Brookfield

BROOKFIELD ASSET MANAGEMENT INC.

Q4 2018 Supplemental Information

Fourth Quarter and Full Year, December 31, 2018

Our Business

We are a leading global alternative asset manager with over **$350 billion** of assets under management and **$138 billion** in fee bearing capital. We raise private and public capital from the world's largest institutional investors, sovereign wealth funds and individuals, with a focus on generating attractive investment returns that will allow our investors and their stakeholders to meet their goals and protect their financial future.

- ✓ **Investment focus** – Real Estate, Infrastructure, Renewable Power and Private Equity
- ✓ **Diverse products offering** – Core, value-add, opportunistic and credit strategies in both closed-end and long-lived vehicles
- ✓ **Focused investment strategies** – we invest where we have a competitive advantage, such as our strong capabilities as an owner-operator, large scale capital and our global reach
- ✓ **Disciplined financing approach** – Debt is carefully employed to enhance returns while preserving capital throughout business cycles

In addition to our Asset Management Activities outlined above, we invest significant capital from our balance sheet in our managed entities alongside our clients creating an important alignment of interests. We refer to this as our Invested Capital and it totals approximately $40 billion prior to leverage.

Value Creation

We create shareholder value by increasing the earnings of our Asset Management Activities and increasing the value of our Invested Capital, as follows:

Asset Management

1. Increasing fee bearing capital, which increases our fee related earnings. We track the value created by applying a multiple to our annualized fee related earnings.
2. Achieving attractive investment returns, which allows us to earn performance income (carried interest). We measure the value created by applying a multiple to our target carried interest, net of costs.

Invested Capital

3. Increasing the cash income generated by the investments as well as capital appreciation, through operational improvements and disciplined recycling of the underlying assets. We measure the value created using a combination of market values and fair values as determined under IFRS.

FEE RELATED EARNINGS VALUE + CARRIED INTEREST VALUE + INVESTED CAPITAL VALUE = BROOKFIELD ASSET MANAGEMENT VALUE

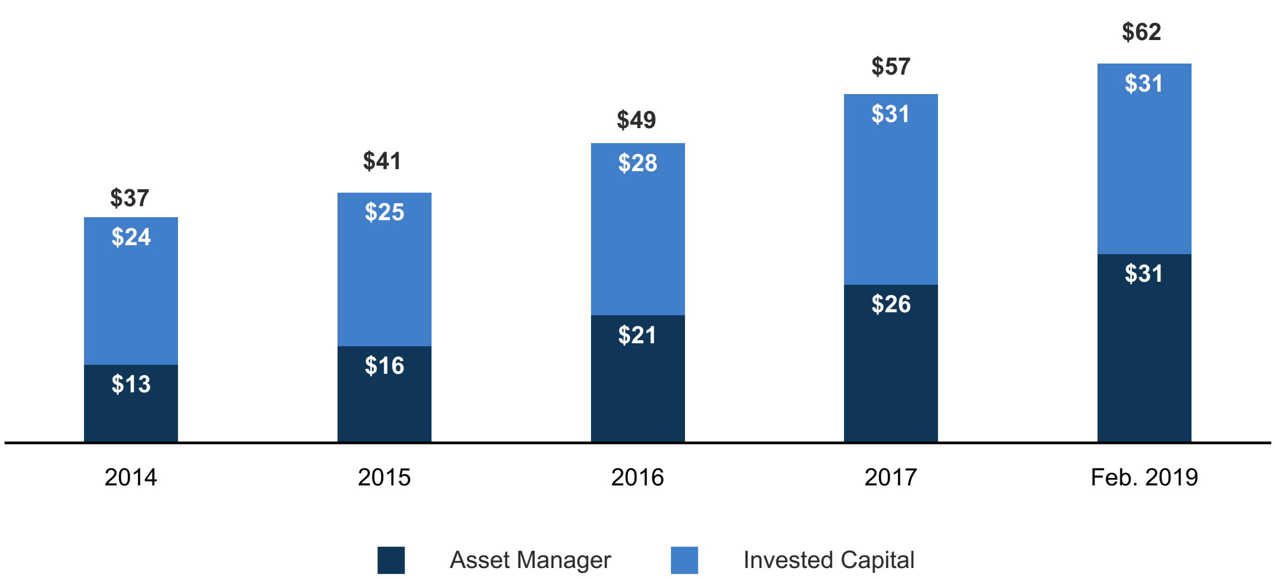
Financial Profile

We measure value creation for business planning and performance measurement using a consistent set of metrics as set out in the table below. This analysis is similar to that used by our management team and board of directors when assessing performance and growth in our business. We believe it helps readers to understand our business. These plan values are for illustrative purposes only and not intended to forecast or predict future events or to measure intrinsic value.

