

VALUE CREATION

We create value for our shareholders in two ways. First, we participate in increases in the earnings and value of our Asset Management, Insurance Solutions, and Operating Businesses, which enables us to increase our cash dividends paid to shareholders. Second, we are able to deploy the substantial free cash flows we retain towards supporting the growth of our three businesses and investing in new strategic opportunities and share buybacks.

Our capital is deployed across our three businesses



Asset
Management



Insurance
Solutions



Operating
Businesses

On their own, each of our businesses has a strong growth profile but together they generate synergies which significantly enhance their growth.

ASSET MANAGEMENT

Our *asset management business* is one of the world's leading alternative asset managers, with approximately \$800 billion of assets under management as at December 31, 2022 across infrastructure, renewable power and transition, real estate, private equity 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.

In our asset management business, we create value by:

- Increasing fee-bearing capital, which increases our fee-related earnings
- Achieving attractive investment returns, which enables us to earn performance income (carried interest); and
- Maintaining cost discipline as we scale our operations

Value is determined based on the sum of: i) the market value of our asset management business; ii) applying a multiple to target carried interest, net; and iii) our accumulated unrealized carried interest, net.

As at December 31, 2022, the market value of our stake in our asset management business was \$35.2 billion. Our asset management activities generate annualized carried interest, net of \$3.1 billion and fee-related earnings of \$2.1 billion, representing fee-related earnings growth of 16% over the prior year. This increase was primarily due to growth in fee-bearing capital of 15% over the prior year. As at December 31, 2022, our accumulated unrealized carried interest, net was \$5.6 billion.

INSURANCE SOLUTIONS

Our *insurance solutions business* owns and operates a leading financial services business providing capital-based solutions to the insurance industry. Through operating subsidiaries, the business provides annuity-based reinsurance products to insurance and reinsurance companies and acts as a direct issuer of pension risk transfer products for pension plan sponsors. In doing so, the business seeks to match long-duration liabilities with a portfolio of high-quality investments in order to generate attractive, risk-adjusted returns.

In our insurance solutions business, we create value by:

- Acquiring long-duration and predictable insurance liabilities
- Proactively managing the risk of underwritten liabilities; and
- Earning attractive risk-adjusted returns on our insurance float in excess of the cost of the insurance liabilities we manage

Value is determined using the Intrinsic value of our capital ("IVC"), which represents our view of the fair value of the business. We determine the IVC using a discounted cash flow analysis of the in-place earnings of the insurance solutions business and an unlevered discount rate of 8%.

Our insurance activities generated \$388 million of distributable earnings with our annualized distributable earnings currently being \$650 million. As of December 31, 2022, our insurance business has approximately \$40 billion of assets.



OPERATING BUSINESSES

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 them each with a very strong pipeline for growth. Each of these businesses share key characteristics of being 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 diverse and 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 48% ownership interest in Brookfield Renewable Partners ("BEP") for which we receive quarterly distributions. We also enter into energy contracts, which are our contractual arrangement with BEP to purchase power generated by certain North American hydro assets at a fixed price that is then resold on a contracted or uncontracted basis.

Our **infrastructure business** is one of the world's largest infrastructure investors and owns and operates assets across the transport, data, utilities, and midstream sectors. Our capital in this business is via our 27% ownership interest in Brookfield Infrastructure Partners ("BIP") for which we receive quarterly distributions.

Our **private equity business** is a leading private equity investor with a focus on owning and operating businesses that provide essential products and services in the business services, industrials, and residential sectors. Our capital in this business is via our 65% ownership interest in Brookfield Business Partners ("BBU"). We also have direct investments in various operating companies within the Private Equity segment.

Real Estate:

Our **real estate business** is a diversified global real estate portfolio that owns and operates one of the largest portfolios of office, retail, multifamily residential, logistics, hospitality, triple net lease, student housing and manufactured housing assets.

Our capital in this business is via our 100% ownership stake in Brookfield Property Group ("BPG"), which today consists of an irreplaceable portfolio of trophy mixed-use precincts in global gateway cities ("Core"), a portfolio designed to maximize returns through a development or buy-fix-sell strategy ("Transitional & Development), of which \$3 billion includes our capital invested in our North American residential business, and investments we have made in real estate private funds which own high-quality assets and portfolios with operational upside ("LP Investments").

DISTRIBUTABLE EARNINGS

ASSET MANAGEMENT

\$2.1B

INSURANCE SOLUTIONS

\$388M

OPERATING BUSINESSES

\$4.3B

Value of Operating Businesses:

We create value in our operating business by:

- Increasing cash income through organic levers; and
- Recycling the underlying assets

We measure the value thereby created using a combination of market values for our public affiliates (BEP, BIP, BBU), comparable market data for our North American residential business, and fair values as determined under IFRS for the remainder of our Real Estate business.

Our capital in our operating businesses was \$56.9 billion on a blended basis as at December 31, 2022, and generated \$2.5 billion of annualized cash flows. The following table provides a breakdown of invested capital in our operating businesses:

AS AT DEC. 31, 2022 (MILLIONS)	QUOTED ¹	IFRS	BLENDED ²	CASH FLOW ³
BEP	\$ 8,005	\$ 4,635	\$ 8,005	\$ 421
BIP	6,591	2,524	6,591	302
BBU	2,491	2,439	2,491	35
	\$ 17,087	9,598	17,087	758
BPG	N/A	31,868	33,426	1,644
Corporate cash and financial assets^{4,5}	Various	2,893	2,893	38
Other Investments⁶	Various	3,494	3,494	78
Total Operating Businesses	\$ 47,853	\$ 56,900	\$ 56,900	\$ 2,518

1. Quoted based on December 31, 2022 public pricing.

2. For performance measurement purposes, we consider the value of invested capital to be the quoted value of listed investments, market pricing using industry comparables for our North American residential business values and IFRS values for unlisted investments.

3. Annualized distributions are calculated by multiplying units held as at December 31, 2022 by the current distribution rates per unit.

4. Corporate cash and financial assets is inclusive of \$1.3 billion in cash and cash equivalents (December 31, 2021 - \$1.9 billion).

5. Corporate cash and financial assets in 2022 includes our proportionate share of the asset management business' cash and financial assets (\$2.4 billion).

6. Includes wholly owned investments and our other listed and unlisted investments, including our share of Oaktree's balance sheet investments.