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**TRANSCRIPT: Brookfield Corporation 2023 Investor Day
September 12, 2023**

BROOKFIELD CORPORATION SPEAKERS:

Opening Remarks

- Angela Yulo, Vice President, Investor Relations

Introduction

- Bruce Flatt, Chief Executive Officer

The Corporation

- Nick Goodman, President

Real Estate

- Brian Kingston, Chief Executive Officer, Real Estate

Insurance Solutions

- Sachin Shah, Chief Executive Officer, Insurance Solutions

PRESENTATION

Angela Yulo, Vice President, Investor Relations

Good afternoon everyone, and welcome to Brookfield Corporation's 2023 Investor Day. My name is Angela Yulo, and I oversee investor relations for Brookfield Corporation. Thank you for joining us today, both in person and online, as well as attending Brookfield Asset Management's presentation earlier. We appreciate your interest and support of Brookfield. Today, we have a great lineup, starting with an introduction by our CEO, Bruce Flatt, then Nick Goodman, our President, will provide the overview and financial outlook of the Corporation. Next, Brian Kingston, CEO of Real Estate, will share an update on our Real Estate business, and Sachin Shah, CEO of Insurance Solutions, will further discuss our Insurance Solutions strategy. Finally, we'll take questions at the end of the day. For those in the room, we will have a mic roaming around. We do request that you wait until you receive the mic before you ask your question in order to make sure those online can hear. For those joining virtually, you may fill in the question in the box on your screen.

As always, we'd like to remind you that in responding to questions and in talking about new initiatives and in our financial and operating performance for the Brookfield companies presenting today, we may make forward-looking statements, including forward-looking statements within the meaning of applicable Canadian and US law. These statements reflect predictions of future trends and events, and do not relate to historic events. They're subject to known and unknown risks, and future events may defer materially from such statements. For additional information on these risks and their potential impacts on our companies, please see our filings with the securities regulators in Canada and in the US, which are available on our website. With that, I'll hand it over to Bruce.

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Bruce Flatt, Brookfield, Chief Executive Officer

So, thank you for staying here or for being here for this presentation. To summarize, I'm going to make a few points. The first one is Brookfield Corporation is a premier growth wealth manager for institutions and individuals. And how we do that is we invest capital for our investors through the public market affiliates we have, for our shareholders, for global sovereigns, for institutions, for private individuals, through our asset management, our wealth management, and through insurance channels that are growing. And we're going to describe that to you today.

We believe we're uniquely positioned for all of those constituencies to invest capital into the backbone of the global economy. The moat we have is significantly widening as we increase the access to capital that we have. Our permanent capital base of \$140 billion today backs one of the largest discretionary pools of capital in the world. This enables us to differentiate our capital, which is extremely important because capital in itself or being big in itself does not matter, but differentiating your capital does. There's \$74 of asset value per share in the business today, which should compound at 17% to \$163 by 2028. That allows a very large margin of safety for investors. So, let me get into some of those points.

In the last 12 months, we successfully listed the Manager. We grew the insurance to \$100 billion. We raised nearly \$75 billion of capital. We delivered strong financial results, and we enhanced the deployable capital we have to \$120 billion. We started at \$74 a share of NAV. We ended at \$74, but everyone got \$9 a share in distributions. So, we generated a 13% total return during the year. Over the next five years, more importantly, we should be able to deliver a total annualized return on capital of 17%, growing to \$163. We continue to position ourselves as a premier global wealth manager. Our goal for all of these constituents, institutions, pension plans, countries, individuals, families, whoever we invest capital for, is to compound wealth for each one of them, dependent upon the strategy that we deploy for them, with the risk that they want to take, but generally, take moderate risk to earn good returns.

Most importantly, today we have \$140 billion of capital at the top, that backs \$100 billion of float in the insurance business, which Sachin is going to tell you about, that's growing fast. And an \$850 billion diversified global manager, which I hope you agree with me from earlier, is an excellent business to be invested in. The current environment favors many of the strategies of ours. The global secular trends of de-globalization, digitalization, decarbonization favor us. Scarcity of capital, while many worry about it, actually favors us, and the investment backdrop favors us. So, we're very excited about the environment that we're in across the board.

Now, more than ever, the competitive advantages are differentiating the franchise. Our global footprint, our large and flexible capital, the deep operating expertise, and the reputation as a superior partner. All the transactions that we do depend on the next and the last transaction we did because people call the others and find out that we're a good party to transact with. That's extremely important to us. That enables us to transact on a vast array of transactions around the world. Three of them are on these slides, that we're in the midst of closing. American Equity, Origin, and Triton. On their own, each of these businesses has a strong foundation for growth, but when the parts work together, what we can achieve is significantly bigger. And allocating cash flows and recycling capital should significantly enhance the returns in this business, and we'll talk about it in a minute.

The Corporation is at the heart of this. Between Insurance Solutions, Asset Management and our operating businesses, we participate in all of them. The \$140 billion of capital generates \$5 billion of cash to be reinvested in strategic growth, building our next global champion or repurchasing securities as we see fit. Following the successful listing of our Manager last year, the spotlight now has shifted to our

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privately-held businesses. The components of our business are pretty simple. Insurance is \$100 billion of assets and growing. We have a very high-quality portfolio of real estate, which Brian's going to talk about. And our carried interest, which we retained, generates significant cash flow, and is a hidden jewel that lies in plain sight.

We have never been better positioned to grow this business, but our goal continues to be delivering 15% returns on a compound basis over the longer term. Our Asset Management business is diverse and growing fast. It has an investment track record that is excellent. It's well positioned with global secular tailwinds behind many of its businesses. It has resilient, best-in-class, long-term and annuity-like revenues. This is an incredible business. Our goal is to grow from \$440 billion to \$1 trillion dollars. Our Insurance Solutions business is growing rapidly. Our goal is to deliver strong growth, but take moderate risk. We limit insurance risk and enhance the returns through investment performance. That's what we bring to the table. Our deep industry relationships and investment expertise position this business as a partner of choice for regulated insurance companies. Synergies with the broad platform that we have and access to our investment skills enables us to achieve very attractive returns on capital. The flexibility of capital and the reputation we have should enhance this business for a long period of time.

Our goal, as Sachin will take you through, is to grow the business from \$100 billion of assets today to \$500 billion of float. Our operating businesses are best in class. We deploy capital across our global champions that generate inflation-protected, stable, predictable, growing cash flows. These strategies generally compound at 15% plus. We have a proven track record over decades. And each business is self-funding and has access to the capital markets on its own.

As in most businesses, cash reinvestment is the secret to long-term returns. Our business is no different than that. Over the next five years, we generate \$45 billion of cash. We have no restrictions on where to deploy that. We focus on allocating those cash flows to optimize our businesses to earn return, and we will continue to recycle what we have in our balance sheet to optimize everything we have. In addition to that \$45 billion, we have \$60 billion of listed securities that can be turned to cash if we so desire. But this capital will be opportunistically allocated towards investing to support the current businesses, selectively building new ones, being ready for strategic transactions, and doing share buybacks of our BN securities or other securities of ours as opportunities present themselves.

Most importantly, what's happening in the world is that the global wealth of individuals, and I would say, reflecting back from 25 years ago, at that time we saw the global wealth of institutions was growing rapidly, and it was going to be deployed within real assets and alternatives. And what's happening today is the global wealth of individuals is really the next frontier to add capital to our overall business. We're pushing wealth distribution through our Brookfield Oaktree Wealth Solutions business. For those of you that were here this morning, David Levi talked about it. We're delivering solutions to the middle market in America today, eventually globally, with our insurance products. And soon, we'll launch our super high net worth and high net worth global channel to manage wealth for individuals on a private basis, seeking increased exposure to these type of assets.

Bringing it all together, the Corporation value is the existing businesses we have and the reinvestment of all of the cash that comes out of these businesses. Most people forget, most business 15 years later is about the cash flow that you reinvest in the future. We are well-positioned to compound returns at 20% a year for the next five years, and grow our moat significantly from the current \$74 a share or \$140 billion of capital, to \$163 a share, which Nick will take you through.

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Nick Goodman, Brookfield, President

Thank you. Thanks, Bruce, and good afternoon. I'm going to start by providing a review of our recent financial performance, taking a look back over the last one and five years. And we're then going to spend the bulk of the rest of the day taking a closer look at the value composition and the value proposition of the Corporation. And I'll then finish off my slides by wrapping it up, bringing it all together, and taking a look at an update of our five-year plan.

Before getting into the meat of the topics, I just want to go through the summary. The key points that you'll hear us reiterate throughout the day and are really the key takeaways. As you've heard repeatedly from Bruce and others, capital has become increasingly scarce over the last 12 months, and having capital is a key differentiator and are really at the heart of our success. And over the last 12 months, we've grown our capital base at the Corporation to \$140 billion, \$120 billion of that being equity. Against that \$120 billion of equity, we're generating \$5 billion of cash flow a year. That's \$5 billion of cash flow that's available to us to reinvest back into the business, to drive further growth in earnings and value, to accelerate growth or to be opportunistically returned to shareholders.

