Q2 2016

Supplemental Information

Three Months Ended June 30, 2016

Brookfield

- Fee bearing capital ("FBC") was $108 billion at the end of the second quarter, representing a 15% increase over the LTM; our annualized fee base and target carry is now more than $2 billion. Inflows were $14 billion in the quarter, or $23 billion on an LTM basis, and included:
  - *Brookfield Infrastructure Fund III ("BIF III")*: $10.0 billion of FBC ($14 billion of total capital including Brookfield's commitment), double the size of its predecessor fund (BIF II).
  - *Brookfield Strategic Real Estate Partners II ("BSREP II"):* $6.7 billion of FBC ($9 billion of total capital including Brookfield's commitment). BSREP II is more than twice the size of its predecessor fund.
  - *Brookfield Capital Partners IV ("BCP IV"):* $3.0 billion of FBC ($4 billion of total capital including Brookfield's commitment), four times the size of BCP III.
  - *Brookfield Business Partners ("BBU"):* Formation and partial spin-off to shareholders completed on June 20, 2016, creating a private equity public partnership that is listed on the NYSE and TSX, increasing FBC by $0.5 billion.
- Invested $3 billion of capital in quarter and $16 billion on an LTM basis, continuing to deploy private fund capital commitments; dry powder at the end of the quarter was $18 billion, of which $3 billion is committed to transactions.
- Net income totalled $584 million or $0.15 per share. Net income decreased from the prior period largely because the prior period included a higher level of appraisal gains within our office portfolio and a one-time deferred tax recovery. This was partially offset by earnings on new investments and developments as well as operational improvements.
- Funds from operations ("FFO"), which excludes unrealized appraisal gains, increased by 23% to $637 million or $0.62 per share. Fee related earnings grew by 50% and most of our businesses benefitted from acquisitions, growth initiatives and improved operating performance. We sold mature assets, realizing $123 million of disposition gains in quarter; this compares to $171 million of gains in the prior year.

Contents

Funds from Operations and Net Income

FOR THE PERIODS ENDED JUN. 30 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Three Months				LTM			
	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	**$ 191**	$ 127	**$ 191**	$ 127	**$ 660**	$ 440	**$ 660**	$ 440
Invested capital	**323**	207	**323**	207	**1,303**	1,069	**1,303**	1,069
	514	334	**514**	334	**1,963**	1,509	**1,963**	1,509
Realized carried interest	**-**	15	**-**	15	**15**	17	**15**	17
Realized disposition gains[2]	**123**	171	**(6)**	(20)	**844**	650	**335**	(23)
Fair value changes	**-**	-	**5**	268	**-**	-	**304**	2,467
Depreciation and amortization	**-**	-	**(227)**	(197)	**-**	-	**(834)**	(714)
Deferred income taxes	**-**	-	**(101)**	245	**-**	-	**(374)**	(98)
	$ 637	$ 520	**$ 185**	$ 645	**$ 2,822**	$ 2,176	**$ 1,409**	$ 3,158
Per share	**$ 0.62**	$ 0.50	**$ 0.15**	$ 0.62	**$ 2.76**	$ 2.12	**$ 1.30**	$ 3.14

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*

- **Fee related earnings** increased by 50% to $191 million. Fee revenues grew by 31% to $302 million; base management fees increased by $75 million, benefitting from fees earned on higher levels of fee bearing capital. LTM fee related earnings increased by 50% to $660 million. Further details on slide 4.
- FFO from **invested capital** increased by 56% to $323 million, benefitting from operational improvements across most of our businesses, including recently signed leases in our property group and rising rates and volumes in our infrastructure operations, and the continued expansion of our operations through both new investments and internal growth initiatives. These positive variances were tempered by lower water levels and power prices, which decreased FFO in our renewable power business.
- **Realized disposition gains** included the partial sale of a New York office property and our UK gas distribution business, and were $123 million in aggregate. Further details on slide 13.
- **Fair value gains** were generated on our commercial property portfolio due to continued demand and leasing activities in New York, partially offset by decreases in energy-driven markets of Houston and Calgary. The prior period included a larger level of appraisal gains primarily related to our New York office properties.
- **Deferred income taxes** in the prior period include our share of an income tax recovery resulting from a change in the ownership structure of some of our commercial properties that reduced the effective tax rate in the 2015 quarter.

50% increase
in Fee Related Earnings over 2015 quarter

$108 billion
Fee Bearing Capital (Gross inflows of $14 billion LTM)

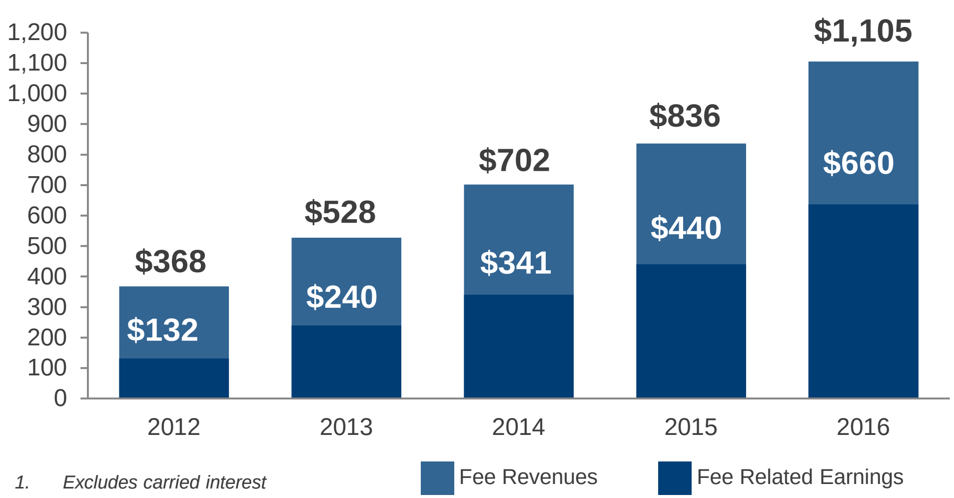
$2.0 billion
Annualized Fee Base and Carry (41% increase since Q2 2015)

Financial Performance

FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Three Months 2016	Three Months 2015	LTM 2016	LTM 2015
Fee revenues	$ 302	$ 230	$ 1,105	$ 836
Generated carried interest[1]	130	103	331	210
	$ 432	$ 333	$ 1,436	$ 1,046
FFO				
Fee related earnings[2]	$ 191	$ 127	$ 660	$ 440
Realized carried interest[2,3]	-	15	15	17
	$ 191	$ 142	$ 675	$ 457

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

Fee Revenues and Fee Related Earnings (LTM)[1]



1. *Excludes carried interest*

Fee Bearing Capital – Profile

AS AT (MILLIONS)	Jun. 2016	Dec. 2015[1]	Jun. 2015[1]
Listed partnerships	$ 48,767	$ 43,017	$ 44,347
Private funds	47,296	34,448	31,124
Public markets	12,249	16,797	18,484
	$ 108,312	$ 94,262	$ 93,955

1. *Adjusted to eliminate BPY commitment to private funds. Refer to Slide 34*

- Fee bearing capital includes six listed partnerships, 37 private funds and numerous funds and accounts within our public markets operations.
- Four funds in the market seeking to raise an additional $3 billion of third-party capital.
- Diversified client base of 425 global private fund investors.
  - Average commitment per client ~ $105 million.
  - ~ 40% of clients invest in multiple funds.
- 89% 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).
- Public markets include mutual funds, separately managed accounts and hedge funds. As at June 30, 2016, we had $11.3 billion of capital in long-only strategies and $1.0 billion in hedge funds.

Fee Related Earnings

FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Three Months			LTM[1]		
	2016	2015[1]	Variance	**2016**	2015	Variance
Base management fees						
Listed partnerships	**$ 101**	$ 93	$ 8	**$ 370**	$ 350	$ 20
Private funds	**142**	70	72	**439**	246	193
Public markets	**24**	29	(5)	**103**	105	(2)
Incentive distributions (IDRs)	**25**	18	7	**86**	59	27
	292	210	82	**998**	760	238
Performance fees – public markets	**-**	1	(1)	**-**	10	(10)
Transaction and advisory fees	**10**	19	(9)	**107**	66	41
Fee revenues[2]	**302**	230	72	**1,105**	836	269
Direct costs						
Compensation and benefits	**(82)**	(78)	(4)	**(318)**	(290)	(28)
Other expenses	**(29)**	(25)	(4)	**(127)**	(106)	(21)
Fee related earnings[2]	**$ 191**	$ 127	$ 64	**$ 660**	$ 440	$ 220

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. Refer to slide 34*
2. *Includes $22 million of fee revenues generated by BPY and BBU ($123 million on an LTM basis) and $8 million of fee related earnings ($43 million on an LTM basis)*

Second Quarter:

- Private fund base fees more than doubled to $142 million as a result of new capital raised throughout the year, which contributed to $46 million of incremental fees and $26 million of catch-up fees (earned on commitments received in quarters subsequent to the initial close of a fund where base fees accrue from the initial close).
- Direct costs increased by $8 million due to the expansion of our operations to support larger funds. Gross profit margins were 60% (excluding catch-up fees), compared to 55% in the 2015 quarter.
- Fee revenues include $58 million of base management fees from Brookfield capital (2015 – $44 million).

