

BROOKFIELD ASSET MANAGEMENT INC.

Q4 2020 Supplemental — Information

FOURTH QUARTER AND FULL YEAR, DECEMBER 31, 2020

2020 Full Year Highlights

\$602B

TOTAL ASSETS
UNDER MANAGEMENT

\$312B

FEE-BEARING CAPITAL

\$77B

DEPLOYABLE CAPITAL

ASSET MANAGEMENT

Fee-bearing capital as at December 31, 2020 was \$312 billion, an increase of \$22 billion over the year. Growth in fee-bearing capital led to a 19% increase in fee-related earnings during 2020.

- We raised approximately \$40 billion of third-party capital in 2020 across a number of strategies, including our latest distressed debt fund (\$12 billion), a growing number of perpetual private fund offerings (\$4 billion), and other various credit products (\$16 billion), some of which will become fee-earning once invested.
 - Capital raised and invested across our private fund strategies contributed \$24 billion to fee-bearing capital, while growth in capitalization across our listed affiliates contributed an additional \$22 billion.
 - During the year, we returned more than \$16 billion of capital to investors.
- Fee-related earnings showed strong growth in 2020. We recorded \$411 million for the fourth quarter and \$1.4 billion for the year, with the full year results representing an increase of 19% over the prior year.
- In total we have approximately \$33 billion of additional capital that is committed and will earn annual fees of approximately \$330 million once invested.

Annualized fee revenues and target carried interest now stand at a run-rate of \$6.5 billion, a 12% increase from the prior year.

- Annualized fee revenues and annualized fee-related earnings are now \$3.3 billion and \$1.6 billion, respectively, and gross target carried interest stands at \$3.2 billion, or \$1.7 billion net of costs, at our share.

We generated \$1.2 billion of carried interest during the year, and our accumulated unrealized carried interest now stands at \$4.7 billion.

- Unrealized carried interest during the year was generated by value enhancement initiatives across our operating businesses and valuation uplifts within our credit strategies.
- Our net unrealized carried interest now stands at \$2.6 billion, and we expect approximately 60% to be realized within the next three years.
- We realized \$434 million of carried interest during the quarter (\$231 million attributable to Brookfield, net of costs) and \$684 million for the year (\$348 million attributable to Brookfield, net of costs).
- Transaction activity has meaningfully increased since the first half of 2020 and we expect the pace of asset sales to pick up in the early part of 2021, which will lead to further carried interest realizations.

Investment activity has remained strong, and we anticipate a strong fundraising year in 2021.

- The latest vintage of flagship funds are now approximately 65% invested and/or committed, in aggregate, and, following the launch of our latest distressed debt flagship fund in 2020, we are now fundraising our fourth real estate flagship fund and expect to be launching the next private equity and infrastructure flagship funds later in 2021.
- We also recently launched the Global Transition Fund this quarter that will focus on high-quality, sustainable investments that accelerate the world's transition to a net-zero carbon economy.

2020 Full Year Highlights cont'd

OPERATING RESULTS

FFO¹ was \$2.1 billion in the quarter and \$5.2 billion over the year, 74% and 24% higher than the comparative periods, respectively.

- Our operating FFO was \$1.1 billion in the quarter, representing an increase of 26% compared to the prior year quarter, driven by growth and strong performance across almost all our businesses.
- For the full year, our operating FFO increased by 13% to \$3.3 billion, as we benefited from growth across the portfolio and stability of earnings in our underlying businesses with many backed by long-dated, contracted cash flows.
- We continue to opportunistically recycle our capital and realize value in our mature businesses. We recognized \$810 million of disposition gains in the quarter and \$1.6 billion during the year.

We generated a record \$3.1 billion of free cash flow in the year, including \$1.1 billion during the quarter.

- Excluding realized carried interest, cash available for distribution and/or reinvestment ("CAFDR")¹ increased by 45% in the quarter and 29% over the year, due to growth in our asset management franchise and increased distributions from our listed affiliates.

Net income was \$1.8 billion in the quarter and \$707 million over the year.

- We had very strong results in the current quarter with solid operating performance across our businesses. For the year, net income was positive despite significant non-cash valuation losses recognized on a number of our investments earlier in the year, which should continue to improve as global markets recover.
- Net income attributable to shareholders was \$643 million in the quarter, and a net loss of \$134 million for the year. Strong operating performance in our asset management franchise was offset by the aforementioned non-cash valuation losses.

LIQUIDITY

Deployable capital at December 31, 2020 was \$77 billion, benefiting from strong private fundraising and capital markets activity throughout the year.

- As at December 31, 2020, we had \$16 billion of core liquidity which includes \$7 billion at BAM, as well as \$61 billion of uncalled private fund commitments.
- Over the year, we enhanced our liquidity by completing \$4.7 billion of corporate financings across BAM and our listed affiliates, while furthering liquidity by opportunistically completing \$1 billion in secondary offerings for BEP, BEPC and BIPC units and shares.

Our balance sheet continues to be extremely conservatively capitalized, with a corporate debt to market capitalization ratio of 12% at year end.

- As of December 31, 2020, our corporate debt totaled \$9 billion, with a weighted-average interest rate of 4.4% and a weighted-average remaining term of 14 years.
- Our corporate debt is supplemented with \$4 billion of perpetual preferred shares, which carry an average cost of 3.9%.

1. Refer to the Glossary of Terms starting on page 37.

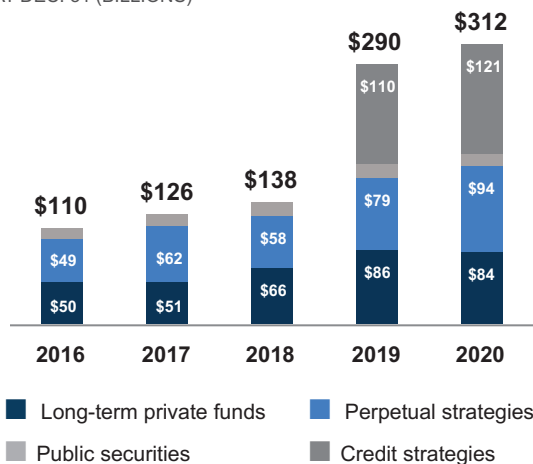
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Performance Highlights

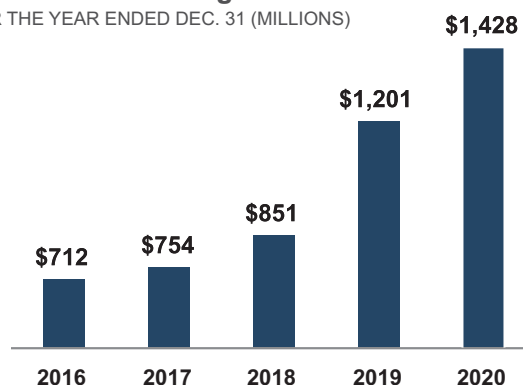
Fee-Bearing Capital

AS AT DEC. 31 (BILLIONS)



Fee-Related Earnings¹

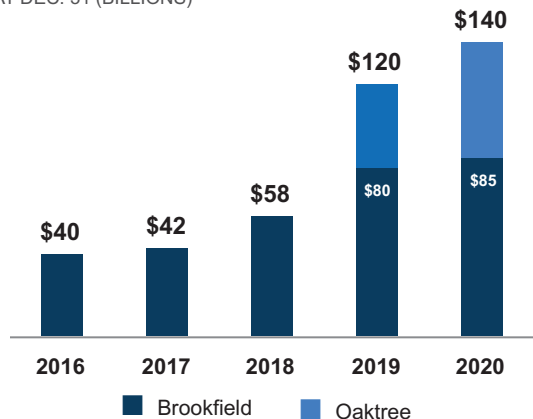
FOR THE YEAR ENDED DEC. 31 (MILLIONS)



1. Excludes performance fees.

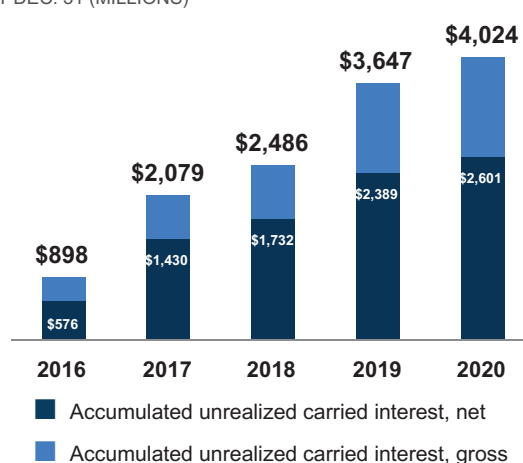
Carry Eligible Capital

AS AT DEC. 31 (BILLIONS)



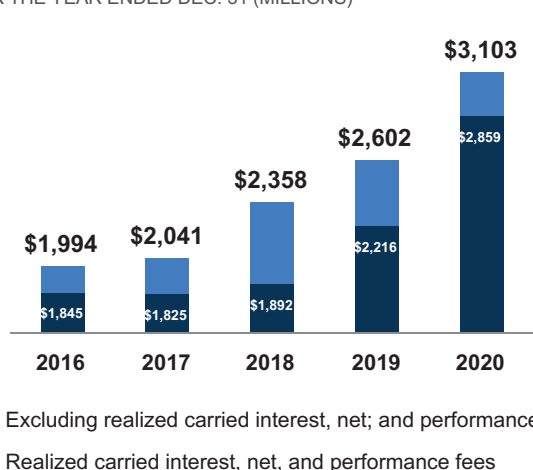
Accumulated Unrealized Carried Interest

AS AT DEC. 31 (MILLIONS)



Cash Available for Distribution and/or Reinvestment¹

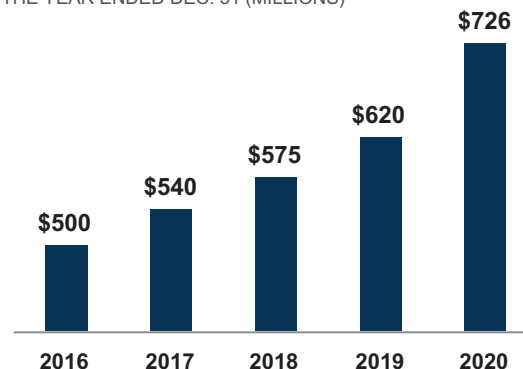
FOR THE YEAR ENDED DEC. 31 (MILLIONS)



1. Excludes special dividends.

Distributions to Common Shareholders¹

FOR THE YEAR ENDED DEC. 31 (MILLIONS)



1. Excludes special dividends.

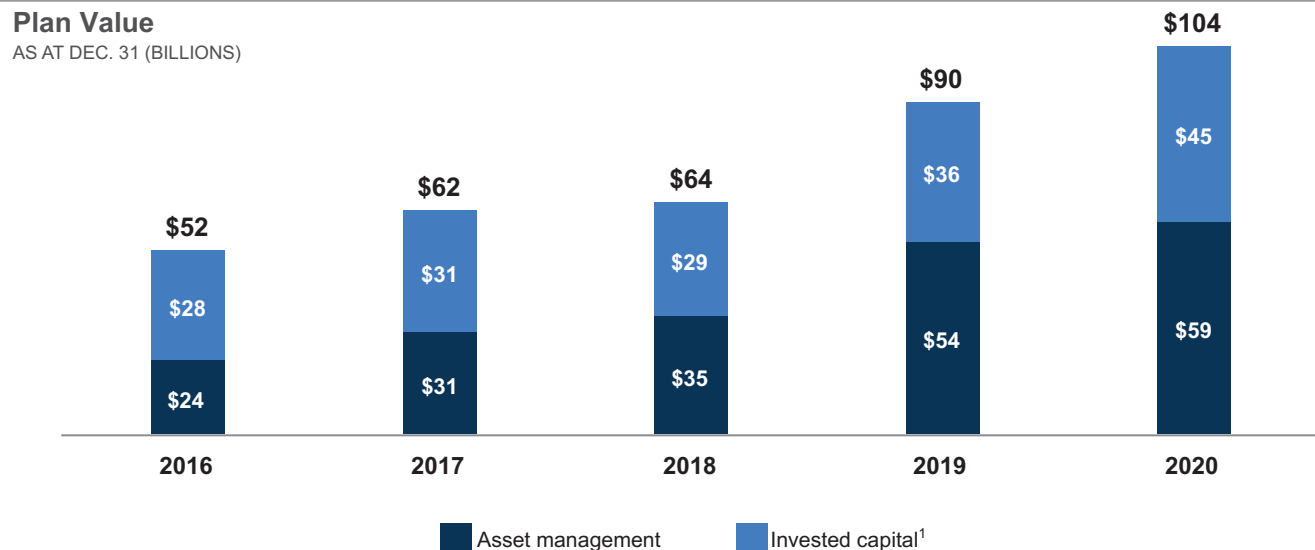
Financial Profile

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.



