

# Letter to Shareholders

## Overview (As of February 12, 2026)

Overall results and business fundamentals were strong in 2025. Stock markets were volatile, but equities ended the year up, as did bonds, gold, and commodities. For those who stayed the course, it was a great year.

We had a record year with \$112 billion of fundraising, \$91 billion of assets sold, and approximately \$175 billion of assets financed. This enabled us to acquire \$126 billion of new investments. In the stock market, our shares generated a 21% return. This narrowed some of the gap between Price and Value.

## The Business Environment is Much Better than it Seems

Economic fundamentals are good, and while everyone seems to feel uneasy, that appears to be the new normal. Overall equity market valuations are high in some areas of the market. But remember, twenty years from now, today's valuations will look ridiculously low for great companies.

With slowing economies and a U.S. government focused on pushing rates lower, interest rates have been coming down globally and it looks as though they will continue to do so. Lower rates will do wonders for the U.S. economy, propelling housing and consumer confidence. As the tariff impacts begin to drop off the year-over-year inflation figures, there should be scope for the Fed to achieve this. Irrespective, a short rate of around 3% and long rate of around 4% is more normal than we have seen in decades.

Capital market conditions have improved meaningfully. Both debt and equity markets have strong depth and liquidity, with debt issuers in particular able to raise capital at historically tight spreads. This has increased confidence across the investment landscape and supported a pickup in M&A activity. If interest rates evolve as expected, this dynamic should strengthen. Private real assets in this environment will continue to outperform.

Overall results and business fundamentals were strong in 2025. Our asset management business delivered record results, which underscores sustained demand for our global investment capabilities. We also continued to scale and diversify the global footprint of our wealth solutions business, advancing several key strategic initiatives.

## 2025 Highlights

Distributable Earnings

\$6.3B

Deployable Capital

~\$188B

Share Buybacks

\$1B

Monetizations

~\$91B

## Performance was Strong in 2025

The Price of Brookfield in the markets generated a 21% return in 2025. This exceeded the S&P 500, which was propelled by technology. As an indication of the returns that can be generated for you over the longer term, outlined below are our stock market returns on a compound return basis over the past 30+ years. For reference, \$1 million invested 30+ years ago in Brookfield Corporation is worth \$285 million today, representing an annualized return of 19%. Over the longer term, our stock price and intrinsic value per share have tracked each other.

### Compound Stock Market Performance of Brookfield Corporation<sup>1</sup>

YEARS	Value of \$1 Million Invested in BN	BN NYSE	S&P 500	10-Year U.S. Treasuries
	\$	%	%	%
1	1,210,000	21	18	8
15	10,700,000	17	14	2
30+	285,200,000	19	11	3

With respect to this year, results were strong. Distributable earnings (“Cashflows”) before realizations were a record \$5.4 billion, or \$2.27 per share, for the year. This was up 11% per share over the prior year. More importantly, Cashflows before realizations per share has grown at an annual rate of ~18% since 2021.

Our asset management business delivered record results, raising \$112 billion during the year across flagship and complementary strategies, which underscores sustained demand for our global investment capabilities. During the year, we also continued to scale and diversify the global footprint of our wealth solutions business, advancing several key strategic initiatives—including receiving shareholder approval to acquire Just Group in the U.K., entry into the Japanese market, and continued progress expanding access to U.S. private wealth distribution channels.

Our operating businesses generated strong Cashflows, supported by strong underlying fundamentals, high-quality assets, and continued progress advancing partnerships to enhance long-term growth. We completed record monetizations of \$91 billion. With continued progress returning capital to investors and a robust pipeline of additional asset sales, we expect to realize significant carried interest into income over the next three years.

## Business Success is About Focusing on the Long-Term

Long-term business success requires many things, but we believe three in particular stand out. Each is important on their own but the three together are the difference between good and great long-term returns. The first is identifying a good business with secular long-term trends behind it. The second is running a business well and letting compound returns do the work. The third is ensuring that you are never forced to be disrupted in the compounding of your returns.

First, one must find a business which can endure and evolve. For decades we have been focused on building out the backbone of the global economy—broadly speaking, this means that we are behind the scenes providing “infrastructure” to companies and individuals. Underlying this broad theme, however, is the fact that the economy always evolves and we must evolve with it. For example, consider that while we still invest in the backbone of the global economy, 50% of the things that we invest in today did not exist as widely held institutional investments 15 years ago—i.e. telecom towers, data centers, solar plants, and battery systems.

