

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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"Brookfield," the "company," "we," "us" or "our" refers to Brookfield Corporation and its consolidated subsidiaries. The "Corporation" is comprised of ownership interests in our Asset Management, Wealth Solutions and Operating Businesses. Our Asset Management business includes Brookfield Asset Management ULC ("BAM") and our direct investments into and alongside private funds managed by BAM. Our Wealth Solutions business is via our equity accounted investment in Brookfield Wealth Solutions Ltd. (previously known as "Brookfield Reinsurance Ltd."), a separate issuer. Our "Operating Businesses" include Brookfield Renewable Partners L.P., Brookfield Infrastructure Partners L.P. and Brookfield Business Partners L.P., which are separate issuers included within our Renewable Power and Transition, Infrastructure and Private Equity segments, respectively, and issuers in the Brookfield Property Group, which are included in our Real Estate segment. Additional discussion of their businesses and results can be found in their public filings. We use "private funds" to refer to the transition funds, infrastructure funds, private equity funds, real estate funds, and credit funds of our Asset Management business. Our other businesses include our corporate activities.

Please refer to the Glossary of Terms beginning on page 134 which defines our key performance measures that we use to measure our business.

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

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

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

This Report contains “forward-looking information” within the meaning of Canadian provincial securities laws and “forward-looking statements” within the meaning of 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, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and which are in turn 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 Report include statements referring to future results, performance, achievements, prospects or opportunities of Brookfield Corporation or the Canadian, U.S. or international markets, the impact of current market or economic conditions on our businesses, 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, the impact of acquisitions and dispositions on our business, including the AEL and Castlake acquisitions.

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 Report and 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 Report 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.

Certain of the information contained herein is based on or derived from information provided by independent third-party sources. While Brookfield Corporation believes that such information is accurate as of the date it was produced and that the sources from which such information has been obtained are reliable, Brookfield Corporation makes no representation or warranty, express or implied, with respect to the accuracy, reasonableness or completeness of any of the information or the assumptions on which such information is based, contained herein, including but not limited to, information obtained from third parties.

CAUTIONARY STATEMENT REGARDING THE USE OF NON-IFRS MEASURES

We disclose a number of financial measures in this Report that are calculated and presented using methodologies other than in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board ("IASB"). We use these measures in managing the business, including for performance measurement, capital allocation and valuation purposes and believe that providing these performance measures on a supplemental basis to our IFRS results is helpful to investors in assessing the overall performance of our businesses. These financial measures should not be considered as the sole measure of our performance and should not be considered in isolation from, or as a substitute for, similar financial measures calculated in accordance with IFRS Accounting Standards. We caution readers that these non-IFRS financial measures or other financial metrics may differ from the calculations disclosed by other businesses and, as a result, may not be comparable to similar measures presented by other issuers and entities. Reconciliations of these non-IFRS financial measures to the most directly comparable financial measures calculated and presented in accordance with IFRS Accounting Standards, where applicable, are included within this Report. Please refer to our Glossary of Terms beginning on page 134 for all non-IFRS measures.

PART 1

OUR BUSINESS AND STRATEGY

Overview	Competitive Advantages	Investment Cycle	Liquidity and Capital Resources	Risk Management	Sustainability
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OVERVIEW

We are a leading global investment firm focused on building long-term wealth for institutions and individuals around the world. We have one of the largest pools of discretionary capital globally, which is deployed across our three core businesses—Asset Management, Wealth Solutions, and our Operating Businesses. Through our core businesses, we invest in real assets that form the backbone of the global economy to deliver strong risk-adjusted returns to our stakeholders. Over the long term, we are focused on delivering 15%+ annualized returns to shareholders.

With a 100+ year heritage as an owner and operator of real assets, we have a proven track record of deploying capital to build market leading businesses that generate attractive long-term total returns. The cash flows generated from our businesses are generally underpinned by stable, inflation-linked, largely contracted, and growing revenue streams with high cash margins. At the center of our success is the Brookfield Ecosystem, which is based on the fundamental principle that each group within Brookfield benefits from being part of the broader organization. We leverage our global presence, the synergies of our businesses and large-scale, flexible capital to achieve strong returns across market cycles.

As a proven value investor, we remain focused on allocating the distributions we receive from our businesses to enhance value for our shareholders. We will continue to deploy the substantial free cash flows we receive towards supporting the growth of our three businesses, new strategic opportunities, and share buybacks. Our conservatively managed balance sheet, extensive operational experience, and global sourcing networks allow us to consistently access unique opportunities.

Our scale, stability, and diversification create a differentiated business model, positioning us well as a partner of choice for the global buildout of infrastructure, the transition to a sustainable energy future, and take-private opportunities. We expect the flexibility of our capital and reputation as a good partner to create a significant proprietary pipeline of opportunities.

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

✓ Investment Focus

We invest in a global and diverse portfolio of high-quality assets and businesses that are predominantly long-term or perpetual in nature and have the following attributes:

- stable, largely contracted or inflation-linked, and growing revenues
- ability to drive outsized financial returns through operational excellence
- highly cash-generative
- high barriers to entry with a market leading position
- offer continuous deployment opportunities

✓ Focused Investment Strategies

We invest where we can bring our competitive advantages to bear, leveraging our global presence, deep operating expertise, and large-scale, flexible capital to achieve strong returns across market cycles.

✓ Proven Capital Allocator

We are a value investor with a track record of delivering 15%+ annualized returns to shareholders for over 30 years, supported by our deep investment and operational expertise.

✓ Disciplined Financing Approach

We take a conservative approach to the use of leverage, ensuring that we can preserve capital across business cycles. Underlying investments are typically funded at investment-grade levels on a standalone and non-recourse basis, providing us with a stable capitalization. Only 6% of the total leverage¹ reported in our consolidated financial statements has recourse to the Corporation.

✓ Sustainability

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

We calculate the value of Brookfield Corporation as the capital we have in our three core businesses—Asset Management, Wealth Solutions, and Operating Businesses. Our financial returns are represented by capital appreciation and distributions from our businesses. The primary performance measure that we use to evaluate the performance of our business is distributable earnings (“DE”)¹.

ASSET MANAGEMENT

Our **Asset Management business** is a leading global alternative asset manager with over \$1 trillion of assets under management (“AUM”)¹ as at December 31, 2024 across renewable power and transition, infrastructure, private equity, real estate and credit. The business invests client capital for the long term with a focus on real assets and essential service businesses that form the backbone of the global economy. The business draws on our heritage as an owner and operator to invest for value and generate strong returns for clients, across economic cycles. Our clients include some of the world’s largest institutional investors, including sovereign wealth funds, pension plans, endowments, foundations, financial institutions, insurance companies, and individual investors.

Within each investment vertical, our business manages capital in a variety of products that broadly fall into one of three categories: i) long-term private funds, ii) perpetual strategies and iii) liquid strategies¹. Products within these three strategies have similar base management fee¹ and carried interest¹ or performance fee¹ drivers.

Our capital in this business is via our 73% ownership interest in Brookfield Asset Management ULC (“BAM”)^{1,2} for which we receive quarterly distributions, our carried interest, as well as our direct investments into and alongside private funds managed by BAM. Our direct investments are primarily comprised of capital invested in flagship real estate private funds which own a globally diversified portfolio of high-quality assets and portfolios with operational upside (“LP Investments”) across logistics, multifamily, hospitality, office, retail, triple net lease, self-storage, student housing and the manufactured housing sectors. We also invest directly in certain private equity and credit funds.

WEALTH SOLUTIONS

Our **Wealth Solutions business**, via our equity accounted investment in Brookfield Wealth Solutions Ltd. (“BWS”, previously known as “Brookfield Reinsurance Ltd.”)¹, is a wealth solutions provider focused on securing the financial futures of individuals and institutions through a range of retirement services, wealth protection products and tailored capital solutions.

1. See definition in Glossary of Terms beginning on page 134.

2. In February 2025, the Corporation exchanged its interest in BAM ULC for an interest in Brookfield Asset Management Ltd. (“BAM Ltd.”) on a one-for-one basis. Following this transaction, the Corporation holds a 73% ownership interest in BAM Ltd., which in turn holds 100% of our Asset Management business.

Through its operating subsidiaries, the business offers a broad range of products and services, including annuities, personal and commercial property and casualty insurance, and life insurance.

Our Wealth Solutions business' insurance assets increased to over \$120 billion as we closed on the acquisition of American Equity Life ("AEL") and originated annuity sales in 2024. Our annualized earnings in this business were \$1.6 billion for the year, with spread earnings on the investment portfolio of 1.8%, which are expected to grow as we continue to reposition the investment portfolio.

Our Asset Management business acts as the investment manager of most of the assets of our Wealth Solutions business.

OPERATING BUSINESSES

We have over \$40 billion of capital on a blended basis in our Operating Businesses as a result of our history as an owner and operator of real assets. This capital generates attractive financial returns and provides important financial stability and flexibility to the Corporation.

Renewable Power and Transition, Infrastructure, and Private Equity

Our investments in Renewable Power and Transition, Infrastructure, and Private Equity serve as publicly listed permanent capital vehicles that also act as our primary vehicles for making commitments to the private funds of our Asset Management business, providing each with a strong pipeline for growth. Each of these businesses share key characteristics—highly diversified by sector and geography, generating stable and often inflation-linked revenue streams, high cash margins, market leading positions, high barriers to entry and opportunities to invest additional capital to enhance returns—all of which enable us to generate very attractive risk-adjusted returns on our capital.

Our **Renewable Power and Transition business** owns a diverse portfolio of high-quality assets across multiple continents and technologies including hydroelectric, wind, utility-scale solar, and distributed energy and sustainable solutions investments. Our capital in this business is primarily via our 46% ownership interest in Brookfield Renewable Partners ("BEP")¹ for which we receive quarterly distributions. We also enter into energy contracts, which are our contractual arrangements 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.

Our **Infrastructure business** is one of the world's largest infrastructure investors, which owns and operates assets across the utilities, transport, midstream and data sectors. Our capital in this business is via our 26% ownership interest in Brookfield Infrastructure Partners ("BIP")¹ for which we receive quarterly distributions.

Our **Private Equity business** is a leading global owner and operator of businesses that provide essential products and services in the business services and industrials sectors. In the fourth quarter of 2024, our wealth solutions business acquired a \$1 billion economic interest in Brookfield Business Partners ("BBU")¹ from the Corporation. On a combined basis with our Wealth Solutions business, we hold a 66% ownership interest in BBU, 41% being directly held by the Corporation, and for which we receive quarterly distributions. BBU has a policy of paying a modest distribution and reinvesting the majority of its funds from operations ("FFO")¹ back into its businesses to further enhance value.

Real Estate

Our **Real Estate business** is a diversified global real estate business that owns and operates premier office, dominant retail, luxury urban retail and hotels, and multi & single family residential properties. Our capital in this business is via our 100% ownership stake in Brookfield Property Group ("BPG")¹, which today consists of an irreplaceable portfolio of premier properties in global gateway cities ("core"), and a portfolio designed to maximize returns through a development or buy-fix-sell strategy ("transitional and development"), including our capital invested in our North American residential business.

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

1. See definition in Glossary of Terms beginning on page 134.

COMPETITIVE ADVANTAGES

At the center of our success is the Brookfield Ecosystem, which is based on the fundamental principle that each group within Brookfield benefits from being part of the broader organization. We have three distinct competitive advantages that enable us to consistently identify and acquire high-quality assets and create significant value in the assets that we own and operate. We leverage our global presence, the synergies of our businesses and large-scale, flexible capital to achieve strong returns across market cycles.

SIGNIFICANT & PERPETUAL CAPITAL BASE

We have invested capital¹ of approximately \$175 billion and a stable and growing annual free cash flow of \$5.6 billion as at December 31, 2024. The access to significant resources has enabled us to (1) pursue highly accretive growth, (2) accelerate the growth of our Asset Management business, and (3) build and grow new businesses.



GLOBAL REACH

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

We have incubated, built, and launched market leading businesses over the past 30 years, each of which has reached global scale and enables the Corporation to pursue acquisition or growth of the next market leader. Our existing relationships and reputation as a superior partner are true differentiators and have increasingly positioned us as the capital solutions provider of choice for major global brands. We expect to leverage our resources and reputation to continue to seek opportunities that will provide total returns of over 15%+ a year over the long-term.

SYNERGIES ACROSS STRATEGIES

We believe that separation of business activities achieves efficient capital structures and focused growth opportunities and collaboration achieves higher returns and better outcomes for all of our market leading businesses. The Corporation and its market leading businesses are strategically aligned for all of them to perform and deliver strong results for stakeholders.

The collaboration between the 2,500+ investment and asset management professionals in our Asset Management business and approximately 250,000 operating employees located in over 30 countries on five continents, provides Brookfield with deep investment and operating expertise across several sectors and industries, global reach and unique access to proprietary investment opportunities. The complementary skill sets of our people position us to manage operational risk, achieve operating efficiencies and enhance returns.

1. See definition in Glossary of Terms beginning on page 134.

INVESTMENT CYCLE

Identify and Invest in High-Quality Assets

We follow a value-based approach to investing and allocating capital. We believe that our disciplined approach, global reach and our operating expertise enable us to identify a wide range of potential opportunities, and allow us to invest at attractive valuations and generate superior risk-adjusted returns. We also leverage our considerable expertise in executing recapitalizations, operational turnarounds and large development and capital projects, providing additional opportunities to deploy capital.

Secure Long-Term Financing

We finance our operations predominantly on a long-term, investment-grade basis, and most of our capital consists of equity and standalone asset-by-asset financing with minimal recourse to other parts of the organization. We utilize relatively modest levels of corporate debt to provide operational flexibility and optimize returns. This provides us with considerable stability, improves our ability to withstand financial downturns and enables our management teams to focus on operations and other growth initiatives.

Enhance Value and Cash Flows Through Operating Expertise

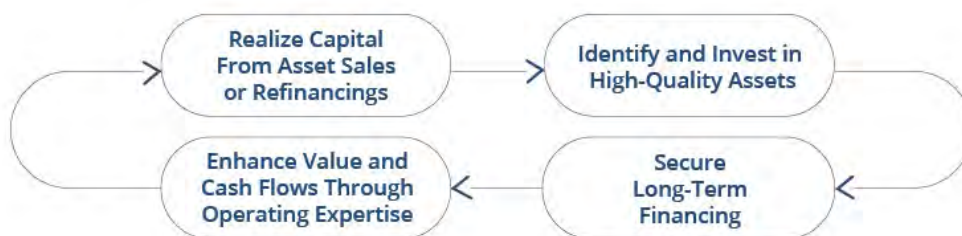
Our strong, time-tested operating capabilities enable us to increase the value of the assets within our businesses and the cash flows they produce, and they help to protect capital in adverse conditions. Our operating expertise, development capabilities and effective financing can help ensure that an investment's full value creation potential is realized, which we believe is one of our most important competitive advantages.

Realize Capital from Asset Sales or Refinancings

We actively monitor opportunities to sell or refinance assets to generate proceeds; in the limited life funds of our Asset Management business that capital is returned to investors, and in the case of perpetual funds, we then redeploy the capital to enhance returns. In many cases, returning capital from private funds completes the investment process, locks in investor returns and gives rise to performance income.

Our Operating Cycle Leads to Value Creation

We create value from earning robust returns on our investments that compound over time and grow the fee-bearing capital of our Asset Management business. By generating value for our investors and shareholders, we increase fees and carried interest received in our Asset Management business, and grow cash flows that compound value in our invested capital.



LIQUIDITY AND CAPITAL RESOURCES

The Corporation has \$6.2 billion of core liquidity¹, inclusive of our proportionate share of the cash of our Asset Management business, and approximately \$160 billion of deployable capital¹ on a group basis as at December 31, 2024. We manage our liquidity and capitalization on a group-wide basis, which we organize into three principal tiers:

- i) The Corporation:
 - Strong levels of liquidity are maintained to support growth and ongoing operations.
 - Capitalization consists of a large common equity base, supplemented with perpetual preferred shares, long-dated corporate bonds and, from time to time, draws on our corporate credit facilities.
 - Certain guarantees are provided on the financial obligations of perpetual affiliates and managed funds.
 - High levels of cash flows are available after payment of common share dividends.
- ii) Our three core businesses, including BAM, BWS, and our Operating Businesses (BEP, BIP, BBU and BPG)¹:
 - Strong levels of liquidity are maintained at each of our core businesses to support their growth and ongoing operations.
 - Each business is intended to be self-funding with stable capitalization through market cycles.
 - Financial obligations have no recourse to the Corporation.
- iii) Investment-level, including underlying investments within our core businesses and our directly held assets:
 - Each underlying investment is typically funded on a standalone basis using asset-level financing.
 - Fund-level borrowings within our Asset Management business are generally limited to subscription facilities backed by the capital commitments to the fund.
 - Financial obligations have no recourse to the Corporation.

APPROACH TO CAPITALIZATION

We maintain a prudent level of long-dated capitalization in the form of common equity, perpetual preferred shares and corporate bonds, which provides a very stable capital structure. In addition, we maintain appropriate levels of liquidity throughout the organization to fund operating, development and investment activities as well as unforeseen requirements.

A key element of our capital strategy is to maintain significant liquidity at the corporate level, primarily in the form of cash, financial assets and undrawn credit lines.

Within our BAM, BWS, and our Operating Businesses, we strive to:

- Ensure our businesses can finance their operations on a standalone basis without recourse to or reliance on the Corporation.
- Structure borrowings and other financial obligations associated with assets or portfolio companies to provide a stable capitalization at levels that are attractive to investors, are sustainable on a long-term basis and can withstand business cycles.
- Ensure the vast majority of this debt is at investment-grade levels; however, periodically, we may borrow at sub-investment grade levels in certain parts of our business where the borrowings are carefully structured and monitored.
- Provide recourse only to the specific businesses or assets being financed, without cross-collateralization or parental guarantees.
- Match the duration of our debt to the underlying leases or contracts and match the currency of our debt to that of the assets such that our remaining exposure is on the net equity of the investment.

1. See definition in Glossary of Terms beginning on page 134.

As at December 31, 2024, only \$14 billion of long-term debt has recourse to the Corporation. The remaining debt on our consolidated balance sheet is held within managed entities and has no recourse to the Corporation but is consolidated under IFRS Accounting Standards.

LIQUIDITY

- The Corporation has very few capital requirements. Nevertheless, we maintain significant liquidity (\$6.2 billion in the form of corporate cash and financial assets and undrawn credit facilities as at December 31, 2024) at the corporate level to further enable the growth of the broader business. This does not include our ability to issue debt or monetize investments to replenish our liquidity.
- On a group basis, as at December 31, 2024 we have approximately \$160 billion of deployable capital, which includes corporate liquidity, perpetual affiliate liquidity and uncalled private fund commitments. Uncalled private fund commitments include third-party commitments available for drawdown in the private funds of our asset management business.

AS AT DEC. 31, 2024 (MILLIONS)	Corporate Liquidity	Deployable Capital
Cash and financial assets, net	\$ 2,863	\$ 56,815
Undrawn committed credit facilities	3,361	10,989
Core liquidity	6,224	67,804
Third-party uncalled private fund commitments	—	91,463
Total liquidity	\$ 6,224	\$ 159,267

CAPITAL MANAGEMENT

We utilize a metric we call the Corporation's Capital to manage the business in a number of ways, including operating performance, value creation, credit metrics and capital efficiency. The performance of the Corporation's Capital is closely tracked and monitored by the company's key management personnel and evaluated against management's objectives. The primary goal of the company is to earn a 15%+ return compounded over the long term while always maintaining significant liquidity to support ongoing operations.

The Corporation's Capital consists of the capital invested in its asset management activities, including investments in entities that it manages, its corporate investments that are held outside of managed entities and its net working capital, and is computed as follows:

AS AT DEC. 31 (MILLIONS)	2024	2023
Cash and cash equivalents	\$ 820	\$ 134
Other financial assets	1,234	4,004
Common equity in managed investments	56,147	53,523
Other assets and liabilities of the Corporation	2,238	506
Corporation's Capital	\$ 60,439	\$ 58,167

The Corporation's Capital is funded with common equity, preferred equity and corporate borrowings issued by the Corporation.

AS AT DEC. 31 (MILLIONS)	2024	2023
Common equity	\$ 41,874	\$ 41,674
Preferred shares	4,103	4,103
Non-controlling interest	230	230
Corporate borrowings	14,232	12,160
Corporation's Capital	\$ 60,439	\$ 58,167

We maintain a prudent level of capitalization at the Corporation with 79% of our book capitalization in the form of common and preferred equity. Consistent with our conservative approach, our corporate borrowings represent only 21% of our corporate book capitalization and equate to just 6% of our consolidated debt.

The remaining 94% of our consolidated debt is non-recourse and is held within managed entities and has virtually no cross-collateralization or parental guarantees by the Corporation.

The following table presents our total capitalization on a corporate and consolidated basis. Total capitalization also includes amounts payable under long-term incentive plans, deferred tax liabilities and other working capital balances:

AS AT DEC. 31 (MILLIONS)	Corporate		Consolidated	
	2024	2023	2024	2023
Corporate borrowings	\$ 14,232	\$ 12,160	\$ 14,232	\$ 12,160
Non-recourse borrowings				
Subsidiary borrowings	—	—	16,002	16,214
Property-specific borrowings	—	—	204,558	205,336
	14,232	12,160	234,792	233,710
Corporation's Capital, excluding corporate borrowings	46,207	46,007	46,207	46,007
Accounts payable, deferred taxes and other	4,471	3,476	209,425	210,378
Total capitalization	<u>\$ 64,910</u>	<u>\$ 61,643</u>	<u>\$ 490,424</u>	<u>\$ 490,095</u>
Debt to capitalization ¹	<u>21%</u>	<u>20%</u>	<u>47%</u>	<u>48%</u>

CASH FLOW GENERATION FROM OUR CAPITAL

Our Corporation's Capital generates significant, recurring cash flows at the corporate level, which may be used for (i) returning cash to shareholders; or (ii) reinvestment into the business. These cash flows are underpinned by:

- Distributions from our Asset Management business, which are supported by fee-related earnings¹ from predominantly long-term or perpetual contractual agreements.
- Wealth Solutions operating earnings, which are backed by attractive returns earned on assets that are matched to corresponding predictable, long-duration insurance liabilities.
- Distributions from Operating Businesses which are stable and backed by high-quality cash-generating real assets.

These cash flows are supplemented with carried interest and disposition gains on principal investments as we monetize mature investments and return capital to our investors.

1. See definition in Glossary of Terms beginning on page 134.

DE were \$6.3 billion for the year. DE before realizations increased by 15% compared to the prior year.

FOR THE YEARS ENDED DEC. 31	2024	2023
Distributable earnings from Asset Management business	\$ 2,645	\$ 2,554
Wealth Solutions operating earnings	1,350	740
Distributions from Operating Businesses	1,626	1,462
Corporate activities	(683)	(465)
Preferred share dividends ¹	(176)	(176)
	(859)	(641)
Add back: equity-based compensation costs	109	108
Distributable earnings before realizations	4,871	4,223
Realized carried interest, net ^{2,3}	403	570
Disposition gains from principal investments ⁴	1,000	13
Distributable earnings	\$ 6,274	\$ 4,806

1. Includes \$10 million (2023 – \$10 million) of dividends paid on perpetual subordinated notes for the year ended December 31, 2024.

2. Includes our share of Oaktree's distributable earnings attributable to realized carried interest.

3. See definition in Glossary of Terms beginning on page 134.

4. Disposition gains from principal investments are primarily related to the sale in the second quarter of 2024 of a portion of our interest in BAM, which was used as part of the consideration for the acquisition of AEL.

RISK MANAGEMENT

FOCUS ON RISK CULTURE

Maintain an effective risk culture that aligns our business strategy and activities with our risk appetite

SHARED EXECUTION

Business and functional groups are primarily responsible for identifying and managing risk within their business

OVERSIGHT & COORDINATION

Consistent approach and practices across business and functional groups, with coordinated management of common risks



OUR APPROACH

Managing risk is an integral and critical part of our business. We have a well-established, proactive and disciplined risk management approach that is based on clear operating methods and a strong risk management culture. We ensure that we have the necessary capacity and resilience to respond to changing environments by evaluating both current and emerging risks. We adhere to a robust risk management framework and methodology that is designed to enable comprehensive and consistent management of risk across the organization. We use a thorough and integrated risk assessment process to identify and evaluate risk areas across the business, including human capital, climate change, cybersecurity, liquidity, disruption, regulatory compliance and other strategic, financial, and operational risks. Management and mitigation approaches are tailored to the specific risk areas and executed by business and functional groups for their businesses and areas of responsibility, with appropriate coordination and oversight through monitoring and reporting processes.

FOCUS ON RISK CULTURE

A strong risk culture is the cornerstone of our risk management program: one that promotes measured and appropriate risk-taking, addresses current and emerging risks, and ensures employees conduct business with a long-term perspective and in a sustainable and ethical manner. This culture is reinforced by the strong commitment and leadership of our senior executives and supported by the policies and practices we have implemented, including our compensation approach.

SHARED EXECUTION

Given the diversified and decentralized nature of our operations, we seek to ensure that risk is managed as close to its source as possible and by management teams that have the most knowledge and expertise in the specific business or risk area. As such, business specific risks—such as health and safety, environmental and other operational risks—are generally managed at the operating business level, as the risks vary based on the nature of each business. At the same time, we monitor key risks organization-wide to ensure adequacy of risk management, adherence to applicable Brookfield policies, and sharing of best practices.

For risks that are more pervasive and correlated in their impact across the organization—such as liquidity, foreign exchange and interest rates or where we can bring specialized knowledge—we utilize a coordinated approach that is centralized amongst our corporate and business groups. Management of strategic, reputational and regulatory and compliance risks are similarly coordinated to ensure consistent focus and implementation across the organization.

Oversight & Coordination

We have implemented strong governance practices to monitor and oversee our risk management program. Management committees bring together required expertise to manage key risk areas, ensuring appropriate application and coordination of risk management practices across our business and functional groups, and include the following:

- **Risk Management Steering Committee** – supports the overall corporate risk management program, and coordinates risk assessment and mitigation on an enterprise-wide basis
- **Investment Committees** – oversees the investment process and reviews and approves investment transactions
- **Conflicts Committee** – resolves potential conflict situations in the investment process and other corporate transactions
- **Financial Risk Oversight Committee** – reviews and monitors financial exposures
- **Sustainability Leadership** – oversees, coordinates and implements activities related to sustainability, including current and future initiatives, and sector and market trends
- **Safety Leadership Committee** – promotes strong safety culture, monitors safety trends, and sponsors strategic initiatives related to health, safety, security and environmental matters
- **Net Zero Steering Committee** – develops decarbonization targets, operationalizes decarbonization approaches and shares best practices across the organization
- **Disclosure Committee** – oversees the public disclosure of material information

The Board of Directors of Brookfield Corporation (the “Board”) oversees risk management with a focus on more significant risks, and leverages management’s monitoring processes. The Board has delegated responsibility for oversight of specific risks to the following board committees:

- **Risk Management Committee** – oversees the management of Brookfield’s significant financial and non-financial risk exposures, including review of risk assessment and risk management practices, and confirms that the company has an appropriate risk-taking philosophy and suitable risk capacity
- **Audit Committee** – oversees the management of risks related to Brookfield’s financial reporting systems and procedures, as well as for associated internal and external audit processes
- **Management Resources and Compensation Committee** – oversees risks related to Brookfield’s management resource planning, including succession planning, executive compensation and senior executives’ performance
- **Governance and Nominating Committee** – oversees risks related to Brookfield’s governance structure, including the effectiveness of board and committee activities, potential conflicts of interest, and governance of sustainability initiatives

SUSTAINABILITY

SUSTAINABILITY AT BROOKFIELD

We believe that value creation and sustainable business practices are complementary goals. We draw on our 100+ year heritage as an owner and operator to invest for value and seek to generate strong returns for our clients across economic cycles. Our investment strategy has remained unchanged throughout our firm's history—we focus on utilizing our operational expertise to enhance long-term value through strategic and operational improvements within our Operating Businesses and portfolio companies. Our primary objective is to deliver strong risk-adjusted returns without compromise to our fiduciary duty.

Our Sustainability Policy outlines our approach and is based on the following guiding principles:

Mitigate the impact of our operations on the environment

- Strive to minimize the environmental impact of operations and improve efficient use of resources over time.
- Support the ambition of reaching net-zero greenhouse gas ("GHG") emissions by 2050 or sooner.

Strive to ensure the well-being and safety of employees

- Foster a positive work environment based on respect for human rights, valuing diversity and having zero tolerance for workplace discrimination, violence or harassment.
- Operate with leading health and safety practices to support the goal of achieving zero serious safety incidents.

Uphold strong governance practices

- Operate to the highest ethical standards by conducting business activities in accordance with our Code of Business Conduct and Ethics.
- Maintain strong stakeholder relationships through transparency and active engagement.

Be good corporate citizens

- Strive to ensure the interests, safety and well-being of the communities in which we operate are integrated into our business decisions.
- Support philanthropy and volunteerism by our employees.

Our global sustainability policy codifies our longstanding strategy of integrating sustainability considerations into our decision-making. This policy is reviewed at least annually and, where applicable, updated periodically by our senior executives, as well as each of our business groups.

Sustainability Affiliations and Partnerships

Through our engagement with sustainability frameworks and organizations, we continue to evolve our sustainability reporting and protocols to align with leading practices. The following are some of the frameworks and organizations with which we are affiliated:

- Principles for Responsible Investment ("PRI") – We have been signatories to the PRI since 2020 and complete the PRI assessment annually, which reinforces our longstanding commitment to responsible investment and sustainability best practices.
- IFRS Sustainability Alliance – We are members of the IFRS Sustainability Alliance, a global program established to develop globally accepted accounting and sustainability disclosures.

We review all of our memberships with external organizations periodically or in the event of material changes in their strategy or operations to determine if they continue to be aligned with our objectives.

Sustainability Organization and Governance

Upholding robust sustainability programs throughout our firm, business groups, and encouraging our portfolio companies to do the same, remains an important priority. We understand that good governance is essential to sustainable business operations. The oversight of sustainability is integrated into our overall governance framework and is aligned with our governance approach. We are committed to upholding strong practices to monitor and oversee our business, including our overall approach to sustainability.

Our Board of Directors (the “Board”) is focused on maintaining strong corporate governance and prioritizing the interests of our shareholders. The Board oversees our business, including reviewing major strategic initiatives and receiving progress reports on the firm’s sustainability initiatives throughout the year.

Our approach to sustainability has sponsorship and oversight from each business group’s CEO and sustainability leads, supported by senior executives, including the Chief Operating Officer (COO) of Brookfield (Governance, Operations and Risk Management) and the CEO of Renewable Power & Transition (Decarbonization and Investment), working in collaboration with our Chief Financial Officer (CFO) (GHG Reporting and Measurement). Since sustainability covers a significant range of priorities that are varied in scope, we believe that sustainability initiatives should be overseen by individuals closest to the particular business activity. Functional leads are responsible for developing, implementing and monitoring relevant sustainability factors within their functional area, such as Technology Services and Human Resources.

Management teams and committees, including the Decarbonization Steering Committee and Safety Leadership Committee, bring together expertise to address key sustainability areas. This focuses on proper application and coordination of approaches across our business and functional groups. We organize working groups dedicated to specialized areas, such as the Sustainability Working Group and Decarbonization Operational Committee, to develop and coordinate initiatives to advance our overall sustainability efforts.

Integrating Sustainability into Our Investment Process

As part of our due diligence over investments where we have control or significant influence, we seek to assess sustainability-related opportunities and risks and factor them into the overall investment decision. This includes leveraging industry guidance to identify sustainability factors most likely to materially impact the financial condition or operating performance of companies in a sector. As part of our Sustainability Due Diligence Protocol, we provide specific guidance to investment teams on assessing bribery and corruption, cybersecurity, health and safety, human rights modern slavery and climate-related risks. Where warranted, we perform deeper due diligence, working with internal and third-party experts as appropriate.

Investments, other than de-minimis or follow on investments, must be approved by the applicable Investment Committee. Investment teams present the Investment Committee with the merits of the transaction, its material risks, mitigants and significant opportunities for improvement, including sustainability aspects and their implications for investment returns.

As part of each acquisition, investment teams develop a customized integration plan that encompasses, among other items, significant sustainability-related matters for evaluation or implementation. We believe there is a strong correlation between managing these considerations appropriately and enhancing investment returns.

Consistent with our management approach, it is the responsibility of management teams within each portfolio company to manage sustainability opportunities and risks through the investment’s life cycle, supported by our applicable investment teams. The combination of local accountability and expertise along with our investment and operating experience and insight is important when managing a wide range of asset types across jurisdictions. We leverage these capabilities in collaborating on sustainability initiatives, where appropriate, to drive returns. Where appropriate, we encourage our portfolio companies to organize training on a variety of sustainability matters for relevant staff.

Management teams regularly report to their respective boards of directors from both financial and operating perspectives, including key performance indicators that incorporate material sustainability factors, such as health and safety, compliance with regulatory requirements, environmental management, and, increasingly, GHG emissions.

For investments where we do not have a controlling interest, for example, where we are a debt holder or in other circumstances where we do not have the ability to exercise influence through our contractual rights, we actively monitor the performance of our investments and, where appropriate, utilize our stewardship and engagement practices to encourage sustainability outcomes that are aligned with our sustainability approach.

When preparing an asset for divestiture, we seek to outline potential value creation deriving from several different factors, including relevant sustainability considerations. Where applicable, we also prepare both qualitative and quantitative data that summarize the sustainability performance of the investment and provide a holistic understanding of how we managed the investment during the holding period.

Stewardship and Engagement

In managing our assets, we leverage our significant influence and operating capabilities to collaborate with our portfolio companies. We encourage sound sustainability practices that are essential for building resilient and profitable businesses, aiming to create long-term value for our investors and stakeholders. Due to the operational nature of our value creation methods, we focus on investing in private markets where we can often acquire controlling interests, or positions of significant influence, in order to deploy our operations-oriented investment strategies.

As a result, proxy voting does not represent a significant portion of our investment activities. The majority of our proxy voting occurs within Brookfield's Public Securities Group, which represents a very small portion of our overall business (approximately 1% of our AUM as of December 31, 2024).

The following is a summary of some of the sustainability initiatives that we undertook in 2024.

ENVIRONMENTAL

Emissions Reduction Initiatives

As the world is transitioning to a lower-carbon economy, we view emissions reduction as a material value-creation opportunity. In 2021, we set an ambition to reach net zero by 2050 or sooner across operationally managed investments. Our net-zero ambition targets assets and investments where we can directly influence outcomes—termed Operationally Managed Investments—or those already pursuing a transition strategy for economic benefit.

In selecting which of these assets are capable of making meaningful progress toward decarbonization targets, we prioritize Operationally Managed Investments where:

- We consider such decarbonization steps will add value over the life of the investment;
- We can operationally manage the outcomes; and
- We are able to identify and implement actionable initiatives in the near term.

Driving efficiency and, consequently, value is a cornerstone of our operations-oriented approach to investing. Therefore, we would expect the quantity and timing of GHG emissions reductions of our portfolio companies over time to be slightly ahead of industry and regional averages. While we view decarbonization as a meaningful operational efficiency lever, we acknowledge that transitioning to a net zero future is an ambition that is subject to many unknowns and uncertainties, including the future availability of required technologies, such as the need for greater battery storage capacity to support the introduction of greater intermittent renewable energy within electricity grids. Despite these challenges, we work with our portfolio companies to identify operational value-enhancement and decarbonization opportunities, including areas such as energy efficiency and electrification measures, amongst others, where our operations teams can work closely with senior management of our portfolio companies to support the implementation of these value-enhancing improvements. In doing so, we are supporting

our portfolio companies in maximizing their value, while also achieving their decarbonization potential. This contributes to a future lower emissions economy, while delivering strong risk-adjusted returns for our investors.

We eschew firm-wide policies purporting to exclude industries or sectors for investment across the energy landscape, including in respect of fossil-fuel-based generation, transportation, and distribution. Nor do we believe in divestment of high-emitting industries. We believe that there is significant value in supporting decarbonization initiatives of the highest-emitting industries where we can deliver the greatest level of impact.

Leveraging our leading capabilities in development and operation of renewable power over the last 30 years, we launched our inaugural Brookfield Global Transition Fund (“BGTF I”), raising \$15 billion of capital in 2022. This transition strategy focuses on building renewable power, providing capital to other decarbonization solutions, and targeting high-emission sectors to help businesses transition to sustainable business models and drive long-term value. Following BGTF I’s success, we launched BGTF II in 2023, which is expected to surpass the scale of its predecessor.

Our investments in BGTF I and II aim to deliver strong risk-adjusted financial returns and meaningful decarbonization impacts. These funds seek to invest in clean energy expansion, sustainable solutions (i.e., carbon capture and storage, waste recycling), and transforming companies in carbon-intensive sectors to more sustainable and value accretive business models.