Last Twelve Months:

- Private fund base fees grew by 78%, benefitting from $177 million of fees on inflows of capital and $16 million of fees due to increased fee rates upon the investment of commitments in applicable funds.
- Incentive distributions increased by 46%, reflecting our participation in BIP, BEP and BPY unitholder distribution increases.
- Transaction and advisory fees includes $67 million of advisory fees, $28 million of co-investment fees (2015 – $11 million), and a $12 million break fee on Asciano.
- Fee revenues include $200 million of base management fees from Brookfield capital (2015 – $167 million).

Carried interest represents our share, as manager, of investment performance in our private funds. Deferred carried interest increased by $130 million based on investment returns and growth in carry-eligible capital, increasing cumulative deferred carried interests to $925 million

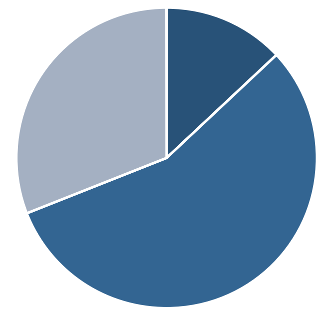
Realized Carried Interest[1]

FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Three Months 2016	Three Months 2015	LTM 2016	LTM 2015
Generated[1]	**$ 130**	$ 103	**$ 331**	$ 210
Recognition of deferred carry	**-**	23	**22**	27
Less: associated costs	**(47)**	(34)	**(115)**	(75)
Deferred recognition, net[1]	**(83)**	(77)	**(223)**	(145)
Realized carried interest, net	**$ -**	$ 15	**$ 15**	$ 17

1. *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 JUN.30, 2016



- Estimated based on maturity date of funds currently earning carried interest

Deferred Carried Interest Continuity[1,2]

FOR THE PERIODS ENDED JUN. 30, 2016 (MILLIONS)	Three Months Deferred Carried Interest	Three Months Direct Costs	Three Months Net	LTM Deferred Carried Interest	LTM Direct Costs	LTM Net
Deferred balance, beginning of period	$ 795	$ (263)	$ 532	$ 616	$ (209)	$ 407
In period change						
Generated	120	(43)	77	362	(118)	244
Foreign currency revaluation	10	(4)	6	(31)	10	(21)
	130	(47)	83	331	(108)	223
Less: realized	-	-	-	(22)	7	(15)
	130	(47)	83	309	(101)	208
Deferred balance, end of period	$ 925	$ (310)	$ 615	$ 925	$ (310)	$ 615

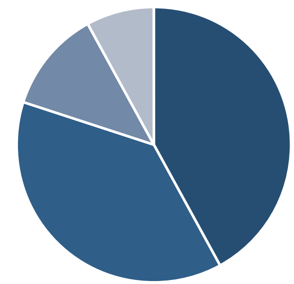
1. *Amounts dependent on future investment performance are deferred. Represents management estimate of carried interest if funds were wound up at period end*
2. *Carried interest in respect of third-party capital*

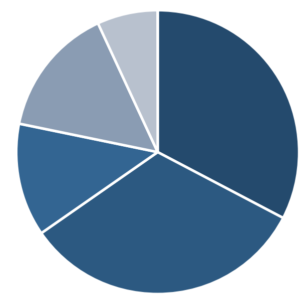
Annualized Fees and Target Carry

AS AT (MILLIONS)		Jun. 30, 2016		Dec. 31, 2015		Jun. 30, 2015
Base management fees[1,2]						
Listed partnerships	$	**425**	$	350	$	365
Private funds		**480**		350		320
Public markets		**80**		110		115
Incentive distributions[3]		**106**		98		74
		1,091		908		874
Transaction and advisory[4]		**85**		79		61
Performance income[4]		**5**		11		20
Fee revenues[5]		**1,181**		998		955
Target carried interest[6]		**830**		560		475
	$	**2,011**	$	1,558	$	1,430

1. *Base management fees include $225 million of annualized base fees on Brookfield capital ($222 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. *Simple average of the last two years' results. Advisory fees include $61 million of fees earned by BBU*
5. *Includes $48 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 Diversification[1]





1. *Fee revenues based on annualized June 30, 2016 fees, excludes target carried interest*

- Listed partnership annualized fees now include base fees on BBU's capitalization. Private fund fees decreased by an equal amount, reflecting fees earned on Brookfield's capital commitment to its private equity funds now being earned on BBU's capitalization.
- We estimate annualized base management fees will increase by approximately $24 million when $2 billion of uncalled third-party capital is invested, as base management fees on this capital increase when capital is called.
- 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 50 to 60% and 60 to 70%, respectively, for planning purposes.
  - We estimate direct costs allocated to asset management activities will increase by approximately $15 million on an annualized basis, now that Brookfield Business Partners is launched, as costs related to operations that were previously directly held will be reclassified from corporate costs.

Inflows of $23 billion contributed to a 15% increase in fee bearing capital during the last twelve months, increasing fee bearing capital to $108 billion

FOR THE PERIOD ENDED JUN. 30, 2016 (MILLIONS)	Three Months				Last Twelve Months			
	Listed Partnerships[1]	Private Funds[1,2]	Public Markets	**Total Fee Bearing**	Listed Partnerships[1]	Private Funds[1,2]	Public Markets	**Total Fee Bearing**
Balance, beginning of period[3]	$ 45,565	$ 37,256	$ 16,402	**$ 99,223**	$ 44,347	$ 31,124	$ 18,484	**$ 93,955**
Inflows[4]	820	12,744	439	**14,003**	1,047	19,371	2,445	**22,863**
Launch of BBU	2,300	(1,805)	-	**495**	2,300	(1,805)	-	**495**
Outflows	-	(870)	(1,072)	**(1,942)**	-	(1,236)	(3,892)	**(5,128)**
Distributions	(552)	-	-	**(552)**	(2,138)	-	-	**(2,138)**
Market valuation	149	-	903	**1,052**	629	-	(365)	**264**
Other[4]	485	(29)	-	**456**	2,582	(158)	-	**2,424**
Change	3,202	10,040	270	**13,512**	4,420	16,172	(1,812)	**18,780**
Sale of securitized credit business	-	-	(4,423)	**(4,423)**	-	-	(4,423)	**(4,423)**
Balance, end of period[5]	$ 48,767	$ 47,296	$ 12,249	**$ 108,312**	$ 48,767	$ 47,296	$ 12,249	**$ 108,312**

1. *Includes $1.9 billion and $4.5 billion of listed partnership and private fund capital managed by BPY, respectively, which generates $48 million annualized base fees*
2. *Includes $4.5 billion of co-investment capital (Jun 30, 2015 – $3.1 billion), which earns minimal or no base fees*
3. *Private funds capital adjusted for $4.7 billion of Brookfield capital that has been removed from reported fee bearing capital. Refer to slide 34 for more information*
4. *Private fund "Inflows" include $850 million of capital closed July 12, 2016 on the final close of BIF III*
5. *Fee bearing capital includes Brookfield capital of $22 billion in listed partnerships and $0.3 billion in private funds*

Three Months:

- *Inflows:* BEP issued $670 million of units in a treasury offering and $150 million of preferred shares, private fund inflows primarily include capital raised for BIF III ($10 billion) and the final close for BSREP II and BCP IV.
- *Launch of BBU:* The initial capitalization of BBU was $2.3 billion ($25 per unit). Private fund FBC decreased, reflecting the transfer of Brookfield's capital commitments to private funds to BBU, as we now earn fees on BBU's capitalization.
- *Outflows:* Private fund outflows of $0.9 billion as a result of monetization's. Public Market outflows of $1.1 billion reflect redemptions in period.
- We contracted to sell a securitized credit business during the quarter and removed $4.4 billion of fee bearing capital to reflect the pending transaction.

Last Twelve Months:

- *Inflows:* $19.4 billion of inflows to private funds includes BIF III ($10 billion), BSREP II ($5 billion), BCP IV ($1.5 billion) and approximately $3 billion towards other niche funds and co-investment opportunities.
- *Other:* Listed Partnerships include changes in net non-recourse leverage included in the determination of capitalization values.
- The total capitalization values of BPY, BIP, BEP and BBU were $21.2 billion, $12.3 billion, $11.6 billion and $1.6 billion respectively at June 30, 2016.

We receive a portion of increases in the distributions by BIP, BEP and BPY as an incentive to increase unitholder distributions over time. We are eligible to earn performance fees on increases in BBU's share price above a high water mark

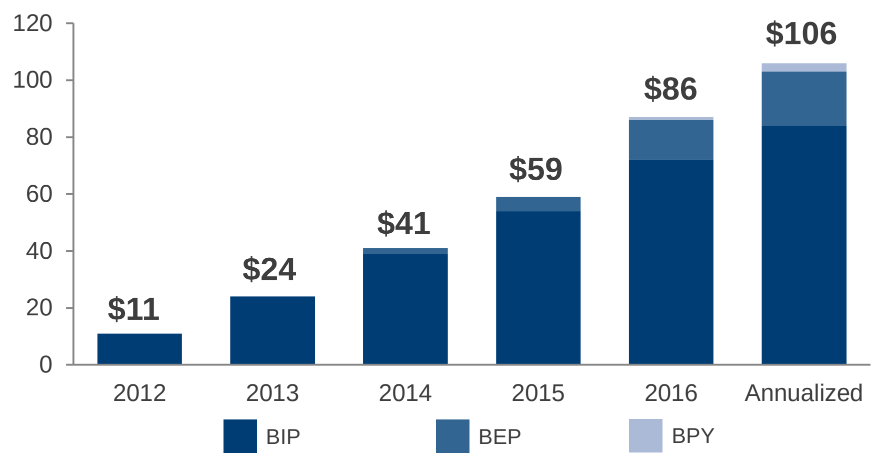
Annualized Incentive Distributions

AS AT JUN. 30, 2016 (MILLIONS, EXCEPT PER UNIT)	Per Unit: Annualized Distributions	Per Unit: Distribution Hurdles	Per Unit: Incentive Distributions[1]	Units Outstanding[2]	Annualized Incentive Distributions[2]
Brookfield Infrastructure Partners (BIP)[3]	$ 1.57	$0.81 / $0.88	15% / 25%	345.2	$ 84
Brookfield Renewable Partners (BEP)	1.78	1.50 / 1.69	15% / 25%	299.0	19
Brookfield Property Partners (BPY)	1.12	1.10 / 1.20	15% / 25%	711.0	3
					$ 106