And if you think of that illustration that Bruce put up, BN is really at the heart of everything that we're doing at Brookfield. We're capturing all of the synergies, all of the growth of the businesses, and then we're able to allocate capital to drive further earnings. And when we put that together, we feel that the growth profile has never been more clear to us, and we are very well-positioned to continue to deliver strong earnings growth at 20% plus over the next five years. And our goal is the same, it is to deliver 15% plus total returns over the next five years.

But if you take a step back and think about the last 15, 20 years, Brookfield was defined as being one of the world's leading global alternative asset managers. In December, we spun that asset management business out and listed it separately. The focus has since shifted to our private businesses, and we're excited to be able to spend more time on them today. The question has also repeatedly come of what is BN now? What is the definition and narrative of BN? And as Bruce laid out, our goal is for BN to be the premier global wealth manager of choice. If you think about the success, the foundation of everything that Brookfield has been able to achieve over the years, it's our ability to deploy capital, to generate excellent returns and compound wealth, and we plan to be able to deliver that to our key constituents globally.

If you think about the growth profile and the potential that the business has, the scale that we've built, the current trading price in our minds represents a significant discount to the intrinsic value of the business, and therefore, it offers a very large margin of safety to an investor and significant potential upside. And last but not least, on this slide, ESG is very, very important to us and it's very important to all of our stakeholders, and we'll provide an update on our progress in this regard.

Starting with a review of the past. In the last 12 months, we've grown our DE before realizations, we think of this as our more stabilized cash earnings, by 22% per share. That's 22% per share growth over the last 12 months. That's been driven by really strong performance and growth in our asset management business. Our insurance solutions business, which three years ago generated zero, last 12 months at June 30th, \$634 million of earnings. And as Sachin will touch on, from just the secure growth is poised to double and can significantly grow from there. Our operating businesses have continued to generate really stable cash flow in infrastructure and renewable, through our operating expertise and inflation escalation, FFO continues to grow.

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Our private equity business continues to grow EBITDA. And our real estate business, as you'll hear us talk about, and maybe despite the narrative, the highest-quality assets continue to capture revenue growth and strong demand from tenants, and that's driven to strong earnings. There's 21% growth in total DE, but when you factor in the reduction of share count to repurchases, it's 22% per share growth.

Now, our total DE factors in monetizations, which can be more volatile, but if you think about a market backdrop where there's been reduced transaction activity, we've almost doubled our realized carried interest in the last 12 months. That talks to the nature of the assets that we own and the stability of our ability to sell assets through the cycle. And we'll touch on that when I go deeper into carried interest. We own some assets on balance sheet that we opportunistically look to recycle. We did less of that in the last 12 months, hence the disposition gains from principal investments were lower. But when you add it all up on a per-share basis, we have grown our distributable earnings by 15% over the last 12 months.

And in that period, we returned almost \$15 billion of capital to our shareholders, \$700 million in regular dividends, \$13 billion to the special distribution of Brookfield Asset Management. And when we see a disconnect between value and price, where we're trading versus our view of intrinsic value, we're opportunistically looking to allocate capital to share buybacks. In the last 12 months, we purchased almost \$700 million of shares, and where we have the excess cash and we see those opportunities, we will continue to do so.

And underpinning all of this in the last 12 months for the last 100 years and going forward has been our commitment to a conservatively-capitalized balance sheet. We continue to be rated A- across four rating agencies, with significant capacity within our ratings bands. We have high levels of liquidity, that allows our businesses to focus on executing their operating plans and not to be distracted by short-term fluctuations in capital availability. And we have maintained excellent access to capital. Again, in a more challenging market backdrop, time and time again, over the last 12 months, we've been able to access the capital markets or leverage our global banking relationships to finance and refinance existing businesses, and to fund some very large growth opportunities.

I want to take a quick look back at what we said to you five years ago and what we've actually achieved, because I believe looking back five years and see how we performed against those projections adds context and credibility to the forward-looking plan that we're about to set out for you. Five years ago, we projected that we would cumulatively deliver \$17.8 billion of distributable earnings. We've surpassed that going to 18.3 billion, and we delivered a 15% compound annual growth over the last five years in our earnings.

And core to the organization is our commitment to ESG. We're committed to aligning with industry-leading ESG frameworks and standards. We're committed to a diverse and inclusive workplace. And owning one of the world's largest pure play renewable power platforms allows us to be at the forefront of decarbonizing the global economy. In the last 12 months, we published our inaugural TCFD disclosure. As you know, we raised \$15 billion for our first global transition fund. We've been able to invest that capital into accelerate new technologies that are going to accelerate the decarbonization, and we've made some significant investments into existing businesses to facilitate their decarbonization goals. We've made progress on gender diversity, ethnic diversity, and across the business our portfolio companies are making commitments to decarbonization. And the business as a whole, is committed to net-zero by 2050 or sooner.

Now turning to the valuation. And if you look up on the screen on the left-hand side, is the traditional way that we would present our valuation. It takes the component parts of the business, our Asset Management

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business being our ownership of BAM, our direct investments into the Asset Manager and our carried interest, our Insurance Solutions business and our operating businesses, which are underpinned by some of the highest-quality assets and cash flows globally. If you add that up and net off the debt, we get to a total plan value today of \$120 billion or \$74 a share. But if we think about that as a multiple of DE, think about BN as a business that generates earnings and is going to deliver, in our plans, 25% compound annual growth in earnings over the next five years, against today's DE of \$5 billion. That's a 24x multiple for plan value. But if we look at that on a forward basis and look at our five-year average projected DE, not the DE at the end of the fifth year, the average over the five years, that's a 15x multiple on today's plan value.

Bruce touched on this in his slides. We've delivered a 13% total return over the last 12 months. Plan value hasn't changed, but we have delivered \$9 of distributions to investors. And the intrinsic value over the last five years has surpassed our long-term target of 14%. It was \$39 a share five years ago, it's \$74 a share today. Here, you can see the growth coming from our carried interest in asset management, operating businesses, and the very early stages of the insurance solutions business start to contribute to the growth. And as we've said many times, that's going to be a significant growth engine for earnings and value moving forward.

If you take the 14% growth in plan value and add on the average dividend yield and the benefit of spinoffs over that period, we've achieved a total return of 18%, which surpasses the target of 15%. And if we look back over 20 years, and obviously, public markets do behave differently to value, but if we look back at the total annualized return that we've delivered over the past 20 years, that's a 19% annualized return. And maybe stating the obvious, but were the share price to be trading closer to our view of intrinsic value, that total return goes up to 23%. If we take that share price and think about what that means in terms of relation to value, that price represents a 55% discount to our view of intrinsic value. That's offering investors a very large margin of safety and the potential for substantial upside. But if we look at this a different way on the right-hand side of the page, and look at it on a multiple basis, that share price today represents an 11x multiple on our last 12 months' earnings. An 11x multiple. But if we think about that against our five-year forward projections, you see seven times multiple. A 7x multiple on a business that's generating, or we believe can generate 25% compound annual growth over the next five years. And so, in that context, now we want to spend some time digging into our business.

You've seen this slide many times. It takes our capital, splits it by the three businesses, Asset Management, Insurance Solutions, and our Operating Businesses, which is generating over \$5 billion of annual cash flow today. But if we slice it differently and we look at it in terms of those businesses that are public and those that are private, you can see the \$120 billion split between \$60 billion of public holdings and \$78 billion of private holdings. And if you look at those each in turn, the public holdings are fairly straightforward to apply a price to and they're incredibly transparent. They have a deep investor following on their own. They produce quarterly financial statements. But it's \$60 billion of liquid securities that we own listed on the NYSE and the TSX, and that equates to about \$37 a share of price or value to the Corporation. They're all listed.

Our private holdings are \$78 billion in total. Asset Management's split between the direct investments that we have into our private funds, managed by our Asset Manager. The carried interest being private funds managed by our Asset Manager, the carried interest being our share of the profits that we earn for clients. Our real estate business, which, as Brian will touch on, is one of the highest quality portfolios of real estate globally in our insurance solutions business. \$78 billion of value or \$48 per share. And it's these three areas that we want to spend more time on today. I will start with the asset management business. If you think about asset management, the success and the value creation that comes from our direct

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investments and our carried interest, they're inextricably linked to the success of BAM, our Asset Manager. The foundation of the Asset Manager's success is the ability to deliver target or above-target returns to clients and continue to scale the size of the fund and the franchise. While we're invested into those same funds alongside the clients, and as we deliver those returns, we participate in a share of the profits. And I will spend more time on this.

The real estate business, and I think it's important at this point to just take a step back and think about the real estate business. We have a real estate business within private funds, but on balance sheet, our real estate business is quite different. It's backed by a perpetual pool of capital. We are invested into these assets with a view to compounding our capital on an inflation-protected basis over the long term. What happens to the price of these assets from day to day or month to month, or for some even year to year, is not necessarily our focus. We are focused on the best assets, making sure they're positioned in the best assets and positioned to capture tenant demand. And that's exactly what is happening to tenants today and to our business today when you think about the NOI growth we've been able to deliver here.

The Insurance Solutions business, from a standing start, is going to be at \$100 billion pro forma growth and Sachin will touch on this, but we've been able to scale assets and we now have a proven platform that can compound growth organically. We've proven we can deliver market-leading investment returns and, by managing risk, we've created a very high quality stream of earnings. And we think over the next five years, this is positioned to be a significant contributor to our growth.

