

### TRANSCRIPT: Q4 2022 CONFERENCE CALL / WEBCAST February 9 2022 at 10.00 am (ET)

#### Corporate Speakers:

Suzanne Fleming, *Managing Partner*

Bruce Flatt, *Chief Executive Officer*

Nick Goodman, *President*

## PRESENTATION

#### Operator

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Good day and thank you for standing by. Welcome to Brookfield Corporation's Fourth Quarter 2022 Results Conference Call. [Operator Instructions] It is now my pleasure to introduce Managing Partner, Suzanne Fleming.

#### Suzanne Fleming, *Managing Partner*

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Thank you, Operator, and good morning. Welcome to Brookfield Corporation's Fourth Quarter and Full Year 2022 Conference Call. On the call today are Bruce Flatt, our Chief Executive Officer; and Nick Goodman, President and Chief Financial Officer of Brookfield Corporation. Bruce will start off by giving a business update, followed by Nick, who will discuss our financial and operating results for the quarter and the year. After our formal comments, we'll turn the call over to the operator and take analyst questions.

I'd like to remind you that in today's comments, including in responding to questions and in discussing new initiatives and our financial and operating performance, we may make forward-looking statements, including forward-looking statements within the meaning of applicable Canadian and U.S. securities laws. These statements reflect predictions of future events and trends and do not relate to historic events.

They are subject to known and unknown risks, and future events may differ materially from such statements. For further information on these risks and their potential impacts on our company, please see our filings with the securities regulators in Canada and the U.S. and the information available on our website. And with that, I'll turn the call over to Bruce.

#### Bruce Flatt, *Chief Executive Officer*

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Thank you, Suzanne, and welcome to everyone on the call. 2022 was a strong year for Brookfield, even though at times, market conditions were more challenging than some years. Our manager had a record year for fundraising and is now separately listed. Our operating businesses posted strong underlying results, and our Insurance Solutions business is beginning to meaningfully ramp up its earnings. We returned a record amount of capital to our shareholders in 2022 - approximately \$15 billion, between our regular dividend, share repurchases and the special distribution of the BAM shares in December.

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Despite the market volatility in 2022 and the fact that a recession is likely taking place in many parts of the world. Real assets are demonstrating their resiliency and are benefiting from the higher levels of inflation than we have seen for many decades. With approximately \$125 billion of capital to deploy, our large perpetual capital structure and our global scale and expertise in value investing. Now more than ever, the corporation is well positioned in the current environment to grow and widen its reach. While our underlying performance was excellent this past year, like everything in the markets, the performance of Brookfield Corporation's stock was not. General market conditions and the distribution of shares of our Manager caused some short-term pressure on our share price. This has started to dissipate and most importantly, the underlying value of the business continues to compound.

Our share performance has been strong on a longer-term basis, and we believe this will carry on. And with the net asset value per share that we estimate to be far higher than our current share trading price, we expect to continue to use our vast liquidity to repurchase shares in the market. And if the discount persists, we will consider other options, including tender offers, while balancing the addition of new businesses to increase returns and strategically position us for the future.

As we look forward, our objective remains the same: to deliver compound annual returns of 15% over the longer term. Each of our businesses, our manager, our insurance solutions business and our operating businesses on their own, generate very attractive returns. But when we leverage the synergies that exist between the broader Brookfield, the earnings potential becomes even greater.

Starting with our asset manager. We have a number of tailwinds that are accelerating for a highly differentiated asset management business, and we are set to continue to deliver strong earnings in 2023 and beyond. Our asset manager security now provides direct access to this business and provides us with optionality for strategic acquisitions, positioning this business to execute on its next phase of growth.

Our Insurance Solutions business continues to grow in scale and strategic importance to the organization. Financial results are strong as is our return on invested capital, and we continue to redeploy assets across the board. We have high goals for this business and are actively pursuing a number of investment opportunities to add further scale and diversity in line with our objectives laid out to you in past of surpassing \$200 billion of insurance float in the next 5 years.

