

BROOKFIELD ASSET MANAGEMENT INC.

# Q2 2020 Supplemental — Information

THREE MONTHS ENDED JUNE 30, 2020

# 2020 Second Quarter Highlights

**\$277B**

FEE-BEARING CAPITAL

**\$46B**

THIRD-PARTY CAPITAL  
RAISED IN THE LTM<sup>1</sup>

**\$77B**

DEPLOYABLE CAPITAL<sup>1</sup>

## ASSET MANAGEMENT

**Since we last reported, we have raised \$23 billion of capital, including \$12 billion of capital related to the first close of our latest flagship distressed debt fund. Together with Oaktree, we committed \$1 billion of capital to the fund.**

- In addition to the commitments raised for our distressed debt fund, we also held first closes for our second vintage infrastructure debt fund for approximately \$1.8 billion and our first-ever European perpetual core-plus real estate fund for €725 million.
- We also raised an additional \$8 billion of capital across existing private funds, co-investments, and open-end public securities and credit strategies.
- With the commitments raised for our latest flagship distressed debt fund, we have had a successful start to the fundraising for our next round of flagship funds.
  - In aggregate, our other three flagship funds are now approximately 50% invested or committed. Based on the anticipated pick-up in investment activity in the next three to 12 months we expect them to be in a position to start fundraising for their next vintages in 2021.

**Fee-bearing capital as at June 30, 2020 was \$277 billion, an increase of \$113 billion over the LTM, driving fee-related earnings growth of 23% and 41%, before performance fees, over the prior year quarter and prior year LTM, respectively.**

- Growth in fee-bearing capital over the LTM period is due to the acquisition of a 61% interest in Oaktree in September 2019, as well as \$39 billion of inflows to fee-bearing capital across our various strategies, including \$20 billion from Oaktree, \$9 billion related to the commencement of investment periods, and additional fundraising and deployment across a number of other fund strategies.
- We have an additional \$29 billion of capital that is currently committed and will earn fees of approximately \$315 million once deployed, of which \$15 billion was raised since we last reported.
- Fee-related earnings were \$324 million during the quarter and \$1.3 billion for the LTM, an increase of 23% and 41% from the prior periods before performance fees, respectively, driven predominantly by private fund growth as noted above. These fees are stable, based primarily on the value of initial commitments or private valuations and largely not subject to market volatility.

**We realized \$76 million (\$31 million, net of costs) of carried interest during the quarter and \$499 million (\$264 million, net of costs) over the LTM. Current unrealized carried interest now totals \$2.9 billion (\$1.9 billion, net of costs).**

- We realized proceeds from asset monetizations of \$4 billion during the quarter and \$16 billion in the LTM period, contributing to carried interest recognition.

**Investment activity continued to be strong across our businesses in Q2 and over the LTM and we expect that to continue as companies coming out of the current environment will be in need of capital.**

- While we have remained disciplined in our deployment, capital invested totaled \$9 billion in the quarter and \$42 billion over the LTM, and we committed approximately \$250 million of capital to new investments within our Brookfield Special Investments program, which already has a strong pipeline of investments.
  - We invested an additional \$3 billion since June 30, 2020.

1. As of August 13, 2020.

# 2020 Second Quarter Highlights cont'd

## OPERATING RESULTS

**We generated \$605 million and \$2.6 billion of free cash flow in the quarter and LTM, respectively.**

- Cash available for distribution or reinvestment ("CAFDR")<sup>1</sup> was in line with the prior year quarter, and was an increase over the prior year LTM which was driven by higher fee-related earnings and increased distributions from our investments. This highlights the resiliency of our cash flow streams, which are underpinned by perpetual and long-dated fee revenues and stable distributions from our listed affiliates.

**FFO<sup>1</sup> was \$1.2 billion and \$4.1 billion in the quarter and LTM, respectively.**

- Total FFO for the quarter was slightly above the prior year period, and included a \$479 million gain on the sale of 10.2 million units of BEP. Today, we remain a 52% owner of BEP and continue to believe in the strength of the company as one of the world's leading global investors in renewable power.
- Our operating FFO was largely in line with the prior year quarter as the increase in fee-related earnings was offset by lower earnings in certain businesses and directly held investments, primarily due to the disruption caused by the economic shutdown.
- For the LTM, our operating FFO increased by 4%, as strong performance in our asset management business, contributions from new businesses acquired and same-store growth were partially offset by decreased FFO from invested capital as noted above.

**Net income to BAM<sup>1</sup> shareholders over the LTM was \$844 million. In the second quarter, the net loss to BAM shareholders was \$656 million.**

- For the quarter ended June 30, 2020, the net loss position was driven by non-cash valuation changes due to short-term cash flow decreases across certain portfolio companies, which are marked to fair value at each reporting date.
- Net income for the LTM was \$844 million. The decrease from the prior year LTM was primarily as a result of lower fair value gains and lower deferred income tax recoveries than in the prior period. This was partially offset by stronger asset management earnings and same-store growth within our operating businesses.

## LIQUIDITY

**Today, we have \$77 billion of deployable capital<sup>2</sup>, benefiting from strong private fundraising.**

- Deployable capital as of June 30 was \$66 billion with a further \$11 billion being added since quarter-end. Our liquidity continues to be very strong, leaving us well positioned to pursue further growth opportunities. At June 30, 2020, we had \$16 billion of core liquidity which includes \$6 billion at BAM, as well as \$50 billion of uncalled private fund commitments.
  - Core liquidity increased over the period due to the issuance of medium-term notes of \$750 million at BAM, C\$400 million at BIP and C\$350 million at BEP, as well as \$2 billion in increased credit facility capacity across the listed affiliates.
  - Increased core liquidity was offset by the deployment of \$5 billion of third-party private fund capital during the period.

**Our balance sheet continues to be conservatively capitalized, with an implied corporate debt to market capitalization ratio of 13% at quarter-end.**

- As of June 30, 2020, our corporate debt totaled \$8 billion, with an average interest rate of 4.5% and an average remaining term of 11 years.
- Our corporate debt is supplemented with \$4 billion of perpetual preferred shares, with an average interest rate of 4.0%.

1. Refer to the Glossary of Terms.

2. As of August 13, 2020 deployable capital was \$77 billion as a result of additional fundraising closed subsequent to June 30, 2020.

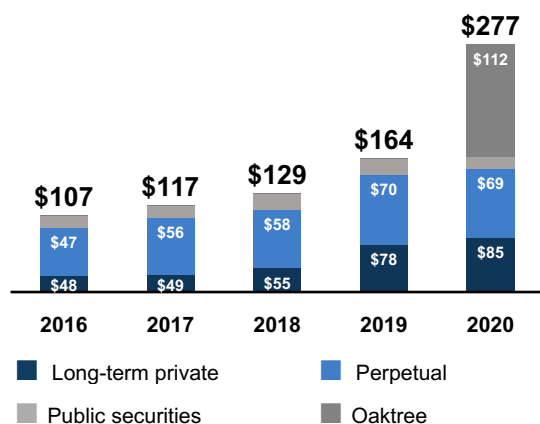
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# Performance Highlights

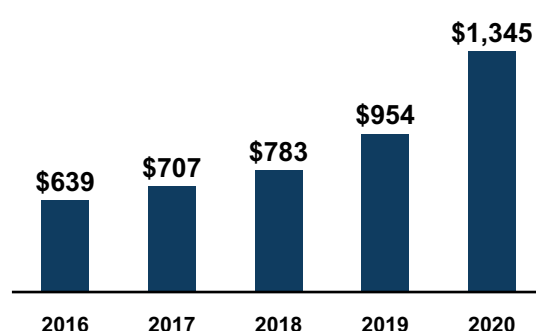
## Fee-Bearing Capital

AS AT JUN. 30 (BILLIONS)



## Fee-Related Earnings<sup>1</sup>

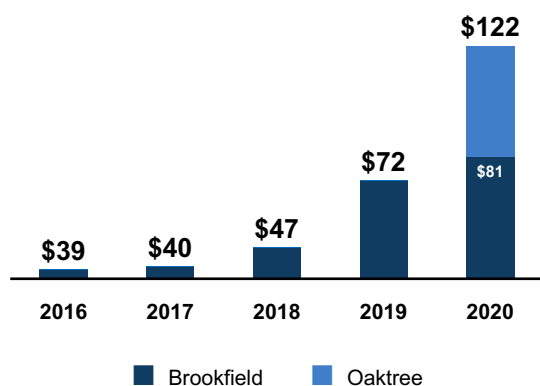
FOR THE LTM ENDED JUN. 30 (MILLIONS)



1. Excludes performance fees.

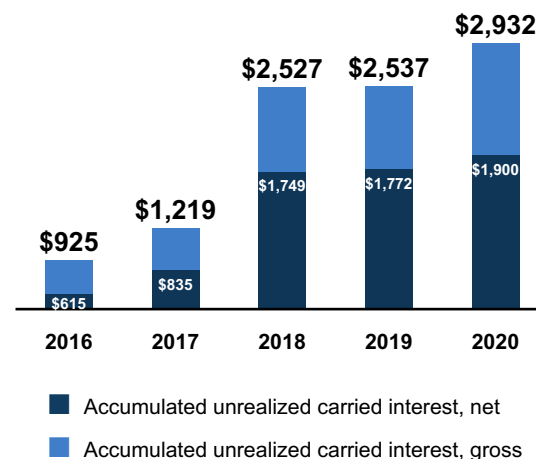
## Carry Eligible Capital

AS AT JUN. 30 (BILLIONS)



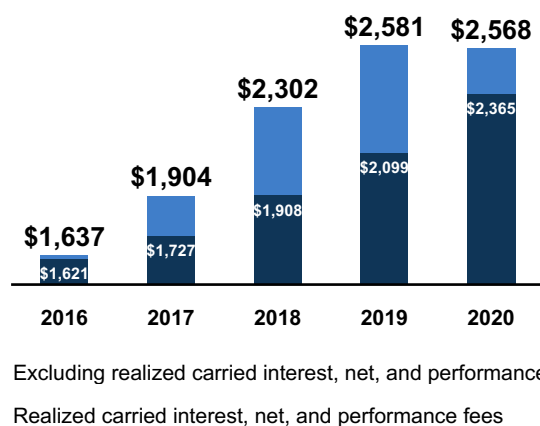
## Accumulated Unrealized Carried Interest

AS AT JUN. 30 (MILLIONS)



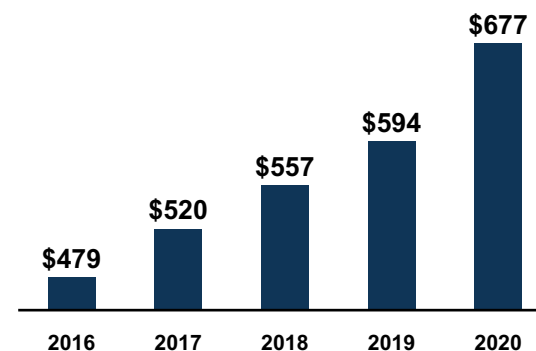
## Cash Available for Distribution and/or Reinvestment

FOR THE LTM ENDED JUN. 30 (MILLIONS)



## Distributions to Common Shareholders<sup>1</sup>

FOR THE LTM ENDED JUN. 30 (MILLIONS)



1. Excludes special dividends.

# Financial Profile

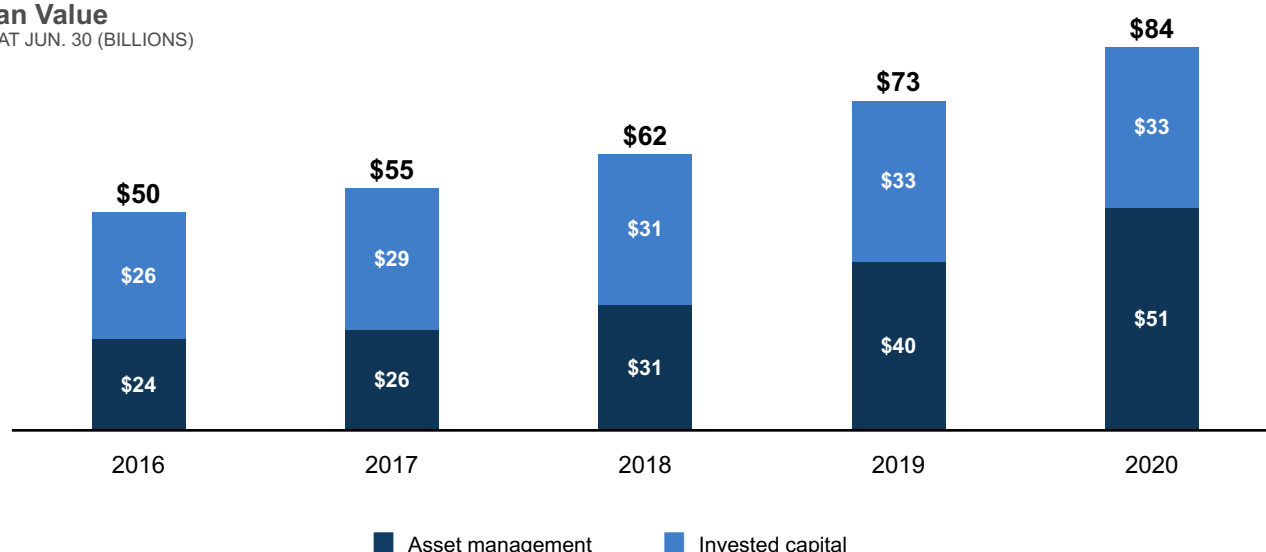
We measure value creation for business planning and performance measurement using a consistent set of metrics as set out in the table below. This analysis is similar to that used by our management team and board of directors when assessing performance and growth in our business. We provide it to you in order to assist you in understanding how we think about our business. These plan values are for illustrative purposes only and not intended to forecast or predict future events, or measure intrinsic value. Plan values as at June 30, 2020 were impacted by lower share prices in our listed investments as a result of the current market environment. We expect that the decrease in plan value will reverse as equity markets recover.

	FEE-RELATED EARNINGS VALUE	+	CARRIED INTEREST VALUE	+	INVESTED CAPITAL VALUE	=	BROOKFIELD ASSET MANAGEMENT VALUE
	Base <sup>1</sup> (MILLIONS)		Plan Value Factor <sup>2</sup>		Jun. 30 2020 (BILLIONS, EXCEPT PER SHARE AMOUNTS)		Dec. 31 2019 Jun. 30 2019
<b>Asset management activities</b>							
Annualized fee-related earnings <sup>3</sup>	\$ 1,319	25x	\$ 33.0	\$ 35.9	\$ 26.6		
Target carried interest, net <sup>3</sup>	1,583	10x	15.8	15.5	11.6		
Accumulated unrealized carried interest, net			1.9	2.4	1.8		
			50.7	53.8	40.0		
<b>Invested capital, net<sup>4</sup></b>							
Listed investments			35.8	37.8	36.0		
Unlisted investments and net working capital			9.5	9.2	8.3		
Invested capital, gross			45.3	47.0	44.3		
Debt and preferred capital			(12.2)	(11.2)	(11.2)		
			33.1	35.8	33.1		
<b>Total plan value</b>			\$ 83.8	\$ 89.6	\$ 73.1		
<b>Total plan value (per share)</b>			\$ 53.31	\$ 56.73	\$ 48.58		

1. Base fee-related earnings and carried interest represent our annualized fee revenues and target carried interest, as at June 30, 2020. We assume a fee-related earnings margin of 60% and 30% for Brookfield and Oaktree, respectively. We assume a 70% and a 50% margin on gross target carried interest for Brookfield and Oaktree, respectively. See further details on annualized fees and target carry details on page 6.
2. Reflects our estimates of appropriate multiples applied to fee-related earnings and carried interest in the alternative asset management industry based on, among other things, current industry reports. These factors are used to translate earnings metrics into value in order to measure performance and value creation for business planning purposes. The June 30, 2019 fee-related earnings plan value was restated to be presented using a multiple of 25.
3. See definition in the Glossary of Terms starting on page 37.
4. See Invested Capital details on page 7.

