

BROOKFIELD ASSET MANAGEMENT INC.

Q4 2016 Supplemental Information

Fourth Quarter and Full Year, December 31, 2016

Brookfield

2016 HIGHLIGHTS

- Successfully completed fundraising during the year for the latest series of our flagship funds and other funds, with total commitments of \$30 billion: \$22 billion from clients and \$8 billion from our listed issuers.
 - Closed flagship funds across infrastructure, real estate and private equity, more than doubling the size of the predecessor funds. This included Brookfield Global Infrastructure III ("BIF III"), Brookfield Strategic Real Estate Partners II ("BSREP II") and Brookfield Capital Partners IV ("BCP IV") with \$10 billion, \$7 billion and \$3 billion of private fund client commitments, respectively.
 - Closed \$1 billion of capital in an open-ended core real estate fund in the fourth quarter. This is our first perpetual private fund, which will be able to hold high-quality assets for our clients on a long-term basis.
- Invested and committed \$18 billion during the year, which includes \$7 billion of private fund capital and \$6 billion from listed partnerships.
 - Committed to acquire \$11 billion of new investments including a Brazilian natural gas pipeline business, a 70% stake in a Brazilian water distribution business, a 51% stake in an Indian telecommunications tower business and convertible securities of a hospitality REIT.
 - Completed \$11 billion of investments, of which \$4 billion was committed to in prior periods, including a Colombian hydroelectric portfolio, Indian and Peruvian toll roads, South Korean mixed-use property, U.S. self-storage business and the privatization of a U.S. regional mall business.
 - BSREP II is currently 75% invested or committed, positioning us to be able to launch the successor fund in 2017, while BIF III and BCP IV are both advancing well and are approximately 35% and 50% invested or committed to opportunities, respectively.
- Dry powder and core liquidity at the end of the year were \$20 billion and \$9 billion, respectively, providing us with significant capital to deploy in investment opportunities as they arise.
- Funds from operations ("FFO") for the year was \$3.2 billion or \$3.18 per share. Fee related earnings increased 44% to \$712 million, benefitting from growth of 44% and 15% in private funds' and listed partnerships' fee bearing capital, respectively, which increased to a total of \$110 billion. We also recorded increased carried interests relating to the monetization of investments in our private funds. FFO from invested capital increased by 22%, excluding disposition gains, as a result of contributions from new capital deployed across our portfolio and growth within our existing operations. We recognized \$923 million of disposition gains, compared to \$842 million in the prior year, on the sale of property and infrastructure assets.
- Net income attributable to Brookfield shareholders totalled \$1.7 billion or \$1.55 per share. Net income benefitted from earnings on new investments and operational improvements, as well as a \$0.6 billion deferred tax recovery in our U.S. property operations, offset by mark-to-market reductions of certain investments that are valued based on stock market prices. The prior year included a higher level of appraisal gains within our office portfolio.

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OVERVIEW

Funds from Operations and Net Income

FOR THE PERIODS ENDED DEC. 31
(MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Three Months				Full Year			
	Funds from Operation ¹		Net Income ¹		Funds from Operation ¹		Net Income ¹	
	2016	2015	2016	2015	2016	2015	2016	2015
Operating activities								
Fee related earnings	\$ 165	\$ 143	\$ 165	\$ 143	\$ 712	\$ 496	\$ 712	\$ 496
Invested capital	504	417	504	417	1,453	1,189	1,453	1,189
	669	560	669	560	2,165	1,685	2,165	1,685
Realized carried interest	149	—	149	—	149	32	149	32
Realized disposition gains ²	196	421	17	302	923	842	191	305
Fair value changes	—	—	(311)	114	—	—	(345)	1,138
Depreciation and amortization	—	—	(245)	(213)	—	—	(900)	(780)
Deferred income taxes	—	—	(106)	(85)	—	—	391	(39)
	\$ 1,014	\$ 981	\$ 173	\$ 678	\$ 3,237	\$ 2,559	\$ 1,651	\$ 2,341
Per share	\$ 1.00	\$ 0.97	\$ 0.14	\$ 0.66	\$ 3.18	\$ 2.49	\$ 1.55	\$ 2.26

1. Net of non-controlling interests

2. FFO includes gains recorded in net income, directly in equity, as well as the realization of appraisal gains recorded in prior periods

Full Year Results:

- **Fee related earnings:** Fee revenues for the year grew by \$270 million (31%) to \$1,142 million due to the higher levels of fee bearing capital throughout the year, which contributed to fee related earnings growth of 44% to \$712 million. Further details on slide 5.
- FFO from **invested capital** benefitted from acquisitions across multiple sectors and geographies as well as operational improvements in most of our businesses, including commencement and renewal of leases at higher rates in our property group, higher pricing and volumes in Norbord, and the continued expansion of our operations through both new investments and internal growth initiatives. These positive variances were tempered by lower margins in our residential development business and depressed electricity pricing in our renewable power business.
- **Realized carried interest** in the current year was crystalized as a result of dispositions in private equity and property funds.
- **Realized disposition gains** in the current year included the sale of office towers in the U.S., Canada and Australia, an interest in a mall in Las Vegas, a hotel portfolio in Germany and certain trademarks with our hotel properties, as well as two infrastructure assets. Prior year sales include the sale of a partial interest in our Manhattan West development and mature commercial properties, including an interest in our marquee retail mall in Honolulu. Further details on slide 17.
- **Fair value changes** in the current year include gains generated in our opportunistic property portfolio, offset by mark-to-market losses on certain investments valued on stock market prices that declined during the year. The prior period included a larger level of appraisal gains in our core office.
- **Deferred income taxes** in the current year included a \$0.6 billion deferred tax recovery upon the reorganization in the ownership of our U.S. property assets.

OVERVIEW

Financial Profile

Asset Manager – slide 4

Recurring long-term fees received from managing our funds and carried interests

Invested Capital – slide 13

Capital deployed in managed funds and on a direct basis which generate cash distributions

Conservative long-term capitalization represents 14% LTV⁴ on invested capital

Gains on sale of assets, including current and prior period revaluation gains since acquisition

AS AT AND FOR THE PERIODS ENDED DEC. 31, 2016 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Capital	FFO	
		Three Months	Full Year
Fee bearing capital			
Fee related earnings ¹	\$ 109,576 ¹	\$ 165	\$ 712
Realized carried interest ²	40,284 ²	149	149
		314	861
Invested capital			
Listed investments	\$ 26,306	512	1,782
Unlisted assets	4,692	72	34
	30,998	584	1,816
Capitalization/interest expense ³	(8,454)	(61)	(241)
Working capital/corporate costs	(373)	(19)	(122)
	\$ 22,171	504	1,453
Realized disposition gains		196	923
FFO		\$ 1,014	\$ 3,237
Per share		\$ 1.00	\$ 3.18

1. Earned on total fee bearing capital

2. Earned on carry eligible capital

3. Capitalization FFO excludes \$33 million (Full year – \$133 million) of preferred share distributions, which are included in the determination of FFO per share

4. Loan to value

ASSET MANAGEMENT

Summarized Results

44% increase
in Fee Related Earnings
for the Full Year

\$110 billion
Fee Bearing Capital
(Gross inflows of \$24 billion Full Year)

\$2.0 billion
Annualized Fees and Target Carry
(36% increase Full Year)

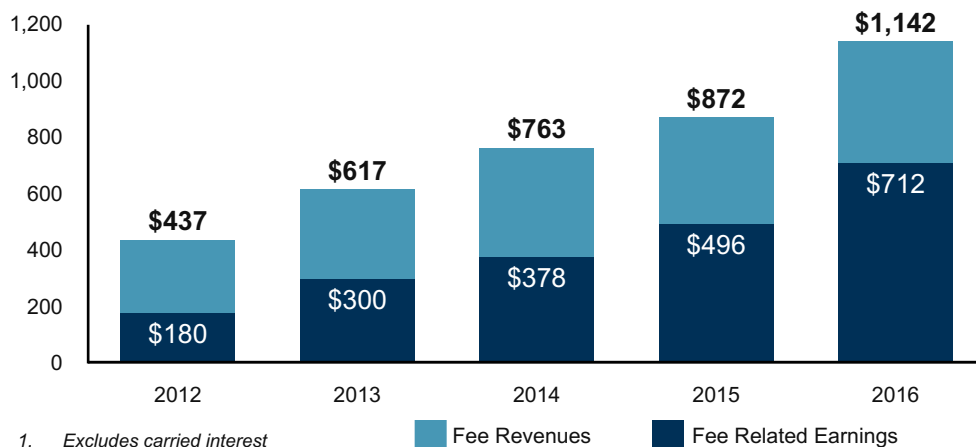
Financial Performance

	Three Months		Full Year	
	2016	2015	2016	2015
FOR THE PERIODS ENDED DEC. 31 (MILLIONS)				
Fee revenues	\$ 279	\$ 246	\$ 1,142	\$ 872
Generated carried interest ¹	93	32	418	219
	<u>\$ 372</u>	<u>\$ 278</u>	<u>\$ 1,560</u>	<u>\$ 1,091</u>
FFO				
Fee related earnings ²	\$ 165	\$ 143	\$ 712	\$ 496
Realized carried interest ^{2,3}	149	—	149	32
Realized disposition gains	—	—	5	—
	<u>\$ 314</u>	<u>\$ 143</u>	<u>\$ 866</u>	<u>\$ 528</u>

- Generated carried interest based on carry eligible capital investment performance. Amounts dependent on future investment performance are deferred from FFO
- Net of direct costs
- Realized carried interest in respect to third-party capital

Fee Revenues and Fee Related Earnings (Full Year)¹

(DEC. 31, MILLIONS)



Fee Bearing Capital – Profile

AS AT (MILLIONS)	Dec. 2016	Sep. 2016	Dec. 2015 ¹
Listed partnerships	\$ 49,375	\$ 51,107	\$ 43,017
Private funds	49,624	47,629	34,448
Public securities	10,577	12,011	16,797
	<u>\$ 109,576</u>	<u>\$ 110,747</u>	<u>\$ 94,262</u>

- Adjusted to eliminate BPY commitment to private funds
- Fee bearing capital includes our four flagship listed partnerships (BPY, BEP, BIP and BBU), along with other listed entities, 38 private funds and numerous funds and accounts within our public securities operations.
 - Three funds in the market seeking to raise ~\$4 billion of third-party capital, of which ~\$2 billion of fundraising has already been completed, and one open-ended fund seeking perpetual commitments, of which \$1 billion has been closed to date.
 - Diversified client base of 455 global private fund investors.
 - Average commitment per client ~\$110 million.
 - ~45% of clients invest in multiple funds.
 - ~90% of fee bearing capital is perpetual or long term.
 - Weighted average life to maturity of private fund fee bearing capital is eight years (plus two one-year extension periods on average).
 - Public securities include mutual funds, separately managed accounts and hedge funds. As at December 31, 2016, we had \$10 billion of capital in long-only strategies and \$1 billion in hedge funds.