	Base ¹	Plan Value Factor ²	Dec. 31 2020	Sep. 30 2020	Dec. 31 2019
	(MILLIONS)		(BILLIONS, EXCEPT PER SHARE AMOUNTS)		
Asset management activities					
Annualized fee-related earnings ³	\$ 1,565	25x	\$ 39.1	\$ 35.5	\$ 35.9
Target carried interest, net ³	1,720	10x	17.2	16.8	15.5
Accumulated unrealized carried interest, net			2.6	2.3	2.4
			58.9	54.6	53.8
Invested capital⁴					
Listed investments			47.0	41.2	37.8
Unlisted investments and net working capital			11.3	10.6	9.2
Invested capital			58.3	51.8	47.0
Total asset management activities and invested capital			117.2	106.4	100.8
Debt and preferred capital⁵			(13.5)	(12.7)	(11.2)
Total plan value			\$ 103.7	\$ 93.7	\$ 89.6
Total plan value (per share)			\$ 65.90	\$ 59.65	\$ 56.73

1. Base fee-related earnings and carried interest represent our annualized fee revenues and target carried interest, as at December 31, 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.
3. See definition in the Glossary of Terms starting on page 37.
4. See Invested Capital details on page 7.
5. Includes \$230 million of perpetual subordinated notes issued in November 2020 by a wholly owned subsidiary of Brookfield, included within non-controlling interest.



1. Invested capital is presented net of total debt and preferred capital.

Asset Management

Fee-bearing capital totaled \$312 billion as at December 31, 2020, with approximately \$33 billion of additional capital committed that will become fee bearing when invested

LONG-TERM PRIVATE FUNDS (\$84 billion)

- Long-term private funds fee-bearing capital decreased by \$2 billion during the year as a result of the investment period ending for a few earlier vintage funds, which results in capital becoming non-fee bearing until it is invested, and capital returned to investors. This was partially offset by capital raised from and deployed across other fund strategies and co-investments.

PERPETUAL STRATEGIES (\$94 billion)

- Perpetual strategies fee-bearing capital increased by \$15 billion over the year as a result of increased market valuations, inflows relating to capital market issuances across our listed affiliates and capital raised across our core real estate and infrastructure private fund strategies, partially offset by distributions to unitholders/shareholders and higher working capital balances in the listed affiliates.

CREDIT STRATEGIES (\$121 billion)

- Oaktree fee-bearing capital increased by \$11 billion over the year as a result of fundraising and deployment activity.

PUBLIC SECURITIES (\$13 billion)

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

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Fee-Bearing Capital ¹		Actual		Annualized	
	2020	2019	2020	2019	2020	2019
Fee revenues ²						
Base management fees						
Long-term private funds ³	\$ 83,723	\$ 85,825	\$ 767	\$ 737	\$ 785	\$ 823
Perpetual strategies	94,049	78,681	761	662	981	753
Credit strategies ⁴	121,026	110,349	897	197	974	910
Public securities	12,822	14,957	84	112	84	118
Incentive distributions	n/a	n/a	306	262	334	298
Performance fees	n/a	n/a	—	—	90	90
Transaction and advisory fees	n/a	n/a	25	44	35	29
	<u>\$ 311,620</u>	<u>\$ 289,812</u>	<u>2,840</u>	<u>2,014</u>	<u>3,283</u>	<u>3,021</u>
Direct costs ⁵			(1,296)	(792)	(1,606)	(1,481)
			<u>1,544</u>	<u>1,222</u>	<u>1,677</u>	<u>1,540</u>
Oaktree earnings not attributable to BAM			(116)	(21)	(112)	(106)
			<u>1,428</u>	<u>1,201</u>	<u>1,565</u>	<u>1,434</u>
Carried interest						
Carried interest ^{6,7,8}			1,167	980	3,189	2,760
Direct costs ⁵			(494)	(292)	(1,218)	(1,020)
			<u>673</u>	<u>688</u>	<u>1,971</u>	<u>1,740</u>
Oaktree carried interest not attributable to BAM			(117)	(28)	(251)	(186)
			<u>556</u>	<u>660</u>	<u>1,720</u>	<u>1,554</u>
Total fee-related earnings and carried interest, net			<u>\$ 1,984</u>	<u>\$ 1,861</u>	<u>\$ 3,285</u>	<u>\$ 2,988</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 \$22 million of catch-up fees related to funds (2019 – \$32 million) that held their first closes in the prior year period.

4. Includes fee revenues from Oaktree shown on a 100% basis.

5. Direct costs related to annualized fee revenues and annualized carried interest include \$682 million and \$654 million related to Oaktree (2019 – \$637 million and \$480 million), respectively.

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 \$1.3 billion of target carried interest related to Oaktree (2019 – \$959 million), 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 \$58.3 billion on a blended basis as at December 31, 2020 with 81% 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 \$1.9 billion in distributions from our investments over the year (2019 – \$1.6 billion). The balance of the 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, timber and agricultural assets and other corporate investments.

The following table provides a breakdown of our invested capital as at December 31, 2020 and December 31, 2019. We provide three methods for you to review: 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 DEC. 31 (MILLIONS)		Quoted ¹		IFRS		Blended ²		Cash Flow
	No. of Units	2020	2019	2020	2019	2020	2019	Current ³
BPY	577.9	\$ 8,378	\$ 9,564	\$ 15,538	\$ 15,786	\$ 15,538	\$ 15,786	\$ 769
BEP ⁴	327.0	15,015	8,784	4,573	4,810	15,015	8,784	399
BIP ⁵	132.5	6,743	6,189	1,920	2,141	6,743	6,189	270
BBU	94.5	3,546	3,901	2,175	2,389	3,546	3,901	24
Other listed	Various	1,657	930	1,481	1,368	1,657	930	19
		35,339	29,368	25,687	26,494	42,499	35,590	1,481
Corporate cash and financial assets ⁶	Various	4,456	2,181	4,456	2,181	4,456	2,181	266
Total listed investments		<u>\$ 39,795</u>	<u>\$ 31,549</u>	<u>30,143</u>	28,675	<u>46,955</u>	37,771	<u>1,747</u>
Unlisted investments ⁷				9,313	8,024	10,581	8,740	56
Working capital, net				742	470	742	470	n/a
Invested capital				40,198	37,169	58,278	46,981	\$ 1,803
Debt and preferred capital ⁸				(13,452)	(11,228)	(13,452)	(11,228)	
Invested capital, net				\$ 26,746	\$ 25,941	\$ 44,826	\$ 35,753	

1. Quoted based on December 31, 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 adjust Brookfield Residential values to approximate public pricing using industry comparables.

3. Distributed cash flow (current) from our listed investments is calculated by multiplying units held as at December 31, 2020 by the current distribution rates per unit. Corporate cash and financial assets distribution is calculated by applying an 8% total return on the average balance over the last four quarters. Distributions on our unlisted investments is four times the current quarter's distribution.

4. On December 11, 2020, we completed a three-for-two unit/share split of BEP and BEPC's outstanding units/shares, and numbers have been adjusted for the stock split. On June 3, 2020, we completed the sale of approximately 15.4 million units of BEP for gross proceeds of approximately \$500 million. On July 30, 2020, we completed the creation of BEPC in which the holders of BEP's LP units received one class A share of BEPC for every four BEP units held. On October 13, 2020, we completed the sale of approximately 7.0 million class A shares of BEPC for gross proceeds of approximately C\$370 million (or \$282 million). As at December 31, 2020, we held approximately 59.8 million of BEPC class A shares (December 31, 2019 – nil) and 267.2 million of BEP units (December 31, 2019 – 282.6 million).

5. On March 31, 2020, we completed the creation of BIPC in which the holders of BIP's LP units received one class A share of BIPC for every nine BIP units held. On July 29, 2020, we completed the sale of approximately 5.1 million class A shares of BIPC for gross proceeds of approximately C\$316 million (or \$237 million). As at December 31, 2020, we held approximately 8.7 million of BIPC class A shares (December 31, 2019 – nil) and 123.8 million of BIP units (December 31, 2019 – 123.8 million).

6. Corporate cash and financial assets is inclusive of \$3.2 billion of cash and cash equivalents (December 31, 2019 – \$789 million).

7. Includes \$747 million of investments related to our share of Oaktree (2019 – \$631 million).

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

Summary of Results – Funds from Operations

We generated \$5.2 billion in FFO over the last year, including \$2.1 billion in the current quarter

FOR THE PERIODS ENDED DEC. 31
(MILLIONS, EXCEPT PER SHARE AMOUNTS)

Operating FFO

Fee-related earnings

Long-term private funds

– Catch-up fees

Perpetual strategies

Credit strategies

Public securities

Base management fees

Incentive distributions (“IDRs”)

Transaction and advisory fees

Total fee revenues

Direct costs

Fee-related earnings

Fee-related earnings not attributable to BAM

Invested capital

Listed affiliates

BPY

BEP

BIP

BBU

Other listed investments

Corporate cash and financial assets

Unlisted investments

Residential development

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^{1,2}

Per share

Total operating FFO

Total FFO

	Three Months		Full Year		Page Ref.
	2020	2019	2020	2019	
Operating FFO					
Fee-related earnings					
Long-term private funds	\$ 186	\$ 201	\$ 745	\$ 705	page 16
– Catch-up fees	6	18	22	32	page 16
Perpetual strategies	245	191	761	662	page 16
Credit strategies	234	197	897	197	page 17
Public securities	21	27	84	112	page 17
Base management fees	692	634	2,509	1,708	
Incentive distributions (“IDRs”)	77	67	306	262	
Transaction and advisory fees	2	25	25	44	
Total fee revenues	771	726	2,840	2,014	
Direct costs	(325)	(311)	(1,296)	(792)	
Fee-related earnings	446	415	1,544	1,222	
Fee-related earnings not attributable to BAM	(35)	(21)	(116)	(21)	
	411	394	1,428	1,201	page 15
Invested capital					
Listed affiliates					
BPY	87	196	413	710	page 28
BEP	84	96	397	430	page 28
BIP	99	90	358	354	page 28
BBU	161	129	498	494	page 28
	431	511	1,666	1,988	
Other listed investments	121	4	287	75	page 29
Corporate cash and financial assets	163	22	377	123	page 29
	715	537	2,330	2,186	
Unlisted investments					
Residential development	49	87	66	125	
Energy contracts	(16)	(48)	(126)	(194)	
Other	40	9	121	76	
	73	48	61	7	page 29
Corporate activities					
Corporate interest expense	(106)	(88)	(388)	(348)	
Corporate costs and taxes	(38)	(53)	(151)	(135)	
	(144)	(141)	(539)	(483)	page 26
	644	444	1,852	1,710	
Total operating FFO	1,055	838	3,280	2,911	
Realized carried interest, net					
Realized carried interest	434	232	684	600	
Direct costs	(172)	(90)	(273)	(197)	
	262	142	411	403	page 19
Realized carried interest, net, not attributable to BAM	(31)	(7)	(63)	(7)	
	231	135	348	396	
Disposition gains	810	231	1,552	882	page 27
Total funds from operations^{1,2}	\$ 2,096	\$ 1,204	\$ 5,180	\$ 4,189	
Per share					
Total operating FFO	\$ 0.66	\$ 0.52	\$ 2.04	\$ 1.85	
Total FFO	1.34	0.75	3.27	2.71	

1. FFO excludes preferred share distributions of \$37 million (2019 – \$39 million) for the three months ended December 31 and \$142 million (2019 – \$152 million) for the full year.