1. *Incentive distributions equate to 18% and 33% of limited partner distribution increases over the first and second hurdles, respectively*
2. *Based on most recent units outstanding data*
3. *BIP distribution, distribution hurdles, units outstanding and annualized incentive distribution adjusted for 3-for-2 unit split and 3.5% distribution increase announced on August 3, 2016*

Incentive Distributions (LTM)

(JUN.30, MILLIONS)



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[1]
Targeted:			
- FFO payout	80%	60 to 70%	60 to 70%
- Distribution growth	5 to 8%	5 to 9%	5 to 9%
Annual distribution per unit			
2016[2]	$ 1.12	$ 1.78	$ 1.57
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. *BIP distributions adjusted for 3-for-2 unit split announced on August 3, 2016*
2. *Based on most recent distribution*
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.

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

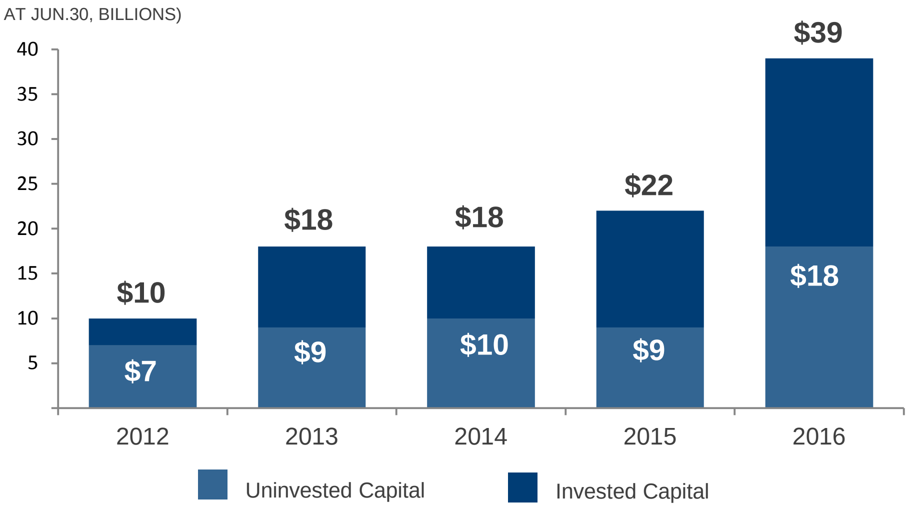
Target Carried Interest – Annualized

AS AT JUN. 30, 2016 (MILLIONS)	Fee Bearing Capital	Carry Eligible Capital[1]	Target Return	Average Carried Interest	Utilization Factor[2]	Annualized Target Carried Interest
Core and Value Add	$ 29,184	$ 22,280	10% to 15%	~18%	85%	$ 350
Opportunistic and Private Equity	18,112	16,290	18% to 25%	~20%	75%	480
	$ 47,296	$ 38,570				$ 830

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

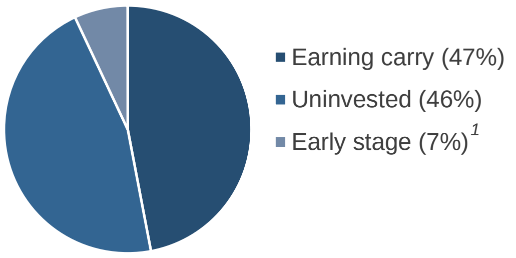
(AS AT JUN.30, BILLIONS)



Carry Eligible Capital ($39 billion)

AS AT JUN. 30, 2016

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



1. *Includes carry eligible capital invested within the last 18 months*

Invested or committed $16 billion of capital during the LTM on a global basis, including over $3 billion in the most recent quarter

Capital Deployed (Segmented Basis)

FOR THE LTM ENDED JUN. 30, 2016 (MILLIONS)	Property	Infrastructure	Renewable Power	Private Equity	**Total**
North America	$ 2,197	$ 600	$ 925	$ 2,270	**$ 5,992**
South America	522	201	2,613	467	**3,803**
Europe	1,177	325	61	25	**1,588**
Asia and other	107	1,370	-	-	**1,477**
Total invested	4,003	2,496	3,599	2,762	**12,860**
Committed	1,454	873	168	582	**3,077**
Total	$ 5,457	$ 3,369	$ 3,767	$ 3,344	**$ 15,937**

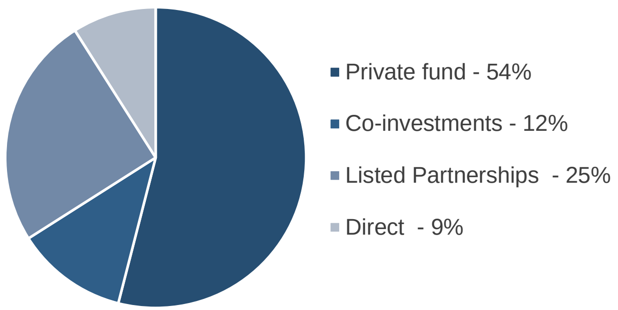
Continued to expand our pipeline of development and capital expansion projects

AS AT JUN. 30, 2016 (MILLIONS)	Geographic Allocation				
	North America	South America	Europe	Asia and Other	**Total**
Property	$ 3,074	$ 236	$ 3,042	$ -	**$ 6,352**
Infrastructure	1,357	260	559	194	**2,370**
Renewable power	719	1,092	677	-	**2,488**
Private equity and other	520	-	10	136	**666**
	$ 5,670	$ 1,588	$ 4,288	$ 330	**$ 11,876**

Our project pipeline stands at nearly $12 billion, providing meaningful growth opportunities that complement our acquisitions activity.

Capital Deployed

FOR THE LTM ENDED
JUN. 30, 2016



Significant investments include:

- Northern U.S. hydroelectric facility ($0.6 billion)[1]
- Privatization of U.S. regional mall business ($0.6 billion)
- UK student housing portfolio ($0.2 billion)[1]
- Toll roads in Peru ($0.4 billion)[1]
- Colombian hydroelectric portfolio ($2.7 billion)
- Self-storage portfolio in U.S. ($0.6 billion)
- Australian logistics business ($1.3 billion)
- U.S. manufactured housing communities ($0.6 billion)[1]

1. *Investments completed during the three months ended June 30, 2016*

~85%
of invested capital is held in listed securities

$24 billion
of total liquidity available to deploy

$1.3 billion
of annualized cash flow generated from listed investments

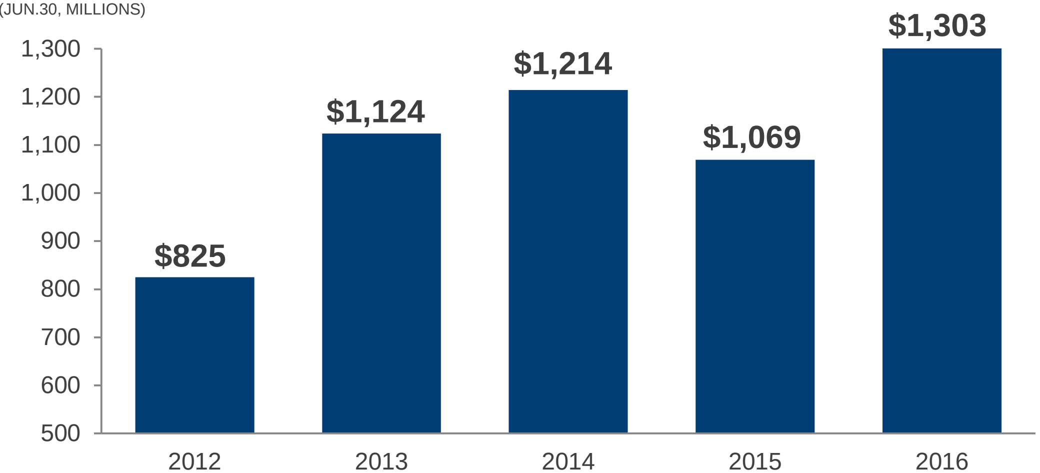
Financial Performance

AS AT JUN. 30, 2016 AND DEC. 31, 2015 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Invested Capital		Funds from Operations: Three Months		Funds from Operations: LTM	
	2016	2015	**2016**	2015	**2016**	2015
Listed investments	**$ 25,097**	$ 24,409	**$ 437**	$ 340	**$ 1,566**	$ 1,389
Unlisted assets	**4,622**	3,900	**(13)**	(46)	**93**	34
Capitalization[1]	**(8,421)**	(7,069)	**(101)**	(87)	**(356)**	(354)
	21,298	21,240	**323**	207	**1,303**	1,069
Disposition gains	**-**	-	**123**	171	**844**	650
	$ 21,298	$ 21,240	**$ 446**	$ 378	**$ 2,147**	$ 1,719

1. *FFO excludes distributions on preferred shares*

FFO – Operating Activities (LTM)[1]

(JUN.30, MILLIONS)



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

Listed Partnerships

	BPY	BEP	BIP
Market cap. (bns)[1]	$ 18.2	$ 8.9	$ 10.4
Annual distribution[2]	$ 1.12	$ 1.78	$ 1.57
Targeted:			
- Distribution growth	5 to 8%	5 to 9%	5 to 9%
- FFO payout	80%	60 to 70%	60 to 70%

1. *Based on June 30, 2016 public pricing*
2. *On a per unit basis. BIP distributions adjusted for 3-for-2 unit split announced on August 3, 2016*

- ~85% of our invested capital is invested in our flagship listed partnerships: BPY, BEP, BIP and BBU. These partnerships serve as the primary vehicles through which we invest in our private funds.
- BBU, our recently formed private equity public partnership, pays a fixed $0.25 distribution per annum and retains its excess liquidity to reinvest within its operations.