## Plan Value

AS AT JUN. 30 (BILLIONS)



# Asset Management

## Fee-bearing capital totaled \$277 billion as at June 30, 2020

### LONG-TERM PRIVATE FUNDS (\$85 billion)

- Long-term private funds fee-bearing capital increased by \$6 billion during the LTM with growth coming from our latest round of flagship funds (\$5.4 billion), and other fund strategies and co-investments (\$5 billion). This was partially offset by the investment period ending for two flagship funds which resulted in approximately \$3 billion of capital becoming non-fee bearing until it is deployed.

### PERPETUAL STRATEGIES (\$69 billion)

- Perpetual strategies fee-bearing capital decreased by \$1 billion over the LTM as a result of \$4 billion of distributions to unitholders/shareholders and \$1 billion of higher cash and working capital balances across the listed affiliates. This was partially offset by inflows of \$4 billion relating to capital market issuances across our listed affiliates and capital raised across our core real estate and infrastructure private fund strategies.

### OAKTREE (\$112 billion)

- On September 30, 2019, we acquired a 61% interest in Oaktree, resulting in the addition of \$102 billion of fee-bearing capital. Subsequent to September 30, 2019, Oaktree's fee-bearing capital has increased by \$10 billion.

### PUBLIC SECURITIES (\$12 billion)

- Public securities fee-bearing capital decreased due to market valuation impacts across the funds.

AS AT AND FOR THE LTM ENDED JUN. 30 (MILLIONS)	Fee-Bearing Capital <sup>1</sup>		Actual		Annualized	
	2020	2019	2020	2019	2020	2019
Fee revenues <sup>2</sup>						
Base management fees						
Long-term private funds <sup>3</sup>	\$ 84,620	\$ 78,356	\$ 797	\$ 638	\$ 761	\$ 729
Perpetual strategies	69,201	70,106	680	563	659	596
Oaktree <sup>4</sup>	111,688	—	628	—	894	—
Public securities	11,693	15,593	99	116	83	116
Incentive distributions	n/a	n/a	286	234	298	257
Performance fees	n/a	n/a	—	94	90	65
Transaction and advisory fees	n/a	n/a	45	16	31	12
	<u>\$ 277,202</u>	<u>\$ 164,055</u>	<u>2,535</u>	<u>1,661</u>	<u>2,816</u>	<u>1,775</u>
Direct costs <sup>5</sup>			(1,119)	(613)	(1,395)	(710)
			<u>1,416</u>	<u>1,048</u>	<u>1,421</u>	<u>1,065</u>
Oaktree earnings not attributable to BAM			(71)	—	(102)	—
			<u>1,345</u>	<u>1,048</u>	<u>1,319</u>	<u>1,065</u>
Carried interest						
Carried interest <sup>6,7,8</sup>			(50)	546	2,821	1,660
Direct costs <sup>5</sup>			27	(135)	(1,046)	(500)
			<u>(23)</u>	<u>411</u>	<u>1,775</u>	<u>1,160</u>
Oaktree carried interest not attributable to BAM			20	—	(192)	—
			<u>(3)</u>	<u>411</u>	<u>1,583</u>	<u>1,160</u>
<b>Total fee-related earnings and carried interest, net</b>			<u><b>\$ 1,342</b></u>	<u><b>\$ 1,459</b></u>	<u><b>\$ 2,902</b></u>	<u><b>\$ 2,225</b></u>

1. Fee-bearing capital from Oaktree is shown on a 100% basis.

2. We use a 55% – 65% range for margin on Brookfield fee revenue and a range of 25% – 35% on Oaktree fee revenue for planning purposes. We have assumed a mid-point fee-related earnings margin of 60% and 30% for Brookfield and Oaktree, respectively. Refer to pages 16, 17 and 18 for details on the determination of annualized fees.

3. Long-term private fund fees included \$35 million of catch-up fees related to funds that held their first closes in the prior year period.

4. Fee revenues shown on a 100% basis.

5. Direct costs related to annualized fee revenues and annualized carried interest include \$626 million and \$500 million related to Oaktree, respectively. The actual direct costs includes three quarters of direct costs related to Oaktree, which was acquired on September 30, 2019.

6. Actual carried interest is unrealized carried interest generated in the period (refer to page 19). Annualized carried interest is target carried interest.

7. Annualized carried interest includes \$1,000 million of target carried interest related to Oaktree, shown on a 100% basis.

8. We use a margin range of 65% – 75% on Brookfield carried interest and a range of 45% – 55% on Oaktree carried interest for planning purposes. We have assumed a mid-point target carried interest margin of 70% and 50% for Brookfield and Oaktree funds, respectively. Refer to page 20.

# Invested Capital

Invested capital was \$45.3 billion on a blended basis as at June 30, 2020 with 79% invested in our public affiliates (BPY, BIP, BEP, BBU) and other publicly traded investments, in which we earn diversified, long-term, stable cash flows via dividends. We received \$1.6 billion in distributions from our investments over the last twelve months (June 30, 2019 – \$1.7 billion) representing an approximate 4% yield on invested capital. The balance of their cash flow was retained for reinvestment.

Unlisted investments include a commercial office portfolio in New York, residential development operations in North America and Brazil, opportunistic real estate, energy contracts, sustainable resources and other corporate investments.

The following table provides a breakdown of our invested capital as at June 30, 2020 and December 31, 2019. We provide three methods for you to review. These are quoted prices, our IFRS values, and the blended values. We recommend you focus on the blended values as we do have control over these assets and believe we could liquidate for IFRS values. To the extent quoted prices are less than IFRS values, those values may be relevant to a stock investor, but not to us as a control investor. Nonetheless, we provide this information so you can choose how to assess the numbers.

AS AT JUN. 30, 2020 AND DEC. 31, 2019  
(MILLIONS)

		Quoted <sup>1</sup>		IFRS		Blended <sup>2</sup>		Cash Flow
	No. of Units	2020	2019	2020	2019	2020	2019	Current <sup>3</sup>
BPY	527.7	\$ 5,235	\$ 9,564	\$ 14,423	\$ 15,786	\$ 14,423	\$ 15,786	\$ 702
BEP <sup>4</sup>	178.1	8,533	8,784	3,867	4,810	8,533	8,784	387
BIP	137.6	5,718	6,189	1,794	2,141	5,718	6,189	267
BBU	94.5	2,915	3,901	1,893	2,389	2,915	3,901	24
Other listed	Various	943	930	1,316	1,368	943	930	35
		<b>23,344</b>	<b>29,368</b>	<b>23,293</b>	<b>26,494</b>	<b>32,532</b>	<b>35,590</b>	<b>1,415</b>
Corporate cash and financial assets <sup>5</sup>	Various	3,229	2,181	3,229	2,181	3,229	2,181	180
Total listed investments		<b>\$ 26,573</b>	<b>\$ 31,549</b>	<b>26,522</b>	<b>28,675</b>	<b>35,761</b>	<b>37,771</b>	<b>1,595</b>
Unlisted investments <sup>6</sup>				7,906	8,024	8,758	8,740	56
Working capital, net				743	470	743	470	n/a
<b>Invested capital</b>				<b>35,171</b>	<b>37,169</b>	<b>45,262</b>	<b>46,981</b>	<b>\$ 1,651</b>
Debt and preferred capital				(12,196)	(11,228)	(12,196)	(11,228)	
<b>Invested capital, net</b>				<b>\$ 22,975</b>	<b>\$ 25,941</b>	<b>\$ 33,066</b>	<b>\$ 35,753</b>	

1. Quoted based on June 30, 2020 and December 31, 2019 public pricing, respectively.

2. For performance measurement purposes, we consider the value of invested capital to be the quoted value of listed investments and IFRS value of unlisted investments, subject to two adjustments. First, we reflect BPY at its IFRS value as we believe that this best reflects the fair value of the underlying properties. Second, we reflect Brookfield Residential at its privatization value.

3. Distributed cash flow (current) from our listed investments is calculated by multiplying units held as at June 30, 2020 by the current distribution rates per unit. Corporate cash and financial asset distribution is calculated by applying a 8% total return on the average balance over the last four quarters. Distributions on our unlisted investments is four times the current quarter distribution.

4. We sold 10.2 million units of BEP during the three months ended June 30, 2020. On December 31, 2019, we held 188.4 million units of BEP.

5. Corporate cash and financial assets is inclusive of \$1.8 billion of cash and cash equivalents (December 31, 2019 – \$789 million).

6. Includes \$588 million of investments related to our share of Oaktree.

# Summary of Results – Funds from Operations

**We generated \$4.1 billion in FFO over the last twelve months, including \$1.2 billion in the current quarter**

FOR THE PERIODS ENDED JUN. 30  
(MILLIONS, EXCEPT PER SHARE AMOUNTS)

## Operating FFO

### Fee-related earnings

Long-term private funds

– Catch-up fees

Perpetual strategies

Oaktree

Public securities

Base management fees

Incentive distributions ("IDRs")

Transaction and advisory fees

### Total fee revenues

Direct costs

### Fee-related earnings, before performance fees

Performance fees

Fee-related earnings not attributable to BAM

### Invested capital

Listed affiliates

BPY

BEP

BIP

BBU

Other listed investments

Corporate cash and financial assets

### Listed investments before performance fees

BBU performance fee, net to BAM

Unlisted investments

Residential

Energy contracts

Other

Corporate activities

Corporate interest expense

Corporate costs and taxes

## Total operating FFO

### Realized carried interest, net

Realized carried interest

Direct costs

Realized carried interest, net, not attributable to BAM

## Disposition gains

### Total funds from operations<sup>1,2</sup>

### Per share

Total operating FFO

Total FFO

	Three Months		LTM		Page Ref.
	2020	2019	2020	2019	
<b>Operating FFO</b>					
<b>Fee-related earnings</b>					
Long-term private funds	\$ 190	\$ 168	\$ 762	\$ 600	page 16
– Catch-up fees	—	4	35	38	page 16
Perpetual strategies	165	150	680	563	page 16
Oaktree	218	—	628	—	page 17
Public securities	18	29	99	116	page 17
Base management fees	591	351	2,204	1,317	
Incentive distributions ("IDRs")	76	64	286	234	
Transaction and advisory fees	—	5	45	16	
<b>Total fee revenues</b>	<b>667</b>	<b>420</b>	<b>2,535</b>	<b>1,567</b>	
Direct costs	(315)	(157)	(1,119)	(613)	
<b>Fee-related earnings, before performance fees</b>	<b>352</b>	<b>263</b>	<b>1,416</b>	<b>954</b>	
Performance fees	—	—	—	94	
Fee-related earnings not attributable to BAM	(28)	—	(71)	—	
	<b>324</b>	<b>263</b>	<b>1,345</b>	<b>1,048</b>	page 15
<b>Invested capital</b>					
Listed affiliates					
BPY	87	178	611	747	page 28
BEP	118	132	409	435	page 28
BIP	81	88	343	340	page 28
BBU	109	94	466	463	page 28
	<b>395</b>	<b>492</b>	<b>1,829</b>	<b>1,985</b>	
Other listed investments	23	19	83	151	page 29
Corporate cash and financial assets	79	35	124	108	page 29
<b>Listed investments before performance fees</b>	<b>497</b>	<b>546</b>	<b>2,036</b>	<b>2,244</b>	
BBU performance fee, net to BAM	—	—	—	(64)	
	<b>497</b>	<b>546</b>	<b>2,036</b>	<b>2,180</b>	
Unlisted investments					
Residential	(11)	18	109	64	
Energy contracts	(35)	(67)	(178)	(164)	
Other	16	30	60	142	
	<b>(30)</b>	<b>(19)</b>	<b>(9)</b>	<b>42</b>	page 29
Corporate activities					
Corporate interest expense	(95)	(86)	(359)	(338)	
Corporate costs and taxes	(39)	(36)	(138)	(157)	
	<b>(134)</b>	<b>(122)</b>	<b>(497)</b>	<b>(495)</b>	page 26
	<b>333</b>	<b>405</b>	<b>1,530</b>	<b>1,727</b>	
<b>Total operating FFO</b>	<b>657</b>	<b>668</b>	<b>2,875</b>	<b>2,775</b>	
<b>Realized carried interest, net</b>					
Realized carried interest	76	190	499	536	
Direct costs	(31)	(53)	(198)	(148)	
	<b>45</b>	<b>137</b>	<b>301</b>	<b>388</b>	page 19
Realized carried interest, net, not attributable to BAM	(14)	—	(37)	—	
	<b>31</b>	<b>137</b>	<b>264</b>	<b>388</b>	
<b>Disposition gains</b>	<b>473</b>	<b>303</b>	<b>936</b>	<b>1,437</b>	page 27
<b>Total funds from operations<sup>1,2</sup></b>	<b>\$ 1,161</b>	<b>\$ 1,108</b>	<b>\$ 4,075</b>	<b>\$ 4,600</b>	
<b>Per share</b>					
Total operating FFO	\$ 0.40	\$ 0.43	\$ 1.80	\$ 1.79	
Total FFO	<b>0.73</b>	<b>0.73</b>	<b>2.59</b>	<b>3.04</b>	

1. FFO excludes preferred share distributions of \$36 million (2019 – \$38 million) for the three months ended June 30 and \$148 million (2019 – \$150 million) for the LTM.

2. Refer to page 32 for reconciliations of IFRS to non-IFRS measures.



# Cash Available for Distribution and/or Reinvestment

**We generated \$2.4 billion in CAFDR before carried interest, an increase of 13% over the last twelve months**

FOR THE PERIODS ENDED JUN. 30  
(MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Three Months		LTM		Annualized <sup>1</sup>
	2020	2019	2020	2019	
Fee-related earnings before performance fees, excluding Oaktree <sup>2</sup>	\$ 279	\$ 263	\$ 1,233	\$ 954	\$ 1,153
Our share of Oaktree's distributed earnings <sup>3</sup>	58	—	155	—	232
Distributions from investments					
Listed affiliates <sup>4</sup>	348	336	1,372	1,340	1,380
Corporate cash and financial assets <sup>5</sup>	79	35	124	108	180
Other investments <sup>6</sup>					
Norbord	1	10	22	156	31
Other	15	19	62	99	60
	443	400	1,580	1,703	1,651
Other invested capital earnings					
Corporate activities	(134)	(122)	(497)	(495)	(497)
Other wholly owned investments <sup>7</sup>	(35)	(30)	(48)	3	(48)
	(169)	(152)	(545)	(492)	(545)
Preferred share dividends	(36)	(38)	(148)	(150)	(144)
Add back: equity-based compensation costs	21	22	90	84	84
<b>Cash available for distribution and/or reinvestment before carried interest and performance fees</b>	<b>596</b>	<b>495</b>	<b>2,365</b>	<b>2,099</b>	<b>\$ 2,431</b>
Realized carried interest, net, excluding Oaktree <sup>2</sup>	9	137	203	388	
Performance fees	—	—	—	94	
<b>Cash available for distribution and/or reinvestment<sup>8</sup></b>	<b>\$ 605</b>	<b>\$ 632</b>	<b>\$ 2,568</b>	<b>\$ 2,581</b>	
<b>Cash available for distribution and/or reinvestment per share</b>	<b>\$ 0.39</b>	<b>\$ 0.43</b>	<b>\$ 1.69</b>	<b>\$ 1.76</b>	

1. Current distributions are calculated by multiplying units held as at June 30, 2020 by the current distribution rates per unit.