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

Cash Available for Distribution and/or Reinvestment

We generated \$2.9 billion in CAFDR before carried interest, an increase of 29% over the prior year

FOR THE PERIODS ENDED DEC. 31
(MILLIONS, EXCEPT PER SHARE AMOUNTS)

Fee-related earnings, excluding Oaktree²

Our share of Oaktree's distributed earnings³

Distributions from investments

Listed affiliates⁴

Corporate cash and financial assets⁵

Other investments⁶

Norbord

Other

Other invested capital earnings

Corporate activities

Other wholly owned investments

Preferred share dividends⁷

Add back: equity-based compensation costs

Cash available for distribution and/or reinvestment before carried interest

Realized carried interest, net, excluding Oaktree²

Cash available for distribution and/or reinvestment⁸

Cash available for distribution and/or reinvestment per share

	Three Months		Full Year		Annualized ¹
	2020	2019	2020	2019	
Fee-related earnings, excluding Oaktree ²	\$ 354	\$ 362	\$ 1,242	\$ 1,169	\$ 1,385
Our share of Oaktree's distributed earnings ³	105	42	259	42	288
Distributions from investments					
Listed affiliates ⁴	351	338	1,390	1,359	1,462
Corporate cash and financial assets ⁵	220	22	448	123	266
Other investments ⁶					
Norbord	17	5	31	37	15
Other	15	15	60	70	60
	603	380	1,929	1,589	1,803
Other invested capital earnings					
Corporate activities	(144)	(141)	(539)	(483)	(579)
Other wholly owned investments	51	32	16	(36)	16
	(93)	(109)	(523)	(519)	(563)
Preferred share dividends ⁷	(37)	(39)	(142)	(152)	(154)
Add back: equity-based compensation costs	25	24	94	87	100
Cash available for distribution and/or reinvestment before carried interest	957	660	2,859	2,216	\$ 2,859
Realized carried interest, net, excluding Oaktree ²	181	125	244	386	
Cash available for distribution and/or reinvestment⁸	\$ 1,138	\$ 785	\$ 3,103	\$ 2,602	
Cash available for distribution and/or reinvestment per share	\$ 0.74	\$ 0.51	\$ 2.01	\$ 1.75	

1. Current distributions are calculated by multiplying units held as at December 31, 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 – nominal amounts) for the three months ended December 31 and nominal amounts (2019 – \$11 million) for the year. We redeemed substantially all our BPY preferred shares in Q2-19.

5. Represents FFO from our portfolio of corporate cash and financial assets, which also include realized disposition gains of \$57 million for the three months ended December 31, 2020 (2019 – \$nil) and \$71 million for the year ended December 31, 2020 (2019 – \$nil). 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. Includes \$1 million of dividends paid on perpetual subordinated notes for the three and twelve months ended December 31, 2020.

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 DEC. 31
(MILLIONS, EXCEPT PER SHARE AMOUNTS)

Cash available for distribution and/or reinvestment

Add: proxy for BBU distribution payout, at our share

Add: proxy for payout of disposition gains at BBU, at our share

Less: distributions from BBU currently within CAFDR

Distributable earnings

Distributable earnings per share

	Three Months		Full Year	
	2020	2019	2020	2019
Cash available for distribution and/or reinvestment	\$ 1,138	\$ 785	\$ 3,103	\$ 2,602
Add: proxy for BBU distribution payout, at our share	113	91	349	346
Add: proxy for payout of disposition gains at BBU, at our share	18	16	36	159
Less: distributions from BBU currently within CAFDR	(6)	(6)	(24)	(23)
Distributable earnings	\$ 1,263	\$ 886	\$ 3,464	\$ 3,084
Distributable earnings per share	\$ 0.82	\$ 0.57	\$ 2.25	\$ 2.07

Funds from Operations and Net Income

FOR THE PERIODS ENDED DEC. 31
(MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Three Months				Full Year			
	FFO ¹		Net Income ¹		FFO ¹		Net Income ¹	
	2020	2019	2020	2019	2020	2019	2020	2019
Operating activities								
Fee-related earnings	\$ 411	\$ 394	\$ 411	\$ 394	\$ 1,428	\$ 1,201	\$ 1,428	\$ 1,201
Invested capital	644	444	644	444	1,852	1,710	1,852	1,710
	1,055	838	1,055	838	3,280	2,911	3,280	2,911
Realized carried interest, net	231	135	231	135	348	396	348	396
Realized disposition gains ²	810	231	(52)	81	1,552	882	(31)	340
Fair value changes ³	—	—	(98)	232	—	—	(2,023)	185
Depreciation and amortization ³	—	—	(445)	(410)	—	—	(1,729)	(1,433)
Deferred income taxes ³	—	—	(48)	(30)	—	—	21	408
	<u>\$ 2,096</u>	<u>\$ 1,204</u>	<u>\$ 643</u>	<u>\$ 846</u>	<u>\$ 5,180</u>	<u>\$ 4,189</u>	<u>\$ (134)</u>	<u>\$ 2,807</u>
Per share	<u>\$ 1.34</u>	<u>\$ 0.75</u>	<u>\$ 0.40</u>	<u>\$ 0.50</u>	<u>\$ 3.27</u>	<u>\$ 2.71</u>	<u>\$ (0.12)</u>	<u>\$ 1.73</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 Corporation¹;
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 (\$7 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 group basis, we had approximately \$77 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 AT DEC. 31 (MILLIONS)	Corporate Liquidity		Group Liquidity	
	2020	2019	2020	2019
Cash and financial assets, net	\$ 4,456	\$ 2,181	\$ 6,823	\$ 3,575
Undrawn committed credit facilities	2,526	2,524	9,194	9,808
Core liquidity	6,982	4,705	16,017	13,383
Third-party uncalled private fund commitments	—	—	60,594	50,735
Total liquidity	\$ 6,982	\$ 4,705	\$ 76,611	\$ 64,118

CAPITAL STRUCTURE

Virtually all of the debt within our business is issued by entities within the funds or other investing entities that we manage, which are predominantly at the operating asset level which generally has no recourse to the Corporation. Only 6% of our consolidated debt is issued by, or has recourse to, the Corporation.

Our Corporate capitalization was \$51 billion as at December 31, 2020, with a debt to capitalization level of ~18% at the corporate level based on book values, which excludes virtually all of the value of our asset management operations (see page 30 for details). Based on our market capitalization the corporate debt to capitalization level was 12%.

- Corporate borrowings totaled \$9 billion, with a weighted-average term of 14 years, and a weighted-average interest rate of 4.4%.
- Our corporate borrowings are supplemented by \$4 billion of perpetual preferred shares with a weighted-average cost of 3.9%.

AS AT DEC. 31 (MILLIONS)	Average Term (Years)	Total	Maturity					
			2021	2022	2023	2024	2025	2026+
Corporate borrowings								
Term debt	14	\$ 9,077	\$ —	\$ —	\$ 471	\$ 1,143	\$ 500	\$ 6,963
Revolving facilities ²	4	—	—	—	—	—	—	—
		9,077	—	—	471	1,143	500	6,963
Perpetual preferred shares ³	perp.	4,375	—	—	—	—	—	n/a
		\$ 13,452	\$ —	\$ —	\$ 471	\$ 1,143	\$ 500	\$ 6,963

1. Refer to the Glossary of Terms starting on page 37.

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

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

Liquidity Profile

CORE AND TOTAL LIQUIDITY

AS AT DEC. 31 (MILLIONS)	Corporate ¹	Real Estate ¹	Renewable Power	Infrastructure	Private Equity ¹	Oaktree	Total 2020	Dec. 2019
Cash and financial assets, net	\$ 4,456	\$ 36	\$ 474	\$ 464	\$ 552	\$ 841	\$ 6,823	\$ 3,575
Undrawn committed credit facilities	2,526	1,792	1,525	1,236	1,465	650	9,194	9,808
Core liquidity	6,982	1,828	1,999	1,700	2,017	1,491	16,017	13,383
Uncalled private fund commitments ²	—	11,270	4,748	11,528	6,171	26,877	60,594	50,735
Total liquidity	\$ 6,982	\$ 13,098	\$ 6,747	\$ 13,228	\$ 8,188	\$ 28,368	\$ 76,611	\$ 64,118

1. We secured an incremental \$1 billion two-year credit facility in April 2020 to support growth initiatives; BPY and BBU can each draw up to \$500 million or BAM can draw up to \$1 billion. Undrawn commitments of \$500 million are reported within each of our Real Estate and Private Equity segments, 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 \$64 million was drawn and utilized for letters of credit as at December 31, 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 DEC. 31 (MILLIONS)	2021	2022	2023	2024	2025+	Total 2020 ¹	Dec. 2019
Real estate	\$ —	\$ —	\$ 489	\$ 268	\$ 10,513	\$ 11,270	\$ 13,113
Infrastructure and renewable power	6	248	—	—	16,022	16,276	14,119
Private equity	37	—	5	—	6,129	6,171	7,597
Oaktree	253	601	119	1,153	24,751	26,877	15,906
	\$ 296	\$ 849	\$ 613	\$ 1,421	\$ 57,415	\$ 60,594	\$ 50,735

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 December 31, 2020, \$10.2 billion of uncalled fund commitments related to funds outside of their investment period.

- Approximately \$22.6 billion of the uncalled fund commitments are currently earning fees. The remainder will become fee bearing once the capital is invested.
 - During the year, approximately \$6.1 billion of uncalled commitments became no longer fee earning as a result of the end of the investment period in three flagship funds and two debt funds. The majority of this capital was reserved for expected follow-on investments and will become fee bearing once invested.
- We invested approximately \$7.3 billion of third-party fund capital (including private funds and co-investments) during the quarter and \$29.3 billion during the year.
- \$5.9 billion of third-party capital is committed to investments not yet funded as at December 31, 2020 (real estate – \$1.4 billion; infrastructure and renewable power – \$1.2 billion; private equity – \$1.0 billion; and Oaktree – \$2.3 billion).

