Brookfield Corporation Letter to Shareholders

Overview

Financial performance was strong in the second quarter, supported by continued momentum across our core businesses and the significant pickup in transaction activity.

Strong underlying fundamentals drove demand and supported cash flow growth in both our asset management and operating businesses. Our wealth solutions business continues to grow its asset base, leveraging our investment capabilities to drive returns. The business recently announced an agreement to acquire Just Group, a U.K. leader in pension risk transfer solutions for $3.2 billion, building on the foundation we have established in the U.K. and following the successful licensing and launch of our U.K. business earlier this year. As one of the largest infrastructure and property investors in the country, this acquisition will enable our business to grow substantially.

Despite the multiple geopolitical issues and tariff turmoil, global equities reached new all-time highs, credit spreads tightened, and interest rates remain largely unchanged—and are expected to start going down on the short-end soon. U.S. economic data continued to be resilient in spite of fluid trade negotiations, and while the timing and outcomes still remain uncertain, our business continues to be largely unaffected.

The relative calm and supportive posture of global markets led to an increase in monetization activity. Year to date, we sold over $55 billion of assets. Financing markets are also strong, enabling us to complete $94 billion of financings across the franchise this year.

Against an increasingly constructive market backdrop, the key themes that ground our capital deployment—digitalization, deglobalization and decarbonization—are accelerating. With a record $177 billion of deployable capital, we are well-positioned to capitalize on opportunities and as stability and liquidity in the capital markets come back, monetization activity grows for the types of high-quality businesses and assets we own.

We announced the split of our shares on a 3-for-2 basis. While this action does not impact the underlying value of the Corporation, it costs us virtually nothing to do, and ensures our shares are accessible to a broad base of investors.

Monetizations Are Back

Market sentiment is improving and is increasingly supportive for high-quality asset transactions. To date this year, we sold over $55 billion of assets across the business. Substantially all sales were at or above our carrying values, monetizing significant value for our clients at attractive returns.

In real estate, our $15 billion of asset sales included a number of landmark transactions diversified across geographies and sectors. We successfully completed the initial public offering of Leela Palaces, Hotels and Resorts, our luxury hotel portfolio across India, a transaction that valued the business at $1.8 billion. The IPO was 4.5x oversubscribed, reflecting strong demand from both domestic and global investors. In Europe, we sold Mare Nostrum Resort, a beachfront property in Tenerife, Spain, for €433 million, marking the largest single-asset hotel trade ever in Spain. We sold Livensa Living, a student housing platform in Southern Europe, for €1.2 billion. In Australia, we completed the sale of a senior living platform for A$3.85 billion, generating a 19% IRR and a 2.3x multiple of capital. In the U.S., we closed on the sale of a triple net lease platform for $2.2 billion. These transactions all crystallized strong risk-adjusted returns and generated significant cash flow for our investors.

In energy, we sold $7 billion of assets this year, reflecting the sustained global demand for high-quality renewable power assets. We closed the sale of a 25% stake in Shepherds Flat, one of the largest wind farms in the U.S., and we sold a minority interest in a portfolio of stable, operating U.S. hydro assets. We also completed the partial sale of a South American hydro platform, from the third vintage of our flagship infrastructure fund, fully exiting the fund's stake in the investment. Since our initial investment in 2016, the business has consistently delivered strong performance, and its outlook remains strong. To date this year, our energy monetizations achieved an aggregate 17% IRR, underscoring the strength of our strategy and execution.

In infrastructure, we continued to advance our monetization pipeline, generating nearly $13 billion in proceeds through a series of strategic exits and partial sales. We completed the sale of our remaining interest in a U.S. gas pipeline, generating approximately $1.4 billion in proceeds, and closed the sale of a minority stake in our export facilities for metallurgical coal. We also sold 60% of PD Ports, one of the U.K.'s largest port operations for approximately $1.3 billion of proceeds, achieving a 19% IRR and a 7.5x multiple of capital. At our European hyperscale data center platform, we also agreed to sell an incremental 60% stake in a 244-megawatt portfolio of operating sites for $2.4 billion. In Australia, we disposed of part of our container terminal operation for $2.0 billion, generating a 17% IRR and nearly a 4x multiple of capital. Finally, we sold 33% of a portfolio of fully contracted containers at our global intermodal logistics operation, which to date has generated $1.7 billion.