Beyond our global transition fund strategy, we do not limit our investments to those that meet specific sustainability criteria or standards. Through the expertise developed within our global transition strategy, we can offer resources and tools to help companies better identify operational value-enhancement and decarbonization opportunities. Across all investments, we invest capital on behalf of our clients with the primary objective of delivering strong risk-adjusted returns.

Water, Waste & Biodiversity

Reducing the impact of our overall water consumption and waste generation helps build efficient systems, resiliency in our businesses and contributes to a sustainable future. We seek to utilize leading practices to efficiently monitor water usage and for certain portfolio companies, manage performance, with the objective to seek opportunities for water consumption reduction. In addition, we seek to adhere to all applicable local and regional waste regulations and track waste and recycling metrics. Encouraging the conservation of nature and its associated living organisms and ecosystem services is an important component in achieving our decarbonization goals and managing physical risks related to climate change.

SOCIAL

Culture Matters: Human Capital Development

Our people are our most important asset. The core values of collaboration, entrepreneurship and discipline underpin our firmwide culture. We invest in our people and prepare them for future leadership. Our firmwide culture, from our dealings with clients to the interactions among employees and executives, is defined by mutual respect, teamwork and passion, and revolves around our core values:

- *Collaboration:* Leadership works side by side with colleagues throughout the organization and is committed to achieving shared success. One of the key attributes that we screen carefully for in new hires is their aptitude to collaborate with others. The firm wants people to share information across groups and take an interest in all the businesses, not just the one they happen to work for at any particular point in time. We do not hire people just for a specific job; we hire for the potential of all the future positions they might hold and that will contribute to the broader success of the firm. We actively look for people who want to learn, grow, and develop—and demonstrate a willingness to be stretched outside their comfort zone.

- *Entrepreneurship:* Our flat organization is results-oriented—responsibility is earned based on initiative and hard work, rather than job title—and decisions are made close to the action. This principle is not uncommon, but we have encouraged our entrepreneurial spirit throughout our growth during the past 20 years. We look for employees who have a passion not only for what they do but also for what the firm does. The shared values of ownership extend beyond helping the company succeed or generate more revenue. It means caring about the little things as well, such as not wasting money and treating everyone with respect.
- *Discipline:* Our team shares an awareness of, and commitment to, our goal of generating superior long-term returns for investors. Discipline also requires that each person is expected to have a realistic understanding of his or her own abilities. We expect employees to understand their strengths, recognize their weaknesses, be willing to stretch outside their comfort zones, and be willing to ask for help when necessary.

The three attributes—collaboration, entrepreneurship, and discipline—form the foundation of Brookfield and have been critical to the success of the partnership in building relationships that are long-lasting and mutually rewarding. By hiring talented people and giving them opportunities to move into different businesses, we have been able to build our expertise into a broad ecosystem that facilitates collaboration across different areas and geographies as needed. The teams draw on sound data and expertise to identify emergent themes—informing their investment process and enabling us to draw upon actionable intelligence for the benefit of its investors.

Employee Composition

The composition and makeup of our employee base is indicative of our focus that, as we grow, our people reflect the communities in which we operate. We recognize that a workforce encompassing a variety of backgrounds is critical to our success. A diverse workforce not only reinforces our core principles of long-term focus, alignment of interests, and collaboration, but also provides for a more dynamic and interesting work environment.

We are committed to a hiring process that is objective, nondiscriminatory and in compliance with all applicable legislation and good governance. It is grounded in our commitment to provide equal employment opportunity with the objective of attracting the highest-qualified talent to our business. We proactively recruit people who align with the attributes of a Brookfield leader and have the potential to develop within our organization. Our succession process focuses on the development of early career candidates through stretch roles and exposure.

Occupational Health and Safety

Managing health and safety risk is an integral part of the management of our business. Our goal is to have zero serious safety incidents.

We have implemented a health and safety governance initiative to propagate a strong health and safety culture, encourage the sharing of best practices and support the continuous improvement of safety performance to help eliminate serious safety incidents. The initiative is overseen by the Safety Leadership Committee, which comprises senior operations executives from across our business groups and regions. Portfolio company management is responsible for ensuring that their company's health and safety policies and systems are developed, operationalized, and reviewed regularly to address their specific risk areas. Portfolio company CEOs are accountable for the safety performance of their companies and they report to their respective board of directors on this safety performance, safety incidents, and the status of improvement initiatives. Reports on overall health and safety trends and key initiatives are provided to the Board as part of the quarterly operational risk update.

Human Rights and Modern Slavery

Regarding human rights, we are committed to conducting our business in an ethical and responsible manner, including by carrying out our activities in a manner that respects fundamental human rights and supports the prevention of human rights violations within our business. We strive to embed this into our core business activities, including training, communications, contracts and due diligence processes set out in our Human Rights and Anti-Modern Slavery Policy ("Human Rights Policy"), Sustainability Due Diligence Protocol and Vendor Management Program.

Integrity, fairness and respect are hallmarks of our culture, including carrying out our activities by respecting fundamental human rights and our efforts to identify and prevent human rights violations within our business and supply chain. We are committed to policies aimed at maintaining a workplace free of discrimination, violence and harassment, and we expect our staff to act in a way which promotes a positive working environment. Our Human Rights Policy aims to codify our approach to minimizing the risk of modern slavery within our business and supply chain. We also have specific processes aimed at identifying human rights and modern slavery as part of due diligence for new investments, which include risk assessments, remedies, training and governance. Where appropriate, these processes give consideration to the Organization for Economic Co-operation and Development (“OECD”) Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights as part of our due diligence process and ongoing management.

In addition, our Human Rights Policy consolidates the relevant commitments set out in our Code of Conduct, Sustainability Policy, financial crimes policies, and Whistleblowing Policy. We have several additional policies and procedures that provide guidance on the identification of human rights and modern slavery risks and the steps to be taken to mitigate these risks.

GOVERNANCE

Strong governance is essential to sustainable business operations, and we aim to conduct our business according to high ethical and legal standards.

Sustainability Regulation and Frameworks

Our governance practices are the foundation upon which we operate our business. We continuously adapt and enhance our policies to meet evolving standards and regulations across jurisdictions in which we operate.

Data Privacy and Cybersecurity

Data privacy and cybersecurity remain key sustainability focus areas for us. We undertake initiatives to further enhance our data protection and threat-intelligence capabilities, and to improve our third-party risk management processes. We review and update our cybersecurity program at least annually and conduct regular external-party assessments of our program maturity based on the National Institute of Standards and Technology (“NIST”) Cybersecurity Framework. Additionally, we have continued mandatory cybersecurity education for all employees and enhanced our phishing simulations to include more advanced simulations and social engineering.

PART 2

REVIEW OF CONSOLIDATED FINANCIAL RESULTS

The following section contains a discussion and analysis of line items presented within our consolidated financial statements. The financial data in this section has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB"). Starting on page 55, we provide an overview of our fair value accounting process and why we believe it provides useful information for investors about our performance. We also provide an overview of our application of the control-based model under IFRS Accounting Standards used to determine whether or not an investment should be consolidated.

OVERVIEW

During 2024, net income was supported by strong fundraising momentum and capital deployment in our Asset Management business, recent acquisitions, organic growth, and strong investment performance in our Wealth Solutions business, and the stable and resilient cash flows of our Operating Businesses.

Net income was \$1.9 billion in the current year, with \$641 million attributable to common shareholders (\$0.31 per share) and \$1.2 billion attributable to non-controlling interests.

The \$3.3 billion decrease in net income over the prior year was primarily attributable to:

- same-store¹ growth, primarily from inflation-linked revenues and organic growth initiatives across our Infrastructure and Renewable Power and Transition segments, lease commencements and higher market rents in our core portfolio within our Real Estate segment, as well as increased demand for higher margin advanced batteries at our advanced energy storage operation within our Private Equity segment;
- contributions from recent acquisitions, net of dispositions in our Infrastructure segment;
- the recognition of tax benefits at our advanced energy storage operation within our Private Equity segment; and
- an increase in equity accounted income of \$661 million due to increased contributions from the growth in our Wealth Solutions business, and our share of increases on the value of certain investment properties within our Real Estate and Infrastructure segments; more than offset by
- a decrease in other income and gains of \$5.3 billion primarily due to higher disposition gains in the prior year, including a \$3.9 billion gain on the deconsolidation of our nuclear technology services operation in our Private Equity segment;
- a decrease in fair value changes of \$1.1 billion, primarily related to the impairment of goodwill at our healthcare services operation and the settlement of a legacy pre-acquisition litigation at our dealer software and technology services operation, both within our Private Equity segment, as well as increased debt amortization costs in our Infrastructure segment, and the absence of mark-to-market gains included in the prior year at our Spanish solar energy business upon the step-up of our investment within our Renewable Power and Transition segment;
- an increase in interest expense of \$1.1 billion, of which \$319 million related to incremental debt from recent acquisitions, \$680 million from asset-level upfinancing, and \$131 million from higher rates on corporate borrowings, partially offset by the impact of lower rates on variable debt obligations of \$18 million; and
- higher depreciation and amortization expense primarily as a result of recently completed acquisitions within our Infrastructure and Renewable Power and Transition segments.

1. See definition in Glossary of Terms beginning on page 134.

Our consolidated balance sheet remained in line with prior year as assets acquired, net of liabilities were offset by the deconsolidation of Brookfield Strategic Real Estate Partners IV (“BSREP IV”) within our LP investment. Following the completion of the partial sale of BSREP IV to BWS, our investment in BSREP IV was deconsolidated and recognized within equity accounted investments. BN was issued additional Class C shares in BWS as consideration for the acquisition by BWS.

INCOME STATEMENT ANALYSIS

The following table summarizes the financial results of the company for 2024, 2023 and 2022:

FOR THE YEARS ENDED DEC. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	2024	2023	2022	Change	
				2024 vs. 2023	2023 vs. 2022
Revenues	\$ 86,006	\$ 95,924	\$ 92,769	\$ (9,918)	\$ 3,155
Direct costs ¹	(67,936)	(81,409)	(78,511)	13,473	(2,898)
Other income and gains	1,247	6,501	1,594	(5,254)	4,907
Equity accounted income	2,729	2,068	2,613	661	(545)
Expenses					
Interest	(16,615)	(15,503)	(10,702)	(1,112)	(4,801)
Corporate costs	(76)	(69)	(122)	(7)	53
Fair value changes	(2,520)	(1,396)	(977)	(1,124)	(419)
Income tax expense	(982)	(1,011)	(1,469)	29	458
Net income	1,853	5,105	5,195	(3,252)	(90)
Non-controlling interests	(1,212)	(3,975)	(3,139)	2,763	(836)
Net income attributable to shareholders	\$ 641	\$ 1,130	\$ 2,056	\$ (489)	\$ (926)
Net income per share	\$ 0.31	\$ 0.61	\$ 1.19	\$ (0.30)	\$ (0.58)

1. Direct costs include \$9.7 billion of depreciation and amortization expense for the year ended December 31, 2024 (2023 – \$9.1 billion; 2022 – \$7.7 billion).

2024 vs. 2023

Revenues for the year were \$86.0 billion, a decrease of \$9.9 billion or 10% compared to 2023, primarily due to:

- higher revenues from lease commencements and higher rents on core properties, within our Real Estate segment;
- increased contributions from our Infrastructure segment due to organic growth as a result of inflation indexation and rate base increases, and from our Renewable Power and Transition segment due to commissioning of recent development projects;
- strong same-store results from our Private Equity segment due to increased demand for higher margin advanced batteries at our advanced energy storage operation; more than offset by
- the absence of contributions from recent net dispositions, primarily due to the sale of our road fuels operation in the third quarter of 2024 and the deconsolidation of our nuclear technology services operation in the fourth quarter of 2023, both within our Private Equity segment.

A discussion of the impact on revenues and net income from recent acquisitions and dispositions can be found on page 46.

Direct costs decreased by 17% or \$13.5 billion, primarily due to:

- the impact of the sale of our road fuels operation in the third quarter of 2024 and the deconsolidation of our nuclear technology services operation in the fourth quarter of 2023, as well as lower direct costs at our advanced energy storage operation due to the recognition of tax benefits, all within our Private Equity segment; partially offset by
- increased costs due to inflation and organic growth within our Infrastructure segment; and
- higher direct costs related to recent acquisitions primarily within our Renewable Power and Transition and Infrastructure segments.

Other income and gains of \$1.2 billion primarily relate to the gains on the sale of our road fuels operation and the deconsolidation of our payment processing services operation, both within our Private Equity segment. The other income and gains in 2023 is primarily attributable to the gains on the deconsolidation of our nuclear technology services operation within our Private Equity segment and our New Zealand data distribution business within our Infrastructure segment.

Equity accounted income increased by \$661 million primarily due to contributions from the acquisition of AEL in our Wealth Solutions business, as well as our share of increases in the value of certain investment properties within our Real Estate and Infrastructure segments, partially offset by mark-to-market changes related to insurance reserves within our Wealth Solutions business.

Interest expense of \$16.6 billion, of which \$15.9 billion relates to non-recourse financing, increased by \$1.1 billion compared to 2023 due to incremental borrowings associated with acquisitions, net of dispositions, and refinancings primarily within our Infrastructure and Renewable Power and Transition segments, partially offset by the impact of lower interest rates on floating rate debt.

We recorded fair value decreases of \$2.5 billion compared to \$1.4 billion in the prior year. The decrease is primarily due to:

- valuation increases at certain U.S retail assets in our core portfolio within our Real Estate segment as a result of updated leasing assumptions; and
- realization of investment tax benefits within our Renewable Power and Transition segment; more than offset by
- the absence of mark-to-market gains included in the prior year at our Spanish solar energy business upon the step-up of our investment within our Renewable Power and Transition segment and on our investment in a U.S. department store chain within our Real Estate segment;
- settlement of a legacy pre-acquisition litigation at our dealer software and technology services operation, as well as impairment of goodwill at our healthcare services operation and asset impairment at our natural gas production operation, all within our Private Equity segment; and
- increased debt amortization costs at our global intermodal container logistics operation within our Infrastructure segment.

Refer to pages 47 and 48 for a discussion on fair value changes.

We recorded an income tax expense of \$982 million for the year compared to \$1.0 billion in the prior year mainly due to lower taxable income in 2024 in our Private Equity segment and the realization of tax benefits within our Renewable Power and Transition segment; partially offset by lower deferred tax recoveries due to higher valuation gains in our real estate portfolio compared to the prior year.

2023 vs. 2022

Revenues increased by \$3.2 billion in 2023 primarily due to:

- increased contributions from our Infrastructure segment due to organic growth as a result of inflation indexation and rate base increases;
- higher revenues from lease commencements in our core properties within our Real Estate segment;
- additions to revenues from our Renewable Power and Transition segment due to higher realized pricing and inflation indexation on contracts; and
- revenues from recent acquisitions, net of dispositions, primarily within our Infrastructure and Private Equity segments; partially offset by
- lower volumes and unfavourable pricing at our road fuels operation within our Private Equity segment and lower hydrology in Canada and Colombia from our Renewable Power and Transition segment.

Direct costs increased by \$2.9 billion in 2023 primarily due to:

- lower fuel inventory costs at our road fuels operation and the impact of the deconsolidation of our nuclear technology services operation within our Private Equity segment; more than offset by
- increased costs associated with inflation and organic growth within our Infrastructure and Renewable Power and Transition segments; and
- higher direct costs related to acquisitions, net of dispositions.

Other income and gains of \$6.5 billion in 2023 primarily relate to the gains on the deconsolidation of our nuclear technology services operation within our Private Equity segment and our New Zealand data distribution business within our Infrastructure segment. The other income and gains in 2022 is primarily attributable to the gains on the sale of a Brazil power transmissions portfolio and North American container terminal operations within our Infrastructure segment.

Equity accounted income decreased by \$545 million as increased contributions from the growth in our Wealth Solutions business were more than offset by our share of decreases in the value of certain investment properties.

Interest expense of \$15.5 billion in 2023 of which \$14.9 billion relates to non-recourse financing, increased by \$4.8 billion compared to 2022 due to incremental borrowings associated with acquisitions, net of dispositions, refinancings, and the impact of higher interest rates on floating rate debt during 2023.

We recorded fair value decreases of \$1.4 billion in 2023 compared to \$977 million in the prior year. Valuation increases from mark-to-market gains on our U.S. department store chain and higher valuations within our LP investments were more than offset by lower valuations on certain U.S. office assets within our Real Estate segment, as well as the impairment of goodwill at our healthcare services operation and asset impairment at our natural gas production, both within our Private Equity segment.

Income tax expense decreased by \$458 million in 2023, mainly due to higher deferred tax recoveries resulting from valuation changes in our real estate portfolio, partially offset by higher taxable income in 2023, mainly in our Infrastructure and Private Equity segments.

SIGNIFICANT ACQUISITIONS AND DISPOSITIONS

We have summarized below the impact of recent significant acquisitions and dispositions on our results for 2024:

FOR THE YEAR ENDED DEC. 31, 2024 (MILLIONS)	Acquisitions		Dispositions	
	Revenue	Net Income (Loss)	Revenue	Net Income (Loss)
Renewable Power and Transition	\$ 694	\$ (26)	\$ (34)	\$ (4)
Infrastructure	2,448	324	(187)	(55)
Private Equity	62	—	(13,637)	165
Real Estate and Other	255	157	(265)	(169)
	<u>\$ 3,459</u>	<u>\$ 455</u>	<u>\$ (14,123)</u>	<u>\$ (63)</u>

ACQUISITIONS

Recent acquisitions contributed incremental revenues of \$3.5 billion and net income of \$455 million in the current year.

Renewable Power and Transition

Within our Renewable Power and Transition segment, recent acquisitions contributed to incremental revenues of \$694 million and a net loss of \$26 million. These contributions were primarily due to the acquisitions of a U.S. renewable portfolio and an Indian renewable development platform, both acquired in the fourth quarter of 2023.

Infrastructure

Recent acquisitions contributed incremental revenues of \$2.4 billion and net income of \$324 million. These contributions were primarily from our acquisitions of a global intermodal container logistics operation in the third quarter of 2023, a North American retail colocation data center business in the first quarter of 2024, and an Indian telecom tower operation in the third quarter of 2024.

Real Estate and Other

Recent acquisitions contributed incremental revenues of \$255 million and net income of \$157 million, primarily from the acquisitions of a multifamily asset portfolio and a logistics portfolio in the U.S in the second and third quarters of 2024, respectively.

DISPOSITIONS

Recent asset sales reduced revenues and net income by \$14.1 billion and \$63 million in the year, respectively. The transactions that most significantly impacted our results were the disposition of our road fuels operation in the third quarter of 2024 and the deconsolidation of our nuclear technology services operation in the fourth quarter of 2023, both within our Private Equity segment. Our nuclear technology services operation is now presented as an equity accounted investment based on our continued ownership interest through our Renewable Power and Transition segment.

FAIR VALUE CHANGES

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

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2024	2023	Change
Investment properties	\$ 556	\$ (105)	\$ 661
Transaction related income, net of expenses	143	(608)	751
Financial contracts	857	337	520
Impairment and provisions	(2,404)	(1,276)	(1,128)
Other fair value changes	(1,672)	256	(1,928)
Total fair value changes	<u>\$ (2,520)</u>	<u>\$ (1,396)</u>	<u>\$ (1,124)</u>

INVESTMENT PROPERTIES

Investment properties are recorded at fair value with changes recorded in net income. We present the investment properties based on our strategy to maintain an irreplaceable portfolio of premier properties in global gateway cities ("core"), maximize returns through a development or buy-fix-sell strategy ("transitional and development"), or recycle capital from private real estate funds of our Asset Management business ("real estate LP investments").

The following table disaggregates investment property fair value changes within our Real Estate and Asset Management segments by asset type:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2024	2023	Change
Asset Management Direct Investments – Real Estate LP Investments	\$ 855	\$ 1,266	\$ (411)
Real Estate – Core	214	(226)	440
Real Estate – Transitional and Development	(661)	(1,225)	564
Other investment properties	148	80	68
	<u>\$ 556</u>	<u>\$ (105)</u>	<u>\$ 661</u>

We discuss the key valuation inputs of our investment properties beginning on page 99.

Real Estate LP Investments

Valuation increases of \$855 million primarily relate to:

- higher valuations in our India office and REIT portfolios due to higher occupancy rates; and
- fair value uplifts in our Australian senior living portfolio due to higher unit prices; partially offset by
- valuation decreases at certain U.S. retail assets due to updated leasing assumptions.

In the prior year, valuation increases of \$1.3 billion primarily related to fair value uplifts in our U.S. logistics portfolio due to favourable market rent assumptions, higher valuations in our Australian senior living portfolio due to unit price uplifts, and higher occupancy rates at our Shanghai mixed use portfolio, partially offset by discount and capitalization rate expansion at certain European office assets.

Core

Valuation increases of \$214 million were primarily due to higher cash flows at certain U.S. retail assets as a result of updated leasing assumptions, partially offset by capitalization rate expansion at a certain U.K. office asset.

Valuations decreases of \$226 million in the prior year were mainly due to updated leasing assumptions at certain U.S. office assets, and capitalization rate expansion at certain U.K. office and U.S. retail assets.

Transitional and Development

Valuation decreases of \$661 million were primarily due to updated leasing assumptions at certain U.S. office and retail assets.

Valuation decreases of \$1.2 billion in the prior year primarily related to discount and capitalization rate expansion and updated leasing assumptions at certain U.S. office assets.

Other investment properties

Other valuation gains of \$148 million were primarily due to higher valuations at our European hyperscale data center platform as a result of updated market assumptions within our Infrastructure segment.

Transaction Related Income, Net of Expenses

Transaction related income, net of expenses, totaled \$143 million for the year. This is primarily due to a bargain purchase gain on the acquisition of our North American retail colocation data center business within our Infrastructure segment, partially offset by restructuring costs within our Private Equity segment and transaction costs on acquisitions within our Real Estate segment.

The prior year transaction related expenses, net of income, of \$608 million were mostly due to restructuring costs within our Private Equity segment, and transaction costs on acquisitions within our Infrastructure segment and upfinancings across our businesses.

Financial Contracts

Financial contracts include mark-to-market gains and losses related to foreign currency, interest rate and pricing derivatives not designated in hedge accounting relationships.

Financial contracts drove a \$857 million increase in fair value changes for the year, mostly attributable to realization of investment tax credits and mark-to-market gains on energy derivatives, tax equity and financial assets, all within our Renewable Power and Transition segment.

The increase of \$337 million in the prior year is mainly attributable to mark-to-market gains on energy derivatives, tax equity and power contracts within our Renewable Power and Transition segment.

Impairment and Provisions

Impairment and provisions expense of \$2.4 billion in the year are primarily related to the impairment of goodwill at our healthcare services operation and asset impairment at our natural gas production operation, as well as the settlement of a legacy pre-acquisition litigation at our dealer software and technology services operation, all within our Private Equity segment.

Impairment and provisions expense of \$1.3 billion in the prior year are mostly related to the impairment of goodwill at our healthcare services operation and asset impairment at our natural gas production operation, both within our Private Equity segment.

Other Fair Value Changes

Other fair value decreases of \$1.7 billion for the year are primarily attributable to debt amortization costs at our global intermodal container logistics operation and U.S. semiconductor manufacturing facility, and non-controlling interests' share of valuation increases at our Indian telecom tower operation, all within our Infrastructure segment, as well as non-controlling interests' share of Australia senior living and India REIT valuation gains within our LP investments.

Other fair value increases of \$256 million in the prior year are mainly attributable to mark-to-market gains on our investment in a U.S. department store chain within our Real Estate segment and at our Spanish solar energy business in our Renewable Power and Transition segment upon the step-up of our investment. These gains were partially offset by the disposition through a distribution in kind of our graphite electrode operation within our Private Equity segment, as well as mark-to-market changes on inventory at a natural gas storage asset in our Infrastructure segment.

INCOME TAXES

We recorded an aggregate income tax expense of \$982 million in 2024 (2023 – \$1.0 billion), including current tax expenses of \$1.3 billion (2023 – \$1.9 billion) and a deferred tax recovery of \$341 million (2023 – \$897 million).

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

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

FOR THE YEARS ENDED DEC. 31	2024	2023	Change
Statutory income tax rate	26%	26%	—%
(Reduction)/increase in rate resulting from:			
Portion of gains subject to different tax rates	(15)	(8)	(7)
Taxable loss (income) attributable to non-controlling interests	24	(6)	30
International operations subject to different tax rates	1	1	—
Derecognition (Recognition) of deferred tax assets	(19)	(5)	(14)
Non-recognition of the benefit of current year tax losses	14	5	9
Non-deductible expenses	10	7	3
Investment and production tax credits	(10)	—	(10)
Other	4	(3)	7
Effective income tax rate	35%	17%	18%

In the current year, we realized gains on disposition that were subject to tax rates different to our statutory income tax rate. This contributed to a 15% reduction in our effective tax rate in the current year.

Many of our operations are held in partially owned “flow-through” entities, such as partnerships, where the tax liability is incurred by the investors as opposed to the entity. As a result, while our consolidated earnings include losses attributable to non-controlling ownership interests in such entities, our consolidated tax provision includes only our proportionate share of the associated tax recovery. In other words, we are consolidating all of the income and losses in connection with these entities but only our share of the associated tax recovery. This increased our effective tax rate by 24% this year.

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

In the current year, we recorded a deferred tax recovery primarily in respect of the recognition of tax attributes in our advanced energy storage operation within our Private Equity segment, which decreased our effective tax rate by 19%.

Some of our operations generated tax losses in the period for which a tax benefit has not been recognized and certain expenses incurred were not deductible for tax purposes resulting in an increase to the effective tax rate of 14% and 10%, respectively.

During the year, our Renewable Power and Transition segment realized investment tax credits that resulted in tax recoveries. This contributed to a 10% reduction in our effective tax rate.

BALANCE SHEET ANALYSIS

The following table summarizes the statements of financial position of the company as at December 31, 2024, 2023, and 2022:

AS AT DEC. 31 (MILLIONS)	Change				
	2024	2023	2022	2024 vs. 2023	2023 vs. 2022
Assets					
Property, plant and equipment	\$ 153,019	\$ 147,617	\$ 124,268	\$ 5,402	\$ 23,349
Investment properties	103,665	124,152	115,100	(20,487)	9,052
Equity accounted investments	68,310	59,124	47,094	9,186	12,030
Cash and cash equivalents	15,051	11,222	14,396	3,829	(3,174)
Accounts receivable and other	30,218	28,512	27,378	1,706	1,134
Intangible assets	36,072	38,994	38,411	(2,922)	583
Goodwill	35,730	34,911	28,662	819	6,249
Other assets	48,359	45,563	45,975	2,796	(412)
Total assets	\$ 490,424	\$ 490,095	\$ 441,284	\$ 329	\$ 48,811
Liabilities					
Corporate borrowings	\$ 14,232	\$ 12,160	\$ 11,390	\$ 2,072	\$ 770
Non-recourse borrowings of managed entities	220,560	221,550	202,684	(990)	18,866
Other non-current financial liabilities	30,136	29,624	27,679	512	1,945
Other liabilities	60,113	58,519	57,640	1,594	879
Equity					
Preferred equity	4,103	4,103	4,145	—	(42)
Non-controlling interests	119,406	122,465	98,138	(3,059)	24,327
Common equity	41,874	41,674	39,608	200	2,066
Total equity	165,383	168,242	141,891	(2,859)	26,351
	\$ 490,424	\$ 490,095	\$ 441,284	\$ 329	\$ 48,811

2024 vs. 2023

Total assets increased by \$329 million from the prior year to \$490.4 billion as at December 31, 2024. The increase is due to recently completed business combinations and asset acquisitions, net of dispositions, primarily within our Renewable Power and Transition and Infrastructure segments. Increases in our equity accounted investments, primarily related to recent acquisitions within our Renewable Power and Transition segment and incremental capital invested in our Wealth Solutions business via BBU units, and BAM shares to support the acquisition of AEL, as well as net valuation increases recognized on our property plant and equipment, also contributed to the increase in total assets. This was partially offset by the deconsolidation of BSREP IV within our LP investment, as well as amortization and depreciation of our asset base and the impacts of foreign currency translation since the beginning of the year.

We have summarized the impact of business combinations for the year ended December 31, 2024 in the table below:

FOR THE YEAR ENDED DEC. 31, 2024 (MILLIONS)	Renewable Power and Transition	Infrastructure	Private Equity and Other	Total
Cash and cash equivalents	\$ 553	\$ 393	\$ 4	\$ 950
Accounts receivable and other	443	283	50	776
Other financial assets	345	294	10	649
Assets classified as held for sale	861	270	—	1,131
Property, plant and equipment	7,439	4,141	77	11,657
Intangible assets	—	1,580	52	1,632
Goodwill	3,556	294	49	3,899
Deferred income tax assets	60	—	—	60
Total assets	13,257	7,255	242	20,754
Less:				
Accounts payable and other	(1,137)	(2,677)	(41)	(3,855)
Liabilities associated with assets classified as held for sale	(340)	(70)	—	(410)
Non-recourse borrowings	(4,736)	(478)	(14)	(5,228)
Deferred income tax liabilities	(437)	(454)	(10)	(901)
Non-controlling interests ¹	(3,015)	—	(4)	(3,019)
	(9,665)	(3,679)	(69)	(13,413)
Net assets acquired	\$ 3,592	\$ 3,576	\$ 173	\$ 7,341

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

Summarized below are the key contributors to the year-over-year variances for the statement of financial position.

PP&E increased by \$5.4 billion primarily as a result of:

- acquisitions and additions of \$24.2 billion, which includes the acquisition of our French renewable portfolio within our Renewable Power and Transition segment, our North American retail colocation data center business and our Indian telecom operation within our Infrastructure segment, as well as investments in development projects within our Renewable Power and Transition segment; and
- revaluation surplus of \$8.0 billion primarily attributable to higher power pricing across select markets and the expected growth in demand for renewable power within our Renewable Power and Transition segment, as well as strong underlying performance from inflation indexation and commissioning of capital projects within our Infrastructure segment; partially offset by
- the unfavourable impact of foreign currency translation and other of \$7.5 billion due to the appreciation of the U.S. dollar against most major currencies, primarily within our Renewable Power and Transition and Infrastructure segments;
- depreciation of \$7.2 billion during the year;
- dispositions and assets reclassified as held for sale of \$7.3 billion; and
- the impact of the deconsolidation of BSREP IV within our LP investments of \$4.8 billion.

We provide a continuity of PP&E in Note 12 of the consolidated financial statements.

Investment properties predominantly consist of the company's real estate assets. The balance as at December 31, 2024 decreased by \$20.5 billion, primarily due to:

- acquisitions and additions of \$13.2 billion, primarily related to the acquisitions of three U.S. multifamily asset portfolios, a U.S. student housing portfolio, and a logistics asset portfolio in Europe, as well as additions, all within our LP investments included in our Asset Management segment; more than offset by
- the impact of the deconsolidation of BSREP IV within our LP investments of \$24.9 billion;
- asset sales and the reclassification of certain assets to held for sale of \$6.5 billion, primarily related to the transfer of certain office, retail and logistics assets to held for sale within our Real Estate segment and LP investments; and
- the unfavourable impact of foreign currency translation and other of \$2.9 billion due to the appreciation of the U.S. dollar against most major currencies.

We provide a continuity of investment properties in Note 11 of the consolidated financial statements.

Equity accounted investments increased by \$9.2 billion in the year to \$68.3 billion, primarily due to:

- additions, net of disposals, of \$9.2 billion which mainly related to the acquisition of an offshore wind portfolio in the U.K. within our Renewable Power and Transition segment, the conversion of preferred shares in our wealth solutions business into common shares in December 2024, incremental capital invested in BWS via the contribution of BBU units as well as BAM shares to support the acquisition of AEL, both in exchange for additional Class C shares of BWS; and
- our proportionate share of comprehensive income of \$4.1 billion; partially offset by
- distributions and returns of capital received of \$2.4 billion; and
- the unfavourable impact of foreign currency translation and other items of \$1.7 billion due to the appreciation of the U.S. dollar against most major currencies.

We provide a continuity of equity accounted investments in Note 10 of the consolidated financial statements.

Cash and cash equivalents increased by \$3.8 billion. For further information, refer to our Consolidated Statements of Cash Flows and to the Review of Consolidated Statements of Cash Flows within Part 4 – Capitalization and Liquidity.

Our intangible assets decreased by \$2.9 billion as the acquisitions of our North American retail colocation data center and our Indian telecom tower operation within our Infrastructure segment were more than offset by the unfavourable impact of amortization and foreign currency translation within our Private Equity and Infrastructure segments.

Our goodwill increased by \$819 million primarily due to the acquisition of our French renewable portfolio within our Renewable Power and Transition segment, partially offset by impairment of goodwill at our healthcare services operation, the deconsolidation of our payment processing services operation and disposition of our road fuels operation, all within our Private Equity segment.

Other assets are comprised of inventory, deferred income tax assets, assets classified as held for sale and other financial assets. The increase of \$2.8 billion is mainly as a result of:

- an increase in assets held for sale of \$7.8 billion largely attributable to the classification to held for sale of a 1,004 MW portfolio of wind and solar assets in India and a partial interest in 2 GW of pumped storage facilities in the U.K., both within our Renewable Power and Transition segment, as well as the shuttle tanker operation in our offshore oil services operation within our Private Equity segment, and certain office, retail and logistics assets within our Real Estate segment and LP investments, net of dispositions; partially offset by
- a decrease in inventory of \$3.0 billion primarily driven by the disposition of our road fuels operation within our Private Equity segment and the deconsolidation of BSREP IV within our LP investments; and

- a decrease in other financial assets of \$2.4 billion primarily related to the conversion of preferred shares in our Wealth Solutions business into common shares in December 2024, reflected as an increase in equity accounted investments.

Corporate borrowings increased by \$2.1 billion primarily from the issuance of \$750 million of 30-year bonds in March 2024, the issuance of \$450 million of 10-year bonds and the re-opening of \$200 million of 30-year bonds in June 2024, as well as the issuance of \$700 million 30-year subordinated debt in December 2024, and commercial paper issuances throughout the year, partially offset by repayment of maturing term notes.

Non-recourse borrowings of managed entities decreased by \$1.0 billion, primarily due to the deconsolidation of BSREP IV within our LP investments, partially offset by acquisitions and upfinancings within our Renewable Power and Transition and Infrastructure segments.

Other non-current financial liabilities consist of our subsidiary equity obligations, non-current accounts payable and other long-term financial liabilities that are due in more than one year's time. The increase of \$512 million was primarily due to an increase in subsidiary equity obligations at our Indian telecom operation within our Infrastructure segment.

Other liabilities increased by \$1.6 billion primarily due to the aforementioned classification to held for sale of certain assets within our Renewable Power and Transition, Private Equity and Real Estate segments, and LP investments, partially offset by a decrease in the current portion of accounts payable and other.

2023 vs. 2022

Total assets as at December 31, 2023 were \$490.1 billion, compared to \$441.3 billion as at December 31, 2022. The increase is due to business combinations and asset acquisitions, net of dispositions, mostly in our Infrastructure and Renewable Power and Transition segments. Net valuation increases recognized on our PP&E during the year also contributed to the increase in total assets. This was partially offset by amortization and depreciation of our asset base during the year. Total liabilities increased by \$22.5 billion from the prior year to \$321.9 billion as at December 31, 2023 primarily due to business combinations and asset acquisitions, net of dispositions.

PP&E increased by \$23.3 billion primarily as a result of acquisitions and additions, net of dispositions, completed across our segments, revaluation surplus largely within our LP investments and Infrastructure segment, as well as the positive impact of foreign currency translation impact, partially offset by depreciation.

Investment properties were \$9.1 billion higher at the end of 2023 compared to 2022 primarily driven by additions in our Real Estate segment and the acquisition of our European hyperscale data centre platform within our Infrastructure segment, partially offset by asset sales and classification of certain assets to held for sale.

Equity accounted investments increased by \$12.0 billion primarily due to additions, net of disposals, and our proportionate share of comprehensive income, partially offset by distributions and returns of capital received, as well as the unfavourable impact of foreign currency translation.

Cash and cash equivalents decreased by \$3.2 billion as at December 31, 2023 compared to 2022. For further information, refer to our Consolidated Statements of Cash Flows and to the Review of Consolidated Statements of Cash Flows within Part 4 – Capitalization and Liquidity.

Increases of \$583 million and \$6.2 billion in our intangible assets and goodwill balances, respectively, primarily relate to the acquisition of our North American and European residential infrastructure business within our Infrastructure segment, partially offset by the deconsolidation of our nuclear technology services operation and technology services operation in our Private Equity segment, as well as amortization expense across all segments.

