option pricing models and discounted cash flow analysis, using observable market inputs.

The following table summarizes the valuation techniques and key inputs used in the fair value measurement of Level 2 financial instruments:

(MILLIONS)	Carrying Value	Valuation Techniques and Key Inputs
Type of Asset/Liability	Mar. 31, 2022	
Other financial assets	\$ 6,132	Valuation models based on observable market data
Derivative assets/Derivative liabilities (accounts receivable/ accounts payable)	2,184 / (4,446)	Foreign currency forward contracts – discounted cash flow model – forward exchange rates (from observable forward exchange rates at the end of the reporting period) and discounted at credit adjusted rate
		Interest rate contracts – discounted cash flow model – forward interest rates (from observable yield curves) and applicable credit spreads discounted at a credit adjusted rate
		Energy derivatives – quoted market prices, or in their absence internal valuation models, corroborated with observable market data
Redeemable fund units (subsidiary equity obligations)	(282)	Aggregated market prices of underlying investments

Fair values determined using valuation models requiring the use of unobservable inputs (Level 3 financial assets and liabilities) include assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining those unobservable inputs, the company uses observable external market inputs such as interest rate yield curves, currency rates and price and rate volatilities, as applicable, to develop assumptions regarding those unobservable inputs.

The following table summarizes the valuation techniques and significant unobservable inputs used in the fair value measurement of Level 3 financial instruments:

(MILLIONS) Type of Asset/Liability	Carrying Value Mar. 31, 2022	Valuation Techniques	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
Corporate bonds	\$ 368	Discounted cash flows	<ul style="list-style-type: none"> • Future cash flows • Discount rate 	<ul style="list-style-type: none"> • Increases (decreases) in future cash flows increase (decrease) fair value • Increases (decreases) in discount rate decrease (increase) fair value
Fixed income securities and other	408	Discounted cash flows	<ul style="list-style-type: none"> • Future cash flows • Discount rate 	<ul style="list-style-type: none"> • Increases (decreases) in future cash flows increase (decrease) fair value • Increases (decreases) in discount rate decrease (increase) fair value
Common shares and warrants	1,579	Discounted cash flows Black-Scholes model	<ul style="list-style-type: none"> • Future cash flows • Discount rate • Volatility • Term to maturity 	<ul style="list-style-type: none"> • Increases (decreases) in future cash flows increase (decrease) fair value • Increases (decreases) in discount rate decrease (increase) fair value • Increases (decreases) in volatility increase (decreases) fair value • Increases (decreases) in term to maturity increase (decrease) fair value
Derivative assets/Derivative liabilities (accounts receivable/payable)	36 / (1,522)	Discounted cash flows	<ul style="list-style-type: none"> • Future cash flows • Discount rate 	<ul style="list-style-type: none"> • Increases (decreases) in future cash flows increase (decrease) fair value • Increases (decreases) in discount rate decrease (increase) fair value
Limited-life funds (subsidiary equity obligations)	(1,216)	Discounted cash flows	<ul style="list-style-type: none"> • Future cash flows • Discount rate • Terminal capitalization rate • Investment horizon 	<ul style="list-style-type: none"> • Increases (decreases) in future cash flows increase (decrease) fair value • Increases (decreases) in discount rate decrease (increase) fair value • Increases (decreases) in terminal capitalization rate decrease (increase) fair • Increases (decreases) in the investment horizon decrease (increase) fair value

The following table presents the changes in the balance of financial assets and liabilities classified as Level 3 for the three months ended March 31, 2022:

AS AT AND FOR THE THREE MONTHS ENDED MAR. 31, 2022 (MILLIONS)	Financial Assets	Financial Liabilities
Balance, beginning of period	\$ 2,232	\$ 2,714
Fair value changes in net income	104	49
Fair value changes in other comprehensive income ¹	(12)	77
Additions, net of disposals	86	(102)
Balance, end of period	<u>\$ 2,410</u>	<u>\$ 2,738</u>

1. Includes foreign currency translation.

6. CURRENT AND NON-CURRENT PORTION OF ACCOUNT BALANCES

a) Assets

AS AT MAR. 31, 2022 AND DEC. 31, 2021 (MILLIONS)	Other Financial Assets		Accounts Receivable and Other		Inventory	
	2022	2021	2022	2021	2022	2021
Current portion	\$ 7,454	\$ 6,963	\$ 18,870	\$ 16,098	\$ 8,466	\$ 8,557
Non-current portion	9,558	9,583	6,717	5,662	3,537	2,858
	<u>\$ 17,012</u>	<u>\$ 16,546</u>	<u>\$ 25,587</u>	<u>\$ 21,760</u>	<u>\$ 12,003</u>	<u>\$ 11,415</u>

b) Liabilities

AS AT MAR. 31, 2022 AND DEC. 31, 2021 (MILLIONS)	Accounts Payable and Other		Corporate Borrowings		Non-Recourse Borrowings of Managed Entities	
	2022	2021	2022	2021	2022	2021
Current portion ¹	\$ 31,271	\$ 29,136	\$ 356	\$ 912	\$ 37,352	\$ 31,879
Non-current portion	22,539	23,410	10,798	9,963	136,528	133,178
	<u>\$ 53,810</u>	<u>\$ 52,546</u>	<u>\$ 11,154</u>	<u>\$ 10,875</u>	<u>\$ 173,880</u>	<u>\$ 165,057</u>