ASSET MANAGEMENT

Fee Related Earnings

FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months			Full Year ¹		
	2016	2015 ¹	Variance	2016	2015	Variance
Base management fees						
Listed partnerships	\$ 108	\$ 90	\$ 18	\$ 418	\$ 360	\$ 58
Private funds	119	99	20	495	309	186
Public securities	21	27	(6)	92	111	(19)
Incentive distributions (IDRs)	27	18	9	104	72	32
	275	234	41	1,109	852	257
Performance fees — public securities	—	—	—	—	2	(2)
Transaction and advisory fees ²	4	12	(8)	33	18	15
Fee revenues³	279	246	33	1,142	872	270
Direct costs^{2,4}						
Compensation and benefits	(83)	(78)	(5)	(320)	(285)	(35)
Other expenses	(31)	(25)	(6)	(110)	(91)	(19)
Fee related earnings³	\$ 165	\$ 143	\$ 22	\$ 712	\$ 496	\$ 216

1. Prior period adjusted to eliminate BPY fee credit against fees paid by BPY on private fund capital commitments, with no impact on total base fees
2. Advisory fees and direct costs for the prior period and full year figures have been reclassified to reflect advisory fee earnings earned by BBU following the spin-off on June 20, 2016 for the periods prior to the spin-off where the advisory fee earnings were previously reported in the asset management segment. Please refer to slide 33 for a summary of the reclassification
3. Includes \$13 million of fee revenues generated by BPY (\$58 million on a full year basis) and \$6 million of fee related earnings (\$28 million on a full year basis)
4. Direct costs include non-controlling interests of \$4 million (2015 – \$3 million) and \$16 million (2015 – \$13 million) for the three months and the full year ended December 31, 2016

Current Quarter:

- Listed partnership fees increased by \$18 million on higher levels of fee bearing capital. BBU, which was formed late in the second quarter of 2016, contributed \$6 million of base management fees.
- Private fund base fees increased by 20% to \$119 million as a result of new capital raised throughout the year, which contributed to \$32 million of incremental fees offset by a lower level of catch up fees (2015 - \$12 million).
- Gross profit margin was 59% compared to 56% (excluding catch-up fees) in the 2015 quarter.
- Fee revenues include \$55 million of base management fees from Brookfield capital (2015 – \$45 million).

Full Year:

- Private fund base fees grew by 60%, benefitting from \$175 million of fees from new capital and \$11 million of fees due to increased fee rates upon the investment of commitments.
- Incentive distributions increased by 44%, reflecting increased unit distributions by BIP, BEP and BPY.
- Transaction and advisory fees of \$33 million (2015 – \$18 million) includes \$21 million of co-investment fees and a \$12 million break fee on Asciano.
- Gross profit margin was 62% for the year compared to 57% in the prior year.
- Fee revenues include \$227 million of base management fees from Brookfield capital (2015 – \$177 million).

ASSET MANAGEMENT

Carried Interest

Carried interest represents our share, as manager, of investment performance in our private funds. Deferred carried interest increased by \$418 million based on investment returns, partially offset by \$178 million of realizations, increasing cumulative deferred carried interests to \$898 million

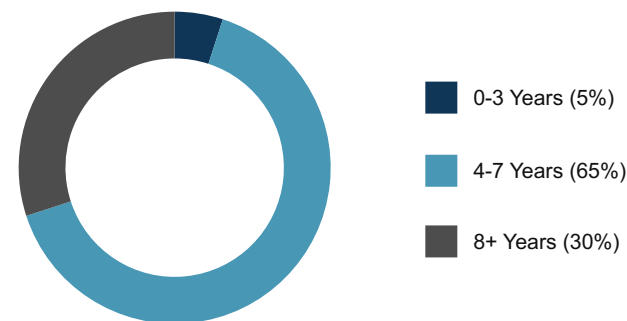
Realized Carried Interest¹

FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months		Full Year	
	2016	2015	2016	2015
Generated ¹	\$ 93	\$ 32	\$ 418	\$ 219
Recognition of deferred carry	178	—	178	49
Less: associated costs	(50)	(12)	(157)	(83)
Deferred recognition, net ¹	(72)	(20)	(290)	(153)
Realized carried interest, net	<u>\$ 149</u>	<u>\$ —</u>	<u>\$ 149</u>	<u>\$ 32</u>

1. Amounts dependent on future investment performance. Represents management estimate of carried interest if funds were wound up at period end

Deferred Carried Interest – Realization Timeline

AS AT DEC. 31, 2016



• Estimated based on maturity date of funds currently generating deferred carried interest

Deferred Carried Interest Continuity^{1,2}

FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months			Full Year		
	Deferred Carried Interest	Direct Costs	Net	Deferred Carried Interest	Direct Costs	Net
Deferred balance, beginning of period	\$ 983	\$ (330)	\$ 653	\$ 658	\$ (223)	\$ 435
In period change						
Generated	103	(23)	80	373	(112)	261
Foreign currency revaluation	(10)	2	(8)	45	(16)	29
	93	(21)	72	418	(128)	290
Less: realized	(178)	29	(149)	(178)	29	(149)
	(85)	8	(77)	240	(99)	141
Deferred balance, end of period	<u>\$ 898</u>	<u>\$ (322)</u>	<u>\$ 576</u>	<u>\$ 898</u>	<u>\$ (322)</u>	<u>\$ 576</u>

1. Amounts dependent on future investment performance are deferred. Represents management estimate of carried interest if funds were wound up at period end

2. Carried interest in respect of third-party capital

ASSET MANAGEMENT

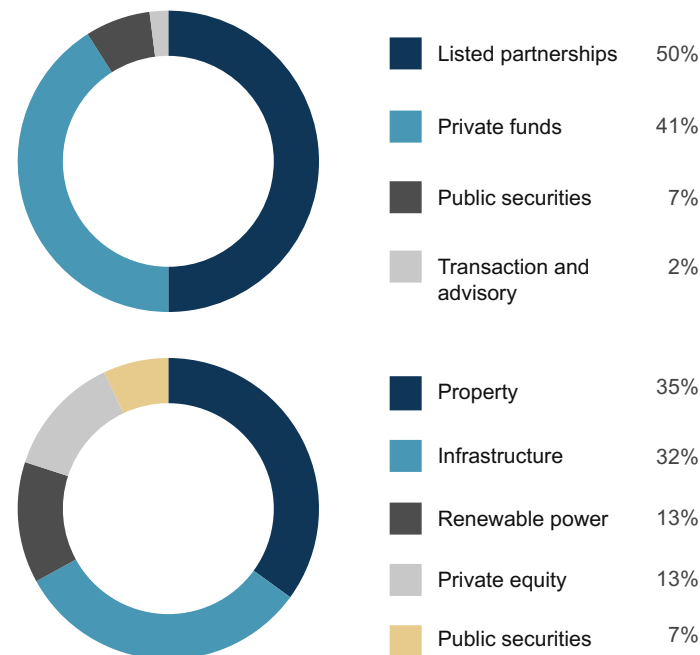
Annualized Fees and Target Carry

Annualized Fees and Target Carry

AS AT (MILLIONS)	Dec. 31, 2016	Sep. 30, 2016	Dec. 31, 2015
Base management fees ^{1,2}			
Listed partnerships	\$ 435	\$ 455	\$ 350
Private funds	485	480	350
Public securities	75	85	110
Incentive distributions ³	148	106	98
	1,143	1,126	908
Transaction and advisory ⁴	26	32	10
Performance income ⁴	2	4	11
Fee revenues ⁵	1,171	1,162	929
Target carried interest ⁶	860	830	560
	\$ 2,031	\$ 1,992	\$ 1,489

1. Base management fees include \$227 million of annualized base fees on Brookfield capital (\$224 million from listed partnerships and \$3 million from private funds)
2. 2015 amounts adjusted to eliminate BPY fee credit against fees paid by BPY on its private fund commitments, with no impact on total base fees (fee credit previously shown separately)
3. Based on most recent quarterly distributions declared
4. Annualized December 31, 2016 and September 30, 2016 based on simple average of the last two years' results. December 2015 has been restated to exclude \$69 million of advisory fees which are now earned by BBU following its spin-off
5. Includes \$43 million of annualized fee revenue generated by BPY
6. Based on prescribed carried interest for private funds and target gross return. Includes only third-party capital

Fee Revenue Diversification¹



1. Fee revenues based on annualized December 31, 2016 fees, excludes target carried interest

- Our mix of listed partnerships, private funds and public securities portfolios provides diversification and increases stability.
- We estimate annualized base management fees will increase by approximately \$53 million when \$4 billion of uncalled third-party capital and reserved cash is invested, as base management fees on this capital increase when capital is called in the private funds or cash in the listed partnerships is invested.
- We include base fees on the capital invested by us in our funds in order to present operating margins and investment returns on a consistent basis (see note 1 above).
- We estimate gross margins for fee revenues and target carried interest to range between 55 to 65% and 60 to 70%, respectively, for planning purposes.

Inflows of \$24 billion contributed to a 16% increase in fee bearing capital during 2016, increasing fee bearing capital to \$110 billion

FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months				Full Year			
	Listed Partnerships ¹	Private Funds ^{1,2}	Public Securities	Total Fee Bearing	Listed Partnerships ¹	Private Funds ^{1,2}	Public Securities	Total Fee Bearing
Balance, beginning of period ³	\$ 51,107	\$ 47,629	\$ 12,011	\$ 110,747	\$ 43,017	\$ 34,448	\$ 16,797	\$ 94,262
Inflows	1,187	2,723	533	4,443	2,207	19,472	1,959	23,638
Launch of BBU	—	—	—	—	2,300	(1,805)	—	495
Outflows	—	(647)	(1,487)	(2,134)	—	(2,370)	(4,846)	(7,216)
Distributions	(520)	—	—	(520)	(2,090)	—	—	(2,090)
Market valuation	(773)	—	(480)	(1,253)	4,517	—	1,090	5,607
Other	(1,626)	(81)	—	(1,707)	(576)	(121)	—	(697)
Change	(1,732)	1,995	(1,434)	(1,171)	6,358	15,176	(1,797)	19,737
Sale of securitized credit business	—	—	—	—	—	—	(4,423)	(4,423)
Balance, end of period ⁴	\$ 49,375	\$ 49,624	\$ 10,577	\$ 109,576	\$ 49,375	\$ 49,624	\$ 10,577	\$ 109,576

1. Includes \$1.8 billion and \$4.0 billion of listed partnership and private fund capital managed by BPY, respectively, which generates \$43 million annualized base fees

2. Includes \$6.1 billion of co-investment capital (Dec. 31, 2015 – \$3.9 billion), which earns minimal or no base fees

3. Full year private funds capital adjusted for \$4.7 billion of Brookfield capital that has been removed from reported fee bearing capital

4. Fee bearing capital includes Brookfield capital of \$22 billion in listed partnerships and \$0.3 billion in private funds

Three Months:

- Inflows:** Listed partnership inflows include BIP and BBU equity issuances of \$0.8 billion and \$0.4 billion. Private fund inflows include \$1.0 billion for our open-ended core real estate fund, \$0.8 billion for our fifth real estate finance fund and \$0.6 billion of co-investment capital.
- Outflows:** Private funds outflows of \$0.6 billion included dispositions across several niche legacy property funds. Public securities outflows of \$1.5 billion reflect redemptions in period, mainly in our sub-advisory business.
- Other:** Includes changes in corporate leverage, net of cash, in the determination of listed partnership capitalization. The decrease of \$1.6 billion includes the change in cash, offsetting the impact of the BIP and BBU equity issuances, as cash on hand reduces the fee base until it is deployed.
- The total capitalization values of BPY, BIP, BEP and BBU were \$20.1 billion, \$13.4 billion, \$11.8 billion and \$2.0 billion, respectively, at December 31, 2016.