2. Excludes our share of Oaktree's fee-related earnings and carried interest. See page 15 and page 19 for details.

3. Oaktree's policy is to distribute 85% of distributable earnings each period. Oaktree annualized distributable earnings is based on 85% of the last twelve month distributable earnings, at our share.

4. Inclusive of distributions received from BPY preferred shares, which distributed nominal amounts (2019 – \$2 million) for the three months ended June 30 and nominal amounts (2019 – \$37 million) for the LTM. We redeemed substantially all our BPY preferred shares in Q2-19 and current distributions are nominal.

5. Annualized distributions for corporate cash and financial assets is calculated as an estimated 8% total return on the weighted average balance of the last four quarters.

6. Includes cash distributions from our other listed investments and BAM-sponsored real estate venture that owns operating and development properties in New York. See definitions of our publicly listed investments in the Invested Capital – Overview section on page 25.

7. Relates to FFO from other wholly owned investments used as a proxy for cash generated. It excludes \$5 million and \$39 million of FFO from investments which pay quarterly distributions for the three months and LTM ended June 30, 2020, respectively.

8. Refer to page 32 for reconciliations of IFRS to non-IFRS measures.

- CAFDR represents the deconsolidated earnings of the corporation. It is predominantly made up of the asset manager earnings as well as the cash flow we receive from the investments on our balance sheet.
- Cash flow from invested capital primarily relates to distributions from the listed affiliates that target annual distribution growth rates of 5% – 9% and payout ratios of approximately 70% (BPY, BIP, and BEP) of FFO.
- Unlike BPY, BIP and BEP which pay out a meaningful portion of their FFO, BBU pays a modest distribution as the majority of its FFO is reinvested within the business. For comparability across these entities and industry metrics, below we have provided a proxy distribution for BBU as an indication of the cash flows attributable to BAM based on its ownership in BBU that, for simplicity, is calculated using an assumed payout ratio of 70% of BBU's FFO and disposition gains that is aligned to the payout ratios of the other listed affiliates.

FOR THE PERIODS ENDED JUN. 30  
(MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Three Months		LTM	
	2020	2019	2020	2019
<b>Cash available for distribution and/or reinvestment</b>	<b>\$ 605</b>	<b>\$ 632</b>	<b>\$ 2,568</b>	<b>\$ 2,581</b>
Add: proxy for BBU distribution payout, at our share	76	66	326	279
Add: proxy for payout of disposition gains at BBU, at our share	—	146	77	268
Less: distributions from BBU currently within CAFDR	(6)	(5)	(24)	(22)
<b>Distributable earnings</b>	<b>\$ 675</b>	<b>\$ 839</b>	<b>\$ 2,947</b>	<b>\$ 3,106</b>
<b>Distributable earnings per share</b>	<b>\$ 0.44</b>	<b>\$ 0.57</b>	<b>\$ 1.94</b>	<b>\$ 2.12</b>

# Funds from Operations and Net Income

FOR THE PERIODS ENDED JUN. 30  
(MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Three Months				LTM			
	FFO <sup>1</sup>		Net Income <sup>1</sup>		FFO <sup>1</sup>		Net Income <sup>1</sup>	
	2020	2019	2020	2019	2020	2019	2020	2019
Operating activities								
Fee-related earnings	\$ 324	\$ 263	\$ 324	\$ 263	\$ 1,345	\$ 1,048	\$ 1,345	\$ 1,048
Invested capital	333	405	333	405	1,530	1,727	1,530	1,727
	657	668	657	668	2,875	2,775	2,875	2,775
Realized carried interest, net	31	137	31	137	264	388	264	388
Realized disposition gains <sup>2</sup>	473	303	(1)	314	936	1,437	43	356
Fair value changes <sup>3</sup>	—	—	(978)	(304)	—	—	(1,239)	(55)
Depreciation and amortization <sup>3</sup>	—	—	(402)	(363)	—	—	(1,595)	(1,244)
Deferred income taxes <sup>3</sup>	—	—	37	(53)	—	—	496	841
	<u>\$ 1,161</u>	<u>\$ 1,108</u>	<u>\$ (656)</u>	<u>\$ 399</u>	<u>\$ 4,075</u>	<u>\$ 4,600</u>	<u>\$ 844</u>	<u>\$ 3,061</u>
Per share	<u>\$ 0.73</u>	<u>\$ 0.73</u>	<u>\$ (0.43)</u>	<u>\$ 0.24</u>	<u>\$ 2.59</u>	<u>\$ 3.04</u>	<u>\$ 0.47</u>	<u>\$ 1.95</u>

1. Net of non-controlling interests. Refer to page 32 for reconciliations of IFRS to non-IFRS measures.

2. FFO includes gains (net of losses) recorded in net income, directly in equity and the realization of appraisal gains and losses recorded in prior periods.

3. Includes amounts attributable to consolidated entities and equity accounted investments.

# Liquidity and Capital Structure

We manage our liquidity and capital resources on a group-wide basis; however, it is organized into three principal tiers:

1. The Corporation<sup>1</sup>;
2. Our listed affiliates (BPY, BEP, BIP and BBU); and
3. Managed funds or investments, either held directly or within listed affiliates.

## LIQUIDITY

The Corporation has very few non-discretionary capital requirements. We maintain significant liquidity (\$6 billion in the form of corporate cash and financial assets and undrawn credit facilities) at the corporate level to further enable the growth of the broader business. This does not include our ability to issue debt at the Corporation to replenish our cash resources on an otherwise very low leveraged corporate balance sheet.

On a consolidated group basis, as at June 30, we had approximately \$66 billion of group liquidity, which included corporate liquidity, listed affiliate liquidity, and uncalled private fund commitments. Uncalled fund commitments include third-party commitments available for drawdown in our private funds.

As of August 13, 2020 deployable capital was \$77 billion as a result of additional fundraising closed subsequent to quarter-end.

	Corporate Liquidity		Group Liquidity	
	2020	2019	2020	2019
AS AT JUN. 30, 2020 AND DEC. 31, 2019 (MILLIONS)				
Cash and financial assets, net	\$ 3,229	\$ 2,181	\$ 5,362	\$ 3,575
Undrawn committed credit facilities	2,525	2,524	10,607	9,808
<b>Core liquidity</b>	<b>5,754</b>	<b>4,705</b>	<b>15,969</b>	<b>13,383</b>
Third-party uncalled private fund commitments	—	—	49,553	50,735
<b>Total liquidity</b>	<b>\$ 5,754</b>	<b>\$ 4,705</b>	<b>65,522</b>	<b>\$ 64,118</b>
Capital raised after Jun. 30, 2020			11,038	
<b>Total liquidity as at Aug. 13, 2020</b>			<b>\$ 76,560</b>	

## CAPITAL STRUCTURE

Virtually all of the debt within our business is issued by entities that we manage, and most of this is at the operating asset level. Only 6% of our consolidated debt is issued by, or has recourse to, the Corporation.

Our Corporate capitalization was \$45 billion as at June 30, 2020, with a debt to capitalization level of ~18% at the corporate level based on book values, which generally excludes the value of our asset management operations (see page 30 for details). Based on our market capitalization the corporate debt to capitalization level was 13%.

- Corporate borrowings totaled \$8 billion, with a weighted-average term of 11 years, and a weighted-average rate of 4.5%.
- Our corporate borrowings are supplemented by \$4 billion of perpetual preferred shares with a weighted-average rate of 4.0%.

	Average Term (Years)	Total	Maturity					
			2020	2021	2022	2023	2024	2025+
AS AT JUN. 30, 2020 (MILLIONS)								
Corporate borrowings								
Term debt	11	\$ 8,051	\$ —	\$ —	\$ —	\$ 442	\$ —	\$ 7,609
Revolving facilities <sup>2</sup>	4	—	—	—	—	—	—	—
		8,051	—	—	—	442	—	7,609
Perpetual preferred shares	perp.	4,145	—	—	—	—	—	n/a
		<b>\$ 12,196</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 442</b>	<b>\$ —</b>	<b>\$ 7,609</b>

1. Refer to the Glossary of Terms.

2. Revolving credit facilities of \$2.6 billion support commercial paper issuances.

# Liquidity Profile

## CORE AND TOTAL LIQUIDITY

AS AT JUN. 30, 2020 AND DEC. 31, 2019 (MILLIONS)	Corporate <sup>1</sup>	Real Estate <sup>1</sup>	Renewable Power	Infrastructure	Private Equity <sup>1</sup>	Oaktree	Total 2020	Dec. 2019
Cash and financial assets, net	\$ 3,229	\$ 31	\$ 422	\$ 999	\$ 243	\$ 438	\$ 5,362	\$ 3,575
Undrawn committed credit facilities	2,525	2,393	1,892	1,710	1,512	575	10,607	9,808
<b>Core liquidity</b>	<b>5,754</b>	<b>2,424</b>	<b>2,314</b>	<b>2,709</b>	<b>1,755</b>	<b>1,013</b>	<b>15,969</b>	<b>13,383</b>
Uncalled private fund commitments <sup>2</sup>	—	11,428	3,843	11,461	6,854	15,967	49,553	50,735
<b>Total liquidity</b>	<b>\$ 5,754</b>	<b>\$ 13,852</b>	<b>\$ 6,157</b>	<b>\$ 14,170</b>	<b>\$ 8,609</b>	<b>\$ 16,980</b>	<b>65,522</b>	<b>\$ 64,118</b>
Capital raised after Jun. 30							11,038	
<b>Liquidity as at Aug. 13, 2020</b>							<b>\$ 76,560</b>	

1. We secured an incremental \$1 billion two-year credit facility in April 2020 to support growth initiatives; BBU and BPY can each draw up to \$500 million or BAM can draw up to \$1 billion. Undrawn commitments of \$500 million are reported within each Real Estate and Private Equity, respectively.
2. Third-party private fund uncalled commitments.

- Corporate credit facilities totaled \$2.6 billion, of which \$nil was utilized for short-term bank or commercial paper borrowings and \$65 million was drawn and utilized for letters of credit as at June 30, 2020.
- Core liquidity represents our principal sources of short-term liquidity (consists of our cash and financial assets, net of deposits and other associated liabilities, and undrawn committed credit facilities).

## UNCALLED FUND COMMITMENTS – EXPIRY PROFILE

AS AT JUN. 30, 2020 AND DEC. 31, 2019 (MILLIONS)	2020	2021	2022	2023	2024+	Total 2020 <sup>1</sup>	Dec. 2019
Real estate	\$ —	\$ —	\$ —	\$ 379	\$ 11,049	\$ 11,428	\$ 13,113
Infrastructure and renewable power	—	6	304	—	14,994	15,304	14,119
Private equity	—	—	37	—	6,817	6,854	7,597
Oaktree	—	315	600	65	14,987	15,967	15,906
	<b>\$ —</b>	<b>\$ 321</b>	<b>\$ 941</b>	<b>\$ 444</b>	<b>\$ 47,847</b>	<b>\$ 49,553</b>	<b>\$ 50,735</b>

1. Total uncalled fund commitments includes capital callable from fund investors, including funds outside of their investment period, for which capital is callable for follow-on investments. As at June 30, 2020, \$7.9 billion of uncalled fund commitments related to funds outside of their investment period, and an additional \$3.2 billion of third-party uncalled fund commitments will end their investment period in 2020.

- Approximately \$27.6 billion of the uncalled fund commitments are currently earning fees. The remainder will become fee bearing once the capital is invested.
  - During the quarter, approximately \$2.8 billion of uncalled commitments became no longer fee earning, as a result of the end of the investment period of the respective funds. The majority of this capital was reserved for expected follow-on investments for existing fund investments and will become fee bearing once invested.
- We invested approximately \$5.7 billion of third-party fund capital (including private funds and co-investments) during the quarter and \$25.2 billion during the last twelve months.
- \$5.8 billion of third-party capital is committed to investments not yet funded as at June 30, 2020 (real estate – \$2.2 billion; infrastructure – \$1.6 billion; private equity – \$0.6 billion; and Oaktree – \$1.4 billion).

# Detailed — Analysis

# Asset Management Operating Results

## FEE-BEARING CAPITAL

AS AT AND FOR THE PERIODS ENDED JUN 30, 2020 (MILLIONS)	Three Months				LTM				
	Long-Term Private Funds <sup>1</sup>	Perpetual Strategies <sup>1</sup>	Public Securities	Oaktree	Long-Term Private Funds <sup>1</sup>	Perpetual Strategies <sup>1</sup>	Public Securities	Oaktree	Total
<b>Opening</b>	\$ 87,383	\$ 63,048	\$ 10,787	\$ 102,642	\$ 78,356	\$ 70,106	\$ 15,593	\$ —	\$ 164,055
Inflows	285	549	968	5,847	10,490	4,389	4,283	19,529	38,691
Outflows	—	—	(1,293)	(1,214)	—	—	(5,003)	(5,267)	(10,270)
Distributions	(2)	(1,234)	—	(201)	(994)	(4,277)	—	(1,303)	(6,574)
Market valuation	(12)	6,367	1,236	3,843	18	(248)	(3,164)	(72)	(3,466)
Other <sup>2</sup>	(3,034)	471	(5)	771	(3,250)	(769)	(16)	98,801	94,766
Change	(2,763)	6,153	906	9,046	6,264	(905)	(3,900)	111,688	113,147
<b>End of period<sup>3</sup></b>	<b>\$ 84,620</b>	<b>\$ 69,201</b>	<b>\$ 11,693</b>	<b>\$ 111,688</b>	<b>\$ 84,620</b>	<b>\$ 69,201</b>	<b>\$ 11,693</b>	<b>\$ 111,688</b>	<b>\$ 277,202</b>

1. Long-term private funds and perpetual strategies include \$20.4 billion of co-investment capital (Mar. 31, 2020 – \$20.5 billion, Jun. 30, 2019 – \$16.6 billion), which earns minimal or no base fees.
2. Oaktree – Other for the LTM year includes \$102 billion of initial fee-bearing capital related to the acquisition of our interest in Oaktree on September 30, 2019.
3. Fee-bearing capital includes Brookfield capital of \$28 billion (Mar. 31, 2020 – \$25 billion, Jun. 30, 2019 – \$30 billion) in perpetual strategies and \$0.2 billion (Mar. 31, 2020 – \$0.3 billion, Jun. 30, 2019 – \$0.2 billion) in long-term private funds.

**Inflows** to fee-bearing capital represents capital that is raised in the period and begins earning fees immediately at the time it is raised, and/or capital invested in the period in funds where fees are earned on invested capital. Today, we have an additional \$29 billion of committed capital not currently within fee-bearing capital, that will earn approximately \$315 million of fees once invested.

**Long-term private funds:** Inflows in the second quarter consisted of \$0.1 billion of capital invested in our latest infrastructure debt fund, and an additional \$0.2 billion of other capital within our renewable energy strategies.

Over the LTM period, we had inflows to third-party fee-bearing capital of \$10.5 billion, including \$4.9 billion from our latest flagship infrastructure fund; \$4.1 billion of co-investment capital; and \$1.5 billion of additional capital across numerous other strategies.

Other of \$3.3 billion primarily relates to uninvested capital in two flagship funds that ended their investment periods during the quarter. This capital would become fee earning again once it is deployed.

**Perpetual strategies:** Market valuations increased fee-bearing capital by \$6.4 billion in the quarter, as a result of unit price recovery of our listed affiliates. The stronger public pricing was partially offset by distributions from our listed affiliates, as well as redemptions made by investors in our core and core plus perpetual funds. For further details on listed affiliate fee-bearing capital in the period, refer to page 16.