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

FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Three Months			LTM		
	2016	2015	Variance	**2016**	2015	Variance
Property	**$ 195**	$ 143	$ 52	**$ 694**	$ 544	$ 150
Renewable power	**37**	66	(29)	**166**	213	(47)
Infrastructure	**68**	61	7	**266**	228	38
Private equity	**97**	22	75	**495**	348	147
Investment income	**27**	2	25	**38**	90	(52)
	424	294	130	**1,659**	1,423	236
Unallocated						
Interest expenses	**(60)**	(55)	(5)	**(228)**	(228)	-
Corporate costs and taxes	**(41)**	(32)	(9)	**(128)**	(126)	(2)
FFO - Invested capital	**$ 323**	$ 207	$ 116	**$ 1,303**	$ 1,069	$ 234

Second Quarter:

- **Property:** FFO increased due to FFO from investments made in our opportunistic portfolio over the last year, same-property growth in our core office and retail portfolios, and an increased contribution from our multifamily residential operations.
- **Renewable power:** FFO was impacted by lower water levels in the eastern U.S. leading to significantly below long-term average generation and lower power prices in Brazil. Our recently acquired Colombian, U.S. and Brazilian hydroelectric facilities contributed $9 million of FFO.
- **Infrastructure:** FFO benefitted from the increased ownership of our natural gas transmission business, the acquisition of a toll road in India and an 11% increase in same-store FFO on a constant currency basis.
- **Private equity:** Panel board FFO grew by $29 million on higher pricing and volumes. FFO also increased from the contribution of recent investments, including $5 million from our Australian energy business and gains on sales of energy related securities, which offset a reduced contribution from our other energy businesses.

  Our North American homebuilding and land development business benefitted from higher volumes in our U.S. and eastern Canada operations, offset in part by lower margins in Alberta. Our Brazilian operations achieved higher deliveries although FFO remained negative as deliveries did not fully cover the corporate operating and financing costs.
- **Investment income**: FFO increased by $25 million due to improved market performance.

Last Twelve Months:

- **Property:** FFO benefitted from the contribution from new investments and positive same-property growth in our office and retail portfolios.
- **FFO:** Increased from higher pricing and volumes in our panel board operations and the contribution from new investments.

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

FOR THE PERIODS ENDED JUN. 30 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Three Months				LTM			
	Funds from Operations[1,2,3]		Net Income[2,3]		Funds from Operations[1,2,3]		Net Income[2,3]	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
Property								
One New York Plaza partial sale	**$ 71**	$ -	**$ (24)**	$ -	**$ 71**	$ -	**$ (24)**	$ -
Australian office properties	**(16)**	-	**1**	-	**178**	-	**91**	-
Honolulu retail mall partial sale	**-**	57	**-**	-	**5**	170	**-**	-
75 State Street	**-**	46	**-**	-	**-**	46	**-**	-
Manhattan West partial sale	**-**	-	**-**	-	**203**	-	**191**	-
99 Bishopsgate	**-**	-	**-**	-	**67**	-	**25**	-
Royal Centre	**-**	-	**-**	-	**113**	-	**19**	-
Other properties	**25**	78	**17**	(10)	**97**	253	**16**	(6)
	80	181	**(6)**	(10)	**734**	469	**318**	(6)
Infrastructure	**43**	-	**-**	-	**50**	-	**4**	-
Private equity and other	**-**	(10)	**-**	(10)	**35**	181	**(5)**	(17)
Renewable power wind facility	**-**	-	**-**	-	**25**	-	**18**	-
	$ 123	$ 171	**$ (6)**	$ (20)	**$ 844**	$ 650	**$ 335**	$ (23)
Per share	**$ 0.13**	$ 0.18	**$ (0.01)**	$ (0.02)	**$ 0.87**	$ 0.68	**$ 0.34**	$ (0.03)

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. *See slide 29 for a reconciliation of disposition gains included in FFO compared to those included in net income*
3. *Net of non-controlling interests*

Second Quarter:

- **Property:** Property gains include dispositions or sales of interests in 56 properties including a partial interest in a core office property in New York (One New York Plaza) as well as asset sales in our opportunity funds.
- **Infrastructure**: Sale of UK energy distribution business.

Last Twelve Months:

- **2016:** Office and other property disposition gains ($700 million); retail property disposition gains ($34 million); partial sale of a real estate services business ($40 million).
- **2015:** Office and other property disposition gains ($236 million); retail property disposition gains ($233 million) including the sale of an interest in a large retail mall in Honolulu ($170 million); private equity disposition gains ($181 million) relating to the disposition of a forest products business.

Our entity basis profile is organized on an investment basis as opposed to business segment, and is provided to facilitate analysis

AS AT JUN. 30, 2016 AND DEC. 31, 2015 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Invested Capital		Funds from Operations: Three Months		Funds from Operations: LTM	
	2016	2015	**2016**	2015	**2016**	2015
Asset management						
Fee related earnings	**$ 335**	$ 328	**$ 191**	$ 127	**$ 660**	$ 440
Carried interests, net	**-**	-	**-**	15	**15**	17
	335	328	**191**	142	**675**	457
Invested capital						
Brookfield Property Partners	**14,780**	14,888	**163**	128	**597**	492
Brookfield Renewable Partners	**3,915**	3,405	**62**	91	**262**	297
Brookfield Infrastructure Partners	**1,638**	1,585	**62**	56	**237**	201
Brookfield Business Partners[1]	**1,667**	1,787	**56**	33	**225**	202
Other investments	**6,649**	5,626	**54**	(16)	**300**	141
Cash and financial assets	**1,070**	1,018	**27**	2	**38**	90
	29,719	28,309	**424**	294	**1,659**	1,423
Disposition gains	**-**	-	**123**	171	**844**	650
	29,719	28,309	**547**	465	**2,503**	2,073
Capitalization (slide 16)						
Borrowings	**(4,469)**	(3,936)	**(60)**	(55)	**(228)**	(228)
Net working capital/operating costs	**(218)**	606	**(41)**	(32)	**(128)**	(126)
Preferred shares[2]	**(3,734)**	(3,739)	**-**	-	**-**	-
	(8,421)	(7,069)	**(101)**	(87)	**(356)**	(354)
	$ 21,633	$ 21,568	**$ 637**	$ 520	**$ 2,822**	$ 2,176
Per share[3]			**$ 0.62**	$ 0.50	**$ 2.76**	$ 2.12

1. *Brookfield Business Partners was formed by way of a special dividend on June 20, 2016. Prior period figures have been reclassified to current presentation*
2. *FFO excludes $34 million (2015 – $34 million) of preferred share distributions for the three months and $133 million (2015 – $146 million) for the last twelve months, which are included in determining per share results*
3. *See slide 32 for per share distributions*

~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 JUN. 30, 2016 (MILLIONS)	Business Group	No. of Units	Invested Capital Quoted[1]	Invested Capital IFRS	FFO[2] Three Months	FFO[2] LTM	Distributed Cash Flow (Annualized)[3]
Listed investments							
Brookfield Property Partners	Property	485	$ 10,890	$ 14,780	$ 163	$ 597	$ 543
Brookfield Renewable Partners	Renewable Power	183	5,463	3,915	62	262	326
Brookfield Infrastructure Partners	Infrastructure	102 [4]	3,081	1,638	62	237	160
Brookfield Business Partners	Private Equity	73	1,392	1,667	56	225	18
BPY Preferred Shares	Property	n/a	1,275	1,275	19	76	76
Norbord	Private Equity	35	688	237	31	74	11
Acadian Timber	Infrastructure	8	96	81	1	7	6
Other listed	Private Equity	Various	434	434	16	50	21
Financial assets[5]	Corporate	Various	1,070	1,070	27	38	90 [6]
			$ 24,389	25,097	437	1,566	$ 1,251
Unlisted investments							
Residential development	Private Equity			2,578	(7)	134	
Energy marketing	Renewable Power			1,076	(25)	(96)	
Other	Various			968	19	55	
				4,622	(13)	93	
				$ 29,719	$ 424	$ 1,659	

1. *Quoted value based on June 30, 2016 public pricing*
2. *Excludes realized disposition gains*
3. *Annualized distributed cash flow is based on current distribution policies*
4. *Adjusted for 3-for-2 unit split announced on August 3, 2016*
5. *Includes $540 million of cash and cash equivalents and $530 million of financial assets, net of deposits*
6. *Estimated 8% annualized total return on weighted average balance*