To that end, yesterday, we announced the acquisition through Brookfield reinsurance of Argo Group, a well-established specialty P&C business in the U.S., adding another platform and pool of assets to the franchise. Nick will speak to this later in more detail. But as a reminder, part of the capital of the corporation has also invested in a highly diversified, very high-quality portfolio of real estate assets in many of the best locations in the world.

This business has proven to be a great compounder of capital across economic cycles, delivering strong returns over the long term. We are seeing this today with demand for our assets continuing to be very strong, supporting valuations and our outlook for growth. As an aside, much of the high-quality real estate,

## Brookfield

which we own today, will eventually find its way into our insurance business due to its long duration nature, which will further support the growth of our insurance business.

Lastly, our remaining operating businesses continue to perform well and have a proven track record of delivering excellent long-term returns. The organic growth levers within each of these operating businesses, combined with the continued allocation of capital to funds from our asset management business should support growth at or above our targeted levels. With such strong and visible growth ahead for each of our businesses, the bar for new investments is very high.

Since it is hard to look past the opportunity to invest more capital into each of these businesses, or our repurchase of shares as they are undervalued. That being said, we continue to look at investment opportunities to further accelerate growth, which likely will fit into one of the following categories: first, investing excess capital into our Insurance Solutions business to continue to grow it; second, potentially a strategic acquisition that may be too large for any of our funds or in partnership with some of our funds. Third, investing into new businesses that are adjacent to what we do; and last, investing in sectors where we do not yet have full-scale teams. And in turn, these could lead to new businesses for us down the road.

In summary, holding Brookfield Corporation shares offers a unique opportunity to own a stake in our asset management franchise, our insurance solutions business and all of our operating business is benefiting from the earnings growth of each businesses, the resulting synergies between them and the ability to participate in the next chapter of what we are building. We believe the corporation is a very attractive proposition and is poised to deliver excellent returns over the long term. As always, thank you for your continued support and interest in Brookfield. I will now turn the call over to Nick.

### **Nick Goodman, *President***

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Thank you, Bruce and good morning everyone. 2022 was another significant and very successful year for our business. Despite a more challenging economic backdrop, we delivered very strong financial results. And with a separate listing of our asset management business now complete, we are set up well to execute on our next phase of growth. Distributable earnings or DE, which continues to be the key performance metric for our business was \$5.2 billion for the year, and DE before realizations were \$4.3 billion, representing an increase of 24% compared to the prior year.

Operating FFO was \$4.6 billion for the year, a 23% increase compared to the prior year, with total FFO and net income for the year of \$6.3 billion and \$5.2 billion, respectively. The strong financial performance from our existing businesses and the returns generated from the deployment of excess cash flow was a driving force behind our financial results in 2022.

Now taking each of our businesses in turn. First, we've talked about the importance of separately listing our asset management business. And yesterday, we released earnings for this business for the first time as a stand-alone public company, and the financial results were very strong. Fee-related earnings

increased by 26% when excluding performance fees compared to 2022, driven by inflows of \$93 billion, and that's a record fundraising year for us. With a number of funds currently in the market and the benefit of the full year effect of funds raised during 2022, we expect 2023 to be another strong year.

On a longer-term basis, we see a number of tailwinds accelerating in our favor, which should continue to support growth for some time, and we believe the best is yet to come for this business. Distributions from our operating businesses and investments were \$2.6 billion in 2022, 20% higher than the prior year. These results are especially impressive when you consider the market environment. We continue to see strong demand for the essential services our businesses provide, be it for backbone infrastructure, renewable power, premier office space or to extend physical retail presence.

And the essential service businesses owned within private equity continued to deliver earnings growth and value creation. As an example, in 2022, our infrastructure business grew its FFO per share by 12% with our renewable and transition business also delivering strong growth. EBITDA from our private equity business increased by 33%, benefiting from the addition of some high-quality businesses and growth in the underlying earnings of existing investments. Underlying operating cash flow in real estate grew by 13% compared to the prior year. And while interest rates were higher for some of our floating rate debt in 2022, growth in cash flows did offset the impact of interest rates during the year.