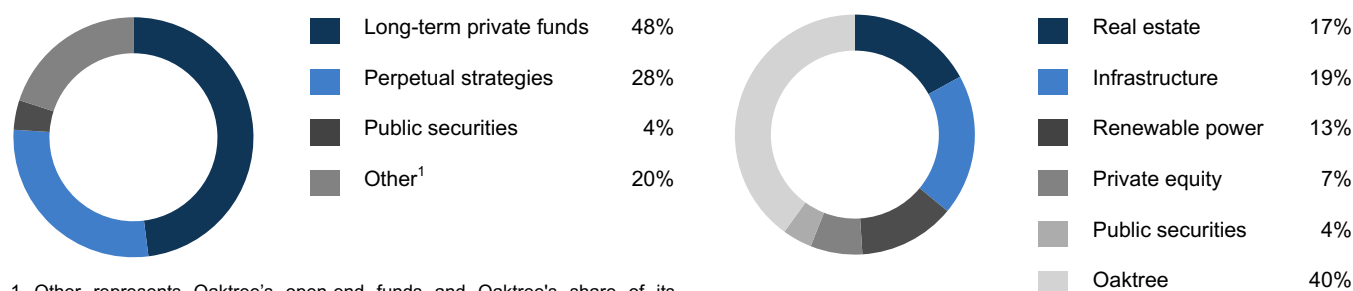
Inflows of \$0.5 billion during the quarter include capital market issuances at BIP and BEP, as well as capital deployed in our perpetual core real estate private funds. Over the LTM, inflows of \$4.4 billion include \$3.4 billion from capital market transactions at our listed affiliates and \$1.0 billion deployed across our core and core plus perpetual funds.

**Public securities:** Fee-bearing capital increased \$0.9 billion in the second quarter, primarily due to positive market valuations of \$1.2 billion, partially offset by net outflows of \$0.3 billion as a result of higher than expected client redemptions during the quarter.

**Oaktree:** Fee-bearing capital increase of \$9.0 billion during the quarter reflects inflows and capital raised across various strategies of \$5.8 billion, as well as \$3.8 billion of recoveries in market valuation since March 2020. Over the LTM, Other includes \$102.1 billion of fee generating capital assumed on the acquisition of the 61.2% interest in Oaktree on September 30, 2019.

## Fee-Bearing Capital Diversification

AS AT JUN. 30, 2020



1. Other represents Oaktree's open-end funds and Oaktree's share of its investment in DoubleLine's fee-bearing capital.

# Asset Management Operating Results cont'd

## FEE-RELATED EARNINGS

FOR THE PERIODS ENDED JUN. 30  
(MILLIONS)

	Three Months			LTM		
	2020	2019	Variance	2020	2019	Variance
Base management fees						
Long-term private funds	\$ 190	\$ 168	\$ 22	\$ 762	\$ 600	\$ 162
– Catch-up fees	—	4	(4)	35	38	(3)
Perpetual strategies	165	150	15	680	563	117
Oaktree	218	—	218	628	—	628
Public securities	18	29	(11)	99	116	(17)
Incentive distributions	76	64	12	286	234	52
Transaction and advisory fees	—	5	(5)	45	16	29
	<b>667</b>	<b>420</b>	<b>247</b>	<b>2,535</b>	<b>1,567</b>	<b>968</b>
Direct costs						
Compensation and benefits	(247)	(113)	(134)	(850)	(429)	(421)
Other expenses	(68)	(44)	(24)	(269)	(184)	(85)
	<b>(315)</b>	<b>(157)</b>	<b>(158)</b>	<b>(1,119)</b>	<b>(613)</b>	<b>(506)</b>
<b>Fee-related earnings before performance fees<sup>1</sup></b>	<b>352</b>	<b>263</b>	<b>89</b>	<b>1,416</b>	<b>954</b>	<b>462</b>
Performance fees	—	—	—	—	94	(94)
<b>Total fee-related earnings</b>	<b>\$ 352</b>	<b>\$ 263</b>	<b>\$ 89</b>	<b>\$ 1,416</b>	<b>\$ 1,048</b>	<b>\$ 368</b>
<i>Margin before performance fees</i>	<b>53%</b>	<b>63%</b>		<b>56%</b>	<b>61%</b>	
<b>Fee-related earnings attributable to:</b>						
Brookfield	\$ 324	\$ 263	\$ 61	\$ 1,345	\$ 1,048	\$ 297
Non-Brookfield shareholders <sup>2</sup>	28	—	28	71	—	71
<b>Total fee-related earnings</b>	<b>\$ 352</b>	<b>\$ 263</b>	<b>\$ 89</b>	<b>\$ 1,416</b>	<b>\$ 1,048</b>	<b>\$ 368</b>
<i>Margin before performance fees – at our share<sup>3</sup></i>	<b>56%</b>	<b>63%</b>		<b>59%</b>	<b>61%</b>	

1. Included in fee-related earnings are \$218 million of fee revenues and \$145 million of direct costs related to Oaktree for the three months and \$628 million of fee revenues and \$445 million of direct costs related to Oaktree for the LTM ended June 30, 2020.

2. Represents Oaktree fee-related earnings attributable to the 38% of Oaktree not held by Brookfield.

3. Margin at our share is calculated using our 62% share of Oaktree's fee revenues and costs. Brookfield margin on a standalone basis was 62% for the three months ended June 30, 2020 (2019 – 63%) and 65% for the LTM ended June 30, 2020 (2019 – 61%).

**Long-term private funds:** Increased fee revenues attributable to capital raised in our latest series of flagship funds. See page 16 for further details.

**Perpetual strategies:** Higher fee revenues as a result of increased capitalization from higher unit prices at BEP and BIP, as well as new capital raised and deployed in our perpetual private fund strategies. See page 16 for further details.

**Oaktree:** Fee revenues are attributable to the inclusion of Oaktree's management fees, following the acquisition on September 30, 2019.

**Public securities:** Fee revenues decreased due to lower fee-bearing capital compared to the prior year quarter. See page 17 for further details.

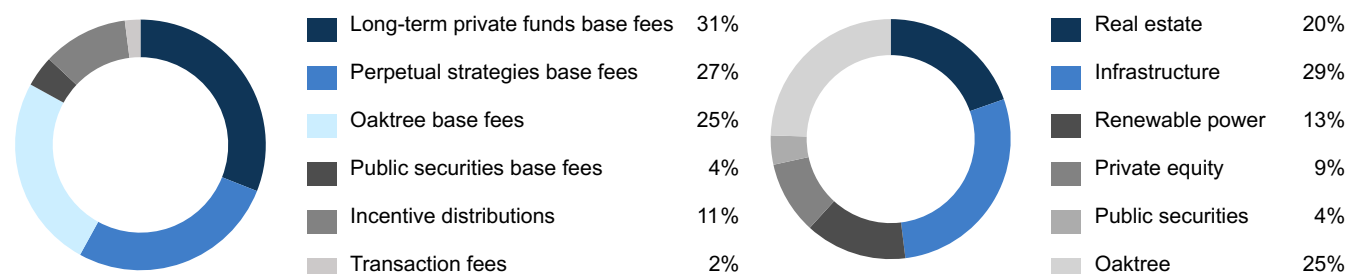
**Incentive distributions:** Reflects increased distribution levels at BIP, BEP and BPY. See page 18 for further details.

**Transaction and advisory fees:** Transaction fees over the LTM relate to co-investments within our infrastructure and private equity funds, along with a one-time fee associated with the termination of the management contract.

**Direct costs:** Direct costs increased as we continue to build out our asset management franchise, both from a fundraising and client service perspective. Our investment in Oaktree also contributed to additional increases in direct costs.

## Fee Revenue Diversification

FOR THE LTM ENDED JUN. 30, 2020



# Fee Revenues

## LONG-TERM PRIVATE FUNDS

AS AT AND FOR THE PERIODS ENDED JUN. 30  
(MILLIONS)

	Three Months		LTM		Annualized <sup>1</sup>	
	2020	2019	2020	2019	2020	2019
Base management fees						
Flagship funds						
Real estate	\$ 56	\$ 57	\$ 230	\$ 227	\$ 215	\$ 232
Infrastructure	82	54	312	184	327	285
Private equity	32	30	126	95	127	123
	170	141	668	506	669	640
Co-investments and other funds	20	27	94	94	92	89
Total base management fees	190	168	762	600	761	729
Catch-up fees	—	4	35	38	—	—
Transaction and advisory fees	—	5	45	16	31	12
	\$ 190	\$ 177	\$ 842	\$ 654	\$ 792	\$ 741

1. Refer to details on annualized fees on page 22.

- Flagship fee revenues increased by \$29 million from the prior year quarter, and \$162 million over the prior LTM as a result of third-party commitments raised within our latest flagship infrastructure and private equity funds. This was partially offset by capital returned following asset realizations within our first flagship real estate fund, as well as the end of the investment periods within our second real estate and fourth private equity flagship funds.
- Co-investments and other fund fees decreased on a quarterly basis due to lower fees earned on our sustainable resources and multifamily funds. The decrease was offset over the LTM due to new co-investment capital raised.

## PERPETUAL STRATEGIES

AS AT AND FOR THE PERIODS ENDED JUN. 30  
(MILLIONS)

	Three Months		LTM		Annualized <sup>1</sup>	
	2020	2019	2020	2019	2020	2019
Base management fees						
Listed affiliates						
BPY	\$ 23	\$ 36	\$ 130	\$ 153	\$ 90	\$ 145
BEP	36	23	130	80	143	90
BIP	69	62	274	223	277	250
BBU	16	14	65	56	65	55
Other	10	7	36	22	39	25
	154	142	635	534	614	565
Core and core plus funds	11	8	45	29	45	31
Total base management fees	165	150	680	563	659	596
Incentive distributions	76	64	286	234	298	257
Performance fees	—	—	—	94	90	65
	\$ 241	\$ 214	\$ 966	\$ 891	\$ 1,047	\$ 918

1. Refer to details on annualized fees on page 22.

- Listed affiliate base management fees increased by \$12 million from the prior year quarter as a result of BEP and BIP unit price increases and capital markets activity. Over the LTM, listed affiliate fees increased due to strong unit price performance over the period.
- Core and core plus funds increased by \$16 million over the LTM as a result of fees earned from fundraising and deployment across our perpetual private real estate and infrastructure funds.
- Base management fee revenues from listed affiliates include \$69 million (2019 – \$65 million) and \$289 million (2019 – \$260 million) from Brookfield capital for the three months and LTM period, respectively.
- The increase in incentive distributions reflects higher distributions per unit at BIP, BEP and BPY.



# Fee Revenues

## OAKTREE

AS AT AND FOR THE PERIODS ENDED JUN. 30  
(MILLIONS)

	Three Months		LTM		Annualized <sup>1</sup>	
	2020	2019	2020	2019	2020	2019
Long-term private funds	\$ 141	\$ —	\$ 400	\$ —	\$ 590	\$ —
Perpetual strategies	34	—	89	—	120	—
Other <sup>2</sup>	43	—	139	—	184	—
	<u>\$ 218</u>	<u>\$ —</u>	<u>\$ 628</u>	<u>\$ —</u>	<u>\$ 894</u>	<u>\$ —</u>
Fee revenues attributable to:						
Brookfield	\$ 134	\$ —	\$ 387	\$ —	\$ 551	\$ —
Non-Brookfield shareholders <sup>3</sup>	84	—	241	—	343	—
	<u>\$ 218</u>	<u>\$ —</u>	<u>\$ 628</u>	<u>\$ —</u>	<u>\$ 894</u>	<u>\$ —</u>

1. Refer to details on annualized fees on page 22.

2. Represents Oaktree's open-end funds and its share of DoubleLine's net fee revenues.

3. Represents Oaktree fee revenues attributable to the 38% of Oaktree not held by Brookfield.

- Base management fee revenue of \$218 million was earned during the quarter, or \$134 million at our share. Annualized fees on the capital acquired totaled \$894 million, or \$551 million at our share.
- As of June 30, 2020, we own approximately 62% of Oaktree.

## PUBLIC SECURITIES

AS AT AND FOR THE PERIODS ENDED JUN. 30  
(MILLIONS)

	Three Months		LTM		Annualized <sup>1</sup>	
	2020	2019	2020	2019	2020	2019
Mutual funds	\$ 9	\$ 18	\$ 53	\$ 73	\$ 39	\$ 75
Separately managed accounts	8	9	41	37	38	36
Other	1	2	5	6	6	5
	<u>\$ 18</u>	<u>\$ 29</u>	<u>\$ 99</u>	<u>\$ 116</u>	<u>\$ 83</u>	<u>\$ 116</u>

1. Refer to details on annualized fees on page 22.

- Fee revenues decreased as a result of lower fee-bearing capital over the LTM period, predominantly in our mutual fund strategies.

# Incentive Distributions

We receive a portion of increases in the distributions by BIP, BEP and BPY as an incentive to increase FFO per unit, which should lead to increased unitholder distributions over time. The following table provides the current distribution levels of BIP, BEP and BPY:

## ANNUALIZED INCENTIVE DISTRIBUTIONS

AS AT JUN. 30, 2020 (MILLIONS, EXCEPT PER UNIT)	Per Unit			Units Outstanding	Annualized Incentive Distributions
	Annualized Distributions	Distribution Hurdles	Incentive Distributions <sup>1</sup>		
Brookfield Infrastructure Partners (BIP) <sup>2</sup>	\$ 1.94	\$ 0.73 / \$0.79	15% / 25%	464.9	\$ 181
Brookfield Renewable Partners (BEP) <sup>3</sup>	2.17	1.50 / 1.69	15% / 25%	311.4	60
Brookfield Property Partners (BPY) <sup>4</sup>	1.33	1.10 / 1.20	15% / 25%	935.5	57
					<u>\$ 298</u>

1. Incentive distributions equate to 18% and 33% of limited partner distribution increases over the first and second hurdles, respectively.
2. Incentive distributions from Brookfield Infrastructure Partners are earned on distributions made by BIP and BIPC.
3. Distribution rates and units outstanding from Brookfield Renewable Partners do not reflect the BEP special dividend of BEPC shares completed on July 27, 2020 and incentive distributions exclude the distributions associated with the BEP equity issuance in association with the TERP privatization, completed on July 30, 2020.
4. Incentive distributions from Brookfield Property Partners are earned on distributions made by BPY and BPYU.

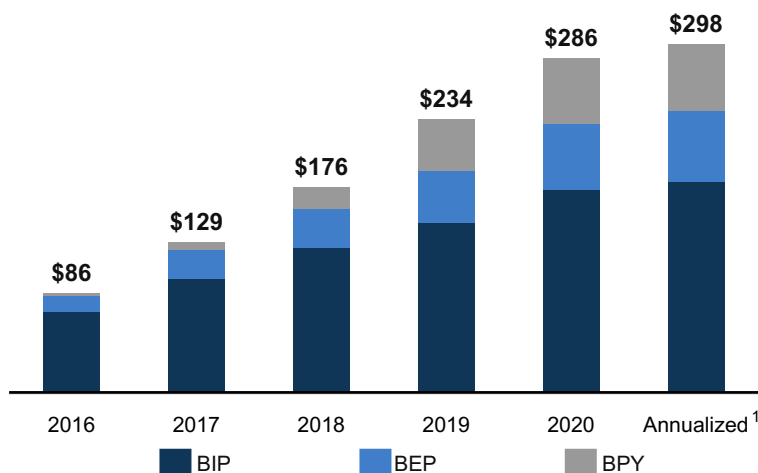
## LISTED AFFILIATE DISTRIBUTIONS (PER UNIT)

	BPY	BEP	BIP
Targeted:			
FFO payout	80%	70%	60% to 70%
Distribution growth	5% to 8%	5% to 9%	5% to 9%
2020 <sup>1</sup>	\$ 1.33	\$ 2.17	\$ 1.94
2019	1.32	2.06	1.81
2018	1.26	1.96	1.69
2017	1.18	1.87	1.57
2016	1.12	1.78	1.40

1. Annualized based on the most recently announced distribution levels.

## Incentive Distributions (LTM)

JUN. 30 (MILLIONS)



1. Annualized IDR based on most recently announced distribution levels.

## BPY/BEP/BIP

- Distribution policies target a distribution level that is sustainable on a long-term basis while retaining sufficient liquidity for capital expenditures and general purposes.