Full Year:

- Inflows:** Inflows to listed partnerships of \$2.2 billion include BIP, BEP and BBU equity issuances of \$0.8 billion, \$0.7 billion and \$0.4 billion, respectively, and preferred unit issuances by BIP and BEP. Private fund inflows of \$19 billion included BIF III (\$10.0 billion), BSREP II (\$3.0 billion), BCP IV (\$0.7 billion), our real estate finance fund (\$1.6 billion) and our open-ended core real estate fund (\$1.0 billion). Also includes \$2.8 billion of co-investments.
- Launch of BBU:** The initial capitalization of BBU was \$2.3 billion (\$25 per unit). Private fund fee bearing capital decreased, reflecting the transfer of Brookfield's capital commitments to private funds to BBU, as we now earn fees based on BBU's capitalization as opposed to BBU's private fund commitments.
- Other:** Includes changes in leverage, net of cash, in the determination of listed partnerships capitalization.
- In public securities, we sold a securitized credit business during 2016 which included \$4.4 billion of fee bearing capital.

ASSET MANAGEMENT

Annualized Fees – Incentive Distributions

We receive a portion of increases in the distributions by BIP, BEP and BPY as an incentive to increase FFO per unit, which should lead to increased unitholder distributions over time

Annualized Incentive Distributions

AS AT DEC 31, 2016 (MILLIONS, EXCEPT PER UNIT)	Per Unit			Units Outstanding ³	Annualized Incentive Distributions
	Annualized Distributions ¹	Distribution Hurdles	Incentive Distributions ²		
Brookfield Infrastructure Partners (BIP)	\$ 1.74	\$0.81 / \$0.88	15% / 25%	369.5	\$ 110
Brookfield Renewable Partners (BEP)	1.87	1.50 / 1.69	15% / 25%	299.1	28
Brookfield Property Partners (BPY)	1.18	1.10 / 1.20	15% / 25%	709.1	10
					<u>\$ 148</u>

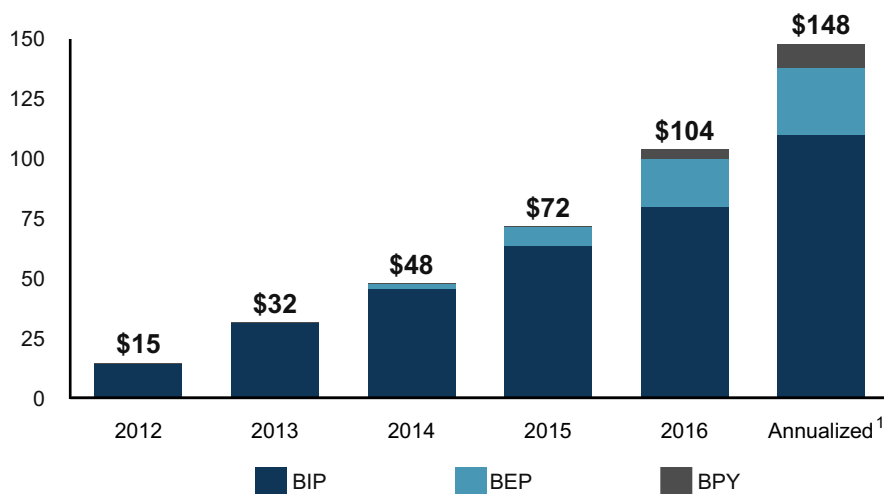
1. Annualized based on most recently announced distribution levels

2. Incentive distributions equate to 18% and 33% of limited partner distribution increases over the first and second hurdles, respectively

3. Based on most recent units outstanding data

Incentive Distributions (Full Year)

(DEC. 31, MILLIONS)



1. Annualized 2017 IDR based on most recently announced distribution levels

Listed Partnerships: Distributions (per unit)

- Distribution policies target a distribution level that is sustainable on a long-term basis while retaining sufficient liquidity for capital expenditures and general purposes.

	BPY	BEP	BIP
Targeted:			
- FFO payout	80%	60 to 70%	60 to 70%
- Distribution growth	5 to 8%	5 to 9%	5 to 9%
- 5 year annualized ¹	6%	6%	12%
Annual distribution per unit			
2017 ²	\$ 1.18	\$ 1.87	\$ 1.74
2016	1.12	1.78	1.54
2015	1.06	1.66	1.41
2014	1.00	1.55	1.28
2013 ³	1.00	1.45	1.15
2012	n/a	1.38	1.00

1. BPY annualized calculated using 2014 as the baseline as 2013 was a partial year following the spin-off

2. Annualized based on most recently announced distribution levels

3. BPY 2013 distribution annualized from spin-off

- BBU's performance fee is calculated as 20% of the increase in unit prices above \$25.00, subject to a high water mark.

ASSET MANAGEMENT

Annualized Fees – Target Carried Interest

Target carried interest reflects our estimate of the carried interest earned on a straight-line basis over the life of a fund, assuming target returns

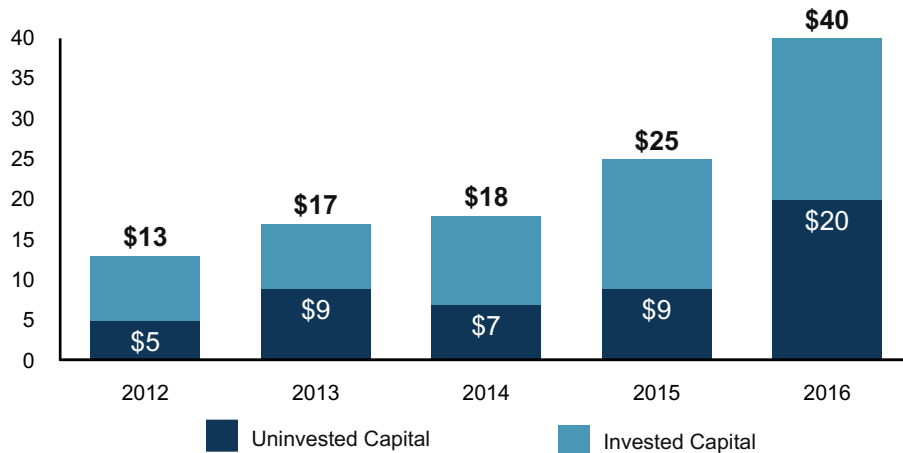
Target Carried Interest – Annualized

AS AT DEC 31, 2016 (MILLIONS)	Fee Bearing Capital	Carry Eligible Capital ¹	Target Return	Average Carried Interest	Utilization ²	Annualized Target Carried Interest
Core and Value Add	\$ 31,334	\$ 24,031	10% to 15%	~18%	85%	\$ 380
Opportunistic and Private Equity	18,290	16,253	18% to 25%	~20%	75%	480
	<u>\$ 49,624</u>	<u>\$ 40,284</u>				<u>\$ 860</u>

1. Excludes capital which is not subject to carried interest
2. Utilization factor discount represents the average invested capital over the fund life, taking into account the time to deploy capital at the beginning of the fund and to monetize assets at the end of the fund

Carry Eligible Capital

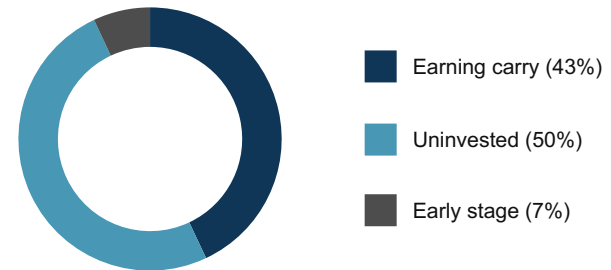
(AS AT DEC. 31, BILLIONS)



Carry Eligible Capital (\$40 billion)

(AS AT DEC. 31, 2016)

- Carried interest currently generated by our private funds lags target carried interest, as a significant portion of carry eligible capital is not yet invested.



ASSET MANAGEMENT

Capital Deployed

Invested or committed \$18 billion of capital during the year, including \$3 billion in the most recent quarter

Capital Deployed (Funding Source)

FOR THE YEAR ENDED DEC 31, 2016 (MILLIONS)	Property	Infrastructure	Renewable Power	Private Equity and Other	Total
Listed partnerships ¹	\$ 1,087	\$ 1,007	\$ 1,156	\$ 208	\$ 3,458
Private funds ²	1,950	623	1,367	591	4,531
Co-investments ²	329	275	1,473	177	2,254
Direct ³	—	—	—	1,033	1,033
Total invested	3,366	1,905	3,996	2,009	11,276
Committed - new ⁴	1,413	7,220	—	2,252	10,885
Committed - invested ⁴	(444)	(274)	(3,470)	(218)	(4,406)
Total	\$ 4,335	\$ 8,851	\$ 526	\$ 4,043	\$ 17,755

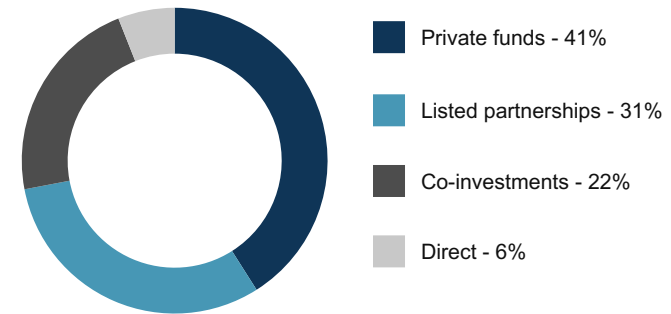
- Includes investments made by listed partnerships (BPY, BIP, BEP and BBU) directly or through its participation in private funds and co-investments
- Reflect third-party investments managed by Brookfield
- Investments made by Brookfield in financial assets or on balance sheet assets other than the listed partnerships
- New commitments represent those commitments entered into during the year. Invested commitments represent the amounts invested during the year for commitments which were entered into during the prior period (shown as an outflow to commitments and an inflow to invested). Where capital was both committed and invested in the same period, it will be presented as invested only

Capital Invested (Geography)

FOR THE YEAR ENDED DEC 31, 2016 (MILLIONS)	Property	Infrastructure	Renewable Power	Private Equity and Other	Total
North America	\$ 2,098	\$ 1,193	\$ 937	\$ 1,665	\$ 5,893
South America	52	565	2,968	344	3,929
Europe	250	107	91	—	448
Asia and other	966	40	—	—	1,006
Total invested	\$ 3,366	\$ 1,905	\$ 3,996	\$ 2,009	\$ 11,276

Capital Deployed

FOR THE YEAR ENDED
DEC. 31, 2016



Significant investments include:

- South Korean mixed-use property (\$0.9 billion)¹
- Indian telecommunications tower business (\$0.6 billion)¹
- U.S. hospitality REIT (\$0.4 billion)¹
- Brazilian natural gas pipeline (\$5.2 billion)
- Colombian hydroelectric portfolio (\$2.7 billion)
- Brazilian water distribution company (\$1.0 billion)
- Privatization of U.S. regional mall business (\$0.7 billion)
- Mumbai office portfolio (\$0.4 billion)
- Toll roads in Peru (\$0.4 billion)

1. Invested or committed during the most recent quarter

ASSET MANAGEMENT

Available Liquidity

We have \$29 billion of total liquidity available to deploy including \$20 billion of third-party commitments

Core and Total Liquidity

AS AT DEC. 31 (MILLIONS)	Corporate	Property	Renewable Power	Infrastructure	Private Equity and Other	Total 2016	Dec. 2015
Cash and financial assets, net	\$ 1,207	\$ 35	\$ 224	\$ 549	\$ 577	\$ 2,592	\$ 1,446
Undrawn committed credit facilities	1,869	1,460	967	1,929	150	6,375	4,206
Core liquidity	3,076	1,495	1,191	2,478	727	8,967	5,652
Uncalled private fund commitments ¹	—	7,943	3,160	6,650	2,151	19,904	9,265
Total liquidity	<u>\$ 3,076</u>	<u>\$ 9,438</u>	<u>\$ 4,351</u>	<u>\$ 9,128</u>	<u>\$ 2,878</u>	<u>\$ 28,871</u>	<u>\$ 14,917</u>

1. *Third-party private fund uncalled commitments*

- Corporate credit facilities totalled \$1.9 billion, of which \$61 million was drawn and utilized for letters of credit at December 31, 2016.
- Total liquidity of \$28.9 billion at December 31, 2016 includes core liquidity of \$9.0 billion and third-party uncalled commitments of \$19.9 billion.

Uncalled Fund Commitments – Expiry Profile

AS AT DEC. 31 (MILLIONS)	2017	2018	2019	2020	2021+	2016 Total	2015 Total
Property	\$ 277	\$ 110	\$ 134	\$ 4,981	\$ 2,441	\$ 7,943	\$ 4,623
Infrastructure and renewable power	550	—	—	8,389	871	9,810	2,649
Private equity	104	—	2,047	—	—	2,151	1,993
	<u>\$ 931</u>	<u>\$ 110</u>	<u>\$ 2,181</u>	<u>\$ 13,370</u>	<u>\$ 3,312</u>	<u>\$ 19,904</u>	<u>\$ 9,265</u>

- Uncalled commitments expire after approximately four years, based on the weighted average time to the end of each funds investment period.
- We invested \$1.6 billion of third-party fund capital (private funds and co-investments) during the fourth quarter; \$6.4 billion during the full year.
- \$4.1 billion of fund capital committed to transactions yet to be closed (property – \$1.0 billion, infrastructure – \$2.1 billion and private equity – \$1.0 billion).

INVESTED CAPITAL Summarized Results

~85%

of invested capital is held in listed securities

over \$30 billion

invested capital alongside our clients

\$1.3 billion

of annualized cash flow generated from listed investments

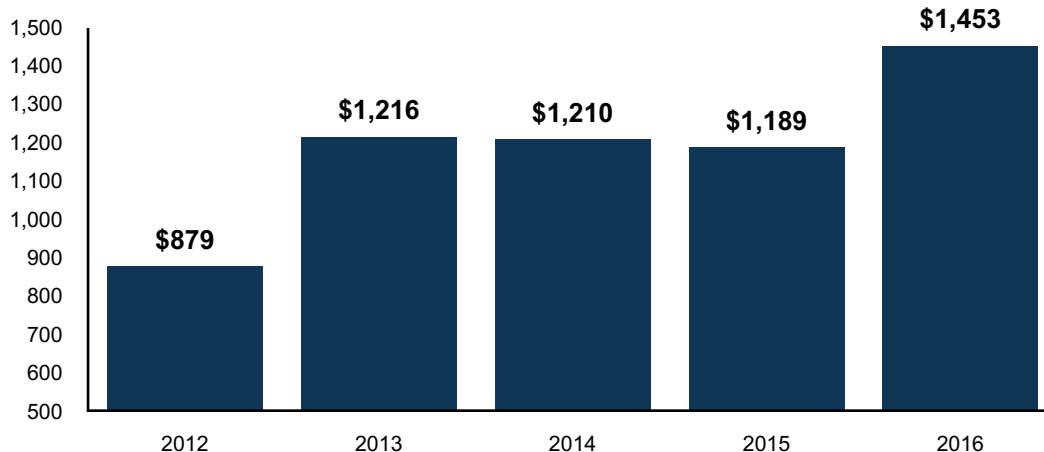
Financial Performance

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2016	2015	2016	2015	2016	2015
Listed investments ¹	\$ 26,306	\$ 24,409	\$ 512	\$ 399	\$ 1,782	\$ 1,428
Unlisted assets	4,692	3,900	72	103	34	101
Capitalization ²	(8,827)	(7,069)	(80)	(85)	(363)	(340)
	22,171	21,240	504	417	1,453	1,189
Disposition gains	—	—	196	421	923	842
	\$ 22,171	\$ 21,240	\$ 700	\$ 838	\$ 2,376	\$ 2,031

1. Prior periods restated to include BBU's FFO in listed investments
2. FFO excludes distributions on preferred shares

FFO – Operating Activities (Full Year)¹

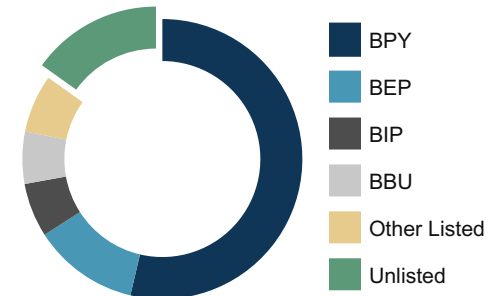
(DEC. 31, MILLIONS)



1. Excludes disposition gains and is net of associated asset management fees paid

Investment Portfolio

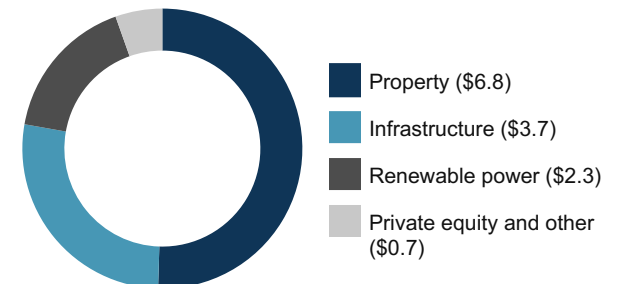
(AS AT DEC. 31, 2016)



- ~85% of our balance sheet is held through listed securities, the majority invested in our four listed partnerships, providing liquidity and increased transparency.

Growth Capital Backlog

(AS AT DEC. 31, 2016, BILLIONS)



- We continued to expand our pipeline of development and capital expansion projects which stands at nearly \$14 billion, providing meaningful growth opportunities that complement our acquisitions activity.

INVESTED CAPITAL – SEGMENT FUNDS FROM OPERATIONS (Excluding Realized Disposition Gains)

FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months			Full Year		
	2016	2015	Variance	2016	2015	Variance
Brookfield Property Partners (BPY)	\$ 198	\$ 175	\$ 23	\$ 711	\$ 610	\$ 101
Brookfield Renewable Partners (BEP)	31	55	(24)	249	272	(23)
Brookfield Infrastructure Partners (BIP)	66	55	11	254	217	37
Brookfield Business Partners (BBU)	43	90	(47)	177	240	(63)
Residential development	75	115	(40)	63	135	(72)
Energy marketing	(5)	(17)	12	(69)	(64)	(5)
Other investments	94	35	59	280	89	191
Financial assets	82	(6)	88	151	30	121
	<u>584</u>	<u>502</u>	<u>82</u>	<u>1,816</u>	<u>1,529</u>	<u>287</u>
Unallocated						
Interest expenses	(61)	(56)	(5)	(241)	(224)	(17)
Corporate costs and taxes	(19)	(29)	10	(122)	(116)	(6)
FFO – Invested capital	<u>\$ 504</u>	<u>\$ 417</u>	<u>\$ 87</u>	<u>\$ 1,453</u>	<u>\$ 1,189</u>	<u>\$ 264</u>

Fourth Quarter:

- **BPY:** Includes the recognition of a \$30 million gain (at our share) from a development project, partially offset by absence of FFO from assets sold.
- **BEP:** FFO decreased due to lower generation across our northeastern U.S. hydrology operations and our wind business.
- **BIP:** FFO increases due to increased connections activity, expansion of our transport and energy operations through acquisitions, inflationary tariffs in our toll road operations and volume growth in our energy business.
- **BBU:** FFO decreased due to our lower ownership in BBU, which was 75% at the end of the quarter, as result of the spin-off of BBU and subsequent equity issuance, and lower contributions from our energy segment due to low pricing and decreased ownership in our Australian energy business following a sell-down in the first half of 2016.
- **Residential:** FFO decreased due to lower margins on projects delivered in our Brazilian business, partially offset by higher deliveries in our North American business.
- **Other Investments:** The increase in FFO is due primarily to improved OSB pricing and volumes in Norbord and a \$47 million special distribution from a financial asset held within our private equity segment.
- **Financial Assets:** FFO increased as a result of investment gains in our cash and financial assets portfolio.

Full Year:

- **BPY:** FFO increased as a result of same-store increases and new lease commencements in our core office and core retail portfolios, as well as contributions from capital deployed in our opportunistic segment. These increases were partially offset from the absence of FFO from of assets sold.
- **BEP:** FFO decreased due to lower pricing across the portfolio and lower generation in our northeastern U.S. hydrology operations, partially offset by contribution from recently acquired assets in Colombia, Brazil and Pennsylvania.
- **BIP:** FFO increases from strong connections activity in our utilities business, expansion of our transport and energy operations through acquisitions and an increased ownership in our North American natural gas transmission operations.
- **BBU:** FFO decreased due to our lower ownership of BBU, low pricing environment in our oil, gas and graphite electrode operations and the impact of foreign exchange on the UK operations within our construction business.
- **Residential:** FFO decreased as higher housing gross margins and volumes in our North American business were more than offset by lower margins on our Brazilian deliveries, product mix, and lower pricing in western Canada.
- **Other Investments:** FFO benefitted from improved OSB pricing and volumes at Norbord, which contributed \$112 million of additional FFO. We also received a \$47 million special distribution from a private equity financial asset.