In addition, we try to identify themes that enable us to invest in growing sectors. For the past decade, we have had three main themes: digitalization, decarbonization, and deglobalization. Each of these is still more important today for investing than when we started with them nearly ten years ago. For example, we have been building power plants for many decades but, now, for the first time in forty years, we are in a period of a very large and sustained power build-out that has decades to run.

With all this in place, the second miracle of business can take hold: compound returns. Albert Einstein said it best: “Compound interest is the eighth wonder of the world. He who understands it, earns it... he who doesn't, pays it.” When one extends an investment horizon across decades, compounding stops being part of the equation, but instead becomes the dominant force. Small differences in annual returns translate into profound differences in long-term outcomes; this is not arithmetic, but instead exponential.

To put it in perspective, over the last 30+ years, by sticking to these core principles of compounding, the price of our stock, as a proxy for Value, has compounded at 19%. Over the same period, the assets we have managed have expanded from \$6 billion to more than \$1 trillion and as you can see below, each of our metrics have continued to compound.

Lastly, and most importantly, one must never be disrupted in the compounding process. Disruptions can arise as a result of impatience leading to the premature sale of an investment, or getting spooked by the markets and cashing out. For us, it means that we must always keep excess capital available to ensure that we can ride through any market cycle.

Holding excess fortress capital does mean that one never maximizes short-term returns, but it should be considered insurance. You only buy insurance for the possibility of a problem, and you hope you never have to make a claim. Similarly, holding excess capital and foregoing greater returns ensures that you are never in a situation of disruption to the compounding miracle.

AS AT AND FOR THE YEARS ENDED DEC 31 (\$MILLIONS)	1995	2005	2015	2020	2025	30-year Compound Growth <sup>2</sup>
Revenues	\$ 278	\$ 5,220	\$ 19,913	\$ 64,111	\$ 75,100	21%
Operating Income	195	1,319	5,480	16,022	28,506	18%
Cashflows	179	613	1,728	4,220	6,008	13%
Assets Under Management	6,000	49,700	227,803	601,983	1,181,483	20%
Corporate Borrowings	727	1,620	3,936	9,077	14,301	11%
Market Capitalization	1,488	12,988	30,345	50,787	103,009	15%

## Our Goal is to Partner With the Best

Our business strategy is to buy the best businesses, in the best countries, with the best management teams. We have found that the price for these types of business tends to be a bit higher; however, we have learned that when running a business, quality always becomes apparent with the best.

Our business relationships have also increasingly come to be with the best—as exemplified by some of our recent transactions. In 2025, we inked a number of important transactions across our businesses, with just a few examples here:

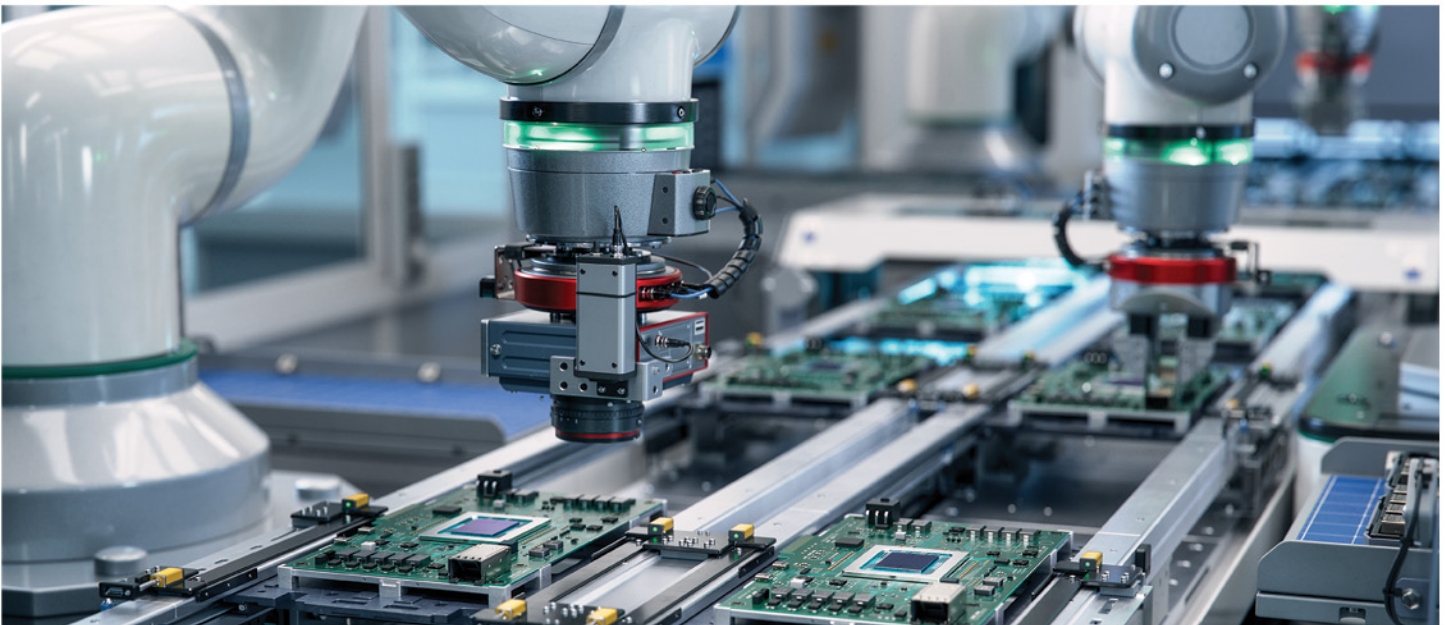
With **Google**, we signed an agreement to sell them hydro power from two of our facilities in Pennsylvania. These 20-year contracts for over \$3 billion of power are among the largest private contracts for hydro power ever signed and will provide baseload power to Google in an important data center market in the U.S.; this in turn will facilitate build-out of their data center operations.