## BBU

- BBU's performance fee is calculated as 20% of the increase in weighted average unit price for the quarter, over the highest previous threshold. There are 150.0 million BBU units outstanding and the current threshold is \$41.96.

# Carried Interest

Carried interest represents our share, as manager, of investment performance in our private funds

We generated carried interest of \$187 million during the LTM based on investment returns. Cumulative gross unrealized carried interest now stands at \$2.9 billion

## UNREALIZED CARRIED INTEREST CONTINUITY<sup>1,2</sup>

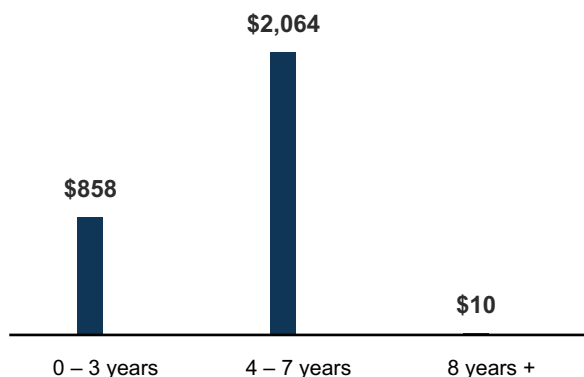
	Three Months			LTM		
AS AT AND FOR THE PERIODS ENDED JUN. 30, 2020 (MILLIONS)	Unrealized Carried Interest	Direct Costs	Net	Unrealized Carried Interest	Direct Costs	Net
Accumulated unrealized, beginning of period	\$ 3,584	\$ (1,288)	\$ 2,296	\$ 2,537	\$ (765)	\$ 1,772
Oaktree acquisition	—	—	—	1,346	(704)	642
	<u>3,584</u>	<u>(1,288)</u>	<u>2,296</u>	<u>3,883</u>	<u>(1,469)</u>	<u>2,414</u>
In period change						
Generated in period	(172)	13	(159)	187	(41)	146
Foreign currency revaluation	(2)	—	(2)	(237)	68	(169)
	<u>(174)</u>	<u>13</u>	<u>(161)</u>	<u>(50)</u>	<u>27</u>	<u>(23)</u>
Less: realized	(76)	31	(45)	(499)	198	(301)
	<u>(250)</u>	<u>44</u>	<u>(206)</u>	<u>(549)</u>	<u>225</u>	<u>(324)</u>
<b>Accumulated unrealized, end of period</b>	<b>3,334</b>	<b>(1,244)</b>	<b>2,090</b>	<b>3,334</b>	<b>(1,244)</b>	<b>2,090</b>
Oaktree carried interest not attributable to BAM shareholders	(402)	212	(190)	(402)	212	(190)
<b>Accumulated unrealized, end of period, net</b>	<b>\$ 2,932</b>	<b>\$ (1,032)</b>	<b>\$ 1,900</b>	<b>\$ 2,932</b>	<b>\$ (1,032)</b>	<b>\$ 1,900</b>

1. Amounts dependent on future investment performance are deferred. Represents management estimate of carried interest if funds were wound up at period end.

2. Carried interest in respect of third-party capital.

## Unrealized Carried Interest – Expected Realization Timeline

AS AT JUN. 30, 2020 (MILLIONS)



- Of the \$0.9 billion of carried interest expected to be recognized within the next three years, \$0.6 billion relates to carried interest from our flagship real estate, infrastructure and private equity funds, and \$0.2 billion relates to Oaktree's funds, at our share.

## THREE MONTHS

- Unrealized carried interest before foreign exchange and associated costs decreased \$172 million during the current quarter. The decrease is primarily related to non-cash revaluations in our hospitality assets within our real estate private funds. The decrease was partially offset by increased valuations across our infrastructure and credit funds during the quarter.
- We realized \$76 million of carried interest in the quarter, primarily from realizations within Oaktree funds from distributions made in the quarter, along with realizations in our multi-family and other real estate private funds.

## LTM

- In addition to the realized carried interest noted above, over the LTM we earned carried interest income from the return of capital from our first flagship real estate fund and from the sale of a facilities services business within our fourth flagship private equity fund.

# Target Carried Interest

Target carried interest reflects our estimate of the carried interest earned on a straight-line basis over the life of a fund, assuming target returns are achieved

AS AT JUN. 30, 2020 (MILLIONS)	Fee-Bearing Capital <sup>1</sup>	Carry Eligible Capital <sup>2</sup>	Gross Target Return <sup>3,4</sup>	Average Carried Interest	Annualized Target Carried Interest <sup>5</sup>
Opportunistic	\$ 33,993	\$ 19,817	18% – 23%	~20%	\$ 669
Value add	38,562	18,720	10% – 15%	~20%	380
Credit, core plus and other	19,060	12,678	10% – 15%	~15%	153
Oaktree	111,688	29,451	10% – 20%	~20%	752
	<b>\$ 203,303</b>	<b>80,666</b>			<b>1,954</b>
Uncalled fund commitments <sup>6,7</sup>					
Brookfield		29,850			619
Oaktree		11,270			248
<b>Total carry eligible capital/target carried interest</b>		<b>\$ 121,786</b>			<b>2,821</b>
Target carried interest not attributable to BAM shareholders <sup>8</sup>					(384)
					<b>\$ 2,437</b>

1. Represents \$203 billion of private fund capital across long-term private funds, perpetual strategies and Oaktree.

2. As at June 30, 2020, \$80.7 billion of carry eligible capital has been invested and an additional \$41.1 billion of committed capital will become carry eligible once invested.

3. Carried interest is generated once a private fund exceeds its preferred return typically ranging from 5% – 9%. It will typically go through a catch-up period until the manager and limited partner (LP) are earning carry at their respective allocation.

4. Gross target return is before annual fund management fees ranging from 90 bps for core plus funds to 200 bps for certain opportunistic funds.

5. Based on carry eligible capital.

6. Uncalled fund commitments from carry eligible funds.

7. Target carry on uncalled fund commitments is discounted for two years at 10%, reflecting gross target return and average carried interest rate for uncalled fund commitments.

8. Represents Oaktree target carried interest attributable to the 38% of Oaktree not held by Brookfield.

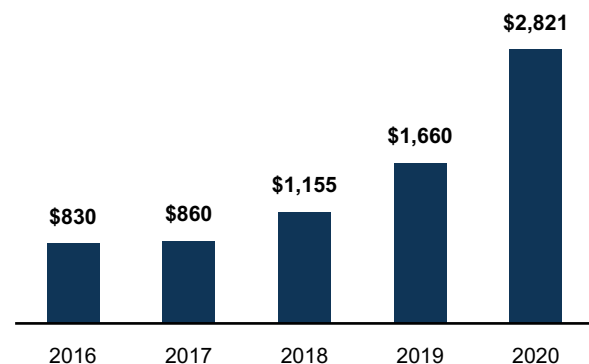
## ANNUALIZED TARGET CARRIED INTEREST

For planning purposes, we use current carry eligible capital multiplied by target fund returns and our average carried interest rate to determine annualized carried interest, and then subtract associated direct costs to arrive at a 70% margin for Brookfield, and 50% margin for Oaktree, which is “net target carried interest.”

Target carried interest on capital currently invested is \$2.0 billion per annum, and we expect to add an additional \$0.9 billion per annum when \$41.1 billion of uncalled fund commitments are deployed, aggregating to an annualized target carried interest figure of \$2.4 billion at our share, or \$1.6 billion net of costs.

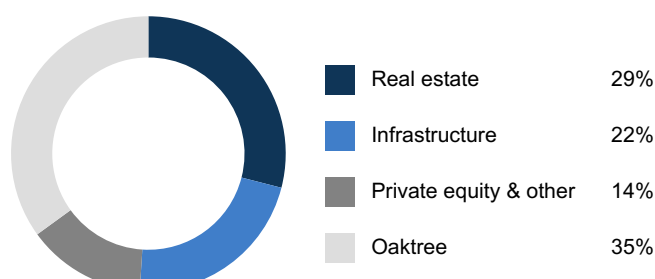
### Target Carried Interest

AS AT JUN. 30 (MILLIONS)



### Target Carry Diversification

AS AT JUN. 30, 2020



# Private Funds Carried Interest

## The majority of our funds are tracking to meet or exceed target returns

The below returns are actuals and illustrate how we are tracking toward target:

AS AT JUN. 30, 2020 (MILLIONS)	Strategy	Vintage <sup>1</sup>	Target Gross IRR <sup>2,3</sup>	Gross Actual IRR <sup>4</sup>	Uncalled Fund Commitments <sup>5</sup>	Invested < 3 years	Invested > 3 years	Total	Accumulated Unrealized Carried Interest
<b>Real estate</b>	Opportunistic – BSREP	2013 – 2019	20%	18%	\$ 6,944	\$ 6,643	\$ 4,535	\$ 18,122	\$ 533
	Credit – BREF	2005 – 2017	12% – 15%	9%	1,258	1,239	456	2,953	53
	Other <sup>6</sup>	2008 – 2018			871	5,223	4,574	10,668	54
<b>Infrastructure</b>	Value add – BIF	2010 – 2020	13% – 15%	13%	12,520	8,751	8,964	30,235	1,075
	Other <sup>6</sup>	2008 – 2018			2,115	2,142	638	4,895	20
<b>Private equity</b>	Opportunistic – BCP	2007 – 2019	20%	26%	4,006	3,523	1,352	8,881	546
	Other <sup>6</sup>	2015 – 2018			2,136	2,572	603	5,311	6
<b>Oaktree</b>					11,270	17,304	12,147	40,721	645
<b>Total private fund carry eligible capital</b>					41,120	\$ 47,397	\$ 33,269	121,786	\$ 2,932
<b>Non-carry eligible capital<sup>7</sup></b>					8,433			81,517	
					<u>\$ 49,553</u>			<u>\$ 203,303</u>	

1. Year of final close.

2. Gross target return is before annual fund management fees ranging from 90 bps for core plus funds to 200 bps for certain opportunistic funds.

3. Carried interest is generated once a private fund exceeds its preferred return. It will typically go through a catch-up period until the manager and LP are earning carry at their respective allocation.

4. On existing carry eligible funds, excluding perpetual funds.

5. Uncalled fund commitments from carry eligible funds. Additional \$8.4 billion of uncalled fund commitments relate to funds not eligible to earn carry.

6. Other represents funds and co-investments across the asset classes.

7. Non-carry eligible capital includes various co-investments, separately managed accounts and funds that are not entitled to carry.

# Annualized Fees and Target Carried Interest

## ANNUALIZED FEES AND TARGET CARRY

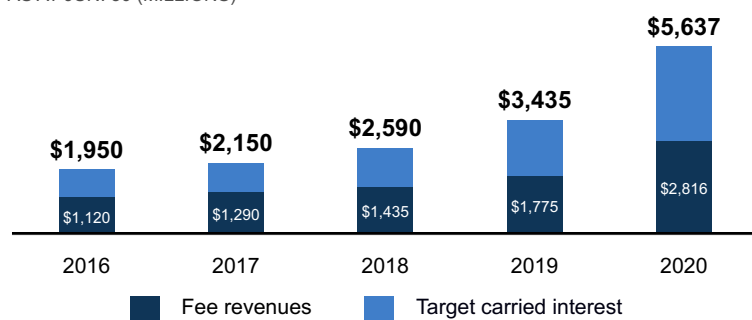
AS AT (MILLIONS)	Jun. 30, 2020	Dec. 31, 2019	Jun. 30, 2019
Base management fees			
Long-term private funds	\$ 761	\$ 823	\$ 729
Perpetual strategies <sup>1,2</sup>	659	753	596
Oaktree	894	910	—
Public securities	83	118	116
Incentive distributions <sup>3</sup>	298	298	257
	<b>2,695</b>	<b>2,902</b>	<b>1,698</b>
Performance fee <sup>4</sup>	90	90	65
Transaction and advisory <sup>5</sup>	31	29	12
Fee revenues	<b>2,816</b>	<b>3,021</b>	<b>1,775</b>
Target carried interest <sup>6</sup>			
Brookfield funds	1,821	1,801	1,660
Oaktree funds	1,000	959	—
	<b>2,821</b>	<b>2,760</b>	<b>1,660</b>
	<b>5,637</b>	<b>5,781</b>	<b>3,435</b>
Oaktree revenues not attributable to BAM shareholders			
Management fees	(343)	(353)	—
Target carried interest	(384)	(372)	—
	<b>\$ 4,910</b>	<b>\$ 5,056</b>	<b>\$ 3,435</b>

1. Perpetual strategies base management fees include \$252 million of annualized base fees on Brookfield capital from listed affiliates.
2. For details on perpetual strategies base fee calculations, refer to the Glossary of Terms on page 38.
3. Based on most recent quarterly distributions declared.
4. Annualized BBU performance fees assume 10% annualized unit price appreciation from the \$25.00 initial spin-out value in 2016, adjusted for current BBU units outstanding.
5. Annualized transaction and advisory fees based on simple average of the last two years' results.
6. Based on prescribed carried interest for private funds and target gross return. Includes only third-party capital.

- We have an additional \$29 billion of capital not in fee-bearing capital today that will earn approximately \$315 million of fees and \$300 million of target carried interest once invested.
- BBU's performance fee is calculated as 20% of the increase in weighted average unit price for the quarter, over the highest previous threshold. There are 150.0 million BBU units outstanding and the current threshold is \$41.96.
- We include base fees on the capital invested by us in our listed affiliates in order to present operating margins and investment returns on a consistent basis. FFO from the associated invested capital is shown net of these fees.
- We use a margin range of 55% – 65% on Brookfield fee revenue and a range of 25% – 35% on Oaktree fee revenue for planning purposes.
- We use a margin range of 65% – 75% on Brookfield carried interest and a range of 45% – 55% on Oaktree carried interest for planning purposes.

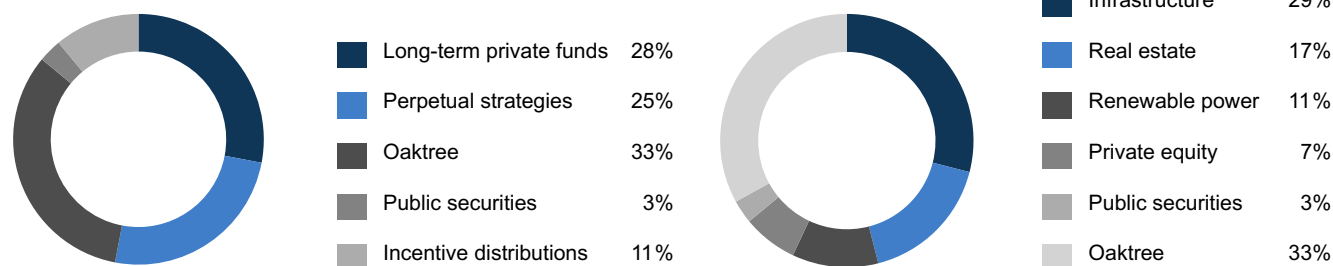
## Annualized Fees and Target Carry

AS AT JUN. 30 (MILLIONS)



## Fee Revenue Diversification<sup>1</sup>

AS AT JUN. 30, 2020



1. Fee revenues based on annualized fees as at June 30, 2020, excluding transaction fees, performance fees and target carried interest.