With interest rates expected to peak in the coming months, we do believe that the NOI growth from the portfolio will offset the impact of interest rates in the medium term, ultimately driving FFO growth. Our real estate business is highly diverse by asset class and geography. And across the portfolio, we continue to see strong demand for our high-quality assets, and fundamentals remain strong in almost all of the markets in which we operate. The dynamic market in 2022 caused us to adjust the valuations of certain properties.

Overall, the impact of power discount rates was largely offset by improving market conditions and the strong performance and outlook for many of our assets, evident in the recent NOI growth. During the year, we had adjustments down of roughly \$1.7 billion across certain assets, and that's more than offset by other assets that were adjusted upwards by \$1.8 billion for the year.

While valuations were relatively flat for the year, the IFRS net asset value of our real estate business decreased, but that's predominantly due to the distributions of gains on asset sales, proceeds from asset refinancings and some FX. The net asset value for invested capital in real estate sits at \$33 billion as at December 31.

Our equity can be broken down as follows: \$8 billion of our capital in real estate is invested in our real estate private funds, which are highly diversified by both geography and by sector, and our asset management business has a proven track record of delivering returns of roughly 20% over the long term. These assets are turned into cash over a 5- to 10-year period. \$15 billion of our capital is invested directly into our top 35 trophy office and retail complexes globally. These are amongst the best in the world and

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get better and better over time. This includes assets like Brookfield Place New York, which is 92% leased for an average of 8 years.

Manhattan West, which is 97% leased for an average of 12 years. Canary Wharf in London, where the office is 93% leased for an average of 10 years, and the retail was 96% leased for 7 years, and we have highly attractive and diverse development opportunities. On top of that, we own 19 of the best mall and urban retail properties in the United States, which are currently 97% leased on average. \$3 billion of our capital is invested in our residential land and development business in the U.S. and Canada.

This business has delivered very strong financial results for decades in the region of 20%. Over time, these assets all turn into cash as we build out developments unless we choose to reinvest. And lastly, \$7 billion of our capital is invested in other real estate assets, which, as we have discussed before, will be liquidated over time with proceeds reinvested to drive further growth across our various businesses.

Given the nature, quality and diversification of the real estate that we own, we have deep conviction that the underlying portfolio will continue to deliver strong returns for us for a long time. Our Insurance Solutions business continues to make an increasingly higher contribution to our earnings and is a really good example of how we are able to redeploy our free cash flow into an investment that in a very short period of time is delivering mid-teens cash-on-cash returns and excellent total returns on our invested capital.

This business generated distributable earnings of \$388 million in 2022, up from \$30 million in the prior year. With the growth in our insurance base over the last 12 months and significant liquid investments available to be redeployed into higher-yielding investments, our insurance earnings should continue to scale meaningfully in 2023. In the last 6 months, we have been actively redeploying capital, increasing the average investment book yield to 5% at year-end, supporting liabilities with an average cost of 3%. During the fourth quarter alone, we redeployed over \$2 billion across our portfolio at an approximate yield of 8%, increasing annualized earnings to approximately \$650 million at year-end. And we expect annualized earnings to grow to roughly \$800 million by the end of 2023. It should also be noted that the positive impact of higher interest rates in this business has acted as a significant natural interest rate hedge to the rest of our business.

It is clear from our results in 2022 that the earnings power of our business is incredibly strong. As we have stated, each business is expected to continue delivering strong growth and by leveraging the synergies they offer each other and reinvesting our annual free cash flow, we plan to grow our distributable earnings at a compound annual growth rate of approximately 25% over the next 5 years.