INVESTED CAPITAL

Entity Basis

~85% of our invested capital is held in listed securities, which provides enhanced transparency for investors and financial flexibility and liquidity for Brookfield

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	No. of Units	Invested Capital		FFO ²		Distributed Cash Flow (Annualized) ³
		Quoted ¹	IFRS	Three Months	Full Year	
Listed Investments						
Brookfield Property Partners	488	\$ 10,727	\$ 15,371	\$ 179	\$ 635	\$ 576
BPY Preferred Shares	n/a	1,265	1,265	19	76	76
		11,992	16,636	198	711	652
Brookfield Renewable Partners	183	5,448	3,793	31	249	343
Brookfield Infrastructure Partners	110	3,690	1,934	66	254	192
Brookfield Business Partners	81	1,946	1,865	43	177	20
Financial assets ⁴	Various	1,207	1,207	82	151	97 ⁵
Other Investments						
Listed						
Norbord	35	884	276	43	133	11
Acadian Timber	8	100	79	2	7	6
Other Listed - Private Equity	Various	516	516	47	100	—
		<u>\$ 25,783</u>	<u>26,306</u>	<u>512</u>	<u>1,782</u>	<u>\$ 1,321</u>
Unlisted Investments						
Residential development			2,679	75	63	
Energy marketing			1,033	(5)	(69)	
Other			980	2	40	
			<u>4,692</u>	<u>72</u>	<u>34</u>	
			<u>\$ 30,998</u>	<u>\$ 584</u>	<u>\$ 1,816</u>	

1. Quoted value based on December 31, 2016 public pricing

2. Excludes realized disposition gains

3. Annualized distributed cash flow is based on current distribution policies

4. Includes \$658 million of cash and cash equivalents and \$549 million of financial assets, net of deposits

5. Estimated 8% annualized total return on weighted average balance

INVESTED CAPITAL

Corporate Capitalization

Brookfield

Corporate debt maturities are well distributed over the next 10 years, with ~75% of our term debt maturing after five years

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Average Yield	Invested Capital		Funds from Operations			
		2016	2015	Three Months		Full Year	
				2016	2015	2016	2015
Corporate borrowings	4.8%	\$ 4,500	\$ 3,936	\$ 61	\$ 56	\$ 241	\$ 224
Preferred shares ¹	4.2%	3,954	3,739	—	—	—	—
Net working capital / Corporate costs and taxes ²	n/a	1,021	122	19	29	122	116
Deferred income tax asset, net	n/a	(648)	(728)	—	—	—	—
		<u>\$ 8,827</u>	<u>\$ 7,069</u>	<u>\$ 80</u>	<u>\$ 85</u>	<u>\$ 363</u>	<u>\$ 340</u>

1. FFO excludes preferred shares distributions of \$33 million (2015 – \$34 million) for the three months; \$133 million (2015 – \$134 million) for the full year

2. Corporate costs and taxes FFO includes current tax recovery of \$5 million (2015 – expense of \$6 million) for the three months; current tax expense of \$30 million (2015 – \$10 million) for the full year

Corporate Maturity Profile

AS AT DEC 31, 2016 (MILLIONS)	Average Term (Years)	Maturity						
		Total	2017	2018	2019	2020	2021	2022+
Corporate borrowings								
Term debt	8	\$ 4,500	\$ 425	\$ —	\$ 447	\$ —	\$ 260	\$ 3,368
Revolving facilities ¹	4	—	—	—	—	—	—	—
		4,500	425	—	447	—	260	3,368
Preferred shares	perp.	3,954	—	—	—	—	—	n/a
		<u>\$ 8,454</u>	<u>\$ 425</u>	<u>\$ —</u>	<u>\$ 447</u>	<u>\$ —</u>	<u>\$ 260</u>	<u>\$ 3,368</u>

1. Revolving credit facilities of \$1.9 billion to support commercial paper issuances

INVESTED CAPITAL

Realized Disposition Gains – Brookfield Share, Net of Non-Controlling Interests

FOR THE PERIODS ENDED DEC. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Three Months				Full Year			
	Funds from Operations ^{1,2}		Net Income ²		Funds from Operations ^{1,2}		Net Income ²	
	2016	2015	2016	2015	2016	2015	2016	2015
BPY								
Australian office properties	\$ —	\$ 119	\$ —	\$ 91	\$ 160	\$ 119	\$ 4	\$ 91
One New York Plaza partial sale	57	—	(7)	—	128	—	(31)	—
Fashion Show	2	—	—	—	125	—	4	—
Royal Centre	—	—	—	—	113	—	19	—
Interhotels	—	—	—	—	73	—	73	—
Hard Rock trademarks	—	—	—	—	59	—	59	—
75 State Street	39	—	1	—	39	—	1	—
Moor Place	26	—	(5)	—	26	—	(5)	—
Other properties	40	267	28	216	100	666	42	207
	<u>164</u>	<u>386</u>	<u>17</u>	<u>307</u>	<u>823</u>	<u>785</u>	<u>166</u>	<u>298</u>
BIP	32	—	—	—	95	7	20	4
BEP	—	—	—	—	—	25	—	18
Other	—	35	—	(5)	5	25	5	(15)
	<u>\$ 196</u>	<u>\$ 421</u>	<u>\$ 17</u>	<u>\$ 302</u>	<u>\$ 923</u>	<u>\$ 842</u>	<u>\$ 191</u>	<u>\$ 305</u>
Per share	<u>\$ 0.20</u>	<u>\$ 0.43</u>	<u>\$ 0.01</u>	<u>\$ 0.31</u>	<u>\$ 0.95</u>	<u>\$ 0.87</u>	<u>\$ 0.19</u>	<u>\$ 0.31</u>

1. FFO includes gains recorded in net income, directly in equity, as well as the realization of appraisal gains recorded in the prior years

2. Net of non-controlling interests

Fourth Quarter:

- **BPY:** Other property gains include dispositions and sales of interests in 41 properties throughout our core office, retail and opportunistic operations.
- **BIP:** Includes a disposition gain on the sale of a Canadian utilities business.

Full Year:

- **2016:** Office and other property disposition gains (\$668 million); retail property disposition gains (\$155 million); sale of a European gas distribution business (\$43 million); toehold interest in an Australian ports business (\$20 million).
- **2015:** Office and other property disposition gains (\$592 million); retail property disposition gains (\$193 million) including the sale of an interest in a large retail mall in Honolulu (\$172 million).



Additional Information

Ownership Interest – 62% (fully diluted)

Financial Position and Performance – BPY

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Funds from Operations					
	Invested Capital		Three Months		Full Year	
	2016	2015	2016	2015	2016	2015
Core office	\$ 14,626	\$ 15,984	\$ 182	\$ 160	\$ 630	\$ 612
Core retail	8,707	8,579	132	131	459	452
Opportunistic	4,653	4,251	68	68	341	245
Corporate	(5,628)	(6,856)	(114)	(117)	(463)	(470)
Attributable to unitholders	22,358	21,958	268	242	967	839
Non-controlling interest	(6,987)	(7,070)	(83)	(78)	(304)	(271)
Segment reallocation and other ¹	—	—	(6)	(8)	(28)	(34)
Brookfield's interest	15,371	14,888	179	156	635	534
Preferred Shares	1,265	1,275	19	19	76	76
	<u>\$ 16,636</u>	<u>\$ 16,163</u>	<u>\$ 198</u>	<u>\$ 175</u>	<u>\$ 711</u>	<u>\$ 610</u>

1. Reflects fee related earnings and net carried interest reclassified to asset management segment

Full Year Results:

- Core office:** FFO increased by \$18 million to \$630 million as a result of same-property increase of 6.6% from rent commencement at Brookfield Place New York and other leasing activities throughout the portfolio. Current quarter FFO also included a \$44 million development fee. This contribution was partially offset by absence of FFO assets sold, as well as the impact of foreign exchange.
 - Average in-place core office rent is \$33.03 psf, representing a discount of 15% to market rent, and has an average term of eight years.
 - We completed 5.6 msf of leases during the year at average net rents of \$33.82 psf, 16% higher than expiring rents of \$29.24 psf, while occupancy in our core portfolio was consistent compared to prior year end at 92.3%.
- Core retail:** FFO of \$459 million was relatively consistent with prior year as 5% same-property revenue growth was offset by loss of FFO from previously sold assets.
 - Average same property in-place retail rent of \$62.12 psf with a six-year average term to maturity, up from \$60.92 psf at December 31, 2015; approximately 3,300 signed leases commencing in 2016 and 2017 comprising 13.3 msf.
 - Initial and average rent spreads for executed leases commencing in 2016 and 2017 on a suite-to-suite basis increased to 10% and 20% respectively, compared to the rental rate for expiring leases.
- Opportunistic:** FFO increased by \$96 million from additional contribution from capital deployed over the past twelve months, as well as \$31 million of incremental FFO on the sale of merchant developments, partially offset by absence of FFO from previously sold assets.
- Corporate:** Corporate costs decreased on a full year basis due to a reduction in management fees as a result of lower capitalization and lower interest expense on repayments of BPY's corporate debt.

Ownership Interest – 61%

Financial Position and Performance – BEP

AS AT AND FOR THE PERIODS ENDED DEC. 31 (GIGAWATT HOURS AND \$MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2016	2015	2016	2015	2016	2015
Proportionate generation (GWh)						
Actual	n/a	n/a	4,734	4,554	20,222	17,662
Long-term average (LTA)	n/a	n/a	5,887	4,759	22,898	19,317
Hydroelectric generation	\$ 8,208	\$ 6,916	\$ 84	\$ 99	\$ 511	\$ 526
Wind energy	696	668	24	32	98	113
Facilities under development	240	209	—	—	—	—
Corporate and other	(2,961)	(2,350)	(54)	(43)	(190)	(172)
Attributable to unitholders	6,183	5,443	54	88	419	467
Incentive distributions	—	—	(5)	(2)	(20)	(8)
Non-controlling interest	(2,390)	(2,038)	(18)	(31)	(150)	(169)
Reclass - disposition gains ¹	—	—	—	—	—	(18)
Brookfield's interest	\$ 3,793	\$ 3,405	\$ 31	\$ 55	\$ 249	\$ 272

1. The prior year includes a reallocation of \$18 million to disposition gains (net of NCI) related to the sale of a 102 MW wind facility in California and compensation for extinguished concession agreements relating to two Brazilian hydroelectric facilities

Full Year Results:

- **Generation** was 20,222 GWh for the year, on BEP's proportionate basis, below the long-term average of 22,898 GWh and 2,560 GWh higher than the prior year.
- **Hydroelectric** generation was 17,663 GWh, below the long-term average of 20,004 GWh and an increase of 2,732 GWh compared to the prior year. The increase over the prior year was due to higher generation in Canada, as well as generation from recently acquired facilities in Colombia, Brazil and Pennsylvania, partially offset by lower generation in the northeastern U.S. FFO decreased by \$15 million to \$511 million, as the increased generation was offset by lower pricing across the portfolio. Acquisitions completed over the last year contributed \$60 million of additional FFO. The prior year results included \$27 million in settlement gains relating to expired concession agreements in Brazil and the delayed completion of a hydroelectric facility.
- **Wind** generation was 2,258 GWh, below the long-term average of 2,630 GWh, and remained relatively consistent compared to the prior year. Improved generation and wind conditions in California and Brazil contributed \$7 million and \$6 million of FFO, respectively, which were more than offset by lower generation in Ontario, New England and Ireland. Prior year FFO included a \$12 million gain from the sale of a U.S. wind portfolio.
- **Corporate and other** FFO decreased by \$18 million to a net expense of \$190 million primarily due to higher management fees on increased capitalization and increased interest expense from new borrowings, partially offset by a \$20 million settlement gain for co-gen assets pertaining to power purchase agreements in Ontario.

