

Brookfield Announces \$2.4 billion of Net Income, \$1.2 billion of Distributable Earnings in Second Quarter

\$24 billion of Capital Raised, including \$9 billion for our Flagship Property Fund and \$7 billion for our Transition Fund

BROOKFIELD, NEWS, August 12, 2021 – Brookfield Asset Management Inc. (NYSE: BAM, TSX: BAM.A) today announced financial results for the quarter ended June 30, 2021.

Nick Goodman, CFO of Brookfield, stated, “Our business performed very well during the quarter, recording \$1.2 billion of distributable earnings. Growth in our asset management franchise, steady returns on our principal investments and continued momentum on our capital recycling initiatives all contributed to the strong quarter. Subsequent to quarter end, we held the first close of \$9 billion for our fourth flagship real estate fund, and our \$7 billion founders’ close for our Global Transition Fund, taking total fundraising since last quarter to \$24 billion. We expect the size of these two funds to exceed \$30 billion before they close for capital.”

Operating Results

<i>Unaudited</i> For the periods ended June 30 (US\$ millions, except per share amounts)	<i>Three Months Ended</i>		<i>Last Twelve Months Ended</i>	
	2021	2020	2021	2020
Net income ¹	\$ 2,429	\$ (1,493)	\$ 8,562	\$ 1,744
Net income attributable to common	\$ 816	\$ (656)	\$ 2,866	\$ 844
Net income per Brookfield share ²	0.49	(0.43)	1.76	0.47
Funds from operations ^{2,3}	\$ 1,600	\$ 1,161	\$ 7,556	\$ 4,075
Per Brookfield share ^{2,3}	1.01	0.73	4.80	2.59
Distributable earnings	\$ 1,232	\$ 1,081	\$ 6,254	\$ 3,009

1. Consolidated basis – includes amounts attributable to non-controlling interests.
2. Excludes amounts attributable to non-controlling interests.
3. See Basis of Presentation on page 8 and a reconciliation of net income (loss) to FFO on page 5.

Funds from operations (FFO) and net income in the quarter were strong at \$1.6 billion and \$2.4 billion, respectively, both very large increases over last year.

Our distributable earnings continue to show strong growth, recording \$1.2 billion for the quarter, and \$6.3 billion over the last twelve months, a 108% increase over the comparative period. The strong performance in the quarter is supported by a 49% increase in fee-related earnings, continued carried interest realizations, increased distributions from our principal investments, and disposition gains recognized on our principal investments.

Monetization activity continued during the quarter as we sold \$8 billion of investments, returned \$6 billion to clients, and realized \$335 million of gross carried interest in the process, taking the total realized since the beginning of the year to more than \$1 billion. Investment performance was also very strong in the quarter with our unrealized carried interest balance, not recorded in our financial accounts, increasing to \$6.2 billion.

Regular Dividend Declaration

The Board declared a quarterly dividend of US\$0.13 per share, payable on September 29, 2021 to shareholders of record as at the close of business on August 31, 2021. The Board also declared the regular monthly and quarterly dividends on its preferred shares.

Operating Highlights

Fee-bearing capital increased to \$325 billion during the quarter, an increase of approximately \$48 billion over the last twelve months, leading to a \$334 million increase in fee-related earnings over the same period.

Inflows during the quarter totaled \$8 billion, across several of our perpetual and long-term fund strategies, as well as a first close of our latest real estate debt fund and further capital raised for our Special Investments strategy. We also currently have approximately \$32 billion of additional committed but un-invested capital across our strategies that will earn approximately \$320 million of fees annually once deployed.

Our latest round of flagship funds is off to a very strong start with over \$30 billion raised to date after strong first closes for our recently launched real estate and transition flagship funds.

Subsequent to quarter end, we held first closes for our new Global Transition Fund at \$7 billion and our fourth flagship strategic real estate fund of \$9 billion. The reception among existing clients to both strategies has been very positive which has resulted in strong retention rates and cross selling. Our added distribution capabilities have also led to a number of investors making their first commitment to a Brookfield strategy. This capital is in addition to the \$15 billion raised for our latest opportunistic credit flagship fund.