Other assets decreased by \$412 million as the increase in other financial assets from acquisitions across our segments and growth of our Australian residential mortgage lender within our Private Equity segment were more than offset by lower inventory from dispositions within our Private Equity segment.

Corporate borrowings increased by \$770 million due to the issuance of \$550 million and \$700 million 10-year U.S. term notes in June and December 2023, respectively, partially offset by the repayment of maturing term notes.

Non-recourse borrowings increased by \$18.9 billion in 2023, primarily due to acquisitions and upfinancings within our Infrastructure and Renewable Power and Transition segments, net of borrowings reclassified to held for sale, partially offset by the disposition of our nuclear technology services operation within our Private Equity segment.

Other non-current financial liabilities increased by \$1.9 billion from 2022, primarily due to acquisitions and upfinancings within our Infrastructure and Renewable Power and Transition segments.

Other liabilities increased by \$879 million primarily due to an increase in deferred income tax liabilities mainly as a result of acquisitions completed primarily within our Infrastructure and Renewable Power and Transition segments.

EQUITY

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

COMMON EQUITY

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

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2024	2023
Common equity, beginning of year.....	\$ 41,674	\$ 39,608
Changes in period		
Net income attributable to shareholders.....	641	1,130
Other comprehensive income.....	766	803
Common dividends.....	(495)	(436)
Preferred dividends.....	(168)	(166)
Repurchases, net of equity issuances.....	(940)	(580)
Ownership changes and other.....	396	1,315
	200	2,066
Common equity, end of year.....	\$ 41,874	\$ 41,674

Common equity increased by \$200 million to \$41.9 billion during the year, primarily due to:

- net income attributable to common shareholders of \$641 million;
- other comprehensive income of \$766 million, primarily related to revaluation gains on property, plant and equipment within our Renewable Power and Transition and Infrastructure segments, and unrealized mark-to-market movements on our investment portfolio in our wealth solutions business due to a decrease in interest rates, partially offset by foreign currency translation; and
- ownership changes and other of \$396 million primarily related to a gain on the sale of a portion of our interest in BAM, which was contributed to our Wealth Solutions business to support the acquisition of AEL, partially offset by a reduction in our ownership in BBU following the transfer of a partial interest in this business to our Wealth Solutions business in November 2024; partially offset by
- distributions of \$663 million to shareholders as common and preferred share dividends; and
- share repurchases, net of issuances, of \$940 million, mainly related to the repurchase of 23.6 million Class A Limited Voting Shares ("Class A shares") during the year.

NON-CONTROLLING INTERESTS

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

AS AT DEC. 31 (MILLIONS)	2024	2023
Brookfield Asset Management	\$ 2,269	\$ 2,247
Brookfield Renewable	32,635	25,677
Brookfield Infrastructure	27,651	31,479
Brookfield Business Partners	15,429	15,241
Brookfield Property Group	25,725	35,314
Other participating interests	15,697	12,507
	\$119,406	\$122,465

Non-controlling interests decreased by \$3.1 billion during the year, primarily due to:

- comprehensive income attributable to non-controlling interests, which totaled \$4.2 billion; and
- capital raised from third parties, net of distributions, of \$1.3 billion; more than offset by
- ownership changes of \$8.5 billion, primarily due to the deconsolidation of BSREP IV within our LP investments.

CONSOLIDATION AND FAIR VALUE ACCOUNTING

As a Canadian domiciled public corporation, we report under IFRS Accounting Standards, while many other issuers that may be considered peers report under U.S. Generally Accepted Accounting Principles ("U.S. GAAP"). There are many differences between U.S. GAAP and IFRS Accounting Standards, but the two principal differences affecting our consolidated financial statements compared to those of other issuers are consolidation and fair value accounting.

In particular, U.S. GAAP allows some issuers to report certain investments, which qualify as variable interest entities, at fair value as a single line item on their balance sheet on a proportionate ownership basis as opposed to consolidating the underlying funds that the investment is held in inclusive of non-controlling interests. This approach is not available under IFRS Accounting Standards. This can create significant differences in the presentation of our financial statements as compared to other issuers.

CONSOLIDATION

Our consolidation conclusions under IFRS Accounting Standards may differ from other issuers who report under U.S. GAAP for two primary reasons:

- U.S. GAAP uses a voting interest model or a variable interest model to determine consolidation requirements, depending on the circumstances, whereas IFRS Accounting Standards uses a control-based model. We generally have the contractual ability to unilaterally direct the relevant activities of the funds managed by our Asset Management business; and
- we generally invest significant amounts of capital alongside clients of our Asset Management business and partners, which means that we earn meaningful returns as a principal investor in addition to our share of asset management returns compared to others who may act solely as an agent.

As a result, in many cases, we control entities in which we hold only a minority economic interest. For example, a Brookfield-sponsored private fund to which we have committed 30% of the capital may acquire 80% of the voting interest in an investee company. The contractual arrangements generally provide us with the irrevocable ability to direct the funds' relevant activities. Based on these facts, we would control the investment because we exercise decision-making power over a controlling interest of that business and our 24% economic interest provides us with sufficient exposure to the variable returns of a principal.

All entities that we control are consolidated for financial reporting purposes. As a result, we include 100% of these entities' revenues and expenses in our Consolidated Statements of Operations, even though a substantial portion of their net income is attributable to non-controlling interests. Furthermore, we include all of the assets, liabilities, including non-recourse borrowings, of these entities in our Consolidated Balance Sheets, and include the portion of equity held by others as non-controlling interests.

Intercompany revenues and expenses between Brookfield and its subsidiaries, such as asset management fees, are eliminated in our Consolidated Statements of Operations; however, these items affect the attribution of net income between shareholders and non-controlling interests. For example, asset management fees paid by our perpetual affiliates to our Asset Management business are eliminated from consolidated revenues and expenses. However, as the common shareholders are attributed 73% of the fee revenues¹ while only attributed their proportionate share of the listed affiliates' expenses, the amount of net income attributable to common shareholders is increased with a corresponding decrease in net income attributable to non-controlling interests.

FAIR VALUE ACCOUNTING

Under U.S. GAAP, many issuers who may be considered our peers account for their funds as investment companies and reflect their investments at fair value.

Under IFRS Accounting Standards, as a parent company, we are required to look through our consolidated and equity accounted investments and account for their assets and liabilities under the applicable IFRS Accounting Standards. We reflect a large number of assets at fair value, namely our investment properties, renewable power facilities and certain infrastructure assets which are typically recorded at amortized cost under U.S. GAAP. However, there are other assets that are not subject to fair value accounting under IFRS Accounting Standards and are therefore carried at amortized cost, which would be more consistent with U.S. GAAP.

Under both IFRS and U.S. GAAP Accounting Standards, the value of target carried interest, net of direct costs, of our Asset Management business is generally not reflected on the balance sheet despite being a material component of the value of our business.

For additional details on the valuation approach for the relevant segments, critical assumptions and related sensitivities, refer to Part 5 – Accounting Policies and Internal Controls.

1. See definition in Glossary of Terms beginning on page 134.

FOREIGN CURRENCY TRANSLATION

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

AS AT DEC. 31	Year-End Spot Rate			Appreciation/ (Depreciation) against U.S. Dollar		Average Rate			Appreciation/ (Depreciation) against U.S. Dollar	
	2024	2023	2022	2024 vs. 2023	2023 vs. 2022	2024	2023	2022	2024 vs. 2023	2023 vs. 2022
Australian dollar ..	0.6188	0.6812	0.6813	(9%)	—%	0.6597	0.6644	0.6949	(1%)	(4%)
Brazilian real ¹	6.1920	4.8403	5.2165	(22%)	8%	5.3908	4.9953	5.1644	(7%)	3%
British pound	1.2516	1.2731	1.2083	(2%)	5%	1.2781	1.2439	1.2372	3%	1%
Canadian dollar ...	0.6953	0.7547	0.7382	(8%)	2%	0.7301	0.7412	0.7690	(1%)	(4%)
Colombian peso ¹ ..	4,405.8	3,854.9	4,852.5	(13%)	26%	4,074.4	4,320.5	4,260.5	6%	(1%)
Euro	1.0353	1.1039	1.0705	(6%)	3%	1.0820	1.0816	1.0538	—%	3%

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

Currency exchange rates relative to the U.S. dollar at the end of the current year were lower than December 31, 2023 for all of our significant non-U.S. dollar investments. As at December 31, 2024, our common equity of \$41.9 billion was invested in the following currencies: U.S. dollars – 64% (December 31, 2023 – 52%); British pounds – 12% (December 31, 2023 – 12%); Brazilian reais – 4% (December 31, 2023 – 7%); Australian dollars – 3% (December 31, 2023 – 6%); Canadian dollars – 2% (December 31, 2023 – 5%); Euro – 8% (December 31, 2023 – 7%); and other currencies – 7% (December 31, 2023 – 11%).

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

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2024	2023	Change
Australian dollar	\$ (697)	\$ (45)	\$ (652)
Brazilian real	(2,279)	983	(3,262)
British pound	(233)	705	(938)
Canadian dollar	(1,040)	335	(1,375)
Colombian peso	(782)	1,226	(2,008)
Euro	(952)	628	(1,580)
Other	(992)	(38)	(954)
Total cumulative translation adjustments	(6,975)	3,794	(10,769)
Currency hedges ¹	2,938	(1,953)	4,891
Total cumulative translation adjustments net of currency hedges	\$ (4,037)	\$ 1,841	\$ (5,878)
Attributable to:			
Shareholders	\$ (778)	\$ 271	\$ (1,049)
Non-controlling interests	(3,259)	1,570	(4,829)
	<u>\$ (4,037)</u>	<u>\$ 1,841</u>	<u>\$ (5,878)</u>

1. Includes deferred income tax recovery of \$1 million (2023 – recovery of \$72 million).

The foreign currency translation of our equity, net of currency hedges, decreased consolidated equity by \$4.0 billion for the year ended December 31, 2024, of which our share was \$778 million. This was attributable to lower year-end rates across most currencies relative to the U.S. dollar.

We seek to hedge foreign currency exposure where the cost of doing so is reasonable. Due to the high costs associated with hedging the Brazilian real, Colombian peso and other emerging market currencies, hedge levels against those currencies were low as at December 31, 2024.

CORPORATE DIVIDENDS

The dividends paid by Brookfield on outstanding securities during 2024, 2023 and 2022, are summarized in the following table.

	Distribution per Security		
	2024	2023	2022
Class A and B ¹ Limited Voting Shares ("Class A and B shares") ²	\$ 0.32	\$ 0.28	\$ 0.56
Special distribution to Class A and B shares ³	—	—	8.00
Class A Preferred Shares			
Series 2	0.88	0.89	0.51
Series 4	0.88	0.89	0.51
Series 8 ⁴	—	—	0.75
Series 9 ⁵	—	—	0.58
Series 13	0.88	0.89	0.51
Series 15 ⁶	—	—	0.45
Series 17	0.87	0.88	0.91
Series 18	0.87	0.88	0.91
Series 24	0.59	0.60	0.62
Series 26 ⁷	0.70	0.71	0.72
Series 28 ⁸	0.84	0.85	0.70
Series 30 ⁹	1.11	1.13	0.90
Series 32 ¹⁰	1.23	1.02	0.97
Series 34 ¹¹	1.04	0.82	0.85
Series 36	0.89	0.90	0.93
Series 37	0.89	0.91	0.94
Series 38	0.65	0.66	0.69
Series 40 ¹²	0.82	0.75	0.77
Series 42	0.59	0.60	0.63
Series 44	0.91	0.93	0.96
Series 46 ¹³	0.98	1.00	1.01
Series 48 ¹⁴	1.14	1.15	0.91
Series 51 ⁴	1.11	1.12	—
Series 52 ⁵	0.44	0.45	—

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

2. Combined, the Corporation's and Brookfield Asset Management Ltd.'s 2024 quarterly dividend would equate to \$0.175 per Class A share held prior to the special distribution; representing a 17% increase compared to 2023, assuming that shareholders retained the Brookfield Asset Management Ltd. shares received upon completion of the special distribution in December 2022.

3. Distribution of one Class A and one Class B share of Brookfield Asset Management Ltd. for every four Corporation Class A Shares and Corporation Class B Shares held as of the close of business on December 2, 2022, valued based on the share price of \$32.00 per share of Brookfield Asset Management Ltd. on the date of the special distribution of the Asset Management business.

4. All Series 8 shares were converted to Series 51 shares as part of the special distribution of the Asset Management business in December 2022.

5. All Series 9 shares were converted to Series 52 shares as part of the special distribution of the Asset Management business in December 2022.

6. All Series 15 shares were fully redeemed and cancelled as at March 31, 2023.

7. Dividend rate reset commenced March 31, 2022.

8. Dividend rate reset commenced June 30, 2022.

9. Dividend rate reset commenced December 31, 2022.

10. Dividend rate reset commenced October 1, 2023.

11. Dividend rate reset commenced April 1, 2024.

12. Dividend rate reset commenced October 1, 2024.

13. Dividend rate reset commenced March 31, 2022.

14. Dividend rate reset commenced December 31, 2022.

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

SUMMARY OF QUARTERLY RESULTS

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

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

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

Revenues and direct costs in our Private Equity operations vary from quarter to quarter primarily due to acquisitions and dispositions of businesses, fluctuations in foreign exchange rates, business and economic cycles, and weather and seasonality in underlying operations. Broader economic factors and commodity market volatility may have a significant impact on a number of our businesses, in particular within our industrials portfolio. Within our infrastructure services, our work access services is subject to potential seasonal fluctuations in the demand for services. Some of our business services operations will typically have stronger performance in the latter half of the year whereas others, such as our residential mortgage insurer, fluctuate based on seasonality and macroeconomic conditions affecting the Canadian housing market. Net income is impacted by periodic gains and losses on acquisitions, monetization and impairments.

Our condensed statements of operations for the eight most recent quarters are as follows:

FOR THE PERIODS ENDED (MILLIONS, EXCEPT PER SHARE AMOUNT)	2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	\$19,426	\$20,623	\$23,050	\$22,907	\$24,518	\$24,441	\$23,668	\$23,297
Net income (loss)	101	1,518	(285)	519	3,134	35	1,512	424
Net income to shareholders	432	64	43	102	699	230	81	120
Per share								
– diluted	\$ 0.25	\$ 0.01	\$0.00	\$ 0.04	\$ 0.42	\$ 0.12	\$ 0.03	\$ 0.05
– basic	0.26	0.01	\$0.00	0.04	0.43	0.12	0.03	0.05

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

FOR THE PERIODS ENDED (MILLIONS)	2024				2023			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Fair value changes	\$(1,759)	\$ (166)	\$ (753)	\$ 158	\$(1,326)	\$ (170)	\$ 62	\$ 38
Income taxes	(259)	(138)	(304)	(281)	(87)	(241)	(409)	(274)
Net impact	\$(2,018)	\$ (304)	\$(1,057)	\$ (123)	\$(1,413)	\$ (411)	\$ (347)	\$ (236)

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

- In the fourth quarter of 2024, revenues decreased in comparison to the prior quarter primarily due to decreased contributions from our Private Equity segment from the disposition of our road fuels operation as prior quarter included partial revenues due to the timing of the sale, partially offset by increased contributions from our Infrastructure segment due to inflation indexation and rate base increases. Net income decreased as increased equity accounted income from growth in our Wealth Solutions business and higher valuations of certain equity accounted investment properties within our Real Estate and Infrastructure segments were more than offset by the impairment of goodwill at our healthcare services operation, asset impairment at our natural gas production operation, and the settlement of a legacy pre-acquisition litigation at our dealer software and technology services operation, all within our Private Equity segment.
- In the third quarter of 2024, revenues decreased in comparison to the prior quarter primarily due to decreased contributions from our Private Equity segment from the disposition of our road fuels operation, partially offset by increased contributions from our Infrastructure segment due to inflation indexation and rate base increases. Net income increased primarily from the recognition of tax benefits at our advanced energy storage operation and gains associated with the disposition of our road fuels operation, both within our Private Equity segment, partially offset by mark-to-market decreases related to insurance reserves within our Wealth Solutions business.
- In the second quarter of 2024, revenues increased in comparison to the prior quarter primarily due to lease commencements and higher rents at certain properties within our Real Estate segment and our real estate LP investments within our Asset Management segment. Net income decreased from the prior quarter as contributions from the close of AEL were more than offset by fair value decreases at certain U.S. transitional and development properties within our Real Estate segment, and as the prior quarter included a bargain purchase gain on the acquisition of our North American retail colocation data center business within our Infrastructure segment.
- In the first quarter of 2024, revenues decreased in comparison to the prior quarter primarily due to decreased contributions from our Private Equity segment from the deconsolidation of our nuclear technology services operation and lower volumes at our engineered components manufacturing operation, partially offset by increased contributions in our Renewable Power and Transition segment from the acquisition of a U.S. renewable portfolio. The lower net income in the quarter was primarily due to lower disposition gains compared to the prior quarter.
- In the fourth quarter of 2023, revenues were consistent with the prior quarter. Net income increased compared to the prior quarter due to gains associated with the disposition of our nuclear technology services operation, which was partially offset by fair value decreases in our Real Estate segment.
- In the third quarter of 2023, revenues increased in comparison to the prior quarter mainly due to contributions from recent acquisitions, primarily in our Infrastructure segment. Net income is absent one time disposition gains recognized in the prior quarter in our Infrastructure segment, and reflects fair value decreases on our transitional and development properties within our Real Estate segment.
- In the second quarter of 2023, revenues increased in comparison to the prior quarter primarily due to same-store growth across our Operating Businesses and recent acquisitions. The increased net income in the quarter compared to the prior quarter is primarily a result of disposition gains from our Infrastructure segment.
- In the first quarter of 2023, revenues decreased in comparison to the prior quarter primarily due to decreased contributions from our Private Equity segment due to the impact of volume, partially offset by contributions from recent acquisitions and organic growth initiatives in our Infrastructure and Renewable Power and Transition segments. The increase in net income was primarily due to fair value decreases recorded on investment properties in the prior quarter.

PART 3

OPERATING SEGMENT RESULTS

BASIS OF PRESENTATION

HOW WE MEASURE AND REPORT OUR OPERATING SEGMENTS

Our operations are organized into our Asset Management business, our Wealth Solutions business, our four primary Operating Businesses and our Corporate Activities, which collectively represent seven operating segments for internal and external reporting purposes.

For our Asset Management and Wealth Solutions segments, we primarily measure operating performance using DE¹. To further assess operating performance for the Asset Management segment, we also provide unrealized carried interest¹ which represents carried interest generated on unrealized changes in the fair value of our private fund investment portfolios, net of realized carried interest¹. Net operating income ("NOI")¹ is the key performance metric for our Real Estate segment, and Funds from Operations ("FFO")¹ is used for our other operating segments. We also provide the amount of capital invested by the Corporation in each segment using common equity. Common equity relates to invested capital¹ allocated to a particular business segment, which we use interchangeably with segment common equity.

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

- i. The *Asset Management* business includes managing long-term private funds, perpetual strategies and liquid strategies on behalf of our investors and ourselves. We generate contractual base management fees for these activities as well as incentive distributions¹ and performance income, including performance fees¹, transaction fees and carried interest¹. The Asset Management business also includes our direct investments into and alongside private funds managed by BAM.
- ii. The *Wealth Solutions* business includes our equity accounted interest in BWS, a wealth solutions provider focused on securing the financial futures of individuals and institutions through a range of retirement services, wealth protection products and tailored capital solutions.

Operating Businesses

- iii. The *Renewable Power and Transition* business includes the ownership, operation and development of hydroelectric, wind, utility-scale solar power generating assets, distributed energy, and sustainable solutions.
- iv. The *Infrastructure* business includes the ownership, operation and development of utilities, transport, midstream, and data assets.
- v. The *Private Equity* business includes a broad range of industries, and is mostly focused on ownership and operations in the business services and industrials sectors.
- vi. The *Real Estate* business includes the ownership, operation and development of core and transitional and development investments (including residential development properties).
- vii. *Corporate Activities* include the investment of cash and financial assets, as well as the management of our corporate leverage, including corporate borrowings and preferred equity, which fund a portion of the capital invested in our other operations. Certain corporate costs such as technology and operations are allocated to each operating segment based on an internal pricing framework.

1. See definition in Glossary of Terms beginning on page 134.

In assessing operating performance and capital allocation, we separately identify the portion of DE, NOI, or FFO and common equity that relate to each segment, where applicable. We believe that identifying the key operating metrics attributable to each segment enables investors to understand how the results of these entities are integrated into our financial results and is helpful in analyzing variances between reporting periods. Additional information with respect to our listed affiliates (BEP, BIP, BBU) is available in their public filings. We also separately identify the components of realized carried interest, net¹, and realized disposition gains¹ included within the DE and FFO of each segment in order to facilitate analysis of variances between reporting periods.

SUMMARY OF RESULTS BY OPERATING SEGMENT

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

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	DE ¹			FFO ^{1,2} / NOI ^{1,2}			Common Equity		
	2024	2023	Change	2024	2023	Change	2024	2023	Change
Asset Management.....	\$ 3,048	\$ 3,124	\$ (76)				\$17,338	\$19,484	\$(2,146)
Wealth Solutions	1,350	740	610				10,872	6,144	4,728
Operating Businesses									
Renewable Power and Transition				\$ 470	\$ 418	\$ 52	4,485	4,887	(402)
Infrastructure				567	653	(86)	2,202	2,537	(335)
Private Equity				951	1,876	(925)	1,879	3,291	(1,412)
Real Estate ³				3,397	3,490	(93)	23,085	22,413	672
Corporate Activities				271	(463)	734	(17,987)	(17,082)	(905)
Total	\$ 6,274	\$ 4,806	\$ 1,468				\$41,874	\$41,674	\$ 200

1. DE is the key performance metric for the Asset Management and Wealth Solutions segments. NOI is the key performance metric for the Real Estate segment only. FFO is the key performance metric for the Renewable Power and Transition, Infrastructure, Private Equity, and Corporate Activities segments.

2. See definition in Glossary of Terms beginning on page 107.

3. For comparability, we have excluded property management and development fees of \$126 million for the year ended December 31, 2023 as they are no longer recognized in NOI.

During the year, we generated strong results with DE¹ of \$6.3 billion. DE before realizations¹ were \$4.9 billion for the year, an increase of \$648 million or 15% over the prior year. The increase is attributable to inflows from continued fundraising momentum and capital deployment in our Asset Management business, acquisitions, organic growth, and strong investment performance in our Wealth Solutions business, and the resilient earnings across our Operating Businesses. We also recognized \$403 million of net carried interest from realizations in private funds managed by BAM and generated \$1.0 billion of disposition gains from principal investments, primarily related to a gain on the sale of a portion of our BAM shares to AEL shareholders.

Our Asset Management business generated DE before realizations of \$1.7 billion in the current year. BAM benefited from a strong year of fundraising and capital deployment, with growth in FRE¹ supported by significant inflows across our flagship and complementary strategies including the close of the AEL mandate, and capital deployed at our perpetual strategies and long-term credit funds, resulting in a \$82 billion or 18% increase in fee-bearing capital¹ over the prior year. Distributions from our direct investments were \$909 million in the current year.

Wealth Solutions DE increased by \$610 million compared to the prior year, benefitting from contributions from the acquisition of AEL, organic growth and the strength of our investment performance.

Renewable Power and Transition's FFO increased by \$52 million compared to the prior year primarily due to growth from the commissioning of development assets across our portfolio, the monetization of tax benefits in the U.S., and net acquisition activity, partially offset by increased interest expense due to additional borrowings to finance ongoing capital projects.

1. See definition in Glossary of Terms beginning on page 134.

Infrastructure's FFO was \$567 million in the current year. Excluding the impact of realized disposition gains, operating FFO increased by \$27 million primarily due to organic growth across our businesses from inflation indexation, commissioning of capital projects, rate base increases, and net acquisition activity, partially offset by increased interest expense related to additional borrowings to finance ongoing capital projects, as well as the impact of foreign exchange.

Private Equity's FFO was \$951 million in the current year. Excluding the impact of realized disposition gains, operating FFO increased by \$198 million primarily due to same-store growth from commercial execution, business optimization initiatives, and the recognition of tax benefits at our advanced energy storage operation in industrials, as well as decreased interest expense, partially offset by net disposition activity and our reduced direct ownership in BBU. Realized disposition gains were \$199 million in the current year compared to \$1.3 billion in the prior year, which benefitted from the sale of our nuclear technology services operation.

Our Real Estate business continues to benefit from strong performance within our core Real Estate portfolio which drove same-store core NOI growth of 4% over the prior year quarter. Excluding the impact of the receipt of a \$191 million one-time lease payment in the prior year, NOI increased by \$98 million primarily due to strong same-store NOI growth, and increased lot sales in our residential business.

Common equity increased by \$200 million to \$41.9 billion in the year ended December 31, 2024 primarily due to comprehensive income and the impact of ownership changes, partially offset by distributions to common and preferred equity holders and share repurchases. Refer to Part 2 – Review of Consolidated Financial Results for details.

ASSET MANAGEMENT

BUSINESS OVERVIEW

Our Asset Management business is a leading global alternative asset manager, with over \$1 trillion of assets under management as at December 31, 2024 across renewable power and transition, infrastructure, private equity, real estate, and credit. As at December 31, 2024, our capital in this business is via our 73% ownership interest in BAM ULC^{1,2}.

The business invests client capital for the long term with a focus on real assets and essential service businesses that form the backbone of the global economy. The business draws on our heritage as an owner and operator to invest for value and generate strong returns for clients, across economic cycles. Our clients include some of the world's largest institutional investors, including sovereign wealth funds, pension plans, endowments, foundations, financial institutions, insurance companies, and individual investors.

The collaboration between the 2,500+ investment and asset management professionals in our Asset Management business and approximately 250,000 operating employees located in over 30 countries on five continents, provides Brookfield with deep investment and operating expertise across several sectors and industries, global reach and unique access to proprietary investment opportunities.

We put our own capital to work alongside our investors' in virtually every transaction, aligning interests and leveraging our global presence, the synergies of our business and large-scale, flexible capital to achieve strong returns across market cycles.

We offer our clients a large and growing number of investment products to assist them in achieving their financial goals, providing a diverse set of long-term and perpetual private funds and dedicated public vehicles across each of the asset classes in which we invest and spanning various investment strategies.

As the asset manager of these investment products, our Asset Management business earns base management fees in addition to incentive distributions, performance fees, or carried interest depending on the product offering.

Our Asset Management business focuses on raising capital by establishing new investment products for our clients, identifying and acquiring high-quality assets, delivering strong underlying investment performance and executing timely monetizations or refinancings. If we execute in these areas, this should equate to growth in fee-bearing and carry eligible capital¹ and in turn higher fee revenues, fee-related earnings and realized carried interest over time.

We also include the discretionary capital that we invest directly into and alongside private funds managed by BAM and other investments within the results of our Asset Management business. These investments include flagship real estate private funds that are managed by BAM with long-term track records of earning strong returns, as well as capital invested in other real estate, private equity, opportunistic and other credit funds managed by BAM, and other investments.

OUTLOOK AND GROWTH INITIATIVES

Alternative assets provide an attractive investment opportunity to institutional and high net worth investors. These asset classes also provide investors with alternatives to fixed income investments by providing a strong, inflation-linked return profile. Institutional investors, in particular pension funds, must earn and generate returns to meet their long-term obligations while protecting their capital. As a result, inflows to alternative asset managers are continuing to grow and managers are focused on new product development to meet this demand.

Our business model has proven to be resilient through economic cycles, due to our strong foundation and discipline. Overall, our business is stronger and more diversified than ever and well positioned to deliver continued growth.

1. See definition in Glossary of Terms beginning on page 134.

2. In February 2025, the Corporation exchanged its interest in BAM ULC for an interest in BAM Ltd. on a one-for-one basis. Following this transaction, the Corporation holds a 73% ownership interest in BAM Ltd., which in turn holds 100% of our Asset Management business.

During 2024, we raised a record \$137 billion of capital commitments across our flagship and complementary strategies. We raised \$13 billion for our flagship funds, including inflows from our twelfth opportunistic credit fund, our second global transition fund and our fifth opportunistic real estate fund strategy. We continue to progress fundraising across our complementary strategies, raising a further \$124 billion of capital over the year, with inflows for our insurance mandates, our catalytic transition fund, our infrastructure income fund, our perpetual supercore infrastructure strategy and our fourth infrastructure debt fund.

In addition, we are also actively progressing new growth strategies, including transition, insurance, secondaries, and technology. These new initiatives, in addition to our existing strategies are expected to have a very meaningful impact on our growth trajectory in the long term.

We continue to expand our investor base through existing relationships and new channels. As at December 31, 2024, we had over 2,300 clients, made up of some of the world's largest institutional investors, including sovereign wealth funds, pension plans, endowments, foundations, financial institutions, insurance companies, and individual investors. Our private wealth channel also continues to grow and represents over 8% of current commitments. We have a dedicated team of over 150 people that are focused on distributing and developing catered products to the private wealth channel.

Long-term Private Funds – \$262.1 billion fee-bearing capital¹

Our Asset Management business manages and earns fees on a diverse range of renewable power and transition, infrastructure, private equity, real estate and credit funds. These funds have a long duration, are closed-end and include opportunistic, value-add, core and core plus investment strategies.

On long-term private fund capital, our Asset Management business earns:

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

Perpetual Strategies – \$208.6 billion fee-bearing capital

Our Asset Management business manages the perpetual capital in our perpetual affiliates, as well as in its core and core plus private funds, which can continually raise new capital. From these perpetual strategies, our business earns:

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

Liquid Strategies – \$67.9 billion fee-bearing capital

Our Asset Management business manages publicly listed funds and separately managed accounts, focused on fixed income and equity securities across real estate, infrastructure and natural resources. Our business earns base management fees, which are based on committed capital and fund NAV, and performance income based on investment returns.

1. See definition in Glossary of Terms beginning on page 134.

SUMMARY OF OPERATING RESULTS

The following table disaggregates our share of DE and common equity of entities in our Asset Management segment. We have provided additional detail, where referenced, to explain significant variances in our operating results from the prior period.

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Ref.	DE		Common Equity	
		2024	2023	2024	2023
BAM ¹	i	\$ 1,736	\$ 1,678	\$ 6,025	\$ 7,126
Realized carried interest	ii	403	570	—	—
Direct investments	iii	909	876	11,313	12,358
Realized disposition gains	iii	46	11	—	—
		<u>\$ 3,094</u>	<u>\$ 3,135</u>	<u>\$17,338</u>	<u>\$19,484</u>
Generated carried interest					
Generated in period		\$ 2,656	\$ 1,833		
Foreign exchange		(524)	182		
		<u>2,132</u>	<u>2,015</u>		
Less: direct costs		(598)	(727)		
Generated carried interest, net	iv	1,534	1,288		
Less: generated carried interest not attributable to the Corporation		(268)	(169)		
Total generated carried interest, net		<u>\$ 1,266</u>	<u>\$ 1,119</u>		

FEE-BEARING CAPITAL

The following table summarizes fee-bearing capital:

AS AT DEC. 31 (MILLIONS)	Long-Term Private Funds	Perpetual Strategies	Liquid Strategies	Total 2024	Total 2023
Renewable Power and Transition	\$ 34,813	\$ 23,044	\$ —	\$ 57,857	\$ 52,363
Infrastructure	45,738	51,312	—	97,050	94,635
Private Equity	37,123	8,067	—	45,190	38,849
Real Estate	69,689	23,940	—	93,629	93,444
Credit	74,697	102,193	67,925	244,815	177,707
December 31, 2024	<u>\$ 262,060</u>	<u>\$ 208,556</u>	<u>\$ 67,925</u>	<u>\$ 538,541</u>	n/a
December 31, 2023	<u>\$ 245,341</u>	<u>\$ 148,719</u>	<u>\$ 62,938</u>	<u>n/a</u>	<u>\$ 456,998</u>

We have approximately \$53 billion of additional committed capital that does not currently earn fees but will generate approximately \$530 million in annual fees once deployed.

1. BAM is presented net of a \$1 billion non-recourse loan issued to a large institutional partner in December 2024, and associated borrowing costs.

Fee-bearing capital increased by \$81.5 billion during the year. The changes are set out in the following table:

AS AT AND FOR THE YEAR ENDED DEC. 31 (MILLIONS)	Renewable Power and Transition	Infrastructure	Private Equity	Real Estate	Credit	Total
Balance, December 31, 2023	\$ 52,363	\$ 94,635	\$ 38,849	\$ 93,444	\$ 177,707	\$ 456,998
Inflows	8,670	5,313	3,714	9,074	102,211	128,982
Outflows	—	(11)	—	(481)	(27,396)	(27,888)
Distributions	(1,594)	(2,378)	(1,302)	(4,054)	(8,700)	(18,028)
Market valuation	(704)	3,669	1,610	(2,169)	6,074	8,480
Other	(878)	(4,178)	2,319	(2,185)	(5,081)	(10,003)
Change	5,494	2,415	6,341	185	67,108	81,543
Balance, December 31, 2024	\$ 57,857	\$ 97,050	\$ 45,190	\$ 93,629	\$ 244,815	\$ 538,541

Renewable power and transition fee-bearing capital increased by \$5.5 billion, due to:

- inflows from capital raised for our second flagship global transition fund, capital market issuances within BEP, as well as capital deployed across our fund strategies; partially offset by
- the end of the investment period in our fourth flagship infrastructure fund¹; and
- distributions paid to BEP's unitholders and capital returned to investors across our long-term private funds.

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

- increase in market valuations as a result of the higher market capitalization of BIP; and
- inflows from capital deployed and valuation increases across our perpetual strategies; partially offset by
- the end of the investment period in our fourth flagship infrastructure fund; and
- distributions paid to BIP's unitholders and capital returned to investors across our long-term and perpetual private funds.

Private equity fee-bearing capital increased by \$6.3 billion, due to:

- inflows from the acquisition of Pinegrove Ventures and capital deployed in our complementary strategies; and
- increase in market valuations as a result of the higher market capitalization of BBU; partially offset by
- distributions paid to BBU's unitholders and capital returned to investors across our long-term private funds.

Real estate fee-bearing capital increased by \$185 million, due to:

- inflows from capital raised for our fifth flagship real estate fund, as well as capital deployed across our fifth flagship real estate fund and other long-term private funds; partially offset by
- distributions and lower market valuation of certain assets across our perpetual fund strategies and long-term private funds.

Credit fee-bearing capital increased by \$67.1 billion, due to:

- inflows from the close of the AEL mandate and the acquisition of Castllake L.P. ("Castllake"); and
- inflows from capital deployed and valuation increases across our liquid and perpetual strategies and long-term private funds (including our twelfth flagship opportunistic credit fund); partially offset by
- redemptions from our liquid and perpetual strategies and distributions across our Oaktree, infrastructure and real estate debt strategies.

1. Related to renewable power and transition assets.

CARRY ELIGIBLE CAPITAL

Carry eligible capital¹ increased by \$3.0 billion during the year to \$240.3 billion as at December 31, 2024 (December 31, 2023 – \$237.3 billion), primarily related to our acquisition of Castlake and capital committed in our fifth flagship real estate fund, second global transition fund and catalytic transition fund, partially offset by distributions from our second and third flagship real estate funds, fourth flagship private equity fund and closed-end credit funds.

As at December 31, 2024, \$167.1 billion of carry eligible capital was deployed (December 31, 2023 – \$165.8 billion). This capital is either currently earning carried interest or will begin earning carried interest once its related funds have reached their preferred return threshold. There are currently \$73.1 billion of uncalled fund commitments that will begin to earn carried interest once the capital is deployed and fund preferred returns are met (December 31, 2023 – \$71.5 billion).

OPERATING RESULTS

DE from our Asset Management business includes fee-related earnings, net of corporate costs, excluding equity-based compensation costs and realized carried interest earned by us in respect of capital managed for our investors. Fee-related earnings includes fees earned by BAM on the capital invested by us in the perpetual affiliates. This is representative of how we manage the business and measure the returns from our asset management activities. DE from our Asset Management business also includes operating earnings from our interests in direct investments. We also analyze unrealized carried interest, net, to provide insight into the value our investments have created in the period.

i. Distributable earnings from BAM

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2024	2023
Fee revenues ¹		
Base management fees	\$ 4,233	\$ 3,956
Incentive distributions	424	378
Transaction and advisory fees	49	47
	<u>4,706</u>	<u>4,381</u>
Less: direct costs	(2,136)	(2,014)
	<u>2,570</u>	<u>2,367</u>
Less: fee-related earnings not attributable to the Corporation	(114)	(126)
Fee-related earnings	<u>2,456</u>	<u>2,241</u>
Cash taxes	(301)	(196)
Add back: equity-based compensation costs, investment income and other	204	193
BAM distributable earnings	<u>2,359</u>	<u>2,238</u>
Amounts not attributable to the Corporation	(622)	(560)
BAM distributable earnings at our share	<u>1,737</u>	<u>1,678</u>
Non-recourse borrowings ²	(1)	—
Distributable earnings from Asset Management business, net of non-recourse borrowings	<u>\$ 1,736</u>	<u>\$ 1,678</u>

1. See definition in Glossary of Terms beginning on page 134.

2. Non-recourse borrowings relate to interest paid on a \$1 billion loan issued to a large institutional partner in December 2024.