Detailed — Analysis

Asset Management Operating Results

FEE-BEARING CAPITAL

AS AT AND FOR THE PERIODS ENDED DEC 31, 2020 (MILLIONS)	Three Months				Full Year				
	Long-Term Private Funds ¹	Perpetual Strategies ¹	Public Securities	Credit Strategies	Long-Term Private Funds ¹	Perpetual Strategies ¹	Public Securities	Credit Strategies	Total
Opening	\$ 84,766	\$ 79,520	\$ 11,430	\$ 113,897	\$ 85,825	\$ 78,681	\$ 14,957	\$ 110,349	\$ 289,812
Inflows	925	212	669	6,614	5,670	4,840	3,780	18,132	32,422
Outflows	—	(83)	(612)	(1,648)	—	(83)	(3,729)	(6,053)	(9,865)
Distributions	(244)	(889)	—	(329)	(717)	(4,478)	—	(1,470)	(6,665)
Market valuation	(7)	14,672	1,334	3,291	(24)	16,728	(2,169)	3,210	17,745
Other	(1,717)	617	1	(799)	(7,031)	(1,639)	(17)	(3,142)	(11,829)
Change	(1,043)	14,529	1,392	7,129	(2,102)	15,368	(2,135)	10,677	21,808
End of period²	\$ 83,723	\$ 94,049	\$ 12,822	\$ 121,026	\$ 83,723	\$ 94,049	\$ 12,822	\$ 121,026	\$ 311,620

1. Long-term private funds and perpetual strategies include \$22.1 billion of co-investment capital (Sep. 30, 2020 – \$22.3 billion, Dec. 31, 2019 – \$19.5 billion), which earns minimal or no base fees.
2. Fee-bearing capital includes Brookfield capital of \$41 billion (Sep. 30, 2020 – \$34 billion, Dec. 31, 2019 – \$33 billion) in perpetual strategies and \$0.2 billion (Sep. 30, 2020 – \$0.2 billion, Dec. 31, 2019 – \$0.4 billion) in long-term private funds.

Inflows to fee-bearing capital represents all capital either raised in a prior period or the current period, which began earning fees in the current period. Today, we have an additional \$33 billion of committed capital not currently within fee-bearing capital, that will earn approximately \$330 million of fees once invested.

Long-term private funds: Inflows in the fourth quarter consisted of an additional \$0.5 billion raised for the renewable power sleeve in our latest flagship infrastructure fund, \$0.2 billion of other capital within our renewable energy strategies, \$0.1 billion invested in our second infrastructure debt fund and related co-investments, and \$0.1 billion of capital raised in our second technology ventures fund.

Over the last twelve months, inflows of \$5.7 billion included \$3.3 billion of co-investment capital, \$1.5 billion from our latest flagship infrastructure fund, \$0.3 billion within our renewable energy strategies, \$0.2 billion from our second infrastructure debt fund, and \$0.4 billion of additional capital across numerous other strategies.

The decrease in Other of \$7.0 billion primarily relates to uninvested capital in our funds that ended their investment periods during the year. This capital will become fee-earning again once it is invested.

Perpetual strategies: Price appreciation at our listed affiliates increased fee-bearing capital by \$14.7 billion and \$16.7 billion over the quarter and year, respectively. Inflows of \$0.2 billion and \$4.8 billion over the quarter and year, respectively, were primarily a result of capital market transactions at BEP, BPY and BIP, as well as capital deployed across our core and core plus perpetual funds.

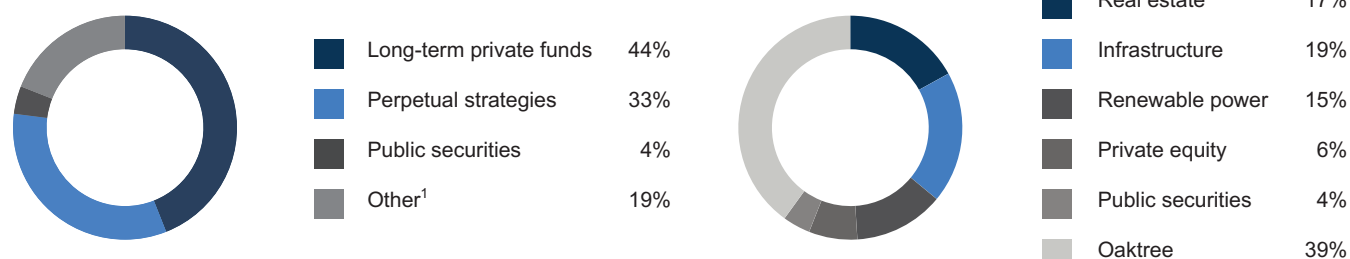
The increase was partially offset by the decrease in third-party capital as a result of the TERP privatization in the third quarter and quarterly distributions from our listed affiliates. For further details on listed affiliate fee-bearing capital in the period, refer to page 16.

Public securities: Fee-bearing capital decreased by \$2.1 billion for the year due to market valuation impacts, which began to recover in the fourth quarter.

Credit strategies: Fee-bearing capital growth during the quarter reflects inflows and capital deployed across various strategies of \$6.6 billion, as well as \$3.3 billion of increases in market valuations since September 2020, partially offset by outflows and distributions. Over the year, inflows of \$18.1 billion relate to fundraising and deployment, including \$7 billion from the previous distressed debt fund, which became fee earning on committed capital in the year.

Fee-Bearing Capital Diversification

AS AT DEC. 31, 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 DEC. 31
(MILLIONS)

	Three Months			Full Year		
	2020	2019	Variance	2020	2019	Variance
Base management fees						
Long-term private funds	\$ 186	\$ 201	\$ (15)	\$ 745	\$ 705	\$ 40
– Catch-up fees	6	18	(12)	22	32	(10)
Perpetual strategies	245	191	54	761	662	99
Credit strategies	234	197	37	897	197	700
Public securities	21	27	(6)	84	112	(28)
Incentive distributions	77	67	10	306	262	44
Transaction and advisory fees	2	25	(23)	25	44	(19)
	<u>771</u>	<u>726</u>	<u>45</u>	<u>2,840</u>	<u>2,014</u>	<u>826</u>
Direct costs						
Compensation and benefits	(242)	(230)	(12)	(992)	(581)	(411)
Other expenses	(83)	(81)	(2)	(304)	(211)	(93)
	<u>(325)</u>	<u>(311)</u>	<u>(14)</u>	<u>(1,296)</u>	<u>(792)</u>	<u>(504)</u>
Fee-related earnings¹	\$ 446	\$ 415	\$ 31	\$ 1,544	\$ 1,222	\$ 322
<i>Margin</i>	<i>58%</i>	<i>57%</i>		<i>54%</i>	<i>61%</i>	
Fee-related earnings attributable to:						
Brookfield	\$ 411	\$ 394	\$ 17	\$ 1,428	\$ 1,201	\$ 227
Non-Brookfield shareholders ²	35	21	14	116	21	95
Total fee-related earnings	\$ 446	\$ 415	\$ 31	\$ 1,544	\$ 1,222	\$ 322
<i>Margin – at our share³</i>	<i>60%</i>	<i>61%</i>		<i>57%</i>	<i>62%</i>	

- Oaktree contributed fee revenues of \$234 million (2019 – \$197 million) for the three months ended December 31, 2020 and \$897 million (2019 – \$197 million) over the year. Included in the fee-related earnings are Oaktree's compensation and benefits of \$103 million (2019 – \$103 million) and \$452 million (2019 – \$103 million) for the three months and the year, respectively, and other direct costs of \$39 million (2019 – \$41 million) and \$143 million (2019 – \$41 million) for the three months and the year, respectively.
- Represents Oaktree fee-related earnings attributable to the 38% of Oaktree not held by Brookfield.
- Margin at our share is calculated using our 62% share of Oaktree's fee revenues and costs. Brookfield margin on a standalone basis was 66% for the three months ended December 31, 2020 (2019 – 68%) and 64% for the year ended December 31, 2020 (2019 – 64%).

Long-term private funds: Growth in fee revenues over the year is attributable to capital raised in our latest series of flagship infrastructure and private equity funds. Refer to page 16 for further details.

Perpetual strategies: Higher fee revenues are as a result of increased market capitalization at BEP and BIP, capital market transactions within the listed affiliates, as well as additional capital raised and deployed in our perpetual private fund strategies. Refer to page 16 for further details.

Credit strategies: Increase in fee revenues is attributable to the inclusion of a full year 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 periods. Refer to page 17 for further details.

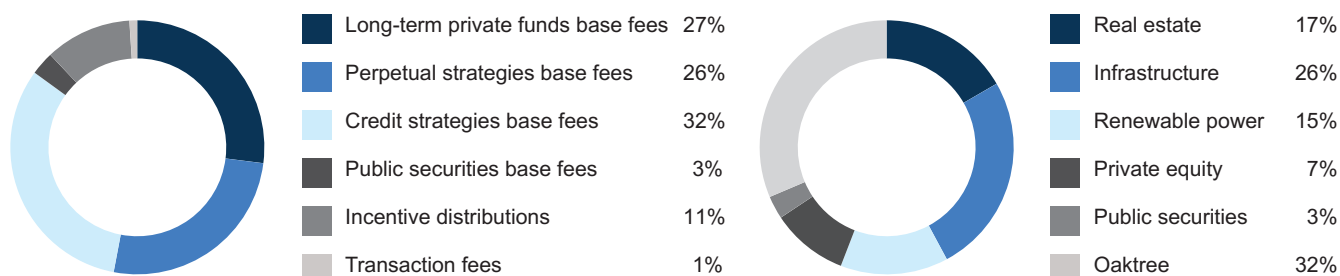
Incentive distributions: Reflects increased distribution levels at BIP, BEP and BPY. Refer to page 18 for further details.

Transaction and advisory fees: Transaction fees over the year relate to co-investments in our infrastructure and private equity funds.

Direct costs: Direct costs increased as we continue to build out the franchise to support new strategies, and launch the next round of flagship funds, while enhancing our client service. Our investment in Oaktree also contributed to an increase in direct costs.

Fee Revenue Diversification

FOR THE YEAR ENDED DEC 31, 2020



Fee Revenues

LONG-TERM PRIVATE FUNDS

AS AT AND FOR THE PERIODS ENDED DEC. 31
(MILLIONS)

Base management fees

Flagship funds

Real estate

Infrastructure

Private equity

Co-investments and other funds

Total base management fees

Catch-up fees

Transaction and advisory fees

Three Months		Full Year		Annualized ¹	
2020	2019	2020	2019	2020	2019
\$ 54	\$ 58	\$ 220	\$ 234	\$ 227	\$ 235
77	83	314	248	318	370
28	32	121	119	128	130
159	173	655	601	673	735
27	28	90	104	112	88
186	201	745	705	785	823
6	18	22	32	—	—
2	25	25	44	35	29
\$ 194	\$ 244	\$ 792	\$ 781	\$ 820	\$ 852

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

- Flagship fee revenues were slightly lower than the prior year quarter as a result of three flagship funds ending their investment periods during the year. This capital will become fee-generating again once invested. For the full year, flagship fee revenues increased by \$54 million as a result of additional third-party commitments raised within our latest flagship infrastructure and private equity funds.
- Co-investments and other funds fees were relatively consistent on a quarterly basis. On a full year basis, the revenues were impacted by lower fees earned on our sustainable resources funds, partially offset by new co-investment capital.
- Annualized fees were impacted by the end of the investment period of some of our funds. The impact will be reversed when the capital is invested.

