

BROOKFIELD ASSET MANAGEMENT INC.

Q4 2017 Supplemental Information

Fourth Quarter and Full Year, December 31, 2017

Brookfield

HIGHLIGHTS

- We increased fee bearing capital by \$16 billion in 2017 to \$126 billion, reflecting solid fundraising for our private funds and strong market performance by our listed partnerships.
 - We are currently fundraising our latest flagship real estate fund. Inclusive of BPY's \$2.5 billion commitment, we have raised over \$7 billion to date and expect to complete fundraising for this fund in 2018.
 - Our current flagship private equity fund ("BCP IV") is over 80% invested and committed, and we have commenced the fundraising process for our fifth flagship private equity fund.
 - We advanced new product strategies including the final close for our first infrastructure credit fund and the initial close of our first open ended real estate credit fund.
- The profitability of our asset management business continued to grow with annualized fees reaching \$1.5 billion and annualized target carried interest reaching \$1.0 billion, collectively a 22% increase over prior year.
- We generated a record level of unrealized carried interest, \$1.3 billion compared to \$418 million in the prior year, due to strong investment performance within our funds. Accrued unrealized carried interest is \$2.1 billion, more than double that of prior year.
- Continued growth in FFO per unit resulted in distribution increases for BEP, BPY and BIP of 5%, 7% and 8% respectively; annual cash distributions to us as an investor in these entities now exceed \$1.2 billion.

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We value our business as the sum of two parts: our Asset Management franchise and our Invested Capital

Asset Management

	<u>Economic Net Income</u>	
	<u>Actual</u>	<u>Annualized</u>
FOR THE YEAR ENDED DEC 31, 2017 (MILLIONS)		
Fee revenues	\$ 1,368	\$ 1,475
Direct costs	(472)	(590)
Fee related earnings ¹	896	885
Carried interest ²	1,280	1,000
Direct costs ³	(352)	(300)
Carried interest, net	928	700
Economic net income⁵ (Asset management)	\$ 1,824	\$ 1,585

Invested Capital

	<u>Invested Capital</u>	
	<u>Quoted⁴</u>	<u>IFRS</u>
AS AT DEC 31, 2017 (MILLIONS)		
BPY	\$ 12,079	\$ 16,653
BEP	6,576	4,143
BIP	5,273	2,098
BBU	3,034	2,064
Other listed	4,015	4,174
Total listed investments	<u>\$ 30,977</u>	29,132
Unlisted investments		4,797
Corporate capitalization and working capital		(10,189)
Net invested capital		\$ 23,740

Note: we value using multiples of Fee Related Earnings and Carried Interest, net

1. Annualized fee related earnings assumes 60% margin (refer to slide 11). We use a 55%-65% margin for planning purposes
2. Actual carried interest is unrealized carried interest generated in the year (refer to slide 8). Annualized carried interest is target carried interest (refer to slide 9)
3. We assume 70% margin on carried interest. We use a range of 65%-75% for planning purposes (refer to slide 8)
4. Quoted based on December 31, 2017 public pricing
5. Refer to definition on slide 34

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	
	2017	2016	2017	2016	2017	2016	2017	2016
Operating activities								
Fee related earnings	\$ 316	\$ 165	\$ 316	\$ 165	\$ 896	\$ 712	\$ 896	\$ 712
Invested capital	521	504	521	504	1,524	1,453	1,524	1,453
	837	669	837	669	2,420	2,165	2,420	2,165
Realized carried interest	46	149	46	149	74	149	74	149
Realized disposition gains ²	418	196	142	17	1,316	923	309	191
Fair value changes	—	—	368	(311)	—	—	(216)	(345)
Depreciation and amortization	—	—	(256)	(245)	—	—	(895)	(900)
Deferred income taxes	—	—	(91)	(106)	—	—	(230)	391
	\$ 1,301	\$ 1,014	\$ 1,046	\$ 173	\$ 3,810	\$ 3,237	\$ 1,462	\$ 1,651
Per share	\$ 1.28	\$ 1.00	\$ 1.02	\$ 0.14	\$ 3.74	\$ 3.18	\$ 1.34	\$ 1.55

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 related earnings were \$896 million, a 26% increase over the prior year, as higher capitalization and distributions from our listed partnerships increased base management fees and incentive distributions, respectively, and we earned our first performance fees from BBU. Private fund fee increases from a full year of contribution from our latest flagship funds were offset by the prior-year catch up fees and reclassification of legacy office funds in the first half of 2017 to invested capital returns, as well as additional direct costs reflecting the expansion of our operations. Further details on slide 6.
- FFO from **invested capital** increased by 5% benefiting from stronger pricing and volumes across our businesses, particularly increases in tariffs, generation in our renewable business and OSB pricing in Norbord, as well as contributions from recent investments, partially offset by lower results in our construction and Brazilian residential operations and absence of FFO on assets sold prior to or during the current period.
- **Realized carried interest** in the current year was crystallized as a result of dispositions in private equity and property funds.
- **Realized disposition gains** in 2017 included the sale of our European logistics company, Principal Place office in London and several New York office buildings including 245 Park and an interest in One Liberty Plaza. Further details on slide 18.
- **Fair value changes** in the current year mainly pertain to valuation gains on Norbord and GGP warrants due to changes in ownership, as well as gains generated in our opportunistic property portfolio, offset by modest reduction in appraised values on our core office properties.
- **Deferred income taxes** in the prior year included a \$600 million deferred tax recovery related to our U.S. property assets.

ASSET MANAGEMENT

Summarized Results

\$126 billion

Fee Bearing Capital
(Gross inflows of \$16 billion full year)

\$1.8 billion

in Economic Net Income
(82% increase over 2016)

26% increase

in Fee Related Earnings
over full year 2016

\$2.5 billion

Annualized Fee Base and Target Carry
(22% increase over full year 2016)

Fee Bearing Capital – Profile

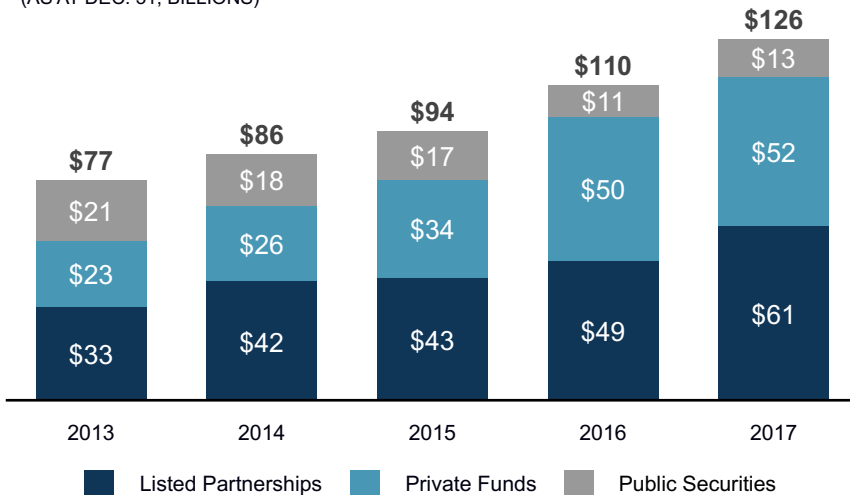
AS AT
(MILLIONS)

	Dec. 2017	Sep. 2017	Dec. 2016
Listed partnerships	\$ 60,560	\$ 57,064	\$ 49,375
Private funds	52,375	50,262	49,624
Public securities	12,655	12,534	10,577
\$ 125,590	\$ 119,860	\$ 109,576	

- Diversified client base of 500 global private fund investors, with an average commitment of approximately \$110 million per client. Approximately 40% are invested in multiple funds.

Fee Bearing Capital

(AS AT DEC. 31, BILLIONS)



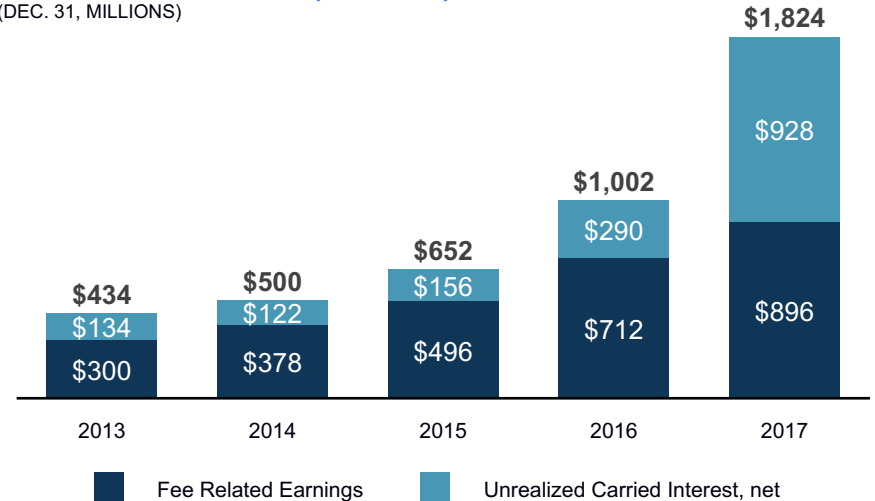
Financial Performance

FOR THE PERIODS ENDED DEC. 31
(MILLIONS)

	Three Months		Full Year	
	2017	2016	2017	2016
Fee related earnings ("FRE")	\$ 316	\$ 165	\$ 896	\$ 712
Realized carried interest, net	46	149	74	149
Realized disposition gains	—	—	—	5
Funds from operations	362	314	970	866
Less: Realized carried interest, net	(46)	(149)	(74)	(149)
Less: Realized disposition gains	—	—	—	(5)
Unrealized carried interest, net	394	72	928	290
Economic net income	\$ 710	\$ 237	\$ 1,824	\$ 1,002