1. Current portion of corporate borrowings includes \$356 million (December 31, 2021 – \$912 million) of short-term commercial paper and revolving facility draws, which are backed by our corporate revolving credit facility.

7. HELD FOR SALE

The following is a summary of the assets and liabilities classified as held for sale:

AS AT MAR. 31, 2022 (MILLIONS)	Real Estate	Infrastructure	Renewable Power and Transition and Other	Total
Assets				
Cash and cash equivalents	\$ 182	\$ —	\$ 8	\$ 190
Accounts receivable and other	110	—	3	113
Equity accounted investments	130	150	—	280
Investment properties	9,472	—	—	9,472
Property, plant and equipment	403	—	151	554
Goodwill	220	—	—	220
Deferred income tax assets	32	—	—	32
Assets classified as held for sale	<u>\$ 10,549</u>	<u>\$ 150</u>	<u>\$ 162</u>	<u>\$ 10,861</u>
Liabilities				
Accounts payable and other	\$ 383	\$ —	\$ 3	\$ 386
Non-recourse borrowings of managed entities	23	—	3	26
Deferred income tax liabilities	741	—	—	741
Liabilities associated with assets classified as held for sale	<u>\$ 1,147</u>	<u>\$ —</u>	<u>\$ 6</u>	<u>\$ 1,153</u>

As at March 31, 2022, assets held for sale within our Real Estate segment include a mixed-use asset in South Korea, an office asset and a portfolio of student housing assets in the U.K., as well as seven malls, four office assets and eleven multifamily assets in the U.S.

For the three months ended March 31, 2022, we disposed of \$6.2 billion and \$3.1 billion of assets and liabilities, respectively. The majority of disposals relate to the sales of a triple-net lease portfolio and a hospitality portfolio in the U.S. within our Real Estate segment.

8. EQUITY ACCOUNTED INVESTMENTS

The following table presents the change in the balance of investments in associates and joint ventures:

AS AT AND FOR THE THREE MONTHS ENDED MAR. 31, 2022
(MILLIONS)

Balance, beginning of period	\$ 46,100
Disposals, net of additions ¹	(1,303)
Acquisitions through business combinations	9
Share of comprehensive income	886
Distributions received	(254)
Return of capital	(74)
Foreign currency translation and other	442
Balance, end of period	\$ 45,806

1. Includes assets sold and amounts reclassified to held for sale, as well as changes in accounting basis.

Disposals, net of additions, of \$1.3 billion during the period primarily relate to the consolidation of our German office portfolio within our Real Estate segment, which was previously treated as an equity accounted investment. This item was partially offset by the acquisition of AusNet Services Ltd. within our Infrastructure segment.

9. INVESTMENT PROPERTIES

The following table presents the change in the fair value of the company's investment properties:

AS AT AND FOR THE THREE MONTHS ENDED MAR. 31, 2022
(MILLIONS)

Fair value, beginning of period	\$ 100,865
Additions	7,278
Dispositions ¹	(4,432)
Fair value changes	1,846
Foreign currency translation and other	(128)
Fair value, end of period ²	\$ 105,429

1. Includes amounts reclassified to held for sale.

2. Includes \$4.1 billion of ROU investment properties (December 31, 2021 – \$4.1 billion).

Investment properties include the company's office, retail, multifamily and other properties, as well as highest and best-use land within the company's sustainable resources operations. Additions of \$7.3 billion primarily relate to the purchases of investment properties within our real estate funds and enhancement of existing assets during the period.

The following table presents our investment properties measured at fair value:

AS AT MAR. 31, 2022
(MILLIONS)

Core	\$ 19,526
Transitional and Development	28,002
LP Investments	55,677
Other investment properties	2,224
	\$ 105,429

Significant unobservable inputs (Level 3) are utilized when determining the fair value of investment properties. The significant Level 3 inputs include:

Valuation Technique	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value	Mitigating Factors
Discounted cash flow analysis ¹	<ul style="list-style-type: none"> • Future cash flows – primarily driven by net operating income • Discount rate • Terminal capitalization rate • Investment horizon 	<ul style="list-style-type: none"> • Increases (decreases) in future cash flows increase (decrease) fair value • Increases (decreases) in discount rate decrease (increase) fair value • Increases (decreases) in terminal capitalization rate decrease (increase) fair value • Increases (decreases) in the investment horizon decrease (increase) fair value 	<ul style="list-style-type: none"> • Increases (decreases) in cash flows tend to be accompanied by increases (decreases) in discount rates that may offset changes in fair value from cash flows • Increases (decreases) in discount rates tend to be accompanied by increases (decreases) in cash flows that may offset changes in fair value from discount rates • Increases (decreases) in terminal capitalization rates tend to be accompanied by increases (decreases) in cash flows that may offset changes in fair value from terminal capitalization rates • Increases (decreases) in the investment horizon tend to be the result of changing cash flow profiles that may result in higher (lower) growth in cash flows prior to stabilizing in the terminal year

1. Certain investment properties are valued using the direct capitalization method instead of a discounted cash flow model. Under the direct capitalization method, a capitalization rate is applied to estimated current year cash flows.

The company's investment properties are diversified by asset type, asset class, geography and market. Therefore, there may be mitigating factors in addition to those noted above, such as changes to assumptions that vary in direction and magnitude across different geographies and markets.

The following table summarizes the key valuation metrics of the company's investment properties:

AS AT MAR. 31, 2022	Discount Rate	Terminal Capitalization Rate	Investment Horizon (years)
Core	5.9%	4.6%	11
Transitional and Development ¹	7.3%	5.9%	10
LP Investments ¹	9.0%	5.8%	14
Other investment properties ²	8.9%	n/a	n/a

1. The rates presented are for investment properties valued using the discounted cash flow method. These rates exclude multifamily, triple net lease, student housing, manufactured housing and other investment properties valued using the direct capitalization method.

2. Other investment properties include investment properties held in our Infrastructure and Residential Development segments.

10. PROPERTY, PLANT AND EQUIPMENT

The company's property, plant and equipment relates to the operating segments as shown below:

AS AT AND FOR THE THREE MONTHS ENDED MAR. 31, 2022 (MILLIONS)	Renewable Power and Transition	Infrastructure	Real Estate	Private Equity and Other	Total
Balance, beginning of period	\$ 50,317	\$ 38,655	\$ 10,864	\$ 15,653	\$ 115,489
Additions	414	644	208	484	1,750
Acquisitions through business combinations	713	33	35	70	851
Dispositions and assets reclassified as held for sale	(104)	(83)	(61)	(39)	(287)
Depreciation expenses	(404)	(394)	(137)	(448)	(1,383)
Foreign currency translation and other	1,121	(203)	(108)	56	866
Total change	1,740	(3)	(63)	123	1,797
Balance, end of period ¹	<u>\$ 52,057</u>	<u>\$ 38,652</u>	<u>\$ 10,801</u>	<u>\$ 15,776</u>	<u>\$ 117,286</u>

1. Our ROU PP&E assets include \$410 million (December 31, 2021 – \$415 million) in our Renewable Power and Transition segment, \$3.9 billion (December 31, 2021 – \$4.0 billion) in our Infrastructure segment, \$860 million (December 31, 2021 – \$905 million) in our Real Estate segment, and \$1.7 billion (December 31, 2021 – \$1.7 billion) in our Private Equity and other segments, totaling \$6.9 billion (December 31, 2021 – \$7.0 billion) of ROU assets.

11. SUBSIDIARY PUBLIC ISSUERS AND FINANCE SUBSIDIARY

Brookfield Finance Inc. (“BFI”) was incorporated on March 31, 2015 under the *Business Corporations Act* (Ontario) and is an indirect 100% owned subsidiary of the Corporation that may offer and sell debt securities. Any debt securities issued by BFI are fully and unconditionally guaranteed by the Corporation. BFI issued:

- \$500 million of 4.25% notes due in 2026 on June 2, 2016;
- \$550 million of 4.70% notes due in 2047 on September 14, 2017;
- \$350 million of 4.70% notes due in 2047 on January 17, 2018;
- \$650 million of 3.90% notes due in 2028 on January 17, 2018;
- \$1.0 billion of 4.85% notes due in 2029 on January 29, 2019;
- \$600 million of 4.35% notes due in 2030 on April 9, 2020;
- \$150 million of 4.35% notes due in 2030 on April 14, 2020;
- \$500 million of 3.50% notes due in 2051 on September 28, 2020;
- \$400 million of 4.625% subordinated notes due in 2080 on October 16, 2020;
- \$500 million of 2.724% notes due in 2031 on April 12, 2021;
- \$250 million of 3.50% notes due in 2051 on July 26, 2021;
- \$400 million of 3.90% notes due in 2028 on February 4, 2022; and
- \$400 million of 3.625% notes due in 2052 on February 4, 2022.