PERPETUAL STRATEGIES

AS AT AND FOR THE PERIODS ENDED DEC. 31
(MILLIONS)

Base management fees

Listed affiliates

BPY

BEP

BIP

BBU

Other

Core and core plus funds

Total base management fees

Incentive distributions

Performance fees

Three Months		Full Year		Annualized ¹	
2020	2019	2020	2019	2020	2019
\$ 42	\$ 45	\$ 114	\$ 165	\$ 168	\$ 180
85	33	211	106	340	135
90	73	301	266	361	295
16	19	63	59	64	75
—	9	24	28	—	21
233	179	713	624	933	706
12	12	48	38	48	47
245	191	761	662	981	753
77	67	306	262	334	298
—	—	—	—	90	90
\$ 322	\$ 258	\$ 1,067	\$ 924	\$ 1,405	\$ 1,141

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

- Listed affiliate base management fees increased by \$54 million from the prior year quarter as a result of price increases at BEP and BIP and capital markets activity across the affiliates. Fee revenues also increased by \$89 million over the year as a result of the strong unit price performance.
- Base management fees from the listed affiliates include \$105 million (2019 – \$82 million) and \$320 million (2019 – \$268 million) earned on Brookfield capital for the three months and year, respectively.
- Core and core plus funds remained consistent over the quarter and increased \$10 million over the year, as a result of fees earned from fundraising and deployment across our perpetual private real estate and infrastructure funds.
- The increase in incentive distributions reflects higher distributions per unit at BIP, BEP and BPY.

Fee Revenues cont'd

CREDIT STRATEGIES

AS AT AND FOR THE PERIODS ENDED DEC. 31
(MILLIONS)

	Three Months		Full Year		Annualized ¹	
	2020	2019	2020	2019	2020	2019
Long-term private funds	\$ 151	\$ 118	\$ 580	\$ 118	\$ 640	\$ 573
Perpetual strategies	32	30	126	30	132	131
Other ²	51	49	191	49	202	206
	<u>\$ 234</u>	<u>\$ 197</u>	<u>\$ 897</u>	<u>\$ 197</u>	<u>\$ 974</u>	<u>\$ 910</u>

Fee revenues attributable to:

Brookfield	\$ 144	\$ 121	\$ 553	\$ 121	\$ 600	\$ 557
Non-Brookfield shareholders ³	90	76	344	76	374	353
	<u>\$ 234</u>	<u>\$ 197</u>	<u>\$ 897</u>	<u>\$ 197</u>	<u>\$ 974</u>	<u>\$ 910</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.

- Credit strategy fee revenues increased \$37 million, or \$23 million at our share, from the prior year quarter as a result of the start of the investment period for two long-term private funds. Over the year, fees increased by \$700 million, or \$432 million at our share, due to the inclusion of a full year of Oaktree's management fees, following the acquisition on September 30, 2019.
- Annualized fees on Oaktree's fee-bearing capital are \$974 million, or \$600 million at our share, higher than the prior period due to increase in fee-bearing capital over the year.
- As of December 31, 2020, we own an approximate 62% interest in Oaktree.

PUBLIC SECURITIES

AS AT AND FOR THE PERIODS ENDED DEC. 31
(MILLIONS)

	Three Months		Full Year		Annualized ¹	
	2020	2019	2020	2019	2020	2019
Mutual funds	\$ 9	\$ 15	\$ 40	\$ 66	\$ 37	\$ 68
Separately managed accounts	10	11	39	40	41	41
Other	2	1	5	6	6	9
	<u>\$ 21</u>	<u>\$ 27</u>	<u>\$ 84</u>	<u>\$ 112</u>	<u>\$ 84</u>	<u>\$ 118</u>

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

- Fee revenues decreased as a result of lower fee-bearing capital over the year, 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 DEC. 31, 2020 (MILLIONS, EXCEPT PER UNIT)	Per Unit			Units Outstanding	Annualized Incentive Distributions
	Annualized Distributions	Distribution Hurdles	Incentive Distributions ¹		
Brookfield Infrastructure (BIP) ²	\$ 2.04	\$ 0.73 / \$0.79	15% / 25%	465.0	\$ 197
Brookfield Renewable (BEP) ³	1.22	0.80 / 0.90	15% / 25%	645.5	80
Brookfield Property (BPY) ⁴	1.33	1.10 / 1.20	15% / 25%	936.0	57
					\$ 334

1. Incentive distributions equate to 18% and 33% of listed affiliate distribution increases over the first and second hurdles, respectively.

2. Incentive distributions from Brookfield Infrastructure are earned on distributions made by BIP and BIPC.

3. Incentive distributions from Brookfield Renewable are earned on distributions made by BEP and BEPC.

4. Incentive distributions from Brookfield Property are earned on distributions made by BPY and BPYU.

LISTED AFFILIATE DISTRIBUTIONS (PER UNIT)

	BPY	BEP	BIP
Long-term target:			
FFO payout	80%	70%	60% to 70%
Distribution growth	5% to 8%	5% to 9%	5% to 9%
2021 ¹	\$ 1.33	\$ 1.22	\$ 2.04
2020	1.33	1.16	1.94
2019	1.32	1.10	1.81
2018	1.26	1.05	1.69
2017	1.18	1.00	1.57
2016	1.12	0.95	1.40

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

BPY/BEP/BIP

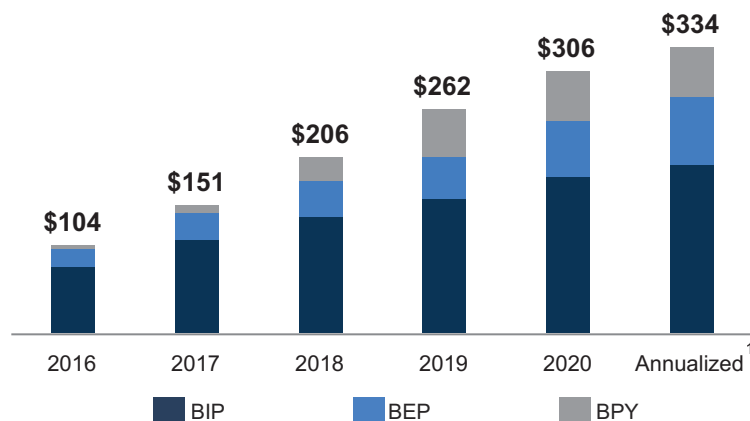
- Distribution policies target a distribution level that is sustainable on a long-term basis while retaining sufficient liquidity for capital expenditures and general purposes.

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 148.7 million BBU units outstanding and the current threshold is \$41.96.

Incentive Distributions (Full Year)

DEC. 31 (MILLIONS)



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

Carried Interest

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

We generated carried interest of \$1.2 billion during the year based on investment returns. Cumulative gross unrealized carried interest now stands at \$4.7 billion

UNREALIZED CARRIED INTEREST CONTINUITY^{1,2}

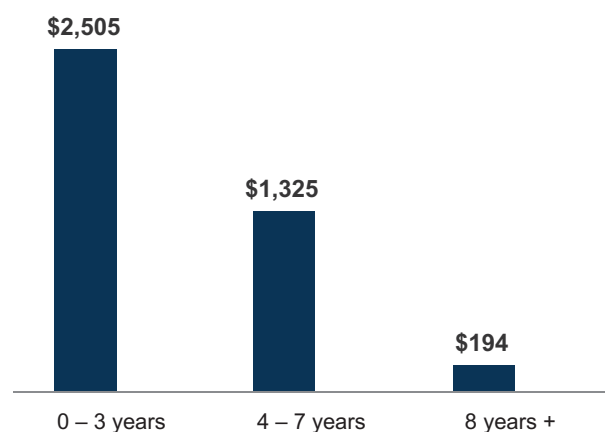
	Three Months			Full Year		
	Unrealized Carried Interest	Direct Costs	Net	Unrealized Carried Interest	Direct Costs	Net
AS AT AND FOR THE PERIODS ENDED DEC. 31, 2020 (MILLIONS)						
Accumulated unrealized, beginning of period	\$ 3,995	\$ (1,489)	\$ 2,506	\$ 4,212	\$ (1,553)	\$ 2,659
In period change						
Generated in period	997	(420)	577	1,206	(516)	690
Foreign currency revaluation	137	(37)	100	(39)	22	(17)
	1,134	(457)	677	1,167	(494)	673
Less: realized	(434)	172	(262)	(684)	273	(411)
	700	(285)	415	483	(221)	262
Accumulated unrealized, end of period	4,695	(1,774)	2,921	4,695	(1,774)	2,921
Oaktree carried interest not attributable to BAM shareholders	(671)	351	(320)	(671)	351	(320)
Accumulated unrealized, end of period, net	\$ 4,024	\$ (1,423)	\$ 2,601	\$ 4,024	\$ (1,423)	\$ 2,601

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 DEC. 31, 2020 (MILLIONS)



- Of the \$2.5 billion of carried interest expected to be recognized within the next three years, \$1.4 billion relates to carried interest from our real estate, infrastructure and private equity funds, and \$1.1 billion relates to Oaktree's funds, at our share.

THREE MONTHS

- Unrealized carried interest before foreign exchange and associated costs increased \$997 million during the current quarter. The increase is primarily related to higher valuations within our credit and flagship funds.
- We realized \$434 million of carried interest in the quarter, primarily from strong realizations in our credit, private equity and real estate platforms.

FULL YEAR

- In addition to the realized carried interest noted above, over the year we earned carried interest income from the return of capital from our Colombian infrastructure fund, our fourth flagship private equity fund and real estate funds, as well as realization within our credit platform.

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 DEC. 31, 2020 (MILLIONS)	Carry Eligible Capital ¹	Gross Target Return ^{2,3}	Average Carried Interest	Annualized Target Carried Interest ⁴
Opportunistic	\$ 22,292	18% – 23%	~20%	\$ 750
Value add	20,500	10% – 15%	~20%	418
Credit, core plus and other	14,914	10% – 15%	~15%	169
Oaktree	33,116	10% – 20%	~20%	845
	90,822			2,182
Uncalled fund commitments ^{5,6}				
Brookfield	27,624			544
Oaktree	21,180			463
Total carry eligible capital/target carried interest	\$ 139,626			3,189
Target carried interest not attributable to BAM shareholders ⁷				(502)
				\$ 2,687

1. As at December 31, 2020, \$90.8 billion of carry eligible capital has been invested and an additional \$48.8 billion of committed capital will become carry eligible once invested.
2. 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.
3. Gross target return is before annual fund management fees ranging from 90 bps for core plus funds to 200 bps for certain opportunistic funds.
4. Based on carry eligible capital.
5. Uncalled fund commitments from carry eligible funds.
6. 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.
7. Represents Oaktree target carried interest attributable to the 38% of Oaktree not held by Brookfield.

