

VALUE CREATION

We create value for our shareholders by increasing both the value of our Asset Management franchise and our invested capital.

$$\text{Fee-Related Earnings Value} + \text{Carried Interest Value} + \text{Invested Capital Value} = \text{Brookfield Asset Management Value}$$

ASSET MANAGEMENT

	FOR THE YEAR ENDED DEC. 31, 2021 (MILLIONS)		
	ACTUAL	CURRENT ¹	
We create value by:			
• Increasing fee-bearing capital, which increases our fee-related earnings. Fee-related earnings value is typically measured by applying a multiple to our current fee-related earnings.	Fee revenues	\$ 3,523	\$ 3,777
	Direct costs	(1,468)	(1,844)
		2,055	1,933
	Earnings not attributable to BAM	(156)	(130)
	Fee-related earnings	1,899	1,803
• Achieving attractive investment returns, which enables us to earn performance income (carried interest). Carried interest value is typically measured by applying a multiple to our target carried interest, net of costs. ¹	Carried interest	1,713	4,053
	Direct costs	(786)	(1,503)
		927	2,550
	Carried interest not attributable to BAM	(212)	(312)
	Carried interest, net²	715	2,238
	Total	\$ 2,614	\$ 4,041

Our asset management activities generated annualized fee-related earnings of \$1.8 billion and target carried interest, net of \$2.2 billion, representing growth of 15% and 30%, over the last year, respectively. These increases were primarily due to growth in fee-bearing capital of 17% and carry eligible capital of 25%, respectively, over the year.

1. See definition in the Notice to Readers on page 21.

2. For the purposes of value creation, "current" carried interest, net represents target carried interest, net. Target carried interest, net, is defined in the Notice to Readers on page 21.

INVESTED CAPITAL

We create value by increasing the cash income generated by our investments as well as capital appreciation, through operational improvements and disciplined recycling of the underlying assets. We measure the value thereby created using a combination of market values and fair values as determined under IFRS.

AS AT DEC. 31, 2021 (MILLIONS)	QUOTED ¹	IFRS ²	BLENDED ³	CASH FLOW ⁴
BEP	\$ 11,214	\$ 4,641	\$ 11,214	\$ 399
BIP	8,552	2,696	8,552	301
BBU	4,351	2,803	4,351	24
Corporate cash and financial assets	3,522	3,522	3,552	282
	\$ 27,639	13,662	27,639	1,006
BPG	N/A	32,004	32,004	1,523
Other Investments⁴	Various	6,190	7,685	284
Total Investments		51,856	67,328	2,813
Working Capital, net		699	699	N/A
Invested Capital		52,555	68,027	\$ 2,813
Leverage		(15,250)	(15,250)	
Invested Capital, net		\$ 37,305	\$ 52,777	

Our invested capital generates \$2.8 billion of annualized distributions from our investments.

1. Quoted based on December 31, 2021 public pricing.
2. Total IFRS invested capital excludes \$4.9 billion of common equity in our Asset Management segment.
3. For performance measurement purposes, we consider the value of invested capital to be the quoted value of listed investments, public pricing using industry comparables for Brookfield Residential values and IFRS values for unlisted investments.
4. Distributed cash flow (current) from our listed investments is calculated by multiplying units held as at December 31, 2021 by the current distribution rates per unit. Corporate cash and financial asset distribution is calculated by applying an 8% total return on the current quarter's ending balance. Distributions on our unlisted investments is equal to the total distributions received over the last twelve month period.