Fee-related earnings increased to \$2.5 billion, mainly due to higher base management fees driven by increased fee-bearing capital and growth in incentive distributions from BIP and BEP, partially offset by increased direct costs as we continue to scale our Asset Management business.

Base management fees increased by \$277 million to \$4.2 billion, representing a 7% increase from the prior year as a result of the following activity:

- \$248 million increase from our credit business due to the closing of the AEL mandate as well as capital deployed across our opportunistic credit flagship and other debt funds;
- \$51 million increase from our real estate business due to capital raised for our fifth opportunistic real estate fund strategy, partially offset by lower market valuation of certain assets across our perpetual fund strategies; and
- \$20 million increase from our renewable power and transition business due to capital raised for our second flagship global transition fund and our fifth flagship infrastructure fund¹, partially offset by the end of the investment period for our fourth flagship infrastructure fund¹; partially offset by
- \$24 million decrease from our infrastructure business as capital raised for our fifth flagship infrastructure fund as well as capital deployed in our supercore infrastructure strategy and our infrastructure income strategy were more than offset by the end of the investment period for our fourth flagship infrastructure fund; and
- \$18 million decrease from our private equity business as capital raised for our sixth flagship private fund and higher capitalization of BBU as a result of a higher trading price were more than offset by the end of the investment period for our fifth flagship private equity fund.

Incentive distributions across our perpetual affiliates increased by \$46 million to \$424 million, due to higher distributions paid by BIP and BEP versus the prior year.

The margin on our fee-related earnings was 57% in the current period (2023 – 56%), benefitting from the growth in our credit segment and continued fundraising momentum. As we continue to raise capital in the coming year, we expect our margin to continue to increase due to our operating leverage.

Direct costs consist primarily of employee expenses and professional fees, as well as business related technology costs and other shared services. Direct costs increased by \$122 million from the prior year as we continue to scale our asset management franchise, including enhancing our fundraising and client service capabilities and developing new complementary strategies.

Cash taxes and other income (expense) comprise of corporate costs of our Asset Management business. Amounts not attributable to the Corporation relate to non-controlling interest (“NCI”) of our Asset Management business.

ii. Realized Carried Interest

We realize carried interest when a fund’s cumulative realized returns are in excess of preferred returns and are no longer subject to future investment performance (e.g., subject to “clawback”). During the year, we realized \$403 million of carried interest, net of direct costs (2023 – \$570 million), which were primarily driven by realizations from flagship funds within our infrastructure and real estate businesses, as well as from our closed-end credit funds.

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

1. Related to renewable power and transition assets.

iii. Direct investments

DE before realizations from our direct investments of \$909 million was \$33 million higher than the prior year. The increase is mainly attributable to strong investment performance and higher distributions compared to the prior year.

Realized disposition gains from our direct investments of \$46 million were primarily attributable to the sale of certain financial assets.

iv. Unrealized Carried Interest

The amounts of accumulated unrealized carried interest¹ and associated costs are not included in our Consolidated Balance Sheets or Consolidated Statements of Operations as they are still subject to clawback. These amounts are shown in the following table:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2024			2023		
	Carried Interest	Direct Costs	Net	Carried Interest	Direct Costs	Net
Accumulated unrealized, beginning of period	\$ 10,152	\$ (3,376)	\$ 6,776	\$ 9,143	\$ (3,021)	\$ 6,122
In-period change						
Generated in period	2,656	(745)	1,911	1,833	(677)	1,156
Foreign currency revaluation	(524)	147	(377)	182	(50)	132
	2,132	(598)	1,534	2,015	(727)	1,288
Less: realized	(801)	299	(502)	(1,006)	372	(634)
	1,331	(299)	1,032	1,009	(355)	654
Accumulated unrealized, end of period	11,483	(3,675)	7,808	10,152	(3,376)	6,776
Carried interest not attributable to the Corporation	(1,439)	654	(785)	(1,230)	612	(618)
Accumulated unrealized, end of period, net	\$ 10,044	\$ (3,021)	\$ 7,023	\$ 8,922	\$ (2,764)	\$ 6,158

Unrealized carried interest generated in the current year before foreign exchange and associated costs was \$2.7 billion primarily related to increased valuations in our infrastructure, private equity and credit businesses.

Accumulated unrealized carried interest, at our share¹, totaled \$10.0 billion as at December 31, 2024. We estimate approximately \$3.0 billion in associated costs related to the future realization of the accumulated amounts to date, predominantly related to employee long-term incentive plans and taxes that will be incurred. We expect to recognize \$5.6 billion of this carry at our share, before costs, within the next three years; however, realization of this carried interest is dependent on future investment performance and the timing of monetizations.

1. See definition in Glossary of Terms beginning on page 134.

WEALTH SOLUTIONS

BUSINESS OVERVIEW

- Our Wealth Solutions business is a wealth solutions provider focused on securing the financial futures of individuals and institutions through a range of retirement services, wealth protection products and tailored capital solutions. Through its operating subsidiaries, BWS offers a broad range of insurance products and services, including annuities, personal and commercial property and casualty insurance, and life insurance. In doing so, our Wealth Solutions business seeks to match its liabilities with a portfolio of high-quality investments in order to generate attractive, risk-adjusted returns.
- Our capital invested in our Wealth Solutions business is via our equity accounted investment in BWS, which is listed on the NYSE and TSX. We refer to BWS as a “paired entity” to the Corporation. Each BWS Class A exchangeable share has been structured with the intention of providing an economic return equivalent to one Brookfield Class A Share due to each exchangeable share (i) being exchangeable at the option of the holder for one Brookfield Class A Share or its cash equivalent (the form of payment to be determined at the election of the Corporation), subject to certain limitations, and (ii) receiving distributions at the same time and in the same amounts as dividends on the Brookfield Class A Shares.
- The business may seek to add duration and diversification to its investment portfolio by acquiring public and private real assets across many of the asset classes in which Brookfield has a long-dated track record of success, including real estate, royalties, or public securities (among other assets). These acquisitions could be made in the open market or from assets currently owned by the Corporation.

OPERATIONS

Annuities

Annuities offer our policyholders a tax-deferred means of accumulating retirement savings, as well as a reliable source of income during the payout period. Our primary insurance products and coverages include:

- Fixed index annuities that allow policyholders to earn index credits based on the performance of a particular index without the risk of loss of their account value;
- Fixed rate annuities that include annual, multi-year rate guaranteed products and single premium deferred annuities;
- Pension risk transfer that allows corporate sponsors to transfer all or part of the risks associated with the sponsorship and administration of a pension plan, in particular, investment risk and longevity risk; and
- Single premium immediate annuities that are purchased with one premium payment, providing periodic (usually monthly or annual) payments to the annuitant for a specified period.

Property and Casualty

Our primary insurance products and coverages include:

- Property lines that offer policies protecting various personal and commercial properties from man-made and natural disasters, including property insurance for homeowners and renters;
- Casualty lines that include a broad range of primary and excess casualty products, such as specialty casualty, construction defect, general liability, commercial multi-peril, workers compensation, product liability, environmental liability and auto liability;
- Specialty lines that include niche insurance coverages such as garage and inland marine and offer insurance programs and fronting solutions; and
- Run-off and other lines that primarily consist of discontinued lines previously underwritten by our insurance subsidiaries including professional liability, surety and homeowners.

Life Insurance

Our primary insurance products and coverages include:

- Whole life products that provide a guaranteed benefit upon the death of the insured in return for the periodic payment of a fixed premium over a predetermined period;
- Universal life insurance products that provide coverage through a contract that gives the policyholder flexibility in premium payments and coverage amounts;
- Variable universal life products that provide insurance coverage on a similar basis as universal life, except that the policyholder bears the investment risk because the value of the policyholder's account balance varies with the investment experience of the securities selected by the policyholder held in the separate account; and
- Credit life insurance products that are sold in connection with a loan or other credit account, and are designed to pay the lender the borrower's remaining debt on a loan or credit account if the borrower dies during the coverage period.

OUTLOOK AND GROWTH INITIATIVES



Our Wealth Solutions business seeks to match its insurance liabilities with a portfolio of high-quality investments in order to generate attractive, risk-adjusted returns. In doing so, our Wealth Solutions business leverages our broader Brookfield platforms to opportunistically source new business and deploy our capital in assets that are tailored to our investment needs. Our Brookfield platforms and relationships provide us with access to a diverse mix of leading alternative investment strategies that we believe are well-suited for this purpose.

Our Wealth Solutions business' insurance assets increased to over \$120 billion as we closed on the acquisition of AEL and originated approximately \$19 billion of retail and institutional annuity sales in 2024. During the year, we deployed over \$16 billion across the investment portfolio at strong risk-adjusted yields.

We continue to diversify the business by growing our pension risk transfer capabilities and expanding into new markets. An example of this is the completion of our first reinsurance transaction in the U.K., at \$1.3 billion which closed in the fourth quarter of 2024.

SUMMARY OF OPERATING RESULTS

Distributable operating earnings (“DOE”) is a key measure of our Wealth Solutions business’ financial performance and is equivalent to its DE¹. The following table disaggregates our Wealth Solutions segment’s DOE to facilitate analysis of the year-over-year variances:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2024	2023
Net investment income	\$ 4,700	\$ 2,269
Cost of funds ²	(2,726)	(1,214)
Interest expense	(344)	(193)
Operating expenses and other ²	(256)	(117)
Distributable operating earnings, gross	1,374	745
Less: Amounts not attributable to the Corporation	(24)	(5)
Distributable operating earnings, net	\$ 1,350	\$ 740

2. For comparability with peers, we have reclassified current income taxes of \$67 million for the year ended December 31, 2024 (2023 – \$51 million) from cost of funds to operating expenses and other.

Our DOE was \$1.4 billion, a \$610 million increase from the prior year, benefitting from contributions from the acquisition of AEL, organic growth and the strength of our investment performance. The average investment portfolio yield was 5.4%, 1.8% higher than the average cost of capital. Annualized earnings for the business are well positioned to grow in the near term as we continue to rotate the investment portfolio.

COMMON EQUITY

Common equity in our Wealth Solutions segment was \$10.9 billion as at December 31, 2024 (2023 – \$6.1 billion), which includes distributable operating earnings retained in this business and mark-to-market movements on our investment portfolio and reserves.

Our capital in this business increased primarily due to the contribution of approximately \$1 billion of BAM shares to support the acquisition of AEL in May 2024 and the contribution of a \$1 billion economic interest in BBU in the fourth quarter of 2024, both in exchange for newly-issued BWS Class C shares, and the reinvestment of DE to support the continued growth of this business.

1. See definition in Glossary of Terms beginning on page 134.

RENEWABLE POWER AND TRANSITION

BUSINESS OVERVIEW

- We own and operate renewable power, sustainable solutions and transition assets primarily through our 46% economic ownership interest¹ in BEP, which is listed on the NYSE and TSX and had a market capitalization of \$15.9 billion as at December 31, 2024.
- BEP owns diverse and high-quality assets across multiple continents and technologies including hydroelectric wind, utility-scale solar, and distributed energy and sustainable solutions investments.
- We also enter into energy contracts, which are our contractual arrangements 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.

OPERATIONS

Hydroelectric

- We operate and invest in 235 hydroelectric generating stations on 83 river systems in North America, Brazil and Colombia. Our hydroelectric operations have 8,276 megawatts ("MW") of installed capacity and annualized long-term average ("LTA")¹ generation of 19,722 gigawatt hours ("GWh") on a proportionate basis¹.

Wind

- Our wind operations include 261 wind facilities globally with 17,134 MW of installed capacity and annualized LTA generation of 9,690 GWh on a proportionate basis¹.

Utility-scale Solar

- Our utility-scale solar operations include 309 solar facilities globally with 12,050 MW of installed capacity and 5,119 GWh of annualized LTA generation on a proportionate basis¹.

Distributed Energy & Sustainable Solutions

- Our distributed generation operation includes 7,320 facilities across two river systems with 7,291 MW of installed capacity and annualized LTA generation of 1,216 GWh on a proportionate basis¹.
- Our sustainable solutions portfolio includes a leading nuclear technology services operation and a utility and independent power producer with 320 MW of wind capacity and 118 MW of solar capacity.

Energy Contracts

- Based on LTA, we purchase approximately 4,100 GWh of power from BEP each year pursuant to a long-term contract at a predetermined price, which represents 12% of BEP's power generation.
- The fixed price that we are required to pay BEP increases annually based on inflation, not to exceed 3%. In addition, from 2021 to 2025, the price will gradually step down by \$3 per megawatt hour ("MWh"), followed by a \$5/MWh reduction in 2026. The contract expires in 2046 and provides us the right to terminate the agreement in 2036. Refer to Part 5 – Accounting Policies and Internal Controls for additional information.
- We sell the power into the open market and also earn ancillary revenues, such as capacity fees and renewable power credits, which provide us with increased participation in future increases or decreases in power prices.

1. See definition in Glossary of Terms beginning on page 134.

OUTLOOK AND GROWTH INITIATIVES

SAME-STORE GROWTH

Inflation/Margin
Expansion

DEVELOPMENT

Development
Pipeline

CAPITAL ALLOCATION

Capital
Recycling

Revenues in our Renewable Power and Transition segment are 88% contracted with an average contract term of 14 years, on a proportionate basis, with pricing that is inflation linked. By combining this with a stable, low cost profile, we are able to achieve consistent growth year over year within our existing business. In addition, we consistently identify capital development projects that provide an additional source of growth. Our development pipeline represents over 200,000 MW of potential capacity globally. We expect to deliver \$443 million to BEP's annualized FFO from our recently developed, under construction or construction-ready, and advanced stage development assets. We also have a strong track record of expanding our business through accretive acquisitions and will continue to seek out these opportunities.

We believe that the growing global demand for low-carbon energy, especially amongst corporate off takers, will lead to continued growth opportunities for us in the future. In 2025, we intend to remain focused on progressing our key priorities, which include surfacing margin expansion opportunities, progressing our development pipeline and assessing select contracting opportunities across the portfolio. We believe the investment environment for renewable power remains favorable and we expect to continue to advance our pipeline of acquisition opportunities.

SUMMARY OF OPERATING RESULTS

The following table disaggregates our share of FFO and common equity of entities in our Renewable Power and Transition segment. In addition, we provide the cash distributions received. We have provided additional detail, where referenced, to explain significant movements from the prior period.

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Ref.	FFO		Common Equity	
		2024	2023	2024	2023
Brookfield Renewable ¹	i	\$ 491	\$ 442	\$ 3,821	\$ 4,302
Energy contracts	ii	(28)	(43)	664	585
Realized disposition gains	iii	7	19	—	—
		<u>\$ 470</u>	<u>\$ 418</u>	<u>\$ 4,485</u>	<u>\$ 4,887</u>
Cash distributions received		<u>\$ 400</u>	<u>\$ 374</u>		

FFO of \$470 million increased by \$52 million from the prior year, primarily due to growth from the commissioning of development assets across our portfolio, the monetization of tax benefits in the U.S., and net acquisition activity, partially offset by increased interest expense due to additional borrowings to finance ongoing capital projects.

1. Brookfield's interest in BEP consists of 194.5 million redemption-exchange units, 69.2 million Class A limited partnership units, 4.0 million general partnership units, as well as 34.7 million Class A.2 exchangeable non-voting shares of BRHC (previously Class A shares of BEPC), together representing an economic interest of 46% in BEP. As at December 31, 2024, 10.1 million Class A shares of BEPC and 5.1 million LP units of BEP were held by wholly-owned subsidiaries of BWS. The Corporation and BWS agreed under a voting agreement that all decisions to be made by subsidiaries of BWS with respect to the voting of these Class A shares will be made jointly by mutual agreement. As a result of the paired share status of BN and BWS and our ownership of all the issued and outstanding BWS class C shares, the shareholders of BN and BWS will continue to benefit from the economic return of the transferred assets. See definition in Glossary of Terms beginning on page 134.

i. *Brookfield Renewable*

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

FOR THE YEARS ENDED DEC. 31 (GIGAWATT HOURS AND MILLIONS)	Actual Generation (GWh) ¹		Long-Term Average (GWh) ¹		FFO	
	2024	2023	2024	2023	2024	2023
Hydroelectric	17,580	18,985	19,844	19,907	\$ 511	\$ 624
Wind	8,276	6,367	9,604	7,865	484	382
Utility-scale solar	3,712	2,489	4,365	3,123	349	261
Distributed energy & sustainable solutions	1,379	1,241	1,111	956	329	185
Corporate	—	—	—	—	(456)	(357)
Attributable to unitholders	30,947	29,082	34,924	31,851	1,217	1,095
Non-controlling interests and other ²					(723)	(634)
Segment reallocation ³					(3)	(19)
Brookfield's interest					\$ 491	\$ 442

1. Proportionate to BEP; see "Proportionate basis generation" in Glossary of Terms beginning on page 134.

2. Includes incentive distributions paid to Brookfield of \$128 million (2023 – \$111 million) as the general partner of BEP.

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

BEP's FFO for the year was \$1.2 billion, of which our share was \$491 million. Generation in the year was 30,947 GWh, a 6% increase compared to the prior year. Generation in the year was 11% lower than the long-term average ("LTA")¹, primarily due to weaker hydrology in North America, and lower wind and solar resources across our portfolio. Key variances for our operations are described below and on the following page.

Hydroelectric

FFO decreased by \$113 million compared to the prior year primarily as:

- higher revenue due to inflation indexation on our contracted generation across the business; was more than offset by
- lower hydrology across our portfolio.

Wind

FFO increased by \$102 million compared to the prior year primarily due to:

- contributions from newly acquired and commissioned facilities;
- the recognition of tax benefits across our businesses; and
- a gain on the partial sale of a non-core European development portfolio; partially offset by
- the absence of a gain on the sale of certain development assets in Uruguay in the prior year.

Utility-Scale Solar

FFO increased by \$88 million compared to the prior year primarily due to contributions from newly acquired and commissioned facilities, and the recognition of tax benefits across our businesses.

Distributed Energy & Sustainable Solutions

FFO from our distributed energy and sustainable solutions operation increased by \$144 million compared to the prior year primarily due to growth from the acquisition of our nuclear technology services operation in the fourth quarter of 2023 and the recognition of tax benefits across our businesses, partially offset by unfavourable pricing at our pumped storage facilities.

1. See definition in Glossary of Terms beginning on page 134.

Corporate

The corporate FFO deficit increased by \$99 million primarily due to additional corporate level borrowings to finance ongoing capital projects, and decreased contributions from the sale of certain non-core assets compared to the prior year.

ii. Energy Contracts

During the year, we purchased 3,442 GWh (2023 – 3,653 GWh) from BEP at \$74 per MWh (2023 – \$74 per MWh) and sold the purchased generation at an average selling price of \$65 per MWh (2023 – \$63 per MWh). As a result, we recognized an FFO deficit of \$28 million due to higher generation and lower market pricing.

iii. Realized Disposition Gains

Realized disposition gains of \$7 million for the year are primarily attributable to the sale of a portfolio of wind and solar assets in Spain and Portugal. Realized disposition gains of \$19 million for the prior year are attributable to the partial sale of a 378 MW operating hydroelectric portfolio in the U.S.

COMMON EQUITY

Common equity in our Renewable Power and Transition segment was \$4.5 billion as at December 31, 2024 (December 31, 2023 – \$4.9 billion), which decreased primarily as contributions from earnings were more than offset by distributions to unitholders, and the impacts of depreciation and foreign exchange.

INFRASTRUCTURE

BUSINESS OVERVIEW

- We own and operate infrastructure assets primarily through our 26% economic ownership interest in BIP, which is listed on the NYSE and TSX and had a market capitalization of \$26.3 billion as at December 31, 2024.
- BIP is one of the world's largest infrastructure investors, which owns and operates assets across the utilities, transport, midstream and data sectors.

PRINCIPAL OPERATIONS

Utilities

- Our regulated transmission business includes approximately 3,900 km of natural gas pipelines in North America, Brazil, and India, and approximately 2,900 km of operational transmission lines in Brazil.
- Our commercial and residential distribution business provides residential decarbonization infrastructure services, as well as other essential home services and policies, to approximately 10.4 million customers annually with approximately 17.2 million policies and approximately 1.7 million rental contracts in Canada, the U.S., Germany, and the U.K. and over 700,000 long-term contracted sub-metering services within Canada and the U.S. We have provided approximately 8.4 million connections, predominantly electricity and natural gas and have approximately 2.8 million installed meters under management across Australia and New Zealand.
- These businesses typically generate long-term returns on a regulated or contractual asset base which increase with capital we invest to upgrade and/or expand our systems.

Transport

- Our diversified terminals operations include a global fleet of approximately 7 million twenty-foot equivalent unit intermodal containers, 10 terminals in the U.K. and Australia, and we provide approximately 30 million tonnes per annum ("mtpa") at our liquefied natural gas export terminal in the U.S. and approximately 85 mtpa at our export facility in Australia.
- We operate approximately 21,000 km of railroad track in North America and Europe, approximately 5,500 km of railroad track in the southern half of Western Australia and approximately 9,800 km of rail in Brazil, of which 8,000 km are owned.
- Our toll road operations include over 3,000 km of motorways in Brazil and Peru.
- These operations are comprised of infrastructure assets that provide transportation for freight, commodities, and passengers. This includes businesses with price ceilings as a result of regulation, such as our rail and toll road operations, as well as unregulated businesses, such as our diversified terminals.

Midstream

- We own and operate approximately 15,000 km of transmission pipelines in the U.S., and approximately 570 billion cubic feet ("Bcf") of natural gas storage in the U.S. and Canada. There are 16 natural gas and natural gas liquids processing plants with approximately 5.7 Bcf per day of gross processing capacity in Canada.
- We own and operate approximately 10,600 km of pipelines in Canada which include long-haul, conventional and natural gas gathering pipelines and a complex with 525,000 tonnes per year of polypropylene production capacity in Canada.
- These operations are comprised of businesses, typically unregulated or subject to price ceilings, that provide transmission and storage services, with profitability based on the volume and price achieved for the provision of these services.

Data

- We own and operate over 300,000 operational telecom towers in India, France, Germany, Austria, and the U.K., approximately 28,000 km of fiber optic cable located in Australia, Brazil and the U.S., and over 70 distributed antenna systems located in the U.K. In addition, we have approximately 360,000 fiber-to-the-premise connections in Australia and the U.S., and 2 semiconductor manufacturing foundries in the U.S.
- In our data storage business, we manage over 140 data centers with approximately 1 GW of critical load capacity and an additional 640 MW of contracted capacity.
- These businesses provide critical infrastructure that provide telecommunications, fiber, and data storage services and are underpinned by both regulated and unregulated services, secured by long-term inflation-linked contracts.

OUTLOOK AND GROWTH INITIATIVES



Our infrastructure business owns and operates assets that are critical to the global economy. Our expertise in managing and developing such assets make us ideal partners for our stakeholders. Our goal is to continue to demonstrate our stewardship of critical infrastructure which should enable us to participate in future opportunities to acquire high-quality infrastructure businesses.

Approximately 90% of FFO is supported by regulated or long-term contracted revenues which benefit from inflationary tariff increases, GDP growth and cash flow reinvestment. As a result, we are able to achieve consistent growth year over year within our existing business. In addition, we have been able to identify capital development projects that provide an additional source of growth. At the end of 2024, total capital to be commissioned in the next two to three years is approximately \$7.8 billion. Our backlog, coupled with inflation indexation and higher volumes from our GDP sensitive businesses, should result in another year of strong same-store growth.

SUMMARY OF OPERATING RESULTS

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

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Ref.	FFO		Common Equity	
		2024	2023	2024	2023
Brookfield Infrastructure ¹	i	\$ 566	\$ 539	\$ 2,202	\$ 2,537
Realized disposition gains	ii	1	114	—	—
		<u>\$ 567</u>	<u>\$ 653</u>	<u>\$ 2,202</u>	<u>\$ 2,537</u>
Cash distributions received		<u>\$ 336</u>	<u>\$ 319</u>		

FFO was \$567 million in the current year. Excluding the impact of realized disposition gains, operating FFO increased by \$27 million primarily due to organic growth across our businesses from inflation indexation, commissioning of capital projects, rate base increases, and net acquisition activity, partially offset by increased interest expense related to additional borrowings to finance ongoing capital projects, as well as the impact of foreign exchange.

1. Brookfield's interest consists of 190.3 million redemption-exchange units, 1.4 million limited partnership units, 2.4 million general partnership units of BIP LP, as well as 13.0 million Class A.2 shares of BIHC (previously Class A shares of BIPC), together representing an economic interest of 26% in BIP. As at December 31, 2024 3.3 million LP units of BIP were held by wholly-owned subsidiaries of BWS. As a result of the paired share status of BN and BWS and our ownership of all the issued and outstanding BWS class C shares, the shareholders of BN and BWS will continue to benefit from the economic return of the transferred assets. See definition in Glossary of Terms beginning on page 134.

i. Brookfield Infrastructure

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

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2024	2023
Utilities	\$ 760	\$ 879
Transport	1,224	888
Midstream	625	684
Data	333	275
Corporate	(474)	(438)
Attributable to unitholders	2,468	2,288
Non-controlling interests and other ¹	(1,886)	(1,730)
Segment reallocation ²	(16)	(19)
Brookfield's interest	<u>\$ 566</u>	<u>\$ 539</u>

1. Includes incentive distributions paid to Brookfield of \$295 million (2023 – \$266 million) as the general partner of BIP.

2. Segment reallocation refers to certain items, net of NCI, included in BIP's FFO that we reclassify.

BIP's FFO for the year was \$2.5 billion, of which our share was \$566 million compared to \$539 million in the prior year. Key variances for our operations are described below and on the following page.

Utilities

FFO in our utilities operations of \$760 million was \$119 million lower than the prior year, primarily as:

- organic growth as a result of inflation indexation and rate base increases; were more than offset by
- higher interest expense, primarily from additional borrowings to support capital projects; and
- the absence of contributions from an Australian regulated utility divested in the third quarter of 2023.

Transport

FFO from our transport operations of \$1.2 billion was \$336 million higher than the prior year. The increase was primarily due to:

- strong growth due to inflationary tariff increases and higher volumes across the segment; and
- a full year of contributions from our global intermodal logistics operation acquired in the third quarter of 2023 as well as additional interest in our Brazilian rail network acquired in the second quarter of 2024; partially offset by
- higher interest expense incurred primarily to finance ongoing capital projects.

Midstream

FFO from our midstream operations of \$625 million was \$59 million lower than the prior year, primarily as:

- higher contracted cash flows and market sensitive revenues across our midstream operations; were more than offset by
- decreased contribution from our U.S. gas pipeline partially divested in the second quarter of 2023; and
- higher interest expense incurred primarily to finance ongoing capital projects.

Data

FFO from our data operations of \$333 million was \$58 million higher than the prior year, primarily due to:

- additional points-of-presence across our telecom tower and fiber operations and megawatts commissioned across our global data storage platform; and
- contributions from the acquisitions of an Indian telecom tower operation in the third quarter of 2024, a North American retail colocation data center business in the first quarter of 2024, and European and U.S. hyperscale data center platforms in the second half of 2023; partially offset by
- the absence of contributions from a New Zealand data distribution business divested in the second quarter of 2023.

Corporate

The Corporate FFO deficit of \$474 million was \$36 million higher than the prior year driven by additional corporate level borrowings to finance ongoing capital projects.

ii. Realized Disposition Gains

Realized disposition gains of \$114 million in the prior year primarily related to the sale of our New Zealand data distribution business, a U.S. gas pipeline, and an Indian toll road portfolio.

COMMON EQUITY

Common equity in our Infrastructure segment was \$2.2 billion as at December 31, 2024 (December 31, 2023 – \$2.5 billion), as contributions from earnings were more than offset by distributions to unitholders, as well as the impact of foreign exchange. This equity is primarily comprised of our investments in PP&E and certain concessions, which are recorded as intangible assets. Our PP&E is recorded at fair value and revalued annually while concessions are considered as intangible assets under IFRS Accounting Standards, and therefore recorded at historical cost and amortized over the life of the concession. Accordingly, a smaller portion of our equity is impacted by revaluation compared to our Real Estate and Renewable Power and Transition segments, where a larger portion of the balance sheet is subject to revaluation.

PRIVATE EQUITY

BUSINESS OVERVIEW

- Our Private Equity business is listed on the NYSE and TSX and had a market capitalization of \$5.2 billion as at December 31, 2024. In the fourth quarter of 2024, our wealth solutions business acquired a \$1 billion economic interest in BBU from the Corporation. On a combined basis with our Wealth Solutions business, we hold a 66% ownership interest in BBU, which is held 41% directly in BBU and 25% through BWS.
- BBU is a leading global owner and operator of businesses that provide essential products and services in the business services and industrials sectors.

OPERATIONS

Business Services

- Our residential mortgage insurer is the largest private sector residential mortgage insurer in Canada, providing mortgage default insurance to Canadian residential mortgage lenders.
- Our dealer software and technology services operation is a leading provider of cloud-based software to dealerships and original equipment manufacturers across automotive and related industries.
- Our healthcare services operation is a leading private hospital operator and provider of essential social infrastructure to the Australian healthcare system. We operate hospitals, providing doctors and patients with access to operating theaters, nursing staff, accommodations, and other critical care and consumables.
- We provide global construction operations with a focus on high-quality construction of large-scale and complex landmark buildings and social infrastructure. Construction projects are generally delivered through contracts for the design and construction, including procurement for a defined price and program.
- Our fleet management and car rental services operation is one of the leading providers of heavy equipment and light vehicle leasing and car rental services in Brazil, and operates under medium-term inflation-linked contracts.

Infrastructure Services

- Our offshore oil services is a global provider of marine transportation, offshore oil production, facility storage, offshore installation, maintenance, and safety services to the offshore oil production industry. We operate in selected oil regions globally, including the North Sea, Brazil and Canada.
- We own a lottery services operation that is a leading provider of products, services, and technology across the lottery ecosystem in over 50 countries.
- Our modular building leasing services provides modular workspaces in Europe and Asia-Pacific to a diversified customer base across the industrial, infrastructure and public sectors, servicing over 52,000 customers across 23 countries.
- We own a work access services business that is a leading provider of scaffolding and related services to the industrial and commercial markets servicing over 29,000 customers in over 26 countries worldwide.

Industrials

- Our advanced energy storage operation is a global market leader in manufacturing automotive batteries that power both internal combustion engines and electric vehicles. We manufacture and distribute over 150 million batteries per year, which power one in three cars in the world.
- Our engineered components manufacturing operation is a leading global manufacturer of highly engineered components primarily for industrial trailers and other towable-equipment providers. We have a leading presence in our core products across North America, Europe, and Australia.
- Our water and wastewater operation in Brazil is a leading private sanitation provider, including collection, treatment, and distribution of water and wastewater services to a broad range of residential and governmental customers.

OUTLOOK AND GROWTH INITIATIVES



Our Private Equity business segment seeks to increase the cash flows from our operations through acquisitions and organic growth opportunities. We believe our global scale and industry leading operations allow us to efficiently allocate capital around the world toward those sectors and geographies where we see the greatest opportunities to realize our targeted returns. We also actively seek to monetize business interests as they mature and reinvest the proceeds into higher yielding investment strategies, further enhancing returns.

Within our business services operations, our residential mortgage insurer continues to perform well, as losses on claims remain below long-term historical levels due to the overall stability of Canadian home prices, low unemployment levels and consequently low mortgage delinquency rates. In our dealer software and technology services business, we are accelerating planned modernization and technology upgrades to enhance the user experience and overall customer service levels. Costs associated with these initiatives, which are reflected in near-term results, will support higher growth and a stronger market leadership position over the long run.

Within our infrastructure services operations, industry fundamentals at our lottery services operation strengthened late last year as the business continues to pursue a strong pipeline of new commercial opportunities. Our modular building leasing services maintained stable performance through sale of value added products and services. Our initiatives are to focus on accelerating growth opportunities in resilient segments of the European market to enhance the business' growth trajectory and durability of its earnings and cash flows.

Within our industrials operations, our advanced energy storage operation achieved record results, benefiting from growing demand for higher margin advanced batteries, commercial actions and continued progress on optimization initiatives, as well as the recognition of tax benefits. While market conditions and volumes at our engineered components manufacturing operation were depressed during the year, the profitability and cash flows of the business were supported by ongoing cost reduction, commercial optimization and working capital efficiency initiatives. We anticipate performance will recover as market conditions begin to improve in 2025.

Geographically, we continue to be committed to taking a long-term view on the regions where Brookfield has an established presence and we are focusing efforts on accelerating growth initiatives.

SUMMARY OF OPERATING RESULTS

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

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Ref.	FFO		Common Equity	
		2024	2023	2024	2023
Brookfield Business Partners ¹	i	\$ 752	\$ 554	\$ 1,879	\$ 3,291
Realized disposition gains	ii	199	1,322	—	—
		<u>\$ 951</u>	<u>\$ 1,876</u>	<u>\$ 1,879</u>	<u>\$ 3,291</u>
Cash distributions received ²		<u>\$ 35</u>	<u>\$ 36</u>		

2. BBU pays a modest distribution as the majority of its FFO is reinvested within the business.

FFO was \$951 million in the current year. Excluding the impact of realized disposition gains, operating FFO increased by \$198 million primarily due to same-store growth from commercial execution, business optimization initiatives, and the recognition of tax benefits at our advanced energy storage operation in industrials, as well as decreased interest expense, partially offset by net disposition activity and our reduced direct ownership in BBU. Realized disposition gains were \$199 million in the current year compared to \$1.3 billion in the prior year, which benefitted from the sale of our nuclear technology services operation.

i. Brookfield Business Partners

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

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2024	2023
Business services	\$ 641	\$ 636
Infrastructure services	287	2,070
Industrials	935	492
Corporate	(331)	(335)
Attributable to unitholders	1,532	2,863
Non-controlling interests	(581)	(987)
Segment reallocation and other ³	(199)	(1,322)
Brookfield's interest	<u>\$ 752</u>	<u>\$ 554</u>

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

BBU generated \$1.5 billion of FFO compared to \$2.9 billion in the prior year, with our share excluding realized disposition gains being \$752 million compared to \$554 million in the prior year. Key variances for our operations are described on the following page.

1. Brookfield's interest in BBU consists of 51.6 million redemption-exchange units, 0.4 million limited partnership units, four general partnership units, four special limited partnership units, as well as 36.9 million Class A shares in Brookfield Business Corporation ("BBUC"), together representing an economic interest of 41% in BBU. As at December 31, 2024, 18.1 million redemption-exchange units, 25.2 million limited partnership units, and 10.3 million Class A shares of BBUC were held by wholly-owned subsidiaries of BWS. The Corporation and BWS agreed under a voting agreement that all decisions to be made by subsidiaries of BWS with respect to the voting of these Class A shares will be made jointly by mutual agreement. As a result of the paired share status of BN and BWS and our ownership of all the issued and outstanding BWS class C shares, the shareholders of BN and BWS will continue to benefit from the economic return of the transferred assets.

Business Services

Business services generated FFO of \$641 million, an increase of \$5 million compared to the prior year, primarily driven by:

- increased contributions from our residential mortgage insurer due to higher insurance revenue and investment income;
- a distribution made by our entertainment operation; and
- gains on the disposition of our road fuels operation and deconsolidation of our payment processing services operation; partially offset by
- decreased contributions from our dealer software and technology services operation due to the impact of non-recurring costs and billing credits provided to customers related to the disruption of operations during a cybersecurity incident; and
- the absence of a gain on the partial sale of our technology services operation in the prior year.

Infrastructure Services

Within our infrastructure services operations, we generated \$287 million of FFO. Excluding the impact of disposition gains and absence of contributions from our nuclear technology services operation divested in the fourth quarter of 2023, FFO increased by \$6 million compared to the prior year. This was largely driven by increased contributions from our offshore oil services due to higher performance and fleet utilization, as well as lower interest expense from debt repayment.

Industrials

Industrials generated \$935 million of FFO, an increase of \$443 million compared to the prior year, primarily due to:

- commercial execution, business optimization initiatives, increased demand for higher margin advanced batteries, and the recognition of tax benefits at our advanced energy storage operation; and
- gains on the disposition of our Canadian aggregates production operation and graphite electrode operation; partially offset by
- lower volumes at our engineered components manufacturing operation; and
- the absence of a gain on the sale of our automotive aftermarket parts remanufacturing operation in the prior year.