# Private Fund Listing<sup>1</sup>

AS AT JUN. 30, 2020  
(MILLIONS, USD UNLESS OTHERWISE NOTED)

	Committed Capital <sup>2</sup>	Brookfield Participation <sup>2</sup>	Year <sup>3</sup>
<b>BROOKFIELD REAL ESTATE FUNDS</b>			
<b>Opportunistic</b>			
Real Estate Turnaround	\$ 5,570	18%	2010
Strategic Real Estate Partners I <sup>4</sup>	4,350	31%	2013
Strategic Real Estate Partners II <sup>4</sup>	9,000	26%	2016
Strategic Real Estate Partners III <sup>4</sup>	15,000	25%	2019
Thayer VI	306	48%	2014
Opportunity Zone	1,160	13%	2019
<b>Value Add</b>			
U.S. Multifamily Value Add II	\$ 805	37%	2014
U.S. Multifamily Value Add III	1,005	30%	2018
<b>Core Plus</b>			
U.S. Office	\$ 2,200	83%	2006
DTLA	1,100	45%	2013
Premier Real Estate Partners <sup>5</sup>	3,468	13%	2016
Premier Real Estate Partners Australia <sup>5</sup>	A \$ 780	47%	2018
<b>BROOKFIELD INFRASTRUCTURE FUNDS</b>			
<b>Value Add</b>			
Global Infrastructure I <sup>4</sup>	\$ 2,600	25%	2010
Global Infrastructure II <sup>4</sup>	7,000	40%	2013
Global Infrastructure III <sup>4</sup>	14,000	29%	2016
Global Infrastructure IV <sup>4</sup>	20,000	25%	2020
<b>Core</b>			
Super-Core Infrastructure Partners <sup>5</sup>	\$ 2,631	2%	2018
<b>Sustainable Resources</b>			
Timberlands Fund V	\$ 351	25%	2013
Brazil Timber I	280	18%	2008
Brazil Timber II	95	19%	2013
Brazil Agriculture I	330	31%	2010
Brazil Agriculture II	500	22%	2016
<b>BROOKFIELD PRIVATE EQUITY FUNDS</b>			
<b>Opportunistic</b>			
Capital Partners II <sup>4</sup>	C \$ 1,000	40%	2007
Capital Partners III <sup>4</sup>	1,000	25%	2012
Capital Partners IV <sup>4</sup>	4,000	26%	2016
Capital Partners V <sup>4</sup>	9,000	33%	2019
<b>BROOKFIELD CREDIT FUNDS</b>			
<b>Credit Funds</b>			
Real Estate Finance I	\$ 600	33%	2005
Real Estate Finance IV	1,375	18%	2014
Real Estate Finance V	2,949	14%	2017
Senior Mezzanine Real Estate Finance <sup>5</sup>	1,193	1%	2017
Infrastructure Debt	884	17%	2017
Infrastructure Debt – Euro	€ 202	30%	2018
Peninsula Brookfield India Real Estate	95	—	2013

1. Excludes Oaktree funds. Includes discretionary funds managed by Brookfield Asset Management Inc. or a management affiliate thereof and all investments made by a consortium of investors formed and managed by Brookfield. Excludes direct investments made through managed accounts, joint ventures, co-investments, publicly listed affiliates or investment funds for which Brookfield did not serve as the manager during the investment period. Also excludes closed-end funds currently in the market and fully divested funds.

2. Inclusive of Brookfield commitments; Brookfield participation includes commitments from Brookfield directly held as well as BPY, BEP, BIP and BBU.

3. Year of final close. For perpetual funds, year of first close.

4. Flagship funds.

5. Perpetual funds.

# Capital Invested or Committed

Invested \$42 billion of capital during the LTM including \$9 billion in the quarter

## CAPITAL INVESTED OR COMMITTED (FUNDING SOURCE)

FOR THE LTM ENDED JUN. 30 (MILLIONS)	Real Estate	Infrastructure	Renewable Power	Private Equity and Other	Oaktree	Total
Perpetual strategies <sup>1</sup>	\$ 2,752	\$ 1,960	\$ 352	\$ 1,876	\$ 3,910	\$ 10,850
Long-term private funds <sup>2</sup>	3,293	3,996	700	1,091	9,574	18,654
Co-investments <sup>2</sup>	186	3,270	—	1,513	483	5,452
Direct <sup>3</sup>	—	—	—	6,960	—	6,960
Total invested	6,231	9,226	1,052	11,440	13,967	41,916
Committed – new <sup>4</sup>	3,915	4,234	1,920	1,565	564	12,198
Committed – invested <sup>4</sup>	(3,218)	(6,628)	(1)	(4,734)	—	(14,581)
Total <sup>4</sup>	\$ 6,928	\$ 6,832	\$ 2,971	\$ 8,271	\$ 14,531	\$ 39,533

1. Includes investments made by listed affiliates (BPY, BIP, BEP and BBU) and Oaktree on their balance sheets, or investments in perpetual private funds.

2. Reflects third-party investments in long-term private funds managed by Brookfield and Oaktree.

3. Investments made by Brookfield in financial assets or on balance sheet assets other than the listed affiliates.

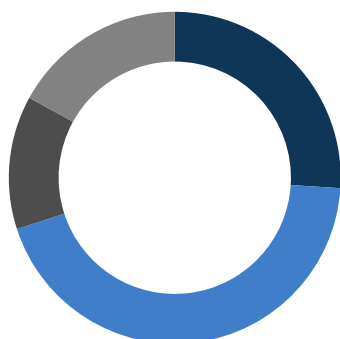
4. New commitments represent those commitments entered into during the period. Invested commitments represent the amounts invested during the period for commitments which were entered into during the prior period (shown as an outflow to commitments and an inflow to invested). Where capital was both committed and invested in the same period, it will be presented as invested only.

## CAPITAL INVESTED (GEOGRAPHY)

FOR THE LTM ENDED JUN. 30 (MILLIONS)	Real Estate	Infrastructure	Renewable Power	Private Equity and Other	Oaktree	Total
North America	\$ 3,054	\$ 6,486	\$ 201	\$ 10,131	\$ 11,271	\$ 31,143
South America	26	251	43	134	659	1,113
Europe	1,058	798	596	8	1,513	3,973
Asia and other	2,093	1,691	212	1,167	524	5,687
Total invested	\$ 6,231	\$ 9,226	\$ 1,052	\$ 11,440	\$ 13,967	\$ 41,916

## Capital Invested (by capital type)

FOR THE LTM ENDED JUN. 30, 2020



Perpetual Strategies	26%	Long-term private funds	44%
Co-investments	13%	Direct	17%

## SIGNIFICANT INVESTMENTS

- Oaktree Capital Management (\$5.2 billion<sup>1</sup>)
- Genesee & Wyoming (\$5.3 billion)
- Genworth Canada (\$1.7 billion)
- BrandSafway (\$1.3 billion)
- NorthRiver Midstream (\$0.9 billion)
- Aveo (\$0.7 billion)
- Vodafone New Zealand (\$0.7 billion)

## SIGNIFICANT COMMITMENTS

- Indian Telecom Towers (\$3.7 billion)
- TerraForm privatization<sup>2</sup> (\$1.5 billion)
- BPY Substantive Issuer Bid (\$1.0 billion)

1. \$5.2 billion invested in Oaktree includes funding of approximately \$2.4 billion of cash and approximately 79.1 million of Class A shares of Brookfield, valued at \$2.8 billion on the closing date of the transaction.

2. Transaction completed on July 31, 2020.



# Invested Capital – Overview

## LISTED INVESTMENTS

Our **listed affiliates** are **BPY, BEP, BIP and BBU**, the flagship entities that hold most of the investments in our four largest operating segments. Each of our flagship entities is publicly traded in the United States and Canada.

- We own 53% (fully diluted) of **Brookfield Property Partners** (BPY), a diversified global real estate company that owns, operates and develops one of the largest portfolios of office, retail, multifamily, logistics, hospitality, triple net lease, self-storage, student housing and manufactured housing assets.
- We own 57% of **Brookfield Renewable Partners** (BEP), one of the world's largest publicly traded renewable power platforms with generating facilities in North America, South America, Europe and Asia. Subsequent to the quarter-end, we completed the distribution of BEPC and executed the privatization of TERP in conjunction with the distribution, resulting in a decrease of our ownership in BEP to 52%.
- We own 30% of **Brookfield Infrastructure Partners** (BIP), one of the largest owners and operators of critical and diverse global infrastructure networks which facilitate the movement and storage of energy, water, freight, passengers and data.
- We own 63% of **Brookfield Business Partners** (BBU), our flagship private equity perpetual strategy that invests primarily in business services and industrial companies focused on long-term capital appreciation.

In addition to our flagship entities, we have the following investments that are also publicly traded:

- **Norbord Inc. ("Norbord")**: an international producer of wood-based panels which trades on the TSX and the NYSE. We own 42% of Norbord's shares and equity account for the investment as we exercise significant influence.
- **Vistra**: an integrated power company based in Texas that trades on the NYSE. Together with our institutional partners, we own approximately 4% of the company which is treated as a financial asset on our balance sheet.

Our **corporate cash and financial assets** portfolio includes corporate cash, assets held as part of our liquidity management operations, seeding investments in new strategies and financial contracts to manage market risk.

## UNLISTED INVESTMENTS

- **Residential**: in North America, we develop land for building homes or selling lots to other homebuilders while in Brazil we develop and construct residential and commercial towers.
- **Energy contracts**: our contractual arrangement with BEP to purchase power generated by certain North American hydro assets at a fixed price that is then resold on a contracted or uncontracted basis.
- **Other real estate**: BAM's direct investment in the third flagship real estate fund, a 27.5% interest in a BAM-sponsored venture that owns operating and development properties in New York and investments in assets in the multifamily sector.
- **Sustainable resources and other**: investments in sustainable resources, mainly timber and agricultural assets, in Brazil.
- **Other private equity**: direct investments in various operating companies within the Private Equity segment.
- **Other corporate investments**: includes our share of Oaktree's balance sheet investments and investments in insurance businesses whose investment portfolios are primarily held in support of the insurance premium liabilities.

## CORPORATE ACTIVITIES

- Our **corporate borrowings** reflect the amount of recourse debt held in the corporation.
- Net **working capital** includes accounts receivable, accounts payable, other assets and other liabilities, including deferred tax assets and liabilities; FFO includes **corporate costs and cash taxes**.
- **Preferred equity** represents permanent, non-participating equity that provides leverage to our common equity.

# Invested Capital – Operating Results

AS AT JUN.30, 2020 AND DEC. 31, 2019  
AND FOR THE PERIODS ENDED JUN. 30  
(MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Invested Capital		Funds from Operations <sup>1</sup>			
			Three Months		LTM	
	2020	2019	2020	2019	2020	2019
<b>Listed investments</b>						
<b>Listed affiliates</b>						
BPY	\$ 14,407	\$ 15,770	\$ 87	\$ 176	\$ 611	\$ 710
BPY preferred shares	16	16	—	2	—	37
BEP	3,867	4,810	118	132	409	435
BIP	1,794	2,141	81	88	343	340
BBU <sup>2</sup>	1,893	2,389	109	94	466	399
<b>Other listed investments</b>						
Norbord	1,167	1,185	22	14	76	133
Other	149	183	1	5	7	18
<b>Corporate cash and financial assets<sup>3</sup></b>	<b>3,229</b>	<b>2,181</b>	<b>79</b>	<b>35</b>	<b>124</b>	<b>108</b>
	<b>26,522</b>	<b>28,675</b>	<b>497</b>	<b>546</b>	<b>2,036</b>	<b>2,180</b>
<b>Unlisted investments</b>						
Residential	2,503	2,859	(11)	18	109	64
Energy contracts	531	510	(35)	(67)	(178)	(164)
Other	4,872	4,655	16	30	60	142
	<b>7,906</b>	<b>8,024</b>	<b>(30)</b>	<b>(19)</b>	<b>(9)</b>	<b>42</b>
<b>Corporate activities</b>						
Corporate borrowings / Interest expense	(8,051)	(7,083)	(95)	(86)	(359)	(338)
Working capital / Corporate costs and taxes <sup>4</sup>	743	470	(39)	(36)	(138)	(157)
Perpetual preferred shares <sup>5</sup>	(4,145)	(4,145)	—	—	—	—
	<b>(11,453)</b>	<b>(10,758)</b>	<b>(134)</b>	<b>(122)</b>	<b>(497)</b>	<b>(495)</b>
<b>Invested capital, net / FFO</b>	<b>\$ 22,975</b>	<b>\$ 25,941</b>	<b>\$ 333</b>	<b>\$ 405</b>	<b>\$ 1,530</b>	<b>\$ 1,727</b>
<b>Per share</b>	<b>\$ 14.62</b>	<b>\$ 16.43</b>	<b>\$ 0.19</b>	<b>\$ 0.25</b>	<b>\$ 0.91</b>	<b>\$ 1.08</b>

1. Excludes realized disposition gains.

2. FFO includes the net impact of performance fees paid to BAM of \$nil (2019 – \$nil) for the three months ended June 30 and \$nil (2019 – \$94 million) for the LTM.

3. Corporate cash and financial assets is inclusive of \$1.8 billion of cash and cash equivalents (2019 – \$789 million).

4. Invested capital includes net deferred income tax asset of \$1.9 billion (2019 – \$2.2 billion); FFO includes current tax expense of \$14 million (2019 – \$13 million) for the three months ended June 30 and current tax expense of \$38 million (2019 – \$55 million) for the LTM.

5. FFO excludes preferred shares distributions of \$36 million (2019 – \$38 million) for the three months ended June 30 and \$148 million (2019 – \$150 million) for the LTM.

# Disposition Gains

FOR THE PERIODS ENDED JUN. 30  
(MILLIONS)

	Three Months				LTM			
	FFO <sup>1,2</sup>		Net Income <sup>2</sup>		FFO <sup>1,2</sup>		Net Income <sup>2</sup>	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Real estate</b>								
Core office	\$ 7	\$ 19	\$ —	\$ 13	\$ 159	\$ 195	\$ (40)	\$ (13)
Core retail portfolio	—	—	—	—	47	252	17	(1)
LP investments								
IDI	—	—	—	—	—	135	—	(29)
Other LP investments	(17)	9	(5)	(6)	28	134	(38)	19
Fairfield Residential	—	101	—	101	—	101	—	101
Other Directly Held	—	(9)	—	(3)	7	62	36	11
	(10)	120	(5)	105	241	879	(25)	88
<b>Infrastructure</b>								
EBSA	—	—	—	—	19	—	1	—
AVN (Chilean toll road)	—	—	—	—	28	91	—	—
Other infrastructure	—	(30)	—	7	27	(30)	7	7
	—	(30)	—	7	74	61	8	7
<b>Private equity</b>								
BGIS	—	66	—	93	—	66	—	93
BGRS	—	142	—	109	—	142	—	109
Nova Cold	—	—	—	—	26	—	26	—
GrafTech	—	—	—	—	55	120	—	—
Other Private Equity	—	1	—	—	29	55	33	54
	—	209	—	202	110	383	59	256
<b>Renewable power</b>								
BEP Secondary Offering	479	—	—	—	479	—	—	—
Other Renewable Power	4	4	4	—	32	114	1	5
	483	4	4	—	511	114	1	5
	<u>\$ 473</u>	<u>\$ 303</u>	<u>\$ (1)</u>	<u>\$ 314</u>	<u>\$ 936</u>	<u>\$ 1,437</u>	<u>\$ 43</u>	<u>\$ 356</u>

1. FFO includes gains (net of losses) recorded in net income, directly in equity, as well as the realization of appraisal gains recorded in prior years.