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

AS AT JUN. 30, 2016 AND DEC. 31, 2015 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Average Yield	Invested Capital 2016	Invested Capital 2015	Funds from Operations – Three Months 2016	Funds from Operations – Three Months 2015	Funds from Operations – LTM 2016	Funds from Operations – LTM 2015
Corporate borrowings	**4.9%**	**$ 4,469**	$ 3,936	**$ 60**	$ 55	**$ 228**	$ 228
Preferred shares[1]	**4.3%**	**3,734**	3,739	**-**	-	**-**	-
Net working capital / Corporate costs and tax	**n/a**	**873**	123	**41**	32	**128**	126
Deferred income tax asset, net	**n/a**	**(655)**	(729)	**-**	-	**-**	-
		$ 8,421	$ 7,069	**$ 101**	$ 87	**$ 356**	$ 354

1. *FFO excludes preferred shares distributions of $34 million (2015 – $34 million) for the three months; and $133 million (2015 – $146 million) for the last twelve months*

Corporate Maturity Profile

AS AT JUN. 30, 2016 (MILLIONS)	Average Term	Total	Maturity 2016	2017	2018	2019	2020	2021+
Corporate borrowings								
Term debt	**8**	$ 4,469	$ 232	$ 432	$ -	$ 466	$ -	$ 3,339
Revolving facilities[1]	**5**	-	-	-	-	-	-	-
		4,469	232	432	-	466	-	3,339
Preferred shares	**perp.**	3,734	-	-	-	-	-	n/a
		$ 8,203	$ 232	$ 432	$ -	$ 466	$ -	$ 3,339

1. *Revolving credit facilities of $1.9 billion to support commercial paper issuances (20 bps spread) or bankers acceptances/LIBOR loans (100 bps spread)*

Core and Total Liquidity

AS AT JUN. 30, 2016 AND DEC. 31, 2015 (MILLIONS)	Corporate	Property	Renewable Power	Infrastructure	Private Equity and Other	**Total 2016**	Dec. 2015
Cash and financial assets, net	$ 1,070	$ 11	$ 107	$ 502	$ 250	**$ 1,940**	$ 1,446
Undrawn committed credit facilities	1,847	681	905	704	-	**4,137**	4,206
Core liquidity	2,917	692	1,012	1,206	250	**6,077**	5,652
Uncalled private fund commitments[1]	-	6,176	2,997	6,932	2,120	**18,225**	9,265
Total liquidity	$ 2,917	$ 6,868	$ 4,009	$ 8,138	$ 2,370	**$ 24,302**	$ 14,917

1. *Third-party private fund uncalled commitments*

- Corporate credit facilities totalled $1.9 billion, of which $nil was drawn at June 30, 2016 and $83 million was utilized for letters of credit.
- Total liquidity of $24.3 billion at June 30, 2016 includes core liquidity of $6.1 billion and third-party uncalled commitments of $18.2 billion.

Uncalled Fund Commitments – Expiry Profile

AS AT JUN. 30, 2016 AND DEC. 31, 2015 (MILLIONS)	2016	2017	2018	2019	2020+	**Jun. 2016**	Dec. 2015
Property	$ 85	$ 1,290	$ 89	$ 134	$ 4,578	**$ 6,176**	$ 4,623
Infrastructure and renewable power	770	1,067	-	-	8,092	**9,929**	2,649
Private equity	114	-	-	1,994	12	**2,120**	1,993
	$ 969	$ 2,357	$ 89	$ 2,128	$ 12,682	**$ 18,225**	$ 9,265

- 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 during the second quarter; $7.7 billion during the last twelve months.
- $3.1 billion of fund capital committed to transactions yet to be closed (property – $1.5 billion, infrastructure and renewable power – $1.0 billion and private equity – $0.6 billion).

Brookfield

Additional Information

We hold a 62% fully diluted interest in Brookfield Property Partners, which owns virtually all of our global property operations

Financial Position and Performance

AS AT JUN. 30, 2016 AND DEC. 31, 2015 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Invested Capital		Funds from Operations – Three Months		Funds from Operations – LTM	
	2016	2015	**2016**	2015	**2016**	2015
Investment in Brookfield Property Partners						
LP Units	**$ 14,780**	$ 14,888	**$ 163**	$ 128	**$ 597**	$ 492
Preferred shares	**1,275**	1,275	**19**	19	**76**	76
	16,055	16,163	**182**	147	**673**	568
Unlisted assets, net[1]	**149**	102	**13**	(4)	**21**	(24)
	16,204	16,265	**195**	143	**694**	544
Realized disposition gains	**-**	-	**80**	181	**734**	469
	$ 16,204	$ 16,265	**$ 275**	$ 324	**$ 1,428**	$ 1,013

1. *Consists of $677 million (2015 – $621 million) of property assets less $528 million (2015 – $519 million) of associated borrowings and preferred share obligations*

Operating Profile

- We manage a global portfolio of premier properties containing over 400 million square feet ("msf") focused on:
  - **Core Office:** 149 properties containing 101 msf and a 33 msf development pipeline.
  - **Core Retail:** 128 high quality regional malls and urban retail properties containing 125 msf predominantly based in the U.S. with average tenant sales of $583 per square foot.
  - **Opportunistic:** Global property portfolio targeting attractive returns and includes industrial, multifamily, hospitality, self-storage, student housing and other properties.

Financial Performance

- Our share of BPY's FFO increased by $35 million due to incremental income from new investments over the past twelve months, earnings from recently signed leases in our core office portfolio, and an increased contribution from our multifamily residential operations. Directly held assets contributed $19 million of FFO prior to $6 million of interest expense.
- We disposed of 56 properties, including the partial sale of an office building in New York, recognizing $80 million of disposition gains. In the prior year, we disposed of 38 properties, recognizing $181 million of disposition gains.

Financial Position and Performance – BPY

AS AT JUN. 30, 2016 AND DEC. 31, 2015 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Invested Capital		Funds from Operations – Three Months		Funds from Operations – LTM	
	2016	2015	**2016**	2015	**2016**	2015
Core Office	**$ 15,282**	$ 15,984	**$ 150**	$ 146	**$ 622**	$ 546
Core Retail	**8,893**	8,579	**108**	109	**459**	442
Opportunistic	**4,282**	4,251	**110**	57	**317**	169
Corporate	**(6,786)**	(6,856)	**(118)**	(114)	**(471)**	(389)
Attributable to unitholders	**21,671**	21,958	**250**	198	**927**	768
Non-controlling interest	**(6,891)**	(7,070)	**(80)**	(64)	**(298)**	(247)
Segment reallocation and other[1]	**-**	-	**(7)**	(6)	**(32)**	(29)
Brookfield's interest	**$ 14,780**	$ 14,888	**$ 163**	$ 128	**$ 597**	$ 492

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

- **Core Office:** FFO increase reflects 13% higher same-property growth due to earnings on new leases in Lower Manhattan and developments coming online. This growth was partially offset by disposition activity and foreign currency.
  - Average in-place core office rent is $33.45 psf, representing a discount of 17% to market rent, and has an average term of eight years.
  - We completed 0.8 msf of leases during the quarter at average net rents of $31.20 psf, 12% higher than expiring rents, while occupancy in our core portfolio decreased by 30 bps to 91.7%.
- **Core Retail:** FFO declined modestly to $108 million as 2% same-property revenue growth was offset by dispositions of assets and higher interest expense due to higher average debt balances over the prior year.
  - Average in-place retail rent of $61.52 psf with a six-year average term to maturity, up from $60.01 psf at June 30, 2015; over 1,900 signed leases commencing in 2016 and 2017 comprising 8.2 msf.
  - Initial and average rent spreads for executed leases commencing in 2016 on a suite-to-suite basis increased by 13% and 26% respectively, compared to the rental rate for expiring leases.
- **Opportunistic:** FFO increased from the contribution of capital deployed over the past twelve months, $21 million of incremental FFO on the sale of three merchant developments and higher same-store growth in our industrial and hospitality businesses.
- **Corporate:** Corporate costs increased on an LTM basis as a result of an increase in BPY's fees on its larger capital base, and additional costs reflecting a higher level of activity and increased scale of the business.

We hold a 61% interest in Brookfield Renewable Partners, which owns interests in our renewable power facilities. We also conduct energy marketing initiatives on behalf of BEP

Financial Position and Performance

AS AT JUN. 30, 2016 AND DEC. 31, 2015 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Invested Capital		Funds from Operations – Three Months		Funds from Operations – LTM	
	2016	2015	**2016**	2015	**2016**	2015
Investment in BEP LP units	**$ 3,915**	$ 3,405	**$ 62**	$ 91	**$ 262**	$ 297
Brookfield Energy Marketing	**1,076**	1,019	**(25)**	(25)	**(96)**	(84)
	4,991	4,424	**37**	66	**166**	213
Realized disposition gains	**-**	-	**-**	-	**25**	-
	$ 4,991	$ 4,424	**$ 37**	$ 66	**$ 191**	$ 213

Operating Profile

- We operate 260 generating facilities that provide approximately 10,700 MW of generating capacity. Global operations situated in the U.S., Canada, Brazil, Europe and Colombia, comprised of 88% hydroelectric generation, situated on 82 river systems.
- We completed a tender offer for the remaining shares of Colombia's third largest power generation company during the quarter and increased our ownership to 84%, and expect to acquire the balance during the third quarter of this year.
- Our energy marketing operations sell approximately 8,400 GWh annually that we in turn purchase from BEP at a price of $68 per MWh. We have sold ~2,800 GWh under long-term contracts at an average price of $72 per MWh and sell the balance through short-term financial contracts or at prevailing market prices.