Corporate

The corporate FFO deficit decreased by \$4 million compared to the prior year, primarily due to lower distributions on preferred equity securities upon partial redemption in the fourth quarter of 2023.

ii. Realized Disposition Gains

Realized disposition gains of \$199 million in the year are primarily due to the sale of our road fuels operation, aggregates production operation and graphite electrode operation. Realized disposition gains of \$1.3 billion in the prior year were primarily attributable to the sale of our nuclear technology services operation.

COMMON EQUITY

Common equity in our Private Equity segment was \$1.9 billion as at December 31, 2024 (December 31, 2023 – \$3.3 billion). Contributions from FFO were more than offset by our reduced direct ownership in BBU following the transfer of a \$1 billion interest in this business to BWS in the fourth quarter of 2024 in exchange for newly-issued BWS Class C shares, as well as depreciation and amortization. The depreciable assets held in these operations are recorded at amortized cost, with depreciation recorded on a quarterly basis, with the exception of investments in financial assets, which are carried at fair value based predominantly on quoted prices.

REAL ESTATE

BUSINESS OVERVIEW

- Our Real Estate business is a diversified global real estate business that owns and operates premier office, dominant retail, luxury urban retail and hotels, and multi & single family residential properties.
- Our capital in this business is via our 100% ownership stake in BPG. BPG owns real estate assets directly as well as through private funds that are managed by our Asset Management business. Included in directly held assets is our North American residential development business.
- We present the operating results of our Real Estate segment within two sub-segments. The sub-segments are based on our strategy to maintain an irreplaceable portfolio of premier properties in global gateway cities (“core”), and a portfolio designed to maximize returns through a development or buy-fix-sell strategy (“transitional and development”), including our capital invested in our North American residential business.

OPERATIONS

Core

- We own interests in and operate some of the most iconic office assets globally, including Manhattan West in New York and Canary Wharf in London. We focus on high-quality real estate assets in some of the best locations around the world because we have found that these outperform over very long periods of time and through economic cycles. These 16 properties are located primarily in the world’s leading commercial markets such as New York City, London, Toronto, Berlin, and Dubai, covering 36 million square feet.
- We also own interests in and operate 19 irreplaceable malls totaling 24 million square feet of retail space and one of the most valuable retail centers of the world at the corner of 57th and Fifth Avenue in New York City. We intend to retain long-term ownership interests in these trophy assets, such as Ala Moana in Hawaii and Fashion Show in Las Vegas.
- We develop properties on a selective basis; active development projects consist of two office sites, several multifamily buildings and one hotel site, totaling approximately four million square feet.

Transitional and Development

- We own interests in and operate office assets in gateway markets around the globe, consisting of 84 properties totaling 40 million square feet of space. These assets represent properties with transitional operational uplift and realization potential. They earn attractive short-term rates of return, as we acquire underperforming assets and improve their operations. We add significant value during this transitional period before ultimately monetizing them and reinvesting the proceeds.
- The office properties are located primarily in the world’s leading commercial markets such as New York City, London, Toronto, Sydney and Rio de Janeiro.
- We also own 81 retail properties covering 78 million square feet of space, where we seek to maximize return through leasing, redevelopment of existing retail, or in some cases through the addition of a mixed-use component like multifamily or office. We add significant value during this transitional period before ultimately monetizing them.
- Our North American business is conducted through Brookfield Residential Properties ULC, with operations in 22 principal markets in Canada and the U.S. and approximately 73,000 lots.

OUTLOOK AND GROWTH INITIATIVES

SAME-STORE GROWTH

Rent and
Occupancy Growth

DEVELOPMENT

Active
Development

CAPITAL ALLOCATION

Capital
Recycling

Our Real Estate group remains focused on increasing the value of our properties through proactive leasing and select redevelopment initiatives, as well as recycling capital from mature properties, primarily from our transitional and development assets, to fund new higher yielding investments. We deploy additional capital throughout our portfolio for planned capital expansion that should continue to increase earnings for the next several years as these projects are completed. Our development track record reflects on-time and on-budget completions. This includes development projects in progress across our premier office buildings, retail malls and mixed-use complexes located primarily in North America and Europe.

We have a positive outlook for our North American residential business, reflecting strong housing demand in North America and the significant progress we have made on strategic initiatives in recent years to scale and reposition the business to enhance our returns over the long-term.

SUMMARY OF OPERATING RESULTS

We present the operating results of our Real Estate segment based on our strategy to invest in core and transitional and development properties. The following table disaggregates BPG's NOI and common equity by business line to facilitate analysis of the year-over-year variances:

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	NOI		Common Equity	
	2024	2023	2024	2023
Core	\$ 1,490	\$ 1,673	\$ 14,841	\$ 14,092
Transitional and Development ¹	1,907	1,817	8,244	8,321
Brookfield Property Group ²	\$ 3,397	\$ 3,490	\$ 23,085	\$ 22,413

1. For comparability, we have excluded property management and development fees of \$126 million for the year ended December 31, 2023 as they are no longer recognized in NOI.

2. See "Economic ownership interest" in the Glossary of Terms beginning on page 134.

Our Real Estate business continues to benefit from strong demand amongst tenants for premium properties, supported by leasing momentum as occupancy remains high at 96% in our core portfolio. During the year, we signed close to 27 million square feet of office and retail leases.

BPG's NOI for the year was \$3.4 billion compared to \$3.5 billion in the prior year. Key variances for our operations are described below.

Core

NOI of \$1.5 billion was \$183 million lower than the prior year. Excluding the impact of the receipt of a \$191 million one-time lease payment in the prior year, NOI increased by \$8 million, primarily driven by growth in same-store NOI as a result of lease commencements at certain office properties and higher rents at certain office and retail properties, partially offset by the impact of dispositions.

Transitional and Development

NOI of \$1.9 billion was \$90 million higher than the prior year, primarily driven by lease commencements at certain office properties and increased lot sales in our residential business, partially offset by the impact of dispositions.

COMMON EQUITY

Common equity in our Real Estate segment was \$23.1 billion as at December 31, 2024 (December 31, 2023 – \$22.4 billion). This represents a \$672 million increase, primarily due to net operating income and higher valuations in our core portfolio as well as the repayment of corporate debt, partially offset by net disposition activity.

CORPORATE ACTIVITIES

BUSINESS OVERVIEW

- Our corporate activities support the overall business with a focus on prudent capital allocation that will compound value for our shareholders over the long-term.
- Corporate activities include, but are not limited to, supporting the growth in our Asset Management business, Wealth Solutions business and our Operating Businesses, and providing capital throughout the organization, when needed. In addition, we will make direct investments on an opportunistic basis.
- We also hold cash and financial assets as part of our liquidity management operations and enter into financial contracts to manage residual foreign exchange and other risks, as appropriate.

SUMMARY OF OPERATING RESULTS

The following table disaggregates FFO and common equity into the principal assets and liabilities within our Corporate Activities segment to facilitate analysis:

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	FFO		Common Equity	
	2024	2023	2024	2023
Corporate cash and other, net of working capital	\$ 44	\$ 131	\$ 578	\$ (589)
Corporate borrowings	(727)	(596)	(14,232)	(12,160)
Preferred equity ¹	—	—	(4,333)	(4,333)
Realized disposition gains	954	2	—	—
	<u>\$ 271</u>	<u>\$ (463)</u>	<u>\$ (17,987)</u>	<u>\$ (17,082)</u>

1. 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 share distributions of \$176 million (2023 – \$176 million).

Corporate cash and other, net of working capital includes accounts receivable, accounts payable, other assets and other liabilities, inclusive of deferred tax assets and liabilities, as well as corporate cash and financial assets. Corporate cash and financial assets are generally recorded at fair value with changes recognized through net income, unless the underlying financial investments are classified as fair value through other comprehensive income, in which case changes in value are recognized in other comprehensive income. Loans and receivables are typically carried at amortized cost. This amount excludes our proportionate share of cash and cash equivalents from our Asset Management business of \$296 million (December 31, 2023 – \$2.0 billion), which we consider to be part of our corporate liquidity and include as part of the common equity of our Asset Management segment.

Corporate cash and other, net of working capital was in an asset position of \$578 million as at December 31, 2024 (December 31, 2023 – liability position of \$589 million), an increase from the prior year primarily due to the repayment of amounts placed on deposit with the Corporation by our Asset Management business.

FFO from corporate cash and other, net of working capital includes realized income and expenses from corporate cash and financial assets or liabilities in addition to corporate costs and cash taxes. During 2024, FFO of \$44 million (2023 – \$131 million) was generated, primarily from gains in our trading portfolio, partially offset by interest expense on cash placed on deposit with the Corporation by our Asset Management business.

Corporate borrowings are generally issued with fixed interest rates. Some of these borrowings are denominated in Canadian dollars and therefore the carrying value fluctuates with changes in the foreign exchange rate. A number of these borrowings have been designated as hedges of our Canadian dollar net investments within our other segments, resulting in the majority of the currency revaluation being recognized in other comprehensive income. The \$727 million FFO deficit reported through corporate borrowings reflects the interest expense on all of our

corporate borrowings. The increase from the prior year resulted from the issuance of senior unsecured and hybrid bonds, and commercial paper over the year, net of the repayment of maturing term notes and revolving facilities.

Preferred equity is not revalued under IFRS Accounting Standards and is consistent with year-end. We describe cash and financial assets, corporate borrowings and preferred equity in more detail within Part 4 – Capitalization and Liquidity.

Disposition gains from principal investments are primarily related to the sale in the second quarter of 2024 of a portion of our interest in BAM, which was used to support the acquisition of AEL.

PART 4

CAPITALIZATION AND LIQUIDITY

CAPITALIZATION

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

*Corporate Capitalization*¹ – reflects the amount of debt held in the Corporate Activities segment and our issued and outstanding common and preferred shares. Corporate debt includes unsecured bonds and draws on revolving credit facilities and the issuance of short-term commercial paper. As at December 31, 2024, our corporate capitalization was \$64.9 billion (December 31, 2023 – \$61.6 billion) with a debt to capitalization^{1,2} of 21% (December 31, 2023 – 20%).

*Consolidated Capitalization*¹ – reflects the aggregate capitalization of wholly owned, partially owned, and managed entities that we consolidate in our financial statements. As at December 31, 2024, consolidated capitalization was consistent compared to the prior year. Much of the borrowings issued within our managed entities are included in our consolidated balance sheet notwithstanding that virtually none of this debt has any recourse to the Corporation.

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

AS AT DEC. 31 (MILLIONS)	Ref.	Corporate		Consolidated	
		2024	2023	2024	2023
Corporate borrowings	i	\$ 14,232	\$ 12,160	\$ 14,232	\$ 12,160
Non-recourse borrowings					
Subsidiary borrowings	i	—	—	16,002	16,214
Property-specific borrowings	i	—	—	204,558	205,336
		14,232	12,160	234,792	233,710
Accounts payable and other		3,941	3,359	55,502	58,893
Deferred income tax liabilities		530	117	25,267	24,987
Subsidiary equity obligations		—	—	4,759	4,145
Liabilities associated with assets classified as held for sale		—	—	4,721	118
Equity					
Non-controlling interests		230	230	119,406	122,465
Preferred equity	ii	4,103	4,103	4,103	4,103
Common equity	iii	41,874	41,674	41,874	41,674
		46,207	46,007	165,383	168,242
Total capitalization		\$ 64,910	\$ 61,643	\$490,424	\$490,095
Debt to capitalization ²		21%	20%	47%	48%

1. See definition in Glossary of Terms beginning on page 134.

2. Determined as the aggregate of corporate borrowings and non-recourse borrowings divided by total capitalization. Draws on revolving facilities and commercial paper issuances are excluded from the debt to capitalization ratios as they are not permanent sources of capital.

i. Borrowings

Corporate Borrowings

AS AT DEC. 31 (MILLIONS)	Average Rate		Average Term (Years)		Consolidated	
	2024	2023	2024	2023	2024	2023
Term debt	4.7%	4.4%	14	12	\$ 13,562	\$ 12,213
Commercial paper ¹	4.9%	6.1%	<1	<1	767	31
Deferred financing costs	n/a	n/a	n/a	n/a	(97)	(84)
Total					<u>\$ 14,232</u>	<u>\$ 12,160</u>

1. Our commercial paper program is backed by our revolving credit facility, which matures in June 2029.

As at December 31, 2024, corporate borrowings included term debt of \$13.6 billion (December 31, 2023 – \$12.2 billion) which had an average term to maturity of 14 years (December 31, 2023 – 12 years). Term debt consists of public and private bonds, all of which are fixed rate and have maturities ranging from 2025 to 2080. These financings provide an important source of long-term capital and are appropriately matched to our long-term asset profile.

The increase in term debt compared to the prior year is mainly driven by the issuance of \$750 million 2054 notes in the first quarter, \$450 million 2035 notes and a \$200 million re-opening of 2054 notes in the second quarter and \$700 million 2055 notes in the fourth quarter of 2024, partially offset by repayment of maturing term notes.

We had \$767 million of commercial paper outstanding and no draws on our revolving facility as at December 31, 2024 (December 31, 2023 – \$31 million of commercial paper outstanding). As at December 31, 2024, \$39 million of the revolving credit facilities were utilized for letters of credit (December 31, 2023 – \$57 million).

Subsidiary Borrowings

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

AS AT DEC. 31 (MILLIONS)	Average Rate		Average Term (Years)		Consolidated	
	2024	2023	2024	2023	2024	2023
Renewable Power and Transition	4.7%	4.0%	11	10	\$ 3,801	\$ 2,832
Infrastructure	5.1%	4.9%	12	9	4,541	4,911
Private Equity	7.5%	8.6%	4	4	2,278	1,589
Real Estate	5.8%	6.2%	4	4	5,382	6,882
Total	<u>5.6%</u>	<u>5.7%</u>	<u>8</u>	<u>6</u>	<u>\$ 16,002</u>	<u>\$ 16,214</u>

Property-Specific Borrowings

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

AS AT DEC. 31 (MILLIONS)	Average Rate		Average Term (Years)		Consolidated	
	2024	2023	2024	2023	2024	2023
Renewable Power and Transition	6.4%	6.0%	8	8	\$ 38,149	\$ 28,635
Infrastructure	6.4%	6.4%	7	6	55,298	46,083
Private Equity & Other ¹	7.8%	8.5%	6	6	40,935	43,884
Real Estate ²	6.7%	7.2%	2	3	70,176	86,734
Total	6.8%	7.1%	5	5	\$204,558	\$205,336

1. Includes a \$1.0 billion non-recourse loan that was issued to a large institutional partner in December 2024.

2. Includes \$45.8 billion (December 31, 2023 – \$59.4 billion) of borrowings associated with real estate LP investments from our Asset Management segment.

Property-specific borrowings have decreased by \$778 million since December 31, 2023, primarily due to the deconsolidation of BSREP IV from our real estate business, partially offset by acquisitions in our renewable power and transition, and infrastructure businesses.

Fixed and Floating Interest Rate Exposure

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

As at December 31, 2024, 72% of our share of debt outstanding, including the effect of swaps, was fixed rate. Accordingly, changes in interest rates are typically limited to the impact of refinancing borrowings at prevailing market rates or changes in the level of debt as a result of acquisitions and dispositions.

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

AS AT DEC. 31 (MILLIONS)	Fixed Rate				Floating Rate			
	2024		2023		2024		2023	
	Average Rate	Consolidated	Average Rate	Consolidated	Average Rate	Consolidated	Average Rate	Consolidated
Corporate borrowings	4.7%	\$ 14,232	4.4%	\$ 12,160	—%	\$ —	—%	\$ —
Subsidiary borrowings	5.0%	10,635	4.8%	10,978	6.8%	5,367	7.4%	5,236
Property-specific borrowings	5.6%	72,989	5.1%	67,729	7.4%	131,569	8.1%	137,607
Total	5.4%	\$ 97,856	4.9%	\$ 90,867	7.4%	\$ 136,936	8.1%	\$ 142,843

ii. Preferred Equity

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

AS AT DEC. 31 (MILLIONS)	Term	Average Rate		Amount	
		2024	2023	2024	2023
Fixed rate-reset	Perpetual	5.0%	4.7%	\$ 2,901	\$ 2,901
Fixed rate	Perpetual	4.8%	4.8%	739	739
Floating rate	Perpetual	4.5%	5.3%	463	463
Total		4.9%	4.8%	\$ 4,103	\$ 4,103

Fixed rate-reset preferred shares are issued with an initial fixed rate coupon that is reset after an initial period, typically five years, at a predetermined spread over the Canadian five-year government bond yield. The average reset spread as at December 31, 2024 was 283 basis points.

iii. Common Equity

Issued and Outstanding Shares

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

AS AT DEC. 31 (MILLIONS)	2024	2023
Outstanding at beginning of year	1,523.5	1,573.4
Issued (repurchased)		
Issuances	3.4	0.8
Repurchases	(26.7)	(54.5)
Long-term share ownership plans ¹	6.4	3.7
Dividend reinvestment plan and others	—	0.1
Outstanding at end of year	1,506.6	1,523.5
Unexercised options and other share-based plans ¹ and exchangeable shares of affiliate	95.8	91.6
Total diluted shares at end of year	1,602.4	1,615.1

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

The company holds 104.8 million Class A shares (December 31, 2023 – 81.8 million) purchased by consolidated entities in respect of long-term share ownership programs, which have been deducted from the total amount of shares outstanding at the date acquired. Diluted shares outstanding include 23.5 million (December 31, 2023 – 7.5 million) shares issuable in respect of these plans based on the market value of the Class A shares as at December 31, 2024 and December 31, 2023, resulting in a net reduction of 81.3 million (December 31, 2023 – 74.3 million) diluted shares outstanding.

During 2024, 10.2 million options were exercised, of which 3.4 million and 0.8 million were issued on a net-settled and gross basis, respectively, resulting in the cancellation of 6.0 million vested options.

The cash value of unexercised options was \$873 million as at December 31, 2024 (December 31, 2023 – \$1.0 billion) based on the proceeds that would be paid on exercise of the options.

As at March 18, 2025, the Corporation had outstanding 1,498,530,965 Class A shares and 85,120 Class B shares. Refer to Note 12 of the consolidated financial statements for additional information on equity.

LIQUIDITY

CORPORATE LIQUIDITY

We maintain significant liquidity at the corporate level. Our primary sources of liquidity, which we refer to as core liquidity¹, consist of:

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

We further assess overall liquidity inclusive of our Operating Businesses and our Wealth Solutions business because of their role in funding acquisitions both directly and through funds managed by our Asset Management business. On a group basis, we had \$68 billion of core liquidity, including liquidity from corporate and perpetual affiliates, and approximately \$160 billion of deployable capital¹, including third-party commitments available for drawdown in the private funds of our Asset Management business, as at December 31, 2024.

CAPITAL REQUIREMENTS

The Corporation has very few non-discretionary capital requirements. Our largest normal course capital requirement are our debt maturities and commitments into the funds managed by our Asset Management business. We have \$500 million of notes due in January 2025, which was repaid subsequent to December 31, 2024. Periodically, we will fund capital calls for our fund commitments, strategic acquisitions to expand our capabilities and seed new investment strategies.

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

In the case of private funds managed by our Asset Management business, the necessary equity capital is obtained by calling on commitments made by the limited partners in each fund, which include commitments made by our perpetual affiliates as well as the Corporation. As at December 31, 2024, the Corporation has the following commitments in funds managed by our Asset Management business:

AS AT DEC. 31, 2024 (MILLIONS)	Total Commitment	Funded Amount
Brookfield Strategic Real Estate Partners III	\$ 2,750	\$ 2,750
Brookfield Strategic Real Estate Partners IV	3,500	2,484
Brookfield Strategic Real Estate Partners V	3,000	—
Oaktree Opportunities Fund XI	750	638
Oaktree Opportunities Fund XII	796	100
	<u>\$ 10,796</u>	<u>\$ 5,972</u>

In the case of perpetual affiliates, capital requirements are funded through their own resources and access to capital markets, which may be supported by us from time to time through participation in equity offerings or bridge financings.

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

1. See definition in Glossary of Terms beginning on page 134.

CORE AND TOTAL LIQUIDITY

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

AS AT DEC. 31 (MILLIONS)	Corporate Liquidity ¹		Deployable Capital	
	2024	2023	2024	2023
Cash and financial assets, net.....	\$ 2,863	\$ 2,013	\$ 56,815	\$ 29,161
Undrawn committed credit facilities.....	3,361	2,533	10,989	9,009
Core liquidity	6,224	4,546	67,804	38,170
Uncalled private fund commitments.....	—	—	91,463	85,658
Total deployable capital ²	\$ 6,224	\$ 4,546	\$ 159,267	\$ 123,828

1. Corporate cash and financial assets includes \$296 million of our proportionate share of our Asset Management business' cash as at December 31, 2024 (2023 – \$2.0 billion).

2. Includes \$53 billion of liquidity held through our Wealth Solutions portfolio (2023 – \$24 billion).

As at December 31, 2024, the Corporation's core liquidity was \$6.2 billion, consisting of \$2.9 billion in cash and financial assets, inclusive of our proportionate share of our Asset Management business' cash and \$3.4 billion in undrawn credit facilities. The Corporation's liquidity is readily available for use without any material tax consequences. We utilize this liquidity to support the activities of our perpetual affiliates and funding strategic transactions.

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

Corporate liquidity increased by \$1.7 billion compared to the prior year due to an increase in cash and financial assets and additional capacity added under our credit facilities.

The increase in cash and financial assets was primarily due to distributable earnings and net financing activities, partially offset by capital reinvested in our business and returned to shareholders in the form of dividends and share repurchases.

During the year, we had net financing activities of \$2.6 billion related to our \$750 million 30-year bond issuance in March 2024, the issuance of \$450 million of 10-year bonds and the re-opening of \$200 million of 30-year bonds in June 2024, the issuance of \$700 million of 30-year subordinated notes in December 2024, and commercial paper issuances, partially offset by repayment of maturing term notes. We also enhanced our corporate liquidity by upsizing our external credit facility capacity by over \$800 million to \$3.4 billion.

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

AS AT DEC. 31, 2024 (MILLIONS, EXCEPT PER UNIT AMOUNTS)	Ownership %	Brookfield Owned Units	Distributions Per Unit (Current Rate)	Quoted Value ²	Current Distributions (Current Rate) ³	YTD Distributions (Actual)
Brookfield Renewable ⁴	46%	302.4	\$ 1.49	\$ 6,965	\$ 451	\$ 428
Brookfield Infrastructure ⁵	26%	207.1	1.72	6,677	356	336
Brookfield Business Partners ⁶	41%	88.9	0.25	2,120	22	35
Brookfield Property Group ⁷	100%	n/a	n/a	n/a	1,530	1,655
Total					\$ 2,359	\$ 2,454

1. Based on current distribution policies.

2. Quoted value represents the value of Brookfield owned units as at market close on December 31, 2024.

3. Distributions (current rate) are calculated by multiplying units held as at December 31, 2024 by distributions per unit. Actual dividends may differ due to timing of dividend increases and payment of special dividends, which are not factored into the current rate calculation. See definition in Glossary of Terms beginning on page 134.

4. Brookfield owned units represent the combined units held in BEP and BRHC.

5. Brookfield owned units represent the combined units held in BIP and BIHC.

6. Brookfield owned units represent the combined units held in BBU and BBUC. On a combined basis with our Wealth Solutions business, we hold a 66% ownership interest in BBU, which is held 41% directly in BBU and 25% through BWS.

7. Includes distributions from direct investments into and alongside real estate private funds managed by BAM.

REVIEW OF CONSOLIDATED STATEMENTS OF CASH FLOWS

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

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2024	2023
Operating activities	\$ 7,569	\$ 6,467
Financing activities	26,900	19,927
Investing activities	(29,964)	(29,762)
Change in cash and cash equivalents	\$ 4,505	\$ (3,368)

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

Operating Activities

Cash flows from operating activities totaled \$7.6 billion in 2024, a \$1.1 billion increase from the prior year. Excluding the net change in non-cash working capital, cash flow from operating activities increased by \$3.9 billion versus the prior year. Contributions from same-store growth as a result of inflation and organic growth in our Infrastructure segment, as well as acquisitions, net of dispositions, across our businesses were partially offset by higher interest expense primarily due to incremental debt to finance growth.

Financing Activities

Net cash flows from financing activities totaled \$26.9 billion in 2024 compared to \$19.9 billion in the prior year, and primarily related to:

- non-recourse borrowings arranged by our subsidiaries, net of repayments of \$25.6 billion;
- capital provided by non-controlling interests, net of capital repaid, of \$9.1 billion;
- corporate borrowings arranged, net of repayments of \$1.5 billion; and
- commercial paper and bank borrowings, net of repayments of \$736 million; partially offset by
- cash distributions to non-controlling interests and shareholders of \$8.5 billion; and
- common share repurchases of \$1.0 billion.

Investing Activities

Net cash flows used by investing activities were \$30.0 billion in 2024 compared to \$29.8 billion in the prior year, and mainly related to:

- acquisitions and additions to PP&E, net of dispositions, of \$8.4 billion;
- acquisitions and additions to investment properties, net of dispositions, of \$7.0 billion;
- acquisitions of equity accounted investments, net of dispositions, of \$6.0 billion, primarily associated with acquisitions in our Infrastructure and Renewable Power and Transition businesses;
- acquisitions of subsidiaries, net of dispositions, of \$5.4 billion primarily associated with acquisitions in our Infrastructure and Renewable Power and Transition businesses; and
- acquisitions of financial assets and other, net of dispositions, of \$3.2 billion.

Refer to Note 5 Acquisitions of Consolidated Entities and Note 10 Equity Accounted Investments in the consolidated financial statements for further details.

CONTRACTUAL OBLIGATIONS

The following table presents the contractual obligations of the company by payment periods:

AS AT DEC. 31, 2024 (MILLIONS)	Payments Due by Period				
	Less than 1 Year	2 – 3 Years	4 – 5 Years	After 5 Years	Total
Recourse Obligations					
Corporate borrowings	\$ 1,258	\$ 1,430	\$ 2,049	\$ 9,495	\$ 14,232
Accounts payable and other ¹	257	28	11	3,632	3,928
Interest expense ²					
Corporate borrowings	620	1,135	992	6,226	8,973
Non-recourse Obligations					
Principal repayments					
Non-recourse borrowings of managed entities					
Property-specific borrowings	47,659	48,448	47,606	60,845	204,558
Subsidiary borrowings	2,239	2,053	6,912	4,798	16,002
Subsidiary equity obligations	182	779	115	3,683	4,759
Accounts payable and other					
Lease obligations	1,211	2,249	1,811	11,531	16,802
Accounts payable and other ¹	27,649	4,950	1,902	3,428	37,929
Commitments	4,040	1,684	409	143	6,276
Interest expense ^{2,3}					
Non-recourse borrowings	11,888	19,311	12,693	20,866	64,758
Subsidiary equity obligations	176	331	302	1,794	2,603

1. Excludes lease obligations and provisions.

2. Represents the aggregate interest expense expected to be paid over the term of the obligations.

3. Variable interest rate payments have been calculated based on current rates.

The recourse obligations, those amounts that have recourse to the Corporation, which are due in less than one year totaled \$2.1 billion (2023 – \$1.3 billion).

In 2014, BPY issued \$1.8 billion of exchangeable preferred equity units in three \$600 million tranches redeemable in 2021, 2024 and 2026, respectively. The preferred equity units were originally exchangeable into equity units of BPY at \$25.70 per unit, at the option of the holder, at any time up to and including the maturity date. Following the privatization of BPY ("BPY privatization"), the preferred equity units became exchangeable into cash equal to the value of the consideration that would have been received upon the BPY privatization (a combination of cash, BN and BAM shares, and New LP Preferred Units), based on the value of that consideration on the date of exchange. BPY also has the option of delivering the actual consideration (a combination of cash, BN and BAM shares, and New LP Preferred Units). Following the BPY privatization, we have agreed with the holder to grant the company the right to purchase all or any portion of the preferred equity units of the holder at maturity, and to grant the holder the right to sell all or any portion of the preferred equity units of the holder at maturity, in each case at a price equal to the issue price for such preferred equity units plus accrued and unpaid distributions. On December 30, 2021 and December 31, 2024, the company acquired the tranches redeemable in 2021 and 2024 from the holder and subsequently exchanged such units for LP Units and Redemption-Exchange Units of BPY. The preferred equity units were subsequently cancelled.

Commitments of \$6.3 billion (2023 – \$6.2 billion) represent various contractual obligations assumed in the normal course of business by our various operating subsidiaries. These included commitments to provide bridge financing and letters of credit and guarantees provided in respect of power sales contracts and reinsurance obligations as well as capital expenditure commitments related to contracted project costs assumed as part of recent acquisitions. These commitments shall be funded through the cash flows of the company's subsidiaries.

The company and its consolidated subsidiaries execute agreements that provide for indemnifications and guarantees to third parties in transactions or dealings such as business dispositions, business acquisitions, sales of assets, provision of services, securitization agreements and underwriting and agency agreements. The company has also agreed to indemnify its directors and certain of its officers and employees. The nature of substantially all of the indemnification undertakings prevents the company from making a reasonable estimate of the maximum potential amount the company could be required to pay third parties, as in most cases the agreements do not specify a maximum amount, and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Neither the company nor its consolidated subsidiaries have made significant payments in the past, nor do they expect at this time to make any significant payments under such indemnification agreements in the future.

The company periodically enters into joint venture, consortium or other arrangements that have contingent liquidity rights in favor of the company or its counterparties. These include buy sell arrangements, registration rights and other customary arrangements. These agreements generally have embedded protective terms that mitigate the risk to us. The amount, timing and likelihood of any payments by the company under these arrangements is, in most cases, dependent on either future contingent events or circumstances applicable to the counterparty and therefore cannot be determined at this time.

We have also committed to purchase power produced by certain of BEP's hydroelectric assets as previously described on page 74.

EXPOSURES TO SELECTED FINANCIAL INSTRUMENTS

As discussed elsewhere in this MD&A, we utilize various financial instruments in our business to manage risk and make better use of our capital. The fair values of these instruments that are reflected on our balance sheets are disclosed in Note 6 to our consolidated financial statements.

PART 5

ACCOUNTING POLICIES AND INTERNAL CONTROLS

ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

OVERVIEW

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

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

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

In making judgments and estimates, management relies on external information and observable conditions, where possible, supplemented by internal analysis, as required. These estimates have been applied in a manner consistent with the prior year and there are no known trends, commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized in this report. As we update the fair values of our investment property portfolios quarterly, with gains reflected in net income, we discuss judgments and estimates relating to the key valuation metrics in Note 11 of the 2024 audited consolidated financial statements and below.

For further reference on accounting policies, including new and revised standards issued by the IASB and judgments and estimates, see our accounting policies contained in Note 2 of the 2024 audited consolidated financial statements.

ACCOUNTING ESTIMATES

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

i. Investment Properties

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

The majority of underlying cash flows in the models are comprised of contracted leases, many of which are long term. As at December 31, 2024, our office portfolio (core and transitional and development) has a combined 89% occupancy level and an 8-year average lease life, while our retail portfolio (core and transitional and development) has a combined occupancy rate of 95%. The models also include property-level assumptions for renewal probabilities, future leasing rates and capital expenditures. These are reviewed as part of the business planning process and external market data is utilized when determining the cash flows associated with lease renewals. Additionally, each year we sell a number of assets, which also provides support for our valuations, as we typically contract at prices comparable to IFRS values.

We test the outcome of our process by having a number of our properties externally appraised each year, including appraisals for core office properties, at least on a three-year rotating basis. These appraisals, along with market comparables and third-party valuation metric analyses, are used to support our internally-prepared valuations; significant differences are reconciled as they arise. For the year ended December 31, 2024, 154 external appraisals of our office properties were performed representing \$41.5 billion of assets; external appraisals were within 3% of management's valuations.

The valuations are most sensitive to changes in cash flows, which include assumptions relating to lease renewal probabilities, downtime, capital expenditures, future leasing rates and associated leasing costs, discount rates and terminal capitalization rates. The key valuation metrics of our real estate assets as at December 31, 2024 and December 31, 2023 are summarized below.

	Core		Transitional and development		LP investments ¹		Weighted average	
AS AT DEC. 31	2024	2023	2024	2023	2024	2023	2024	2023
Discount rate	6.3%	6.2%	7.9%	7.9%	9.1%	8.6%	8.1%	8.0%
Terminal capitalization rate	4.8%	4.8%	6.3%	6.2%	6.2%	5.8%	5.9%	5.7%
Investment horizon (years)	11	11	10	10	14	13	12	12

1. The change in rates compared to the prior year reflect the deconsolidation of BSREP IV.

The following table presents the impact on the fair value of our consolidated investment properties as at December 31, 2024 from a 25-basis point change to the relevant unobservable inputs in isolation and does not present the impact on the fair value from other factors such as changes in cash flows or inflation. For properties valued using the discounted cash flow method, the basis point change in valuation metrics relates to a change in discount and terminal capitalization rates. For properties valued using the direct capitalization approach, the basis point change in valuation metrics relates to a change in the overall capitalization rate. These amounts represent the effect on all consolidated investment property assets within our consolidated financial statements on a pre-tax basis, including amounts attributed to non-controlling interests in our perpetual affiliates and private fund investments. The amounts attributable to shareholders may be significantly less than shown depending on ownership levels in the individual assets.

AS AT DEC. 31, 2024 (MILLIONS)	Fair Value	Sensitivity
Core	\$ 18,501	\$ 1,314
Transitional and development	21,495	584
LP Investments	58,446	2,101
Other investment properties	5,223	161
Total	\$ 103,665	\$ 4,160

ii. Revaluation Method for PP&E

We revalue PP&E within our Renewable Power and Transition segment using the discounted cash flow ("DCF") method and our Infrastructure segment using DCF and the depreciated replacement cost ("DRC") methods. Our real estate hospitality assets are valued using the DRC method. PP&E within our Private Equity segment is recorded at cost less accumulated depreciation and impairment losses.

Assets subject to the revaluation approach are revalued annually using a bottom-up approach, starting at the operating level with local professionals, and involving multiple levels of review, including by senior management. Changes in fair value are reported through other comprehensive income as revaluation surplus. Underlying cash flows used in DCF models are subject to detailed reviews as part of business planning, with discount rates and other key variable inputs reviewed for reasonability and the models reviewed for mathematical accuracy. Key inputs are frequently compared to third-party reports commissioned by the respective entities to assess reasonability. In addition, comparable market transactions are analyzed to consider for benchmarking. Additional information about the revaluation methodology and current year results is provided below.

When determining the carrying value of PP&E using the revaluation method, the company uses the following assumptions and estimates: the timing of forecasted revenues; future sales prices and associated expenses; future sales volumes; future regulatory rates; maintenance and other capital expenditures; discount rates; terminal capitalization rates; terminal valuation dates; useful lives; and residual values. Determination of the fair value of PP&E under development includes estimates in respect of the timing and cost to complete the development. This process is further discussed in Part 2 – Review of Consolidated Financial Results.

Renewable Power and Transition

We use an unlevered 20-year DCF, with a terminal value that is built from the bottom-up and determined, where appropriate, using the Gordon Growth Model for perpetual assets, such as hydroelectric facilities. For assets with finite lives, such as wind and solar farms, the residual asset value is used based on the estimated remaining service life and the residual asset value is used to represent the terminal value.

Key model inputs include contract prices, forward merchant power prices, long-term average generation estimates, operating expenses, capital expenditures, tax rates, exit dates, terminal capitalization rates, and discount rates. A few of the critical assumptions are described in more detail below:

- Pricing forecasts consist of the following inputs:
 - Where power purchase agreements are in place, contracted power prices are utilized for the remaining term of these agreements.
 - Thereafter, or to the extent that the underlying renewable power asset is not contracted, we estimate merchant pricing based on a mix of external data and our own estimates. Short-term merchant pricing is based on four years of externally sourced broker quotes in North America, regulated market operator pricing in Europe, and local market pricing in South America. We ensure to link our short-term pricing by linear extrapolation to our view of long-term power pricing below.
 - Long term pricing is driven by the economics required to support new entrants into the various power markets in which we operate. The year of new entry is viewed as the point when generators must build additional capacity to maintain system reliability and provide an adequate level of reserve generation with the retirement of older coal-fired plants and rising environmental compliance costs in North America and Europe, and overall increasing demand in Colombia and Brazil. Once the year of new entrant is determined, data from industry sources, as well as inputs from our development teams, is used to model the all-in cost of the expected technology mix of new construction, and the resulting market price required to support its development. Our long-term pricing view is anchored to the cost of securing new energy from renewable sources to meet future demand growth by the years 2028 to 2035 in North America, by 2030 in Colombia and by 2028 in Brazil. For the North American businesses, we have estimated our renewable power assets will contract at a discount to new-build wind, solar and battery prices (the most likely source of new renewable generation in those regions). In Brazil and Colombia, the estimate of future electricity prices is based on a similar approach as applied in North America using a forecast of the all-in cost of development.
- Energy generation forecasts are based on LTA for which we have significant historical data. LTA for hydroelectric facilities is based on third-party engineering reports commissioned during asset acquisitions and financing activities. These studies are based on statistical models supported by decades of historical river flow data. Similarly, LTA for wind facilities is based on third-party wind resource studies completed prior to construction or acquisition. LTA for solar facilities is based on third-party irradiance level studies at the location of our project sites during construction or acquisition.
- Capital expenditure forecasts rely on independent engineering reports commissioned from reputable third-party firms during underwriting or financings.
- Our discount rates, which are adjusted based on asset level and regional considerations, are compared to implied rates from recent market transitions where possible for reasonability.