Today We Invest in Insurance; the Future is Insurance Financed Investing

With $180 billion of capital, our Brookfield Corporation balance sheet has one of the largest pools of discretionary capital globally. Today this is predominantly invested into real assets beside our asset management clients, where we have deep investing and operating expertise and a strong track record of investment returns over a long period of time. Despite being very moderately financed (hence very risk averse), we have compounded returns for our shareholders at 18% per annum over the last 30 years.

Our long-term plan is to further enhance the efficiency of our capital structure, thereby enhancing the returns we can earn on our equity, without changing the risk profile of the business. This is being done by refocusing overall Brookfield as an investment-led insurance organization, using our large-scale capital base to back long-duration, low risk insurance. On the asset side of the balance sheet, we remain focused on the same asset classes where we have proven best-in-class investment skills, which are ideally suited for insurance.

To date, we have had two primary sources of capital: our balance sheet, and institutional client capital in our asset management business. In our next evolution, we are focusing our balance sheet to back our growing insurance operations, meaning that our capital will increasingly come from individual investors via our insurance float.

Today, our $135 billion insurance float consists of largely long-duration fixed rate annuities—effectively savings products sold to individuals, whereby we promise to pay an annual coupon of ±5% and repay the principal at the end of a ±7 to 15 year term. These policies are very low risk in nature, and we can use this float to invest in assets within the parameters set out by insurance regulators.

The types of assets best suited for this capital are moderate risk alternatives and credit products—both of which align well with our investment expertise. We intend to allocate further equity capital to our annuity business, and over time the equity base backing these policies could increase to $75 to $100 billion, allowing us to grow our annuity book to $500 to $750 billion.

Today, a small portion of the business—$3.5 billion of equity and $8 billion of assets—backs insurance written for the Property & Casualty market. Over time, the equity could grow to $30 to $50 billion, which in turn should underpin a book of $100 to $150 billion of P&C insurance. Equity investments are ideally suited for the assets that support Property & Casualty liabilities, and align well with our investment capabilities.

Property & Casualty insurance may sound complicated, but it's not. You all buy it for your car, house, your business or other things you insure in everyday life. Importantly, we are focused on writing low-risk specialty lines of business where we have a competitive edge and can therefore operate profitably and at scale. Our internal knowledge gives us confidence to write policies, but more importantly, informs us when markets get too competitive and we should stop writing business until the market is less competitive and just use our capital elsewhere.

Today we write policies for real estate construction in New York State. Because we have immense real estate knowledge and understand construction risks intimately, we have confidence that we can price construction insurance like few others can, and we intend to expand this business across the U.S. and internationally. In another example, we provide insurance for industrial warehouses, renewable power facilities, and industrial plants. Again, we understand these businesses very well, having operated them for decades, which means that we come at this insurance with a different, and much more informed, lens than most. Our goal is to dominate some specific lines of business over time by focusing on the asset classes that Brookfield knows best.

Our intention is to continue to fund our insurance operations from the Brookfield Corporation balance sheet. This gives great comfort to our regulators that our dollars underpin the policies we insure for individuals. When we established this business, we originally intended it to be one arm of Brookfield; however, after five years of meaningful growth behind us, and seeing the large number of opportunities ahead as the industry evolves, this business is becoming an increasingly foundational component of our vision for Brookfield over the long term. Stay tuned as we move forward.

AI Factories are the Next Major Asset Class

We are launching a strategy for development of AI infrastructure, including AI Factories, as the next evolution of the build-out of the global economy. Over the next five years, this will create a new asset class within the overall infrastructure investment landscape, and with it drive the next evolution of our long-term plan to dominate asset classes related to investment into backbone infrastructure. This started 30 years ago with real estate, moved to pipelines and electrical transmission lines, and has recently been led by renewable power, data centers, fiber lines, and telecom towers. AI infrastructure is the natural next frontier–providing the essential compute and power backbone for the AI-driven global economy.