Ownership Interest – 30%
Financial Position and Performance – BIP

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2016	2015	2016	2015	2016	2015
Utilities	\$ 1,807	\$ 2,002	\$ 97	\$ 100	\$ 399	\$ 387
Transport	3,549	3,220	115	95	423	398
Energy	1,564	1,009	52	20	175	90
Communications	541	438	20	20	77	60
Corporate and other	(963)	(1,290)	(39)	(31)	(130)	(127)
Attributable to unitholders	6,498	5,379	245	204	944	808
Incentive distributions	—	—	(21)	(17)	(80)	(66)
Non-controlling interest	(4,564)	(3,794)	(158)	(132)	(610)	(525)
Brookfield's interest	\$ 1,934	\$ 1,585	\$ 66	\$ 55	\$ 254	\$ 217

Full Year Results:

- Utilities:** FFO increased by \$12 million due to strong connections activity and the contribution from smart meters in our UK operations, as well as inflation indexation and capital commissioned into rate base across the portfolio. This was partially offset by foreign exchange, a lower regulated return from our Australian operation in the latter half of the year and the sale of two North American operations.
 - We have \$1 billion of total capital to be commissioned into our rate base over the next two to three years.
- Transport:** FFO increased by \$25 million compared to the prior year due to higher tariffs and volumes across a number of operations and the contribution from our recently acquired toll roads in India and Peru and ports business in Australia. These positive factors were partially offset by foreign exchange, decreased volumes at our Brazilian rail operations and tariff relief extended to one of our Australian rail clients.
 - Capital to be commissioned of \$1.1 billion at December 31, 2016 consists of expansion and upgrades to our rail business and projects to add additional capacity to our toll roads and ports.
- Energy:** FFO increased by \$85 million reflecting strong transportation volumes combined with lower interest expense and increased ownership in our North American natural gas transmission business and contributions from our recently acquired North American gas storage operations.
- Communications infrastructure:** FFO increased by \$17 million due to a full year contribution from our European acquisition, which was offset by an expected increase in interest expense as a result of the long-term capital structure put in place during the first half of the year.
- Corporate and other:** FFO decreased by \$3 million to a net expense of \$130 million primarily due to higher base management fees from increased market capitalization and increased borrowings used to fund new investments, partially offset by higher investment income due to higher yield financial assets.

Ownership Interest – 75%

Financial Position and Performance – BBU

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2016	2015	2016	2015	2016	2015
Construction services	\$ 877	\$ 745	\$ 31	\$ 34	\$ 94	\$ 105
Other business services	357	309	19	11	54	43
Energy	344	315	16	41	63	69
Other industrial operations	372	418	(2)	(2)	6	14
Corporate and other	551	—	(9)	—	(17)	—
Brookfield Business Partners	2,501	1,787	55	84	200	231
Non-controlling interest	(636)	—	(12)	—	(23)	—
Segment reallocation and other ¹	—	—	—	6	—	9
	<u>\$ 1,865</u>	<u>\$ 1,787</u>	<u>\$ 43</u>	<u>\$ 90</u>	<u>\$ 177</u>	<u>\$ 240</u>

1. Prior period and full year figures have been restated to reflect advisory fee earnings reported by BBU following the spin-off on June 20, 2016 for the periods prior to the spin-off where the advisory fee earnings were previously reported in the asset management segment. Please refer to slide 33 for further information

Full Year Results:

- **Construction services:** FFO decreased by \$11 million as the positive contribution from a larger level of work performed was offset by reduced margins on an Australian contract, incremental earnings in the prior year upon finalizing a project in the UK, and the impact of a weaker British Pound. We continue to secure projects, increasing our contracted backlog to 106 projects, up from 96 at this time last year. Our backlog now stands at \$7.3 billion, representing nearly two years of activity.
- **Other business services:** Other business services includes commercial and residential real estate services, facilities management, logistics and financial services. FFO increased by \$11 million compared to prior year, primarily due to operational improvements at our real estate services business.
- **Energy:** FFO decreased by \$6 million primarily due to pricing weakness in the first half of the year at our Canadian operations. This decrease was partially offset by \$8 million of gains on the disposition of investment securities and increased contribution from our Western Australian equity accounted operation. Our Western Australian operation hedged a majority of its oil exposure and has long-term contracts in place for natural gas production, and therefore was largely insulated from commodity price volatility in 2016. Following a sell-down in the first half of the year, we have decreased ownership in the operation.
- **Other industrial operations:** The FFO decrease of \$8 million was primarily attributable to decreased FFO contributions from our graphite electrode operation that we acquired in August 2015. This business was acquired at what we believe was the low point of the industry cycle, driven primarily by oversupply and downward price pressure, as well as increased interest expense due to a full year of accounting for the business. This was partially offset by \$9 million in gains from the sale of public security investments and increased margins at our bath and shower manufacturing business.
- **Corporate and other:** Corporate expenses of \$17 million were primarily comprised of management fees, as well other corporate expenses, including audit and director fees, which are incurred following the spin-out of BBU.

INVESTED CAPITAL

Residential Development

Our residential development operations are focused on land development and housing construction in North America and condominium projects in Brazil

Financial Position and Performance

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2016	2015	2016	2015	2016	2015
North America	\$ 1,441	\$ 1,318	\$ 122	\$ 99	\$ 160	\$ 171
Brazil and other	1,238	903	(47)	16	(97)	(36)
	<u>\$ 2,679</u>	<u>\$ 2,221</u>	<u>\$ 75</u>	<u>\$ 115</u>	<u>\$ 63</u>	<u>\$ 135</u>

Full Year Results:

- North America:** FFO decreased by \$11 million primarily due to lower land gross margins; these were partially offset by higher housing gross margins generated in the fourth quarter and a \$14 million realized gain on a sale of a commercial property.
 - Housing gross margins increased by \$44 million as a result of 537 additional home closings driven by eastern Canada and various U.S. markets. In addition, average home selling prices in Canada have increased by 12% as there was a larger proportion of higher priced homes closed in Ontario, partially offset by a shift in product mix of homes closed in Alberta. As a result of the increased home volumes, sales and marketing expenses have increased by \$19 million.
 - Land gross margins decreased by \$31 million due to fewer lot closings as we continue to experience unfavourable market conditions as a result of depressed energy prices in the western Canada market.
 - New home orders were up 17% in the year compared to the prior year due to strong results across various U.S. markets and in eastern Canada, which is a leading indicator for future results.
- Brazil and other:** FFO decreased by \$61 million in 2016 compared to the prior year, as the economic environment in Brazil continued to weigh heavily on the housing sector which impacted the level of sales and margins on our deliveries. Our deliveries were below the level required to cover selling costs and corporate overhead. We have launched new projects, selectively in São Paulo and Rio de Janeiro, and progressing sales efforts toward future development.

INVESTED CAPITAL

Brookfield Energy Marketing

- We have agreements to purchase approximately 8,400 GWh from BEP annually based on long-term average generation. Approximately 33% of the acquired power is sold under long-term contracts with high credit-quality counterparties. We attempt to maximize the value we receive on this electricity through optimization of storage and sale of merchant electricity at peak times, or by executing long-term contracts for this power at rates which we believe are favourable based on our expectation of pricing of electricity generated by new build construction.
- We expect the negative spread on uncontracted power to turn positive over the longer term as prices for renewable power increase. Existing long-term contracts provide both a current positive FFO contribution as well as future increases through escalation clauses and the opportunity to renew contracts in the future.

Three Months

FOR THE THREE MONTHS ENDED DEC. 31 (GWh AND MILLIONS)	Generation (GWh)		FFO		Per MWh	
	2016	2015	2016	2015	2016	2015
Contracted	671	525	\$ 49	\$ 40	\$ 73	\$ 76
Uncontracted and financial contracts	1,078	1,166	61	60	57	51
	1,749	1,691	110	100	63	59
Less: Purchases from BEP	(1,749)	(1,691)	(115)	(117)	(66)	(68)
FFO	—	—	\$ (5)	\$ (17)	\$ (3)	\$ (9)

- FFO deficit improved to \$5 million and reflects higher average realized pricing of \$57/MWh for uncontracted power as a result of stronger market prices, primarily in New England.

Full Year

FOR THE YEARS ENDED DEC. 31 (GWh AND MILLIONS)	Generation (GWh)		FFO		Per MWh	
	2016	2015	2016	2015	2016	2015
Contracted	2,751	2,667	\$ 208	\$ 208	\$ 76	\$ 78
Uncontracted and financial contracts	5,111	4,801	238	238	47	50
	7,862	7,468	446	446	57	59
Less: Purchases from BEP	(7,862)	(7,468)	(515)	(510)	(65)	(67)
FFO	—	—	\$ (69)	\$ (64)	\$ (8)	\$ (8)

- FFO deficit of \$69 million reflects lower average realized prices on a full year basis, particularly in the northeastern U.S., and lower capacity and ancillary revenues. Strong performance of financial contracts partly mitigated the impact to average realized prices.

INVESTED CAPITAL

Other Investments

We own certain assets directly, which are managed within our various segments

Financial Position and Performance

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Segment	Invested Capital		Funds from Operations			
				Three Months		Full Year	
		2016	2015	2016	2015	2016	2015
Norbord ¹	Private Equity	\$ 276	\$ 224	\$ 43	\$ 17	\$ 133	\$ 21
Acadian Timber	Infrastructure	79	77	2	2	7	8
Sustainable resources	Infrastructure	684	541	3	6	18	20
Other property	Property	91	102	6	5	27	(8)
Other private equity	Private Equity	721	167	40	5	95	48
		<u>\$ 1,851</u>	<u>\$ 1,111</u>	<u>\$ 94</u>	<u>\$ 35</u>	<u>\$ 280</u>	<u>\$ 89</u>

1. Includes FFO from Ainsworth Lumber Co. LTD in 2015

Full Year Results:

- **Norbord:** FFO increased by \$112 million over prior year as a result of a 33% increase in the average North American OSB pricing from \$184 per thousand square feet ("Msf") in 2015 to \$245 per Msf in 2016, and a 7% increase in North American volumes from 5.5 billion square feet to 5.9 billion square feet.
- **Sustainable resources:** These investments include timberlands in the northeastern U.S. and Canada, as well as capital in Brazil in a number of timber and agriculture private funds managed by us. FFO results are lower due to poor weather conditions for soybean harvests in our agricultural business.
- **Other property:** FFO increased by \$35 million primarily due to merchant development gains from our directly held business in the second and third quarters of 2016. Other property consists primarily of directly held property assets, associated borrowings and preferred share obligations.
- **Other private equity:** FFO increased by \$47 million as a result of a special dividend received in the fourth quarter of 2016.