With **NVIDIA**, we signed a deal to build ai factories on a global basis, and they partnered with us to launch our new fund that will invest in ai infrastructure, including ai factories. This partnership is planned for \$100 billion and is one of the first of its kind on a global basis.

With **JPMorgan**, we signed a build-to-suit agreement for a new office complex in the Powai business district of Mumbai, and they also announced plans to build a new European headquarters on our Canary Wharf Estate, reinforcing Canary Wharf's position as a premier location for large-scale global financial services tenants. The two complexes will encompass upwards of 5 million square feet and house around 25,000 people. This will provide modern best-in-class infrastructure built for the future to house their people.

With **Microsoft**, we continue to build them solar and wind facilities under a framework agreement for over 10.5 gigawatts of power. This is the largest power framework agreement ever signed and will facilitate their growth in renewables to fuel their power needs.

With the **U.S. Government**, our Westinghouse business signed a deal to sell the U.S. government \$80 billion of nuclear reactors. This will assist us to restart the supply chain for nuclear in the United States and will create very substantial employment. This first of its kind contract will enable us to restart the industry.



## Flexibility and Change are Critical to Long Term Success

The ability to continually adapt is the lifeblood of a great long-term business. Consider what Meta, Alphabet and Amazon were 25 years ago—and what they have become today. Meta was just Facebook, Alphabet was only Google, and Amazon sold books. Consider that Tesla will likely not be a car company in the long term.

The ability to be flexible is one of the greatest advantages that some companies have. Single industry businesses are great—if you get the sector right, but seldom do trends last forever and most businesses that do not evolve will wither and die. Think Kodak cameras.

Being trusted by shareholders to continuously adapt an investment model is a special privilege. One can then focus on allocating capital to generate the greatest returns over the longer term. This flexibility is extremely valuable—and compared to others who are constrained by mandates, allows for the evolution of a business in this ever-changing world.

Furthermore, pressure to invest capital in a specific sector or market is one of the most damaging factors to long-term investment returns. It can lead to overpaying for assets or merely investing capital in sectors with sub-par long term returns. In contrast, moving capital to sectors which have a shortage or will define the future provide excellent opportunities to earn outsized returns. However, conviction, confidence and a supportive group of investors are necessary. Access to capital with flexible mandates also provides additional optionality—and in our case, we have:

*Flexibility to move capital globally* – Within reason and within the areas of our expertise, we can direct our investment capital towards markets where returns are the most attractive. Today, most of our excess capital is going towards digitalization, decarbonization and deglobalization whereas years ago it was going into property, pipeline infrastructure and hydro facilities. This flexibility often adds very substantially to risk/reward returns over the longer term.

*Flexibility to reallocate resources* – We can reallocate our people and other corporate resources to the geographic regions where we see opportunities. For example, we have reallocated a number of senior people to India and the Middle East in the past decade in order to capitalize on opportunities there.