Economic Net Income (Full Year)

(DEC. 31, MILLIONS)



ASSET MANAGEMENT

Fee Bearing Capital

Inflows of \$16 billion contributed to a 15% increase in fee bearing capital during 2017, increasing fee bearing capital to \$126 billion

FOR THE PERIODS ENDED DEC. 31, 2017 (MILLIONS)	Three Months				Full Year			
	Listed Partnerships	Private Funds ^{1,2}	Public Securities	Total Fee Bearing	Listed Partnerships	Private Funds ^{1,2}	Public Securities	Total Fee Bearing
Balance, beginning of period	\$ 57,064	\$ 50,262	\$ 12,534	\$ 119,860	\$ 49,375	\$ 49,624	\$ 10,577	\$ 109,576
Inflows	1,444	3,961	550	5,955	3,927	8,276	3,481	15,684
Outflows	—	—	(600)	(600)	—	—	(2,486)	(2,486)
Distributions	(696)	(1,636)	—	(2,332)	(2,440)	(2,272)	—	(4,712)
Market valuation	1,536	18	171	1,725	9,901	223	1,083	11,207
Other	1,212	(230)	—	982	2,300	(311)	—	1,989
Change	3,496	2,113	121	5,730	13,688	5,916	2,078	21,682
BPY managed capital ³	—	—	—	—	(2,503)	(3,165)	—	(5,668)
Balance, end of period ⁴	\$ 60,560	\$ 52,375	\$ 12,655	\$ 125,590	\$ 60,560	\$ 52,375	\$ 12,655	\$ 125,590

1. Includes \$9.5 billion of co-investment capital (December 31, 2016 – \$6.1 billion), which earns minimal or no base fees

2. Private fund inflows of \$2.5 billion of capital raised in January 2018 relating to our third flagship real estate fund are not included

3. Represents the removal of listed partnership and private fund capital managed by BPY, respectively, following the privatization of our previously listed fund BOX and reclassification of several legacy BPO private funds in order to simplify our reporting

4. Fee bearing capital includes Brookfield capital of \$27 billion in listed partnerships and \$0.3 billion in private funds

Three Months:

- **Inflows:** Listed partnership inflows include the acquisition of TerraForm Power ("TERP") completed in October 2017. Private fund inflows include \$2.2 billion of commitments raised for our third flagship real estate fund, \$0.9 billion for our credit funds, as well as \$0.6 billion related to the acquisition of a German renewable power asset manager.
- **Distributions:** Private funds outflows of \$1.6 billion included dispositions across several real estate funds, including \$1.0 billion within our first flagship real estate fund and \$0.4 billion relating to multifamily asset sales.
- **Other:** The increase of \$1.2 billion includes changes in listed partnership credit facilities, net of cash, used in the determination of listed partnership capitalization.
- The total capitalization values of listed partnerships are detailed on slide 33.

Full Year:

- **Inflows:** Inflows to listed partnerships of \$3.9 billion include BIP, BEP and BBU equity issuances. Additional inflows relate to the \$1.4 billion acquisition of TERP, as well as preferred unit and debt issuances by the various listed partnerships.
- Private fund inflows included the first close of our third flagship real estate fund (\$2.2 billion), our real estate credit fund (\$1.0 billion), our infrastructure debt funds (\$0.6 billion) and other niche real estate funds (\$0.5 billion). Inflows also include \$3.3 billion of co-investments.
- Public securities inflows of \$3.5 billion relate to new contributions to our real estate focused mutual funds and managed accounts.
- **Outflows:** Public securities outflows reflect redemptions due to client rebalancing that impacted our real estate and infrastructure mutual funds.
- **Distributions:** Listed partnership distributions represent total equity distributions paid. Private funds distributions include return of capital to clients relating to dispositions across several private funds.

ASSET MANAGEMENT

Fee Related Earnings

FOR THE PERIODS ENDED DEC. 31
(MILLIONS)

	Three Months			Full Year		
	2017	2016	Variance	2017	2016	Variance
Base management fees						
Listed partnerships	\$ 144	\$ 108	\$ 36	\$ 529	\$ 418	\$ 111
Private funds	105	111	(6)	418	400	18
– catch-up fees	—	2	(2)	—	58	(58)
– reclassified office funds	—	6	(6)	16	37	(21)
Public securities	22	21	1	85	92	(7)
Incentive distributions ("IDRs")	38	27	11	151	104	47
	309	275	34	1,199	1,109	90
Performance fees	117	—	117	142	—	142
Transaction and advisory fees	2	4	(2)	27	33	(6)
Fee revenues¹	428	279	149	1,368	1,142	226
Direct costs						
Compensation and benefits	(79)	(83)	4	(337)	(320)	(17)
Other expenses	(33)	(31)	(2)	(135)	(110)	(25)
Fee related earnings¹	\$ 316	\$ 165	\$ 151	\$ 896	\$ 712	\$ 184

1. Includes \$20 million of fee revenues (2016 – \$58 million) generated by BPY and \$10 million (2016 – \$28 million) of fee related earnings generated by capital managed by BPY for the year ended December 31, 2017. These fees were reclassified to BPY in the second quarter of 2017

Three Months:

- Listed partnership fees increased by \$36 million as market valuation and capital deployment led to higher levels of fee bearing capital. TERP, which was acquired in October 2017, contributed \$3 million of base management fees.
- Private fund base fees decreased as additional fees in our real estate credit and core funds were offset by a decrease in fee bearing capital following asset sales. Private fund base fees should increase by approximately \$13 million quarterly when \$4.1 billion of uncalled third-party capital is called by funds for which fees are charged on invested capital only.
- We earned \$117 million of performance fees from BBU during the quarter as a result of the unit price increasing above the previous high threshold. This includes \$69 million of fees based on market appreciation that occurred in the third quarter.
- Gross profit margin (excluding catch-up, transaction and performance fees) was 64% compared to 58% in the 2016 quarter.
- Fee revenues include \$71 million of base management fees from Brookfield capital (2016 – \$55 million) within listed partnership base fees.
- The calculation of listed partnership base fees is detailed on slide 33.

Full Year:

- Listed partnership fees increased by \$111 million due to higher levels of fee bearing capital due primarily to increases in market valuation.
- Private fund base fees, excluding catch-up fees and reclassified office fund fees, increased from prior year as we realized a full year of fees from our latest flagship funds and invested capital within our real estate funds. The prior year catch-up fees relate to final closes of our flagship funds.
- Incentive distributions increased by 45%, reflecting increased unit distributions at BIP, BEP and BPY.
- Performance fees are attributable to BBU, representing 20% of the price increase per unit above the initial threshold of \$25.00.
- Gross profit margin (excluding catch-up, transaction and performance fees) was 61% compared to 59% in 2016.
- Transaction and advisory fees of \$27 million (2016 – \$33 million) include \$25 million of co-investment fees relating to the acquisitions of a road fuels distribution business and a regulated gas transmission business.
- Fee revenues include \$260 million of base management fees from Brookfield capital (2016 – \$227 million).

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

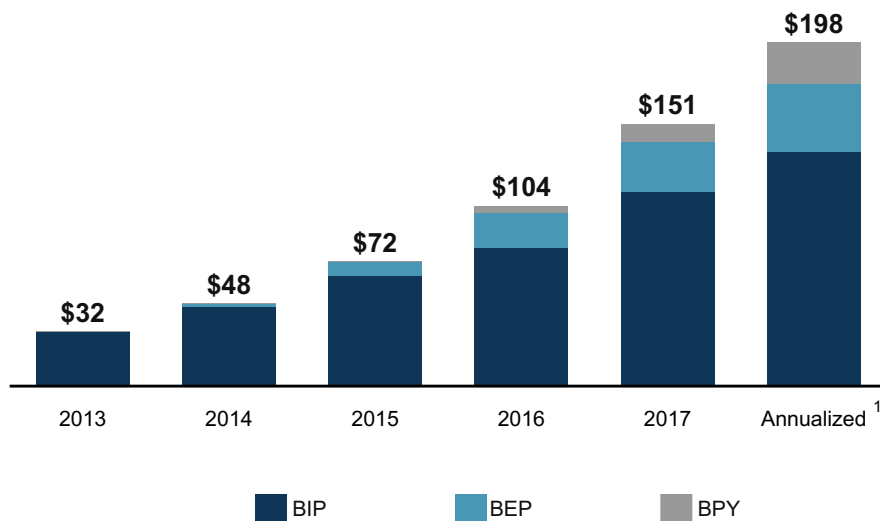
Annualized Incentive Distributions

AS AT DEC 31, 2017 (MILLIONS, EXCEPT PER UNIT)	Per Unit				Units Outstanding	Annualized Incentive Distributions
	Annualized Distributions	Distribution Hurdles ¹	Incentive Distributions ²			
Brookfield Infrastructure Partners (BIP)	\$ 1.88	\$0.81 / \$0.88	15% / 25%		394.0	\$ 135
Brookfield Renewable Partners (BEP)	1.96	1.50 / 1.69	15% / 25%		312.7	39
Brookfield Property Partners (BPY)	1.26	1.10 / 1.20	15% / 25%		703.6	24
						<u>\$ 198</u>

1. We are also entitled to earn a portion of increases in distributions by TERP, based on distribution hurdles of \$0.93 and \$1.05. TERP's current annual distribution has not yet reached the first hurdle
2. Incentive distributions equate to 18% and 33% of limited partner distribution increases over the first and second hurdles, respectively

Incentive Distributions (Full Year)

(DEC. 31, MILLIONS)



1. Annualized 2018 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%
2018 ¹	\$ 1.26	\$ 1.96	\$ 1.88
2017	1.18	1.87	1.74
2016	1.12	1.78	1.55
2015	1.06	1.66	1.41
2014	1.00	1.55	1.28
2013 ²	1.00	1.45	1.15

1. Annualized based on most recently announced distribution levels
2. BPY 2013 distribution annualized from spin-off

- BBU's performance fee is calculated as 20% of the increase in weighted average unit price for the quarter, over the highest previous threshold. Following the fee paid in the fourth quarter of 2017, the threshold was revised upwards to \$31.19.