Financial Performance

- Our share of BEP's FFO decreased by 32% to $62 million primarily due to lower generation levels in our northeast U.S. hydroelectric portfolio and weaker prices in the Brazilian portfolio, partially offset by contribution from our recently acquired hydroelectric facilities in Colombia, Brazil and Pennsylvania. Generation was 8% higher than 2015 on a proportionate basis, however 18% below long-term average.
- BEP issued 23 million units for $670 million during the quarter, of which BAM acquired 11 million units ($313 million); increasing our investment in BEP, albeit diluting our economic interest from 63% to 61%.
- Our energy marketing operations' FFO deficit was consistent with last year as the benefit from lower purchases from BEP was offset by lower market prices.

Financial Position and Performance – BEP

AS AT JUN. 30, 2016 AND DEC. 31, 2015 AND FOR THE PERIODS ENDED JUN. 30 ($ MILLIONS)	Invested Capital		Funds from Operations – Three Months		Funds from Operations – LTM	
	2016	2015	**2016**	2015	**2016**	2015
Proportionate Generation (GWh)						
Actual	**n/a**	n/a	**5,214**	4,833	**19,389**	17,510
Long-term average (LTA)	**n/a**	n/a	**6,342**	5,478	**20,684**	19,024
Hydroelectric generation	**$ 8,517**	$ 6,916	**$ 133**	$ 166	**$ 530**	$ 588
Wind energy	**602**	668	**28**	26	**105**	100
Facilities under development	**218**	209	**-**	-	**-**	-
Corporate/unallocated	**(2,957)**	(2,350)	**(56)**	(46)	**(193)**	(212)
Attributable to unitholders	**6,380**	5,443	**105**	146	**442**	476
Incentive distributions	**-**	-	**(5)**	(2)	**(14)**	(5)
Non-controlling interest	**(2,465)**	(2,038)	**(38)**	(53)	**(166)**	(174)
Brookfield's interest	**$ 3,915**	$ 3,405	**$ 62**	$ 91	**$ 262**	$ 297

- **Generation** was 5,214 GWh for the quarter, on BEP's proportionate basis, below the long-term average of 6,342 GWh and an increase of 381 GWh compared to the prior year.
- **Hydroelectric** generation was 4,647 GWh, below the long-term average of 5,616 GWh and an increase of 526 GWh compared to the prior year. In our North American portfolio, inflows were below average, which decreased FFO by $23 million, partially offset by improved generation in Brazil following the drought conditions that affected prior periods resulting in an additional $16 million of FFO. Generation from recently acquired facilities in Brazil, Colombia and Pennsylvania was 763 GWh contributing $15 million of additional FFO to BEP. Lower power prices reduced FFO by $18 million across the portfolio. Strengthening of the U.S. dollar relative to the Canadian dollar and Brazilian real also decreased FFO in the current quarter. On a year-to-date basis, generation remains in-line with the long-term average as the first quarter of this year benefitted from higher than normal inflows.
- **Wind** generation was 525 GWh, below the long-term average of 667 GWh and a decrease of 73 GWh compared to the prior year. Generation at our North American portfolio was in line with the prior year and slightly below long-term average. The Brazilian portfolio generated 62 GWh in the quarter, 48% higher than the long-term average and 19% below the prior year.
- **Corporate** contributed an FFO deficit of $56 million and includes interest expense on corporate debentures, preferred share distributions as well as unallocated costs including asset management fees paid.

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 JUN. 30 (GWh AND MILLIONS)	Generation (GWh)		FFO		Per MWh	
	2016	2015	**2016**	2015	**2016**	2015
Contracted	**554**	764	**$ 47**	$ 63	**$ 84**	$ 82
Uncontracted and financial contracts	**1,397**	1,409	**58**	63	**42**	45
	1,951	2,173	**105**	126	**54**	58
Less: Purchases from BEP	**(1,951)**	(2,173)	**(130)**	(151)	**(67)**	(70)
FFO	**-**	-	**$ (25)**	$ (25)	**$ (13)**	$ (12)

- FFO deficit was consistent as lower pricing was offset by lower generation purchased under fixed rate contracts.
  - The average realized prices per MWh for uncontracted power was $42/MWh, $3/MWh less than the prior year.
- Ancillary revenues including capacity payments, green credits and revenues generated for the peaking ability of our plants totalled $22 million, increasing average realized prices by $11/MWh, above current market pricing.

Last Twelve Months

FOR THE LTM ENDED JUN. 30 (GWh AND MILLIONS)	Generation (GWh)		FFO		Per MWh	
	2016	2015	**2016**	2015	**2016**	2015
Contracted	**2,595**	3,170	**$ 197**	$ 255	**$ 76**	$ 80
Uncontracted	**5,273**	5,098	**233**	241	**44**	47
	7,868	8,268	**430**	496	**55**	60
Less: Purchases from BEP	**(7,868)**	(8,268)	**(526)**	(580)	**(67)**	(70)
FFO	**-**	-	**$ (96)**	$ (84)	**$ (12)**	$ (10)

We hold a 30% interest in Brookfield Infrastructure Partners, which owns the majority of our infrastructure operations

Financial

AS AT JUN. 30, 2016 AND DEC. 31, 2015 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		LTM	
	2016	2015	**2016**	2015	**2016**	2015
Investment in BIP LP units	**$ 1,638**	$ 1,585	**$ 62**	$ 56	**$ 237**	$ 201
Directly held						
Acadian Timber Corp	**81**	77	**1**	2	**7**	8
Sustainable resources	**649**	541	**5**	3	**22**	19
	2,368	2,203	**68**	61	**266**	228
Realized disposition gains	**-**	-	**43**	-	**50**	-
	$ 2,368	$ 2,203	**$ 111**	$ 61	**$ 316**	$ 228

Operating Profile

- We own high quality, long-life assets:
  - Utilities: Networks in North and South America, Europe and Australia, including 11,100 km of transmission lines, 2.6 million electricity and gas connections and 285,000 smart meters.
  - Transport: 33 terminals, 3,600 km of toll roads and 9,900 km of rail operations.
  - Energy: Approximately 15,000 km of transmission pipelines, 600 billion cubic feet of natural gas storage capacity in the U.S. and Canada, heating plants capable of delivering 2.9 million pounds per hour of steam heating capacity and 255,000 tons of cooling capacity.
  - Communication: Approximately 7,000 multi-purpose towers and active rooftop sites and 5,000 km of fibre backbone in France.

Financial Performance

- Our share of BIP's FFO increased by 11% to $62 million due to an increased ownership of our North American pipeline business and the expansion of our toll road business. FFO from existing businesses increased due to internal growth initiatives, increased tariffs and higher volumes. This was partially offset by the impact of foreign exchange.
- FFO from our sustainable resources benefitted from stronger commodity pricing and volumes in our South American agriculture and timber business.
- We completed the sale of our UK gas distribution business generating $43 million of disposition gains. LTM gains also include a $7 million gain on the sale of an electricity transmission system in northeastern U.S.

INVESTED CAPITAL – INFRASTRUCTURE GROUP
Brookfield Infrastructure Partners (NYSE: BIP, TSX: BIP.UN)

Financial Position and Performance – BIP

AS AT JUN. 30, 2016 AND DEC. 31, 2015 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Invested Capital		Funds from Operations – Three Months		Funds from Operations – LTM	
	2016	2015	**2016**	2015	**2016**	2015
Utilities	**$ 1,942**	$ 2,002	**$ 100**	$ 93	**$ 399**	$ 374
Transport	**3,948**	3,220	**102**	104	**394**	403
Energy	**1,223**	1,009	**43**	23	**122**	77
Communications	**446**	438	**19**	20	**78**	20
Corporate and other	**(2,005)**	(1,290)	**(34)**	(32)	**(115)**	(122)
Attributable to unitholders	**5,554**	5,379	**230**	208	**878**	752
Incentive distributions	**-**	-	**(19)**	(17)	**(72)**	(54)
Non-controlling interest	**(3,916)**	(3,794)	**(149)**	(135)	**(569)**	(497)
Brookfield's interest	**$ 1,638**	$ 1,585	**$ 62**	$ 56	**$ 237**	$ 201

- **Utilities:** FFO grew by $7 million due to higher connections activity at our UK regulated distribution business, inflation indexation and incremental earnings on growth capital commissioned into our rate base, partially offset by foreign exchange and the elimination of earnings associated with assets sold.
  - We have $851 million of total capital to be commissioned into our rate base, including our capital backlog of $701 million.
- **Transport:** FFO declined slightly compared to the prior year as the benefit of higher tariffs in our rail and toll road operations, higher volumes at our rail logistics operations in Brazil, and the acquisition of toll roads in India were more than offset by the impact of foreign exchange.
  - Capital to be commissioned of $899 million at June 30, 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 87% due to our higher ownership interest in our North American natural gas transmission business, in addition to higher volumes and reduced interest expense, and the commissioning of growth initiatives in our district energy business.
- **Communications Infrastructure:** FFO decreased slightly due to replacing acquisition debt with longer term financing at slightly higher rates, although favourable to our underwriting.
- **Corporate & other:** FFO decreased by $2 million to a net expense of $34 million primarily due to higher base management fees from increased market capitalization and increased interest expense, partially offset by higher investment income.

We hold a 79% interest in Brookfield Business Partners, which owns our industrial and business services investments. We also own privately-held residential development operations and other investments, including a 41% interest in Norbord Inc.