DEBT TO CAPITALIZATION

Capitalization

AS AT DEC. 31 (MILLIONS)	Corporate		Proportionate ¹		Consolidated ¹	
	2016	2015	2016	2015	2016	2015
Corporate borrowings	\$ 4,500	\$ 3,936	\$ 4,500	\$ 3,936	\$ 4,500	\$ 3,936
Non-recourse borrowings						
Property specific borrowings	—	—	26,421	26,730	52,502	46,474
Subsidiary borrowings	—	—	5,231	5,303	7,949	8,303
	4,500	3,936	36,152	35,969	64,951	58,713
Accounts payable and other	1,901	1,726	7,726	7,537	11,982	11,433
Deferred income tax liabilities	246	155	4,572	4,904	9,640	8,810
Subsidiary equity obligations	—	—	1,828	1,895	3,565	3,331
Equity						
Non-controlling interests	—	—	—	—	43,235	31,920
Preferred equity	3,954	3,739	3,954	3,739	3,954	3,739
Common equity	22,499	21,568	22,499	21,568	22,499	21,568
	26,453	25,307	26,453	25,307	69,688	57,227
Total capitalization	\$ 33,100	\$ 31,124	\$ 76,731	\$ 75,612	\$ 159,826	\$ 139,514
Debt to capitalization ²	14%	13%	47%	48%	41%	42%

1. Reflects liabilities associated with assets held for sale on a consolidated and proportionate basis according to the nature of the balance

2. Determined as the aggregate of corporate borrowings and non-recourse borrowings divided by total capitalization

- Capitalization includes accounts payable and other liabilities and deferred income taxes, as well as borrowings, subsidiary equity obligations and equity, which is consistent with how we assess our leverage ratios and how we present them to our rating agencies.
 - Corporate capitalization shows debt on a deconsolidated basis.
 - Proportionate consolidation, which reflects our proportionate interest in the underlying entities, depicts the extent to which our underlying assets are leveraged, which we believe is an important component of enhancing shareholder returns.
 - Consolidated capitalization reflects the full consolidation of wholly owned and partially owned entities; however, it excludes amounts within equity accounted investments.

FINANCIAL PERFORMANCE (IFRS)

Full Years Ended December 31

Condensed Statements of Operations

FOR THE YEARS ENDED DEC. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	2016	2015	Change
Revenue	\$ 24,411	\$ 19,913	\$ 4,498
Direct costs	(17,718)	(14,433)	(3,285)
Gross margin	6,693	5,480	1,213
Other income and gains	482	145	337
Equity accounted income	1,293	1,695	(402)
Expenses			
Interest	(3,233)	(2,820)	(413)
Corporate costs	(92)	(106)	14
Fair value changes	(130)	2,166	(2,296)
Depreciation and amortization	(2,020)	(1,695)	(325)
Income tax	345	(196)	541
Net income	3,338	4,669	(1,331)
Non-controlling interests	(1,687)	(2,328)	641
Net Income attributable to shareholders	\$ 1,651	\$ 2,341	\$ (690)
Per share	\$ 1.55	\$ 2.26	\$ (0.71)

Financial Highlights

- **Revenues** increased by 23% due to earnings generated from recently acquired businesses and improved volumes and pricing at existing businesses. These positive variances were partially offset by the impact of foreign currency revaluation on our non-U.S. dollar revenues and the inclusion of revenue in the prior year from assets which have been disposed.
- **Gross margin** increased due to the contributions of acquisitions and development projects coming online, incremental income earned on new leases in our property portfolio and inflationary increases in our infrastructure businesses. These increases were partially offset by lower energy and commodity prices, lower margins in our residential development segment, and the impact of foreign exchange.
- **Interest expense** increased due to higher amounts of borrowings which were used to finance acquisitions, particularly in our property and renewable power operations.
- **Fair value changes** in the current year include gains generated in our opportunistic property portfolio, offset by mark-to-market losses on several larger investments valued on stock market prices that declined during the year. The prior period included a larger level of appraisal gains in our core office.
- **Income tax** recovery in the current year included a \$0.9 billion deferred income tax recovery on the reorganization and resulting change in the tax rate applicable to our U.S. core retail and office properties.
- **Net income attributable to shareholders** decreased from the prior year largely because the prior period included a higher level of appraisal gains within our office portfolio. This was partially offset by the impact of the improvements in gross margin and the aforementioned tax recovery in the current year.

SUPPLEMENTAL INFORMATION

Common Share Continuity

FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months		Full Year	
	2016	2015	2016	2015
Outstanding at beginning of period	959.3	957.1	961.3	928.2
Issued (repurchased)				
Issuances	—	—	—	32.9
Repurchases	(1.4)	(2.5)	(4.7)	(11.5)
Long-term share ownership plans	0.2	6.6	1.3	11.4
Dividend reinvestment plan	0.1	0.1	0.3	0.3
Outstanding at end of period	958.2	961.3	958.2	961.3
Unexercised options and other share-based plans	43.8	42.0	43.8	42.0
Total diluted shares at end of period	1,002.0	1,003.3	1,002.0	1,003.3

- The company holds 27.8 million common shares for management share ownership plans, which have been deducted from the total number of shares outstanding.
 - 4.2 million shares would be issued in respect of these plans if exercised based on current market prices and the balance would be cancelled.
- Cash value of unexercised options at December 31, 2016 was \$901 million (December 31, 2015 – \$828 million).

FFO and Earnings Per Share Information

FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months				Full Year			
	Funds from Operations		Net Income		Funds from Operations		Net Income	
	2016	2015	2016	2015	2016	2015	2016	2015
Funds from operations/Net income	\$ 1,014	\$ 981	\$ 173	\$ 678	\$ 3,237	\$ 2,559	\$ 1,651	\$ 2,341
Preferred share dividends	(33)	(34)	(33)	(34)	(133)	(134)	(133)	(134)
Funds from operations/Net income available for shareholders	\$ 981	\$ 947	\$ 140	\$ 644	\$ 3,104	\$ 2,425	\$ 1,518	\$ 2,207
Weighted average shares	959.0	959.1	959.0	959.1	959.0	949.7	959.0	949.7
Dilutive effect of the conversion of options and other share-based plans using treasury stock method	18.3	22.1	18.3	22.1	17.6	26.0	17.6	26.0
Shares and share equivalents	977.3	981.2	977.3	981.2	976.6	975.7	976.6	975.7

FINANCIAL PROFILE

Entity Basis – Reconciliation to Reporting Segments – Invested Capital

AS AT DEC 31, 2016
(MILLIONS)

	Reporting Segments							Total
	Asset Management	Property	Renewable Power	Infrastructure	Private Equity	Residential	Corporate	
Asset Management								
Fee related earnings	\$ 328	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 328
Carried interests, net	—	—	—	—	—	—	—	—
	<u>328</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>328</u>
Invested capital								
Brookfield Property Partners ¹	—	16,636	—	—	—	—	—	16,636
Brookfield Renewable Partners	—	—	3,793	—	—	—	—	3,793
Brookfield Infrastructure Partners	—	—	—	1,934	—	—	—	1,934
Brookfield Business Partners	—	—	—	—	1,865	—	—	1,865
Residential Development	—	—	—	—	—	2,679	—	2,679
Brookfield Energy Marketing	—	—	1,033	—	—	—	—	1,033
Other investments ²	—	91	—	763	997	—	—	1,851
Cash and financial assets	—	—	—	—	—	—	1,207	1,207
	<u>—</u>	<u>16,727</u>	<u>4,826</u>	<u>2,697</u>	<u>2,862</u>	<u>2,679</u>	<u>1,207</u>	<u>30,998</u>
Capitalization (slide 16)								
Borrowings	—	—	—	—	—	—	(4,500)	(4,500)
Net working capital/operating costs	—	—	—	—	—	—	(373)	(373)
Preferred shares	—	—	—	—	—	—	(3,954)	(3,954)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(8,827)</u>	<u>(8,827)</u>
	<u>\$ 328</u>	<u>\$ 16,727</u>	<u>\$ 4,826</u>	<u>\$ 2,697</u>	<u>\$ 2,862</u>	<u>\$ 2,679</u>	<u>\$ (7,620)</u>	<u>\$ 22,499</u>

1. Includes \$1,265 million of BPY preferred shares

2. Includes \$871 million of listed and \$980 million of unlisted investments across private equity, property and sustainable resources

FINANCIAL PROFILE

Entity Basis – Reconciliation to Reporting Segments – Three Months FFO

FOR THREE MONTHS ENDED DEC. 31, 2016
(MILLIONS)

	Reporting Segments							Total
	Asset Management	Property	Renewable Power	Infrastructure	Private Equity	Residential	Corporate	
Asset Management								
Fee related earnings	\$ 165	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 165
Carried interests, net	149	—	—	—	—	—	—	149
	<u>314</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>314</u>
Invested capital								
Brookfield Property Partners ¹	—	198	—	—	—	—	—	198
Brookfield Renewable Partners	—	—	31	—	—	—	—	31
Brookfield Infrastructure Partners	—	—	—	66	—	—	—	66
Brookfield Business Partners	—	—	—	—	43	—	—	43
Residential development	—	—	—	—	—	75	—	75
Brookfield Energy Marketing	—	—	(5)	—	—	—	—	(5)
Other investments	—	6	—	5	83	—	—	94
Cash and financial assets	—	—	—	—	—	—	82	82
	—	204	26	71	126	75	82	584
Disposition gains	—	164	—	32	—	—	—	196
	—	368	26	103	126	75	82	780
Capitalization (slide 16)²								
Borrowings	—	—	—	—	—	—	(61)	(61)
Net working capital/operating costs	—	—	—	—	—	—	(19)	(19)
	—	—	—	—	—	—	(80)	(80)
	<u>\$ 314</u>	<u>\$ 368</u>	<u>\$ 26</u>	<u>\$ 103</u>	<u>\$ 126</u>	<u>\$ 75</u>	<u>\$ 2</u>	<u>\$ 1,014</u>

1. Includes \$19 million of BPY preferred share distributions

2. FFO excludes \$33 million (2015 – \$34 million) of preferred share distributions for the three months, which are included in determining per share results

FINANCIAL PROFILE

Entity Basis – Reconciliation to Reporting Segments – Full Year FFO

FOR THE YEAR ENDED DEC. 31, 2016
(MILLIONS)

	Reporting Segments							Total
	Asset Management	Property	Renewable Power	Infrastructure	Private Equity	Residential	Corporate	
Asset Management								
Fee related earnings	\$ 712	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 712
Carried interests, net	149	—	—	—	—	—	—	149
	<u>861</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>861</u>
Invested capital								
Brookfield Property Partners ¹	—	711	—	—	—	—	—	711
Brookfield Renewable Partners	—	—	249	—	—	—	—	249
Brookfield Infrastructure Partners	—	—	—	254	—	—	—	254
Brookfield Business Partners	—	—	—	—	177	—	—	177
Residential development	—	—	—	—	—	63	—	63
Brookfield Energy Marketing	—	—	(69)	—	—	—	—	(69)
Other investments	—	27	—	25	228	—	—	280
Cash and financial assets	—	—	—	—	—	—	151	151
	<u>—</u>	<u>738</u>	<u>180</u>	<u>279</u>	<u>405</u>	<u>63</u>	<u>151</u>	<u>1,816</u>
Disposition gains	<u>5</u>	<u>823</u>	<u>—</u>	<u>95</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>923</u>
	<u>5</u>	<u>1,561</u>	<u>180</u>	<u>374</u>	<u>405</u>	<u>63</u>	<u>151</u>	<u>2,739</u>
Capitalization (slide 16)²								
Borrowings	—	—	—	—	—	—	(241)	(241)
Net working capital/operating costs	—	—	—	—	—	—	(122)	(122)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(363)</u>	<u>(363)</u>
	<u>\$ 866</u>	<u>\$ 1,561</u>	<u>\$ 180</u>	<u>\$ 374</u>	<u>\$ 405</u>	<u>\$ 63</u>	<u>\$ (212)</u>	<u>\$ 3,237</u>