So, starting with asset management and first looking at the direct investments, the capital that we have invested into our private funds and alongside clients, it's \$14 billion in total. If we break this down for you, here you can see it's invested across real estate funds, Oaktree funds, and starting to make investments into our private equity investments, as well. If you just look at some of these in turn, our first real estate fund, we invested \$1.6 billion. To date, we've returned \$2.8 billion and we still have \$300 million invested.

The second fund has returned all of its capital to us. All the capital has been returned and we still have \$2.2 billion working for us, compounding at 20% returns. These are excellent investments and the track record has proven time and time again. We have capital invested into Oaktree's opportunistic flagship fund, which again, over many vintages, has delivered excellent returns. And the same with our private equity business. We believe that this is an excellent place for us to deploy capital and should deliver excellent returns over the long term.

Second, I want to touch on carried interest. Now, carried interest is a topic that comes up year after year. And the reason we constantly want to focus on it is because it is so significant. It will be material in cash and it will drive significant growth in earnings over time. Given the nature of accounting, it kind of compounds in the background. It's not highly visible, but it has started to be a lot more material to our earnings over the last couple of years and we expect that to increase significantly. And when we think of carried interest, we really think of it, not if it's going to turn up, when it's going to turn up, and we'll lay that out for you in these slides.

On a very basic, simple level, carried interest is just our share of the profits that we earn for our clients. It's that simple. Here, we've put up a simple illustration, and I might refer back to this as I walk through the slides, but if we have a fund that's \$20 billion in size, target return of 20%, if you back out the management fee rate, that's a net return of 18.5%. The carried interest rate, the share of profits that we earn is 20% and we have a margin of 70%, i.e., the Corporation retains 70%. 30% is paid to employees as compensation.

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That means that fund of \$20 billion is targeting to generate carried interest of \$520 million a year. It's compounding away at \$520 million a year in the background. And when we sell assets, surpass preferred returns, that becomes cash and comes into earnings. So in this illustration, what are the key constituents to getting to that carried interest? It's the size of your carry-eligible capital. How much capital are you managing and investing that's entitled to receive that share of the profits? It's your investment performance. Are you able to achieve your target returns in each of your funds? And lastly, it's that carried interest rate and the retention margin that you have on the profits.

So, let's look first at carry-eligible capital. Again, the growth of carry-eligible capital is inextricably linked to the growth of our asset management franchise. Over the last five years, we've grown carry-eligible capital from \$47 billion to \$220 billion today. That growth profile matches the growth profile of our fee-bearing capital in the Asset Manager. And as we think about the plans that we've laid out for you for the growth in the asset management business, we see this carry-eligible capital continuing to scale. But note today we have \$220 billion already that is carry eligible and working for us.

How are our funds performing? I touched on this when I looked at our direct investments, but across fund history, across strategy, across risk profile and across vintage, we have continued to meet or exceed our target returns. We have high conviction in our ability to deliver these returns to our clients. That is what has been crucial to us being able to continually scale the size of our vintages. And lastly, we expect the carried interest rate to stay consistent at 20%. In the illustration we use 70%. The blended margin that we have in our carry across Brookfield and Oaktree would be around 60% today.

So I feel like the bars on the left, the carry-eligible capital and the annual generation really deal with the "if". They deal with the "if", because we have \$220 billion of carry-eligible capital already secure today and we think about the growth of the Manager. That scales to \$527 billion over the next five years and 19% CAGR. If we achieve our returns, again, which we have proven historically we can do time and time again, that annual generation amount, the amount that we are compounding in the background, pre-monetization, will grow to \$7 billion gross a year, or \$3 billion net to the Corporation. So the question is, when? When does that carry turn from compounding in the background to cash and earnings for the Corporation?

As we started, we did the one-year review. Last 12 months, we realized \$1 billion of carry gross. Five years from now, we think that number grows to \$6 billion, or \$3 billion net. If we dig deeper into the "when", because the "when" is really driven by monetization activity, and monetization activity across the organization has ramped up significantly over the years as the scale of our funds has grown and as we've become more accustomed to selling assets. In 2018, we sold \$10 billion of assets. In the last 12 months, and I would argue if we didn't have a more capital-constrained environment with reduced transaction activity, this number could have been larger. But we still monetize \$30 billion of assets over the last 12 months. Again, that talks to the type of assets that we own and our ability to transact through cycles. With the growth of the business, the growth of realized carry has far surpassed our plans that we laid out five years ago. Again, I think this is important to put into context the plans that we have for the next five, 10 years. But five years ago we projected to realize cumulative carry of \$3.1 billion. We've reached almost \$5 billion in that period of time. And talking about diversity, if you look at the risk profile and the strategy that we have, it is very diverse and in our opinion, this reduces the volatility of the realization of carry.

We own a significant amount of real estate infrastructure, renewable power in transition, again with excellent track records. But what's important is that most of these assets are transacted in the private markets to some of the largest institutions globally. I.e., they are not relying on liquid capital markets for

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exits. And as we've evidenced in the last 12 months, that allows us to continue to execute, to continue to transact on sales and continue to monetize and move closer to that carry realization.

This slide is a very important slide that I want to add extra emphasis to. What it shows is that, over the next 10 years, over the next 10 years, our plan is to realize \$26 billion of carried interest. That's \$26 billion of cash net to the Corporation over the next 10 years. It's about \$15 billion over the next five. What's important is the dark blue, because we talk about the if. The dark blue is already secured. That's the carry-eligible capital that we already have raised and working for us today. What we have to do is achieve our investment returns, which again, we have proven time and time again, and that will lead to \$20 billion of cash over the next five years from what we have already raised.

So how do we value carried interest? If you think back to the initial illustration I put up on the screen, if you gross that up for the \$220 billion that we have secured and working for us today, times the target returns and the carry rates of those funds, we take that target carried interest, the target annualized number that is compounding against that capital, and we put a multiple on it. We put a multiple on it because this is a franchise that is growing. Again, if you think back to the growth profile the Asset Manager has, this is not a static business. This is a business that's continuing to scale and then we add to it the carry that's been already accumulated, but as yet unrealized.

That gives us a valuation of \$32 billion. It's 10x the 2.6 annualized number plus the \$6 billion that's as yet unrealized, is \$32 billion. And again, none of this is recorded in our accounts. It's not hit the P&L, it's not hit the balance sheet. And, as Bruce said, it is our hidden jewel, but it's hiding in plain sight. But if we think about how do we add some context around that \$32 billion, because it's a large number and it's a number that people sometimes struggle to rationalize. We've tried to carve it a different way here.

If you think back to the \$26 billion that we plan to realize over the next 10 years, shrink that back to the \$20 billion that is going to be realized on just the funds we have working for us today, just the carry-eligible capital that's already secured, and we MPV that back, that's about \$14 billion of value right there. \$14 billion of value in just the funds we've already raised. So you could think about the balance to the \$32 billion as being an MPV of the future, the franchise value or the growth premium or the growth value against which we apply to it. But I think when we break it down this way, hopefully it makes it a bit more tangible and adds more context to the valuation.

What are the key takeaways on carried interest? I think the first point is the most important one. Carry is very, very meaningful to this organization. It's real and it's not a matter of if, it's just a matter of when it turns to cash. We value it at \$32 billion today and it should provide us with \$26 billion of cash flow over the next 10 years. I'll say it for the third time and we won't say it again, but this is our hidden jewel and it's hiding in plain sight. Brian and Sachin will come up and talk about the rest of that plan value composition, real estate and insurance. But what the plan value doesn't capture, and what Bruce touched on, is our ability to drive additional earnings growth across the business. We capture the earnings growth of our operating businesses, of our Asset Manager and with the existing insurance business, but what it does not capture is our ability to take that cash flow we earn every year and reinvest it to further enhance the earnings profile of the organization.

I won't dwell on this for too long, but in just the last three years, we have stood up an insurance business that is now generating \$1.2 billion of pro forma DE. \$1.2 billion of pro forma DE, a 20% return on equity. And it's not even just about the 20% return on equity. This is a business that has provided significant strategic value to the rest of the franchise and will be a growth engine, moving forward. We have stood

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up a business that's poised to be another one of our global champions, and I don't think when people think about valuing Brookfield, we always get credit for our ability to continuously execute on this kind of investment.

So, to avoid me going up and down, I'm just going to bring it together and update you on the five-year plan and then I will hand over to Brian. So, looking forward, looking forward, our global champions are going to continue to provide stable and growing cash flow. They've done it for years and we expect that to continue into the future. But what I want to emphasize on the five-year plan is what are the key drivers of growth of this business from an earnings perspective over the next five years? It's asset management, it's insurance solutions and it's cash reinvestment. This is where we think people should be spending their most time on trying to understand the value proposition of our organization.

Our operating businesses continue to generate strong cash flow, but they're operating businesses. They retain cash and they reinvest it to generate their growth and we will be recycling capital out of those businesses along the way. But when we think about the deconsolidated cash earnings of the Corporation, it's about asset management, insurance solutions and our cash reinvestment execution. On top of that, carried interest will be meaningful and provide us with significant earnings and recurring cash flow. If we execute on the plan, our plan value is expected to be \$163 billion five years from now, which generates a 17% total return plan-to-plan, plan-to-plan. But if you think about where we're trading right now, that offers the potential for further significant upside.