With two large acquisitions in recent months, our fifth private equity flagship fund is over 75% committed which means we will be shortly launching our sixth vintage fund. Our infrastructure fund is also making great progress on deployment and is approximately 70% invested or committed. We expect to launch the next vintage for this strategy by the end of this year or early in 2022.

We recorded \$1.5 billion of realized carried interest into income over the last twelve months, including \$335 million during the quarter.

We completed \$8 billion of monetizations during the quarter, allowing us to return \$6 billion to our clients and realize \$335 million of carried interest across several of our earlier vintage funds. We have now surpassed our goal of realizing over \$1 billion of carried interest during the year and expect the total to continue growing as we execute on more planned asset sales.

Investment performance was strong in the quarter. We generated \$1.1 billion of carried interest, representing growth of 20% in our accumulated unrealized carried interest, taking the total to \$6.2 billion.

Annualized fee revenues and target carried interest now stand at a run-rate of \$6.7 billion.

Annualized fee revenues and annualized fee-related earnings are now \$3.4 billion and \$1.6 billion, respectively, largely driven by increased fee-bearing capital across both our private fund and listed strategies. Gross target carried interest stands at \$3.3 billion, or \$1.8 billion net of costs.

As at June 30, 2021, we had \$78 billion of capital available to deploy into new investments.

Deployable capital of \$78 billion includes approximately \$18 billion of cash, financial assets and undrawn lines of credit in BAM and our affiliates and \$60 billion of uncalled fund commitments available for new transactions. During the quarter, we bolstered our liquidity through the continued sell down of approximately \$300 million of West Fraser shares from our principal investments, and subsequent to the quarter we issued \$850 million of long dated bonds – 2.34% 10-year green bonds and 3.26% 30-year bonds which further strengthens our position as a market leader in sustainable finance.

CONSOLIDATED BALANCE SHEETS

<i>Unaudited (US\$ millions)</i>	<i>June 30 2021</i>	<i>December 31 2020</i>
Assets		
Cash and cash equivalents	\$ 10,459	\$ 9,933
Other financial assets	19,016	17,730
Accounts receivable and other	22,758	24,845
Inventory	11,187	10,360
Equity accounted investments	43,315	41,327
Investment properties	101,010	96,782
Property, plant and equipment	98,086	100,009
Intangible assets	25,018	24,658
Goodwill	14,953	14,714
Deferred income tax assets	3,415	3,338
Total Assets	\$ 349,217	\$ 343,696
Liabilities and Equity		
Corporate borrowings	\$ 9,145	\$ 9,077
Accounts payable and other	51,617	53,041
Non-recourse borrowings in entities that we manage	143,126	139,324
Subsidiary equity obligations	3,478	3,699
Deferred income tax liabilities	15,914	15,913
Equity		
Preferred equity	\$ 4,145	\$ 4,145
Non-controlling interests in net assets	88,423	86,804
Common equity	33,369	31,693
Total Liabilities and Equity	\$ 349,217	\$ 343,696

CONSOLIDATED STATEMENTS OF OPERATIONS

Unaudited

For the periods ended June 30

(US\$ millions, except per share amounts)

	Three Months Ended		Six Months Ended	
	2021	2020	2021	2020
Revenues	\$ 18,286	\$ 12,829	\$ 34,696	\$ 29,415
Direct costs	(13,994)	(9,446)	(26,181)	(22,155)
Other income and gains	1,251	29	1,955	270
Equity accounted income (loss)	488	(631)	1,156	(843)
Expenses				
Interest	(1,831)	(1,715)	(3,661)	(3,567)
Corporate costs	(30)	(25)	(59)	(49)
Fair value changes	377	(1,153)	2,471	(1,567)
Depreciation and amortization	(1,571)	(1,376)	(3,081)	(2,785)
Income tax	(547)	(5)	(1,091)	(369)
Net income (loss)	\$ 2,429	\$ (1,493)	\$ 6,205	\$ (1,650)
Net income (loss) attributable to:				
Brookfield shareholders	\$ 816	\$ (656)	\$ 2,051	\$ (949)
Non-controlling interests	1,613	(837)	4,154	(701)
	\$ 2,429	\$ (1,493)	\$ 6,205	\$ (1,650)
Net income (loss) per share ¹				
Diluted	\$ 0.49	\$ (0.43)	\$ 1.26	\$ (0.63)
Basic	0.51	(0.43)	1.29	(0.63)