Review of our models also includes assessing comparable market transactions. We compare EBITDA multiples and value per megawatt at the asset level to recent market transactions; at the portfolio basis, we compare valuation multiples to our most comparable competitors in the market and the resulting book value of our equity after revaluation to our share price in the market. For example, we have noted from reviews of market transactions in the U.S. northeast that the multiples paid for the asset indicate that market participants likely share our view on escalating power prices in the region.

In 2024, the fair value of the PP&E in our Renewable Power and Transition segment increased by \$5.9 billion, primarily attributable to higher power pricing across select markets and the expected growth in demand for renewable power.

The key valuation metrics of our hydroelectric, wind and solar generating facilities at the end of 2024 and 2023 are summarized below:

AS AT DEC. 31	North America		Colombia		Brazil		Europe ²	
	2024	2023	2024	2023	2024	2023	2024	2023
Discount rate								
Contracted	5.1 – 5.8%	5.1 – 5.7%	8.5%	8.7%	9.6%	8.4%	4.9 – 6.6%	4.8%
Uncontracted	6.3 – 7.2%	6.3 – 7.0%	9.8%	10.0%	10.9%	9.7%	4.9 – 6.6%	4.8%
Terminal capitalization rate ¹	4.3 – 5.1%	4.4 – 5.0%	7.3%	8.0%	n/a	n/a	n/a	n/a
Investment horizon....	2048	2046	2044	2043	2052	2053	2047	2037

1. The terminal capitalization rate applies only to hydroelectric assets in North America and Colombia.

2. The change in uncontracted rates compared to the prior year reflect change in asset mix to include certain development and merchant assets in Europe.

The following table presents the impact on fair value of PP&E in our Renewable Power and Transition segment as at December 31, 2024 from a 25-basis point change in discount and terminal capitalization rates, as well as a 5% change in electricity prices. These amounts represent the effect on all consolidated PP&E assets within the consolidated financial statements of BN on a pre-tax basis, including amounts attributed to non-controlling interests in our listed affiliates and private fund investments. The amounts attributable to shareholders may be significantly less than shown depending on ownership levels in the individual assets.

AS AT DEC. 31, 2024 (MILLIONS)	Fair Value	Sensitivity
25 bps change in discount and terminal capitalization rates¹		
North America	\$ 44,538	\$ 2,230
Colombia	12,431	601
Brazil	4,283	87
Europe	7,144	38
5% change in electricity prices		
North America	44,538	1,595
Colombia	12,431	561
Brazil	4,283	104
Europe	7,144	15

1. The terminal capitalization rate applies only to hydroelectric assets in North America and Colombia.

Terminal values are included in the valuation of hydroelectric assets in the U.S., Canada, and Colombia. For the hydroelectric assets in Brazil, cash flows have been included based on the duration of the authorization or useful life of a concession asset plus a one-time 30-year renewal term for the majority of the hydroelectric assets. The weighted-average remaining duration or useful life of a concession asset as at December 31, 2024, including a one-time 30-year renewal for applicable hydroelectric assets, is 30 years (2023 – 34 years). Consequently, there is no terminal value attributed to the hydroelectric assets in Brazil at the end of the authorization term.

Energy Contracts

The New York power contract is the only power contract that remains in place between the Corporation and BEP. Under the contract, we are required to purchase power that BEP generates at certain of its New York assets at a fixed price. Based on LTA, we purchase approximately 4,100 GWh of power from BEP each year pursuant to a long-term contract at a predetermined price, which represents 12% of BEP's power generation. The fixed price that we are required to pay BEP increases annually based on inflation, not to exceed 3%. In addition, from 2021 to 2025, the price will gradually step down by \$3/MWh a year, followed by a \$5/MWh reduction in 2026. The contract expires in 2046 and provides us the right to terminate the agreement in 2036.

The contract is valued annually based on price curves as at year end incorporating revised discount rates as required. As at December 31, 2024, the contract was valued using weighted-average forward power price estimates of approximately \$95/MWh in years 1-10 and \$169/MWh in years 11-20, using a discount rate of approximately 7.1%.

Infrastructure

Our infrastructure assets, revalued using DCF models, are generally subject to contractual and regulatory frameworks that underpin the cash flows. We also include the benefits of development projects for existing in-place assets to the extent that they have been determined to be feasible, typically by external parties, and have received the appropriate approvals. We are unable to include the benefits of development projects within our business that are not considered improvements to existing PP&E.

The underlying cash flow models supporting the revaluation process include a number of different inputs and variables with risks mitigated through controls incorporated in the bottom-up preparation and review process. Inputs are reviewed for qualitative and quantitative considerations and the mechanical accuracy is tested by appropriate finance and investment professionals.

When assessing the reasonability of our DCF models, we determine whether there are comparable transactions that we can consider for the purposes of benchmarking. Metrics such as the implied current year or forward-looking EBITDA multiples are reviewed against market transactions and public companies to assess whether our valuations are appropriate. We also assess whether the inputs used in the models are consistent amongst asset classes and geographies, where applicable, or that asset specific differences are supportable considering transactions in a given asset class or market.

Additionally, as part of our private fund valuation process, we obtain third-party appraisals on our fund investments on a three-year rotating basis. These appraisals are not directly utilized in the financial statements, rather they are used to confirm that management's assumptions in determining fair value are within a reasonable range.

On an aggregate basis, the value of the appraised assets is greater than the book value because a significant portion of our infrastructure operations assets such as public service concessions are classified as intangible assets. These intangible assets are carried at amortized cost, subject to impairment tests, and are amortized over their useful lives. In addition, we have contracted growth projects within our businesses that cannot be included in IFRS fair value unless these relate to improvements on existing PP&E.

Within our Infrastructure segment, we reported valuation gains of \$1.4 billion in 2024. The gain was primarily due to volume growth and inflation indexation, as well as increased spread assumptions at a number of our businesses.

The key valuation metrics of our utilities, transport and midstream operations are summarized below:

AS AT DEC. 31	Utilities		Transport		Midstream ¹	
	2024	2023	2024	2023	2024	2023
Discount rate	8% – 15%	8% – 11%	10%	9 %	15%	15%
Terminal value multiples	16x	15x	9x – 20x	8x – 20x	8x – 10x	10x
Investment horizon (years)	10 – 20	10 – 20	10	10	1 – 2	6

1. The change in the Investment horizon compared to the prior year reflect the exit time for certain gas and storage businesses.

Real Estate and Other

Hospitality assets, primarily hotel and resort operations, are valued using the depreciated replacement cost method, which factors in age, physical condition and construction costs of the properties. Fair values of hospitality properties are also reviewed in reference to each asset's enterprise value determined using a discounted cash flow model. These valuations are generally prepared by external valuation professionals using information provided by management of the operating business. The fair value estimates for hospitality assets represent the estimated fair value of the PP&E of the hospitality business only and do not include any associated intangible assets. Hospitality assets are revalued annually, with changes in fair value reported through other comprehensive income as revaluation surplus.

iii. Financial Instruments

Financial assets, financial contracts and other contractual arrangements that are treated as derivatives are recorded at fair value in our financial statements and changes in their value are recorded in net income or other comprehensive income, depending on their nature and business purpose. The more significant and more common financial contracts and contractual arrangements employed in our business that are fair valued include: interest rate contracts, foreign exchange contracts and agreements for the sale of electricity. Financial assets and liabilities may be classified as Level 1, 2 or 3 in the fair value hierarchy. Refer to Note 6 Fair Value of Financial Instruments within the notes to the consolidated financial statements for additional information.

Estimates and assumptions used in determining the fair value of financial instruments are: equity and commodity prices; future interest rates; the credit worthiness of the company relative to its counterparties; the credit risk of the company's counterparties; estimated future cash flows; the amount of the liability and equity components of compound financial instruments; discount rates and volatility utilized in option valuations.

iv. Inventory

The company estimates the net realizable value of its inventory using estimates and assumptions about future selling prices and future development costs.

v. Other

Other estimates and assumptions utilized in the preparation of the company's consolidated financial statements are: the assessment or determination of net recoverable amount; oil and gas reserves; depreciation and amortization rates and useful lives; estimation of recoverable amounts of cash-generating units for impairment assessments of goodwill and intangible assets; ability to utilize tax losses and other tax measurements; fair value of assets held as collateral and the percentage of completion for construction contracts. Equity accounted investments, which follow the same accounting principles as our consolidated operations, include amounts recorded at fair value and amounts recorded at amortized cost or cost, depending on the nature of the underlying assets.

ACCOUNTING JUDGMENTS

Management is required to make critical judgments when applying its accounting policies. The following judgments have the most significant effect on the consolidated financial statements:

i. Control or Level of Influence

When determining the appropriate basis of accounting for the company's investees, the company makes judgments about the degree of influence that it has the ability to exert directly or through an arrangement over the investees' relevant activities. This may include the ability to elect investee directors or appoint management. Control is obtained when the company has the power to direct the relevant investing, financing and operating decisions of an entity and does so in its capacity as principal of the operations, rather than as an agent for other investors. Operating as a principal includes having sufficient capital at risk in any investee and exposure to the variability of the returns generated as a result of the decisions of the company as principal. Judgment is used in determining the sufficiency of the capital at risk or variability of returns. In making these judgments, the company considers the ability of other investors to remove the company as a manager or general partner in a controlled partnership. Refer to Part 2 – Review of Consolidated Financial Results for additional information.

ii. Investment Properties

When applying the company's accounting policy for investment properties, judgment is applied in determining whether certain costs are additions to the carrying amount of the property and, for properties under development, identifying the point at which practical completion of the property occurs and identifying the directly attributable borrowing costs to be included in the carrying value of the development property.

iii. Property, Plant and Equipment

The company's accounting policy for its PP&E requires critical judgments over the assessment of carrying value, whether certain costs are additions to the carrying amount of the PP&E as opposed to repairs and maintenance, and for assets under development the identification of when the asset is capable of being used as intended and identifying the directly attributable borrowing costs to be included in the asset's carrying value.

For assets that are measured using the revaluation method, judgment is required when estimating future prices, volumes, discount and capitalization rates. Judgment is applied when determining future electricity prices considering broker quotes for the years in which there is a liquid market available and, for the subsequent years, our best estimate of electricity prices from renewable sources that would allow new entrants into the market.

iv. Identifying Performance Obligations for Revenue Recognition

Management is required to identify performance obligations relating to contracts with customers at the inception of each contract. IFRS 15 *Revenue from Contracts with Customers* requires a contract's transaction price to be allocated to each distinct performance obligation when, or as, the performance obligation is satisfied. Judgment is used when assessing the pattern of delivery of the product or service to determine if revenue should be recognized at a point in time or over time. For certain service contracts recognized over time, judgment is required to determine if revenue from variable consideration such as incentives, claims and variations from contract modifications has met the required probability threshold to be recognized.

Management also uses judgment to determine whether contracts for the sale of products and services have distinct performance obligations that should be accounted for separately or as a single performance obligation. Goods and services are considered distinct if: (1) a customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer; and (2) the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

Additional details about revenue recognition policies across our operating segments are included in Note 3 of the consolidated financial statements.

v. Common Control Transactions

The purchase and sale of businesses or subsidiaries between entities under common control are not specifically addressed in IFRS Accounting Standards and accordingly, management uses judgment when determining a policy to account for such transactions taking into consideration other guidance in the IFRS framework and pronouncements of other standard-setting bodies. The company's policy is to record assets and liabilities recognized as a result of transfers of businesses or subsidiaries between entities under common control at carrying value. Differences between the carrying amount of the consideration given or received and the carrying amount of the assets and liabilities transferred are recorded directly in equity.

vi. Indicators of Impairment

Judgment is applied when determining whether indicators of impairment exist when assessing the carrying values of the company's assets, including: the determination of the company's ability to hold financial assets; the estimation of a cash-generating unit's future revenues and direct costs; the determination of discount and capitalization rates; and when an asset's carrying value is above the value derived using publicly traded prices which are quoted in a liquid market.

vii. Income Taxes

The company makes judgments when determining the future tax rates applicable to subsidiaries and identifying the temporary differences that relate to each subsidiary. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply during the period when the assets are realized or the liabilities settled, using the tax rates and laws enacted or substantively enacted at the consolidated balance sheet dates. The company measures deferred income taxes associated with its investment properties based on its specific intention with respect to each asset at the end of the reporting period. Where the company has a specific intention to sell a property in the foreseeable future, deferred taxes on the building portion of an investment property are measured based on the tax consequences that would follow the disposition of the property. Otherwise, deferred taxes are measured on the basis that the carrying value of the investment property will be recovered substantially through use.

viii. Classification of Non-Controlling Interests in Limited-Life Funds

Non-controlling interests in limited-life funds are classified as liabilities (subsidiary equity obligations) or equity (non-controlling interests) depending on whether an obligation exists to distribute residual net assets to non-controlling interests on liquidation in the form of cash or another financial asset or assets delivered in kind. Judgment is required to determine what the governing documents of each entity require or permit in this regard.

ix. Other

Other critical judgments include the determination of effectiveness of financial hedges for accounting purposes, the likelihood and timing of anticipated transactions for hedge accounting and the determination of functional currency.

CONSOLIDATION UNDER IFRS ACCOUNTING STANDARDS

As a Canadian domiciled public corporation, we report under IFRS Accounting Standards, while other issuers that may be considered peers report under U.S. GAAP. These GAAPs are aligned in many areas, but as it relates to asset management and investment companies, there is a significant difference between IFRS and U.S. GAAP Accounting Standards. Under IFRS Accounting Standards, while investment companies can account for their investments at fair value and report them on one line in their balance sheet on a net basis, a parent of an investment company cannot maintain that accounting and must look to whether it controls the underlying investments individually. For issuers under U.S. GAAP, investment companies can use the same treatment as in IFRS Accounting Standards but the parent of an investment company would keep the same reporting as the subsidiary investment company. Therefore, the same investment could be fully consolidated under IFRS Accounting Standards or shown as one line on a net basis under U.S. GAAP.

IFRS Accounting Standards use a control-based model to determine if consolidation is required. Therefore, we are deemed to control an investment if we: (1) exercise power over the investee; (2) are exposed to variable returns from our involvement with the investee; and (3) have the ability to use our power to affect the amount of the returns. Due to the ownership structure of many of our subsidiaries, we control entities in which we hold only a minority economic interest. Please refer to Part 2 – Review of Consolidated Financial Results for additional information. Our consolidation conclusions may differ from certain other issuers who report under U.S. GAAP as they are required to evaluate consolidation requirements using a voting interest model or a variable interest model depending on the circumstances.

MANAGEMENT REPRESENTATIONS AND INTERNAL CONTROLS

ASSESSMENTS AND CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Management has evaluated the effectiveness of the company's internal control over financial reporting (as defined in the applicable U.S. and Canadian securities laws) as of December 31, 2024 and based on that assessment concluded that, as of December 31, 2024, our internal control over financial reporting was effective. Refer to Management's Report on Internal Control Over Financial Reporting. There have been no changes in our internal control over financial reporting during the quarter or year ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in the applicable U.S. and Canadian securities laws) as of December 31, 2024. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that such disclosure controls and procedures were effective as of December 31, 2024.

RELATED PARTY TRANSACTIONS

In the normal course of operations, we enter into transactions on market terms with related parties, including consolidated and equity accounted entities, which have been measured at the exchange value and are recognized in the consolidated financial statements, including, but not limited to: manager or partnership agreements; base management fees, performance fees and incentive distributions; loans, interest and non-interest bearing deposits; power purchase and sale agreements; capital commitments to private funds; the acquisition and disposition of assets and businesses; derivative contracts; and the construction and development of assets.

Refer to Note 27 Related Party Transactions in the consolidated financial statements for further details.

PART 6

BUSINESS ENVIRONMENT AND RISKS

For purposes of Part 6 of this Report, unless the context requires otherwise, references to the “company”, “we”, “us” or “our” refers to Brookfield Corporation, its consolidated subsidiaries (including our Asset Management business), BWS and Oaktree.

This section contains a review of certain aspects of the business environment and risks that could materially adversely impact our business, performance, financial condition, results of operations, cash flows and the value of our securities. Additional risks and uncertainties not previously known to the company, or that the company currently deems immaterial, may also impact our operations and financial results.

a) Volatility in the Trading Price of Our Class A Shares

The trading price of our Class A shares is subject to volatility due to market conditions and other factors and cannot be predicted.

Our shareholders may not be able to sell their Class A shares at or above the price at which they purchased such shares due to trading price fluctuations in the capital markets. The trading price could fluctuate significantly in response to factors both related and unrelated to our operating performance and/or future prospects, including, but not limited to: (i) variations in our operating results and financial condition; (ii) actual or prospective changes in government laws, rules or regulations affecting our businesses; (iii) material announcements by us, our affiliates or our competitors; (iv) the general state of the securities markets; (v) market conditions and events specific to the industries in which we operate; (vi) changes and developments in general economic, political, or social conditions, including as a result of pandemics/epidemics and related economic disruptions; (vii) changes in the values of our investments (including in the market price of our listed affiliates) or changes in the amount of distributions, dividends or interest paid in respect of investments; (viii) differences between our actual financial and operating results and those expected by investors and analysts; (ix) changes in analysts’ recommendations or earnings projections; (x) changes in the extent of analysts’ interest in covering the company and its listed affiliates; (xi) the depth and liquidity of the market for our Class A shares; (xii) dilution from the issuance of additional equity, including as a result of exchanges or additional issuances of shares exchangeable for Class A shares such as exchanges of class A exchangeable voting shares of BWS (“BWS exchangeable shares”); (xiii) investor perception of our businesses and the industries in which we operate; (xiv) investment restrictions; (xv) our dividend policy; (xvi) the departure of key executives; (xvii) sales of Class A shares by senior management or significant shareholders; and (xviii) the materialization of other risks described in this section.

b) Reputation

Actions or conduct that have a negative impact on investors’ or stakeholders’ perception of us could adversely impact our ability to attract and/or retain investor capital and generate fee revenue.

The growth of our Asset Management business relies on continuous fundraising for various private and public investment products, and retention of capital raised from third-party investors. We depend on our business relationships and our global reputation for integrity and high-caliber asset management services to attract and retain investors and advisory clients, and to pursue investment opportunities for us and the public and private entities managed by our Asset Management business. Our business relationships and reputation could be negatively impacted by a number of factors including poor performance; actual, potential or perceived conflicts of interest that are not adequately addressed; misconduct or alleged misconduct by employees; rumors or innuendos; or failed or ineffective implementation of new investments or strategies. If we are unable to continue to raise and retain capital from third-party investors, either privately, publicly or both, or otherwise are unable to pursue our investment opportunities, this could materially reduce our revenue and cash flows and adversely affect our financial condition.

Poor performance of any kind could damage our reputation with current and potential investors in managed entities, making it more difficult to raise new capital. Investors may decline to invest in current and future managed entities and may withdraw their investments from managed entities as a result of poor performance in the entity in which they are invested, and investors in private funds may demand lower fees for new or existing funds, all of which would decrease our revenue.

Our Asset Management business, as a global alternative asset manager with various lines of business and investment products, some of which have overlapping mandates, may be subject to a number of actual, potential or perceived conflicts of interest. These conflicts may be magnified for an asset manager that has many different capital sources available to pursue investment opportunities, including investor capital and the company's own capital. In addition, the senior management team of the company and its affiliates have their own capital invested in Class A shares, directly and indirectly, and may have financial exposures with respect to their own investments which could lead to potential conflicts if such investments are similar to those made by the company or on behalf of investors in entities managed by our Asset Management business.

In addressing these conflicts, we have implemented a variety of policies and procedures; however, there can be no assurances that these will be effective at mitigating actual, potential or perceived conflicts of interest in all circumstances, or will not reduce the positive synergies that we seek to cultivate across our businesses. It is also possible that actual, potential or perceived conflicts of interest, if not properly addressed, could give rise to investor dissatisfaction, litigation, regulatory enforcement actions or other detrimental outcomes.

Appropriately dealing with conflicts of interest for an asset manager is a priority and our reputation could be damaged if we fail, or appear to fail, to deal appropriately with actual, potential or perceived conflicts of interest. Asset manager conflicts are subject to enhanced regulatory scrutiny in the markets in which we operate and in the U.S. in particular. Such regulatory scrutiny can lead to fines, penalties and other negative consequences. Regulatory scrutiny of, or litigation in connection with, conflicts of interest could have a material adverse effect on our reputation, business, financial condition or results of operations in a number of ways, including an inability to adequately capitalize existing managed entities or raise new managed entities, including private funds, and a reluctance of counterparties to do business with us. For information regarding conflicts of interests between the businesses within our asset management operations that operate on opposite sides of an information barrier, see Item (u) herein.

Our reputation could also be negatively impacted if there is misconduct or alleged misconduct by our personnel, the personnel of our Asset Management business or those of our listed affiliates or portfolio companies in which we and managed entities invest, including historical misconduct prior to the investment. Risks associated with misconduct at our portfolio companies is heightened in cases where we do not have legal control or significant influence over a particular portfolio company or are not otherwise involved in actively managing a portfolio company. In such situations, given our ownership position and affiliation with the portfolio company, we may still be negatively impacted from a reputational perspective through this association. In addition, even where we have control over a portfolio company, if it is a newly acquired portfolio company that we are in the process of integrating then we may face reputational risks related to historical or current misconduct or alleged misconduct at such portfolio company for a period of time. We may also face increased risk of misconduct to the extent our capital allocated to emerging markets and distressed companies increases. If we face allegations of improper conduct by private litigants or regulators, whether the allegations are valid or invalid or whether the ultimate outcome is favorable or unfavorable to us, such allegations may result in negative publicity and press speculation about us, our investment activities or the asset management industry in general, which could harm our reputation and may be more damaging to our business than to other types of businesses.

We are subject to a number of obligations and standards arising from our Asset Management business and our authority over the assets we manage. The violation of these obligations and standards by any of our employees may adversely affect our partners and our business and reputation. Our business often requires that we deal with confidential matters of great significance to the companies in which we may invest and to other third parties. If our employees were to improperly use or disclose confidential information, or a security breach results in an inadvertent disclosure of such information, we could suffer serious harm to our reputation, financial position and

current and future business relationships. It is not always possible to detect or deter employee misconduct or security breaches, and the precautions we take in this regard may not be effective.

Implementation of new investment and growth strategies involves a number of risks that could result in losses and harm to our professional reputation, including the risk that the expected results are not achieved, that new strategies are not appropriately planned for or integrated, that new strategies may conflict with, detract from or compete against our existing businesses, and that the investment process, controls and procedures that we have developed will prove insufficient or inadequate. Furthermore, our strategic initiatives may include joint ventures, in which case we will be subject to additional risks and uncertainties in that we may be dependent upon and subject to liability, losses or reputational damage relating to systems, controls and personnel that are not under our complete control or under the control of another.

In addition to impacting the ability of our Asset Management business to raise and retain third-party capital and pursue investment opportunities, certain of the risks identified herein that may have a negative impact on our reputation also could, in extreme cases, result in the removal of our asset manager as general partner or an acceleration of the liquidation date of the private funds that are managed by it. The governing agreements of the private funds provide that, subject to certain conditions (which may, particularly in the case of a removal as general partner, include final legal adjudications of the merits of the particular issue), third-party investors in these funds will have the right to remove the asset manager as the general partner or to accelerate the liquidation date of the fund. Additionally, at any time, investors may terminate a fund and accelerate the liquidation date upon the vote of a super-majority of investors in such fund. A significant negative impact to our reputation would be expected to increase the likelihood that investors could seek to terminate a private fund. This effect would be magnified if, as is often the case, an investor is invested in more than one fund. Such an event, were it to occur, would result in a reduction in the fees earned from such fund, particularly if our Asset Management business is unable to maximize the value of the fund's investments during the liquidation process or in the event of the triggering of a "clawback" for fees already paid out to it as general partner.

c) Asset Management

Growth in fee-bearing capital could be adversely impacted by poor product development or marketing efforts. In addition, investment returns could be lower than target returns due to inappropriate allocation of capital or ineffective investment management.

Our Asset Management business depends on its ability to fundraise third-party capital, deploy that capital effectively, and produce targeted investment returns.

The ability to raise third-party capital depends on a number of factors, including many that are outside the control of the asset manager, such as the general economic environment and the number of other investment funds being raised at the same time by competitors. Investors may reduce (or even eliminate) their investment allocations to alternative investments, including closed-ended private funds. Investors that are required to maintain specific asset class allocations within their portfolio may be required to reduce their investment allocations to alternative investments, particularly during periods when other asset classes such as public securities are decreasing in value. In addition, investors may prefer to insource and make direct investments; therefore, becoming competitors and ceasing to be clients and/or make new capital commitments.

Competition from other asset managers for raising public and private capital is intense, with competition based on a variety of factors, including investment performance, the quality of service provided to investors, the quality and availability of investment products, marketing efforts, investor liquidity and willingness to invest, and reputation. Poor investment performance could hamper the ability of our Asset Management business to compete for these sources of capital or force it to reduce management fees. Existing investors and potential investors continually assess investment performance and the ability to raise capital for existing and future funds depends on the relative and absolute performance of funds managed by our Asset Management business. If poor investment returns or changes in investment mandates prevent our asset manager from raising further capital from existing partners, it may need to identify and attract new investors in order to maintain or increase the size of private funds, and there are no assurances that it will be able to find new investors. Further, as competition and disintermediation in the

asset management industry increases, our Asset Management business may face pressure to reduce or modify asset management fees, including base management fees and/or carried interest, or modify other terms governing its current asset management fee structure, in order to attract and retain investors.

The successful execution of our investing strategy is uncertain as it requires suitable opportunities, careful timing and business judgment, as well as the resources to complete asset purchases and restructure them, if required, notwithstanding difficulties experienced in a particular industry.

There is no certainty that we will be able to identify suitable or sufficient opportunities that meet our investment criteria and be able to acquire additional high-quality assets at attractive prices to supplement our growth in a timely manner, or at all. In pursuing investment opportunities and returns, we and the entities managed by our asset manager face competition from other investment managers and investors worldwide. Each of our businesses is subject to competition in varying degrees and our competitors may have certain competitive advantages over us when pursuing investment opportunities. Some of our competitors may have higher risk tolerances, different risk assessments, lower return thresholds, a lower cost of capital, or a lower effective tax rate (or no tax rate at all), all of which could allow them to consider a wider variety of investments and to bid more aggressively than us for investments. We may lose investment opportunities in the future if we do not match investment prices, structures and terms offered by our competitors, some of whom may have synergistic businesses which allow them to consider bidding a higher price than we can reasonably offer. While we attempt to deal with competitive pressures by leveraging our asset management strengths and operating capabilities and compete on more than just price, there is no guarantee these measures will be successful, and we may have difficulty competing for investment opportunities, particularly those offered through auction or other competitive processes. If our Asset Management business is unable to successfully raise, retain, and deploy third-party capital into investments, it may be unable to collect management fees, carried interest or transaction fees, which would materially reduce our revenue and cash flows and adversely affect our financial condition.

Our approach to investing often entails adding assets to our existing businesses when the competition for assets is weakest; typically, when depressed economic conditions exist in the market relating to a particular entity or industry. Such an investing style carries with it inherent risks when investments are made in either markets or industries that are undergoing some form of dislocation. We may fail to value opportunities accurately or to consider all relevant factors that may be necessary or helpful in evaluating an opportunity, may underestimate the costs necessary to bring an acquisition up to standards established for its intended market position, may be exposed to unexpected risks and costs associated with our investments, including risks arising from alternative technologies that could impair or eliminate the competitive advantage of our business in a particular industry, and/or may be unable to quickly and effectively integrate new acquisitions into existing operations or exit from the investment on favorable terms. In addition, liabilities may exist that we or managed entities do not discover in due diligence prior to the consummation of an acquisition, or circumstances may exist with respect to the entities or assets acquired that could lead to future liabilities and, in each case, we or the managed entities may not be entitled to sufficient, or any, recourse against the contractual counterparties to an acquisition.

The credit strategies of our Asset Management business offer a broad range of strategies to investors. Similar to other private funds managed by us across different strategies, our asset managers that pursue credit strategies earn base management fees and, in certain cases, carried interest on funds and separate accounts that invest in its credit strategies. Cyclicalities are important to credit strategies and weak economic environments have tended to afford some of the best investment opportunities and best relative investment performance to such strategies. Any prolonged economic expansion or recession could have an adverse impact on certain credit strategies and materially affect the ability to deliver attractive investment returns for clients or generate incentive or other income in respect of those strategies.

We generally pursue investment opportunities that involve business, regulatory, legal and other complexities. Our tolerance for complexity presents risks, as such transactions can be more difficult, expensive and time-consuming to finance and execute, and have a higher risk of execution failure. It can also be more difficult to manage or realize value from the assets acquired in such transactions and such transactions sometimes entail a higher level of regulatory scrutiny or a greater risk of contingent liabilities.

At times, our asset manager makes investments (for one or more funds or managed entities) in companies that we do not control. These investments are subject to the risk that the company in which the investment is made may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve our interests.

Certain investments may be concentrated in particular asset types or geographic regions, which could exacerbate any negative performance of one or more managed entities to the extent those concentrated investments are in assets or regions that experience market dislocation. In addition, certain funds hold publicly traded securities the price of which will be volatile and are likely to fluctuate due to a number of factors beyond our asset manager's control, including actual or anticipated changes in the profitability of the issuers of such securities; general economic, social, or political developments; changes in industry conditions; changes in governance regulation; inflation; the general state of the securities markets; and other material events.

The failure of a newly acquired business to perform according to expectations could have a material adverse effect on our assets, liabilities, business, financial condition, results of operations and cash flows. Alternatively, we may be required to sell a business before it has realized our expected level of returns for such business.

If any of the investments managed by our asset manager perform poorly or experience prolonged periods of volatility, or if the capital is not deployed effectively, its fee-based revenue, cash available for distribution and/or carried interest would decline, negatively impacting our earnings. Moreover, we could experience losses on our capital invested in funds managed by our asset manager. Accordingly, our expected returns on these investments may be less than we have assumed in forecasting the value of our business.

d) Laws, Rules and Regulations

We are subject to numerous laws, rules, and regulatory requirements which may impact our business, including resulting in financial penalties, loss of business, and/or damage to our reputation in instances of non-compliance.

There are many laws, governmental rules and regulations and listing exchange rules that apply to us, our affiliates, our assets and our businesses. Changes in these laws, rules and regulations, or their interpretation by governmental agencies or the courts, could adversely affect our business, assets or prospects, or those of our affiliates, customers, clients or partners. The failure of the company, our listed affiliates, or entities managed by our asset management company to comply with these laws, rules and regulations, or with the rules and registration requirements of the respective stock exchanges on which we and they are listed, could adversely affect our reputation and financial condition.

Our Asset Management business, including our investment advisory and broker-dealer business, is subject to substantial and increasing regulatory compliance obligations and oversight, and this higher level of scrutiny may lead to more regulatory enforcement actions. There continues to be uncertainty regarding the appropriate level of regulation and oversight of asset management businesses in a number of jurisdictions in which we operate. The financial services industry has been the subject of heightened scrutiny and enforcement actions. Regulatory investigations and/or enforcement actions by regulators could have a material adverse effect on our business and/or reputation. In addition, the introduction of new legislation and increased regulation may result in increased compliance costs and could materially affect the manner in which we conduct our business and adversely affect our profitability. Although there may be some areas where governments in certain jurisdictions propose deregulation, it is difficult to predict the timing and impact of any such deregulation, and we may not materially benefit from any such changes.

Our Asset Management business is not only regulated in the U.S., but also in other jurisdictions where we conduct operations including, but not limited to, the E.U., the U.K., Canada, Brazil, Colombia, Australia, India and South Korea. Similar to the environment in the U.S., the current environment in jurisdictions outside the U.S. in which we operate has become subject to further regulation. Governmental agencies around the world have proposed or implemented a number of initiatives and additional rules and regulations that could adversely affect our Asset Management business, and governmental agencies may propose or implement further rules and regulations in the future. These rules and regulations may impact how managed entities are marketed in these jurisdictions and introduce compliance obligations with respect to disclosure and transparency, as well as restrictions on investor

participation and distributions. Such regulations may also prescribe certain capital requirements on managed entities, and conditions on the leverage managed entities may employ and the liquidity these managed entities must have. Compliance with additional regulatory requirements will impose additional restrictions and expenses for us and could reduce our operating flexibility and fundraising opportunities.

Our broker-dealer business is regulated by the SEC, the various Canadian provincial securities commissions, as well as self-regulatory organizations, including the Financial Industry Regulatory Authority in the U.S. These regulatory bodies may conduct administrative or enforcement proceedings that can result in censure, fine, suspension or expulsion of a broker-dealer, its directors, officers or employees. Such proceedings, whether or not resulting in adverse findings, can require substantial expenditures and can have an adverse impact on the reputation of a broker-dealer.

The advisors of certain managed entities are registered as investment advisers with the SEC. Registered investment advisers are subject to the requirements and regulations of the Investment Advisers Act of 1940, which grants U.S. supervisory agencies broad administrative powers, including the power to limit or restrict the carrying on of business for failure to comply with laws or regulations. If such powers are exercised, the possible sanctions that may be imposed include the suspension of individual employees, limitations on the activities in which the investment adviser may engage, suspension or revocation of the investment adviser's registration, censure and fines. Compliance with these requirements and regulations results in the expenditure of resources, and a failure to comply could result in investigations, financial or other sanctions, and reputational damage.

The Investment Company Act of 1940 (the "40 Act") and the rules promulgated thereunder provide certain protections to investors and impose certain restrictions on entities that are deemed "investment companies" under the 40 Act. We are not currently, nor do we intend to become, an investment company under the 40 Act. To ensure that we are not deemed to be an investment company, we may be required to materially restrict or limit the scope of our operations or plans and the types of acquisitions that we may make, and we may need to modify our organizational structure or dispose of assets that we would not otherwise dispose of. If we were required to register as an investment company, we would face severe limitations on the operation of our business. Among other things, we would be prohibited from engaging in certain business activities (or have conditions placed on our business activities), face restrictions on engaging in transactions with affiliated entities and issuing certain securities or engaging in certain types of financings, be restricted with respect to the amount and types of borrowings we are permitted to obtain, be required to limit the amount of investments that we make as principal, and face other limitations on our activities.

Our Asset Management business has and may become subject to additional regulatory and compliance requirements as it expands its product offerings and investment platform which likely will carry additional legal and compliance costs, as well as additional operating requirements that may also increase costs.

We acquire and develop primarily insurance, renewable power and transition, infrastructure, business services, real estate, and industrial assets. In doing so, we must comply with extensive and complex municipal, state or provincial, national and international laws and regulations. These laws and regulations can result in uncertainty and delays, and impose additional costs, which may adversely affect our results of operations. Changes in these laws and regulations may negatively impact us and our businesses or may benefit our competitors and their businesses.

Additionally, liability under such laws, rules and regulations may occur without our fault. In certain cases, parties can pursue legal actions against us to enforce compliance as well as seek damages for non-compliance or for personal injury or property damage. Our insurance may not provide sufficient coverage in the event that a successful claim is made against us.

e) *Governmental Investigations, Sanctions and Anti-Bribery and Corruption*

Federal, state and foreign anti-bribery and corruption and trade sanctions laws and restrictions on foreign direct investment applicable to us and our operating businesses create the potential for significant liabilities and penalties, the inability to complete transactions, imposition of significant costs and burdens, and reputational harm and we may also be subject to various governmental investigations.

We are from time to time subject to various governmental investigations, audits and inquiries, both formal and informal. These investigations, regardless of their outcome, can be costly, divert management attention and damage our reputation. The unfavorable resolution of such investigations could result in criminal liability, fines, penalties or other monetary or non-monetary sanctions and could materially affect our business or results of operations.