We've talked a lot about the franchise, the diversity and the scale, and in our mind our business today, our business is stronger and its value proposition is better than it's ever been. Over the next five years we plan to grow our DE per share by 25% on a compound annual growth basis, 25% compound annual growth over the next five years. We plan to increase plan value per share by 17% and deliver total returns of 17%. You've heard a lot about our asset management business, but we believe we can deliver 18% growth, no multiple expansion, purely a growth in the DE of 18%, from \$2.2 billion today to \$5 billion five years from now.

Our insurance solutions business is poised to experience significant growth, DE growing by a 40% CAGR. Now, when we laid out the plans for you for our insurance growth two years ago, even one year ago, we set ourselves fairly lofty expectations. We had conviction we could achieve them, but as we sit here today, we actually have a really visible plan to get there from the bulk of it, from organic growth. We increase assets, we continue to deliver our strong investment performance and we manage risk and we end up with a really, really high quality stream of earnings that is going to grow significantly.

And our operating businesses will continue to do what they've done for a very long time. They've delivered 15% returns over the past 35 years. They're generating \$1.5 billion of cash flow and we expect them to compound value at \$5 billion over the next five years. And we will continue to grow earnings and recycle capital out of this asset base. So over the next five years, our projected free cash flow from DE, from DE, from our operating businesses, asset management, insurance solutions and carry, this is before capital recycling, is projected to be almost \$45 billion, \$43 billion to be precise.

Less our regular dividends, that gives us a significant amount of cash flow to either reinvest back into the business to drive further earnings and value growth or to stand up new businesses or to be returned opportunistically to shareholders. The reinvestment of our excess cash should add about \$3 billion to our DE by the fifth year. And so our DE before realizations is planned to grow 22% over the next five years,

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22% growth in our stabilized earnings. When we add in carried interest, that takes our DE projection five years from now to north of \$13.5 billion, a 25% CAGR over the next five years.

But this is the key point we want to make when people want to dig into our earnings growth and how are we going to get there over the next five years. The key constituents of the growth in DE, as I said upfront, it's asset management, which is the growth from BAM, the growth in our carried interest and the return in our direct investments. Again, their performance is all inextricably linked to each other. It's the standup and growth of our insurance solutions business and it's our cash reinvestment and the excess return that that can generate to the business. And we're going to continue to operate with a conservatively capitalized balance sheet. We think that's one of the key foundations to our success and we don't see that changing as we move forward.

So, bringing it all together, you've seen the numbers, but just to put them on one page, and on a power-share basis, DE before realizations, going to \$6.34 a share over the next five years, the 22% compound annual growth. And total DE getting up to \$8.41 a share, 25% compound annual growth. On a returns basis, that delivers a 17% total return, plan-to-plan. And in this bridge you can see the contribution from asset management, insurance solutions and cash reinvestment. Our operating businesses are making a significant contribution, but at the same time we're recycling capital and investing elsewhere.

The total return from the share price to plan value is obviously significantly higher and it represents, again, a high margin of safety or significant potential upside that we can deliver to shareholders over the next five years. So what are the concluding remarks? Our franchise is stronger and our investment proposition is better than it has ever been. BN, sitting at the center of everything that we do at Brookfield, captures all the earnings that we generate across the franchise and we drive additional growth. We make sure that we're optimizing maximizing synergies and allocating capital to accelerate growth. Again, it's where you capture all of that value creation.

We're well positioned to grow our earnings at 20%-plus per annum over the next five years. All of this continues to be underpinned by our conservative balance sheet, strong liquidity and differentiated access to capital and we're set up to continue to deliver 15%-plus returns over the long term. And with that I'm going to hand over to Brian. Maybe, maybe not.

Brian Kingston, Brookfield, Chief Executive Officer, Real Estate

It's an action video.

Thanks, Nick, and good afternoon everyone. Earlier today, if you were at the Brookfield Asset Management session, you heard about our real estate asset management franchise. This afternoon I'm going to focus on the real estate that we own directly on Brookfield Corporation's balance sheet. And then, really, the difference between the strategy with these assets versus our funds is the funds mostly exist within closed-end fund strategies where we have a defined period of time to invest that capital, put it to work and then return it to our shareholders.

What's unique about our balance sheet is this is forever-capital. And as Bruce mentioned earlier, our plan is to hold these assets over very long periods of time and continue to focus on improving them, keeping them full, and making them resilient for the future. And the beauty of that is we don't need to focus overly on prices on a daily, weekly, or monthly basis. Prices are only relevant when we're ready to realize on some of these assets.

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And so, as a result, a lot of my focus today is going to be on fundamentals and what's happening because the press loves to simplify things and the simple story today focuses on a broad swath of real estate. But what we're seeing on the ground and within our operations is the widest divergence we have ever seen between the performance of high quality real estate and the rest of the market. So, as we sit today, our portfolio, which is comprised primarily of very high quality, in fact, we think the premier portfolio of core real estate that's ever been assembled, is meaningfully outperforming the market.

I'm going to walk through what that means and give you a few examples of why we think that's happening. Within the portfolio, we have a number of opportunities to put new capital to work at very attractive rates of return. And because of the size and strength of our balance sheet and the liquidity from all of our other businesses, we've been able to withstand what we think is the most volatile debt capital markets that we've seen in some time. So, as a result, with interest rate increases largely behind us, we think, going forward, we will be continuing to deliver on strong cash returns as we have for the past 35 years.

In summary, our real estate investments today, Nick touched on this earlier, is about \$24 billion. About 60% of that is invested in our Premier Core portfolio. These are the best of the best. The balance, the remaining 40%, are invested in shorter duration development and redevelopment assets. Our Premier Core portfolio is just a handful of assets and so we're going to spend a little bit of time understanding what is in that \$14 billion of value and what really underpins it because it's easy to do, it's just a few assets, 29 of them, in fact.

The performance of these 29 assets has been exceptional over the last 12 months in the face of a challenging real estate market. So, despite what you've read about, net operating income in this portfolio is up 6%, year-over-year. The portfolio is virtually full and it's leased on a long-term basis and we're conservatively financed. And this is a really important part of our investment strategy with real estate is this is a cyclical business. These are illiquid assets. We need to be able to hold them through good times and bad. And so what that means is our financing strategy on each of these assets is asset-level non-recourse financing on each individual property. It's extremely labor-intensive. It's a lot of work putting together and managing a debt book like that. It's a little bit more expensive than doing everything on a consolidated basis, but when we go through periods of time like we're experiencing right now, that's when the insurance pays for itself. So, how did we grow NOI by 6% in such a challenging market? It's really a combination of three things. Number one has been strong occupancy gains. As the portfolio emerged from the COVID lockdowns, we've seen occupancy within our assets return to more normal levels, which has provided quite a boost. Additionally, even though they're leased on a long-term basis, our leases include contractual rent escalators. Sometimes they're fixed annual uplifts. Oftentimes, they're tied to our tenant sales, which have been skyrocketing over the past couple of years.

In addition, on average, our leases are about 12% below market. And so there's a natural mark-to-market as leases renew on an annual basis. As I mentioned earlier, our debt maturity profile is a well laddered portfolio. We have about 15% of our debt coming due in any given year. And so what that means is there's no wall of maturities. So when we do go through periods of time where liquidity is more constrained, it's manageable. More than 50% of our debt doesn't even come due for the next five years. Half of our core portfolio is invested in our core office and mixed use developments. These are five iconic, or sorry, 10 iconic assets in five cities around the world, fully occupied on a long-term basis.

You've been to probably most of these assets. So, within the portfolio, a significant portion of the capital is invested in office. And what's happening in office markets today is, as I mentioned earlier, a wide divergence between high quality, unique fit-for-purpose office and older commodity office space. And so you can see from this page, this portfolio is fully occupied. All of our tenants are paying their rent and we have a long-term lease in place. Importantly, though, along with the office that's in this portfolio, is the

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ancillary retail and residential that sits alongside of it. And this is really the differentiator for this type of office product and where we're seeing tenant demand today.

A great example of where these three things all work together is the building that we're in today, Brookfield Place here in Lower Manhattan. If you go back 20 years ago, this was primarily a financial services office complex. On Friday at 5:00, we locked the doors and we reopened things first thing on Monday morning. Over the last 20 years, as the residential population has boomed in Lower Manhattan, we've gone through a huge transformation of the complex and really re-imagined what it could be, changing the type of retail tenants that were down and turning this really into a seven day-a-week tourist destination with some of the highest productivity retail in all of New York City. As we sit today, our tenant sales for our luxury retailers are up over 30%, but more importantly, the office is at the highest occupancy that it has ever been at. And over the last 18 months, we have completed 1.1 million square feet of leasing here in the complex at the highest rents we've ever achieved. In-place rents at Brookfield Place are 20% above the surrounding market. And so there is a huge difference between office product like this, that is fit for purpose, that's desirable, that companies want to locate in, and the traditional commodity office space that is becoming functionally obsolete, and that we're reading so much about in the press.

Another great example of this is Canary Wharf in the City of London. Just like Brookfield Place, when it was originally conceived of about 30 years ago, it was focused on financial services tenants. At the time, it was a pioneering location on the east side of London with limited transportation. Over the past 30 years though, that has changed with the development of the Jubilee line, first in 1999 and then most recently the completion of the Elizabeth Line, which now provides direct connectivity to Heathrow Airport on a single train in 40 minutes, as well as London City Airport in just 15 minutes to the east.