1. Adjusted to reflect the three-for-two stock split effective April 1, 2020.

SUMMARIZED FINANCIAL RESULTS

RECONCILIATION OF NET INCOME (LOSS) TO FUNDS FROM OPERATIONS

<i>Unaudited</i> For the periods ended June 30 (US\$ millions)	<i>Three Months Ended</i>		<i>Last Twelve Months Ended</i>	
	2021	2020	2021	2020
Net income (loss)	\$ 2,429	\$ (1,493)	\$ 8,562	\$ 1,744
Financial statement components not included in FFO				
Equity accounted fair value changes and other non-FFO items	328	1,253	1,595	2,462
Fair value changes	(377)	1,153	(2,615)	1,169
Depreciation and amortization	1,571	1,376	6,087	5,393
Deferred income taxes	301	(96)	499	(459)
Realized disposition gains in fair value changes or prior periods	488	469	3,204	944
Non-controlling interests	(3,140)	(1,501)	(9,776)	(7,178)
Funds from operations ^{1,2}	\$ 1,600	\$ 1,161	\$ 7,556	\$ 4,075

SEGMENT FUNDS FROM OPERATIONS

<i>Unaudited</i> For the periods ended June 30 (US\$ millions, except per share amounts)	<i>Three Months Ended</i>		<i>Last Twelve Months Ended</i>	
	2021	2020	2021	2020
Asset management	\$ 688	\$ 355	\$ 2,365	\$ 1,609
Real estate	189	89	1,007	927
Renewable power	88	566	1,323	742
Infrastructure	317	84	795	429
Private equity	337	137	1,962	645
Residential	42	(11)	151	109
Corporate	(61)	(59)	(47)	(386)
Funds from operations ^{1,2}	\$ 1,600	\$ 1,161	\$ 7,556	\$ 4,075
Per share ^{3,4}	\$ 1.01	\$ 0.73	\$ 4.80	\$ 2.59

1. Non-IFRS measure – see Basis of Presentation on page 8.

2. Excludes amounts attributable to non-controlling interests.

3. Adjusted to reflect the three-for-two stock split effective April 1, 2020.

4. Per share amounts are inclusive of dilutive effect of mandatorily redeemable preferred shares held in a consolidated subsidiary.

EARNINGS PER SHARE

<i>Unaudited</i> For the periods ended June 30 (US\$ millions, except per share amounts)	<i>Three Months Ended</i>		<i>Last Twelve Months Ended</i>	
	2021	2020	2021	2020
Net income (loss)	\$ 2,429	\$ (1,493)	\$ 8,562	\$ 1,744
Non-controlling interests	(1,613)	837	(5,696)	(900)
Net income (loss) attributable to shareholders	816	(656)	2,866	844
Preferred share dividends	(38)	(36)	(145)	(148)
Dilutive effect of conversion of subsidiary preferred shares and exchangeable shares of affiliate	(14)	49	—	12
Net income (loss) available to common shareholders	\$ 764	\$ (643)	\$ 2,721	\$ 708
Weighted average shares ¹	1,508.2	1,512.1	1,510.2	1,487.7
Dilutive effect of conversion of options and escrowed shares using treasury stock method ^{1,2} and exchangeable shares of affiliate	41.8	—	32.9	29.4
Shares and share equivalents ¹	1,550.0	1,512.1	1,543.1	1,517.1
Diluted earnings per share ^{1,3}	\$ 0.49	\$ (0.43)	\$ 1.76	\$ 0.47

1. Adjusted to reflect the three-for-two stock split effective April 1, 2020.

2. Includes management share option plan and escrowed stock plan.

3. Per share amounts are inclusive of dilutive effect of mandatorily redeemable preferred shares held in a consolidated subsidiary.