2. Net of non-controlling interests.

# Listed Affiliates Results

## BPY (NASDAQ: BPY, TSX: BPY.UN) – 53% (fully diluted) ownership interest

AS AT JUN. 30, 2020 AND DEC. 31, 2019  
AND FOR THE PERIODS ENDED JUN. 30  
(MILLIONS)

	Invested Capital		Funds from Operations			
			Three Months		LTM	
	2020	2019	2020	2019	2020	2019
Core office	\$ 13,534	\$ 14,240	\$ 126	\$ 187	\$ 596	\$ 633
Core retail	12,950	14,138	140	170	753	770
LP investments	4,810	5,126	(8)	79	198	316
Corporate	(5,798)	(4,974)	(80)	(101)	(357)	(412)
Attributable to unitholders	25,496	28,530	178	335	1,190	1,307
Non-controlling interests	(11,089)	(12,760)	(77)	(151)	(532)	(577)
Segment reallocation and other <sup>1</sup>	—	—	(14)	(8)	(47)	(20)
Brookfield's interest	14,407	15,770	87	176	611	710
Preferred shares	16	16	—	2	—	37
	<u>\$ 14,423</u>	<u>\$ 15,786</u>	<u>\$ 87</u>	<u>\$ 178</u>	<u>\$ 611</u>	<u>\$ 747</u>

## BEP (NYSE: BEP, TSX: BEP.UN) – 57% ownership interest

AS AT JUN. 30, 2020 AND DEC. 31, 2019  
AND FOR THE PERIODS ENDED JUN. 30  
(MILLIONS)

	Invested Capital		Funds from Operations			
			Three Months		LTM	
	2020	2019	2020	2019	2020	2019
Proportionate generation (GWh)						
Actual	n/a	n/a	6,552	7,602	24,906	27,452
Long-term average (LTA)	n/a	n/a	7,309	7,109	26,408	26,443
Hydroelectric generation	\$ 8,034	\$ 8,961	\$ 193	\$ 226	\$ 691	\$ 726
Wind energy	1,226	1,591	48	39	175	177
Solar, storage and other	1,420	1,081	45	34	140	125
Corporate	(3,918)	(3,681)	(54)	(69)	(253)	(260)
Attributable to unitholders	6,762	7,952	232	230	753	768
Incentive distributions	—	—	(15)	(12)	(55)	(44)
Non-controlling interests	(2,895)	(3,142)	(88)	(86)	(278)	(284)
Segment reallocation and other <sup>2</sup>	—	—	(11)	—	(11)	(5)
Brookfield's interest	<u>\$ 3,867</u>	<u>\$ 4,810</u>	<u>\$ 118</u>	<u>\$ 132</u>	<u>\$ 409</u>	<u>\$ 435</u>

## BIP (NYSE: BIP, TSX: BIP.UN) – 30% ownership interest

AS AT JUN. 30, 2020 AND DEC. 31, 2019  
AND FOR THE PERIODS ENDED JUN. 30  
(MILLIONS)

	Invested Capital		Funds from Operations			
			Three Months		LTM	
	2020	2019	2020	2019	2020	2019
Utilities	\$ 1,785	\$ 2,178	\$ 130	\$ 143	\$ 573	\$ 548
Transport	3,214	3,991	108	135	484	522
Energy	2,932	3,128	106	96	430	352
Data infrastructure	1,217	1,318	43	30	163	97
Corporate and other	(3,200)	(3,486)	(54)	(67)	(263)	(227)
Attributable to unitholders	5,948	7,129	333	337	1,387	1,292
Incentive distributions	—	—	(46)	(38)	(174)	(144)
Non-controlling interests	(4,154)	(4,988)	(203)	(211)	(858)	(808)
Segment reallocation and other <sup>2</sup>	—	—	(3)	—	(12)	—
Brookfield's interest	<u>\$ 1,794</u>	<u>\$ 2,141</u>	<u>\$ 81</u>	<u>\$ 88</u>	<u>\$ 343</u>	<u>\$ 340</u>

## BBU (NYSE: BBU, TSX: BBU.UN) – 63% ownership interest

AS AT JUN. 30, 2020 AND DEC. 31, 2019  
AND FOR THE PERIODS ENDED JUN. 30  
(MILLIONS)

	Invested Capital		Funds from Operations			
			Three Months		LTM	
	2020	2019	2020	2019	2020	2019
Business services	\$ 1,842	\$ 2,161	\$ 39	\$ 342	\$ 139	\$ 422
Infrastructure services	757	470	87	54	349	301
Industrials	829	947	62	46	385	386
Corporate and other	(343)	214	(15)	(7)	(44)	(51)
Attributable to unitholders	3,085	3,792	173	435	829	1,058
Performance fees	—	—	—	—	—	(94)
Non-controlling interests	(1,192)	(1,403)	(64)	(139)	(310)	(309)
Segment reallocation and other <sup>2</sup>	—	—	—	(202)	(53)	(256)
Brookfield's interest	<u>\$ 1,893</u>	<u>\$ 2,389</u>	<u>\$ 109</u>	<u>\$ 94</u>	<u>\$ 466</u>	<u>\$ 399</u>

1. Reflects fee-related earnings and net carried interest reclassified to asset management segment and asset management expenses not included in operating FFO.

2. Relates to disposition gains, net of NCI, included in operating FFO.

# Other Investments

In addition to being invested in our four flagship listed affiliates, we hold a number of other listed and unlisted investments

## OTHER LISTED INVESTMENTS AND CORPORATE CASH AND FINANCIAL ASSETS

AS AT JUN. 30, 2020 AND DEC. 31, 2019 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)		Funds from Operations					
		Invested Capital		Three Months		LTM	
				2020	2019	2020	2019
Segment		2020	2019	2020	2019	2020	2019
Other listed							
Acadian <sup>1</sup>	Infrastructure	\$ —	\$ —	\$ —	\$ 1	\$ 1	\$ 6
Norbord	Private Equity	1,167	1,185	22	14	76	133
Other listed	Private Equity	149	183	1	4	6	12
		1,316	1,368	23	19	83	151
Corporate cash and financial assets	Corporate	3,229	2,181	79	35	124	108
		\$ 4,545	\$ 3,549	\$ 102	\$ 54	\$ 207	\$ 259

1. In August 2019, we closed the sale of our 45% interest in Acadian, recognizing a disposition gain of \$16 million.

## UNLISTED INVESTMENTS

AS AT JUN. 30, 2020 AND DEC. 31, 2019 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)		Funds from Operations					
		Invested Capital		Three Months		LTM	
				2020	2019	2020	2019
Segment		2020	2019	2020	2019	2020	2019
Residential development							
North America	Residential	\$ 1,947	\$ 2,083	\$ (7)	\$ 22	\$ 114	\$ 136
Brazil and other	Residential	556	776	(4)	(4)	(5)	(72)
		2,503	2,859	(11)	18	109	64
Energy contracts	Renewable Power	531	510	(35)	(67)	(178)	(164)
Sustainable resources and other	Infrastructure	542	651	3	3	11	24
Other corporate	Corporate	643	680	(4)	4	(13)	4
Other unlisted	Various	3,687	3,324	17	23	62	114
		\$ 7,906	\$ 8,024	\$ (30)	\$ (19)	\$ (9)	\$ 42

# Capitalization

**Our corporate debt has a weighted-average term to maturity of 11 years, while our recourse debt to corporate capitalization remains below 20%**

AS AT JUN. 30, 2020 AND DEC. 31, 2019 (MILLIONS)	Average	Average	Leverage	
	Rate	Term (Years)	2020	2019
Corporate borrowings				
Term debt	4.5%	11	\$ 8,051	\$ 7,083
Revolving facilities <sup>1</sup>	n/a	4	—	—
Total corporate borrowings			8,051	7,083
Perpetual preferred shares	4.0%	perp.	4,145	4,145
Debt and preferred capital			\$ 12,196	\$ 11,228

1. Revolving credit facilities of \$2.6 billion support commercial paper issuances.

## DEBT TO CAPITALIZATION

	Corporate		Consolidated		Our Share <sup>1</sup>	
	2020	2019	2020	2019	2020	2019
AS AT JUN. 30, 2020 AND DEC. 31, 2019 (MILLIONS)						
Corporate borrowings	\$ 8,051	\$ 7,083	\$ 8,051	\$ 7,083	\$ 8,051	\$ 7,083
Non-recourse borrowings						
Subsidiary borrowings	—	—	9,493	8,423	6,224	5,382
Property specific borrowings	—	—	126,869	127,869	46,777	44,436
	8,051	7,083	144,413	143,375	61,052	56,901
Accounts payable and other	4,066	4,708	42,235	43,077	12,251	13,617
Deferred income tax liabilities	513	279	14,347	14,849	3,987	4,541
Subsidiary equity obligations	—	—	4,201	4,132	1,976	1,896
Liabilities associated with assets held for sale	—	—	173	1,690	28	212
Equity						
Non-controlling interests	—	—	78,996	81,833	—	—
Preferred equity	4,145	4,145	4,145	4,145	4,145	4,145
Common equity	27,925	30,868	27,925	30,868	27,925	30,868
	32,070	35,013	111,066	116,846	32,070	35,013
Total capitalization	\$ 44,700	\$ 47,083	\$ 316,435	\$ 323,969	\$ 111,364	\$ 112,180
Debt to capitalization <sup>2</sup>	18%	15%	46%	44%	55%	51%

1. Represents our share of debt and other obligations based on our ownership percentage of the related investments.

2. Determined as the aggregate of corporate borrowings and non-recourse borrowings divided by total capitalization.

# Sources and Uses of Cash

**We continue to source significant cash flows with few corporate borrowing maturities in the near term**

FOR THE PERIODS ENDED JUN. 30  
(MILLIONS)

## Corporate cash and financial assets, beginning of period

### Sources

Cash available for distribution and/or reinvestment<sup>1</sup>  
BEP Secondary offering  
Disposition of investments  
BPY preferred share redemption

### Uses

Acquisition of Oaktree, net of distribution<sup>2</sup>  
Share repurchases<sup>3</sup>  
Dividends paid to common shareholders  
Temporary and other investments<sup>4</sup>  
Listed affiliate unit/share purchases

### Net financing activities

### Other sources / (uses)<sup>5</sup>

### In-period change

## Corporate cash and financial assets, end of period

	Three Months		LTM	
	2020	2019	2020	2019
	\$	\$	\$	\$
Corporate cash and financial assets, beginning of period	1,949	3,894	4,023	3,401
<b>Sources</b>				
Cash available for distribution and/or reinvestment <sup>1</sup>	605	632	2,568	2,581
BEP Secondary offering	479	—	479	—
Disposition of investments	51	—	748	—
BPY preferred share redemption	—	300	—	985
	1,135	932	3,795	3,566
<b>Uses</b>				
Acquisition of Oaktree, net of distribution <sup>2</sup>	—	—	(2,095)	—
Share repurchases <sup>3</sup>	(99)	(60)	(493)	(568)
Dividends paid to common shareholders	(181)	(153)	(677)	(594)
Temporary and other investments <sup>4</sup>	(360)	—	(1,793)	(1,792)
Listed affiliate unit/share purchases	—	(250)	(296)	(250)
	(640)	(463)	(5,354)	(3,204)
<b>Net financing activities</b>	743	(450)	1,059	630
<b>Other sources / (uses)<sup>5</sup></b>	42	110	(294)	(370)
<b>In-period change</b>	1,280	129	(794)	622
Corporate cash and financial assets, end of period	\$ 3,229	\$ 4,023	\$ 3,229	\$ 4,023

1. Refer to page 32 for reconciliations of IFRS to non-IFRS measures.

2. Net of a \$306 million dividend received from Oaktree subsequent to our acquisition.

3. Includes repurchases of BAM common and preferred shares.

4. For 2020 LTM, this includes cash used to fund our investment into the BSREP III fund and cash used on various risk management trades. In 2019 LTM, this includes cash used to purchase a 27.5% interest in a BAM-sponsored real estate venture that owns operating and development properties in New York which we acquired from BPY as well as a portfolio of long-term contracted site-controlled assets that we warehoused on behalf of our core infrastructure fund.

5. Includes adjustments for accrued items, carried interest proceeds subject to clawback, financial asset mark-to-market changes and other items.

# Reconciliation of IFRS to Non-IFRS Measures

FOR THE THREE MONTHS ENDED JUN. 30  
(MILLIONS)

	2020	2019
<b>Net (loss) income</b>	<b>\$ (1,493)</b>	<b>\$ 704</b>
Realized disposition gains in fair value changes or prior periods	469	7
Non-controlling interests	(1,501)	(1,863)
Financial statement components not included in FFO		
Equity accounted fair value changes and other non-FFO items	1,253	(379)
Fair value changes	1,153	1,398
Depreciation and amortization	1,376	1,234
Deferred income taxes	(96)	7
<b>Funds from operations</b>	<b>1,161</b>	<b>1,108</b>
Less: total disposition gains	(473)	(303)
Less: net invested capital FFO	(333)	(405)
Less: realized carried interest, net	(31)	(137)
Corporate activities	(134)	(122)
Other wholly owned investments <sup>1</sup>	(35)	(30)
Distributions from investments	443	400
Our share of Oaktree's fee-related earnings	(45)	—
Our share of Oaktree's distributable earnings	58	—
Equity-based compensation	21	22
Preferred share dividends	(36)	(38)
<b>Cash available for distribution and/or reinvestment before realized carried interest</b>	<b>596</b>	<b>495</b>
Realized carried interest, net, excluding Oaktree	9	137
<b>Cash available for distribution and/or reinvestment<sup>2</sup></b>	<b>\$ 605</b>	<b>\$ 632</b>

1. Relates to FFO from other wholly owned investments used as a proxy for cash generated.

2. Comparative numbers have been revised to reflect new definition. Refer to Glossary of Terms starting on page 37.

## OVERVIEW

We disclose certain non-IFRS financial measures in these supplemental schedules. Reconciliations of these non-IFRS financial measures to the most directly comparable financial measures calculated and presented in accordance with IFRS are presented above. Management assesses the performance of its business based on these non-IFRS financial measures. These non-IFRS financial measures should be considered in addition to, and not as a substitute for or superior to, net income or other financial measures presented in accordance with IFRS.



# Common Share Information

## COMMON SHARE CONTINUITY

FOR THE PERIODS ENDED JUN. 30  
(MILLIONS)

	Three Months		LTM	
	2020	2019	2020	2019
Outstanding at beginning of period	1,513.1	1,433.0	1,433.8	1,436.2
Issued (repurchased)				
Issuances	—	—	79.1	—
Repurchases	(2.6)	(1.8)	(13.1)	(9.7)
Long-term share ownership plans	1.0	2.6	11.5	7.0
Dividend reinvestment plan	—	—	0.2	0.3
Outstanding at end of period	1,511.5	1,433.8	1,511.5	1,433.8
Unexercised options and other share-based plans	60.4	71.0	60.4	71.0
Total diluted shares at end of period	1,571.9	1,504.8	1,571.9	1,504.8

- The company holds 61.0 million common shares for management share ownership plans, which have been deducted from the total number of shares outstanding.
  - 8.8 million shares would be issued in respect of these plans if exercised based on current market prices and the balance would be canceled.
- Cash value of unexercised options as at June 30, 2020 was \$1.2 billion (June 30, 2019 – \$1.2 billion).
- The company completed the previously announced 3-for-2 stock split on April 1, 2020. All share amounts are presented on a post-split basis.