This is now the most transportation-linked office complex in the City of London, and has had a dramatic change on the area, not only within the Canary Wharf complex, but in the immediate surrounding area, where literally tens of thousands of new apartments and residences have been built over the last 20 years. So going back through the evolution of Canary Wharf, when it was originally conceived, of about 60% of the value was in financial services office tenants. There was some retail that was really there to support the office users, but the precinct itself was largely a Monday to Friday, nine-to-five destination. Over the last 15 years, though we've introduced residential apartments as well as hospitality offerings and fundamentally transformed the type of office tenants that are located there, even within the office buildings.

And so today, less than half of the value of the estate is actually with financial services office tenants. And our plans for the future will be even more dramatic, as we now have established Canary Wharf as a life sciences and tech and innovation hub, within the City of London. And so our plans there in addition to the existing assets, is a significant build out continuing on residential as well as lab space. Now obviously all of you walked through Brookfield Place before you got here this morning, and you can see the level of activity here. You've probably read something about Canary Wharf over the last couple of years, but many of you may not have been there for some time, so we took the liberty of putting together a little video just to update you on what's been happening there and it talking a little bit about the future. So we're going to turn to that video now.

[CANARY WHARF VIDEO STARTS]

Gillian Stinton

It's not like anywhere else that I've seen in London.

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Toby Miller

The new transport links make it really accessible.

Chris Wigley

There's a cluster around here exactly the kinds of organizations that we need to collaborate with.

Mike Zatyka

To be in a location that is both a tech hub and also Canary Wharf being the life sciences hub as well. Makes perfect sense.

Marwa Khan

It definitely goes beyond just an environment that I want to work with. It's actually very family-friendly as well.

Shobi Khan

Canary Wharf's got an amazing history. When Canary Wharf started, there was really no class A office space in the City of London. Canary Wharf were pioneers and had mostly all 100% financial firms that came here to take advantage of this amazing estate and infrastructure. I like to say that we're on Canary Wharf 3.0. 1.0 started when the estate was created with initial transportation links. 2.0 actually started eight years ago when Canary Wharf Group acquired Wood Wharf, the east portion of the estate and then they started developing residential. And that's the first time that you could actually live on the estate. Three years ago, we started on Canary Wharf 3.0, with places where you can live, work, and play. It's got a host of amenities from open water swimming to playing on paddle to go-karts, to go boats. And now we've created a great partnership with Eden Project to bring biodiversity to the estate.

We have a million square feet of retail, less than 3% vacancy. Now in the last two years with the opening of the Elizabeth Line, we really have become a true destination. We've got a growing residential population over 3,500 residents, and we expect that to double in the next few years. As Canary Wharf Group did creating a cluster in the financial services industry, we're doing the same in the health life sciences industry. We've just recently added 40,000 square feet, London's largest wet lab space. Last year we had over 54 million people visiting Canary Wharf, and that goes to the vitality area, because we've got office workers here, we've got residents here, and now we've got people that come here as a destination.

It's also affected not only in our traffic, which is the highest ever, but in our sales where we're now exceeding 2019 levels on a same store basis. What excites me about Canary Wharf is that we were pioneers 35 years ago in building this great estate, but we're now pioneers again in creating that true mixed use neighborhood. A lot of people talk about a 15-minute city. It exists here now. And the beauty of Canary Wharf Group is that we manage this entire estate, and so we've got the ability to curate this over time and continue to add to make it a vibrant neighborhood.

[CANARY WHARF VIDEO ENDS]

Brian Kingston, Brookfield, Chief Executive Officer, Real Estate

So the other half of our core portfolio is comprised of 19 best-in-class shopping centers here in the United States. And for the past couple of investor days, I've spent most of my time answering your questions about this portfolio. As we sit today, this is the second most important topic of the day. But a lot of the

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things that we've been talking about over the last decade with retail and the changes that are happening in that industry have now come to fruition. The sector has gone through a pretty remarkable change, where older, more obsolete product has become functionally obsolete and has been taken offline. But as always happens with consolidations is the survivors emerge from that stronger than ever. And one of the things that all of our retailers realized in coming through the pandemic was the importance of bricks and mortar retail. It allows them to interact with their customers and serves really as a marketing hub where they can drive higher margins.

And so since merging from COVID, we've seen a dramatic turnaround in the demand for this very high quality shopping space. As we sit today, net operating income this year is up 10% year over year, which rivals most of the highest performing real estate sectors. The portfolio is conservatively financed, but importantly we're full. It's 97% occupied and most of these centers have waiting lists of tenants waiting to get in. In 2022, for the first time in 10 years, there were more new store openings in the United States than there were closings. And many of those openings are from digitally native brands. So brands that were conceived of online, but then are now opening bricks and mortar stores in order to have a closer connectivity with their clients.

The 19 assets like our office portfolio is very easy to understand. These are all very large scale assets, many of them in excess of a billion dollars and are some of the highest productivity retail centers anywhere in the world with average tenant sales over \$1,100 a square foot. And those sales are up about 20% from pre- pandemic.

So to bring some of that to life though and talk a little bit about it more specifically what is happening or what we are seeing on the ground, Tyson's Galleria in McLean Virginia is the highest productivity shopping center in the DC metro area. Sales there are over \$2,000 a square foot and are up 76% from 2019. That's not a typo. They're up 76%, because we've recently completed a redevelopment of a low productivity Macy's store. So prior to our redevelopment, the Macy's store did about \$30 million a year in annual sales. We bought it back for a modest amount and redeveloped it into a luxury mall within the mall, and the tenants that now occupy that space do over \$110 million of sales on an annual basis. More importantly though, sales in the overall mall are up 45% since that redevelopment was completed and our rents are up 5%.

When you own great real estate like this, just because the Macy's store is low productivity doesn't mean you're out of options. There's always opportunities to put capital to work at very high rates of return and continue to make these resilient. Not an easy project to execute both from a delivery and from time and budgeting. But more importantly, when we go to our tenants with an imagination of something like this, it's important that we understand their business and that they trust Brookfield and they know who we're working with. Similarly, when we've developed a project like Manhattan West, we have tenants who are signing up to 20-year leases with us on buildings that don't even exist yet today. And so the closeness of that relationship and the scale of our platform and the depth of those tenant relationships are really one of the things that sets our platform apart.

And we have a video coming up now where some of our tenants talk about the importance of that relationship and what they've seen. So we'll go to the video now.

[BROOKFIELD TENANT VIDEO STARTS]

Kris Nelson

Overall, shopping that is done in the United States, E-commerce is only about 15% of the total annual revenue, so that leaves 85% that happens still in stores. This is the window to the soul of the brand.

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Chad Edmundson

There is no better connection point than the physical stores. When you get the consumer through your doors to interact with your staff, see your product, have a brand experience within the stores. We found that to be the key piece to loyalty.

Jean A. Baik

People really like that face-to-face connection and that face-to-face relationship. That's what retail stores bring to them.

Kris Nelson

Doing business with Brookfield feels like the old days of handshake deals. They look you in the eye and they tell you what's going to happen and how it's going to work, and they follow through with their word.

Jean A. Baik

They care about their tenant and they want to know the tenant more, which leads to a success for both parties.

Chad Edmundson

We know that when we enter into a lease agreement with Brookfield, that they're going to reinvest in their centers, that they're going to continue to evolve the consumer experience. The activations, fashion shows, concert, their ability to capture that consumer and evolve what the consumer needs is key.

David Arena

We believe strongly that the primary place of work is in the office.

Vanessa Scaglione

Having a state-of-the-art office building is a recruitment and retention tool, plus a whole lot more than that.

Andrew Burdick

Within a hybrid world, our workplaces have an increased responsibility to support diverse work needs and to purposely drive those moments that matter.

Vanessa Scaglione

Even before the pandemic, most of our colleagues were not in the office 100% of the time, but now it certainly becomes much more critical to have spaces that make it really productive when you do come into the office.

David Arena

It's critical to have a modern office building that addresses what today's users are after; health and wellness, sustainability, hospitality, the ability to connect and collaborate. Those things are so important today.

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Vanessa Scaglione

We chose Manhattan West because it really met all of our criteria. It provided us a state-of-the-art building. It reduces the commute for most of our colleagues. It gives us access to transportation very easily.

Andrew Burdick

The landlord and their operational strategy is just as important as the physical site itself. I found the team at Brookfield to be focused on finding mutually beneficial solutions that will result in a great workplace for our staff and a really activated building.

Vanessa Scaglione

We seek out really reputable and professional landlords, especially when we have long-term relationships like we do with this 20-year lease. And Brookfield is one of the most respected landlords, not only in the country, but really globally, and we're excited to have that partnership.

[BROOKFIELD TENANT VIDEO ENDS]

Brian Kingston, Brookfield, Chief Executive Officer, Real Estate

Our development business has about half the equity that our core portfolio does, but nearly 10 times the number of assets. The assets in this portfolio tend to be smaller and shorter duration in their business plan execution, which allows us to manage a whole range of risks from leasing to development risk and even construction risk in some cases.