Financial Position and Performance

AS AT JUN. 30, 2016 AND DEC. 31, 2015 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Invested Capital		Funds from Operations – Three Months		Funds from Operations – LTM	
	2016	2015	**2016**	2015	**2016**	2015
Brookfield Business Partners	**$ 1,667**	$ 1,787	**$ 56**	$ 33	**$ 225**	$ 202
Residential development	**2,578**	2,221	**(7)**	(23)	**134**	92
Norbord[1]	**237**	224	**31**	2	**74**	(5)
Other investments	**604**	167	**17**	10	**62**	59
	5,086	4,399	**97**	22	**495**	348
Realized disposition gains	**-**	-	**-**	(10)	**35**	181
	$ 5,086	$ 4,399	**$ 97**	$ 12	**$ 530**	$ 529

1. *Includes FFO from Ainsworth Lumber Co. Ltd in 2015*

Operational Highlights

- We established a listed partnership called Brookfield Business Partners L.P. ("BBU") during the quarter by distributing a 21% interest through a special dividend to shareholders of $441 million, or $0.45 per common share, based on IFRS values.
- Our residential development business consists of land development and homebuilding operations in North America and condominium development in Brazil.
- We have a 41% interest in Norbord Inc. a publicly traded international producer of wood-based panels (TSX: OSB, NYSE: OSB).

Financial Highlights

- BBU's FFO increased by $23 million to $56 million primarily due to a higher level of activity within our construction operations and the contribution from our Australian energy operations.
- Residential development FFO increased by $16 million compared to the prior year due to higher deliveries in our Brazilian operation, albeit FFO remained a deficit.
- Norbord's FFO increased by $29 million over the prior year quarter as a result of a 37% increase in North American OSB pricing and an 8% improvement in North American sales volumes.
- LTM gains in the prior year relate to the sale of a forest products business and a $10 million break fee on the prepayment of debt at an investee company.

Financial Position and Performance – BBU

AS AT JUN. 30, 2016 AND DEC. 31, 2015 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Invested Capital		Funds from Operations – Three Months		Funds from Operations – LTM	
	2016	2015	**2016**	2015	**2016**	2015
Construction	**$ 847**	$ 745	**$ 25**	$ 17	**$ 101**	$ 116
Other business services	**322**	309	**15**	14	**45**	39
Energy	**326**	315	**17**	2	**92**	37
Other industrial operations	**363**	418	**2**	8	**-**	17
Corporate and other	**261**	-	**(1)**	-	**(1)**	-
Brookfield Business Partners	**2,119**	1,787	**58**	41	**237**	209
Non-controlling interest	**(452)**	-	**(1)**	-	**(1)**	-
Segment reallocation and other[1]	**-**	-	**(1)**	(8)	**(11)**	(7)
	$ 1,667	$ 1,787	**$ 56**	$ 33	**$ 225**	$ 202

1. *Reflects fee related earnings reclassified to asset management segment*

- **Construction services:** FFO increased by $8 million, benefitting from an increase in the scale of our operations. Our construction workbook continues to grow, with new projects secured during the year replacing the value of work performed. We have 104 secured projects that are yet to reach practical completion compared to 91 projects as of June 30, 2015. This increased our contracted backlog by 7% to $7.3 billion at June 30, 2016, primarily due to an increase in projects in Australia and the UK.

- **Energy operations:** FFO increased by $15 million to $17 million due to the contribution from recent acquisitions, including $10 million of FFO from our Australian energy operations, which are benefitting from hedges put in place on oil production at prices above the current market, and gains from the disposition of energy-related securities. The contribution from acquisitions was partially offset by lower commodity prices experienced within our western Canada oil and gas operations.

- **Other industrial operations:** FFO decreased by $6 million due to lower contribution associated with acquisitions completed in late 2015.

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 JUN. 30, 2016 AND DEC. 31, 2015 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Invested Capital		Funds from Operations – Three Months		Funds from Operations – LTM	
	2016	2015	**2016**	2015	**2016**	2015
North America	**$ 1,373**	$ 1,318	**$ 15**	$ 14	**$ 158**	$ 152
Brazil and other	**1,205**	903	**(22)**	(37)	**(24)**	(60)
	$ 2,578	$ 2,221	**$ (7)**	$ (23)	**$ 134**	$ 92

Operating Profile

- Our North American land development and homebuilding include:
  - Active developments and long-term development positions in high-growth markets such as California, Texas, Colorado, Alberta and Ontario.
  - 79 active housing communities with 1,872 units in backlog with a value of $930 million.
  - 27 active land communities.
- We own one of the leading developers in Brazil's real estate industry, which develops and builds condominium projects in key markets in Brazil including Rio de Janeiro and São Paulo.

Financial Performance

- North American FFO increased due to a higher number of home closings in the U.S. and eastern Canada, partially offset by slower markets in Alberta, which continues to be impacted by depressed energy prices.
  - Housing gross margin increased by $2 million due to higher closings which were partially offset by a decrease in average price due to a shift in the product mix of homes closed.
  - We experienced higher lot sales in the U.S. due to timing of closings, which increased FFO in the current quarter.
  - The above were partially offset by higher marketing expenses, which drove an 8% increase in new home orders.
- In our Brazilian operations, FFO increased by $15 million due to higher deliveries compared to prior year albeit FFO from deliveries did not cover our corporate overhead and financing costs, as economic conditions continue to impact the Brazilian housing market.

RECONCILIATION OF REALIZED DISPOSITION GAINS TO IFRS FINANCIAL STATEMENTS

Three Months

FOR THE THREE MONTHS ENDED JUN. 30, 2016 (MILLIONS)	Operating Segment	FFO	IFRS Recognition[1] Net Income[2]	Equity[3]	Prior Periods[4]	Total
One New York Plaza	Property	$ 71	$ (24)	$ -	$ 95	**$ 71**
Office properties and other	Property	9	18	-	(9)	**9**
Other	Infrastructure	43	-	-	43	**43**
		$ 123	$ (6)	$ -	$ 129	**$ 123**

Last Twelve Months

FOR THE LTM ENDED JUN. 30, 2016 (MILLIONS)	Operating Segment	FFO	IFRS Recognition[1] Net Income[2]	Equity[3]	Prior Periods[4]	Total
U.S. retail properties	Property	$ 31	$ 2	$ -	$ 29	**$ 31**
U.S. office properties	Property	280	168	-	112	**280**
Australian office properties	Property	178	91	-	87	**178**
UK office properties	Property	67	25	-	42	**67**
Canadian office properties	Property	150	18	-	132	**150**
Other	Various	138	31	-	107	**138**
		$ 844	$ 335	$ -	$ 509	**$ 844**

1. *Net of non-controlling interests*
2. *Prior to the impact of deferred taxes*
3. *Gains or losses on changes in ownership of consolidated subsidiaries are recorded directly in equity under IFRS*
4. *Realization of prior period fair value changes or revaluation surplus are recognized in FFO on crystallization of value; however no impact to current period IFRS results*

Capitalization

AS AT JUN. 30, 2016 AND DEC. 31, 2015 (MILLIONS)	Corporate		Proportionate[1]		Consolidated[1]	
	2016	2015	**2016**	2015	**2016**	2015
Corporate borrowings	**$ 4,469**	$ 3,936	**$ 4,469**	$ 3,936	**$ 4,469**	$ 3,936
Non-recourse borrowings						
Property-specific mortgages	**-**	-	**26,702**	26,730	**51,291**	46,474
Subsidiary borrowings	**-**	-	**6,318**	5,303	**10,174**	8,303
	4,469	3,936	**37,489**	35,969	**65,934**	58,713
Accounts payable and other	**1,968**	1,726	**8,903**	7,537	**12,263**	11,433
Deferred tax liabilities	**227**	155	**5,428**	4,904	**10,447**	8,810
Subsidiary equity obligations	**-**	-	**1,828**	1,895	**3,360**	3,331
Equity						
Non-controlling interests	**-**	-	**-**	-	**39,172**	31,920
Preferred equity	**3,734**	3,739	**3,734**	3,739	**3,734**	3,739
Common equity	**21,633**	21,568	**21,633**	21,568	**21,633**	21,568
	25,367	25,307	**25,367**	25,307	**64,539**	57,227
Total capitalization	**$ 32,031**	$ 31,124	**$ 79,015**	$ 75,612	**$ 156,543**	$ 139,514
Debt to capitalization[2]	**14%**	13%	**47%**	48%	**42%**	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, excludes amounts within equity accounted investments.

FINANCIAL PERFORMANCE (IFRS) – Three Months Ended June 30

Condensed Statements of Operations

FOR THE THREE MONTHS ENDED JUN. 30 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	**2016**	2015	Change
Revenue	**$ 5,973**	$ 4,923	$ 1,050
Direct costs	**(4,330)**	(3,595)	(735)
Gross margin	**1,643**	1,328	315
Other income and gains	**31**	12	19
Equity accounted income	**435**	603	(168)
Expenses			
Interest	**(815)**	(725)	(90)
Corporate costs	**(25)**	(29)	4
Fair value changes	**65**	70	(5)
Depreciation and amortization	**(516)**	(428)	(88)
Income tax	**(234)**	368	(602)
Net income	**584**	1,199	(615)
Non-controlling interests	**(399)**	(554)	155
Net Income attributable to shareholders	**$ 185**	$ 645	$ (460)
Per share	**$ 0.15**	$ 0.62	$ (0.47)

Financial Highlights

- **Revenues** increased by 21% 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, increased rates and occupancy 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.
- **Income tax** expense decreased by $602 million primarily as the prior year quarter included a $464 million deferred income tax recovery on the change in ownership structure of certain commercial properties.
- **Net income attributable to shareholders** decreased mainly due to the impact of the aforementioned tax recovery in the prior year and a lower level of fair value changes recognized in the current period.