Brookfield Finance LLC (“BFL”) is a Delaware limited liability company formed on February 6, 2017 and an indirect 100% owned subsidiary of the Corporation. Brookfield Finance II Inc. (“BFI II”) was incorporated on September 24, 2020 under the Business Corporations Act (Ontario) and is a direct 100% owned subsidiary of the Corporation. Brookfield Finance (Australia) Pty Ltd (“BF AUS”) was incorporated on September 24, 2020 under the Corporations Act 2001 (Commonwealth of Australia) and is an indirect 100% owned subsidiary of the Corporation. Brookfield Finance I (UK) PLC (“BF U.K.”) was incorporated on September 25, 2020 under the U.K. Companies Act 2006 and is an indirect 100% owned subsidiary of the Corporation. Brookfield Finance II LLC (“BFL II”) was formed on September 24, 2020 under the Delaware Limited Liability Company Act and is an indirect 100% owned subsidiary of the Corporation. BFL, BFL II, BF AUS and BF U.K. are consolidated subsidiaries of the Corporation that may offer and sell debt securities or, in the case of BFL II, preferred shares representing limited liability company interests. Any debt securities issued by BFL and BF U.K. are, and any debt securities issued by BF AUS and BFI II and any preferred shares representing limited liability company interests issued by BFL II will

be, fully and unconditionally guaranteed as to payment of principal, premium (if any), interest and certain other amounts by the Corporation.

On March 10, 2017, BFL issued \$750 million of 4.00% notes due in 2024. On December 31, 2018, as part of an internal reorganization, the 2024 notes were transferred to BFI. On February 21, 2020, BFL issued \$600 million of 3.45% notes due in 2050. On November 24, 2020, BF U.K. issued \$230 million of 4.50% perpetual subordinated notes. On July 26, 2021, BF U.K. issued \$600 million of 2.34% notes due in 2032. BFI II, BFL, BFL II, BF AUS and BF U.K. have no independent activities, assets or operations other than in connection with any securities that they may issue.

Brookfield Investments Corporation (“BIC”) is an investment company that holds investments in the real estate, renewable power and infrastructure sectors, as well as a portfolio of preferred shares issued by the Corporation’s subsidiaries. The Corporation provided a full and unconditional guarantee of the Class 1 Senior Preferred Shares, Series A issued by BIC. As at March 31, 2022, C\$37 million of these senior preferred shares were held by third-party shareholders and are retractable at the option of the holder.

The following tables contain summarized financial information of the Corporation, BFI, BFI II, BFL, BFL II, BF AUS, BF U.K., BIC and non-guarantor subsidiaries:

AS AT AND FOR THE THREE MONTHS ENDED MAR. 31, 2022 (MILLIONS)	The Corporation ¹	BFI	BFI II	BFL	BFL II	BF AUS	BF U.K.	BIC	Other Subsidiaries of the Corporation ²	Consolidating Adjustments ³	The Company Consolidated
Revenues	\$ 58	\$ 69	\$ —	\$ 8	\$ —	\$ —	\$ 9	\$ 37	\$ 23,799	\$ (2,098)	\$ 21,882
Net income (loss) attributable to shareholders	1,359	(1)	—	—	—	—	4	(13)	1,441	(1,431)	1,359
Total assets	86,072	9,077	—	615	—	—	840	5,659	410,759	(111,069)	401,953
Total liabilities	38,528	7,232	—	605	—	—	600	3,683	246,859	(31,987)	265,520
Non-controlling interest – preferred equity	—	—	—	—	—	—	230	—	—	—	230

AS AT DEC. 31, 2021 AND FOR THE THREE MONTHS ENDED MAR. 31 2021 (MILLIONS)	The Corporation ¹	BFI	BFI II	BFL	BFL II	BF AUS	BF U.K.	BIC	Other Subsidiaries of the Corporation ²	Consolidating Adjustments ³	The Company Consolidated
Revenues	\$ 71	\$ 58	\$ —	\$ 8	\$ —	\$ —	\$ 4	\$ 34	\$ 18,077	\$ (1,842)	\$ 16,410
Net income (loss) attributable to shareholders	1,235	(5)	—	—	—	—	3	(4)	1,272	(1,266)	1,235
Total assets	84,793	8,256	—	607	—	—	843	5,433	400,288	(109,217)	391,003
Total liabilities	38,438	6,387	—	597	—	—	603	3,734	237,100	(30,597)	256,262
Non-controlling interest – preferred equity	—	—	—	—	—	—	230	—	—	—	230

1. This column accounts for investments in all subsidiaries of the Corporation under the equity method.
2. This column accounts for investments in all subsidiaries of the Corporation other than BFI, BFL, BIC, BFI II, BF AUS, BF U.K. and BFL II on a combined basis.
3. This column includes the necessary amounts to present the company on a consolidated basis.