In addition to investing capital back into the business, we will also look to repurchase shares when they are undervalued, enhancing the return of capital to our shareholders. In 2022, our share buybacks totaled nearly \$700 million. And when combined with our regular and special dividends, we returned almost \$15 billion of capital to our shareholders. We ended the quarter with liquidity at approximately \$125 billion

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of deployable capital. This includes \$37 billion of core liquidity and \$87 billion of uncalled fund commitments. As we look forward, we remain very well positioned to utilize this liquidity, combined with our ability to source proprietary scale investment opportunities to do something large and interesting should and when it show up.

Finally, I am pleased to confirm that our Board of Directors has declared a quarterly dividend of \$0.07 per share payable at the end of March to shareholders of record at the close of business on February 28, 2023. As a reminder, Brookfield Corporation's quarterly dividend of \$0.07 per share combined with Brookfield Asset Management's quarterly dividend of \$0.32 per share, which is equivalent to \$0.08 per Class A share held prior to the special distribution, in total equates to \$0.15 per Class A share held prior to the special distribution of our manager; which represents a 7% increase versus 2022.

With that, I'd like to thank you for your time, and I'd like to pass the call back to the operator for questions.

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## QUESTIONS AND ANSWERS

### Operator

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[Operator Instructions] Our first question comes from the line of Sohrab Movahedi with BMO Capital Markets.

### **Sohrab Movahedi, Analyst, BMO Capital Markets**

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I mean, Bruce, I guess when you sit back and you think of Brookfield Corporation as a capital allocator, you've highlighted, I think, three or four areas, one of which was pursuing strategic opportunities and may be too large for the funds by themselves. When I think about what you've done in recent past, Oaktree may have been a strategic acquisition, obviously, getting into the reinsurance business. Can you provide a little bit more color as to what sort of a strategic acquisition would be entailed in that comment?

### **Bruce Flatt, Chief Executive Officer**

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I would just say who knows. It will be something that is step out from what we do today, not competitive with any of our funds. Large – it could be done with one of our funds, but it will be something that we understand is that we can add value to. And where it fits, we'll have to see over time. And look, if another Oaktree was done, it would be done in our asset management business, not in Brookfield Corporation, so this will be an industrial operating business or something like that.

### **Sohrab Movahedi, Analyst, BMO Capital Markets**

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I understand. And then I think both you and Nick have made reference to the disconnect with the net asset value of the corporation and the stock price. And I guess every day, you're making capital allocation decisions -- so I know this is a bit of a naive question. But when there's the opportunity to buy Argo and deploy \$1 billion there versus \$1 billion in buybacks, can you just talk through about what should of considerations go into choosing one over the other?

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**Bruce Flatt, Chief Executive Officer**

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So maybe I'll just say that, look, there is no science to repurchases of shares and capital allocation. This is an art over time. And I'd say, over time, we've always balanced share repurchases with the fact that if you can deploy capital in operating businesses within the company and operate them well on a compound basis, the returns can be extra special.

And over time, we've always been able to find some amazing businesses and grow them, and that's been very, very additive to shareholders over the longer term. Despite that, when there are big discounts to share price, it's easy money buying back shares, but we always balance the two off. And I would say you're going to see some of all of the above always, but more repurchases when the discount is larger.

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**Operator**

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And our next question comes from the line of Mario Saric with Scotiabank.

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**Mario Saric, Analyst, Scotiabank**

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Just maybe dovetailing on the back of the last question with respect to the big disconnect between intrinsic value and trading price, which you've also talked about in the past, you did mention in your prepared remarks as well as in the shareholder letter of potential tender offer if the discount persists. My question is just internally, like how should we think about the definition of persists? And does the asset manager spin-off change that definition in your mind at all?

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**Bruce Flatt, Chief Executive Officer**

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Yes. Look, the only thing Nick can add to this, but I would just say is we've been repurchasing shares in the last little while. We'll continue to do that. The option of tender offers is always out there. We've done many in the past over the past 25 years. And often, when we've done them, there's been a big discount to be able to capture. So we look at that compared to everything else that's going on in the business and what opportunities are out there and have to weigh them each.

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**Nick Goodman, President**

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Yes, I have nothing to add.