ASSET MANAGEMENT

Carried Interest

Carried interest represents our share, as manager, of investment performance in our private funds. We generated carried interest of \$1.3 billion in the year based on investment returns, increasing cumulative gross unrealized carried interest to \$2.1 billion

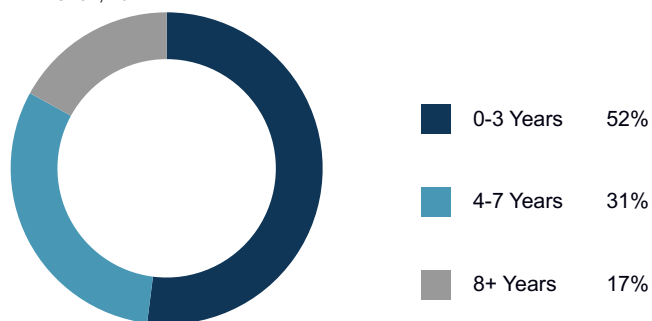
Unrealized Carried Interest Continuity^{1,2}

FOR THE PERIODS ENDED DEC. 31, 2017 (MILLIONS)	Three Months			Full Year		
	Unrealized Carried Interest	Direct Costs	Net	Unrealized Carried Interest	Direct Costs	Net
Accumulated unrealized, beginning of period	\$ 1,561	\$ (479)	\$ 1,082	\$ 898	\$ (322)	\$ 576
In period change						
Unrealized generated	589	(191)	398	1,279	(348)	931
Foreign currency revaluation	(2)	(2)	(4)	1	(4)	(3)
	587	(193)	394	1,280	(352)	928
Less: realized	(69)	23	(46)	(99)	25	(74)
	518	(170)	348	1,181	(327)	854
Accumulated unrealized, end of period	\$ 2,079	\$ (649)	\$ 1,430	\$ 2,079	\$ (649)	\$ 1,430

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

Unrealized Carried Interest – Expected Realization Timeline

AS AT DEC. 31, 2017



- Estimated based on maturity date of funds currently generating unrealized carried interest

Full Year:

- Unrealized carried interest, before associated costs, in the current year was \$854 million higher than the prior year, and we are tracking ahead of our expected generation pattern for the period. In 2017 we generated unrealized carried interest across all of our major funds. We also generated significant unrealized carried interest from increases in value from our graphite electrodes manufacturing business within our fourth private equity fund and our European logistics company within our first flagship real estate fund.
- The remaining increase was generated across our other real estate, infrastructure and private equity funds as we have deployed capital across our prior series of flagship funds.
- Realized carried interest relates primarily to the sale of Norbord within our second private equity fund (we still own 40% directly within our invested capital). There were additional realizations relating to our real estate credit and value-add multifamily funds.

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 are achieved

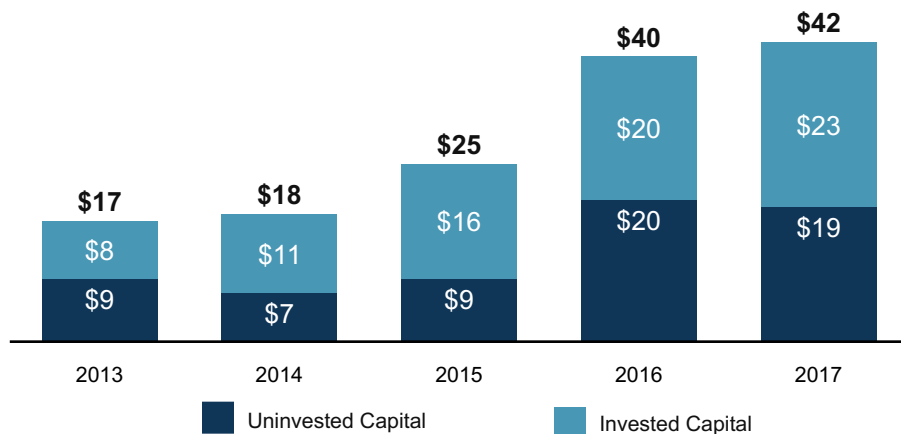
Target Carried Interest – Annualized

AS AT DEC 31, 2017 (MILLIONS)	Fee Bearing Capital	Carry Eligible Capital ¹	Target Return	Average Carried Interest	Utilization Factor ²	Annualized Target Carried Interest ³
Credit, Core Plus and Value Add	\$ 31,989	\$ 24,965	10% – 15%	~18%	85%	\$ 400
Opportunistic	20,386	17,392	18% – 25%	~20%	75%	600
	<u>\$ 52,375</u>	<u>\$ 42,357</u>				<u>\$ 1,000</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
3. Annualized target carried interest includes target carry relating to \$2.5 billion of capital closed in January 2018 relating to our third flagship real estate fund

Carry Eligible Capital

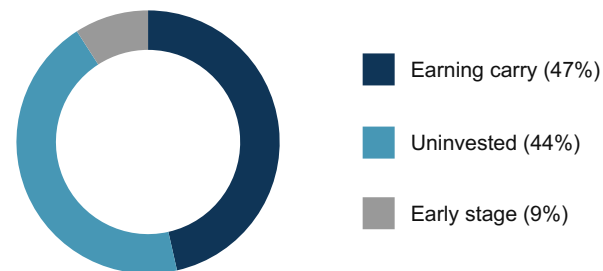
(AS AT DEC. 31, BILLIONS)



Carry Eligible Capital (\$42 billion)

(AS AT DEC. 31, 2017)

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



The majority of our funds are expected to meet or exceed target returns

Target Gross IRR for opportunistic funds is ~18%-25% and for credit, core plus and value add is 10%-15%

Target Gross MoC for opportunistic funds is ~2.0x, is ~1.8x-2.2x for core plus and value add funds and is ~1.5x for credit funds

The below returns are actuals, and present how we are tracking toward target

Performance ¹ <i>As at December 31, 2017</i>	(\$ BILLIONS) Committed Capital ²	(\$ BILLIONS) Carry Eligible Capital ³	Vintages	Gross IRR ⁴	Net IRR ⁵	Gross MoC ⁴	Net MoC ⁵
Opportunistic							
Real Estate	\$ 25	\$ 12	2006 – 2017	22%	19%	1.7x	1.6x
Private Equity	6	4	2001 – 2015	30%	24%	2.3x	1.9x
Credit, Core Plus and Value Add							
Real Estate	5	1	2006 – 2016	12%	11%	1.9x	1.8x
Infrastructure	25	16	2006 – 2016	16%	12%	1.7x	1.6x
Sustainable Resources	3	1	2005 – 2015	7%	6%	1.5x	1.5x
Credit	10	4	2004 – 2017	12%	10%	1.4x	1.3x

1. As at December 31, 2017. Prior performance is not indicative of future results and there can be no guarantee that any Brookfield private funds will achieve comparable results or be able to avoid losses. Excludes co-investments, separately managed accounts and open-ended funds
2. Committed capital represents the capital committed at fund inception, which the gross and net returns are measured against, including funds that have been realized. Includes Brookfield capital and excludes co-investments, separately managed accounts and open-ended funds
3. Carry eligible capital excludes capital in funds that have been realized and Brookfield capital. Excludes co-investments, separately managed accounts and open-ended funds
4. "Gross IRR" and "Gross MoC" reflect performance before fund expenses, management fees and carried interest (if any), which would reduce an investor's return
5. "Net IRR" and "Net MoC" are calculated on a fund level and not for any particular investor, and take into account fund expenses, management fees and carried interest (including any fees allocated to, or paid by, Brookfield and its affiliates as a limited partner based on applicable rates). For definitions of IRR and MoC, refer to slide 35

ASSET MANAGEMENT

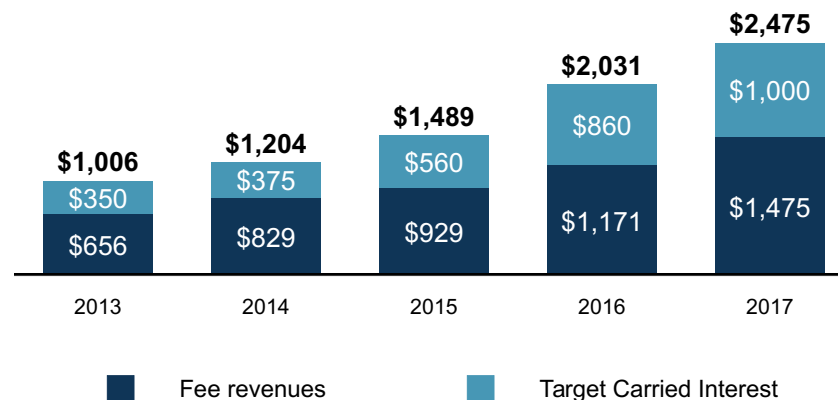
Annualized Fees and Target Carry

Annualized Fees and Target Carry

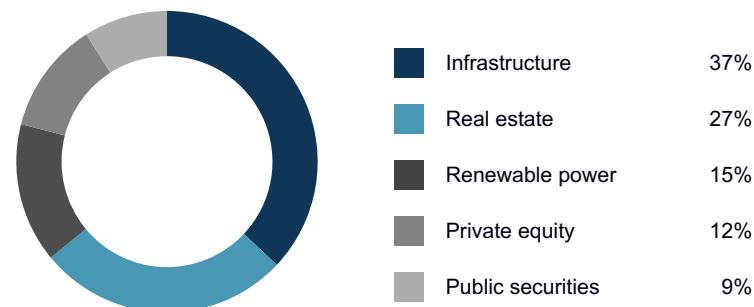
AS AT (MILLIONS)	Dec. 31, 2017	Sep. 30, 2017	Dec. 31, 2016
Base management fees ¹			
Listed partnerships ²	\$ 575	\$ 550	\$ 435
Private funds ³	480	455	485
Public securities	127	89	75
Incentive distributions ⁴	198	156	148
	1,380	1,250	1,143
Performance fee ⁵	65	65	2
Transaction and advisory ⁶	30	35	26
Fee revenues ⁷	1,475	1,350	1,171
Target carried interest ⁸	1,000	860	860
	\$ 2,475	\$ 2,210	\$ 2,031