12. EQUITY

Common Equity

The company's common equity is comprised of the following:

AS AT MAR. 31, 2022 AND DEC. 31, 2021 (MILLIONS)	<u>2022</u>	<u>2021</u>
Common shares	\$ 10,538	\$ 10,538
Contributed surplus	334	320
Retained earnings	18,601	17,705
Ownership changes	6,150	6,243
Accumulated other comprehensive income	7,776	7,404
Common equity	<u>\$ 43,399</u>	<u>\$ 42,210</u>

The company is authorized to issue an unlimited number of Class A Limited Voting Shares ("Class A shares") and 85,120 Class B Limited Voting Shares ("Class B shares"). The company's Class A shares and Class B shares have no stated par value. The holders of Class A shares and Class B shares rank on par with each other with respect to the payment of dividends and the return of capital on the liquidation, dissolution or winding up of the company or any other distribution of the assets of the company among its shareholders for the purpose of winding up its affairs. Holders of the Class A shares are entitled to elect half of the Board of Directors of the company and holders of the Class B shares are entitled to elect the other half of the Board of Directors. With respect to the Class A and Class B shares, there are no dilutive factors, material or otherwise, that would result in different diluted earnings per share between the classes. This relationship holds true irrespective of the number of dilutive instruments issued in either one of the respective classes of Class A and Class B shares, as both classes of shares participate equally, on a pro rata basis, in the dividends, earnings and net assets of the company, whether taken before or after dilutive instruments, regardless of which class of shares is diluted.

The holders of the company's Class A shares and Class B shares received cash dividends during the first quarter of 2022 of \$0.14 per share (2021 – \$0.13 per share).

The number of issued and outstanding Class A and Class B shares and unexercised options are as follows:

AS AT MAR. 31, 2022 AND DEC. 31, 2021	<u>2022</u>	<u>2021</u>
Class A shares ¹	1,566,230,559	1,568,743,821
Class B shares	85,120	85,120
Shares outstanding ¹	1,566,315,679	1,568,828,941
Unexercised options, other share-based plans ² and exchangeable shares of affiliate	84,716,588	82,825,207
Total diluted shares	<u>1,651,032,267</u>	<u>1,651,654,148</u>

1. Net of 72,058,294 Class A shares held by the company in respect of long-term compensation agreements as at March 31, 2022 (December 31, 2021 – 69,663,192).

2. Includes management share option plan and escrowed stock plan.

The authorized common share capital consists of an unlimited number of Class A shares and 85,120 Class B shares. Shares issued and outstanding changed as follows:

FOR THE THREE MONTHS ENDED MAR. 31	<u>2022</u>	<u>2021</u>
Outstanding, beginning of period ¹	1,568,828,941	1,510,720,411
Issued (Repurchased)		
Issuances	32,365	—
Repurchases	(3,901,144)	(2,492,421)
Long-term share ownership plans ²	1,308,332	1,755,650
Dividend reinvestment plan and other	47,185	37,613
Outstanding, end of period ³	<u>1,566,315,679</u>	<u>1,510,021,253</u>

1. Net of 69,663,192 Class A shares held by the company in respect of long-term compensation agreements as at December 31, 2021 (December 31, 2020 – 64,197,815).

2. Includes management share option plan and restricted stock plan.

3. Net of 72,058,294 Class A shares held by the company in respect of long-term compensation agreements as at March 31, 2022 (March 31, 2021 – 65,816,784).

Earnings Per Share

The components of basic and diluted earnings per share are summarized in the following table:

FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	2022	2021
Net income attributable to shareholders	\$ 1,359	\$ 1,235
Preferred share dividends	(37)	(37)
Dilutive effect of conversion of subsidiary preferred shares	—	(11)
Net income available to shareholders	1,322	1,187
Dilutive impact of exchangeable shares	2	—
Net income available to shareholders including dilutive impact of exchangeable shares	\$ 1,324	\$ 1,187
FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	2022	2021
Weighted average – Class A and Class B shares	1,567.8	1,510.5
Dilutive effect of conversion of options and escrowed shares using treasury stock method and exchangeable shares of affiliate	59.0	34.9
Class A and Class B shares and share equivalents	1,626.8	1,545.4

Share-Based Compensation

The company and its consolidated subsidiaries account for stock options using the fair value method. Under the fair value method, compensation expense for stock options that are direct awards of stock is measured at fair value at the grant date using an option pricing model and recognized over the vesting period. Options issued under the company's Management Share Option Plan ("MSOP") vest over a period of up to five years, expire 10 years after the grant date, and are settled through issuance of Class A shares. The exercise price is equal to the market price at the grant date. During the three months ended March 31, 2022, the company granted 4.0 million stock options at a weighted average exercise price of \$56.93. The compensation expense was calculated using the Black-Scholes method of valuation, assuming an average 7.5-year term, 24.8% volatility, a weighted average expected dividend yield of 1.4% annually, a risk-free rate of 1.9% and a liquidity discount of 25%.