DISTRIBUTABLE EARNINGS

<i>Unaudited</i> For the periods ended June 30 (US\$ millions)	<i>Three Months Ended</i>		<i>Last Twelve Months Ended</i>	
	2021	2020	2021	2020
Fee-related earnings	\$ 483	\$ 324	\$ 1,679	\$ 1,345
Listed affiliates	361	348	1,419	1,372
Corporate cash and financial assets	20	79	336	124
Other principal investments	96	(28)	288	16
Distributions from investments	477	399	2,043	1,512
Corporate activities	(144)	(134)	(575)	(497)
Preferred share dividends	(41)	(36)	(151)	(148)
Add back: equity-based compensation	27	21	104	90
Distributable earnings before realizations	802	574	3,100	2,302
Realized carried interest, net	205	28	679	256
Disposition gains from principal investments	225	479	2,475	451
Distributable earnings ¹	\$ 1,232	\$ 1,081	\$ 6,254	\$ 3,009

1. Non-IFRS measure – see Basis of Presentation on page 8.

Additional Information

The Letter to Shareholders and the company's Supplemental Information for the three months ended June 30, 2021, contain further information on the company's strategy, operations and financial results. Shareholders are encouraged to read these documents, which are available on the company's website.

The statements contained herein are based primarily on information that has been extracted from our financial statements for the quarter ended June 30, 2021, which have been prepared using IFRS, as issued by the IASB. The amounts have not been audited by Brookfield's external auditor.

Brookfield's Board of Directors have reviewed and approved this document, including the summarized unaudited consolidated financial statements prior to its release.

Information on our dividends can be found on our website under Stock & Distributions/Distribution History.

Quarterly Earnings Call Details

Investors, analysts and other interested parties can access Brookfield Asset Management's 2021 Second Quarter Results as well as the Shareholders' Letter and Supplemental Information on Brookfield's website under the Reports & Filings section at www.brookfield.com.

To participate in the Conference Call today, please dial 1-866-688-9425 toll free in North America, or for overseas calls please dial 1-409-216-0815 (Conference ID: 5186345) at approximately 10:50 a.m. EST. The Conference Call will also be Webcast live at <https://edge.media-server.com/mmc/go/bamQ2-2021>. For those unable to participate in the Conference Call, the telephone replay will be archived and available until August 26, 2021. To access this rebroadcast, please call 1-855-859-2056 or 1-404-537-3406 (Conference ID: 5186345).

Brookfield Asset Management Inc. is a leading global alternative asset manager with over \$625 billion of assets under management across real estate, infrastructure, renewable power, private equity and credit. Brookfield owns and operates long-life assets and businesses, many of which form the backbone of the global economy. Utilizing its global reach, access to large-scale capital and operational expertise, Brookfield offers a range of alternative investment products to investors around the world—including public and private pension plans, endowments and foundations, sovereign wealth funds, financial institutions, insurance companies and private wealth investors. Brookfield Asset Management is listed on the New York and Toronto stock exchanges under the symbol BAM and BAM.A respectively.

Please note that Brookfield's previous audited annual and unaudited quarterly reports have been filed on EDGAR and SEDAR and can also be found in the investor section of its website at www.brookfield.com. Hard copies of the annual and quarterly reports can be obtained free of charge upon request.

For more information, please visit our website at www.brookfield.com or contact:

Communications & Media:

Kerrie McHugh Hayes

Tel: (212) 618-3469

Email: kerrie.mchugh@brookfield.com

Investor Relations:

Linda Northwood

Tel: (416) 359-8647

Email: linda.northwood@brookfield.com

Basis of Presentation

This news release and accompanying financial statements are based on International Financial Reporting Standards (“IFRS”), as issued by the International Accounting Standards Board (“IASB”), unless otherwise noted.