Common Share Continuity

FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Three Months		LTM	
	2016	2015	**2016**	2015
Outstanding at beginning of period	**958.6**	927.1	**960.3**	924.7
Issued (repurchased)				
Issuances	**-**	32.9	**-**	32.9
Repurchases	**-**	(0.7)	**(9.8)**	(5.3)
Long-term share ownership plans	**0.3**	1.0	**8.2**	7.8
Dividend reinvestment plan	**0.1**	-	**0.3**	0.2
Outstanding at end of period	**959.0**	960.3	**959.0**	960.3
Unexercised options and other share-based plans	**45.3**	54.8	**45.3**	54.8
Total diluted shares at end of period	**1,004.3**	1,015.1	**1,004.3**	1,015.1

- 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 June 30, 2016 was $936 million (December 31, 2015 – $828 million).

FFO and Earnings Per Share Information

FOR THE THREE MONTHS ENDED JUN. 30 (MILLIONS)	Funds from Operations		Net Income	
	2016	2015	**2016**	2015
Funds from operations/Net income	**$ 637**	$ 520	**$ 185**	$ 645
Preferred share dividends	**(34)**	(34)	**(34)**	(34)
Funds from operations/Net income available for shareholders	**$ 603**	$ 486	**$ 151**	$ 611
Weighted average shares	**958.8**	952.0	**958.8**	952.0
Dilutive effect of the conversion of options and other share-based plans using treasury stock method	**18.2**	28.2	**18.2**	28.2
Shares and share equivalents	**977.0**	980.2	**977.0**	980.2

RECONCILIATION OF NET INCOME TO FFO

June 30, 2016

FOR THE THREE MONTHS ENDED (MILLIONS)	IFRS	Reconciling Items: Eliminate Non-FFO Items	Reconciling Items: Intersegment Adjustments	Reconciling Items: Realized Disposition Gains	FFO
Revenues	$ 5,973	$ -	$ 358	$ -	**$ 6,331**
Direct costs	(4,330)	-	(19)	-	**(4,349)**
Other income and gains	31	-	-	-	**31**
Equity accounted income	435	4	-	-	**439**
Expenses					
Interest	(815)	-	-	-	**(815)**
Corporate costs	(25)	-	(339)	-	**(364)**
Realized disposition gains	-	-	-	129	**129**
Fair value changes	65	(71)	-	-	**(6)**
Depreciation and amortization	(516)	516	-	-	**-**
Income tax	(234)	162	-	-	**(72)**
Net income	**584**				
Non-controlling interests	(399)	(288)	-	-	**(687)**
Net income / FFO attributable to shareholders	**$ 185**	**$ 323**	**$ -**	**$ 129**	**$ 637**

June 30, 2015

FOR THE THREE MONTHS ENDED (MILLIONS)	IFRS	Reconciling Items: Eliminate Non-FFO Items	Reconciling Items: Intersegment Adjustments	Reconciling Items: Realized Disposition Gains	FFO
Revenues	$ 4,923	$ -	$ 286	$ -	**$ 5,209**
Direct costs	(3,595)	-	(18)	-	**(3,613)**
Other income and gains	12	-	-	-	**12**
Equity accounted income	603	(257)	-	-	**346**
Expenses					
Interest	(725)	-	(7)	-	**(732)**
Corporate costs	(29)	-	(261)	-	**(290)**
Realized disposition gains	-	-	-	191	**191**
Fair value changes	70	(70)	-	-	**-**
Depreciation and amortization	(428)	428	-	-	**-**
Income tax	368	(405)	-	-	**(37)**
Net income	**1,199**				
Non-controlling interests	(554)	(12)	-	-	**(566)**
Net income / FFO attributable to shareholders	**$ 645**	**$ (316)**	**$ -**	**$ 191**	**$ 520**

Reclassification of Fee Bearing Capital and Annualized Fees

We are now reporting private fund base fees and fee bearing capital net of fee credits, resulting in BPY's commitment to our private funds being removed from FBC with no impact on base fees. All of our listed partnerships commitments to our private funds are now excluded from FBC.

Fee Bearing Capital

AS AT (MILLIONS)	Jun. 2016	Mar. 2016	Dec. 2015	Sep. 2015	Jun. 2015	Mar. 2015	Dec. 2014	Sep. 2014
Listed partnerships	**$ 48,767**	$ 45,565	$ 43,017	$ 40,887	$ 44,347	$ 45,681	$ 42,021	$ 39,411
Private funds	**47,296**	37,256	34,448	31,612	31,124	25,808	25,934	25,524
Public markets	**12,249**	16,402	16,797	17,519	18,484	19,143	17,981	16,803
Current disclosure	**108,312**	99,223	94,262	90,018	93,955	90,632	85,936	81,738
BPY commitments[1]	**4,834**	4,699	4,703	4,704	4,693	2,576	2,604	2,631
Previous disclosure	**$ 113,146**	$ 103,922	$ 98,965	$ 94,722	$ 98,648	$ 93,208	$ 88,540	$ 84,369

1. *BPY commitments to BSREP I and II and other niche funds*

Annualized Base Fees

AS AT (MILLIONS)	Current Disclosure							
	Jun. 2016	Mar. 2016	Dec. 2015	Sep. 2015	Jun. 2015	Mar. 2015	Dec. 2014	Sep. 2014
Listed partnerships	**$ 425**	$ 386	$ 350	$ 325	$ 365	$ 380	$ 335	$ 310
Private funds	**480**	369	350	325	320	245	245	230
Public markets	**80**	95	110	110	115	105	95	90
	$ 985	$ 850	$ 810	$ 760	$ 800	$ 730	$ 675	$ 630

AS AT (MILLIONS)	Previous Disclosure							
	Jun. 2016	Mar. 2016	Dec. 2015	Sep. 2015	Jun. 2015	Mar. 2015	Dec. 2014	Sep. 2014
Listed partnerships	**$ 425**	$ 386	$ 350	$ 325	$ 365	$ 380	$ 335	$ 310
Private funds	**520**	409	390	365	360	265	265	250
Public markets	**80**	95	110	110	115	105	95	90
Fee credit[1]	**(40)**	(40)	(40)	(40)	(40)	(20)	(20)	(20)
	$ 985	$ 850	$ 810	$ 760	$ 800	$ 730	$ 675	$ 630

1. *BPY listed partnership fee credit to not double charge fees on BPY's commitments to BSREP I and II and other niche funds*

We are now reporting our results on a pro forma basis for the formation of BBU. The following table illustrates the impact of this change on our previously reported results.

Current Presentation

AS AT JUN. 30, 2016 AND DEC. 31, 2015 AND FOR THE THREE MONTHS ENDED (MILLIONS)	Invested Capital		Funds From Operations									
	2016	2015	**2016**		2015				2014			
	Q2	Q4	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Brookfield Business Partners												
Construction services	**$ 847**	$ 745	**$ 25**	$ 22	$ 34	$ 20	$ 17	$ 34	$ 49	$ 16	$ 24	$ 5
Business services	**322**	309	**15**	2	11	17	14	1	4	20	4	4
Energy	**326**	315	**17**	18	41	16	2	10	11	14	11	19
Industrial operations	**363**	418	**2**	(5)	(2)	5	8	3	2	4	5	1
Corporate and other	**261**	-	**(1)**	-	-	-	-	-	-	-	-	-
	2,119	1,787	**58**	37	84	58	41	48	66	54	44	29
Non-controlling interest	**(452)**	-	**(1)**	-	-	-	-	-	-	-	-	-
Segment reallocation	**-**	-	**(1)**	(1)	(9)	-	(8)	3	3	(5)	4	(3)
	1,667	1,787	**56**	36	75	58	33	51	69	49	48	26
Norbord	**237**	224	**31**	19	17	7	2	(5)	-	(2)	17	7
Other investments	**604**	167	**17**	21	5	19	10	14	18	17	26	7
	$ 2,508	$ 2,178	**$ 104**	$ 76	$ 97	$ 84	$ 45	$ 60	$ 87	$ 64	$ 91	$ 40

Previous Presentation

AS AT JUN. 30, 2016 AND DEC. 31, 2015 AND FOR THE THREE MONTHS ENDED (MILLIONS)	Invested Capital		Funds From Operations									
	2016	2015	**2016**		2015				2014			
	Q2	Q4	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Private equity	**$ 1,328**	$ 1,198	**$ 64**	$ 48	$ 57	$ 38	$ 23	$ 17	$ 27	$ 21	$ 54	$ 28
Service activities	**1,180**	980	**40**	28	40	46	22	43	60	43	37	12
	$ 2,508	$ 2,178	**$ 104**	$ 76	$ 97	$ 84	$ 45	$ 60	$ 87	$ 64	$ 91	$ 40

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 of value 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 33.

  - 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 allocated to a business segment or business line within a segment. This measure is intended to present the net assets associated with FFO of the segment.

- **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.

- **Fee Bearing Capital** represents the capital committed, pledged or invested in our listed partnerships, private funds, and public markets 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 market 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 markets 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 markets 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 targetted 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 forgoing 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 forgoing 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.