1. Base management fees include \$281 million of annualized base fees on Brookfield capital (\$278 million from public affiliates and \$3 million from private funds)
2. Includes \$14 million of fees from managing TERP. Calculation is based on a fixed fee of \$10 million in year one, escalating to \$12 million in year two and \$15 million in year three. In addition to the fixed fee, we earn 1.25% on change in market capitalization above the initial capitalization of \$1.4 billion. For details on listed partnership base fee calculations, refer to slide 33
3. December 31, 2017 annualized fees includes base fees on \$2.5 billion of client commitments raised in January 2018 in our third flagship real estate fund
4. Based on most recent quarterly distributions declared
5. Annualized BBU performance fees assume 10% unit price appreciation above the hurdle rate of \$25.00, and the two-year average performance fees from our public securities business
6. Annualized transaction and advisory fees based on simple average of the last two years' results
7. Annualized fees as at December 31, 2016 includes \$35 million of annualized fee revenue generated by capital managed by BPY. These revenues are now reclassified within BPY's results and therefore are excluded from annualized fees as at December 31, 2017
8. Based on prescribed carried interest for private funds and target gross return. Includes only third-party capital

Annualized Fees and Target Carry (AS AT DEC. 31, MILLIONS)



Fee Revenue Diversification¹ (AS AT DEC. 31, MILLIONS)



1. Fee revenues based on annualized December 31, 2017 fees, excludes target carried interest

- We estimate annualized base management fees will increase by approximately \$50 million when \$4.1 billion of uncalled third-party capital is invested, with respect to certain funds for which fees are charged on invested capital only.
- BBU's performance fee is calculated as 20% of the increase in weighted average unit price over the highest previous threshold. The unit price initial hurdle was \$25.00 and the current mark following the performance fee recognized in the fourth quarter of 2017 is \$31.19.
- 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). FFO from the associated invested capital is shown net of these fees.
- We expect gross margins for fee revenues and target carried interest to range between 55% to 65% and 65% to 75%, respectively, for planning purposes.

ASSET MANAGEMENT

Capital Invested or Committed

Invested \$15 billion of capital during the year, including the deployment of \$3 billion in the most recent quarter

Capital Deployed (Funding Source)

FOR THE YEAR ENDED DEC 31, 2017 (MILLIONS)	Real Estate	Infrastructure	Renewable Power	Private Equity and Other	Total
Listed partnerships ¹	\$ 1,723	\$ 2,144	\$ 615	\$ 949	\$ 5,431
Private funds ²	1,935	1,167	1,203	948	5,253
Co-investments ²	—	3,023	8	504	3,535
Direct ³	—	—	—	1,175	1,175
Total invested	3,658	6,334	1,826	3,576	15,394
Committed - new ⁴	922	389	168	1,729	3,208
Committed - invested ⁴	(669)	(5,654)	—	(1,509)	(7,832)
Total	\$ 3,911	\$ 1,069	\$ 1,994	\$ 3,796	\$ 10,770

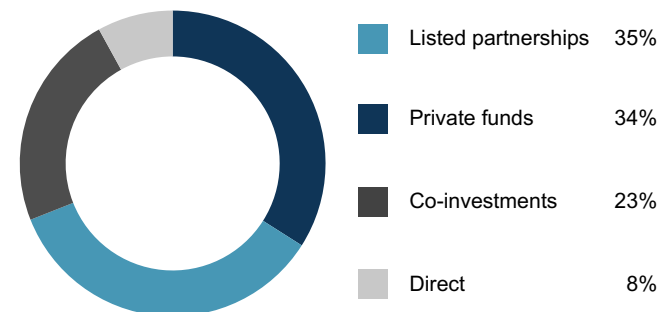
- Includes investments made by listed partnerships (BPY, BIP, BEP and BBU) directly or through its participation in private funds and co-investments
- Reflect third-party investments managed by Brookfield
- Investments made by Brookfield in financial assets or on balance sheet assets other than the listed 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, 2017 (MILLIONS)	Real Estate	Infrastructure	Renewable Power	Private Equity and Other	Total
North America	\$ 3,100	\$ 464	\$ 595	\$ 1,179	\$ 5,338
South America	379	5,695	800	2,019	8,893
Europe	153	104	431	216	904
Asia and other	26	71	—	162	259
Total invested	\$ 3,658	\$ 6,334	\$ 1,826	\$ 3,576	\$ 15,394

Capital Invested

FOR THE YEAR ENDED
DEC. 31, 2017



Significant investments include:

- Brazilian regulated gas transmission business (\$5.2 billion)
- Global real estate properties and portfolios (\$3.7 billion)
- Global renewable power portfolios (\$1.4 billion)¹
- Brazilian water treatment company (\$1.2 billion)
- Marine energy services business (\$0.8 billion)

Significant commitments include:

- Infrastructure services company (\$1.0 billion)²
- Global commercial and hospitality properties (\$0.9 billion)
- Colombian natural gas distribution provider (\$0.4 billion)

- Invested during the most recent quarter
- Committed during the most recent quarter

ASSET MANAGEMENT

Available Liquidity

Core and Total Liquidity

AS AT DEC. 31 (MILLIONS)	Corporate	Real Estate	Renewable Power	Infrastructure	Private Equity and Other	Total 2017	2016
Cash and financial assets, net	\$ 2,255	\$ 40	\$ 327	\$ 205	\$ 391	\$ 3,218	\$ 2,592
Undrawn committed credit facilities	1,748	910	812	1,139	230	4,839	6,375
Core liquidity	4,003	950	1,139	1,344	621	8,057	8,967
Uncalled private fund commitments ¹	—	9,126	2,354	5,437	1,674	18,591	19,904
Total liquidity	\$ 4,003	\$ 10,076	\$ 3,493	\$ 6,781	\$ 2,295	\$ 26,648	\$ 28,871

1. *Third-party private fund uncalled commitments*

- Corporate credit facilities totaled \$1.9 billion, of which \$103 million was utilized for short-term bank or commercial paper borrowings and \$79 million was drawn and utilized for letters of credit at December 31, 2017.
- Core liquidity represents our principal sources of short-term liquidity (consists of our cash and financial assets, net of deposits and other associated liabilities, and undrawn committed credit facilities).

Uncalled Fund Commitments – Expiry Profile

AS AT DEC. 31 (MILLIONS)	2018	2019	2020	2021	2022+	Total 2017	2016
Real estate	\$ 5	\$ 165	\$ 4,599	\$ —	\$ 4,357	\$ 9,126	\$ 7,943
Infrastructure and renewable power	—	—	7,079	—	712	7,791	9,810
Private equity	5	—	1,547	—	122	1,674	2,151
	\$ 10	\$ 165	\$ 13,225	\$ —	\$ 5,191	\$ 18,591	\$ 19,904

- Uncalled commitments expire after approximately four years, based on the weighted average time to the end of each fund's investment period.
- We invested approximately \$2 billion of third-party fund capital (private funds and co-investments) during the fourth quarter; \$9 billion during the full year.
- \$2.9 billion of fund capital committed to transactions yet to be closed (real estate – \$0.9 billion, infrastructure – \$0.9 billion and private equity – \$1.1 billion).

INVESTED CAPITAL Summarized Results

~85%
of invested capital is held in
listed securities

over \$33 billion
of capital invested
alongside our clients

\$1.5 billion
of annualized cash flow
generated from listed investments

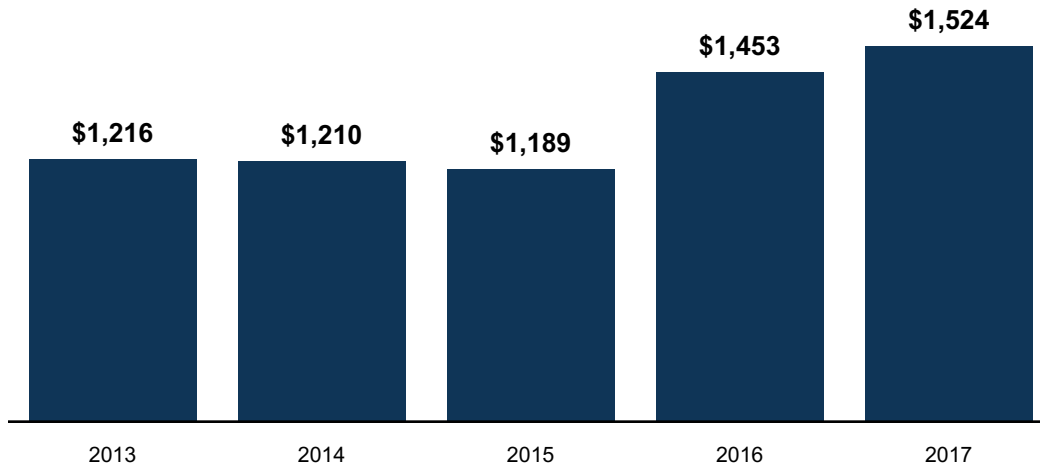
Financial Performance

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2017	2016	2017	2016	2017	2016
Listed investments	\$ 29,132	\$ 26,242	\$ 455	\$ 502	\$ 1,801	\$ 1,771
Unlisted assets	4,797	4,734	148	82	23	45
Capitalization ¹	(10,189)	(8,805)	(82)	(80)	(300)	(363)
	23,740	22,171	521	504	1,524	1,453
Disposition gains	—	—	418	196	1,316	923
	\$ 23,740	\$ 22,171	\$ 939	\$ 700	\$ 2,840	\$ 2,376