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**Mario Saric, Analyst, Scotiabank**

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Okay. My second question just relates to monetizations. In 2022, you completed \$34 billion of them leading to a \$1.7 billion realized gain. I appreciate the outlook. Maybe cloudy with a pending potential recession, but I suspect it was equally uncertain, kind of going into 2022 with the heightened geopolitical risk. So with that in mind, can you provide any color on whether you think you can exceed last year's monetizations and realized gains this year? And in particular, if there's specific asset classes where you think you see a lot of opportunity to surprise to the upside?



### **Nick Goodman, *President***

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Mario, it's Nick. I think if you look at the nature of the assets that we did sell last year and continue to sell it's a diversified global portfolio of some of the highest quality infrastructure, renewable, real estate businesses, and some private equity. And I think if anything, they have proven they're worth more so in the last 12 months with the resiliency of cash flow and the growth that they keep delivering. And remember, many of these assets financed on an investment-grade basis with portable debt.

We think they're still very attractive to buyers and executable. We have to see how the market conditions play out, but our intention is we have a number of assets that we plan to take to market this year and see how the process goes and it's our expectation that there should still be buyers for those. Obviously, transaction activity has been muted recently, but we do expect it to pick up through the year. The exact scale of disposition gains is obviously down to timing and our execution. But I think we should still be able to deliver strong growth from monetizations this year.

### **Mario Saric, *Analyst, Scotiabank***

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Got it. Okay. I don't think Suzanne mentioned the two-question limit, so maybe I'll throw one more in there before I hop off. And just coming back to the real estate. I appreciate the incremental colour in terms of the equity value by segment and some of the operational kind of tailwinds that you referenced with respect to the same-store NOI growth in the office and in the retail spreads.

I think part of the challenge in the market today, given the volatility is that generally, investors just look at in-place NOI and look at where they think in place cap rates are, whereas your valuations will incorporate a DCF approach over a longer period of time. In general, how much higher are the expected NOI in your DCF relative to where in-place NOI is today?

### **Nick Goodman, *President***

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Listen, Mario, like we talked about the growth in the assets. We expect to see good growth coming through our retail NOI just in next year of up to 5% next year. We expect to see office continue to grow. Now remember, a lot of these assets are leased, have leased space rolling over in the office. And even in the last 12 months, we continued to execute leases at record rents in Manhattan. And this is when it comes back to quality and the focus on quality of the assets that we own, and they will continue in our mind to attract premium rents and premium valuations because the concentration in quality is highly significant, and I think often overlooked in our portfolio. And as you know, rates are arguably getting near the top.

And at some point, they're coming back down again, but the NOI is going to keep growing because these are the best assets with the highest demand. So I think over the 10 years, we see that being more than offset. But you should note, we have moved discount rates this year in the valuations. They did go higher relative to the 10-year. They didn't go down significantly when rates went 0, but they have gone higher now. But that's being offset by broad-based growth in the portfolio in most of the portfolio.



### Operator

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And our next question comes from the line of Geoff Kwan with RBC Capital Markets.

### Geoff Kwan, *Analyst, RBC Capital Markets*

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I just wanted to go back to that comment on a potential large acquisition that might happen at the Brookfield Corp level. So you're mentioning it wouldn't be an alternative asset manager, it would be more like an operating company. My question was just, is there a reason why you'd think about doing it at the Brookfield Corp level as opposed to having one of your funds participating in and then having additional co-invest that would be at the Brookfield Corp level and/or from your LPs?

### Bruce Flatt, *Chief Executive Officer*

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So firstly, it could be in partnership with one of our funds. But remember, even a 30 -- our funds are \$20 billion, \$30 billion a piece. -- even one of those funds can only take \$2 billion to \$3 billion of equity. So let's just assume it could be one of those funds that we have, taking \$3 billion of equity. It could be five partners of ours taking \$2 billion or \$3 billion each of equity, and it could be us putting up \$10 billion.