We own, or are working to assemble, all the pieces of our first seven major AI compute sites which will be built out over the next five years and require around $200 billion of capital. These sites include two in Europe which will scale to ±$40 billion, two in the U.S. with a cost upwards of $75 billion, one in the U.K. for $20 billion, and two in Canada for close to $50 billion. These sites will include power, data center shells, and the equipment to provide compute capacity to the industry leaders of artificial intelligence, governments, and corporates seeking compute capacity. This effort draws on the strength of our global operating teams in real estate, power, and infrastructure—each a global leader in its category. The combination of our unparalleled operating skills in these three areas, coupled with our access to scale capital, should make us one of the unique counterparties to achieve success with this strategy.

The scale of just these seven current developments is around 6 gigawatts of compute infrastructure capacity. The total investment for these seven sites of $200 billion, including chips and processing servers, will be provided from our various funding sources, including senior financing and new funds which are being raised specifically for this purpose. This is similar to the split-off of transition from our infrastructure group five years ago.

To advance our AI factory buildouts, we are collaborating with a number of large technology firms. Our partners are providing us access to high performance computing hardware as well as off-take agreements. Most of these groups are already major partners and therefore well known to us. This will enable us to deliver world-class compute capacity across all of our sites and position us as a key enabler of next-generation AI infrastructure, as technology companies with cloud computing, AI services, and semiconductor designers are increasingly in need of infrastructure operators like us to scale their innovations in the real world. In addition to the large technology firms, we are also engaged in discussions with sovereigns and large enterprises seeking access to high performance compute.

By leveraging our proven capabilities built over the past 30 years, we are positioned to lead in this emerging asset class. With foundational sites already underway and ongoing discussions with strategic partners–we are shaping the future of infrastructure investment. This marks the next chapter in our long-term strategy to remain at the forefront of the evolution of the backbone of the global economy.

Private Asset Investing Continues to Grow

We often get asked for our opinion on private investing, which seems to be a much misunderstood topic. To make it very simple, private investing is merely the investment of capital into either the debt or equity of businesses. But instead of the equity of the businesses being listed, they are private—and instead of the debt being traded or owned by regulated banks, it is owned by investors like us.

Private Equity investing (as investing in the equity of private businesses is commonly known) is merely the ownership of 100% of businesses on a private basis. Owning businesses privately is far more flexible in terms of executing business plans, as investors can execute plans just like any entrepreneur would do, without the disruptive eye of quarterly reporting and constraints the public markets often impose. Each business can be run for long-term growth and performance. Most importantly, private asset investing has proven to be extremely successful, with many decades of outperformance.

Private Credit (as private lending from institutional non-bank groups like us is generally known) is growing in scale and should continue to grow, as private credit providers can provide more flexibility in terms to borrowers. Furthermore, from a risk standpoint, contrary to common belief, there is also far less risk to the overall financial system as these loans are generally owned without any, or limited, leverage.

Thirty years ago, institutional investors only had the opportunity to own listed bonds (mostly government bonds) and public equities; two things have changed the investment industry forever. The first is that the scale of sovereign and institutional funds have compounded to sums of capital never imagined before—$20 trillion and counting. The second is that an industry has now developed to directly invest this capital into the debt and equity of private businesses. Investors no longer have to be held hostage to the volatility of the public markets because companies like ours allow ownership of large parts of businesses by investors. As a result, institutional investors can now avoid the distractions of the public markets and earn better returns.

For these reasons, the scale of private assets has grown every year for 30 years and will not be stopping anytime soon. Institutional investors globally are better for it, and retirement accounts will soon have the same access.

The World's Electricity Grids are Transforming

Globally the demand for electricity continues to accelerate at a torrid pace, driven by a generational step-change in demand for power to drive the AI revolution and more broadly, the electrification of the global energy grid. This has created a tremendous investment opportunity across our franchise, particularly for our renewables and infrastructure businesses.

The growth prospects for low-cost, mature renewables technologies are better than at any point in history, as they now play the leading role in the requirements for "any-and-all" increases in generation capacity.

Further, as growing energy demand is being met with new build capacity, it is creating two challenges—transmission availability and grid stability. Grids are simply not able to handle this rise in supply and as a result, countries around the world are looking to the build-out of transmission capacity, development of energy storage solutions and, in certain cases, behind-the-meter distributed generation.