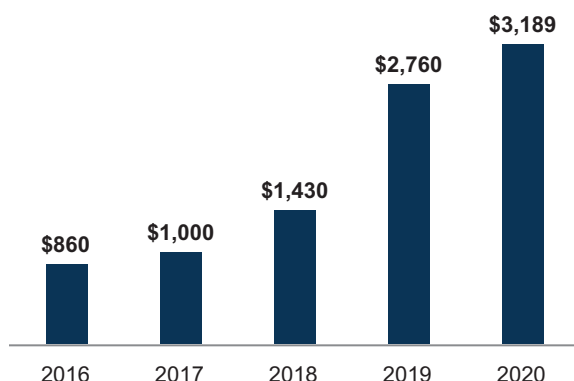
ANNUALIZED TARGET CARRIED INTEREST

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 annualized carried interest on capital currently invested is \$2.2 billion per annum, and \$1.0 billion on capital not yet invested. Total target annualized carried interest is \$2.7 billion at our share, or \$1.7 billion net of costs.

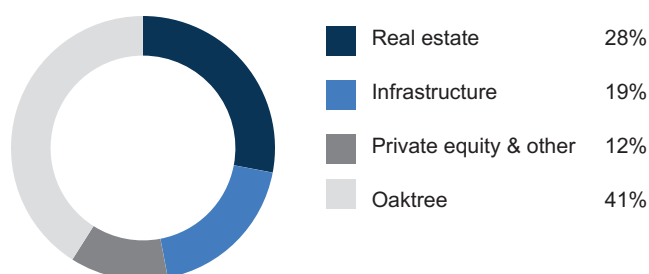
Target Carried Interest

AS AT DEC. 31 (MILLIONS)



Target Carry Diversification

AS AT DEC. 31, 2020



Private Funds Carried Interest

Virtually all 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 DEC. 31, 2020 (MILLIONS)	Strategy	Vintage ¹	Target Gross IRR ^{2,3}	Gross Actual IRR ⁴	Uncalled Fund Commitments ⁵	Invested < 3 years	Invested > 3 years	Total	Accumulated Unrealized Carried Interest
Real estate	Opportunistic – BSREP	2013 – 2019	20%	18%	\$ 6,130	\$ 7,769	\$ 5,032	\$ 18,931	\$ 751
	Credit – BREF	2005 – 2017	12% – 15%	10%	—	1,448	328	1,776	56
	Other ⁶	2008 – 2018			2,128	8,152	3,288	13,568	48
Infrastructure	Value add – BIF	2010 – 2020	13% – 15%	15%	9,180	10,899	8,596	28,675	1,471
	Other ⁶	2008 – 2018			4,650	2,619	745	8,014	21
Private equity	Opportunistic – BCP	2007 – 2019	20%	28%	3,882	3,379	1,670	8,931	580
	Other ⁶	2015 – 2018			1,654	1,750	2,031	5,435	19
Oaktree					21,180	20,479	12,637	54,296	1,078
Total private fund carry eligible capital					48,804	\$ 56,495	\$ 34,327	139,626	\$ 4,024
Non-carry eligible capital⁷					11,790			72,271	
					<u>\$ 60,594</u>			<u>\$ 211,897</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 \$11.8 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

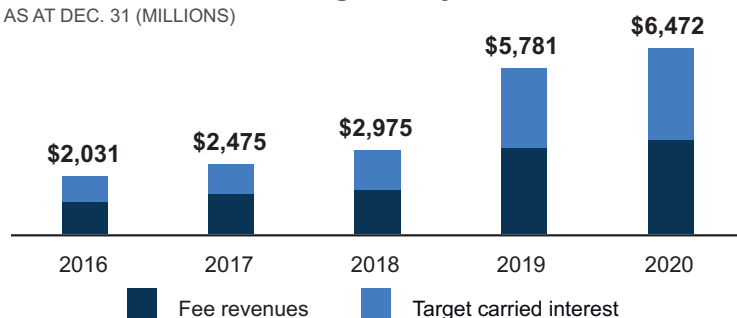
ANNUALIZED FEES AND TARGET CARRY

AS AT (MILLIONS)	Dec. 31, 2020	Sep. 30, 2020	Dec. 31, 2019
Base management fees			
Long-term private funds	\$ 785	\$ 766	\$ 823
Perpetual strategies ^{1,2}	981	807	753
Credit strategies	974	911	910
Public securities	84	79	118
Incentive distributions ³	334	305	298
	3,158	2,868	2,902
Performance fee ⁴	90	90	90
Transaction and advisory ⁵	35	37	29
Fee revenues	3,283	2,995	3,021
Target carried interest ⁶			
Brookfield funds	1,881	1,863	1,801
Oaktree funds	1,308	1,234	959
	3,189	3,097	2,760
	6,472	6,092	5,781
Oaktree revenues not attributable to BAM shareholders			
Management fees	(374)	(350)	(353)
Target carried interest	(502)	(474)	(372)
	\$ 5,596	\$ 5,268	\$ 5,056

1. Perpetual strategies base management fees include \$420 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.

Annualized Fees and Target Carry

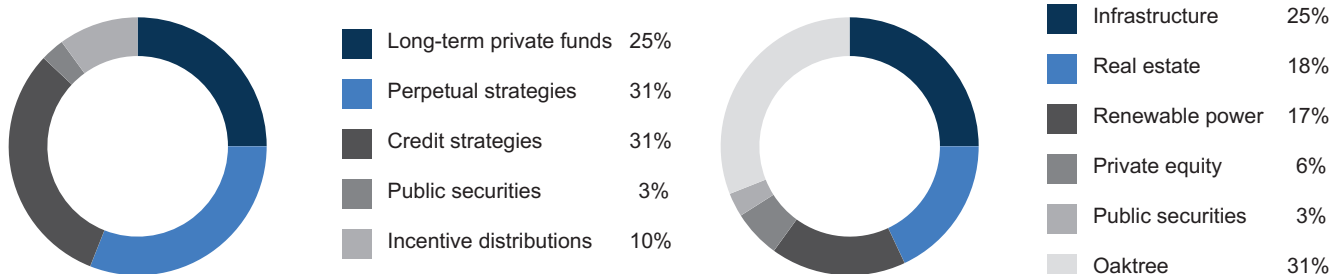
AS AT DEC. 31 (MILLIONS)



- We have approximately \$33 billion of additional capital not in fee-bearing capital today that will earn approximately \$330 million of fees and \$210 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 148.7 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.

Fee Revenue Diversification¹

AS AT DEC. 31, 2020



1. Fee revenues based on annualized fees as at December 31, 2020, excluding transaction fees, performance fees and target carried interest.

Private Fund Listing¹

AS AT DEC. 31, 2020
(MILLIONS, USD UNLESS OTHERWISE NOTED)

	Committed Capital ²	Brookfield Participation ²	Year ³
BROOKFIELD REAL ESTATE FUNDS			
Opportunistic			
Real Estate Turnaround	\$ 5,570	18%	2010
Strategic Real Estate Partners I ⁴	4,350	31%	2013
Strategic Real Estate Partners II ⁴	9,000	26%	2016
Strategic Real Estate Partners III ⁴	15,000	25%	2019
Thayer VI	306	48%	2014
Opportunity Zone	1,011	—%	2019
Value Add			
U.S. Multifamily Value Add II	\$ 805	37%	2014
U.S. Multifamily Value Add III	1,005	30%	2018
Core Plus			
U.S. Office	\$ 2,200	83%	2006
DTLA	1,100	45%	2013
Premier Real Estate Partners ⁵	3,351	12%	2016
Premier Real Estate Partners Australia ⁵	A \$ 708	37%	2018
European Real Estate Partnership	€ 1,138	18%	2020
BROOKFIELD INFRASTRUCTURE FUNDS			
Value Add			
Global Infrastructure I ⁴	\$ 2,660	25%	2010
Global Infrastructure II ⁴	7,000	40%	2013
Global Infrastructure III ⁴	14,000	29%	2016
Global Infrastructure IV ⁴	20,000	25%	2020
Global Infrastructure IV Renewable ⁴	748	25%	2020
Core			
Super-Core Infrastructure Partners ⁵	\$ 4,145	1%	2018
Sustainable Resources			
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
BROOKFIELD PRIVATE EQUITY FUNDS			
Opportunistic			
Capital Partners II ⁴	C \$ 1,000	40%	2007
Capital Partners III ⁴	1,000	25%	2012
Capital Partners IV ⁴	4,000	26%	2016
Capital Partners V ⁴	9,000	33%	2019
BROOKFIELD CREDIT FUNDS			
Credit Funds			
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 ⁵	1,219	1%	2017
Infrastructure Debt	884	17%	2017
Infrastructure Debt II	2,701	13%	2020
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 \$44 billion of capital during 2020 including \$11 billion in the fourth quarter

CAPITAL INVESTED OR COMMITTED (FUNDING SOURCE)

FOR THE YEAR ENDED DEC. 31, 2020 (MILLIONS)	Real Estate	Infrastructure	Renewable Power	Private Equity and Other	Oaktree	Total
Perpetual strategies ¹	\$ 3,965	\$ 1,862	\$ 2,488	\$ 1,348	\$ 5,317	\$ 14,980
Long-term private funds ²	3,142	3,502	634	1,321	15,216	23,815
Co-investments ²	337	1,624	—	991	1,030	3,982
Direct ³	—	—	—	1,481	—	1,481
Total invested	7,444	6,988	3,122	5,141	21,563	44,258
Committed – new ⁴	1,952	301	1,251	2,535	2,353	8,392
Committed – invested ⁴	(2,146)	(5,275)	(202)	(1,439)	(269)	(9,331)
Total ⁴	\$ 7,250	\$ 2,014	\$ 4,171	\$ 6,237	\$ 23,647	\$ 43,319

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.

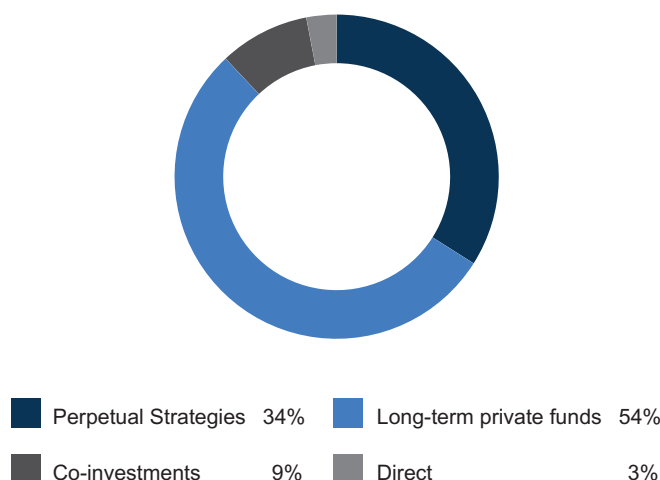
4. New commitments represent those commitments entered into during the period. Invested commitments represent the amounts invested during the period for commitments which were entered into during the prior period (shown as an outflow to commitments and an inflow to invested). Where capital was both committed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

CAPITAL INVESTED (GEOGRAPHY)

FOR THE YEAR ENDED DEC. 31, 2020 (MILLIONS)	Real Estate	Infrastructure	Renewable Power	Private Equity and Other	Oaktree	Total
North America	\$ 5,402	\$ 2,524	\$ 903	\$ 3,849	\$ 16,299	\$ 28,977
South America	58	212	108	101	1,106	1,585
Europe	1,178	498	1,846	5	2,747	6,274
Asia and other	806	3,754	265	1,186	1,411	7,422
Total invested	\$ 7,444	\$ 6,988	\$ 3,122	\$ 5,141	\$ 21,563	\$ 44,258

Capital Invested (by capital type)