1. FFO includes interest expense on corporate borrowings and corporate costs, and 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, 2017)



- BPY
- BEP
- BIP
- BBU
- Other Listed
- Unlisted

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

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

FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months			Full Year		
	2017	2016	Variance	2017	2016	Variance
Brookfield Property Partners (BPY)	\$ 196	\$ 198	\$ (2)	\$ 744	\$ 711	\$ 33
Brookfield Renewable Partners (BEP)	81	31	50	336	249	87
Brookfield Infrastructure Partners (BIP)	85	66	19	316	254	62
Brookfield Business Partners (BBU) ¹	(33)	43	(76)	35	177	(142)
Residential development	96	75	21	34	63	(29)
Energy marketing	12	(5)	17	(76)	(69)	(7)
Other investments	105	104	1	290	291	(1)
Financial assets	61	72	(11)	145	140	5
	<u>603</u>	<u>584</u>	<u>19</u>	<u>1,824</u>	<u>1,816</u>	<u>8</u>
Unallocated						
Interest expenses	(70)	(61)	(9)	(261)	(241)	(20)
Corporate costs and taxes	(12)	(19)	7	(39)	(122)	83
FFO – Invested capital	<u>\$ 521</u>	<u>\$ 504</u>	<u>\$ 17</u>	<u>\$ 1,524</u>	<u>\$ 1,453</u>	<u>\$ 71</u>

1. BBU FFO is net of performance fees paid to BAM of \$117 million for the three months ended Dec. 31, 2017 (2016 – nil) and \$142 million for full year 2017 (2016 – nil)

Fourth Quarter:

- **BPY:** FFO benefited from contributions of recent acquisition and same-store growth, offset by absence of FFO from assets sold, one-time settlement gain and merchant development sales in the prior year that did not recur.
- **BEP:** Increase reflects strong generation in North America and higher pricing in Brazil, partially offset by lower market prices in North America and weak generation in Brazil.
- **BIP:** FFO increased due to organic growth and contribution from new investments, partially offset by higher management fees and corporate borrowing costs.
- **BBU:** Excluding the impact of performance fees paid, FFO increased from improved pricing in our industrial operations and recent acquisitions, partially offset by lower construction margin.
- **Residential:** Our Brazilian operations experienced improved margins while the Canadian operation had higher lot closings and land margin, partially offset by the absence of gain from the sale of commercial properties in the prior year.
- **Other Investments:** Improved OSB pricing in Norbord contributed to higher FFO, more than offset by the absence of FFO from a debt investment which has been converted to equity in the prior year.

Full Year:

- **BPY:** FFO increased as a result of contribution from recent investments, same-property growth from lease commencements at recently completed developments and revenues earned from condo sales. These increases were partially offset by the absence of FFO from assets sold and merchant development sales in the prior year.
- **BEP:** Higher FFO reflects improved hydrology across our North American operations, improved pricing in Brazil and contributions from acquisitions.
- **BIP:** FFO benefited from recent acquisitions, in particular our newly acquired Brazilian regulated gas transmission business, higher volumes and tariffs, and contributions from development projects completed in the year.
- **BBU:** Excluding the impact of performance fees paid, FFO increased from improved pricing in our North American commodities businesses and contribution from recent acquisitions, more than offset by lower activity in our construction business and lower ownership subsequent to spin-off.
- **Residential:** FFO decreased as higher housing and land gross margins in our North American business were more than offset by a lower overall margin on our Brazilian deliveries in the year.
- **Corporate costs and taxes:** Reflects a current income tax recovery in the current year compared to expense in the prior year.

INVESTED CAPITAL

Entity Basis¹

~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, 2017 (MILLIONS)	No. of Units	Invested Capital		FFO ³		Distributed Cash Flow (Annualized) ⁴
		Quoted ²	IFRS	Three Months	Full Year	
Listed Investments						
Brookfield Property Partners	488	\$ 10,814	\$ 15,388	\$ 177	\$ 668	\$ 615
BPY Preferred Shares	n/a	1,265	1,265	19	76	76
		12,079	16,653	196	744	691
Brookfield Renewable Partners	188	6,576	4,143	81	336	369
Brookfield Infrastructure Partners	118	5,273	2,098	85	316	221
Brookfield Business Partners	88	3,034	2,064	(33)	35	22
Financial assets ⁵	Various	2,255	2,255	61	145	141 ⁶
Other Investments						
Norbord	35	1,176	1,364	64	219	66
Acadian Timber	8	117	88	1	6	7
Other Listed - Private Equity	Various	467	467	—	—	—
		<u>\$ 30,977</u>	<u>29,132</u>	<u>455</u>	<u>1,801</u>	<u>\$ 1,517</u>
Unlisted Investments						
Residential development			2,915	96	34	
Energy marketing			801	12	(76)	
Other			1,081	40	65	
			<u>4,797</u>	<u>148</u>	<u>23</u>	
			<u>\$ 33,929</u>	<u>\$ 603</u>	<u>\$ 1,824</u>	

1. See slide 29 to 31 for a reconciliation to invested capital and total FFO
2. Quoted based on December 31, 2017 public pricing
3. Excludes realized disposition gains
4. Annualized distributed cash flow is based on current distribution policies announced at or before February 15, 2018
5. Includes \$807 million of cash and cash equivalents and \$1.4 billion of financial assets, net of deposits
6. Estimated 8% annualized total return on weighted average balance over the last twelve months

INVESTED CAPITAL

Corporate Capitalization

Brookfield

Corporate debt maturities are well distributed over the next 10 years, with ~85% 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			
		2017	2016	Three Months		Full Year	
				2017	2016	2017	2016
Corporate borrowings	4.6%	\$ 5,659	\$ 4,500	\$ 70	\$ 61	\$ 261	\$ 241
Preferred shares ¹	4.1%	4,192	3,954	—	—	—	—
Net working capital / Corporate costs and taxes ²	n/a	928	999	12	19	39	122
Deferred income tax asset, net	n/a	(590)	(648)	—	—	—	—
		<u>\$ 10,189</u>	<u>\$ 8,805</u>	<u>\$ 82</u>	<u>\$ 80</u>	<u>\$ 300</u>	<u>\$ 363</u>

1. FFO excludes preferred shares distributions of \$39 million (2016 – \$33 million) for the three months; \$145 million (2016 – \$133 million) for the full year

2. Corporate costs and taxes FFO includes current tax recovery of \$14 million (2016 – \$5 million) for the three months; current tax recovery of \$56 million (2016 – expense of \$30 million) for the full year

Corporate Maturity Profile

AS AT DEC 31, 2017 (MILLIONS)	Average Term (Years)	Maturity						
		Total	2018	2019	2020	2021	2022	2023+
Corporate borrowings								
Term debt	10	\$ 5,659	\$ —	\$ 478	\$ —	\$ 278	\$ 103	\$ 4,800
Revolving facilities ¹	4	—	—	—	—	—	—	—
		5,659	—	478	—	278	103	4,800
Preferred shares	perp.	4,192	—	—	—	—	—	n/a
		<u>\$ 9,851</u>	<u>\$ —</u>	<u>\$ 478</u>	<u>\$ —</u>	<u>\$ 278</u>	<u>\$ 103</u>	<u>\$ 4,800</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	
	2017	2016	2017	2016	2017	2016	2017	2016
BPY								
245 Park Avenue	\$ —	\$ —	\$ —	\$ —	\$ 469	\$ —	\$ 2	\$ —
Gazeley - European operations	275	—	191	—	275	—	191	—
Australian office properties	—	—	—	—	—	160	—	4
Principal Place Commercial	—	—	—	—	141	—	69	—
One New York Plaza partial sale	—	57	—	(7)	—	128	—	(31)
One Liberty Plaza	119	—	(44)	—	119	—	(44)	—
20 Fenchurch St.	—	—	—	—	57	—	9	—
College and Spadina	—	—	—	—	31	—	12	—
Other properties	24	107	(5)	24	132	535	20	193
	<u>418</u>	<u>164</u>	<u>142</u>	<u>17</u>	<u>1,224</u>	<u>823</u>	<u>259</u>	<u>166</u>
BBU	—	—	—	—	50	—	50	—
BIP	—	32	—	—	—	95	—	20
BEP	—	—	—	—	10	—	—	—
Norbord partial sale	—	—	—	—	32	—	—	—
Other	—	—	—	—	—	5	—	5
	<u>\$ 418</u>	<u>\$ 196</u>	<u>\$ 142</u>	<u>\$ 17</u>	<u>\$ 1,316</u>	<u>\$ 923</u>	<u>\$ 309</u>	<u>\$ 191</u>
Per share	<u>\$ 0.42</u>	<u>\$ 0.20</u>	<u>\$ 0.14</u>	<u>\$ 0.01</u>	<u>\$ 1.34</u>	<u>\$ 0.95</u>	<u>\$ 0.31</u>	<u>\$ 0.19</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

Value of assets sold:

- During the year, we sold \$10.6 billion assets (\$3.4 billion net assets) at a 9% premium above appraised values. During the current quarter, we sold \$4.1 billion assets (\$1.4 billion net assets) at a 10% premium above appraised values.

Fourth Quarter:

- Real Estate:** Other property disposition gains include \$19 million on 32 properties in BPY; additionally, we realized \$5 million of disposition gains on six directly held properties.