*Flexibility to build or buy* – Because we have deep operating and development capabilities, we can either develop new projects or acquire assets. We always weigh new-build opportunities against acquisitions, as it is almost always lower risk to buy at a discount to cost than to develop ourselves. Our construction and development capabilities also give us the added benefit of keeping our underwriting standards sharp because we are always in touch with the replacement cost of assets.

*Flexibility to repurchase our own assets* – Given we have many partners, funds and public companies, we always weigh increasing the ownership of existing assets through buying the shares of our publicly listed operations or other fund interests against investing capital in external opportunities. Repurchasing our own assets is always less risky. In addition, public market acquisitions are sometimes also attractive because assets can often be purchased at less than tangible value, as we can exploit our views of Value versus the market Price.

*Flexibility to access all sources of capital* – Given our scale, we are among the largest counterparties of most major financial organizations in the world; we can therefore access capital in different forms and at better rates and terms than smaller businesses. This is an enormous benefit when buying and selling businesses. We also have access to both the public markets through our public entities, and the institutional market through our funds. The growth of our private wealth products for individuals will only enhance this access.

Overall, we continue to build the organization based on maintaining this flexibility to ensure a low-risk way to earn solid returns. As is the case for a select few, we should therefore be able to enhance our returns more than single industry businesses over the longer term.

## **We are Laying the Backbone Infrastructure for AI**

With ai increasingly in the headlines, we thought it was an appropriate time to outline how we are approaching this investment opportunity. Our focus is not on predicting which models will win, which chips will dominate, or which applications will ultimately prove enduring. Instead, we are focused on the structural need for large-scale, long-duration infrastructure capacity to support the growth of ai, and on investing in the essential physical assets required to enable it.

We are in the early stages of a multi-decade infrastructure investment cycle. Ai is emerging as a general-purpose technology, and realizing its potential will require unprecedented levels of physical infrastructure investment. Over the next decade, \$7 trillion of capital will be required across the ai value chain, spanning data centers, power generation, compute infrastructure, grid modernization, fiber networks and related adjacencies. For us, this represents a large and expanding opportunity set that naturally extends our existing real estate, renewable power, and infrastructure businesses.

The role of private capital in this build-out is most evident where scale, duration and sophistication create natural barriers to entry. While ai is often discussed in terms of chips and algorithms, the largest constraint today is not technology or capital, but access to reliable power and the infrastructure required to deliver it. Meeting that demand requires long-life investments in power generation, grid reinforcement and firming capacity, alongside the physical infrastructure that converts power into usable compute.

Over the long term, the trajectory of the technology sector is defined by a dual mandate: the development of increasingly sophisticated models capable of solving complex challenges, and the aggressive reduction of the marginal cost of compute. This dynamic creates a powerful economic cycle, with increasingly efficient and capable compute accelerating adoption across the global economy and unlocking unprecedented gains in productivity and scientific discovery.

Achieving this mandate, however, is fundamentally a function of physical scale. The 'brains' of next generation ai require an industrial-grade backbone that can support high power densities and seamless connectivity. As a provider of large-scale capital and a strategic owner of core infrastructure, we are partnering with the world's leading technology firms to build the foundational capacity required.

How we deploy capital into this opportunity is simple: our focus is on projects with land, power, long-term contracts and high-quality, investment-grade counterparties or other hard assets with tangible value. At this stage of the cycle, we believe the backbone infrastructure winners will be those who own and build foundational infrastructure for the strongest sovereign governments and investment-grade counterparties in the world.

The scale of this build-out far exceeds what corporate or sovereign balance sheets can fund alone, and favors investors with operating expertise, access to long-term capital, and the ability to execute large, sophisticated projects consistently through cycles—attributes that align with how we have built our business over many decades.

One Leadenhall, U.K.



## Great Real Estate Always Wins Over Time

Over the past forty years we have invested in, operated, and monetized real estate across market cycles. While market sentiment toward real estate inevitably shifts as capital flows tighten and loosen, and interest rates rise and fall, our experience has been consistent: great real estate, owned and operated well, compounds value over the longer term. This point can be exemplified by our portfolio, which, based on cash invested and cash taken out, has a negative book value (i.e., we have no net cash equity at cost invested), but has an estimated equity value of around \$25 billion.

Our approach to real estate has always been grounded in fundamentals. We acquire assets for value, finance them conservatively and manage them actively. Some of the value in the real estate we own is created at acquisition, but much is created during ownership—through leasing execution, reinvestment, redevelopment and disciplined day-to-day operations. Cashflow generation is central to our operating model and is actively managed, informing how we operate, reinvest, and allocate capital through periods of disruption.