The company previously established an Escrowed Stock Plan whereby a private company is capitalized with preferred shares issued to Brookfield for cash proceeds and common shares (the "escrowed shares") that are granted to executives. The proceeds are used to purchase Class A shares and therefore the escrowed shares represent an interest in the underlying Class A shares. The escrowed shares generally vest over five years and must be held to the fifth anniversary of the grant date. At a date no more than 10 years from the grant date, all escrowed shares held will be exchanged for a number of Class A shares issued from treasury of the company, based on the market value of Class A shares at the time of exchange. During the three months ended March 31, 2022, the company granted 5.1 million escrowed shares at a weighted average price of \$56.93. The compensation expense was calculated using the Black-Scholes method of valuation, assuming an average 7.5-year term, 24.8% volatility, a weighted average expected dividend yield of 1.4% annually, a risk-free rate of 1.9% and a liquidity discount of 25%.

13. REVENUES

We perform a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of our revenues by segment and type, as well as a breakdown of whether revenues from goods or services are recognized at a point in time or delivered over a period of time.

a) Revenue by Type

FOR THE THREE MONTHS ENDED MAR. 31, 2022 (MILLIONS)	Asset Management	Corporate Activities	Renewable Power and Transition	Infrastructure	Private Equity	Real Estate	Residential Development	Total Revenues
Revenue from contracts with customers	\$ 105	\$ —	\$ 1,246	\$ 3,311	\$ 12,738	\$ 965	\$ 572	\$ 18,937
Other revenue	—	38	—	175	686	2,022	24	2,945
	<u>\$ 105</u>	<u>\$ 38</u>	<u>\$ 1,246</u>	<u>\$ 3,486</u>	<u>\$ 13,424</u>	<u>\$ 2,987</u>	<u>\$ 596</u>	<u>\$ 21,882</u>

FOR THE THREE MONTHS ENDED MAR. 31, 2021 (MILLIONS)	Asset Management	Corporate Activities	Renewable Power and Transition	Infrastructure	Private Equity	Real Estate	Residential Development	Total Revenues
Revenue from contracts with customers	\$ 77	\$ —	\$ 997	\$ 2,610	\$ 9,306	\$ 531	\$ 571	\$ 14,092
Other revenue	—	86	92	153	406	1,563	18	2,318
	<u>\$ 77</u>	<u>\$ 86</u>	<u>\$ 1,089</u>	<u>\$ 2,763</u>	<u>\$ 9,712</u>	<u>\$ 2,094</u>	<u>\$ 589</u>	<u>\$ 16,410</u>

b) Timing of Recognition of Revenue from Contracts with Customers

FOR THE THREE MONTHS ENDED MAR. 31, 2022 (MILLIONS)	Asset Management	Corporate Activities	Renewable Power and Transition	Infrastructure	Private Equity	Real Estate	Residential Development	Total Revenues
Goods and services provided at a point in time	\$ —	\$ —	\$ 39	\$ 25	\$ 10,988	\$ 206	\$ 568	\$ 11,826
Services transferred over a period of time	105	—	1,207	3,286	1,750	759	4	7,111
	<u>\$ 105</u>	<u>\$ —</u>	<u>\$ 1,246</u>	<u>\$ 3,311</u>	<u>\$ 12,738</u>	<u>\$ 965</u>	<u>\$ 572</u>	<u>\$ 18,937</u>

FOR THE THREE MONTHS ENDED MAR. 31, 2021 (MILLIONS)	Asset Management	Corporate Activities	Renewable Power and Transition	Infrastructure	Private Equity	Real Estate	Residential Development	Total Revenues
Goods and services provided at a point in time	\$ —	\$ —	\$ 30	\$ 38	\$ 7,718	\$ 90	\$ 571	\$ 8,447
Services transferred over a period of time	77	—	967	2,572	1,588	441	—	5,645
	<u>\$ 77</u>	<u>\$ —</u>	<u>\$ 997</u>	<u>\$ 2,610</u>	<u>\$ 9,306</u>	<u>\$ 531</u>	<u>\$ 571</u>	<u>\$ 14,092</u>

14. FAIR VALUE CHANGES

Fair value changes recorded in net income represent gains or losses arising from changes in the fair value of assets and liabilities, including derivative financial instruments, accounted for using the fair value method and are comprised of the following:

FOR THE THREE MONTHS ENDED MAR. 31 (MILLIONS)	2022	2021
Investment properties	\$ 1,846	\$ 827
Transaction related (losses) gains, net of expenses	(73)	1,281
Financial contracts	16	515
Impairment and provisions	(17)	(235)
Other fair value changes	8	(294)
	<u>\$ 1,780</u>	<u>\$ 2,094</u>

Shareholder Information

Shareholder Enquiries

Shareholder enquiries should be directed to our Investor Relations group at:

Brookfield Asset Management Inc.
Suite 300, Brookfield Place, Box 762, 181 Bay Street
Toronto, Ontario M5J 2T3
T: 416-363-9491 or toll free in North America: 1-866-989-0311
F: 416-363-2856
E: enquiries@brookfield.com
www.bam.brookfield.com

Shareholder enquiries relating to dividends, address changes and share certificates should be directed to our Transfer Agent:

TSX Trust Company
P.O. Box 700, Station B
Montreal, Quebec H3B 3K3
T: 1-877-715-0498 (North America)
1-514-985-8843 (Outside North America)
F: 1-888-249-6189
E: shareholderinquiries@tmx.com
www.tsxtrust.com

Stock Exchange Listings

	Symbol	Stock Exchange
Class A Limited Voting Shares	BAM	New York
	BAMA	Toronto
Class A Preference Shares		
Series 2	BAM.PR.B	Toronto
Series 4	BAM.PR.C	Toronto
Series 8	BAM.PR.E	Toronto
Series 9	BAM.PR.G	Toronto
Series 13	BAM.PR.K	Toronto
Series 17	BAM.PR.M	Toronto
Series 18	BAM.PR.N	Toronto
Series 24	BAM.PR.R	Toronto
Series 25	BAM.PR.S	Toronto
Series 26	BAM.PR.T	Toronto
Series 28	BAM.PR.X	Toronto
Series 30	BAM.PR.Z	Toronto
Series 32	BAM.PF.A	Toronto
Series 34	BAM.PF.B	Toronto
Series 36	BAM.PF.C	Toronto
Series 37	BAM.PF.D	Toronto
Series 38	BAM.PF.E	Toronto
Series 40	BAM.PF.F	Toronto
Series 42	BAM.PF.G	Toronto
Series 44	BAM.PF.H	Toronto
Series 46	BAM.PF.I	Toronto
Series 48	BAM.PF.J	Toronto

¹ "Investment Date" means each dividend payment date upon which cash dividends paid on all Class A Shares registered in the name of a shareholder, net of any applicable withholding taxes, are reinvested.

Dividend Record and Payment Dates

Security ¹	Record Date ²	Payment Date ³
Class A and Class B shares	Last day of February, May, August and November	Last day of March, June, September and December
Class A Preference shares		
Series 2, 4, 13, 17, 18, 24, 25, 26, 28, 30 32, 34, 36, 37, 38, 40, 42, 44, 46 and 48	15th day of March, June, September and December	Last day of March, June, September and December
Series 8	Last day of each month	12th day of following month
Series 9	15th day of January, April, July and October	First day of February, May, August and November

- All dividend payments are subject to declaration by the Board of Directors.
- If the Record Date is not a business day, the Record Date will be the previous business day.
- If the Payment Date is not a business day, the Payment Date will be the previous business day.

Investor Relations and Communications

We are committed to informing our shareholders of our progress through our comprehensive communications program which includes publication of materials such as our annual report, quarterly interim reports and news releases. We also maintain a website that provides ready access to these materials, as well as statutory filings, stock and dividend information and other presentations.

Meeting with shareholders is an integral part of our communications program. Directors and management meet with Brookfield's shareholders at our annual meeting and are available to respond to questions. Management is also available to investment analysts, financial advisors and media.

The text of our 2021 Annual Report is available in French on request from the company and is filed with and available through SEDAR at www.sedar.com.

Dividends

The quarterly dividend payable on Class A shares is declared in U.S. dollars. Registered shareholders who are U.S. residents receive their dividends in U.S. dollars, unless they request the Canadian dollar equivalent. Registered shareholders who are Canadian residents receive their dividends in the Canadian dollar equivalent, unless they request to receive dividends in U.S. dollars. The Canadian dollar equivalent of the quarterly dividend is based on the Bank of Canada daily average exchange rate exactly two weeks (or 14 days) prior to the payment date for the dividend.

Dividend Reinvestment Plan

The Corporation has a Dividend Reinvestment Plan which enables registered holders of Class A Shares who are resident in Canada and the U.S. to receive their dividends in the form of newly issued Class A shares.

Registered shareholders of our Class A shares who are resident in the United States may elect to receive their dividends in the form of newly issued Class A shares at a price equal to the volume-weighted average price (in U.S. dollars) at which board lots of Class A Shares have traded on the New York Stock Exchange based on the average closing price during each of the five trading days immediately preceding the relevant Investment Date¹ on which at least one board lot of Class A Shares has traded, as reported by the New York Stock Exchange (the "NYSE VWAP").

Registered shareholders of our Class A shares who are resident in Canada may also elect to receive their dividends in the form of newly issued Class A shares at a price equal to the NYSE VWAP multiplied by an exchange factor which is calculated as the average of the daily average exchange rates as reported by the Bank of Canada during each of the five trading days immediately preceding the relevant Investment Date.