So the benefit that we have because of our asset manager is that we have relationships with large institutional investors who can become our partner and who want to directly invest with us. So not only could it be a great business investment for Brookfield Corporation. But it will also be highly additive to engaging our institutional clients with us to benefit our asset manager. And so we continue to see those types of opportunities. And at some point in time, one of them will do, I suspect.

### Geoff Kwan, *Analyst, RBC Capital Markets*

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Just if I can add on to that additional co-invest, if you were to do one at the fund level and have the co-investment outside, I get that the fund can only put it so much. Would that additional equity amount on the co-invest both BN and/or from the LPs, would that have positive fee implications for BAM? Or would it be done on a no fee basis?

### Bruce Flatt, *Chief Executive Officer*

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It all depends on the transaction so I can't really comment.

### Bruce Flatt, *Chief Executive Officer*

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It can't be negative for them. How about that?

### Geoff Kwan, *Analyst, RBC Capital Markets*

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Okay. All right. Just my second question is going back to the wide discount to NAV, the stock is trading at. And it seems at least part of it is investor focused on the value of our real estate investments. Even though you've got, I think, very strong conviction of being invested in this asset class, just given this dynamic and how you think about value creation for shareholders, does what we've seen with how the share price has traded recently changed much as to how you think about how much you want real estate to comprise as

part of the B and NAV over time?

**Bruce Flatt, Chief Executive Officer**

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So the only thing I'll say and then Nick can add is, I actually don't know why the stock price is trading the way it is. You just thought it was real estate. I actually don't think it's that. I think there's a big recirculation going on in the markets between BAM and BN. And I think, ultimately, this is all going to settle out and the company will trade at a proper valuation.

But some of it may be that, and I guess to directly answer your question, the real estate business has been an unbelievably positive value creation business for us as a company, and we're going to continue to invest in real estate, whether it's a smaller or larger percentage of our assets in the future. I suspect it's smaller on a percentage basis, partly because it's an ideal asset for our insurance business, and it will be fed a lot of the assets are going to be held for the next 50 years in our insurance businesses, great long duration match for liability.

**Operator**

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And our next question comes from the line of Ken Worthington with JP Morgan.

**Ken Worthington, Managing Director, JP Morgan Chase**

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I, too, will ask about the discount to NAV. I guess we'll all circle around the questions. But I guess, first, is a discount to NAV, something that we should expect and learn to live with? And if so, is there a level of discount that we should find acceptable or you find acceptable? Maybe part two is, I think BPY traded at a perpetual discount to NAV, which I think frustrated you and us and was the driver of the privatization. So if a discount is not acceptable, how do you prevent BN from trading at that discount like BPY did over time prior to privatization.

And then lastly, you did mention buybacks or much bigger buybacks or a tender to help close that discount. It looks like a lot of your cash is locked up in BAM. And the uses of cash seem to be pretty high here. Is drawing credit lines, sort of the preferable approach to pursuing a much bigger buyback or a tender if you're going to do this near term? Or do your comments really contemplate a tender or a much larger buyback longer term when cash starts to build again? I know there was a lot there.

**Nick Goodman, President**

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There's a lot, Ken. I think I've written them down. It's Nick. So I think I can address them in turn. I'd start by saying we absolutely don't like a discount in our share price because we have complete conviction in what we believe the fair value of our business is. And as shareholders ourselves, we don't like to see the discount, but we have conviction in the value of our business and the compounding value that we're creating by the decisions we're taking every day.

And as Bruce said, the buybacks are something we can consider. But when you buy back the capital leaves the business, whereas if you look at what we've done in the last just three years with the acquisition of Oaktree, the privatization of BPY and the acquisition of American National, we have taken cash flow and reinvested it into businesses that have been highly strategic, added significant value and will compound tremendous value over the long term, arguably adding more value than buybacks would have.

So that's how we think about it on a daily basis. We don't like the discount. There's nothing we can

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necessarily do to change the market except consider a buyback at the right time, and we tell the story, educate people and we prove out the thesis. And as we prove out the earnings power of the real estate as we prove out the values over time, then hopefully, the market adjusts to that.