This owner-operator model gives us control over outcomes, which proved especially important in the most recent cycle. Dislocation was driven largely by capital markets reacting to shifting perceptions rather than by a deterioration in underlying operating fundamentals. While broader sentiment caused many to step back, we remained active—continuing to invest, develop and reposition assets. As a result, with new supply across our core markets muted and demand growing, asset values are set to rise substantially.

Properties that we delivered or substantially repositioned over the past few years, including office assets in major global markets, are now nearly fully leased and achieving some of the highest rents on record. This includes buildings in Midtown Manhattan, West Side Manhattan, the City of London, the West End of London, and Dubai—all of which are now achieving record rents at circa 50% above those achieved pre-COVID. One recent example is One Leadenhall in London, a new office development started in the depth of COVID in 2021 and delivered in the last few months. The building is now nearly fully leased, with overall rents 20% higher than expectations, and the last leases signed approximately 50% higher than expectations and among the highest ever rents signed in the City of London.

This dynamic has also driven strong leasing across our broader portfolio. Large, creditworthy tenants are making long-term commitments to the highest-quality assets, with companies such as Visa, JPMorgan, and Moody's relocating significant portions of their operations to our properties, alongside many of our other high-quality tenants that executed long-term renewals and expansions.

Over the last year, sentiment has begun to realign with fundamentals. Liquidity has started to return to markets, and during the year we sold \$24 billion of real estate while investing \$33 billion in high-conviction investment opportunities. At the same time, we had our largest year of real estate financing yet, reflecting both improving market conditions and the depth of opportunities across our real estate platforms.

We enter this next phase from a position of strength, owning high-quality assets in supply-constrained markets and operating them through leading global platforms. As we have seen across cycles, great real estate, owned and managed well, always wins over time, and with few players as strong and positioned as us, we should be able to capitalize even more on this recovery.

## **We are Streamlining the Business**

For 25 years, we have managed private funds for institutional and high-net-worth clients. More recently, we expanded our offerings to manage private funds for individuals through various channels, which are set to grow exponentially as greater allocations of retirement accounts and 401(k)s are made to alternatives.

Over the last 15+ years, we have also offered a listed version of our investment strategies in each of infrastructure, renewables, and private equity (and originally real estate also)—namely, our listed partnerships that were originally formed in Bermuda to maximize their flow-through efficiency in accessing capital globally.

In 2020, to further enhance the accessibility of these entities to global investors, we paired each of these partnerships with a listed “sister” corporate entity. Similarly, when we created our insurance business over five years ago, we used the same pairing structure such that the insurance business became a listed “sister” entity to BN, trading under the symbol BNT.

While our paired structures have been instrumental in helping us appeal to the broadest global investor base, with the continued and increasing expansion of index investing, splitting market capitalizations has now become sub-optimal.

As an initial step, last year we announced the combination of Brookfield Business Partners with its sister, Brookfield Business Corporation. As a result of this transaction, we will soon have a single listed entity that is fully index eligible and reflects the combined market cap of the two entities. Since announcement, the stocks are up  $\pm 30\%$ .

Next, we intend to work this year on merging BN with its paired security BNT. This will further streamline our structure and also support the next evolution of Brookfield, with one entity conducting all of our insurance and balance sheet investment activities. In addition to streamlining our structure, this will add substantial additional capital to our insurance operations, facilitating both the growth of the overall business and the advancement of our real asset focused investment strategy.

Finally, we will over time also assess our other listed entities to determine whether we can achieve more streamlining of their structures while also ensuring maximum business efficiency.

## Closing

Last week, Connor Teskey was appointed CEO of BAM. I will continue as Chair of that Board in addition to my role as CEO of overall Brookfield. This appointment culminates a four-year transition process and is an important step in positioning our next generation of management to lead the company for the next ±25 years. We are excited about the prospects for BAM and thrilled to assist Connor and his team as they take BAM to new levels of success.

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 generate increased Cashflows on a per-share basis and, as a result, higher intrinsic value per share over the longer term.

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

Sincerely,



Bruce Flatt  
Chief Executive Officer

February 12, 2026

1. Figures for BN represent annualized total return, with dividends reinvested from August 31, 1993, to December 31, 2025.
2. Revenues and Operating Income for 2020 and 2025 includes amounts from Oaktree and BWS that are accounted for using the equity method under IFRS. Distributable earnings ("Cashflows") prior to 2020 were determined by applying historic payout ratios to reported FFO.