Full Year:

- 2017:** Core office and retail disposition gains (\$868 million); opportunistic and other property disposition gains (\$356 million); sale of a bath and shower manufacturing business (\$62 million); partial sale of Norbord shares (\$32 million).
- 2016:** Core office and retail disposition gains (\$614 million); opportunistic and other property disposition gains (\$209 million); sale of a European gas distribution business (\$43 million); toehold interest in an Australian ports business (\$20 million).

INVESTED CAPITAL

Growth Capital Backlog

We complement our acquisition activities with capital expansion and development projects which we expect will enhance the value of our various operations once completed and commissioned

Capital Backlog (Geography)

AS AT DEC 31, 2017 (MILLIONS)	North America	South America	Europe	Asia and Other	Total
Real estate	\$ 3,244	\$ —	\$ 3,259	\$ 342	\$ 6,845
Infrastructure	237	2,166	1,324	108	3,835
Renewable power	759	691	494	—	1,944
Private equity and other	294	946	198	680	2,118
	<u>\$ 4,534</u>	<u>\$ 3,803</u>	<u>\$ 5,275</u>	<u>\$ 1,130</u>	<u>\$ 14,742</u>

Our capital backlog of \$15 billion provides additional opportunity to deploy capital and is a major source of organic growth; it consists of a diverse set of projects across our business, including the expansion and/or development of:

- **Real estate:** Planned capital expansion of \$7 billion includes development projects in progress across our premier office buildings, retail malls and mixed-used complexes. Within our core office business we have 10 million square feet of development projects underway, including over \$3 billion of premier office building development ongoing in London within our core office and Canary Wharf investments over the next eight years, as well as \$3 billion core office development ongoing within North America. Additional projects include approximately \$600 million of North American retail mall developments.
- **Infrastructure:** Planned capital expansion projects of \$4 billion are driven by upgrade and expansion projects within our transport and utilities segments. The largest contributor to capital development within our transport segment over the next three years are our South American toll road and rail operations, focusing on enhancing capacity and capturing volume growth. Within our utilities segment, our U.K. regulated distribution business and South American electricity transmission operations are the largest contributors to capital.
- **Renewable power:** Planned capital expansion projects of \$2 billion consists primarily of hydroelectric generating stations and wind facilities development projects. Over the next three years, we expect to complete approximately \$900 million of development across South America, Europe and North America.
- **Private equity and other:** Planned capital expansion of \$2 billion consists of \$1 billion relating to our Brazilian water treatment business and \$900 million of development within our Western Australia energy operations. Additional planned expansion includes projects across our commodities sites and exploration, manufacturing facilities and cold storage businesses.

INVESTED CAPITAL

Financial Position and Performance

BPY (NASDAQ: BPY; TSX: BPY.UN) – 64% (fully diluted) ownership interest

AS AT AND FOR THE PERIODS ENDED DEC. 31
(MILLIONS)

	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2017	2016	2017	2016	2017	2016
Core office	\$ 13,913	\$ 14,626	\$ 148	\$ 182	\$ 592	\$ 630
Core retail	8,844	8,707	158	132	515	459
Opportunistic	5,238	4,653	99	68	377	341
Corporate	(5,809)	(5,628)	(119)	(114)	(467)	(463)
Attributable to unitholders	22,186	22,358	286	268	1,017	967
Non-controlling interests	(6,798)	(6,987)	(94)	(83)	(322)	(304)
Segment reallocation and other ¹	—	—	(15)	(6)	(27)	(28)
Brookfield's interest	15,388	15,371	177	179	668	635
Preferred Shares	1,265	1,265	19	19	76	76
	\$ 16,653	\$ 16,636	\$ 196	\$ 198	\$ 744	\$ 711

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

BEP (NYSE: BEP, TSX: BEP.UN) – 60% ownership interest

AS AT AND FOR THE PERIODS ENDED DEC. 31
(GIGAWATT HOURS AND \$MILLIONS)

	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2017	2016	2017	2016	2017	2016
Proportionate generation (GWh)						
Actual	n/a	n/a	5,890	4,734	23,968	20,222
Long-term average (LTA)	n/a	n/a	6,030	5,739	23,251	22,362
Hydroelectric generation	\$ 8,821	\$ 8,095	\$ 147	\$ 86	\$ 686	\$ 510
Wind energy	939	696	33	24	105	98
Solar, storage & other	682	353	14	(1)	21	19
Corporate	(3,584)	(2,961)	(51)	(55)	(231)	(208)
Attributable to unitholders	6,858	6,183	143	54	581	419
Non-controlling interests	(2,715)	(2,390)	(55)	(18)	(215)	(150)
Incentive distributions	—	—	(7)	(5)	(30)	(20)
Brookfield's interest	\$ 4,143	\$ 3,793	\$ 81	\$ 31	\$ 336	\$ 249

INVESTED CAPITAL

Financial Position and Performance (cont'd)

BIP (NYSE: BIP, TSX: BIP.UN) – 30% ownership interest

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2017	2016	2017	2016	2017	2016
Utilities	\$ 3,290	\$ 1,807	\$ 172	\$ 97	\$ 610	\$ 399
Transport	4,116	3,549	139	115	532	423
Energy	1,806	1,564	56	52	209	175
Communications	614	541	19	20	76	77
Corporate and other	(2,822)	(963)	(73)	(39)	(257)	(130)
Attributable to unitholders	7,004	6,498	313	245	1,170	944
Incentive distributions	—	—	(29)	(21)	(113)	(80)
Non-controlling interests	(4,906)	(4,564)	(199)	(158)	(741)	(610)
Brookfield's interest	\$ 2,098	\$ 1,934	\$ 85	\$ 66	\$ 316	\$ 254

BBU (NYSE: BBU, TSX: BBU.UN) – 68% ownership interest

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2017	2016	2017	2016	2017	2016
Construction services	\$ 959	\$ 877	\$ —	\$ 31	\$ 26	\$ 94
Business services	448	357	22	19	66	54
Energy	660	344	26	16	52	63
Industrial operations	661	372	23	(2)	132	6
Corporate and other	310	551	(3)	(9)	(24)	(17)
Attributable to unitholders	3,038	2,501	68	55	252	200
Performance fees	—	—	(117)	—	(142)	—
Non-controlling interests	(974)	(636)	16	(12)	(25)	(23)
Segment reallocation and other ¹	—	—	—	—	(50)	—
Brookfield's interest	\$ 2,064	\$ 1,865	\$ (33)	\$ 43	\$ 35	\$ 177

1. The current year includes reallocation of \$12 million to disposition loss (net of NCI) related to the sale of an oil and gas producer, and the reallocation of \$62 million to disposition gains (net of NCI) related to the sale of a bath and shower products manufacturing business included in BBU's industrial operations FFO. Prior periods 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

INVESTED CAPITAL

Financial Position and Performance (cont'd)

Residential Development

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2017	2016	2017	2016	2017	2016
North America	\$ 1,711	\$ 1,441	\$ 103	\$ 122	\$ 169	\$ 160
Brazil and other	1,204	1,238	(7)	(47)	(135)	(97)
	\$ 2,915	\$ 2,679	\$ 96	\$ 75	\$ 34	\$ 63

Other Investments

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Segment	Invested Capital		Funds from Operations			
				Three Months		Full Year	
		2017	2016	2017	2016	2017	2016
Norbord	Private Equity	\$ 1,364	\$ 276	\$ 64	\$ 43	\$ 219	\$ 133
Acadian Timber	Infrastructure	88	79	1	2	6	7
Sustainable resources	Infrastructure	648	684	5	3	23	18
Other property	Real Estate	72	91	22	6	36	27
Other private equity	Private Equity	787	721	1	40	(3)	95
Other corporate	Corporate	41	42	12	10	9	11
		\$ 3,000	\$ 1,893	\$ 105	\$ 104	\$ 290	\$ 291

INVESTED CAPITAL

Financial Position and Performance – Brookfield Energy Marketing

FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months						Full Year					
	Generation (GWh)		FFO		Per MWh		Generation (GWh)		FFO		Per MWh	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Contracted	904	671	\$ 75	\$ 49	\$ 83	\$ 73	3,477	2,751	\$ 285	\$ 208	\$ 82	\$ 76
Uncontracted and financial contracts	1,291	1,078	87	61	67	57	6,089	5,111	291	238	48	47
	2,195	1,749	162	110	74	63	9,566	7,862	576	446	60	57
Less: Purchases from BEP	(2,195)	(1,749)	(150)	(115)	(68)	(66)	(9,566)	(7,862)	(652)	(515)	(68)	(65)
FFO	—	—	\$ 12	\$ (5)	\$ 6	\$ (3)	—	—	\$ (76)	\$ (69)	\$ (8)	\$ (8)

- We have agreements to purchase approximately 8,400 GWh from BEP annually based on long-term average generation. Approximately 34% 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 favorable 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.

Full year:

- FFO deficit increased by \$7 million primarily because of increased volumes for power purchased under contracts from which we earn a negative margin. This was partially offset by improved market pricing improvements in certain U.S. northeast markets, which resulted in higher average pricing on uncontracted sales of \$48/MWh, as compared to \$47/MWh in the prior year.
 - Ancillary revenues including capacity payments, green credits and revenues generated for the peaking ability of our plants totaled \$150 million (2016 – \$94 million), increasing average realized prices by \$16/MWh (2016 – \$12/MWh).