1. Includes \$76 million of BPY preferred share distributions

2. FFO excludes \$133 million (2015 – \$134 million) of preferred share distributions for the year, which are included in determining per share results

RECONCILIATION OF NET INCOME TO FFO

December 31, 2016

FOR THE YEAR ENDED (MILLIONS)	IFRS	Reconciling items			FFO
		Eliminate Non-FFO Items	Intersegment Adjustments	Realized Disposition Gains	
Revenues	\$ 24,411	\$ —	\$ 1,351	\$ —	\$ 25,762
Direct costs	(17,718)	—	(53)	—	(17,771)
Other income and gains	482	—	—	—	482
Equity accounted income	1,293	458	—	—	1,751
Expenses					
Interest	(3,233)	—	(6)	—	(3,239)
Corporate costs	(92)	—	(1,292)	—	(1,384)
Realized disposition gains	—	—	—	732	732
Fair value changes	(130)	164	—	—	34
Depreciation and amortization	(2,020)	2,020	—	—	—
Income tax	345	(558)	—	—	(213)
Net income	3,338				
Non-controlling interests	(1,687)	(1,230)	—	—	(2,917)
Net income / FFO attributable to shareholders	\$ 1,651	\$ 854	\$ —	\$ 732	\$ 3,237

December 31, 2015

FOR THE YEAR ENDED (MILLIONS)	IFRS	Reconciling items			FFO
		Eliminate Non-FFO Items	Intersegment Adjustments	Realized Disposition Gains	
Revenues	\$ 19,913	\$ —	\$ 1,197	\$ —	\$ 21,110
Direct costs	(14,433)	—	(97)	—	(14,530)
Other income and gains	145	—	—	—	145
Equity accounted income	1,695	(262)	—	—	1,433
Expenses					
Interest	(2,820)	—	(28)	—	(2,848)
Corporate costs	(106)	—	(1,072)	—	(1,178)
Realized disposition gains	—	—	—	537	537
Fair value changes	2,166	(1,856)	—	—	310
Depreciation and amortization	(1,695)	1,695	—	—	—
Income tax	(196)	64	—	—	(132)
Net income	4,669				
Non-controlling interests	(2,328)	40	—	—	(2,288)
Net income / FFO attributable to shareholders	\$ 2,341	\$ (319)	\$ —	\$ 537	\$ 2,559

RECLASSIFICATION OF ADVISORY FEE EARNINGS

We have reclassified earnings for our advisory business, which is now owned by BBU for the periods prior to the spin-off on June 20, 2016

- The advisory fee earnings were previously reported in our asset management business. We had not previously reclassified the earnings prior to the spin-off but are now doing so for consistency and comparability. The following table illustrates the impact of this change on our previously reported results:

FOR THE THREE MONTHS ENDED (MILLIONS)	Funds From Operations							
	2016				2015			
	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31
Asset Management								
Fee related earnings ¹	\$ 165	\$ 173	\$ 191	\$ 185	\$ 158	\$ 126	\$ 127	\$ 108
Segment reallocation - advisory fee reclass	—	—	(1)	(1)	(15)	(4)	(7)	3
	<u>\$ 165</u>	<u>\$ 173</u>	<u>\$ 190</u>	<u>\$ 184</u>	<u>\$ 143</u>	<u>\$ 122</u>	<u>\$ 120</u>	<u>\$ 111</u>
Brookfield Business Partners								
Brookfield Business Partners ¹	\$ 55	\$ 50	\$ 58	\$ 37	\$ 84	\$ 58	\$ 41	\$ 48
Non-controlling interest ¹	(12)	(10)	(1)	—	—	—	—	—
Segment reallocation ^{1,2}	—	—	(1)	(1)	(9)	—	(8)	3
Segment reallocation - advisory fee reclass	—	—	1	1	15	4	7	(3)
	<u>\$ 43</u>	<u>\$ 40</u>	<u>\$ 57</u>	<u>\$ 37</u>	<u>\$ 90</u>	<u>\$ 62</u>	<u>\$ 40</u>	<u>\$ 48</u>

1. Previously reported amounts

2. The segment reallocation previously reported represents only the portion of the advisory fee business in BBU for the specific period. The entire business was fully transferred to BBU in 2016

OPERATING AND PERFORMANCE MEASURES

This Supplemental Information contains key operating and performance measures that we employ in analyzing and discussing our results. These measures include non-IFRS measures. We describe our key financial measures below and include a complete list of our operating and performance measures on pages 36 through 38 of our December 31, 2015 annual report.

- **Funds from Operations (“FFO”)** is our key measure of financial performance. FFO is defined as net income attributable to shareholders prior to fair value changes, depreciation and amortization, and deferred income taxes, and includes disposition gains that are not recorded in net income as determined under IFRS. FFO also includes the company’s share of equity accounted investments’ funds from operations on a fully diluted basis. Brookfield uses FFO to assess its operating results and believes that many of its shareholders and analysts also find this measure valuable to them.

FFO and its per share equivalent are non-IFRS measures which do not have any standard meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies. FFO is reconciled to net income attributable to shareholders on slide 32.

- FFO from **Operating Activities** represents the company’s share of revenues less operating costs and interest expenses; excludes carried interest disposition gains, fair value changes, depreciation and amortization and deferred income taxes; and includes our proportionate share of similar items recorded by equity accounted investments. We present this measure as we believe it assists in describing our results and reconciling variances within FFO.
 - **Realized Carried Interest** represents our contractual share of investments gains generated within a private fund after considering our clients minimum return requirements. Realized carried interest is determined on third-party capital that is no longer subject to future investment performance.
 - **Realized Disposition Gains** are included in FFO as the purchase and sale of assets is a normal part of the company’s business. Realized disposition gains include gains and losses recorded directly in net income or equity in the current period, adjusted to include fair value changes and revaluation surplus balances recorded in prior periods.
- **Invested Capital** is the amount of common equity in our segments and the underlying business within the segments.
 - **Fee Revenues** include base management fees, incentive distributions, performance fees and transaction and advisory fees presented within our asset management segment. Fee revenues exclude carried interest.
 - **Fee Related Earnings** are comprised of fee revenues, less direct costs (other than carried interests’ associated costs).
 - **Base Management Fees** are determined by contractual arrangements, are typically equal to a percentage of Fee Bearing Capital, are accrued quarterly, include base fees earned on fee bearing capital from both clients and ourselves and are typically earned on both called and uncalled amounts.

OPERATING AND PERFORMANCE MEASURES (CONT'D)

- **Fee Bearing Capital** represents the capital committed, pledged or invested in our listed partnerships, private funds, and public securities that we manage which entitle us to earn fee revenues and/or carried interests. Fee bearing capital includes both called (“invested”) and uncalled (“pledged” or “committed”) amounts when reconciling period amounts we utilize the following definitions:
 - **Inflows** include capital commitments and contributions to our private and public securities funds, and equity issuances in our listed partnerships.
 - **Outflows** represent returns of committed capital (excluding market valuation adjustments) redemptions, and expiry of uncalled commitments.
 - **Distributions** represent quarterly distributions from listed partnerships.
 - **Market activity** includes gains (losses) on portfolio investments; Listed partnerships and public securities based on market prices.
 - **Other** include changes in net non-recourse leverage included in the determination of listed partnership capitalization and the impact of foreign exchange fluctuations on non-U.S. dollar commitments.
- **Incentive Distributions** are determined by contractual arrangements and are paid to us by our three primary listed partnerships (BPY, BEP and BIP) and represent a portion of distributions paid by a listed issuer above a pre-determined threshold.
- **Performance Fees** are paid to us when we exceed pre-determined investment returns on certain portfolios managed in our public securities activities. Performance fees are typically determined on an annual basis and are not subject to “clawback” in future years.
- **Carried Interests** are contractual arrangements whereby we receive a fixed percentage of investment gains generated within a private fund provided that the investors receive a pre-determined minimum return. Carried interests are typically paid towards the end of the life of a fund after the capital has been returned to investors and may be subject to “clawback” until all investments have been monetized and minimum investment returns are sufficiently assured. This is referred to as **realized carried interest**. We defer recognition of carried interests in our financial statements until they are no longer subject to adjustment based on future events. Unlike fees and incentive distributions, we only include carried interests earned in respect of third-party capital when determining our segment results.
- **Unrealized carried interest** is based on carried interest that would be receivable under the contractual formula at the period end date as if fund was liquidated and all investments had been monetized at the values recorded on that date. **Carry generated** refers to the change in unrealized carry during a specified period, adjusted for realized carry.
- **Annualized fees** include annualized base management fees which are determined by the contractual fee rate multiplied by the current level of fee bearing capital, annualized incentive distributions based on our listed partnerships current annual distribution policies, annualized transaction and performance fees equal a simple average of the last two years’ revenues.
- **Annualized target carried interest** represent the annualized carried interest we would earn on third-party private fund capital subject to carried interest on the assumption that we achieve the targetted returns on the private funds. It is determined by multiplying the target gross return of a fund, by the percentage carried interest, by the amount of third-party capital, and discounted by a utilization factor representing the average invested capital over the fund life.

CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

Note: This Supplemental Information contains forward-looking information within the meaning of Canadian provincial securities laws and other “forward-looking statements,” within the meaning of certain securities laws including Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. We may make such statements in this profile, in other filings with Canadian regulators or the Securities Exchange Commission (SEC) or in other communications. These forward-looking statements include, among others, statements with respect to our financial and operating objectives and strategies to achieve those objectives, capital committed to our funds, our liquidity and ability to access and raise capital, our ability to capitalize on investment opportunities, the potential growth of our asset management business and the related revenue streams there from, the prospects for increasing our cash flow from or continued achievement of targeted returns on our investments, as well as the outlook for the Company’s businesses and other statements with respect to our beliefs, outlooks, plans, expectations, and intentions.

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

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include: economic and financial conditions in the countries in which we do business; the behavior of financial markets including fluctuations in interest and exchange rates; availability of equity and debt financing; strategic actions including dispositions; the ability to effectively integrate acquisitions into existing operations and the ability to attain expected benefits; adverse hydrology conditions; regulatory and political factors within the countries in which the company operates; acts of God, such as earthquakes and hurricanes; the possible impact of international conflicts and other developments including terrorist acts; and other risks and factors detailed from time to time in the company’s form 40-F filed with the Securities and Exchange Commission as well as other documents filed by the company with the securities regulators in Canada and the United States including in the Annual Information Form under the heading “Business Environment and Risks.”

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Brookfield Asset Management, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. The company undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.