And as we realized carried interest, which is also a concept and cash comes in, that's how we use that cash and how we create the value will prove out the fair value of the business over time and the market hopefully gravitate. As it relates to available cash, we're generating upwards of \$4.5 billion of cash flow a year in this business. We have significant amounts of liquid investments in the market. We have many aspects to our business. We are constantly monetizing through our direct investments.

We have many, many sources of capital and cash flow in this business that I wouldn't say it's constrained in any way. We have significant resources should we choose to do something available to us.

### Operator

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And our next question comes from the line of Cherilyn Radbourne with TD Securities.

### Cherilyn Radbourne, Analyst, TD Securities

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A lot of my bigger picture questions have already been asked. So maybe I'll drill down in a couple of areas. Firstly, in the letter, you mentioned that Brookfield has been investing as an LP in some external private funds and sectors where your franchise doesn't yet have full-scale teams. And I appreciate that you may want to be vague in your answer, but perhaps you could give us a bit more color on the nature and extent of those investments.

### Bruce Flatt, Chief Executive Officer

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Yes. Look, I would just say they're relatively modest and there are areas where we don't participate today. I'd say around technology investing would be one of the main areas where we have some investments.

### Cherilyn Radbourne, Analyst, TD Securities

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Okay. And then secondly, maybe you could elaborate on the acquisition of Argo by the insurance business, which was announced yesterday and just how that deal enhances your existing insurance platform.

### Nick Goodman, President

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Cherilyn, it's Nick. So obviously, Argo is a public company and has to go through a process. So a little bit limited in what we can say. But I mean all I would say is this is just part of our broader strategy to build and diversify our insurance platform to help it reach scale over time and consistent with how we've built other of our businesses, we like operating platforms and the building platforms, we can then, we believe, create better value over time. And this is complementary to the American National business that we own and the P&C business there. And so it's just execution of our strategy, and that's probably as much as I can say at this point in the process.

### Cherilyn Radbourne, Analyst, TD Securities

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Okay. That's fair enough. Maybe you can just give us a little bit of detail in terms of where you're at in

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insurance. Do you mean more to build versus buy at this point?

**Nick Goodman, *President***

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Listen, it's like the rest of our businesses. We have platforms now. And so they continue to be able to grow their businesses every day through the writing of new policies by us winning PRT transactions in our Canadian business. So the business is always growing and compounding. And then at the same time, we're looking for the opportunity to create step change growth by buying things that we think will add value to the franchise. So it's a combination of both consistent with how we largely grow the rest of our businesses. But we're highly optimistic and excited about the future for the business.

**Operator**

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And our next question comes from the line of Dean Wilkinson with CIBC.

**Dean Wilkinson, *Analyst, CIBC Capital Markets***

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Just a question on the real estate. You talked about some of that -- so your trophy and retail complexes potentially finding their way into the insurance business. Would that be the entirety of that \$15 billion, would the sale necessitate a crystallization or a gain? And how big would the insurance business need to be to absorb sort of all the real estate you want to put into there.

**Nick Goodman, *President***

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Dean, it's Nick. Listen, I think as you think about the way we've broken down the portfolio Obviously, we have the LP investments, which will continue to compound at 20%. We have the residential land business. And then we have that kind of seven to eight bucket that we're monetizing over time. So yes, what you're left with are these trophy assets that we want to own all or part of over time because they are tremendous assets and the duration of the matches liabilities.

And so yes, the process of moving them across is something we have to figure out the transaction. But if you look at many insurance companies around the world, they would own assets like the ones we own or maybe not even as good as the ones that we own. And so that could be a natural home for them. And the details of the transactions would be figured out. But you're right, it would need to scale to absorb that amount of real estate. We need to scale much larger, but that's consistent with our plans for the business.

**Operator**

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I will now turn the call over to Managing Partner, Suzanne Fleming for any closing remarks.

**Suzanne Fleming, *Managing Partner***

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Thank you, everybody, for joining us today. And with that, we will end the call.