A recently completed project within this portfolio has won the Esplanade in Perth, Australia. This is a brand new state-of-the-art office building, 100% leased to one of the largest energy companies in the world. We acquired the site about five years ago for a very modest amount of capital, took it through a design and planning phase, signed a long-term lease and sold a 75% interest in the building before we even put the first shovel in the ground. And so where we sit today, we've already made over five times our original investment in the project and we continue to own 25% of this best-in-class office building for free.

There are also assets within the portfolio, and we've talked about the importance in the past of redeveloping under-producing retail into other forms of real estate, income-producing real estate. A great example of that is Alderwood in Washington state, where we redeveloped a vacant Sears box into 328 market rate apartments and 80,000 square feet of inline shopping space. Not only are the apartments and that new retail space completely occupied, but rents in the rest of the mall are now up 20% as a result of this redevelopment. And we're not done yet. We think there are additional opportunities to continue to put more capital to work and build out a second phase of residential density on the site. For a long time now, we've owned a residential development business as part of our broader commercial one. In fact, we've been in this business for about 30 years.

It generates very steady cash flow on an annual basis, about a 15% return on our equity, and it's really focused here in the US and in Canada. This year with interest rates, housing has clearly been in focus, but with a relatively full employment picture and a resilient underlying economy, sales have been stronger than normal, and so we are generating higher than average cash flows in this business. So to bring all of that together, eventually we have about \$24 billion of capital invested. Our plan is to hold that core portfolio and a significant investment in it for a very long period of time as those returns compound. From

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time to time, when we see opportunities to monetize at higher prices, we will look to bring in partners. But five years from now when we're meeting here, we will still have a significant investment in that core portfolio of assets.

Our transitional and development business is naturally liquidating as we pursue a buy, fix and sell strategy. And the plan going forward is to dedicate capital for those types of new investments in the future through our asset management franchise. And so over time, the capital that we have invested directly on the balance sheet in these types of opportunities will diminish. And within the residential business, we see an opportunity to leverage our asset management franchise to develop this into a more asset-light business strategy as well. And so all told five years from now, we expect to have a modestly lower amount of capital earning a higher rate of return invested in real estate.

So in conclusion, and to bring all that together, despite what you may be reading in the papers today, the fundamentals and tenant demand for high quality real estate with a proven manager like ourselves, continue to be in high demand. We have high occupancy within these assets and tenants waiting to come in. No question, short-term interest rates and changes in short-term interest rates over the last 12 months have had an impact on short-term cash flows, but the long-term value of these assets is unaffected. We have a well-laddered debt maturity profile and a bulletproof balance sheet. That means we can continue to withstand any kind of market volatility that we may see. And with rate increases now largely behind us, we see the opportunity to continue to generate compelling returns on our real estate for Brookfield.

So with that, I'm going to turn it over to Sachin to talk about the insurance business. But before we do that, we have a short video for you to watch.

[INSURANCE SOLUTIONS VIDEO STARTS]

Michael McRaith

Insurance is the business of making promises and keeping promises, which is perfectly aligned with the Brookfield culture and the Brookfield approach to investing.

Sachin Shah

There's a \$7 trillion deficit today in retirement accounts in the US alone. The demand in particular in life and annuities for both protection and income as populations age is greater than it's ever been, and it's expected to continue to grow. Given the large structural retirement deficit that sits in front of us, we think there is no better time than today to scale this business.

Michael McRaith

Brookfield has a decades long history of investing for insurance companies. We have over 200 companies that invest directly into Brookfield funds and investment opportunities.

Sachin Shah

With our investment capabilities, our access to capital, our risk management, and long history of being a prudent operator of businesses, we're really well positioned to help deliver compelling retirement products.

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Courtney Kaita

We have access to a wide breadth of alternative investments. The long dated nature of insurance policies are well aligned with the long dated investments that Brookfield is able to make in private credit, real estate and infrastructure.

Jon Bayer

There's a significant opportunity in the US retirement space and particularly for the middle-income consumer who are trying to prepare and save for retirement. And we see this as a really compelling market where we're able to issue policies through our operating companies like American National.

Tim Walsh

At American National, we have four primary businesses. The first one is our life insurance business. The second is our annuity business. Our third business is our property and casualty. And then fourth is our newest business, and that's the pension risk transfer business.

Sachin Shah

We knew it was important to build a platform across the US. American National fit that bill. Very strong culture, 100-year operating history, 4,000 people, and a really long track record of providing great service to policy holders, but also prudently growing return on equity.

Tim Walsh

The Brookfield acquisition is a new beginning, and we have a unique opportunity to leverage not only the asset management strengths, but we also have some highly capable, highly competent, highly committed and strategic partners now.

Courtney Kaita

With our recent acquisitions, we have built out the operational capabilities that we need in order to propel the business forward over the next two to three decades.

Sachin Shah

To date, we've invested almost \$10 billion into this insurance initiative, underpinning the \$100 billion of assets that we have. The business today generates an 18 to 20% return on equity, and we will continue to expand our capabilities here in the US but also internationally into the UK, Europe, and the Asian markets. We have a very credible and clear path to over \$2 billion of distributable earnings being generated for Brookfield out of the insurance business. And we think the prospects for this business are better today than they've ever been.

[INSURANCE SOLUTIONS VIDEO ENDS]

Sachin Shah, Chief Executive Officer, Insurance Solutions

Okay, thank you everyone. I'm going to spend the next 20 minutes or so on the insurance solutions business at Brookfield that a number of folks have alluded to. And I'm going to first summarize three

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things. I'd say one is; what have we achieved to date? Because we've talked about this for several years, and the business that we have today is substantial in its own right, highly cash-generative and is set up really well for the future. So I'm going to spend a little bit of time on what we have today, how we've built it, and what we've prioritized. I'm going to spend another part of this presentation on how we think we can grow that business and really scale it up from what is substantial today, and ultimately why we think this could deliver tremendous value to Brookfield over a very long period of time. And for those of you who've been with us for decades, you know that we are capital compounders at our core, with a focus on value investing and operational expertise, and this business brings all of those features together.

First, what is it that makes this business compelling in particular in the area we focus? We focus largely on annuities. These are simple, long-dated liabilities to help individuals, families, mid-market Americans save for retirement. These are retirement products in the form of fixed annuities. And what is it about that environment or that cohort of the population that makes this business so compelling? It starts with the macro. There is, as I alluded to in the video, a very large structural deficit for the US population, for the category of people that today are between 45 and I'd say 60 years old. That group is under-saved, under-invested and most importantly, it is getting older, it's living longer, and therefore there is a large structural deficit.

And the last few years of rising rates and an inflationary backdrop has only made the problem worse. Inflation has eaten away at people's savings. And that's really the problem that we are focused on solving. And what does it take to solve that problem? It takes strong allocation of capital and investment expertise, a focus on risk management and being able to deliver very long-term returns. And all of those are features of Brookfield today. As I said, the business is highly cash-generative. It's a yield plus growth business, which looks a lot and feels a lot like many of our businesses. We get very strong near term yields, and I'll talk about distributable earnings. We call distributable earnings as a proxy for free cash flow, and it generates a lot of capital year over year. Before I get into the details, let's start with what we have today. So you've seen me up here the last few years, and really we had large numbers and really concepts that we were talking about, but today the business has \$100 billion of assets that we have working for us, underpinning the liability obligations we have, and the growth in the business has largely been through acquisitions. We've acquired a few platforms where we could issue annuities out of, and it's really a US-dominated business for the most part.

We have a small Canadian business. Most importantly, when we started this a few years ago, we very quickly understood that what we were trying to build was a business that was simple annuities that had very straightforward liability profile and a very predictable obligation stream. We wanted something that was repeatable so that we could grow it and we could control our own growth. And if we could get simple liabilities and invest well, we could build a repeatable business. We could create something that was highly valuable for Brookfield. Simple, repeatable, highly valuable. Those are the three things that we set out to achieve. I'm going to start with the liabilities. I just explained their simplicity, but at their basic form, families, folks who are in that sort of 45 to 60-year range come to us and say, "I have a hundred thousand dollars. This is my savings that I want to protect for retirement. Can you give me an income stream for a period of time?"

That's what a fixed annuity is. If you're from Canada, you would know it as a GIC type product. In the US they're called multi-year guarantee products. And we take those and we ultimately provide a promise to pay out over a long period of time, on average 10 years, our average cost of payment today is just under 4%, and the average account size is under 100,000. That's on \$100 billion dollars. If you think about it, we have many, many policy holders providing small amounts of money to us, and we're giving them a stable fixed income stream with a cost today of about 4%. Our business is underpinned by a very low risk approach to both investing and also capital management. We run a BBB+ investment portfolio. Our

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operating businesses are rated A or A-. American National has an A rating. American Equity has an A-rating. Both are excellent ratings and both give us a license to operate in all the communities that we service customers. And we sit on \$30 billion of liquidity. That's cash and short-dated securities that we can use in the event that we need to come up with liquidity for both opportunistic reasons, but also to manage risk. And all of this is a strong benefit to our policy holders. On the asset side, our mantra for the last three years has been stay short and stay liquid. When we started this out, whether it was myself, or Bruce, or Nick, one of us had talked about the fact that why did we go into insurance at that point in time?