Additional Information

ASSET MANAGEMENT

Private Funds

AS AT DEC. 31, 2017
(\$ MILLIONS)¹Committed
Capital³ Brookfield
Participation³ Year⁴

Brookfield Real Estate Funds

Opportunistic

Real Estate Opportunity I	\$	240	52%	2006
Real Estate Opportunity II		260	29%	2009
Real Estate Turnaround		5,570	18%	2010
Strategic Real Estate Partners I ²		4,350	31%	2013
Strategic Real Estate Partners II ²		9,000	26%	2016
Thayer VI		306	48%	2014

Value Add

U.S. Multifamily Value Add I	\$	325	13%	2012
U.S. Multifamily Value Add II		805	37%	2014

Core Plus

U.S. Office	\$	2,200	83%	2006
DTLA		1,100	45%	2013
Premier Real Estate Partners ⁵		1,370	22%	2016

Credit

Real Estate Finance I	\$	600	33%	2005
Real Estate Finance III		420	12%	2012
Real Estate Finance IV		1,375	18%	2014
Real Estate Finance V		2,949	14%	2017
Senior Mezzanine Real Estate Finance ⁵		198	5%	2017

AS AT DEC. 31, 2017
(\$ MILLIONS)¹Committed
Capital³ Brookfield
Participation³ Year⁴

Brookfield Infrastructure Funds

Value Add

Global Infrastructure I ²	\$	2,660	25%	2010
Global Infrastructure II ²		7,000	40%	2013
Global Infrastructure III ²		14,000	29%	2016
Colombia Infrastructure		360	28%	2009
Private Utility		1,370	28%	2006

Credit

Infrastructure Debt	\$	884	17%	2017
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Sustainable Resources

Island Timberlands	\$	530	—	2005
Timberlands Fund V		351	25%	2013
Brazil Timber I		280	18%	2008
Brazil Timber II		95	19%	2013
Brazil Agriculture I		330	31%	2010
Brazil Agriculture II		500	22%	2016

Brookfield Private Equity Funds

Opportunistic

Capital Partners II ²	C\$	1,000	40%	2007
Capital Partners III ²	\$	1,000	25%	2012
Capital Partners IV ²		4,000	26%	2016

Credit

Peninsula Brookfield India Real Estate	\$	95	—	2013
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1. Includes discretionary funds managed by Brookfield Asset Management Inc. or a management affiliate thereof and all investments made by a consortium of investors formed and managed by Brookfield. Excludes direct investments made through managed accounts, joint ventures, co-investments, publicly listed issuers or investment funds for which Brookfield did not serve as the manager during the investment period. Also excludes funds currently in the market and fully divested funds

2. Flagship funds

3. Inclusive of Brookfield commitments; Brookfield participation includes commitments from Brookfield directly held as well as BPY, BEP, BIP and BBU

4. Year of final close

5. Open-ended fund

DEBT TO CAPITALIZATION

Capitalization

AS AT DEC. 31 (MILLIONS)	Corporate		Proportionate		Consolidated	
	2017	2016	2017	2016	2017	2016
Corporate borrowings	\$ 5,659	\$ 4,500	\$ 5,659	\$ 4,500	\$ 5,659	\$ 4,500
Non-recourse borrowings						
Property specific borrowings	—	—	30,210	26,410	63,721	52,442
Subsidiary borrowings	—	—	5,711	5,231	9,009	7,949
	5,659	4,500	41,580	36,141	78,389	64,891
Accounts payable and other	2,140	1,901	10,880	7,714	17,965	11,915
Deferred income tax liabilities	160	246	5,204	4,572	11,409	9,640
Subsidiary equity obligations	—	—	1,648	1,828	3,661	3,565
Capitalization associated with assets held for sale	—	—	703	23	1,424	127
Equity						
Non-controlling interests	—	—	—	—	51,628	43,235
Preferred equity	4,192	3,954	4,192	3,954	4,192	3,954
Common equity	24,052	22,499	24,052	22,499	24,052	22,499
	28,244	26,453	28,244	26,453	79,872	69,688
Total capitalization	\$ 36,203	\$ 33,100	\$ 88,259	\$ 76,731	\$ 192,720	\$ 159,826
Debt to capitalization ¹	16%	14%	47%	47%	41%	41%

1. 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)

	2017	2016	Change
Revenue	\$ 40,786	\$ 24,411	\$ 16,375
Direct costs	(32,388)	(17,718)	(14,670)
Gross margin	8,398	6,693	1,705
Other income and gains	1,180	482	698
Equity accounted income	1,213	1,293	(80)
Expenses			
Interest	(3,608)	(3,233)	(375)
Corporate costs	(95)	(92)	(3)
Fair value changes	421	(130)	551
Depreciation and amortization	(2,345)	(2,020)	(325)
Income tax	(613)	345	(958)
Net income	4,551	3,338	1,213
Non-controlling interests	(3,089)	(1,687)	(1,402)
Net income attributable to shareholders	\$ 1,462	\$ 1,651	\$ (189)
Per share	\$ 1.34	\$ 1.55	\$ (0.21)

Financial Highlights

- **Revenues** increased by 67% due to earnings generated from recently acquired businesses, in particular the U.K. road fuel distribution business and the Brazilian regulated gas transmission business, improved volumes, and pricing at existing businesses, partially offset by the absence of revenue from assets sold.
- **Gross margin** was positively impacted by the contributions of acquisitions, higher pricing in our renewable power business and Norbord, as well as inflationary increases in our infrastructure operations. These increases were partially offset by lower margins in our construction and Brazilian residential businesses.
- **Other income and gains** relate to the sale of our European logistics business and two of our private equity investments. The prior year gains include gains on sale of our hospitality assets within the real estate segment.
- **Interest expense** increased due to debts assumed from acquired businesses and higher borrowings used to finance acquisitions.
- **Fair value changes** in the current year include gains generated in our opportunistic property portfolio, as well as valuation gains on Norbord upon a change in basis of accounting, offset by unrealized losses on financial contracts. The prior period included mark-to-market losses on two larger investments valued on stock market prices that declined during the year.
- **Income tax** in the prior year included a \$0.9 billion deferred income tax recovery on a change in the tax rate applicable to our U.S. core retail and office properties following a reorganization of this part of our business.
- **Net income attributable to shareholders** decreased mainly due to the aforementioned positive impacts more than offset by the prior year's income tax recovery attributable to us at a higher proportion which did not recur this year.

COMMON SHARE INFORMATION

Common Share Continuity

FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months		Full Year	
	2017	2016	2017	2016
Outstanding at beginning of period	959.3	959.3	958.2	961.3
Issued (repurchased)				
Repurchases	(1.4)	(1.4)	(3.4)	(4.7)
Long-term share ownership plans	0.9	0.2	3.8	1.3
Dividend reinvestment plan	—	0.1	0.2	0.3
Outstanding at end of period	958.8	958.2	958.8	958.2
Unexercised options and other share-based plans	47.5	43.8	47.5	43.8
Total diluted shares at end of period	<u>1,006.3</u>	<u>1,002.0</u>	<u>1,006.3</u>	<u>1,002.0</u>

- The company holds 30.6 million common shares for management share ownership plans, which have been deducted from the total number of shares outstanding.
 - 9.2 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, 2017 was \$994 million (December 31, 2016 – \$901 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	
	2017	2016	2017	2016	2017	2016	2017	2016
Funds from operations/Net income	\$ 1,301	\$ 1,014	\$ 1,046	\$ 173	\$ 3,810	\$ 3,237	\$ 1,462	\$ 1,651
Preferred share dividends	(39)	(33)	(39)	(33)	(145)	(133)	(145)	(133)
Funds from operations/Net income available for shareholders	<u>\$ 1,262</u>	<u>\$ 981</u>	<u>\$ 1,007</u>	<u>\$ 140</u>	<u>\$ 3,665</u>	<u>\$ 3,104</u>	<u>\$ 1,317</u>	<u>\$ 1,518</u>
Weighted average shares	959.2	959.0	959.2	959.0	958.8	959.0	958.8	959.0
Dilutive effect of the conversion of options and other share-based plans using treasury stock method	24.2	18.3	24.2	18.3	21.2	17.6	21.2	17.6
Shares and share equivalents	<u>983.4</u>	<u>977.3</u>	<u>983.4</u>	<u>977.3</u>	<u>980.0</u>	<u>976.6</u>	<u>980.0</u>	<u>976.6</u>

Entity Basis – Reconciliation to Reportable Segments – Invested Capital

AS AT DEC 31, 2017
(MILLIONS)

	Reportable Segments							Total
	Asset Management	Real Estate	Renewable Power	Infrastructure	Private Equity	Residential	Corporate	
Asset Management								
Fee related earnings	\$ 312	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 312
Carried interests, net	—	—	—	—	—	—	—	—
	<u>312</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>312</u>
Invested Capital								
Brookfield Property Partners ¹	—	16,653	—	—	—	—	—	16,653
Brookfield Renewable Partners	—	—	4,143	—	—	—	—	4,143
Brookfield Infrastructure Partners	—	—	—	2,098	—	—	—	2,098
Brookfield Business Partners	—	—	—	—	2,064	—	—	2,064
Residential Development	—	—	—	—	—	2,915	—	2,915
Brookfield Energy Marketing	—	—	801	—	—	—	—	801
Other investments ²	—	72	—	736	2,151	—	41	3,000
Cash and financial assets	—	—	—	—	—	—	2,255	2,255
	<u>—</u>	<u>16,725</u>	<u>4,944</u>	<u>2,834</u>	<u>4,215</u>	<u>2,915</u>	<u>2,296</u>	<u>33,929</u>
Capitalization (slide 17)								
Borrowings	—	—	—	—	—	—	(5,659)	(5,659)
Net working capital/operating costs	—	—	—	—	—	—	(338)	(338)
Preferred shares	—	—	—	—	—	—	(4,192)	(4,192)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(10,189)</u>	<u>(10,189)</u>
	<u>\$ 312</u>	<u>\$ 16,725</u>	<u>\$ 4,944</u>	<u>\$ 2,834</u>	<u>\$ 4,215</u>	<u>\$ 2,915</u>	<u>\$ (7,893)</u>	<u>\$ 24,052</u>