We are subject to a number of laws and regulations governing payments and contributions to public officials or other third parties both domestically and in respect of operations abroad, including but not limited to the U.S. Foreign Corrupt Practices Act of 1977 (the “FCPA”), various federal and state corruption laws, and similar laws in non-U.S. jurisdictions, such as the U.K. Bribery Act 2010, the *Canadian Corruption of Foreign Public Officials Act* (“CFPOA”) and Part IV of the *Criminal Code* (Canada), the Brazilian Clean Companies Act, the Australian Criminal Code Act 1995, the Indian Prevention of Corruption Act, and the Bermudian Bribery Act 2016. This global focus on anti-bribery and corruption enforcement may also lead to more investigations, both formal and informal, in this area, the results of which cannot be predicted.

Instances of bribery, fraud, accounting irregularities and other improper, illegal or corrupt practices can be difficult to detect, in particular when conducting due diligence in connection with acquisitions, and fraud and other deceptive practices can be widespread in certain jurisdictions. We invest in emerging market countries that may not have established stringent anti-bribery and corruption laws and regulations, where existing laws and regulations may not be consistently enforced, or that are perceived to have materially higher levels of corruption according to international rating standards. Due diligence on investment opportunities in these jurisdictions is frequently more challenging because consistent and uniform commercial practices in such locations may not have developed or do not meet international standards. Bribery, fraud, accounting irregularities and corrupt practices can be especially difficult to detect in such locations. When acquiring assets in distress, the quality of financial information of the target may also make it difficult to identify irregularities.

The FCPA prohibits bribery of non-U.S. officials, candidates for office and political parties, and requires U.S. companies to keep books and records that accurately and fairly reflect those companies’ transactions. Similar laws in non-U.S. jurisdictions, such as the U.K. Bribery Act 2010 and the CFPOA, as well as other applicable anti-bribery and corruption or related laws in the U.S. and abroad, may also impose stricter or more onerous requirements than the FCPA, and implementing them may disrupt our business or cause us to incur significantly more costs to comply with those laws. The policies and procedures we have implemented to comply with anti-bribery and corruption legislation may be inadequate. If we fail to comply with such laws and regulations, we could be exposed to claims for damages, financial penalties, incarceration of our employees, reputational harm, restrictions on our operations and other liabilities, which could negatively affect our operating results and financial condition. In addition, we may be subject to successor liability for violations under these laws and regulations or other acts of bribery committed by entities in which we or managed entities invest.

We are also subject to laws and regulations governing trade and economic sanctions. The Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”), the U.S. Department of Commerce and the U.S. Department of State administer and enforce various trade control laws and regulations, including economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign states, organizations and individuals. These laws and regulations implicate a number of aspects of our business, including servicing existing fund investors, finding new fund investors, and sourcing new investments, as well as activities by the portfolio companies in our investment portfolio or other controlled investments. Some of these regulations provide that penalties can be imposed on us for the conduct of a portfolio company, even if we have not ourselves violated any regulation. Similar laws in non-U.S. jurisdictions, such as the *Special Economic Measures Act* (Canada), the

United Nations Act (Canada) and the *Justice for Victims of Corrupt Foreign Officials Act* (Canada), and E.U. sanctions, may also impose restrictions or requirements on us or our operating businesses. Applicable laws of various jurisdictions may contain conflicting provisions, making our compliance more difficult. For example, Canada has adopted measures, such as the Canadian Foreign Extraterritorial Measures Act, that could restrict certain persons and entities subject to Canadian jurisdiction from complying with extra-territorial sanctions imposed by other jurisdictions, such as the U.S. In February 2022, the U.S. and other countries began imposing meaningful sanctions targeting Russia as a result of actions taken by Russia in Ukraine. We and our portfolio companies are required to comply with these and potentially additional sanctions imposed by the U.S. and by other countries, for which the full costs, burdens, and limitations on our business and prospects are currently unknown and may become significant.

In addition, the U.S. and many non-U.S. countries that have laws designed to protect national security or to restrict foreign direct investment. For example, under the United States Foreign Investment Risk Review Modernization Act (“FIRRMA”), the Committee on Foreign Investment in the United States (“CFIUS”) has the authority to review, block or impose conditions on investments by non-U.S. persons in U.S. companies or real assets deemed critical or sensitive to the U.S. Many non-U.S. jurisdictions have similar laws. For example, the E.U. has adopted an E.U.-wide mechanism to screen foreign investment on national security grounds and most E.U. member states now have a foreign investment screening mechanism in place or has initiated a consultative or legislative process expected to result in the adoption of a new mechanism or amendments to an existing mechanism, adopted a regulation aimed at regulation of foreign subsidies that could distort the internal E.U. market.

Under these laws, governments have the authority to impose a variety of actions, including requirements for the advance screening or notification of certain transactions, blocking or imposing conditions on certain transactions, limiting the size of foreign equity investments or control by foreign investors, and restricting the employment of foreigners as key personnel. These actions could limit our ability to find suitable investments, cause delays in consummating transactions, result in the abandonment of transactions, and impose burdensome operational requirements on us or our portfolio companies. These laws could also negatively impact our fundraising and syndication activities by causing us to exclude or limit certain investors in our funds or co-investors for our transactions. Moreover, these laws may make it difficult for us to identify suitable buyers for our investments that we want to exit and could constrain the universe of exit opportunities generally. Complying with these laws imposes potentially significant costs and complex additional burdens, and any failure by us or our portfolio companies to comply with them could expose us to significant penalties, sanctions, loss of future investment opportunities, additional regulatory scrutiny, and reputational harm.

f) Financial Obligations and Liquidity

Cash must be available to meet our financial obligations when due and enable us to capitalize on investment opportunities when they arise.

We employ debt and other forms of leverage in the ordinary course of business to enhance returns to our investors and finance our operations. We are therefore subject to the risks associated with debt financing and refinancing, including but not limited to the following: (i) our cash flow may be insufficient to meet required payments of principal and interest; (ii) payments of principal and interest on borrowings may leave us with insufficient cash resources to pay operating expenses and dividends; (iii) if we are unable to obtain committed debt financing for potential acquisitions or can only obtain debt at high interest rates or on other unfavorable terms, we may have difficulty completing acquisitions or may generate profits that are lower than would otherwise be the case; (iv) we may not be able to refinance indebtedness at maturity due to company and market factors such as the estimated cash flow produced by our assets, the value of our assets, liquidity in the debt markets, and/or financial, competitive, business and other factors; and (v) if we are able to refinance our indebtedness, the terms of a refinancing may not be as favorable as the original terms for such indebtedness. If we are unable to refinance our indebtedness on acceptable terms, or at all, we may need to utilize available liquidity, which would reduce our ability to pursue new investment opportunities, or we may need to dispose of one or more of our assets on disadvantageous terms, or raise equity, thereby causing dilution to existing shareholders. Regulatory changes or changes in economic or market conditions may also result in higher borrowing costs and reduced access to credit.

The terms of our various credit agreements and other financing documents require us to comply with a number of customary financial and other covenants, such as maintaining debt service coverage and leverage ratios, adequate insurance coverage and certain credit ratings. These covenants may limit our flexibility in conducting our operations and breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness, even if we have satisfied and continue to satisfy our payment obligations.

A large proportion of our capital is invested in physical assets and securities that can be hard to sell, especially if market conditions are poor. Further, because our investment strategy can entail our having representation on public portfolio company boards, we may be restricted in our ability to effect sales during certain time periods. A lack of liquidity could limit our ability to vary our portfolio or assets promptly in response to changing economic or investment conditions. Additionally, if financial or operating difficulties of other owners result in distress sales, such sales could depress asset values in the markets in which we operate. The restrictions inherent in owning physical assets could reduce our ability to respond to changes in market conditions and could adversely affect the performance of our investments, our financial condition and results of operations.

Because there is significant uncertainty in the valuation of, or in the stability of the value of illiquid or non-public investments, the fair values of such investments do not necessarily reflect the prices that would actually be obtained when such investments are realized. Realizations at values significantly lower than the values at which investments have been recorded would result in losses, a decline in asset management fees and the potential loss of carried interest and incentive fees.

We enter into financing commitments in the normal course of business, which we may be required to fund. Additionally, from time to time, we may guarantee the obligations of entities managed by our Asset Management business or that we invest in. If we are required to fund these commitments and are unable to do so, this could result in damages being pursued against us or a loss of opportunity through default under contracts that are otherwise to our benefit.

g) Foreign Exchange and Other Financial Exposures

Foreign exchange rate fluctuations could adversely impact our aggregate foreign currency exposure and hedging strategies may not be effective.

We have pursued and intend to continue to pursue growth opportunities in international markets, and often invest in countries where the U.S. dollar is not the local currency. As a result, we are subject to foreign currency risk due to potential fluctuations in exchange rates between foreign currencies and the U.S. dollar. A significant depreciation in the value of the currency utilized in one or more countries where we have a significant presence may have a material adverse effect on the results of our operations and financial position. In addition, we are active in certain markets where economic growth is dependent on the price of commodities and the currencies in these markets can be more volatile as a result.

Our businesses are impacted by changes in currency rates, interest rates, commodity prices and other financial exposures. We may selectively utilize financial instruments to manage these exposures, including credit default swaps and other derivatives to hedge certain of our financial positions. However, a significant portion of these risks may remain unhedged. We may also choose to establish unhedged positions in the ordinary course of business.

There is no assurance that hedging strategies, to the extent they are used, will fully mitigate the risks they are intended to offset. Additionally, derivatives that we may use are also subject to their own unique set of risks, including counterparty risk with respect to the financial well-being of the party on the other side of these transactions and a potential requirement to fund mark-to-market adjustments. Our financial risk management policies may not ultimately be effective at managing these risks.

The Dodd-Frank Wall Street Reform and Consumer Protection Act and similar laws in other jurisdictions impose rules and regulations governing oversight of the over-the-counter derivatives market and its participants. These regulations may impose additional costs and regulatory scrutiny on us. If our derivative transactions are required to be executed through exchanges or regulated facilities, we will face incremental collateral requirements in the form of initial margin and require variation margin to be cash settled on a daily basis. Such an increase in margin

requirements (relative to bilateral agreements) or a more restricted list of securities that qualify as eligible collateral, would require us to hold larger positions in cash and treasuries, which could reduce income. We cannot predict the effect of changing derivatives legislation on our hedging costs, our hedging strategy or its implementation, or the risks that we hedge. Regulation of derivatives may increase the cost of derivative contracts, reduce the availability of derivatives to protect against operational risk and reduce the liquidity of the derivatives market, all of which may reduce our use of derivatives and result in the increased volatility and decreased predictability of our cash flows.

h) Temporary Investments and Backstop Commitments

We may be unable to syndicate, assign or transfer financial commitments entered into in support of our Asset Management business.

We periodically enter into agreements that commit us to acquire or stand in place of another entity to acquire assets or securities in order to support our Asset Management business with the expectation that our commitment is temporary. For example, we may acquire an asset suitable for a particular managed entity that is fundraising and warehouse that asset through the fundraising period before transferring the asset to the managed entity for which it was intended. As another example, we may commit capital for a particular acquisition transaction as part of a consortium alongside certain of managed entities with the expectation that we will syndicate or assign all or a portion of our own commitment to other investors prior to, at the same time as, or subsequent to, the anticipated closing of the transaction. In all of these cases, our support is intended to be of a temporary nature and we engage in this activity in order to further the growth and development of our Asset Management business. By leveraging the company's financial position to make temporary investments and backstop commitments, we can execute on investment opportunities prior to obtaining all third-party equity financing that we seek, and these opportunities may otherwise not be available without the company's initial equity participation.

While it is often our intention in these arrangements that the company's direct participation be of a temporary nature, we may be unable to syndicate, assign or transfer our interest or commitment as we intended and therefore may be required to take or keep ownership of assets or securities for an extended period. This would increase the amount of our own capital deployed to certain assets and could have an adverse impact on our liquidity, which may alter our asset concentration outside of our desired parameters, may reduce our ability to pursue further acquisitions, or negatively impact our ability to meet other financial commitments.

i) Interest Rates

Rising interest rates could increase our interest costs and adversely affect our financial performance.

A number of our long-life assets are interest rate sensitive. Increases in interest rates will, other things being equal, decrease the value of an asset by reducing the present value of the cash flows expected to be produced by such asset. As the present value of an income-producing asset may decline as a result of interest rate increases, certain financial and other covenants under credit agreements governing such asset could be breached, even if we have satisfied and continue to satisfy our payment obligations thereunder. Such a breach could result in negative consequences on our financial performance and results of operations.

Additionally, any of our debt or preferred shares that are subject to variable interest rates, either as an obligation with a variable interest rate or as an obligation with a fixed interest rate that resets into a variable interest rate in the future, are subject to interest rate risk. Further, the value of any debt or preferred share that is subject to a fixed interest rate will be determined based on the prevailing interest rates and, accordingly, this type of debt or preferred share is also subject to interest rate risk.

In many jurisdictions in which we operate, a period of sharply increasing interest rates may cause certain market dislocations that could negatively impact our financial performance, increase the cost and impact the availability of debt financing and thereby negatively impact the ability of our businesses to obtain attractive financing or refinancing and could increase the cost of such financing if obtained. Interest rate increases also increase the amount of cash required to service our obligations and our earnings could be adversely impacted as a result.

j) *Human Capital*

Ineffective maintenance of our culture or ineffective management of human capital could adversely impact our business and financial performance.

Our ability to compete effectively in our businesses will depend upon our ability to attract new employees and retain and motivate our existing employees, across our and our affiliates' businesses. The senior management team across our businesses has a significant role in our success and oversees the execution of our business and investment strategies. If we are unable to attract and retain qualified employees, this could limit our ability to compete successfully and achieve our business objectives, which could negatively impact our business, financial condition and results of operations.

Our ability to retain and motivate our management team, attract suitable replacements should any members of our management team leave, or attract new investment professionals as our business grows, is dependent on, among other things, the competitive nature of the employment market and the career opportunities and compensation that we can offer. In all of our markets, we face intense competition in connection with the attraction and retention of qualified employees.

We may experience departures of key professionals in the future. We cannot predict the impact that any such departures will have on our ability to achieve our objectives. Our senior management team possesses substantial experience and expertise and has strong business relationships with investors in managed entities and other members of the business communities and industries in which we operate. As a result, the loss of these personnel could jeopardize our relationships with investors in managed entities and other members of the business communities and industries in which we operate and result in the reduction of our AUM or fewer investment opportunities. Accordingly, the loss of services from key professionals or a limitation in their availability could adversely impact our financial condition and cash flow. Furthermore, such a loss could be negatively perceived in the capital markets.

Additionally, the departure of certain individuals could trigger certain "key person" provisions in the documentation governing certain of the private funds managed by our asset manager, which would permit the limited partners of those funds to suspend or terminate the funds' investment periods or withdraw their capital prior to the expiration of the applicable lock-up date. Key person provisions vary by both strategy and fund and, with respect to each strategy and fund, are typically tied to multiple individuals, meaning that it would require the departure of more than one individual to trigger the key person provisions. Our human capital risks may be exacerbated by the fact that we do not maintain any key person insurance.

The conduct of our businesses and the execution of our strategy rely heavily on the synergies across our businesses and teamwork. Our continued ability to respond promptly to opportunities and challenges as they arise depends on co-operation and co-ordination across our organization and our team-oriented management structure, which may not materialize in the way we expect.

A portion of the workforce in some of our businesses is unionized. If we are unable to negotiate acceptable collective bargaining agreements with any of our unions as existing agreements expire we could experience a work stoppage, which could result in a significant disruption to the affected operations, higher ongoing labor costs and restrictions on our ability to maximize the efficiency of our operations, all of which could have an adverse effect on our financial results.

k) *Geopolitical*

Political instability, changes in government policy, or unfamiliar cultural factors could adversely impact the value of our investments.

We are subject to geopolitical uncertainties in all jurisdictions in which we operate. We make investments in businesses that are based outside of North America and we may pursue investments in unfamiliar markets, which may expose us to additional risks not typically associated with investing in North America. We may not properly adjust to the local culture and business practices in such markets, and there is the prospect that we may hire personnel or partner with local persons who might not comply with our culture and ethical business practices;

either scenario could result in the failure of our initiatives in new or existing markets and lead to financial losses for us and managed entities. There are risks of political instability and significant changes in laws and policies in several of our major markets and in other parts of the world in which we conduct business from factors such as political conflict, tariffs and other protectionist trade policies, including the encouragement of the onshoring of manufacturing in the U.S. and other countries, income inequality, refugee migration, terrorism, armed conflict, the potential break-up of countries or political-economic unions and political corruption; the materialization of one or more of these risks could negatively affect our financial performance.

Further, conflict in Eastern Europe has contributed to global economic uncertainty, resulted in volatility in fuel prices and heightened cybersecurity and cyber-terrorism disruptions and threats. Further economic and political instability and the commencement, escalation or expansion of armed conflict in Eastern Europe, the Middle East, or elsewhere in the world could significantly disrupt the free movement of goods, services and people, have a destabilizing effect on energy markets and result in potential higher costs of conducting business. Similarly, an inability of local and national governments to effectively manage ongoing political disputes could result in local, regional and/or global instability. The materialization of one or more of these risks could negatively affect our financial performance and adversely impact our business.

Any existing or new operations may be subject to significant political, economic and financial risks, which vary by country, and may include: (i) changes in government policies and regulations, including tariffs and other protectionist policies, or personnel; (ii) changes in general economic or social conditions; (iii) restrictions on currency transfer or convertibility; (iv) changes in labor relations; (v) military conflict, political instability and civil unrest; (vi) less developed or efficient financial markets than in North America; (vii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements; (viii) less government supervision and regulation; (ix) a less developed legal or regulatory environment; (x) heightened exposure to corruption risk; (xi) political hostility to investments by foreign investors; (xii) less publicly available information in respect of companies in non-North American markets; (xiii) adversely higher or lower rates of inflation; (xiv) higher transaction costs; (xv) difficulty in enforcing contractual obligations and expropriation or confiscation of assets; and (xvi) fewer investor protections.

Unforeseen political events in markets where we have significant investors and/or where we own and operate assets or may look to for further growth of our businesses, such as the North American, South American, Australian, European, Middle Eastern and Asian markets, may create economic uncertainty that has a negative impact on our financial performance. Such uncertainty could cause disruptions to our businesses, including affecting the business of and/or our relationships with investors, customers and suppliers, as well as altering the relationship among tariffs and currencies, including the value of foreign currencies relative to the U.S. dollar. Disruptions and uncertainties could adversely affect our financial condition, operating results and cash flows. In addition, political outcomes in the markets in which we operate may also result in legal uncertainty and potentially divergent national laws and regulations, which can contribute to general economic uncertainty. Economic uncertainty impacting us and managed entities could be exacerbated by supply chain disruptions, trade policy and geopolitical tensions.

l) Economic Conditions

Unfavorable economic conditions or changes in the industries in which we operate could adversely impact our financial performance.

We are exposed to local, regional, national and international economic conditions and other events and occurrences beyond our control, including, but not limited to, the following: short-term and long-term interest rates; inflation; credit and capital market volatility; business investment levels; government spending levels; sovereign debt risks; consumer spending levels; changes in laws, rules or regulations; trade barriers; supply chain disruptions; commodity prices; currency exchange rates and controls; national and international political circumstances (including wars, terrorist acts or security operations); catastrophic events (including pandemics/epidemics, earthquakes, tornadoes or floods); the rate and direction of economic growth; and general economic uncertainty. On a global basis, certain industries and sectors have created capacity that anticipated higher growth, which has caused volatility across all markets, including commodity markets, which may have a negative impact on our

financial performance. Unfavorable economic conditions could affect the jurisdictions in which our entities are formed and where we own assets and operate businesses, and may cause a reduction in: (i) securities prices; (ii) the liquidity of investments; (iii) the value or performance of the investments; and (iv) the ability to raise or deploy capital, each of which could adversely impact our financial condition.

In general, a decline in economic conditions, either in the markets or industries in which we participate, or both, will result in downward pressure on our operating margins and asset values as a result of lower demand and increased price competition for the services and products that we provide. In particular, given the importance of the U.S. to our operations, an economic downturn in this market could have a significant adverse effect on our operating margins and asset values.

Many of the private funds of our asset manager have a finite life that may require an investment exit to be made at an inopportune time. Volatility in the exit markets for these investments, increasing levels of capital required to finance companies to exit and rising enterprise value thresholds to go public or complete a strategic sale can all contribute to the risk that a private fund investment cannot be exited successfully. Our asset manager cannot always control the timing of private fund investment exits or realizations upon exit.

If global economic conditions deteriorate, our investment performance could suffer, resulting in, for example, the payment of less or no carried interest to us. The payment of less or no carried interest to us could cause our cash flow from operations to decrease, which could materially adversely affect our liquidity position and the amount of cash we have on hand to conduct our operations. A reduction in our cash flow from operations could, in turn, require us to rely on other sources of cash such as the capital markets, which may not be available to us on acceptable terms, or debt and other forms of leverage.

In addition, in an economic downturn, there is an increased risk of default by counterparties to our investments and other transactions. In these circumstances, it is more likely that such transactions will fail or perform poorly, which may in turn have a material adverse effect on our business, results of operation and financial condition.

Inflationary pressures could adversely impact our businesses.

Our operating businesses are impacted by inflationary pressures. While inflation has eased and central banks began reducing interest rates in the second half of 2024, past price increases continue to affect householders and weigh on confidence and spending power. The potential for increased tariffs and trade barriers, as well as increased geopolitical risks, adds uncertainty to the long-term outlook for inflation and interest rates and a reacceleration of inflation could trigger a reversal in recent interest rate decreases. Interest rate increases or other government actions taken to reduce inflation could also result in recessionary pressures in many parts of the world. Interest rate risk poses a significant market risk to us as a result of interest rate-sensitive assets and liabilities held by us and our operating businesses. Higher interest rates or elevated interest rates for a sustained period could also result in an economic slowdown. Economic contraction or further deceleration in the rate of growth in certain industries, sectors or geographies may contribute to poor financial results at our operating businesses. While regulated and contractual arrangements in our portfolio companies can provide significant protection against inflationary pressures, any sustained upward trajectory in the inflation rate may still have an impact on our operating businesses and our investors, and could impact our ability to source suitable investment opportunities, match or exceed prior investment strategy performance and secure attractive debt financing, all of which could adversely impact our operating businesses and our growth and capital recycling initiatives.

m) Catastrophic Event/Loss, Pandemics, Climate Change, War and Terrorism

Catastrophic events (or combination of events), such as earthquakes, tornadoes, floods, fires, pandemics/epidemics, climate change, military conflict/war or terrorism/sabotage, could adversely impact our financial performance.

Our AUM could be exposed to effects of catastrophic events, such as severe weather conditions, natural disasters, major accidents, pandemics/epidemics, acts of malicious destruction, climate change, war/military conflict or terrorism, which could materially adversely impact our operations.

A local, regional, national or international outbreak of a contagious disease such as COVID-19, which spreads across the globe at a rapid pace impacting global commercial activity and travel, or future public health crises, epidemics or

pandemics, could materially and adversely affect our results of operations and financial condition due to disruptions to commerce, reduced economic activity and other unforeseen consequences that are beyond our control.

The emergence and progression of a contagious disease and the actions taken in response by government authorities across various geographies in which the company owns and operates investments could interrupt business activities and supply chains, disrupt travel, contribute to significant volatility in the financial markets, impact social conditions and adversely affected local, regional, national and international economic conditions as well as the labor market. There can be no assurance that strategies that we employ to address potential disruptions in operations would mitigate the adverse impacts of any of these factors.

Natural disasters and ongoing changes to the physical climate in which we operate may have an adverse impact on our business, financial position, results of operations or cash flows. Changes in weather patterns or extreme weather (such as floods, wildfires, droughts, hurricanes and other storms) may negatively affect our businesses' operations or damage assets that we may own or develop. Further, rising sea levels could, in the future, affect the value of any low-lying coastal real assets that we may own or develop. Climate change may increase the frequency and severity of severe weather conditions and may change existing weather patterns in ways that are difficult to anticipate. Responses to these changes could result in higher costs, such as the imposition of new property taxes, increases in insurance rates or additional capital expenditures.

Our commercial office portfolio is concentrated in large metropolitan areas, some of which have been or may be perceived to be threatened by terrorist attacks or acts of war. Furthermore, many of our properties consist of high-rise buildings that may also be subject to this actual or perceived threat. The perceived threat of a terrorist attack or outbreak of war could negatively impact our ability to lease office space in our real estate portfolio. Renewable power and infrastructure assets such as roads, railways, power generation facilities and ports, may also be targeted by terrorist organizations or in acts of war. Any damage or business interruption costs as a result of uninsured or underinsured acts of terrorism or war could result in a material cost to us and could adversely affect our business, financial condition or results of operation. Adequate terrorism insurance may not be available at rates we believe to be reasonable in the future. These risks could be heightened by foreign policy decisions of the U.S. (where we have significant operations) and other influential countries or general geopolitical conditions.

Additionally, our businesses rely on free movement of goods, services, and capital from around the globe. Any slowdown in international investment, business or trade as a result of catastrophic events could also have a material adverse effect on our business, financial position, results of operations or cash flows.

n) Tax

Reassessments by tax authorities or changes in tax laws could create additional tax costs for us.

Our structure is based on prevailing taxation law and practice in the local jurisdictions in which we operate. Any change in tax policy, tax legislation (including in relation to taxation rates), the interpretation of tax policy or legislation or practice in these jurisdictions could adversely affect the return we earn on our investments, the level of capital available to be invested by us or managed entities and the willingness of investors to invest in them. This risk would include any reassessments by tax authorities on our tax returns if we were to incorrectly interpret or apply any tax policy, legislation or practice.

Taxes and other constraints that would apply to our operating entities in such jurisdictions may not apply to local institutions or other parties such as state-owned enterprises, and such parties may therefore have a significantly lower effective cost of capital and a corresponding competitive advantage in pursuing acquisitions. There are a number of factors that could increase our effective tax rates, which would have a negative impact on our net income, including, but not limited to, changes in the valuation of our deferred tax assets and liabilities and any reassessment of taxes by a taxation authority.

Governments around the world increasingly seek to regulate multinational companies and their use of differential tax rates between jurisdictions. This effort includes a greater emphasis by various nations on coordinating and sharing information regarding companies and the taxes they pay. A number of countries across the globe have also

agreed to implement a “two pillar” plan for global tax reform, developed by the OECD/G20 Inclusive Framework on BEPS, to address perceived base erosion and profit shifting (“BEPS”) by multinational groups. Governmental taxation reforms, policies and practices could adversely affect us and, depending on the nature of such reforms, policies and practices, including the implementation of the BEPS proposals in the jurisdictions in which we operate could have a greater impact on us than on other companies. As a result of this increased focus on the use of tax planning by multinational companies, our tax planning could be subject to negative media coverage, which may adversely impact our reputation.

o) Financial Reporting and Disclosures

Deficiencies in our public company financial reporting and disclosures could adversely impact our reputation.

As we expand the size and scope of our business, there is a greater susceptibility that our financial reporting and other public disclosure documents may contain material misstatements and that the controls we maintain to attempt to ensure the complete accuracy of our public disclosures may fail to operate as intended. The occurrence of such events could adversely impact our reputation and financial condition. In addition, we disclose certain metrics that do not have standardized meaning, are based on our own methodologies and assumptions and may not properly convey the information they purport to reflect.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting to give our stakeholders assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with IFRS Accounting Standards. However, the process for establishing and maintaining adequate internal controls over financial reporting has inherent limitations, including the possibility of human error. In addition, we may exclude recently acquired companies from our evaluation of internal controls. Our internal controls over financial reporting may not prevent or detect misstatements in our financial disclosures on a timely basis, or at all. Some of these processes may be new for certain subsidiaries in our structure and in the case of acquisitions may take time to be fully implemented.

Our disclosure controls and procedures are designed to provide assurance that information required to be disclosed by us in reports filed or submitted under Canadian and U.S. securities laws is recorded, processed, summarized and reported within the time periods specified. Our policies and procedures governing disclosures may not ensure that all material information regarding us is disclosed in a proper and timely fashion, or that we will be successful in preventing the disclosure of material information to a single person or a limited group of people before such information is generally disseminated.

p) Sustainability

Ineffective management of environmental and sustainability issues, including climate change, and inadequate or ineffective health and safety programs could damage our reputation, adversely impact our financial performance and lead to regulatory action.

There is increasing stakeholder interest in sustainability considerations and how they are managed. Sustainability considerations include climate change, human capital and labor management, corporate governance, diversity and privacy and data security, among others. Increasingly, investors and lenders are incorporating sustainability considerations into their investment or lending process, respectively, alongside traditional financial considerations. Investors or potential investors in managed entities or in Brookfield may not invest in all products given certain industries in which we operate. If we are unable to successfully integrate sustainability considerations into our practices, we may incur a higher cost of capital, lower interest in our debt securities and/or equity securities or otherwise face a negative impact on our business, operating results and cash flows and result in reputational damage.

Certain of our subsidiaries and affiliates may be subject to compliance with laws, regulations, regulatory rules and/or guidance relating to sustainability, and any failure to comply with these laws, regulations, regulatory rules or guidance could expose us to material adverse consequences, including loss, limitations on our ability to undertake licensable business, legal liabilities, financial and non-financial sanctions and penalties, and/or reputational damage. Sustainability requirements imposed by jurisdictions in which we do business, such as the E.U. Sustainable Finance

Disclosure Regulation (2019/2088), could (a) result in additional compliance costs, disclosure obligations or other implications or restrictions; and/or (b) impact our established business practices, cost base and, by extension, our profitability. Sustainability-related requirements and market practices differ by region, industry and issue and are evolving dynamically, and the sustainability requirements applicable to us, our investments, or our assessment of such requirements or practices may change over time. Under emerging sustainability requirements, we may be required to classify our businesses against, or determine the alignment of underlying investments under, sustainability-related legislative and regulatory criteria and taxonomies, some of which can be open to subjective interpretation. Our view on the appropriate classifications may develop over time, including in response to statutory or regulatory guidance or changes in industry approach to classification. A change to the relevant classification may require further actions to be taken, for example it may require further disclosures, or it may require new processes to be set up to capture data, which may lead to additional cost, disclosure obligations or other implications or restrictions.

The transition to a lower-carbon economy has the potential to be disruptive to traditional business models and investment strategies. Efforts to limit global warming may give rise to changes in regulations, reporting and consumer sentiment that could have a negative impact on our existing operations by increasing the costs of operating our business or reducing demand for our products and services. The adverse effects of climate change and related regulation at state, provincial, federal or international levels could have a material adverse effect on our business, financial position, results of operations or cash flows.

The ownership and operation of some of the assets held in our portfolio companies carry varying degrees of inherent risk or liability related to worker health and safety and the environment, including the risk of government-imposed orders to remedy unsafe conditions and contaminated lands and potential civil liability. Compliance with health, safety and environmental standards and the requirements set out in the relevant licenses, permits and other approvals obtained by the portfolio companies is crucial.

Our portfolio companies have incurred and will continue to incur significant capital and operating expenditures to comply with sustainability requirements, including health and safety standards, to obtain and comply with licenses, permits and other approvals, and to assess and manage potential liability exposure. Nevertheless, they may be unsuccessful in obtaining or maintaining an important license, permit or other approval or become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health, safety and environmental matters, any of which could have a material adverse effect on us.

Health, safety and environmental laws and regulations can change rapidly and significantly, and we and/or our portfolio companies may become subject to more stringent laws and regulations in the future. The occurrence of any adverse health, safety or environmental event, or any changes, additions to, or more rigorous enforcement of, health, safety and environmental standards, licenses, permits or other approvals could have a significant impact on operations and/or result in material expenditures.

Owners and operators of real assets may become liable for the costs of removal and remediation of certain hazardous substances released or deposited on or in their properties, or at other locations regardless of whether the owner and operator caused the release or deposit of such hazardous materials. These costs could be significant and could reduce cash available for our businesses. The failure to remove or remediate such substances, if any, could adversely affect our ability to sell our assets or to borrow using these assets as collateral, and could potentially result in claims or other proceedings.

Certain of our businesses are involved in using, handling or transporting substances that are toxic, combustible or otherwise hazardous to the environment and may be in close proximity to environmentally sensitive areas or densely populated communities. If a leak, spill or other environmental incident occurred, it could result in substantial fines or penalties being imposed by regulatory authorities, revocation of licenses or permits required to operate the business, the imposition of more stringent conditions in those licenses or permits or legal claims for compensation (including punitive damages) by affected stakeholders.

Global sustainability challenges, such as greenhouse gas emissions, privacy and data security, demographic shifts and regulatory pressures are introducing new risk factors for us that we may not have dealt with previously. We are

also engaged with various sustainability frameworks and organizations through which we have stated certain ambitions and commitments regarding sustainability best practices. If we are unable to successfully manage our sustainability compliance or commitments, this could have a negative impact on our reputation and our ability to raise future public and private capital and could be detrimental to our economic value and the value of managed entities.

q) Dependence on Information Technology Systems and Data Security, Privacy, and Cyber-Terrorism

We rely on the use of technology and information systems, many of which are controlled by third-party service providers, which may not be able to accommodate our growth or may increase in cost and may become subject to cyber-terrorism or other compromises and shut-downs, and any failures or interruptions of these systems could adversely affect our businesses and results of operations.

We operate in businesses that are dependent on information systems and other technology, such as computer systems used for information storage, processing, administrative and commercial functions as well as the machinery and other equipment used in certain parts of our operations. In addition, our businesses rely on telecommunication services to interface with their business networks and customers. The information and embedded systems of key business partners and regulatory agencies are also important to our operations. We rely on this technology functioning as intended. Our information systems and technology may not continue to be able to accommodate our growth, and the cost of maintaining such systems may increase from its current level. Such a failure to accommodate growth, or an increase in costs related to such information systems, could have a material adverse effect on us.

We rely heavily on certain financial, accounting, communications and other data processing systems. We collect, store and use large amounts of sensitive information, including personally identifiable information, through our information technology systems. Our information technology systems face ongoing cybersecurity and cyber-terrorism threats and attacks, which could result in the failure of such infrastructure. We may in the future be subject to cyber-terrorism or other cybersecurity risks or other breaches of information technology security, noting the increasing frequency, sophistication and severity of these kinds of incidents. In particular, our information technology systems may be subject to cyber terrorism intended to obtain unauthorized access to our proprietary information, personally identifiable information or to client or third-party data stored on our systems, destroy or disable our data and/or that of our business partners, disclose confidential data in breach of data privacy legislation, destroy data or disable, degrade or sabotage our systems, through the introduction of computer viruses, cyber-attacks and other means. Such attacks could originate from a wide variety of sources, including internal actors or unknown third parties. Further, unauthorized parties may also gain physical access to our facilities and infiltrate our information systems or attempt to gain access to information and data. The sophistication of the threats continues to evolve and grow, including the risk associated with the use of emerging technologies, such as artificial intelligence and quantum computing, for nefarious purposes. We cannot predict what effects such cyber-attacks or compromises or shut-downs may have on our business and on the privacy of the individuals or entities affected, and the consequences could be material. Cyber incidents may remain undetected for an extended period, which could exacerbate these consequences. The costs to eliminate or address the foregoing security threats and vulnerabilities before or after a cyber-incident could be material. A significant actual or potential theft, loss, corruption, exposure, fraudulent, unauthorized or accidental use or misuse of investor, policyholder, employee or other personally identifiable or proprietary business data, whether by third parties or as a result of employee malfeasance or otherwise, non-compliance with our contractual or other legal obligations regarding such data or intellectual property or a violation of our privacy and security policies with respect to such data could result in significant remediation and other costs, fines, litigation and regulatory actions against us by governments, various regulatory organizations or exchanges, or affected individuals, in addition to significant reputational harm and/or financial loss, and it may not be possible to recover losses suffered from such incidents under our insurance policies.

In addition, our operating equipment may not continue to perform as it has in the past, and there is a risk of equipment failure due to wear and tear, latent defect, design or operator errors or early obsolescence, among other things.

A breach of our cyber security measures or the failure or malfunction of any of our computerized business systems, associated backup or data storage systems could cause us to suffer a disruption in one or more parts of our business and experience, among other things, financial loss, reputational damage, a loss of business opportunities, misappropriation or unauthorized release of confidential or personal information, damage to our systems and those with whom we do business, violation of privacy and other laws, litigation, regulatory penalties and remediation and restoration costs as well as increased costs to maintain our systems.