And it was because rates were at an all-time low, and we felt that there was an asymmetric potential return profile, that we could use our investment expertise to invest in earnest spread, but as rates rose, we could pick up value. And in doing so, we also made sure that tactically we kept our asset portfolio very short and very liquid. So as I explained, the liability side, simple liabilities with a long duration and very sticky, the asset side is the exact opposite. We're running a very short asset book, four-year average duration. What does that mean in practice? We have these four-year average duration. What does that mean in practice? We have these 4% liabilities that are very sticky: you can't pull them out, this is not a bank where you have depositors who can walk away with the money. And our assets are turning over very quickly and capturing rising rates, and it means that the business that we have right now will pick up over the next several years meaningful value accretion and cash flow generation, capturing just the current rate environment. We're not betting on rates going up from here. We're actually just picking up the current rate environment on assets that are maturing, largely credit type investment opportunities that are maturing, and then reinvesting into the current rate environment.

And so, we've set the business up, I'd say thankfully at the perfect time. And like all things in life, some of this is execution and some of this is luck. We happened to pick the right time to get into this sector, we were smart about positioning the portfolio short, and we've picked a liability set that is simple, repeatable, and can create a lot of value for us. What makes the current environment very compelling? First, rates have normalized today. The 10-year treasury is at 4.30%, which if you've been doing this a long time, 2% GDP, 2% inflation, a small term premium, it all hangs together. It's no longer an environment that doesn't make sense. Credit has become a very important asset class. Connor and Bahir and Milwood touched on credit today as an important asset class in the asset manager space, and we have unparalleled credit capabilities across Brookfield and Oaktree.

And of course, banks have really pulled back from direct lending in part because of their own capital management issues. And what that means is for a franchise like ourselves where we have long-dated infrastructure investments, long-dated real estate investments, and a large scale credit franchise, we have access to proprietary deal flow that allows us to take that \$100 billion of assets that's rolling over the next four years, and ultimately invest in a much more compelling rate environment to drive out-sized returns. I've said this for the last few years and this number probably is understated to some degree, but we are seeing over \$50 billion of proprietary credit opportunities inside Brookfield coming to our insurance business every year. The vast majority of those we don't invest in, but it gives us an incredible amount of deal flow to look at that just comes to us and allows us a tremendous advantage in building out-sized returns as we build this business out.

We've also been growing our credit franchise in partnership with Oaktree in partnership with all of our funds across Brookfield, and having the ability to have a large pool of float or insurance assets that can ultimately be flexible, long-dated, can be structured to provide either lower risk and lower returns or higher risk and higher returns, all of that allows us to get very nuanced in how we build out credit and allows us to move into various different credit asset classes. So, you can see that from even from five years ago where we maybe were involved in less things, our credit capabilities as an organization have really grown meaningfully.

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And so, what all of this means is that the business we have today at \$100 billion with 4% liabilities, and a target of about 6% returns, which is not a heroic assumption on the investment side, will generate \$2 billion of distributable earnings. Simple liabilities, very repeatable business because we own the operating platform and I'm going to get into that in the next section, and ultimately an investment franchise in Brookfield Asset Management that is a global leader and gives us very strong confidence that we can deliver the investment returns we need to and \$2 billion of distributable earnings.

So, I'll pause there and I'll move to the next section in terms of what is it that we are focused on in terms of growth. All of this, by the way, has been achieved today and now we're going to talk about the growth plan. I'll start with the operating platform. As I alluded to, when we set out to build a business a few years ago, it was obvious to us that if we were just going to focus on reinsurance or pensions, our business would be episodic, highly competitive, and we would be forced to live with the products that insurance companies created and didn't want. When insurance companies come to the market and do reinsurance, they're often getting rid of things that maybe they don't want anymore, and we didn't want to live and die by that sort of episodic nature. What we wanted was to be able to write our own annuities so we knew exactly what we were signing up for: very simple liabilities. We wanted to build a utility-like business where you had predictable liabilities, a target spread that you can count on because you had the investment capabilities, and therefore you could have very stable earnings profile and a perpetual business. To do that, we need an operating platform. We acquired American National, had a 100-year history or has a 100-year history as a prudent operator. American Equity, one of the leaders in the fixed annuity space in the United States. We have 1,000 distribution agents in-house that work for us that sell our products to markets across the United States, best in class distribution capabilities, technology, client service. All of these things will set us up to write our own annuities, and to ultimately distribute product into the US.

And this is not theoretical, this is actually happening today. When we acquired American National, the largest single year of annuity writing they had ever completed in their history was close to \$1 billion dollars. I think it was a \$1 billion, \$1.1 billion. This year, in our first year of ownership, we will write \$5 billion of annuities out of American National, and very simple, seven and 10-year products with a fixed interest rate. That's in year one, and we'll do \$5 billion.

American Equity, and we don't own American Equity yet, we should close hopefully by the end of the year will do \$6 to \$7 billion this year. Those two businesses combined sell a very similar product in different markets that don't compete with each other, and that are highly complementary in terms of how you service them. And those two businesses combined today do \$10 to \$12 billion of annuity writing per year. With the technology backbone that we have at American Equity, the sales force we have at American National, the capital we bring as Brookfield, and our investment capabilities, we think we can take that \$10 to \$12 billion and grow it to \$20 billion per year.

\$20 billion per year puts us into the top three in the United States with the likes of Apollo and a few of the other large insurers in the US, and it puts us in a scale and a category where we can grow this business very meaningfully from here, from the \$100 billion that we have today, if we're doing \$20 billion a year, you can very quickly see the math adds up to doubling this franchise again over a short period of time.

Just a little bit of math around issuing \$20 billion a year because it sounds like a very large number: if you're writing \$20 billion of annuities per year, you typically have to put up \$2 billion of capital. Most interesting for us is that not only that the operating platform can deliver \$20 billion per year with what we have in our two existing platforms, but the \$2 billion a year is equivalent to the distributable operating earnings I just talked about: \$100 billion of assets earning a 2% spread, generate \$2 billion, we could put that \$2 billion back in and write \$20 billion of policies.

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The reason this is important and maybe the takeaway from this is it allows us to grow on a fully self-funded basis. We have now positioned the business after three years to further scale up, to further double, but to do so on a self-funded basis, and that really allows us to have control of significant levers: we can ramp up and ramp down the business, we can write more or less annuities. We don't have to do \$20 billion, we might decide to do \$15 billion or \$10 billion, but ultimately we've kept the levers in our control. And most importantly, we write the annuities ourselves so we can establish the rates we want to give out, we can establish the duration that we want to provide, and we can keep the business simple and predictable.

Of course, we're still in the pension business, we're still in the large block reinsurance business. Those are more opportunistic in nature. The pension business is quite exciting. There is circa \$1 trillion defined benefit pension plans sitting on corporate balance sheets in the United States and Europe still today, in spite of a very large pension reinsurance market that exists. That \$1 trillion, ours and many experts in the fields' views over the next 15 years is it's going to migrate to the reinsurance market, and we're building a business to capture a lion's share of that. So pensions will be an important area of growth, very similar to annuities where you have fixed payments out to pensioners, and then large block reinsurance is episodic, and ultimately will be more of an opportunistic area of focus for us.

So as you can see from the business we have today, the operating platform, our ability to write annuities, we think there is a very compelling path to, one, really growing the value of the business we have today from what is about \$1.2 billion of pro forma distributable earnings once we close on AEL, just to put the numbers back to some of the things that Nick had, to \$2 billion and that's really about ramping that asset portfolio. So, if you look at that first chart, short assets, highly liquid, we're going to rotate that over, that should add to the \$1.2 billion and get us to \$2 billion of distributable earnings and we think we'll get there through the next three years.

Step two, we're going to continue to write annuities. We're doing about \$10 to \$12 billion today pro forma. We're going to take our distributable earnings and continue to write and grow it to about \$20 billion a year, which will get us by the end of the decade to about \$400 billion in assets and \$4 billion in DE per year. And obviously, reinsurance, pensions, all of that's additive and opportunistic. And as we grow into those markets, we think there's a very credible path to having \$200 to \$250 billion of assets working for us, and \$4 to \$5 billion of distributable earnings by the end of the decade.

And if we get there with a simple underlying product, a pan-US operation, we will plan to grow into the UK, Europe, maybe Asia, but we will see how we can execute that strategy, if we can do all of that, this becomes a very meaningful business for Brookfield. We know today we can deliver \$2 billion. From \$2 billion to \$5 billion requires execution and growth of the platform. And what it means is this business will have utility like cash flows for the top of the house, it will provide a very long-term stable stream of earnings and a compounding of capital, and we think there's tremendous value in that.

How do we think about value? Let's start with what are some of the things that people look for when they're ascribing value to a business. Stable, utility-like recurring streams of investment income. Why should we win in that space? Because we've got a great investment franchise in Brookfield Asset Management: our credit capabilities, our real estate and infrastructure capabilities give us tremendous proprietary deal flow coming in, and should allow us to earn an excess return over our competitors and peers. Very predictable, stable, long-duration and sticky, low-cost liabilities. It's really important. This is a very mature market. We're not making this up, and we're going to be one of the leaders in this market of fixed annuities in the US.