FOR THE YEAR ENDED DEC. 31, 2020



SIGNIFICANT INVESTMENTS

- Indian Telecom Towers (\$3.4 billion)
- TerraForm privatization (\$1.9 billion)
- Cheniere Energy (\$1.4 billion)
- BrandSafway (\$1.3 billion)
- Distressed debt investments (\$1.3 billion)
- BPY repurchases (\$1.0 billion)
- Indian office portfolio (\$0.6 billion)

SIGNIFICANT COMMITMENTS

- Distressed debt portfolios (\$3.1 billion)
- Sagen (formerly "Genworth Canada") (\$1.2 billion)
- Silverado power facility (\$0.7 billion)
- Brazil solar development (\$0.3 billion)
- Everise (\$0.2 billion)

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 62% (57% 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 51% 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.
- We own 28% 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 64% 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 27.4% 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 AND FOR THE PERIODS ENDED DEC. 31
(MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Invested Capital		Funds from Operations ¹			
			Three Months		Full Year	
	2020	2019	2020	2019	2020	2019
Listed investments						
Listed affiliates						
BPY	\$ 15,522	\$ 15,770	\$ 87	\$ 196	\$ 413	\$ 699
BPY preferred shares	16	16	—	—	—	11
BEP	4,573	4,810	84	96	397	430
BIP	1,920	2,141	99	90	358	354
BBU	2,175	2,389	161	129	498	494
Other listed investments						
Norbord	1,327	1,185	123	3	286	57
Other	154	183	(2)	1	1	18
Corporate cash and financial assets²	4,456	2,181	163	22	377	123
	30,143	28,675	715	537	2,330	2,186
Unlisted investments						
Residential development	2,730	2,859	49	87	66	125
Energy contracts	581	510	(16)	(48)	(126)	(194)
Other	6,002	4,655	40	9	121	76
	9,313	8,024	73	48	61	7
Corporate activities						
Corporate borrowings / Interest expense	(9,077)	(7,083)	(106)	(88)	(388)	(348)
Working capital / Corporate costs and taxes ³	742	470	(38)	(53)	(151)	(135)
Perpetual preferred shares ⁴	(4,375)	(4,145)	—	—	—	—
	(12,710)	(10,758)	(144)	(141)	(539)	(483)
Invested capital, net / FFO	\$ 26,746	\$ 25,941	\$ 644	\$ 444	\$ 1,852	\$ 1,710
Per share	\$ 17.00	\$ 16.43	\$ 0.39	\$ 0.26	\$ 1.11	\$ 1.05

1. Excludes realized disposition gains.

2. Corporate cash and financial assets is inclusive of \$3.2 billion of cash and cash equivalents (2019 – \$789 million).

3. Invested capital includes net deferred income tax asset of \$1.7 billion (2019 – \$2.2 billion); FFO includes current tax expense of \$11 million (2019 – \$25 million) for the three months ended December 31, 2020 and current tax expense of \$50 million (2019 – \$35 million) for the year.

4. Invested capital balance includes \$230 million of perpetual subordinated notes issued in November 2020 by a wholly owned subsidiary of Brookfield, included within non-controlling interest. FFO excludes preferred shares distributions of \$37 million (2019 – \$39 million) for the three months ended December 31, 2020 and \$142 million (2019 – \$152 million) for the full year.

Disposition Gains

FOR THE PERIODS ENDED DEC. 31
(MILLIONS)

	Three Months				Full Year			
	FFO ^{1,2}		Net Income ²		FFO ^{1,2}		Net Income ²	
	2020	2019	2020	2019	2020	2019	2020	2019
Real estate								
Core office	\$ 91	\$ 36	\$ (4)	\$ 15	\$ 115	\$ 198	\$ (7)	\$ 20
Core retail portfolio	(9)	31	(1)	1	(4)	47	4	8
LP investments	80	53	(12)	(34)	59	85	(8)	(51)
Directly held								
Fairfield housing	221	3	(73)	57	221	21	(73)	52
Other directly held	—	1	—	8	2	53	(22)	63
	383	124	(90)	47	393	404	(106)	92
Infrastructure								
BIPC secondary offering	—	—	—	—	140	—	—	—
EBSA	—	—	—	—	19	—	1	—
AVN (Chilean toll road)	—	—	—	—	28	91	—	—
Other infrastructure	2	11	2	8	14	(3)	7	14
	2	11	2	8	201	88	8	14
Private equity								
BGIS	—	—	—	—	—	66	—	93
BGRS	—	—	—	—	—	142	—	109
Nova Cold	—	—	—	—	26	—	26	—
GrafTech	62	55	—	—	62	55	—	—
Other private equity	26	23	26	27	26	30	26	33
	88	78	26	27	114	293	52	235
Renewable power								
BEP secondary offering	270	—	—	—	749	—	—	—
Other renewable power	10	18	10	(1)	24	97	15	(1)
	280	18	10	(1)	773	97	15	(1)
Corporate								
Other corporate	57	—	—	—	71	—	—	—
	57	—	—	—	71	—	—	—
	\$ 810	\$ 231	\$ (52)	\$ 81	\$ 1,552	\$ 882	\$ (31)	\$ 340

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) – 62% (57% fully diluted) ownership interest

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2020	2019	2020	2019	2020	2019
Core office	\$ 14,246	\$ 14,240	\$ 138	\$ 185	\$ 540	\$ 662
Core retail	12,500	14,138	118	217	550	772
LP investments	5,262	5,126	18	70	95	309
Corporate	(6,871)	(4,974)	(107)	(93)	(370)	(398)
Attributable to unitholders	25,137	28,530	167	379	815	1,345
Non-controlling interests	(9,615)	(12,760)	(64)	(173)	(344)	(611)
Segment reallocation and other ¹	—	—	(16)	(10)	(58)	(35)
Brookfield's interest	15,522	15,770	87	196	413	699
Preferred shares	16	16	—	—	—	11
	<u>\$ 15,538</u>	<u>\$ 15,786</u>	<u>\$ 87</u>	<u>\$ 196</u>	<u>\$ 413</u>	<u>\$ 710</u>

BEP (NYSE: BEP, TSX: BEP.UN) – 51% ownership interest

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2020	2019	2020	2019	2020	2019
Proportionate generation (GWh)						
Actual	n/a	n/a	6,583	5,977	26,052	26,038
Long-term average (LTA)	n/a	n/a	7,354	6,561	27,998	26,189
Hydroelectric generation	\$ 9,278	\$ 8,904	\$ 148	\$ 150	\$ 662	\$ 710
Wind energy	1,860	1,430	93	48	237	175
Solar	1,339	794	52	16	139	74
Transition	1,125	513	28	16	103	70
Corporate	(4,573)	(3,682)	(120)	(59)	(334)	(268)
Attributable to unitholders	9,029	7,959	201	171	807	761
Incentive distributions	—	—	(17)	(12)	(65)	(48)
Non-controlling interests	(4,456)	(3,149)	(90)	(63)	(321)	(283)
Segment reallocation and other ²	—	—	(10)	—	(24)	—
Brookfield's interest	<u>\$ 4,573</u>	<u>\$ 4,810</u>	<u>\$ 84</u>	<u>\$ 96</u>	<u>\$ 397</u>	<u>\$ 430</u>

BIP (NYSE: BIP, TSX: BIP.UN) – 28% ownership interest

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2020	2019	2020	2019	2020	2019
Utilities	\$ 2,896	\$ 3,112	\$ 168	\$ 178	\$ 659	\$ 672
Transport	4,209	4,058	170	147	590	603
Midstream	2,245	2,127	86	64	289	244
Data infrastructure	1,995	1,318	61	42	196	136
Corporate and other	(4,756)	(3,486)	(87)	(73)	(280)	(271)
Attributable to unitholders	6,589	7,129	398	358	1,454	1,384
Incentive distributions	—	—	(45)	(41)	(183)	(158)
Non-controlling interests	(4,669)	(4,988)	(250)	(224)	(900)	(866)
Segment reallocation and other ²	—	—	(4)	(3)	(13)	(6)
Brookfield's interest	<u>\$ 1,920</u>	<u>\$ 2,141</u>	<u>\$ 99</u>	<u>\$ 90</u>	<u>\$ 358</u>	<u>\$ 354</u>

BBU (NYSE: BBU, TSX: BBU.UN) – 64% ownership interest

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2020	2019	2020	2019	2020	2019
Business services	\$ 2,225	\$ 2,161	\$ 86	\$ 27	\$ 229	\$ 432
Infrastructure services	628	470	95	63	364	314
Industrials	1,218	947	131	163	336	393
Corporate and other	(579)	214	(17)	(10)	(59)	(37)
Attributable to unitholders	3,492	3,792	295	243	870	1,102
Non-controlling interests	(1,317)	(1,403)	(108)	(92)	(320)	(379)
Segment reallocation and other ²	—	—	(26)	(22)	(52)	(229)
Brookfield's interest	<u>\$ 2,175</u>	<u>\$ 2,389</u>	<u>\$ 161</u>	<u>\$ 129</u>	<u>\$ 498</u>	<u>\$ 494</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 AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Segment	Invested Capital		Funds from Operations			
				Three Months		Full Year	
		2020	2019	2020	2019	2020	2019
Other listed							
Norbord	Private Equity	\$ 1,327	\$ 1,185	\$ 123	\$ 3	\$ 286	\$ 57
Other listed ¹	Private Equity	154	183	(2)	1	1	18
		1,481	1,368	121	4	287	75
Corporate cash and financial assets	Corporate	4,456	2,181	163	22	377	123
		<u>\$ 5,937</u>	<u>\$ 3,549</u>	<u>\$ 284</u>	<u>\$ 26</u>	<u>\$ 664</u>	<u>\$ 198</u>

1. Full year 2019 FFO is inclusive of contributions from our 45% interest in Acadian prior to the sale in the third quarter of 2019.