1. Includes \$1.3 billion of BPY preferred shares

2. Includes \$1.9 billion of listed and \$1.1 billion of unlisted investments across private equity, real estate and sustainable resources

Entity Basis – Reconciliation to Reporting Segments – Three Months FFO

FOR THREE MONTHS ENDED DEC. 31, 2017
(MILLIONS)

	Reporting Segments							Total
	Asset Management	Real Estate	Renewable Power	Infrastructure	Private Equity	Residential	Corporate	
Asset Management								
Fee related earnings	\$ 316	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 316
Carried interests, net	46	—	—	—	—	—	—	46
	<u>362</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>362</u>
Invested Capital								
Brookfield Property Partners ¹	—	196	—	—	—	—	—	196
Brookfield Renewable Partners	—	—	81	—	—	—	—	81
Brookfield Infrastructure Partners	—	—	—	85	—	—	—	85
Brookfield Business Partners	—	—	—	—	(33)	—	—	(33)
Residential development	—	—	—	—	—	96	—	96
Brookfield Energy Marketing	—	—	12	—	—	—	—	12
Other investments	—	22	—	6	65	—	12	105
Cash and financial assets	—	—	—	—	—	—	61	61
	—	218	93	91	32	96	73	603
Disposition Gains	—	418	—	—	—	—	—	418
	—	636	93	91	32	96	73	1,021
Capitalization (slide 17)²								
Borrowings	—	—	—	—	—	—	(70)	(70)
Net working capital/operating costs	—	—	—	—	—	—	(12)	(12)
	—	—	—	—	—	—	(82)	(82)
	<u>\$ 362</u>	<u>\$ 636</u>	<u>\$ 93</u>	<u>\$ 91</u>	<u>\$ 32</u>	<u>\$ 96</u>	<u>\$ (9)</u>	<u>\$ 1,301</u>

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

2. FFO excludes \$39 million (2016 – \$33 million) of preferred share distributions for the three months, which are included in determining per share results

Entity Basis – Reconciliation to Reporting Segments – Full Year FFO

FOR THE YEAR ENDED DEC. 31, 2017
(MILLIONS)

	Reporting Segments							Total
	Asset Management	Real Estate	Renewable Power	Infrastructure	Private Equity	Residential	Corporate	
Asset Management								
Fee related earnings	\$ 896	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 896
Carried interests, net	74	—	—	—	—	—	—	74
	<u>970</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>970</u>
Invested Capital								
Brookfield Property Partners ¹	—	744	—	—	—	—	—	744
Brookfield Renewable Partners	—	—	336	—	—	—	—	336
Brookfield Infrastructure Partners	—	—	—	316	—	—	—	316
Brookfield Business Partners	—	—	—	—	35	—	—	35
Residential development	—	—	—	—	—	34	—	34
Brookfield Energy Marketing	—	—	(76)	—	—	—	—	(76)
Other investments	—	36	—	29	216	—	9	290
Cash and financial assets	—	—	—	—	—	—	145	145
	—	780	260	345	251	34	154	1,824
Disposition Gains	—	1,224	10	—	82	—	—	1,316
	—	2,004	270	345	333	34	154	3,140
Capitalization (slide 17)²								
Borrowings	—	—	—	—	—	—	(261)	(261)
Net working capital/operating costs	—	—	—	—	—	—	(39)	(39)
	—	—	—	—	—	—	(300)	(300)
	<u>\$ 970</u>	<u>\$ 2,004</u>	<u>\$ 270</u>	<u>\$ 345</u>	<u>\$ 333</u>	<u>\$ 34</u>	<u>\$ (146)</u>	<u>\$ 3,810</u>

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

2. FFO excludes \$145 million (2016 – \$133 million) of preferred share distributions for the year, which are included in determining per share results

RECONCILIATION OF NET INCOME TO FFO

The following table reconciles net income to total segment FFO:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2017	2016
Net income	\$ 4,551	\$ 3,338
Realized disposition gains recorded as fair value changes or prior periods	1,116	766
Non-controlling interests in FFO	(4,964)	(2,917)
Financial statement components not included in FFO		
Equity accounted fair value changes and other non-FFO items	856	458
Fair value changes	(421)	130
Depreciation and amortization	2,345	2,020
Deferred income taxes	327	(558)
Total segment FFO	\$ 3,810	\$ 3,237

LISTED ISSUER BASE MANAGEMENT FEES AND ASSOCIATED CAPITALIZATION

AS AT AND FOR THE PERIODS ENDED DEC. 31, 2017
(MILLIONS)

	Capitalization	Fixed Base Fee	Variable Base Fee	Total Base Management Fee
Listed Investments				
Brookfield Property Partners	\$ 20,171	\$ 50	\$ 116	\$ 166
Brookfield Renewable Partners	14,301	20	63	83
Brookfield Infrastructure Partners	20,343	—	230	230
Brookfield Business Partners	3,641	—	35	35
	<u>58,456</u>	<u>70</u>	<u>444</u>	<u>514</u>
Other Listed Investments				
BPO Listed Funds ¹	—	—	10	10
TerraForm Power ²	1,848	2	1	3
Acadian Timber	256	2	—	2
	<u>2,104</u>	<u>4</u>	<u>11</u>	<u>15</u>
Total	<u>\$ 60,560</u>	<u>\$ 74</u>	<u>\$ 455</u>	<u>\$ 529</u>

Brookfield Property Partners (BPY): We earn base management fees paid quarterly of \$12.5 million (\$50 million annually) and an additional equity enhancement distribution of 0.3125% (1.25% annually) of the amount by which the partnership's total capitalization value exceeded its initial total capitalization value (\$11.5 billion). Capitalization is calculated as the volume-weighted average of the closing prices of the LP units on the Nasdaq for each of the last five trading days of the quarter multiplied by the number of units issued and outstanding on those days, plus the amount of third-party debt, net of cash, with recourse to the partnership.

Brookfield Renewable Partners (BEP): We earn base management fees paid quarterly of \$5 million (\$20 million annually) and an additional equity enhancement distribution of 0.3125% (1.25% annually) of the amount by which the partnership's total capitalization value exceeded the initial capitalization value (\$8 billion). Capitalization is calculated as the volume-weighted average of the closing prices of the LP units on the principal exchange for each of the last five trading days of the quarter multiplied by the number of units issued and outstanding on those days, plus the amount of third-party debt and preferred securities, net of cash, with recourse to the partnership.³

Brookfield Infrastructure Partners (BIP): We earn base management fees paid quarterly equal to 0.3125% of the market value of the respective partnership (1.25% annually). Capitalization is calculated as the volume-weighted average of the closing prices of the LP units on the principal exchange for each of the last five trading days of the quarter multiplied by the number of units issued and outstanding on those days, plus the amount of third-party debt and preferred securities, net of cash, with recourse to the partnership.³

Brookfield Business Partners (BBU): We earn base management fees paid quarterly equal to 0.3125% of the market value of the respective partnership (1.25% annually). Capitalization is calculated as the volume-weighted average of the closing prices of the LP units on the principal exchange for the quarter multiplied by the number of units issued and outstanding on the last day of the quarter, plus the amount of third-party debt, net of cash, with recourse to the partnership.³

TerraForm Power (TERP): For the first four quarters following the acquisition of TERP, on October 16, 2017, we earn base management fees paid quarterly of \$2.5 million (\$10 million annually) followed by \$3 million per quarter (\$12 million annually) for the following four quarters. Thereafter we earn base management fees paid quarterly of \$3.75 million (\$15 million annually). We earn an equity enhancement distribution of 0.3125% (1.25% annually) of the amount by which the company's capitalization value at the end of each quarter exceeded its initial capitalization value at the time of acquisition (\$1.4 billion). Capitalization is calculated as the volume-weighted average of the closing prices of the LP units on the Nasdaq for the quarter multiplied by the number of units outstanding on the last day of the quarter.

1. Base management fees as at December 31, 2017 included \$10 million of fee revenue generated by listed investment capital managed by BPY. These revenues are now reclassified within BPY's results

2. Fixed base fees earned from TerraForm are prorated for the period of ownership in 2017

3. For units traded on multiple exchanges, the principal exchange is determined on the basis of aggregate trading volume for the period

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 40 through 42 of our December 31, 2016 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).
 - **Economic Net Income (“ENI”)** is a non-IFRS measure that represents the sum of our fee related earnings and unrealized carried interest generated in the period. We utilize this measure as a supplement to FFO for our asset management segment to assess operating performance, including the fee revenues and carried interest generated on unrealized changes in value of our private fund investment portfolios. Continued growth in this measure is a leading indicator for future growth in FFO of our asset management segment.
 - **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 distributions and redemptions of capital from within the public securities capital.
 - **Distributions** represent quarterly distributions from listed partnerships as well as returns of committed capital (excluding market valuation adjustments) redemptions, and expiry of uncalled commitments within our private funds.
 - **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** earned from our public securities activities are paid to us when we exceed pre-determined investment returns on certain portfolios managed. These performance fees are typically determined on an annual basis and are not subject to “clawback” in future years. We also earn performance fees from BBU when its unit price exceeds pre-determined escalating thresholds. This fee is determined on a quarterly basis and is also 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.
- **Accrued unrealized carried interest** is based on carried interest that would be receivable under the contractual formula at the period end date as if a fund was liquidated and all investments had been monetized at the values recorded on that date. **Unrealized generated carry** 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** represents the annualized carried interest we would earn on third-party private fund capital subject to carried interest on the assumption that we achieve the targeted 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.
- **Internal Rate of Return (“IRR”)** is the annualized compounded rate of return of the fund, calculated since fund inception.
- **Multiple of Capital (“MoC”)** represents the ratio of total distributions plus estimates of remaining values to the equity invested.

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.