We make reference to *Funds from Operations* (“FFO”). We define FFO as net income attributable to shareholders prior to fair value changes, depreciation and amortization, and deferred income taxes, and includes realized disposition gains that are not recorded in net income as determined under IFRS. FFO also includes the company’s share of equity accounted investments’ FFO on a fully diluted basis. FFO consists of the following components:

- *FFO from Operating Activities* represents the company’s share of revenues less direct costs and interest expenses; excludes realized carried interest and disposition gains, fair value changes, depreciation and amortization and deferred income taxes; and includes our proportionate share of FFO from operating activities recorded by equity accounted investments on a fully diluted basis. We present this measure as we believe it assists in describing our results and variances within FFO.
- *Realized Carried Interest* represents our contractual share of investment gains generated within a private fund after considering our clients minimum return requirements. Realized carried interest is determined on third-party capital that is no longer subject to future investment performance.
- *Realized Disposition Gains* are included in FFO because we consider the purchase and sale of assets to be a normal part of the company’s business. Realized disposition gains include gains and losses recorded in net income and equity in the current period, and are adjusted to include fair value changes and revaluation surplus balances recorded in prior periods which were not included in prior period FFO.

We use FFO to assess our operating results and the value of Brookfield’s business and believe that many shareholders and analysts also find this measure of value to them.

We note that FFO, its components, and its per share equivalent are non-IFRS measures which do not have any standard meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers and entities.

We make reference to *Invested Capital*. Invested Capital is defined as the amount of common equity in our segments and underlying businesses within the segments.

We make reference to *Distributable Earnings*, which is referring to the sum of our Asset Management segment FFO, distributions received from our ownership of investments, and disposition gains from principal investments, net of Corporate Activities FFO, equity-based compensation and preferred share dividends. This provides insight into earnings received by the company that are available for distribution to common shareholders or to be reinvested into the business.

We provide additional information on key terms and non-IFRS measures in our filings available at www.brookfield.com.

Notice to Readers

Brookfield is not making any offer or invitation of any kind by communication of this news release and under no circumstance is it to be construed as a prospectus or an advertisement.

This news release contains “forward-looking information” within the meaning of Canadian provincial securities laws and “forward-looking statements” 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, and, “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements which reflect management’s expectations regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of Brookfield and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as “expects,” “anticipates,” “plans,” “believes,” “estimates,” “seeks,” “intends,” “targets,” “projects,” “forecasts” or negative versions thereof and other similar expressions, or future or conditional verbs such as “may,” “will,” “should,” “would” and “could.” In particular, the forward-looking statements contained in this news release include statements referring to the future state of the economy or the securities market and expected future deployment of capital, dispositions and associated realized carried interest, as well as statements regarding future product offerings, and the results of future fundraising efforts and financial earnings.

Where this news release refers to “target carried interest” it is based on an assumption that existing funds meet their target gross returns. Target gross returns are typically ~20% for opportunistic funds; 10% to 15% for value add, credit and core funds. Fee terms vary by investment strategy and may change over time.

Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results, performance or achievements of Brookfield to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

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) investment 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 including as a result of COVID-19 and the related global economic shutdown; (iii) the behavior of financial markets, including fluctuations in interest and foreign exchange rates; (iv) global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; (v) strategic actions including 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; (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 our real estate, renewable power, infrastructure, private equity, and other alternatives, including credit; 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 its results. Readers are urged to consider the foregoing risks, as well as other uncertainties, factors and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such forward-looking information. Except as required by law, the company undertakes no obligation to publicly update or revise any forward-looking statements or information, 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 the historic investments discussed herein (because of economic conditions, the availability of investment opportunities or otherwise), that targeted returns, diversification or asset allocations will be met or that an investment strategy or investment objectives will be achieved.

Target returns set forth in this news release are for illustrative and informational purposes only and have been presented based on various assumptions made by Brookfield in relation to the investment strategies being pursued by the funds, any of which may prove to be incorrect. There can be no assurance that targeted returns will be achieved. Due to various risks, uncertainties and changes (including changes in economic, operational, political or other circumstances) beyond Brookfield’s control, the actual performance of the funds and the business could differ materially from the target returns set forth herein. In addition, industry experts may disagree with the assumptions used in presenting the target returns. No assurance, representation or warranty is made by any person that the target returns will be achieved, and undue reliance should not be put on them. Prior performance is not indicative of future results and there can be no guarantee that the funds will achieve the target returns or be able to avoid losses.

Certain of the information contained herein is based on or derived from information provided by independent third-party sources. While Brookfield 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 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.