Perpetual capital. We've put all of our own dollars into this, it's Brookfield capital that's gone in to build this initiative and we've set the business up to be self-funding, so we're not reliant on raising capital, we're not reliant on having to return capital to limited partners or other investors. And obviously, self-funded

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growth. These features make this business highly valuable and we think support a very meaningful value to the business. Prior to announcing the AEL and the Argo deals, we had about \$8 billion in our public books ascribed to this business. I'd say today if you just take the business we have that generates about \$600 to \$700 million per year, I think it was \$634 that Nick referenced in the last 12 months, plus what American Equity and Argo earn, our run rate earnings are about \$1.2 billion without us having touched the investment portfolio. So, that's not including us ramping up the investment side of the house. \$1.2 billion at a 15x multiple, we think the going-in valuation grows to about \$18 billion.

As I said, the asset duration pro forma is about four years. We will turn that over very quickly. We'll capture the current rate environment and our investment capabilities will allow us to outearn our peers, and we think that the business can ramp up to about \$2 billion of distributable earnings in the near term. If you applied that same multiple to that \$2 billion of earning, this is a \$30 billion business for Brookfield Corporation. And obviously, if you think that we've been able to execute for the last three years, building a platform, being able to write policies, and growing the franchise and that we have a chance to win in this space because of the things I just laid out, our investment capabilities, our prudent risk management, our operating platform, we think there's a credible path to growing DE to that \$5 billion range. And at the end, if you apply that 12x multiple because you start to have a very mature business at that point, this is a \$60 billion business.

So, I know the numbers are large and we're showing you simple math, but the earnings power of this business and the capital compounding of this business can really set up Brookfield to the essence of what Bruce talked about at the outset: what are we at the end of the day? We're a wealth manager. We have investment people around the world, we look after institutional capital, we look after retail capital, we look after sovereign capital, and ultimately we're in the business of creating wealth and compounding capital over a very long period of time for all constituencies. And this business just fits into that very nicely. So maybe to summarize, it has been only a few years, but we've got a business today that has \$100 billion of assets and a clear path to \$2 billion of distributable earnings that are stable, utility-like, ongoing streams of cash flow. Tactically, we've been smart about setting up the asset portfolio to be very short and to focus on very sticky, long-duration liabilities that have an embedded cost advantage of less than 4% today.

We have an operating platform and the platform's very valuable. As I said, 1,000 agents, 4,000 people, a strong technology backbone, and a business that without any help from us can do \$10 to \$12 billion of annuity writing per year, and with a little bit of work and effort and some capital, can get up to \$20 billion per year. And we think with all of that, this business should drive significant cash flows for the Corporation, meaningful growth for the next decade, and ultimately could create a lot of value for Brookfield shareholders. With that, we'll open it up for questions for Bruce, Nick, myself, Brian, for anyone.

Q & A

Bruce Flatt, Chief Executive Officer, Brookfield

I know I'm excited. It's late in the day, and you've been here a long time. If you've been here the whole day, thank you for enduring. I'm tired, but we'll take a few questions if there are any from the crowd here. There's one over there, if we get a mic, and then we'll break for drinks, which I think are downstairs.

Andrew Kuske, Analyst, Credit Suisse

Okay. Andrew Kuske, Credit Suisse. I'll keep it brief because the drinks are on their way. Maybe if you just reconcile the whole notion of a wide divergence of returns in real estate, which usually means there's

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opportunity, and you're contrarian investors on top of that with the AUM in that business growing, but the amount of balance sheet capital you have at the top of the house actually declining, but you're high-grading it. I know there's a bunch of concepts but it ties into some of the comments that Brian made earlier, and then also your bullishness on the Q2 call around real estate.

Bruce Flatt, Chief Executive Officer, Brookfield

Yeah, look, I would just say the following: we have two pools of capital for real estate investing. Pool number one is our balance sheet, and that's what Brian talked about here. Pool number two is we have a vast investment franchise business in our Asset Manager, and that's the money we're putting to work. So, it's not that we're not interested in real estate opportunities, this is going to be an excellent vintage for this, but our money from the balance sheet will go through the funds and really everything we're doing today was... As a form of time, we ended up with those assets on the balance sheet, and we will keep some of those amazing assets as Brian talked about, because we have these incredible things.

You should never let go, and you should compound with them forever. And many we have been: we've had them for 15, 20, 30, 35 years, but most of our investing will go through the funds, and that's this vintage fund that we're out raising right now will be an excellent vintage, just with the opportunity set as you mentioned. Are there any other questions? There's a question over there.

Cherilyn Radbourne, Analyst, TD Cowen

Hi, it's Cherilyn Radbourne from TD-Cowen again. I think at one point in time the company was contemplating possibly spinning off the insurance business as a standalone entity and bringing in some third party capital. Does that still make sense, and is that something that you can do while still preserving the strategic benefits to the overall franchise?

Bruce Flatt, Chief Executive Officer, Brookfield

Just for everyone's benefit, the reinsurance business is in a separate company today, but it's a paired share with Brookfield Corporation. So, the shares are linked together and both of them should trade the same, and one is switchable into the other. So, just for background for everyone on that.

The question really relates to, would we ever separate that business out entirely? And look, it's possible someday that we do. We have no intention of doing it today because firstly, we have lots of capital. If I believe Sachin's numbers, it is an awesome business to put money into. So, we're very happy to have our capital in there and keep growing it. The point when we might do it, which will complicate things because today, we can use our franchise and there's no conflicts worth with our money because the insurance capital is 100% our money, so there are no conflicts. If we bring clients in, then we're having to adjudicate conflicts every day with things we're putting into that insurance pool. So it's not that we can't do: it would either be someday when the business is so big that we don't want to have it dwarfing Brookfield Corporation, or that we need capital to be able to do what we're accomplishing. We'll have to figure out at that time.

Mike Cyprys, Analyst, Morgan Stanley

Mike Cyprys of Morgan Stanley. Just a question on capital allocation: I think you mentioned about \$40 billion of cash flow generation over the next five years that you might be able to generate. Just curious how you're thinking about allocating that capital, that \$40 billion over the next five years between funds, direct investments, but also M&A, and where you think M&A could be most additive to Brookfield Corporation today.

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Bruce Flatt, Chief Executive Officer, Brookfield

Look, I think the point I made in my slides and were made a couple other times, the future of a business is about the reinvestment of the cash flows that you spit out of the company. And if you make poor allocations of capital, often businesses deteriorate, and if you make good allocations of capital, they do well. The good news is we have no real major uses of cash at Brookfield Corporation. Therefore, enormous amounts of cash comes in, we're freely able to use it, we have very little obligations to take care of, we have very little debt in the Corporation, which gives us enormous amounts of flexibility.

And I would just say, every day we think about where do we allocate that cash flow to the best use of our shareholders. Sometimes, it's buying back shares. As Nick noted in his slides, I think we bought \$250 million of shares earlier this year or \$700 million in the last 12 months: that's a one-time hit, and it's really good, and we should try to buy back as much stock as we possibly can, although we always like to keep excess cash around because creating businesses like creating the insurance business Sachin just showed you, or like creating the transition franchise that we did two years ago or two and a half years ago, these are businesses today that are worth \$10, \$20, \$30, \$40 billion.

And if we wouldn't have had capital around to be able to have the confidence to start them, we wouldn't have those values today. So, the real answer is we have no defined uses of cash. We will put it where we best think prudent. If I had to guess, it's across all those things. We try to diversify our cash, and some will go in to support our listed affiliates, some will go into assist investments into funds that our Brookfield Asset Management is launching, some will go into new strategic business, some will repurchase securities of BN and our other affiliates. So, I think I got one more question there, and then I'm going to cut it, and we're going to go for drinks. And anyone online can go have a drink themselves.

Anonymous Speaker

Sorry about that. Can you talk about ALM at a corporate level with rates up, interest expenses up on the balance sheet? But one thing that's interesting is the insurance business has the opposite of the real estate business in terms of long-dated liabilities and shorter assets. So, I wonder if you think how you think of that as offsets to each other or independently? Thanks.

Bruce Flatt, Chief Executive Officer, Brookfield

Thanks for the question. Nick can add to this if I mess it up. But I'm going to say the following: when we got into the insurance business, we got into it for two reasons, Sachin mentioned one and what he said was, which was right, we got into insurance because rates were low and it was asymmetric risk. There was limited downside to rates going lower, and there was significant upside to going higher, and therefore that would be good to be in insurance and having fixed liabilities.

The second one was at that point in time, we could fix interest rates, which we did as much as we possibly could, anywhere we possibly could. But in addition, by buying an insurance company, we were basically fixing interest rates because we basically shorted treasury bills. We didn't actually short treasury bills, we bought liabilities. And that was the second reason we got into it. Therefore, yes, we've lost some cash flows as some of our floating rate financing on our real estate portfolio went up. Therefore, you've seen some of the cash is deteriorated on the real estate side. Remember, it stops now. Anything that was floating rate, it's already going through the books now, that doesn't go up anymore. But we've gained it all back plus, plus, plus on the insurance side, and that was the trade, that was the second component of building the insurance business three years ago. So, thank you for asking that question because it's very relevant to the overall business.

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And with that, I'm just going to end by saying thank you for enduring the day if you stayed with us. Thank you for your support of Brookfield. We appreciate it a lot. And if there's anything that we weren't clear on today, please speak to any of us this evening or anytime by phone or email. We'd be thrilled to talk to you about it. And thank you for being with us.