

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, investing in new strategic opportunities and share buybacks.

Our capital is deployed across our three businesses



Asset
Management



Insurance
Solutions



Operating
Businesses

Each of our businesses benefit from being a part of the broader Brookfield Ecosystem, leveraging our global presence, deep operating expertise and large-scale, flexible capital to achieve strong returns across market cycles.

ASSET MANAGEMENT

Our *asset management business* is one of the leading global alternative asset managers, with over \$900 billion of assets under management as at December 31, 2023 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. 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 our asset management business, we earn fee revenues on the capital we manage for our clients, carried interest based on fund performance, and returns on the capital that we invest directly into and alongside private funds managed by BAM and other investments.

Our asset management business creates value by:

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

We value our asset management business as the sum of:

- i. The market price of our 75% ownership interest in BAM;
- ii. Applying a multiple to target carried interest, net;
- iii. Our accumulated unrealized carried interest, net; and
- iv. Applicable valuation methods on our direct investments.

As at December 31, 2023, the market value of our stake in our asset management business was \$49.3 billion. Our asset management activities generate annualized carried interest, net of \$2.6 billion and fee-related earnings of \$2.4 billion, representing annualized fee-related earnings growth of 16% over the prior year. This increase was primarily due to growth in fee-bearing capital of 9% over the prior year and cost discipline as we scale our operations. Total accumulated unrealized carried interest now stands at \$10.2 billion, of which \$8.9 billion is attributable to the Corporation, representing an increase of 11% over the year, net of carried interest realized into income.

INSURANCE SOLUTIONS

Our **insurance solutions business**, via our equity accounted investment in Brookfield Reinsurance Ltd. (“BNRE”), is a leading capital solutions business providing insurance and reinsurance services to individuals and institutions. Through operating subsidiaries, the business offers a broad range of insurance products and services, including life insurance and annuities, and personal and commercial property and casualty insurance. The business seeks to generate attractive risk-adjusted returns on equity over the long term by investing predominantly in credit products to earn an investment return that exceeds its cost of liabilities.

In our insurance solutions business, we create value by:

- Acquiring long-duration and predictable insurance liabilities on a value basis
- Applying a proactive risk management process to minimize the risk of underwritten liabilities through robust underwriting processes, reinsurance, duration matching and liquidity management; and
- Leveraging Brookfield’s broader investment capabilities to earn attractive spread earnings, calculated as risk-adjusted returns on our insurance assets in excess of the cost of the insurance liabilities we manage

Our insurance solutions business targets a 15% annualized return on equity and we value this business based on a 15x multiple of spread earnings, which we refer to as distributable operating earnings, representing our view of the fair value of the business. As at December 31, 2023, the value of our stake in our insurance solutions business was \$14.1 billion.

As at the end of 2023, our insurance assets were approximately \$60 billion and annualized earnings in this business were \$940 million. With the closing of AEL expected shortly, our insurance solutions business will grow to over \$100 billion of assets and \$1.3 billion of annualized earnings. It is expected that the capital base of this business will be vastly greater in the future, achieved through internal growth as well as through the addition of new capital from the Corporation.

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 each with a 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 our 45% 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 utilities, transport, midstream, and data sectors. Our capital in this business is via our 26% ownership interest in Brookfield Infrastructure Partners (“BIP”) for which we receive quarterly distributions.

Our **private equity business** focuses on owning and operating high-quality businesses that provide essential products and services, and are resilient through market cycles. Our capital in this business is via our 66% ownership interest in Brookfield Business Partners (“BBU”) for which we receive quarterly distributions.

Real Estate:

Our **real estate business** is a diversified high-quality global real estate portfolio that owns and operates premier office, dominant retail, luxury urban retail and hotels, and multi and single-family residential properties in some of the best locations around the world and has a history of strong performance over long periods of time and through economic cycles.

Our capital in this business is via our 100% ownership stake in Brookfield Property Group (“BPG”), 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.

DISTRIBUTABLE EARNINGS

ASSET MANAGEMENT

\$2.6B

INSURANCE SOLUTIONS

\$740M

OPERATING BUSINESSES

\$1.5B



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 (BIP, BEP, 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 \$42.1 billion on a blended basis as at December 31, 2023, and generated \$1.6 billion of annualized cash flows. The following table provides a breakdown of invested capital in our operating businesses:

AS AT DEC. 31, 2023 (MILLIONS)	QUOTED ¹	IFRS	BLENDED ²	CASH FLOW ³
BEP	\$ 8,034	\$ 4,302	\$ 8,034	\$ 408
BIP	6,571	2,537	6,571	317
BBU	3,058	3,291	3,058	36
	\$ 17,663	10,130	17,663	761
BPG	N/A	22,413	23,875	844
Energy Contracts	Various	585	585	(43)
Total Operating Businesses	\$ 33,128	\$ 42,123	\$ 42,123	\$ 1,562

1. Quoted based on December 31, 2023 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, 2023 by the current distribution rates per unit.