Our Dividend Reinvestment Plan allows current shareholders of the Corporation who are resident in Canada and the United States to increase their investment in the Corporation free of commissions. Further details on the Dividend Reinvestment Plan and a Participation Form can be obtained from our Toronto office, our transfer agent or from our website.

Board of Directors and Officers

BOARD OF DIRECTORS

M. Elyse Allan, C.M.

Former President and Chief Executive Officer, General Electric Canada Company Inc. and former Vice-President, General Electric Company

Jeffrey M. Blidner

Vice Chair,
Brookfield Asset Management Inc.

Angela F. Braly

Former Chair of the Board, President and Chief Executive Officer, WellPoint, Inc. (now known as Anthem, Inc.)

Jack L. Cockwell, C.M.

Chair, Brookfield Partners Foundation

Marcel R. Coutu

Former President and Chief Executive Officer, Canadian Oil Sands Limited and former Chair of Syncrude Canada Ltd.

Bruce Flatt

Chief Executive Officer,
Brookfield Asset Management Inc.

Janice Fukakusa, C.M., F.C.P.A., F.C.A.

Former Chief Administrative Officer and Chief Financial Officer, Royal Bank of Canada

Maureen Kempston Darkes, O.C., O.Ont.

Former President, Latin America, Africa and Middle East, General Motors Corporation

Brian D. Lawson

Vice Chair, and former Chief Financial Officer,
Brookfield Asset Management Inc.

Howard Marks

Co-chair,
Oaktree Capital Group, LLC.

Hon. Frank J. McKenna, P.C., O.C., O.N.B.

Chair, Brookfield Asset Management Inc. and Deputy Chair, TD Bank Group

Rafael Miranda

Former Chief Executive Officer,
Endesa, S.A.

Lord O'Donnell

Chair, Frontier Economics Ltd.

Hutham S. Olayan

Chair of The Olayan Group and former President and CEO of Olayan America

Seek Ngee Huat

Chair, GLP IM Holdings Limited and Former Chair, Global Logistic Properties Ltd., and former President of GIC Real Estate Pte. Ltd.

Diana L. Taylor

Former Superintendent of Banks for the State of New York and investment banker

Details on Brookfield's directors are provided in the Management Information Circular and on Brookfield's website at www.brookfield.com.

CORPORATE OFFICERS

Bruce Flatt, Chief Executive Officer

Nicholas Goodman, Chief Financial Officer

Justin B. Beber, Chief Legal Officer

Brookfield incorporates sustainable development practices within our corporation.
This document was printed in Canada using vegetable-based inks on FSC® stock.

This page is intentionally left blank

BROOKFIELD ASSET MANAGEMENT INC.

Brookfield.com

NYSE: BAM

TSX: BAM.A

BROOKFIELD CORPORATE OFFICES

United States

Brookfield Place
250 Vesey Street
15th Floor
New York, NY
10281-0221
+1.212.417.7000

Canada

Brookfield Place
181 Bay Street, Suite 300
Bay Wellington Tower
Toronto, ON M5J 2T3
+1.416.363.9491

United Kingdom

One Canada Square
Level 25
Canary Wharf
London E14 5AA
+44.20.7659.3500

Australia

Brookfield Place
Level 19
10 Carrington Street
Sydney, NSW 2000
+61.2.9158.5100

Brazil

Avenida das Nações Unidas,
14.261
Edifício WT Morumbi
Ala B - 20º andar
Morumbi - São Paulo - SP
CEP 04794-000
+55 (11) 2540.9150

United Arab Emirates

Level 16, ICD Brookfield Place
Al Mustaqbal Street, DIFC
P.O. Box 507234
Dubai
+971.4.597.0100

India

Unit 1
4th Floor, Godrej BKC
Bandra Kurla Complex
Mumbai 400 051
+91.22.6600.0700

China

Suite 1201, Tower B, One East
No. 736 South Zhongshan 1st Road
Huangpu District
Shanghai 200021
+86.21.2306.0700

OAKTREE CORPORATE OFFICES

United States

333 South Grand Avenue
28th Floor
Los Angeles, CA 90071
+1.213.830.6300

United States

1301 Avenue of the Americas
34th Floor
New York, NY 10019
+1.212.284.1900

United Kingdom

Verde
10 Bressenden Place
London SW1E 5DH
+44.20.7201.4600

Hong Kong

Suite 2001, 20/F
Champion Tower
3 Garden Road
Central
+852.3655.6800

REGIONAL OFFICES (BROOKFIELD & OAKTREE)

North America

Bermuda
Calgary
Chicago
Houston
Los Angeles
Vancouver

South America

Bogotá
Lima
Rio de Janeiro

Europe / UAE

Amsterdam
Dublin
Frankfurt
Helsinki
Luxembourg
Paris
Madrid
Dubai

Asia Pacific

Sydney
Beijing
Hong Kong
Shanghai
Seoul
Singapore
Tokyo