## FFO AND EARNINGS PER SHARE INFORMATION

FOR THE PERIODS ENDED JUN. 30  
(MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Funds from Operations		Net (Loss) Income	
	2020	2019	2020	2019
FFO / Net (loss) income	\$ 1,161	\$ 1,108	\$ (656)	\$ 399
Preferred share dividends	(36)	(38)	(36)	(38)
Dilutive effect of conversion of subsidiary preferred shares	—	—	49	(5)
FFO / Net (loss) income available for shareholders	\$ 1,125	\$ 1,070	\$ (643)	\$ 356
Weighted average shares	1,512.1	1,433.3	1,512.1	1,433.3
Dilutive effect of the conversion of options and other share-based plans using treasury stock method	24.7	34.1	—	34.1
Shares and share equivalents	1,536.8	1,467.4	1,512.1	1,467.4
Per share	\$ 0.73	\$ 0.73	\$ (0.43)	\$ 0.24

# Entity Basis – Reconciliation to Reportable Segments – Invested Capital

AS AT JUN. 30, 2020  
(MILLIONS)

## Asset management

### Invested capital

#### Listed investments

	Asset Management	Real Estate	Renewable Power	Infrastructure	Private Equity	Residential	Corporate	Total
	\$ 4,950	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,950
Brookfield Property Partners <sup>1</sup>	—	14,423	—	—	—	—	—	14,423
Brookfield Renewable Partners	—	—	3,867	—	—	—	—	3,867
Brookfield Infrastructure Partners	—	—	—	1,794	—	—	—	1,794
Brookfield Business Partners	—	—	—	—	1,893	—	—	1,893
Other listed investments								
Norbord	—	—	—	—	1,167	—	—	1,167
Other listed – private equity	—	—	—	—	149	—	—	149
	—	14,423	3,867	1,794	3,209	—	—	23,293
Financial assets	—	—	—	—	—	—	3,229	3,229
	—	14,423	3,867	1,794	3,209	—	3,229	26,522

#### Unlisted investments

Residential development	—	—	—	—	—	2,503	—	2,503
Energy contracts	—	—	531	—	—	—	—	531
Sustainable resources	—	—	—	542	—	—	—	542
Other corporate	—	—	—	—	—	—	643	643
Other	—	3,402	—	—	285	—	—	3,687
	—	3,402	531	542	285	2,503	643	7,906

### Net working capital

	—	—	—	—	—	—	743	743
--	---	---	---	---	---	---	-----	-----

### Debt and preferred capital

Corporate borrowings	—	—	—	—	—	—	(8,051)	(8,051)
Perpetual preferred shares	—	—	—	—	—	—	(4,145)	(4,145)
	—	—	—	—	—	—	(12,196)	(12,196)
	\$ 4,950	\$ 17,825	\$ 4,398	\$ 2,336	\$ 3,494	\$ 2,503	\$ (7,581)	\$ 27,925

1. Includes 16 million of BPY preferred shares.

# Entity Basis – Reconciliation to Reportable Segments – Three Months FFO

FOR THE THREE MONTHS ENDED JUN. 30  
(MILLIONS)

## Asset management

Fee-related earnings

Carried interest, net

## Invested capital

Listed investments

Brookfield Property Partners<sup>1</sup>

Brookfield Renewable Partners

Brookfield Infrastructure Partners

Brookfield Business Partners

Other listed investments

Norbord

Other listed – private equity

Financial assets

Unlisted investments

Residential development

Energy contracts

Sustainable resources

Other corporate

Other

## Disposition gains

## Corporate activities<sup>2</sup>

Interest expense

Corporate costs and taxes

	Reportable Segments						Total
	Asset Management	Real Estate	Renewable Power	Infrastructure	Private Equity	Residential	
\$ 324	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 324
31	—	—	—	—	—	—	31
355	—	—	—	—	—	—	355
<b>Invested capital</b>							
<b>Listed investments</b>							
—	87	—	—	—	—	—	87
—	—	118	—	—	—	—	118
—	—	—	81	—	—	—	81
—	—	—	—	109	—	—	109
<b>Other listed investments</b>							
—	—	—	—	22	—	—	22
—	—	—	—	1	—	—	1
—	87	118	81	132	—	—	418
—	—	—	—	—	—	79	79
—	87	118	81	132	—	79	497
<b>Unlisted investments</b>							
—	—	—	—	—	—	(11)	(11)
—	—	(35)	—	—	—	—	(35)
—	—	—	3	—	—	—	3
—	—	—	—	—	—	(4)	(4)
—	12	—	—	5	—	—	17
—	12	(35)	3	5	(11)	(4)	(30)
<b>Disposition gains</b>							
—	(10)	483	—	—	—	—	473
<b>Corporate activities<sup>2</sup></b>							
—	—	—	—	—	—	(95)	(95)
—	—	—	—	—	—	(39)	(39)
—	—	—	—	—	—	(134)	(134)
\$ 355	\$ 89	\$ 566	\$ 84	\$ 137	\$ (11)	\$ (59)	\$ 1,161

1. Includes nominal amounts of BPY preferred share distributions.

2. Excludes \$36 million of preferred share distributions for the three months, which are included in determining per share results.

# Entity Basis – Reconciliation to Reportable Segments – LTM FFO

FOR THE LTM ENDED JUN. 30  
(MILLIONS)

## Asset management

Fee-related earnings  
Carried interest, net

Reportable Segments							Total
Asset Management	Real Estate	Renewable Power	Infrastructure	Private Equity	Residential	Corporate	
\$ 1,345	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,345
264	—	—	—	—	—	—	264
1,609	—	—	—	—	—	—	1,609

## Invested capital

### Listed investments

Brookfield Property Partners<sup>1</sup>  
Brookfield Renewable Partners  
Brookfield Infrastructure Partners  
Brookfield Business Partners

### Other listed investments

Acadian Timber  
Norbord  
Other listed – private equity

—	611	—	—	—	—	—	611
—	—	409	—	—	—	—	409
—	—	—	343	—	—	—	343
—	—	—	—	466	—	—	466
—	—	—	—	—	—	—	—
—	—	—	1	—	—	—	1
—	—	—	—	76	—	—	76
—	—	—	—	6	—	—	6
—	611	409	344	548	—	—	1,912
—	—	—	—	—	—	124	124
—	611	409	344	548	—	124	2,036

### Financial assets

### Unlisted investments

Residential development  
Energy contracts  
Sustainable resources  
Other corporate  
Other

—	—	—	—	—	109	—	109
—	—	(178)	—	—	—	—	(178)
—	—	—	11	—	—	—	11
—	—	—	—	—	—	(13)	(13)
—	75	—	—	(13)	—	—	62
—	75	(178)	11	(13)	109	(13)	(9)

## Disposition gains

—	241	511	74	110	—	—	936
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## Corporate activities<sup>2</sup>

Interest expense  
Corporate costs and taxes

—	—	—	—	—	—	(359)	(359)
—	—	—	—	—	—	(138)	(138)
—	—	—	—	—	—	(497)	(497)
\$ 1,609	\$ 927	\$ 742	\$ 429	\$ 645	\$ 109	\$ (386)	\$ 4,075

1. Includes nominal amounts of BPY preferred share distributions.

2. Excludes \$148 million of preferred share distributions for the LTM, which are included in determining per share results.

# Glossary of Terms

The “Corporation,” “Brookfield” or “BAM” refers to our asset management business which is comprised of our asset management and corporate business segments.

This Supplemental Information contains key performance measures that we employ in analyzing and discussing our results. These measures include non-IFRS measures. We describe our key financial measures below and include a complete list of our performance measures on pages 115 through 120 of our December 31, 2019 annual report.

- **Fee-bearing capital** represents the capital committed, pledged or invested in the listed affiliates, private funds and public securities 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 public securities funds and equity issuances in our listed affiliates.
  - Outflows represent distributions and redemptions of capital from within the public securities capital.
  - Distributions represent quarterly distributions from listed affiliates as well as returns of committed capital (excluding market valuation adjustments), redemptions and expiry of uncalled commitments within our private funds.
  - Market activity includes gains (losses) on portfolio investments, listed affiliates and public securities based on market prices.
  - Other include changes in net non-recourse debt included in the determination of listed affiliate capitalization and the impact of foreign exchange fluctuations on non-U.S. dollar commitments.
- **Cash available for distribution and/or reinvestment (“CAFDR”)** 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 listed 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 compensation; net of preferred share dividend payments.
- **Annualized fees** include annualized base management fees, which are determined by the contractual fee rate multiplied by the current level of fee-bearing capital, annualized incentive distributions based on our listed affiliates’ current annual distribution policies, annualized transaction and public securities performance fees equal a simple average of the last two years’ revenues.
- **Fee-related earnings** 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.
- **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. This is referred to as **realized carried interest**. We defer recognition of carried interest in our financial statements until they are no longer subject to adjustment based on future events. Unlike fees and incentive distributions, we only include carried interest earned in respect of third-party capital when determining our segment results.
  - **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. Unrealized carry refers to the change in unrealized carry during a specified period, adjusted for realized carry.
  - **Annualized target carried interest** represents the annualized carried interest we would earn on third-party private fund capital subject to carried interest based on the assumption that we achieve the targeted returns on the private funds. It is determined by multiplying the target gross return of a fund by the percentage carried interest and by the amount of third-party capital, and discounted by a utilization factor representing the average invested capital over the fund life.

# Glossary of Terms cont'd

- **Invested capital** is the amount of common equity in our operating segments.
- **Fee revenues** include base management fees, incentive distributions, performance fees and transaction fees presented within our Asset Management segment. Fee revenues exclude carried interest.
- **Funds from operations (“FFO”)** is a key measure of financial performance. 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. FFO is defined as net income attributable to shareholders prior to fair value changes, depreciation and amortization, and deferred income taxes, and includes disposition gains that are not recorded in net income as determined under IFRS. FFO also includes the company’s share of equity accounted investments’ funds from operations on a fully diluted basis. Brookfield uses FFO to assess its operating results and believes that many of its shareholders and analysts also find this measure valuable to them.

FFO and its per share equivalent are non-IFRS measures which do not have any standard meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. Net income is reconciled to FFO on page 32.

- FFO from **operating activities** represents the company’s share of revenues less operating costs and interest expenses: it excludes realized carried interest, disposition gains, fair value changes, depreciation and amortization and deferred income taxes, and includes our proportionate share of similar items recorded by equity accounted investments. We present this measure as we believe it assists in describing our results and reconciling variances within FFO.
- **Realized carried interest** 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. Realized carried interest is determined on third-party capital that is no longer subject to future investment performance.
- **Performance fees** are paid to us when we exceed predetermined investment returns within BBU. BBU performance fees are accrued quarterly based on the volume-weighted average increase in BBU unit price. Performance fees are not subject to clawback.
- **Realized disposition gains/losses** are included in FFO as the purchase and sale of assets is a normal part of the company’s business. They include gains or losses arising from transactions during the reporting period together with any fair value changes and revaluation surplus recorded in prior periods and are 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.
- **Incentive distributions** are determined by contractual arrangements and are paid to us by BPY, BEP, BIP and TERP and represent a portion of distributions paid by listed affiliates above a predetermined hurdle.
- **Base management fees** are determined by contractual arrangements, are typically equal to a percentage of fee-bearing capital and are accrued quarterly.
  - **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.
  - **Listed partnership base fees** are earned on the total capitalization of the listed affiliates, which includes our investment. Base fees for BPY, BEP and TERP include a quarterly fixed fee amount of \$12.5 million, \$5 million and \$3 million, respectively. BPY and BEP each pay additional fees of 1.25% on the increase in capitalization above their initial capitalization of \$11.5 billion and \$8 billion, respectively. TERP pays an additional fee of 1.25% on the increase above initial per unit price at the time of acquisition. Base fees for BPYU, BIP and BBU are 1.25% of total capitalization. Listed partnership capitalization as at June 30, 2020, was as follows: BPY/BPYU – \$14.3 billion; BEP – \$18.2 billion; BIP – \$22.4 billion; BBU – \$4.7 billion; and TERP – \$4.0 billion.
- **Internal rate of return (“IRR”)** is the annualized compounded rate of return of the fund, calculated since initial investment date.

# Notice to Readers

Brookfield is not making any offer or invitation of any kind by communication of this Supplemental Information and under no circumstance is it to be construed as a prospectus or an advertisement.

This Supplemental Information contains “forward-looking information” within the meaning of Canadian provincial securities laws and “forward-looking statements,” within the meaning of certain securities laws including 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 make such statements in this profile, in other filings with Canadian regulators and the Securities 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 and include statements which reflect 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, capital committed to our funds, our liquidity and ability to access and raise capital, our ability to capitalize on investment opportunities, the potential growth of our asset management business and the related revenue streams therefrom, the prospects for increasing our cash flow from or continued achievement of targeted returns on our investments, 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, the forward-looking statements contained within this Supplemental Information include statements referring to the future state of the economy or the securities market and expected future deployment of capital, dispositions and associated realized carried interest, as well as statements regarding the results of future fundraising efforts.

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 because they involve known and unknown risks, uncertainties and other factors, many of which are beyond our control (including the ongoing and developing COVID-19 pandemic), which may cause the actual results, performance or achievements of the company to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements and information.

Some of the factors, many of which are beyond Brookfield’s control and the effects of which can be difficult to predict, but may 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; (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 and epidemics/pandemics; (xviii) the possible impact of international conflicts and other developments including terrorist acts and cyberterrorism; (xix) the introduction, withdrawal, success and timing of business initiatives and strategies; (xx) the failure of effective disclosure controls and procedures and internal controls over financial reporting and other risks; (xxi) health, safety and environmental risks; (xxii) the maintenance of adequate insurance coverage; (xxiii) the existence of information barriers between certain businesses within our asset management operations; (xxiv) risks specific to our business segments including our real estate, renewable power, infrastructure, private equity, and residential development activities; 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](http://www.sedar.com) and EDGAR at [www.sec.gov](http://www.sec.gov).

We caution that the foregoing list of important factors that may affect future results is not exhaustive and other factors could also adversely affect its results. Investors and other 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.

# Notice to Readers cont'd



## STATEMENT REGARDING PAST AND FUTURE PERFORMANCE AND TARGET RETURNS

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, or that future investments or fundraising efforts will be similar to the historic results presented herein (because of economic conditions, the availability of investment opportunities or otherwise).

The target returns set forth herein are for illustrative and informational purposes only and have been presented based on various assumptions made by Brookfield in relation to, among other things, the investment strategies being pursued by the funds, any of which may prove to be incorrect. Due to various risks, uncertainties and changes (including changes in economic, operational, political or other circumstances) beyond Brookfield's control, the actual performance of the funds could differ materially from the target returns set forth herein. In addition, industry experts may disagree with the assumptions used in presenting the target returns. No assurance, representation or warranty is made by any person that the target returns will be achieved, and undue reliance should not be put on them. Prior performance is not indicative of future results and there can be no guarantee that the funds will achieve the target returns or be able to avoid losses.

## STATEMENT REGARDING USE OF NON-IFRS MEASURES

We disclose a number of financial measures in this Supplemental Information 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 non-IFRS measures have limitations as analytical tools and 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.