We are reliant on third party service providers for certain aspects of our business, including for the administration of certain funds we manage, as well as for certain information systems and technology platforms, trustee services, legal services, technology, administration, tax, accounting and compliance matters. A disaster, disruption or compromise in technology or infrastructure that supports our businesses, including a disruption involving electronic communications or other services used by us, our vendors or third parties with whom we conduct business, may have an adverse impact on our ability to continue to operate our businesses without interruption which could have a material adverse effect on us. These risks could increase as vendors increasingly offer cloud-based software services rather than software services that can be operated within our own data centers. These risks also increase to the extent we engage with vendors and third-party services providers in jurisdictions with which we are not familiar. In addition to the fact that these third-party service providers could also face ongoing cyber security threats and compromises of their systems, we generally have less control over the delivery of such third-party services, and as a result, we may face disruptions to our ability to operate a business as a result of interruptions of such services. A prolonged global failure of cloud services provided by a variety of cloud services providers that we engage could result in cascading systems failures for us. Although we are continuing to develop measures to ensure the integrity of our systems, we can provide no assurance that our efforts or those of third-party service providers will be successful in protecting our systems and preventing or ameliorating damage from a cyber incident. Data protection and privacy rules have become a focus for regulators globally. For instance, the European General Data Protection Regulation ("GDPR") sets out data protection rules for individuals that are residents of the E.U. GDPR imposes stringent rules and penalties for non-compliance. Other countries where we operate are enacting or amending data protection, artificial intelligence and other technology laws to empower regulators to impose financial penalties and injunctions on certain data processing activities, which could have an adverse effect on our business.

r) Litigation

We and our affiliates may become involved in legal disputes in Canada, the U.S. and internationally that could adversely impact our financial performance and reputation.

In the normal course of our operations, we become involved in various legal actions, including claims relating to personal injury, property damage, property taxes, land rights and contract and other commercial disputes. The investment decisions we make in our Asset Management business and the activities of our investment professionals on behalf of portfolio companies and managed entities may subject us, managed entities and our portfolio companies to the risk of third-party litigation. Further, we have significant operations in the U.S. which may, as a result of the prevalence of litigation in the U.S., be more susceptible to legal action than certain of our other competitors.

Management of our litigation matters is generally handled by legal counsel in the business unit most directly impacted by the litigation, and not by a centralized legal department. As a result, the management of litigation that we face may not always be appropriate or effective.

The final outcome with respect to outstanding, pending or future litigation cannot be predicted with certainty, and the resolution of such actions may have an adverse effect on our financial position or results of our operations in a particular quarter or fiscal year. Any litigation may consume substantial amounts of our management's time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation. Even if ultimately unsuccessful against us, any litigation has the potential to adversely affect our business, including by damaging our reputation.

s) *Insurance*

Losses not covered by insurance may be large, which could adversely impact our financial performance.

We carry various insurance policies in relation to our assets and business activities. These policies contain policy specifications, limits and deductibles that may mean that such policies do not provide coverage or sufficient coverage against all potential material losses. We may also self-insure a portion of certain of these risks, and therefore the company may not be able to recover from a third-party insurer in the event that the company, if it had asset insurance coverage from a third party, could make a claim for recovery. There are certain types of risk (generally of a catastrophic nature such as war or environmental contamination) that are either uninsurable or not economically insurable. Further, there are certain types of risk for which insurance coverage is not equal to the full replacement cost of the insured assets. Should any uninsured or underinsured loss occur, we could lose our investment in, and anticipated profits and cash flows from, one or more of our assets or operations.

We also carry directors' and officers' liability insurance ("D&O insurance") for losses or advancement of defense costs in the event a legal action is brought against the company's directors, officers or employees for alleged wrongful acts in their capacity as directors, officers or employees. Our D&O insurance contains certain customary exclusions that may make it unavailable for the company in the event it is needed; and in any case our D&O insurance may not be adequate to fully protect the company against liability for the conduct of its directors, officers or employees. We may also self-insure a portion of our D&O insurance, and therefore the company may not be able to recover from a third-party insurer in the event that the company, if it had D&O insurance from a third-party insurer, could make a claim for recovery.

For economic efficiency and other reasons, the company and its affiliates may enter into insurance policies as a group that are intended to provide coverage for the entire group. Where group policies are in place, any payments under such policy could have a negative impact on other entities covered under the policy as they may not be able to access adequate insurance in the event it is needed. While management attempts to design coverage limits under group policies to ensure that all entities covered under a policy have access to sufficient insurance coverage, there are no guarantees that these efforts will be effective in obtaining this result.

t) *Credit and Counterparty Risk*

Inability to collect amounts owing to us could adversely impact financial performance.

Third parties may not fulfill their payment obligations to us, which could include money, securities or other assets, thereby impacting our operations and financial results. These parties include deal and trading counterparties, governmental agencies, portfolio company customers and financial intermediaries. Third parties may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure, general economic conditions or other reasons.

We have business lines that loan money to distressed companies, either privately or via an investment in publicly traded debt securities. As a result, we actively take heightened credit risk in other entities from time to time and whether we realize satisfactory investment returns on these loans is uncertain and may be beyond our control. If some of these debt investments fail, our financial performance could be negatively impacted.

Investors in private funds make capital commitments to these vehicles through the execution of subscription agreements. When a private fund makes an investment, these capital commitments are then satisfied by such investors via capital contributions. These investors may default on their capital commitment obligations, which could have an adverse impact on our Asset Management business and in turn our earnings or result in other negative implications to our businesses such as the requirement to redeploy our own capital to cover such obligations. This impact would be magnified if the investor that does so is in multiple funds.

u) *Information Barriers*

Information barriers may give rise to certain conflicts and risks and investment teams managing the activities of businesses that operate on opposite sides of an information barrier will not be aware of, and will not have the ability to manage, such conflicts and risks.

Certain businesses within our asset management operations operate largely independently of one another pursuant to an information barrier. The information barrier restricts businesses on opposite sides from coordinating or consulting with one another with respect to investment activities and/or decisions. Accordingly, these businesses manage their investment operations independently of each other. The investment activities and decisions made by a business on one side of an information barrier are not expected to be subject to any internal approvals by any person who would have knowledge and/or decision-making control of the investment activities and decisions made by a business on the other side of the information barrier. This absence of coordination and consultation will give rise to certain conflicts and risks in connection with the activities of the businesses within our asset management operations and their portfolio companies, and make it more difficult to mitigate, ameliorate or avoid such situations. These conflicts (and potential conflicts) of interests may include: (i) competing from time to time for the same investment opportunities, (ii) the pursuit by a business on one side of the information barrier of investment opportunities suitable for a business on the other side of the information barrier, without making such opportunities available to such business, and (iii) the formation or establishment of new strategies or products that could compete or otherwise conduct their affairs without regard as to whether or not they adversely impact the strategies or products of our businesses operating on the other side of the information barrier. Investment teams managing the activities of businesses that operate on opposite sides of an information barrier are not expected to be aware of, and will not have the need or ability to manage, such conflicts which may impact the investment strategy, performance and investment returns of certain businesses within our asset management operations and their portfolio companies.

The asset management businesses that operate on opposite sides of an information barrier are likely to be deemed affiliates for purposes of certain laws and regulations notwithstanding that such businesses may be operationally independent from one another. The information barrier does not eliminate the requirement that such businesses aggregate certain investment holdings for certain securities laws and other regulatory purposes. This may result in, among other things, earlier public disclosure of investments; restrictions on transactions (including the ability to make or dispose of certain investments at certain times); potential short-swing profit disgorgement; penalties and/or regulatory remedies; or adverse effects on the prices of investments for our Asset Management businesses that operate on the other side of such information barrier.

Although these information barriers were implemented to address the potential conflicts of interests and regulatory, legal and contractual requirements applicable to our Asset Management business, we may decide, at any time and without notice to our company or our shareholders, to remove or modify the information barriers within our Asset Management business. In addition, there may be breaches (including inadvertent breaches) of the information barriers and related internal controls. In the event that the information barrier is removed or modified, it would be expected that we will adopt certain protocols designed to address potential conflicts and other considerations relating to the management of the investment activities of those businesses that previously operated on opposite sides of an information barrier.

The breach or failure of such information barriers could result in the sharing of material non-public information between businesses that operate on opposite sides of an information barrier, which may restrict the acquisition or disposition activities of one of our businesses and ultimately impact the returns generated for our investors. In addition, any such breach or failure could also result in potential regulatory investigations and claims for securities laws violations in connection with our direct and/or indirect investment activities. Any inadvertent trading on material non-public information, or perception of trading on material non-public information by one of our businesses or our personnel, could have a significant adverse effect on our reputation, result in the imposition of regulatory or financial sanctions and negatively impact our ability to raise third-party capital and provide investment management services to clients, all of which could result in negative financial impact to our investment activities.

v) *Wealth Solutions*

We face risks specific to BWS and its insurance activities.

BWS is focused on securing the financial futures of individuals and institutions through a range of retirement services, wealth protection products, and tailored capital solutions. Through its operating subsidiaries, BWS offers a broad range of insurance products and services, including annuities, personal and commercial property and casualty insurance, and life insurance.

BWS exchangeable shares are intended to provide holders with an economic return equivalent to our Class A shares. Each BWS exchangeable share is exchangeable on a one-for-one basis at the option of the holder for our Class A shares or its cash equivalent (the form of payment to be determined at the election of the company). Distributions on BWS exchangeable shares are expected to be paid at the same time and in the same amount as dividends are paid on our Class A shares.

While BWS and its operating businesses will generally be required to satisfy their own working capital requirements and service and debt obligations, we have entered into a support agreement to support the economic equivalence between our Class A shares and BWS exchangeable shares, pursuant to which we have agreed to, among other things, take all actions reasonably necessary to enable BWS to pay quarterly distributions and the liquidation amount or amount payable on a redemption of BWS exchangeable shares. We have also entered into an equity commitment agreement and credit agreement for the purposes of providing BWS with access to debt financing on an as-needed basis to fund the growth of and maximize flexibility for BWS.

Further, we or BWS may issue additional shares in the future in the public markets, including to fund future growth of BWS or in lieu of incurring indebtedness, which could depress the market price or dilute the percentage interest of existing holders of our Class A shares and BWS exchangeable shares in aggregate, and impair the ability for us or BWS to raise capital through the sale of additional exchangeable shares. Additionally, the effect of any future sales or issuances of any BWS exchangeable shares issued by BWS or any future sales or issuances of our Class A shares (which would in turn, impact the BWS exchangeable shares cannot be predicted.

BWS' business is presently conducted under four operating segments, which it refers to as Annuities, Property and Casualty ("P&C"), Life Insurance, and Corporate and Other segments. While BWS plans to continue developing its insurance and wealth solutions offerings, there is no guarantee that it will be successful in doing so. A key part of BWS' growth strategy will involve writing new insurance policies, executing new pension risk transfer ("PRT") arrangements and reinsurance contracts and may also include the acquisition of, or material investments in, existing reinsurance and insurance platforms. Such initiatives, if successful, would significantly increase the scale, scope and diversity of BWS. While BWS has reviewed and has successfully executed transactions in the past to facilitate its growth, the insurance industry is highly competitive, and BWS may not be successful in executing on future opportunities.

The success of BWS' business is dependent on writing, operating, and servicing annuities, personal and commercial property and casualty insurance, and life insurance and other corporate segments in relation to corporate functions for its core insurance operations. Any problems or discrepancies that arise in its pricing, underwriting, billing, processing, claims handling or other practices, whether as a result of incorrect assumptions, employee error, vendor error, or other technological issues (including cybersecurity risks), could have a negative effect on the reputation, business, financial condition and results of operations of BWS.

BWS makes and relies on certain assumptions and estimates in order to make decisions regarding pricing, target returns, reserve levels and other factors affecting its business operations. Its underwriting results depend upon the extent to which actual claims experience and benefit payments under its reinsurance contracts are consistent with the assumptions used in setting prices and establishing liabilities for such contracts. Such amounts are established based on actuarial estimates of how much BWS will need to pay for future benefits and claims based on data and models that include many assumptions and projections, which are inherently uncertain and involve significant judgment, including assumptions as to the levels and/or timing of receipt or payment of premiums, benefits, claims, expenses, interest credits and investment results (including equity and other market returns). If the assumptions and estimates of BWS differ significantly from the actual outcomes and results, its business, financial condition,

results of operations, liquidity and cash flows may be materially and adversely affected, which in turn may negatively impact the value of our interest in the business.

w) Renewable Power and Transition

We face risks specific to our renewable power and transition activities.

Our renewable power and transition operations are subject to changes in the weather, hydrology and price, but also include risks related to equipment or dam failure, counterparty performance, water rental costs, land rental costs, changes in regulatory requirements and other material disruptions.

The revenues generated by our power facilities are correlated to the amount of electricity generated, which in turn is dependent upon available water flows, wind, irradiance and other elements beyond our control. Hydrology, wind and irradiance levels vary naturally from year to year and may also change permanently because of climate change or other factors. It is therefore possible that low water, wind and irradiance levels at certain of our power generating operations could occur at any time and potentially continue for indefinite periods. In addition, extreme weather conditions could impact our access to the various transmission systems required to deliver power.

A portion of our renewable power and transition revenue is tied, either directly or indirectly, to the wholesale market price for electricity, which is impacted by a number of external factors beyond our control. Additionally, a portion of the power we generate is sold under long-term power purchase agreements, shorter-term financial instruments and physical electricity contracts which are intended to mitigate the impact of fluctuations in wholesale electricity prices; however, they may not be effective in achieving this outcome. Certain of our power purchase agreements will be subject to re-contracting in the future. If the price of electricity in power markets is declining at the time of such re-contracting, it may impact our ability to re-negotiate or replace these contracts on terms that are acceptable to us. Conversely, what appears to be an attractive price at the time of recontracting could, if power prices rise over the power purchase agreement's term, result in us having committed to sell power in the future at below market rate. If we are unable to re-negotiate or replace these contracts, or unable to secure prices at least equal to the current prices we receive, our business, financial condition, results of operation and prospects could be adversely affected.

In our renewable power and transition operations, there is a risk of equipment failure due to severe weather conditions (including as a result of climate change), wear and tear, latent defect, design error or operator error, among other things. The occurrence of such failures could result in a loss of generating capacity and repairing such failures could require the expenditure of significant capital and other resources. Failures could also result in exposure to significant liability for damages due to harm to the environment, to the public generally or to specific third parties. Equipment that our renewable power and transition operations need, including spare parts and components required for project development, may become unavailable or difficult to procure, inhibiting our ability to maintain full availability of existing plants and also our ability to complete development projects on scope, schedule and budget.

In certain cases, some catastrophic events may not excuse us from performing our obligations pursuant to agreements with third parties and we may be liable for damages or suffer further losses as a result.

We are exposed to performance and operational risks in respect of certain nuclear technologies. The nuclear fuel and power industries are heavily regulated and could be significantly impacted by changes in government policies and priorities such as increased regulation and/or more onerous operating requirements that negatively impact our nuclear technology services. A future accident at a nuclear reactor could result in the shutdown of existing plants or impact the continued acceptance by the public and regulatory authorities of nuclear energy and the future prospects for nuclear generators. Accidents, terrorism, natural disasters or other incidents occurring at nuclear facilities or involving shipments of nuclear materials could reduce the demand for nuclear technology services.

Our ability to develop greenfield renewable power projects in our development pipeline may be affected by a number of factors, including the state of capital markets, the ability to secure project financing (including from tax equity investors and through tax and other government incentives) the ability to secure approvals, licenses and permits and the ability to secure a long-term power purchase agreement or other sales contracts on reasonable

terms. The development of our pipeline of greenfield renewable power projects is also subject to environmental, engineering and construction risks that could result in cost-overruns, delays and reduced performance.

New regulatory initiatives related to sustainability could adversely impact our business. While we believe that regulatory initiatives and market trends towards an increased focus on sustainability are generally beneficial to our renewable power and transition group, any such regulatory initiatives also have the potential to adversely impact us. For example, regulatory initiatives seeking to reorient investment toward sustainability by regulating green financial products could have the effect of increasing burdensome disclosure requirements around sustainability and prescribing approaches to sustainability policies that are inconsistent with our current practices. If regulators disagree with the sustainability disclosures that we make, or with the categorization of our financial products, we may face regulatory enforcement action, and our business or reputation could be adversely affected.

x) Infrastructure

We face risks specific to our infrastructure activities.

Our infrastructure operations include utilities, transport, midstream, and data operations. Our infrastructure assets include toll roads, telecommunication towers, electricity transmission systems, terminal operations, electricity and gas distribution companies, residential infrastructure, rail networks, ports and data centers. The principal risks facing the regulated and unregulated businesses comprising our infrastructure operations relate to government regulation, general economic conditions and other material disruptions, counterparty performance and capital expenditure requirements.

Many of our infrastructure operations are subject to government regulation, including with respect to revenues and environmental sustainability. If any of the respective regulators in the jurisdictions in which we operate decides to change the tolls or rates we are allowed to charge, or the amounts of the provisions we are allowed to collect, we may not be able to earn the rate of return on our investments that we had planned, or we may not be able to recover our initial cost.

With environmental regulation becoming more stringent, our investments may become subject to increasing environmental responsibility and liability. These regulations may result in increased costs to our operations that may not be able to be passed onto our customers and may have an adverse impact on prospects for growth of some businesses.

General economic conditions (including those resulting from climate change and severe weather conditions) affect international demand for the commodities handled and services provided by our infrastructure operations. A downturn in the economy generally or specific to any of our infrastructure businesses, may lead to a reduction in volumes, disruption to our business, bankruptcies or liquidations of one or more large customers, which could reduce our revenues, increase our bad debt expense, reduce our ability to make capital expenditures or have other adverse effects on us.

Some of our infrastructure operations have customer contracts as well as concession agreements in place with public and private sector clients. Our operations with customer contracts could be adversely affected by any material change in the assets, financial condition or results of operations of such customers. Protecting the quality of our revenue streams through the inclusion of take-or-pay or guaranteed minimum volume provisions into our contracts is not always possible or fully effective.

Our infrastructure operations may require substantial capital expenditures to maintain our asset base. Any failure to make necessary expenditures to maintain our operations could impair our ability to serve existing customers or accommodate increased volumes. In addition, we may not be able to recover investments in capital expenditures based upon the rates our operations are able to charge.

y) Private Equity

We face risks specific to our private equity activities.

The principal risks for our private equity businesses are potential loss of invested capital as well as insufficient investment or fee income to cover operating expenses and cost of capital. Our private equity platform is invested in

industrial operations, business services operations and infrastructure services operations, many of which can be cyclical and/or illiquid and therefore may be difficult to monetize at our discretion, limiting our flexibility to react to changing economic or investment conditions. In addition, increasingly we have certain private equity businesses that provide goods and services directly to consumers across a variety of industries. These businesses are prone to greater liabilities, as well as reputational, litigation and other risks by virtue of being more public-facing and reliant on their ability to develop and preserve consumer relationships and achieve consumer satisfaction.

Unfavorable economic conditions could negatively impact the ability of investee companies to repay debt. Even with our support, such adverse economic conditions facing our investee companies may adversely impact the value of our investments or deplete our financial or management resources. These investments are also subject to the risks inherent in the underlying businesses, some of which are facing difficult business conditions and may continue to do so for the foreseeable future. These risks are compounded by recent growth, as new acquisitions have increased the scale and scope of our operations, including in new geographic areas and industry sectors, and we may have difficulty managing these additional operations.

We may invest in companies that are experiencing significant financial or business difficulties, including companies involved in work-outs, liquidations, spin-outs, reorganizations, bankruptcies and similar transactions. Such an investment entails the risk that the transaction will be unsuccessful, will take considerable time or will result in a distribution of cash or new securities, the value of which may be less than the purchase price of the securities in respect of which such distribution is received. In addition, if an anticipated transaction does not occur, we may be required to sell our investment at a loss. Investments in businesses we target may become subject to legal and/or regulatory proceedings and our investment may be adversely affected by external events beyond our control, leading to legal, indemnification or other expenses.

We have several companies that operate in the highly competitive service industry. A wide variety of micro and macroeconomic factors affecting our clients and over which we have no control can impact how these companies operate. For example, our Canadian residential mortgage insurer is subject to significant regulation and may be adversely affected by changes in government policy. The majority of the revenue from our healthcare services operation is derived from private health insurance funds, which may be affected by a deterioration in the economic climate, a change in economic incentives, increases in private health insurance premiums and other factors. In addition, alternative technologies in the health care industry could impact the demand for, or use of, our services and could impair or eliminate the competitive advantage of our businesses in this industry.

Our infrastructure services operations include companies in lottery services, marine transportation and work access services. Our lottery services operation is heavily dependent on long-term contracts and failure to win, maintain and renew these contracts could substantially impact revenue. Our lottery services operation also often requires entering into strategic relationships with third parties, including competitors, which we do not control, and which may have inconsistent business interests or goals from us. Marine transportation and oil production is inherently risky, particularly in the extreme conditions in which many of our vessels operate. An incident involving significant loss of product or environmental contamination by any of our vessels could harm our reputation and business. Our work access services business is subject to the risks inherent to construction operations, including risks relating to seasonal fluctuations in the demand for our services, a dependence on labor and performance being materially impacted by a lack of availability of labor force or increases in the cost of labor available, and operational hazards that could result in personal injury or death, work stoppage or serious property and equipment damage.

z) Real Estate

We face risks specific to our real estate activities.

We invest in commercial properties and are therefore exposed to certain risks inherent in the commercial real estate business. Commercial real estate investments are subject to varying degrees of risk depending on the nature of the property. These risks include changes in general economic conditions (such as the availability and cost of mortgage capital), local conditions (such as an oversupply of space or a reduction in demand for real estate in the markets in which we operate), the attractiveness of the properties to tenants, competition from other landlords and our ability to provide adequate maintenance at an economical cost.

Certain expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made whether or not a property is producing sufficient income to service these expenses. Our commercial properties are typically subject to mortgages that require debt service payments. If we become unable or unwilling to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or of sale.

Continuation of rental income is dependent on favorable leasing markets to ensure expiring leases are renewed and new tenants are found promptly to fill vacancies. It is possible that we may face a disproportionate amount of space expiring in any one year. Additionally, rental rates could decline, tenant bankruptcies could increase and tenant renewals may not be achieved, particularly in the event of an economic slowdown.

Our real estate business operates in industries or geographies that may be impacted by the local, regional, national or international outbreak of a contagious disease. Adverse impacts on our business may also include:

- a complete or partial closure of, or other operational issues at, one or more of our properties resulting from government or tenant action and climate change events including hurricanes, earthquakes, tsunamis and other natural and man-made disasters;
- a slowdown in business activity may severely impact our tenants' businesses, financial condition and liquidity and may cause one or more of our tenants to be unable to fund their business operations, meet their obligations to us in full, or at all, or to otherwise seek modifications of such obligations;
- an increase in re-leasing timelines, potential delays in lease-up of vacant space and the market rates at which such lease will be executed;
- reduced economic activity could result in a prolonged recession, which could negatively impact consumer discretionary spending; and
- expected completion dates for our development and redevelopment projects may be subject to delay as a result of the disruption of local economic conditions.

Our retail real estate operations are susceptible to any economic factors that have a negative impact on consumer spending. Lower consumer spending would have an unfavorable effect on the sales of our retail tenants, which could result in their inability or unwillingness to make all payments owing to us, and on our ability to keep existing tenants and attract new tenants. Significant expenditures associated with each equity investment in real estate assets, such as mortgage payments, property taxes and maintenance costs, are generally not reduced when there is a reduction in income from the investment, so our income and cash flow would be adversely affected by a decline in income from our retail properties. In addition, low occupancy or sales at our retail properties, as a result of competition or otherwise, could result in termination of or reduced rent payable under certain of our retail leases, which could adversely affect our retail property revenues.

Our hospitality and multifamily businesses are subject to a range of operating risks common to these industries, many of which are outside our control, and the profitability of our investments in these industries may be adversely affected by these factors. For example, our hospitality business faces risks relating to climate change hurricanes, earthquakes, tsunamis and other natural and man-made disasters; the potential spread of contagious diseases; and insect infestations more common to rental accommodations. Such factors could limit or reduce the demand for or the prices our hospitality properties are able to obtain for their accommodations or could increase our costs and therefore reduce the profitability of our hospitality businesses. There are numerous housing alternatives that compete with our multifamily properties, including other multifamily properties as well as condominiums and single-family homes. This competitive environment could have a material adverse effect on our ability to lease apartment homes at our present properties or any newly developed or acquired real estate, as well as on the rents realized.

We face risks specific to our residential development and mixed-use activities.

Our residential homebuilding and land development operations are cyclical and significantly affected by changes in general and local economic, political and industry conditions, such as consumer confidence, employment levels,

inflation levels, availability of financing for homebuyers, household debt, levels of new and existing homes for sale, demographic trends and housing demand. Competition from rental properties and resale homes, including homes held for sale by investors and foreclosed homes, may reduce our ability to sell new homes, depress prices and reduce margins for the sale of new homes.

Certain catastrophic events and supply chain disruptions may also result in a lack of availability or increased costs of required materials, utilities and resources which could delay or increase the cost of home construction and which could adversely affect our business and results of operations. Such events could result in construction delays and increased costs which may not be fully passed on to our buyers.

Virtually all of our homebuilding customers finance their home acquisitions through mortgages. Even if potential customers do not need financing, changes in interest rates or the unavailability of mortgage capital could make it harder for them to sell their homes to potential buyers who need financing, resulting in a reduced demand for new homes. Increases in mortgage rates or reduced mortgage availability could adversely affect our ability to sell new homes and the prices at which we can sell them. Our Canadian markets continue to be impacted by changes to mortgage qualification rules that introduced stress tests for homebuyers and government policies relating to the Ontario real estate market and the Alberta energy sector surrounding pipeline approval. In the U.S., significant expenses incurred for purposes of owning a home, including mortgage interest expense and real estate taxes, generally are deductible expenses for an individual's U.S. federal and, in some cases, state income taxes.

The current economic environment also continues to impact the industry for retail and office properties in our mixed-use projects. As we depend on office, retail, and apartment tenants to generate income from these mixed-use projects, our results of operations and cash flows may be adversely affected by vacancies and tenant defaults or bankruptcy in our mixed-use properties, and we may be unable to renew leases or re-lease space in our mixed-use properties as leases expire.

We hold land for future development and may in the future acquire additional land holdings. The risks inherent in purchasing, owning and developing land increase as the demand for new homes decreases. Real estate markets are highly uncertain, and the value of undeveloped land has fluctuated significantly and may continue to fluctuate. In addition, land carrying costs can be significant and can result in losses or reduced profitability. As a result, we hold certain land, and may acquire additional land, in our development pipeline at a cost we may not be able to fully recover or at a cost which precludes profitable development.

Our residential development and mixed-use business is susceptible to adverse weather conditions, other environmental conditions, and natural disasters, as well as pandemics/epidemics, each of which could adversely affect our business and results of operations. For example, while none of our U.S. properties were materially adversely affected by the recent significant wildfires throughout Southern California, we could experience labor shortages, construction delays, or utility company delays, which in turn could impact our results.

GLOSSARY OF TERMS

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

REFERENCES

"Brookfield," the "company," "we," "us" or "our" refers to Brookfield Corporation and its consolidated subsidiaries. The "Corporation" refers to our business which is comprised of our Asset Management, Wealth Solutions and Operating Businesses.

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

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

- We have over 50 active funds across major asset classes: renewable power and transition, infrastructure, private equity, real estate and credit. These funds include core, credit, value-add and opportunistic closed-end funds and core long-life funds. We refer to these funds as the private funds of our Asset Management business.
- We refer to BEP, BEPC, BIP, BIPC, BBU, BBUC and BPG, as our perpetual affiliates.
- We refer to our public securities group as liquid strategies. This group manages fee-bearing capital through numerous funds and separately managed accounts, focused on fixed income and equity securities.

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

- | | |
|---|--|
| • BAM – Brookfield Asset Management ULC | • BIPC – Brookfield Infrastructure Corporation |
| • BBU – Brookfield Business Partners L.P. | • BIHC – Brookfield Infrastructure Holdings Corporation |
| • BBUC – Brookfield Business Corporation | • BPG – Brookfield Property Group |
| • BEP – Brookfield Renewable Partners L.P. | • BPY – Brookfield Property Partners L.P. |
| • BEPC – Brookfield Renewable Corporation | • BWS – Brookfield Wealth Solutions Ltd. |
| • BRHC – Brookfield Renewable Holdings Corporation | • Oaktree – Oaktree Capital Management L.P. |
| • BIP – Brookfield Infrastructure Partners L.P. | • AEL – American Equity Life |

PERFORMANCE MEASURES

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

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

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

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

Perpetual affiliate base fees are earned on the total capitalization or net asset value of our perpetual affiliates, which includes our investment. Base fees for BEP include a quarterly fixed fee amount of \$5 million, with additional fees of 1.25% on the increase in capitalization above their initial capitalization of \$8 billion. Base fees for BIP and BBU are 1.25% of total capitalization. Base fees for BPG are 1.05% of net asset value, excluding its interests in private funds and investments which were held directly by Brookfield prior to the BPY privatization. Perpetual affiliate capitalization as at December 31, 2024, was as follows: BEP/BEPC – \$21.5 billion; BIP/BIPC – \$31.9 billion; BBU/BBUC – \$8.1 billion; and BPG – \$16.6 billion.

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

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 predetermined minimum return. Carried interest is typically paid towards the end of the life of a fund after the capital has been returned to investors and may be subject to “clawback” until all investments have been monetized and minimum investment returns are sufficiently assured.

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

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

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2024	2023
Realized carried interest ¹	\$ 801	\$ 1,006
Less: direct costs associated with realized carried interest	(299)	(372)
	502	634
Less: realized carried interest not attributable to Corporation	(99)	(64)
Realized carried interest, net	\$ 403	\$ 570

1. Includes \$591 million of realized carried interest related to Oaktree (2023 – \$395 million). For segment reporting, Oaktree’s revenue is shown on a 100% basis.

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

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

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

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

Debt to capitalization is determined as the aggregate of corporate borrowings and non-recourse borrowings divided by total capitalization. Draws on revolving facilities and commercial paper issuances are excluded from the debt to capitalization ratios as they are not permanent sources of capital.

Distributions (current rate) represents the distributions that we would receive during the next twelve months based on the current distribution rates of the investments that we currently hold. The dividends from our listed investments are calculated by multiplying the number of shares held by the most recently announced distribution policy. The yield on cash and financial assets portfolio is calculated as our targeted return on our cash and financial assets portfolio less the cost of amounts on deposit from BAM. Distributions on our unlisted investments are calculated based on the distributions received over the last twelve month period.

Distributable earnings ("DE") is our primary performance measure and 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 the DE from our asset management and wealth solutions businesses, distributions received from our ownership of investments, realized carried interest and disposition gains from principal investments, net of earnings from our corporate activities, preferred share dividends and equity-based compensation costs.

Distributable earnings before realizations from our Asset Management business is comprised of fee-related earnings and other income (expenses), net of cash taxes and equity-based compensation costs from BAM, as well as FFO on direct investments.

Distributable earnings from our Wealth Solutions business is equivalent to its distributable operating earnings ("DOE"), which is calculated as net income from our Wealth Solutions business, excluding the impact of depreciation and amortization, deferred income taxes, net income from our equity accounted investments, mark-to-market on investments and derivatives, breakage and transaction costs, and is inclusive of our proportionate share of DOE from investments in associates.

Distributable earnings before realizations ("DE before realizations") is DE before realized carried interest and realized disposition gains from principal investments. We use DE before realizations to provide additional insight regarding recurring DE of the business.

The following table reconciles net income to DE, DE before realizations, FFO, and Operating FFO:

FOR THE YEARS ENDED DEC. 31
(MILLIONS)

	2024	2023
Net income	\$ 1,853	\$ 5,105
Financial statement components not included in FFO:		
Equity accounted fair value changes and other non-FFO items ¹	2,679	2,902
Fair value changes and other	2,652	1,952
Depreciation and amortization	9,737	9,075
Deferred income taxes	(341)	(897)
Realized disposition gains in fair value changes or equity	1,223	634
Non-controlling interests in FFO ²	(11,567)	(12,550)
Funds from operations	6,236	6,221
Less: total disposition gains	(1,460)	(2,105)
Less: realized carried interest, net	(403)	(570)
Operating funds from operations	4,373	3,546
Less: Operating FFO from BAM	(1,708)	(1,649)
Less: Operating FFO from Asset Management direct investments	(30)	109
Less: Operating FFO from Operating Businesses	(1,968)	(1,731)
Distributions from BAM	1,736	1,678
Distributions from Asset Management direct investments	909	876
Distributions from Operating Businesses	1,626	1,462
Add back: equity-based compensation costs	109	108
Preferred share dividends	(176)	(176)
Distributable earnings before realizations	4,871	4,223
Realized carried interest, net ³	403	570
Disposition gains from principal investments	1,000	13
Distributable earnings	\$ 6,274	\$ 4,806

1. Other non-FFO items correspond to amounts that are not directly related to revenue earning activities and are not normal or recurring items necessary for business operations. In addition, this adjustment is to back out non-FFO expenses (income) that are included in consolidated equity accounted income including depreciation and amortization, deferred taxes and fair value changes from equity accounted investments.

2. Amounts attributable to non-controlling interests are calculated based on the economic ownership interests held by non-controlling interests in consolidated subsidiaries. By adjusting FFO attributable to non-controlling interests, we are able to remove the portion of FFO earned at non-wholly owned subsidiaries that is not attributable to Brookfield.

3. Includes our share of Oaktree's distributable earnings attributable to realized carried interest.

We assess our segment performance using DE from our Asset Management segment, DE from our Wealth Solutions business, NOI from our Real Estate segment, and FFO for all other segments as our key measures of financial performance and our segment measures of profit and loss. Refer to Note 3 Segmented Information in our consolidated financial statements for a reconciliation of net income to segment measures of profit or loss.

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

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

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

Long-term private funds are long duration and closed-end in nature and include value-add and opportunistic strategies. Capital is typically committed for 10 years from the inception of the fund with two one-year extension options.

Perpetual strategies include capital in our perpetual affiliates and perpetual private funds, which includes core and core plus strategies that can continually raise new capital.

Liquid strategies represent publicly listed funds and separately managed accounts, focused on fixed income and equity securities across a number of difference sectors.

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

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

FOR THE YEARS ENDED DEC. 31 (MILLIONS)		2024	2023
Revenue		\$ 86,006	\$ 95,924
Add: fee revenues from Oaktree		1,278	1,203
Add: inter-segment and other fee revenues		2,498	2,618
Less: external revenues from consolidated subsidiaries other than BAM		(85,076)	(95,364)
Fee revenues		4,706	4,381
Direct costs		(2,136)	(2,014)
		2,570	2,367
Less: amounts attributable to other shareholders		(114)	(126)
Fee-related earnings		\$ 2,456	\$ 2,241

Funds from operations ("FFO") is a non-IFRS measure that includes the fees that we earn from our Asset Management business managing capital as well as our share of revenues earned and costs incurred within our operations, which include interest expense and other costs. Specifically, FFO includes the impact of contracts that we enter into to generate revenue, including asset management agreements, power sales agreements, contracts that our Operating Businesses enter into such as leases and take or pay contracts and sales of inventory. FFO also includes the impact of changes in borrowings or the cost of borrowings as well as other costs incurred to operate our business. FFO also includes realized disposition gains and losses, which are defined in this glossary of terms.

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

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

Operating FFO is a non-IFRS measure calculated as FFO excluding realized disposition gains. We use Operating FFO to provide additional insight regarding recurring performance of the business.

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

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

AS AT DEC. 31, 2024	Current Distribution Rate	Distribution Hurdles (per unit) ²	Incentive Distributions
Brookfield Infrastructure (BIP) ³	\$ 1.72	\$ 0.49 / \$ 0.53	15% / 25%
Brookfield Renewable (BEP) ⁴	1.49	0.80 / 0.90	15% / 25%

1. Current rate based on most recently announced distribution rates.

2. Incentive distributions equate to 18% and 33% of limited partner distribution increases over the first and second hurdles, respectively.

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

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

Invested capital consists of our perpetual investments, which include our interests in BAM and perpetual affiliates, other investments and corporate activities. Our invested capital provides us with FFO and cash distributions.

Invested capital, net consists of invested capital and leverage.

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

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

Net operating income (“NOI”) is a key measure of our Real Estate segment’s financial performance that refers to the revenues from our operations less direct expenses before the impact of depreciation and amortization within our real estate business. Refer to Note 3 Segmented Information in our consolidated financial statements for a reconciliation of net income to segment measures of profit or loss.

Performance fees is an IFRS measure. Performance fees are generated by our Asset Management business when the unit price performance of BBU exceeds a prescribed high-water mark. In addition, performance fees are earned on certain liquid strategy portfolios. BBU performance fees are based on the quarterly volume-weighted average increase in BBU unit price over the previous threshold and are accrued on a quarterly basis, whereas performance fees within liquid strategy funds are typically determined on an annual basis. These fees are not subject to clawback.

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

Realized disposition gains/losses is a component of FFO and includes gains or losses arising from transactions during the reporting period together with any fair value changes and revaluation surplus recorded in prior periods 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. We use realized disposition gains/losses to provide additional insight regarding the performance of investments on a cumulative realized basis, including any unrealized fair value adjustments that were recorded in prior periods and not otherwise reflected in current period FFO, and believe it is useful to investors to better understand variances between reporting periods.

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

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

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

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