UNLISTED INVESTMENTS

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Segment	Invested Capital		Funds from Operations			
				Three Months		Full Year	
		2020	2019	2020	2019	2020	2019
Residential development							
North America	Residential	\$ 2,119	\$ 2,083	\$ 49	\$ 82	\$ 76	\$ 146
Brazil and other	Residential	611	776	—	5	(10)	(21)
		2,730	2,859	49	87	66	125
Energy contracts	Renewable Power	581	510	(16)	(48)	(126)	(194)
Sustainable resources and other	Infrastructure	632	651	3	4	10	18
Other corporate	Corporate	1,268	680	15	(1)	5	1
Other unlisted – real estate	Real Estate	3,793	2,995	8	28	70	71
Other unlisted – private equity	Private Equity	309	329	14	(22)	36	(14)
		<u>\$ 9,313</u>	<u>\$ 8,024</u>	<u>\$ 73</u>	<u>\$ 48</u>	<u>\$ 61</u>	<u>\$ 7</u>

Capitalization

Our corporate debt has a weighted-average term to maturity of 14 years, while our recourse debt to corporate capitalization remains below 20%

AS AT DEC. 31 (MILLIONS)	Average Rate	Average Term (Years)	Leverage	
			2020	2019
Corporate borrowings				
Term debt	4.4%	14	\$ 9,077	\$ 7,083
Revolving facilities ¹	n/a	4	—	—
Total corporate borrowings			9,077	7,083
Perpetual preferred shares ²	3.9%	perp.	4,375	4,145
Debt and preferred capital			\$ 13,452	\$ 11,228

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

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

DEBT TO CAPITALIZATION

AS AT DEC. 31 (MILLIONS)	Corporate		Consolidated	
	2020	2019	2020	2019
Corporate borrowings	\$ 9,077	\$ 7,083	\$ 9,077	\$ 7,083
Non-recourse borrowings				
Subsidiary borrowings	—	—	10,768	8,423
Property specific borrowings	—	—	128,556	127,869
	9,077	7,083	148,401	143,375
Accounts payable and other	4,963	4,708	50,682	43,077
Deferred income tax liabilities	432	279	15,913	14,849
Subsidiary equity obligations	—	—	3,699	4,132
Liabilities associated with assets held for sale	—	—	2,359	1,690
Equity				
Non-controlling interests in operating subsidiaries	230	—	86,804	81,833
Preferred equity	4,145	4,145	4,145	4,145
Common equity	31,693	30,868	31,693	30,868
	36,068	35,013	122,642	116,846
Total capitalization	\$ 50,540	\$ 47,083	\$ 343,696	\$ 323,969
Debt to capitalization ¹	18%	15%	43%	44%

1. 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 DEC. 31
(MILLIONS)

Corporate cash and financial assets, beginning of period

Sources

Cash available for distribution and/or reinvestment¹
Secondary offerings of listed affiliates
Disposition of investments
BPY preferred share redemption

Uses

Acquisition of Oaktree, net of distribution²
Share repurchases³
Dividends paid to common shareholders
Temporary and other investments⁴
Listed affiliate unit/share purchases

Net financing activities

Other sources / (uses)⁵

In-period change

Corporate cash and financial assets, end of period

	Three Months		Full Year	
	2020	2019	2020	2019
Corporate cash and financial assets, beginning of period	\$ 3,675	\$ 1,644	\$ 2,181	\$ 2,275
Sources				
Cash available for distribution and/or reinvestment ¹	1,138	785	3,103	2,602
Secondary offerings of listed affiliates	270	—	976	—
Disposition of investments	403	499	626	996
BPY preferred share redemption	—	—	—	655
	1,811	1,284	4,705	4,253
Uses				
Acquisition of Oaktree, net of distribution ²	—	—	—	(2,095)
Share repurchases ³	(89)	(155)	(419)	(292)
Dividends paid to common shareholders	(181)	(161)	(726)	(620)
Temporary and other investments ⁴	(896)	(750)	(1,921)	(1,645)
Listed affiliate unit/share purchases	(230)	—	(709)	(500)
	(1,396)	(1,066)	(3,775)	(5,152)
Net financing activities	630	—	2,184	542
Other sources / (uses)⁵	(264)	319	(839)	263
In-period change	781	537	2,275	(94)
Corporate cash and financial assets, end of period	\$ 4,456	\$ 2,181	\$ 4,456	\$ 2,181

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. This includes cash used to fund capital calls, seed investments and cash used on various risk management trades.

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 YEARS ENDED DEC. 31
(MILLIONS)

	2020	2019
Net income	\$ 707	\$ 5,354
Financial statement components not included in FFO		
Equity accounted fair value changes and other non-FFO items	3,170	143
Fair value changes	1,423	831
Depreciation and amortization	5,791	4,876
Deferred income taxes	81	(475)
Realized disposition gains in fair value changes or prior periods	1,554	621
Non-controlling interests	(7,546)	(7,161)
Funds from operations	5,180	4,189
Less: total disposition gains	(1,552)	(882)
Less: net invested capital FFO	(1,852)	(1,710)
Less: realized carried interest, net	(348)	(396)
Corporate activities	(539)	(483)
Other wholly owned investments ¹	16	(36)
Distributions from investments	1,929	1,589
Our share of Oaktree's fee-related earnings	(186)	(32)
Our share of Oaktree's distributable earnings	259	42
Equity-based compensation	94	87
Preferred share dividends	(142)	(152)
Cash available for distribution and/or reinvestment before realized carried interest²	2,859	2,216
Realized carried interest, net, excluding Oaktree	244	386
Cash available for distribution and/or reinvestment²	\$ 3,103	\$ 2,602

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 DEC. 31
(MILLIONS)

	Three Months		Full Year	
	2020	2019	2020	2019
Outstanding at beginning of period	1,512.3	1,510.9	1,509.3	1,432.7
Issued (repurchased)				
Issuances	—	—	—	79.2
Repurchases	(2.7)	(3.6)	(8.9)	(10.8)
Long-term share ownership plans	1.1	2.0	10.1	8.0
Dividend reinvestment plan	—	—	0.2	0.2
Outstanding at end of period	1,510.7	1,509.3	1,510.7	1,509.3
Unexercised options and other share-based plans	63.0	70.0	63.0	70.0
Total diluted shares at end of period	1,573.7	1,579.3	1,573.7	1,579.3

- The company holds 64.2 million common shares for management share ownership plans, which have been deducted from the total number of shares outstanding.
 - 14.6 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 December 31, 2020 was \$1.2 billion (December 31, 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 YEARS ENDED DEC. 31
(MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Funds from Operations		Net Income	
	2020	2019	2020	2019
FFO / Net (loss) income	\$ 5,180	\$ 4,189	\$ (134)	\$ 2,807
Preferred share dividends	(141)	(152)	(141)	(152)
Subordinated preferred note dividends	(1)	—	—	—
Dilutive effect of conversion of subsidiary preferred shares	—	—	93	(74)
FFO / Net (loss) income available for shareholders	\$ 5,038	\$ 4,037	\$ (182)	\$ 2,581
Weighted average shares	1,511.4	1,452.9	1,511.4	1,452.9
Dilutive effect of the conversion of options and other share-based plans using treasury stock method	29.2	35.5	—	35.5
Shares and share equivalents	1,540.6	1,488.4	1,511.4	1,488.4
Per share	\$ 3.27	\$ 2.71	\$ (0.12)	\$ 1.73

Entity Basis – Reconciliation to Reportable Segments – Invested Capital

AS AT DEC. 31, 2020
(MILLIONS)

Asset management

Invested capital

Listed investments

	Reportable Segments							
	Asset Management	Real Estate	Renewable Power	Infrastructure	Private Equity	Residential	Corporate	Total
	\$ 4,947	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,947
Brookfield Property Partners ¹	—	15,538	—	—	—	—	—	15,538
Brookfield Renewable Partners	—	—	4,573	—	—	—	—	4,573
Brookfield Infrastructure Partners	—	—	—	1,920	—	—	—	1,920
Brookfield Business Partners	—	—	—	—	2,175	—	—	2,175
Other listed investments								
Norbord	—	—	—	—	1,327	—	—	1,327
Other listed – private equity	—	—	—	—	154	—	—	154
	—	15,538	4,573	1,920	3,656	—	—	25,687
Financial assets	—	—	—	—	—	—	4,456	4,456
	—	15,538	4,573	1,920	3,656	—	4,456	30,143
Unlisted investments								
Residential development	—	—	—	—	—	2,730	—	2,730
Energy contracts	—	—	581	—	—	—	—	581
Other	—	3,793	—	632	309	—	1,268	6,002
	—	3,793	581	632	309	2,730	1,268	9,313
Net working capital	—	—	—	—	—	—	742	742
Debt and preferred capital								
Corporate borrowings	—	—	—	—	—	—	(9,077)	(9,077)
Perpetual preferred shares ²	—	—	—	—	—	—	(4,375)	(4,375)
	—	—	—	—	—	—	(13,452)	(13,452)
	\$ 4,947	\$ 19,331	\$ 5,154	\$ 2,552	\$ 3,965	\$ 2,730	\$ (6,986)	\$ 31,693

1. Includes \$16 million of BPY preferred shares.

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

Entity Basis – Reconciliation to Reportable Segments – Three Months FFO

AS AT AND FOR THE THREE MONTHS ENDED DEC. 31, 2020
(MILLIONS)

Asset management

Fee-related earnings

Carried interest, net

Invested capital

Listed investments

Brookfield Property Partners¹

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

Other

Disposition gains

Corporate activities²

Interest expense

Corporate costs and taxes

Reportable Segments								
Asset Management	Real Estate	Renewable Power	Infrastructure	Private Equity	Residential	Corporate	Total	
\$ 411	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$	411
231	—	—	—	—	—	—		231
642	—	—	—	—	—	—		642
—	87	—	—	—	—	—		87
—	—	84	—	—	—	—		84
—	—	—	99	—	—	—		99
—	—	—	—	161	—	—		161
—	—	—	—	123	—	—		123
—	—	—	—	(2)	—	—		(2)
—	87	84	99	282	—	—		552
—	—	—	—	—	—	163		163
—	87	84	99	282	—	163		715
—	—	—	—	—	49	—		49
—	—	(16)	—	—	—	—		(16)
—	8	—	3	14	—	15		40
—	8	(16)	3	14	49	15		73
—	383	280	2	88	—	57		810
—	—	—	—	—	—	(106)		(106)
—	—	—	—	—	—	(38)		(38)
—	—	—	—	—	—	(144)		(144)
\$ 642	\$ 478	\$ 348	\$ 104	\$ 384	\$ 49	\$ 91	\$	2,096

1. Includes nominal amounts of BPY preferred share distributions.

2. Excludes \$37 million of preferred share distributions for the three months, which are included in determining per share results.

Entity Basis – Reconciliation to Reportable Segments – Full Year FFO

FOR THE YEAR ENDED DEC. 31, 2020
(MILLIONS)

Asset management

Fee-related earnings

Carried interest, net

Invested capital

Listed investments

Brookfield Property Partners¹

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

Other

Disposition gains

Corporate activities²

Interest expense

Corporate costs and taxes

Reportable Segments								
Asset Management	Real Estate	Renewable Power	Infrastructure	Private Equity	Residential	Corporate	Total	
\$ 1,428	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$	1,428
348	—	—	—	—	—	—		348
1,776	—	—	—	—	—	—		1,776
—	413	—	—	—	—	—		413
—	—	397	—	—	—	—		397
—	—	—	358	—	—	—		358
—	—	—	—	498	—	—		498
—	—	—	—	286	—	—		286
—	—	—	—	1	—	—		1
—	413	397	358	785	—	—		1,953
—	—	—	—	—	—	377		377
—	413	397	358	785	—	377		2,330
—	—	—	—	—	66	—		66
—	—	(126)	—	—	—	—		(126)
—	70	—	10	36	—	5		121
—	70	(126)	10	36	66	5		61
—	393	773	201	114	—	71		1,552
—	—	—	—	—	—	(388)		(388)
—	—	—	—	—	—	(151)		(151)
—	—	—	—	—	—	(539)		(539)
\$ 1,776	\$ 876	\$ 1,044	\$ 569	\$ 935	\$ 66	\$ (86)	\$	5,180

1. Includes nominal amounts of BPY preferred share distributions.

2. Excludes \$142 million of preferred share distributions for the full year, 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, 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, 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 and BIP 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 affiliate 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 paid an additional fee of 1.25% on the increase above initial unit price at the time of acquisition. As of July 31, 2020, TERP was privatized by BEP and will no longer pay base fees upon the privatization. Base fees for BPYU, BIP and BBU are 1.25% of total capitalization. Listed affiliate capitalization as at December 31, 2020, was as follows: BPY/BPYU – \$20.4 billion; BEP/BEPC – \$34.0 billion; BIP/BIPC – \$28.7 billion; and BBU – \$5.3 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, credit, 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 and EDGAR at 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. 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 company 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.