We see large scale battery systems and distributed generation as increasingly important parts of the solution. The grid scale batteries being developed today are able to charge when the sun is out or when the wind is blowing and then discharge power at other times, enabling a more consistent power supply. Distributed generation is able to reduce demand during peak hours and provide back-up power when grids are strained. The modular nature of both these technologies also makes them relatively easy to deploy almost anywhere.

Batteries have become more cost effective, with costs declining almost 100% in the past decade as supply chains benefit from economies of scale. With this, we expect that they will become a significant component of stabilizing the world's transmission grids and supporting the accelerated build-out of low-cost, mature renewable technologies. We also expect that distributed generation will continue to see strong demand and build-out to meet the significant energy demand growth we are seeing today.

At the end of 2024, we advanced our efforts to grow our renewable operations and build out battery systems by acquiring the French listed company, Neoen—a global scale renewable platform with a best-in-class management and market leading positions in France, Australia and the Nordics. The company has an 8,000-megawatt portfolio of highly contracted operating or under construction assets, and a large, advanced stage 20,000-megawatt pipeline.

Neoen is also a leading operator and developer of battery energy storage systems, a technology we are increasingly investing in. With increasing demand, lower capital costs and higher potential revenues from stabilizing services, we are focused on deploying capital into battery energy storage solutions in select markets. Over the past year, we were awarded twenty-year capacity contracts for approximately 800 megawatts of battery storage from the grid operator in Ontario and began construction on 220 megawatts of capacity in Texas. With these development projects, we are now one of the largest battery developers globally.

Adding battery storage and distributed generation to our suite of capabilities over the past couple of years is especially exciting for us in the context of our broader business, as we can now deliver an even more comprehensive solution across Brookfield for our customers. We are one of the largest operators and developers of traditional utility scale renewables and distributed generation, have a leading nuclear power business in Westinghouse, and are the largest private operator of hydro facilities in the U.S.–all of which can help provide scale baseload energy to the grid.

The combination of our global scale, significant access to capital and these combined operating and development capabilities allows us to deliver solutions to our customers few others can. Our differentiated offering is deepening our relationships with the largest and fastest growing institutions globally that are driving the surge in demand for power, and should help us generate significant value for our shareholders over the long term.

Closing

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

We look forward to seeing you on September 10th at Brookfield Place in Manhattan at our Investor Day. If you cannot attend in person, our presentation will be webcast live on our website, and also available for replay.

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

Sincerely,

Bruce Flatt

Chief Executive Officer

August 7, 2025

Cautionary Statement Regarding Forward-Looking Statements and Information

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

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

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

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

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

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

Cautionary Statement Regarding the Use of Non-IFRS Measures

This letter to shareholders contains references to financial measures that are calculated and presented using methodologies other than in accordance with IFRS. These financial measures, which include Distributable Earnings (as defined below), its components and its per share equivalent, 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 are not standardized under IFRS and may differ from the financial measures or other financial metrics disclosed by other businesses and, as a result, may not be comparable to similar measures presented by other issuers and entities.

We make reference to Distributable Earnings, which refers to the sum of distributable earnings from our asset management business, distributable operating earnings from our wealth solutions business, distributions received from our ownership of investments, realized carried interest and disposition gains from principal investments, net of preferred share dividends and equity-based compensation costs. We also make reference to Distributable Earnings before realizations, which refers to Distributable Earnings before realized carried interest and disposition gains from principal investments, and net operating income, which refers to the revenues from our operations less direct expenses before the impact of depreciation and amortization within our real estate business. Our outlook for growth in Distributable Earnings assumes growth in fee-related earnings and realized carried interest in line with our business plans, which assume growth in our fee bearing capital consistent with our fundraising plans, capital deployment expectations, maintaining the fee rates we earn on fee bearing capital and earning margins consistent with our current margin. Actual results may vary materially and are subject to market conditions and other factors and risks set out above. For more information on non-IFRS measures and other financial metrics, see Brookfield Corporation's Q2 2025 Press Release, which includes reconciliations of these non-IFRS financial measures to their most directly comparable financial measures calculated and presented in accordance with IFRS.