AS AT AND FOR THE YEARS ENDED DEC 31 (UNLESS OTHERWISE NOTED)	Base[1]	Plan Value Factor[2]	Feb. 2019[3]	2018	2017
	(MILLIONS)		(BILLIONS, EXCEPT FOR PER SHARE AMOUNT)		
Asset management activities					
Annualized fee related earnings[4]	$ 927	20x	$ **19.6**	$ **18.5**	$ 17.7
Target carried interest, net[4]	1,000	10x	**10.0**	**10.0**	7.0
Accumulated unrealized carried interest, net			**1.7**	**1.7**	1.4
			31.3	**30.2**	26.1
Invested capital, net[5]					
Listed Investments			**33.0**	**31.1**	35.6
Unlisted investments and net working capital			**8.4**	**8.4**	5.5
Invested capital, gross			**41.4**	**39.5**	41.1
Leverage			**(10.6)**	**(10.6)**	(9.9)
			30.8	**28.9**	31.2
Total plan value			$ **62.1**	$ **59.1**	$ 57.3
Total plan value (per share)			$ **62.32**	$ **59.26**	$ 56.94

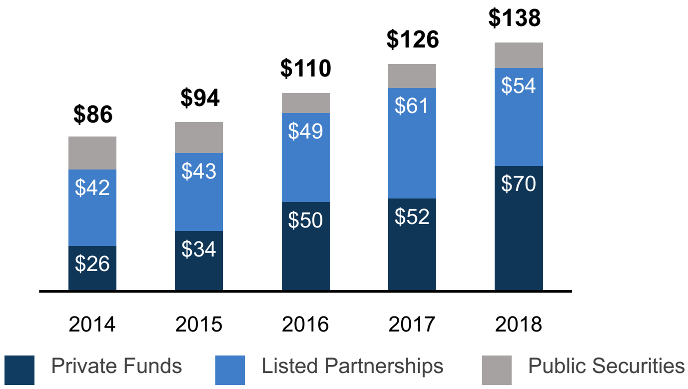
1. Base fee related earnings and carried interest represent our annualized fee revenues and target carried interest, as at December 31, 2018. We assume a 60% margin on annualized fee revenues and a 70% margin on gross target carried interest.
2. Reflects Brookfield's estimates of appropriate multiples applied to fee related earnings and carried interest in the alternative asset management industry based on, among other things, industry reports. These factors are used to translate earnings metrics into value in order to measure performance and value creation for business planning purposes.
3. Plan value as at February 13, 2019 reflects the recovery of the market value of our listed partnerships and other listed investments since December 2018 on our annualized base management fees and invested capital. See Notice to Readers starting on page 39 for additional details regarding our calculation of Plan Values as at February 13, 2019.
4. See definition in the glossary of terms starting on page 37.
5. See Invested Capital details on page 7.

Plan Value
AS AT DEC. 31 (BILLIONS)

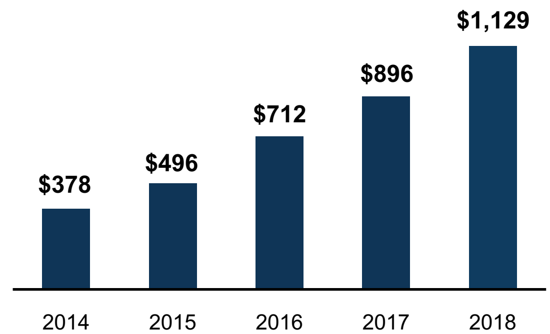


Performance Highlights

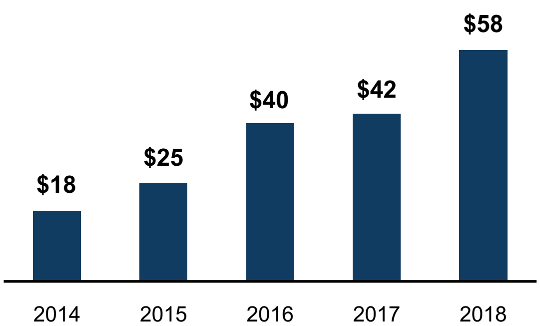
Fee Bearing Capital
AS AT DEC. 31 (BILLIONS)



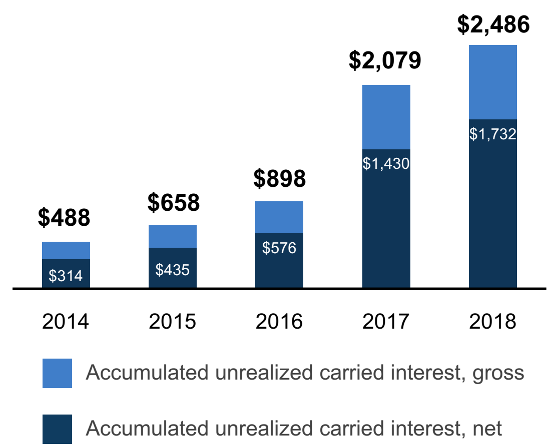
Fee Related Earnings
FOR THE YEARS ENDED DEC. 31 (MILLIONS)



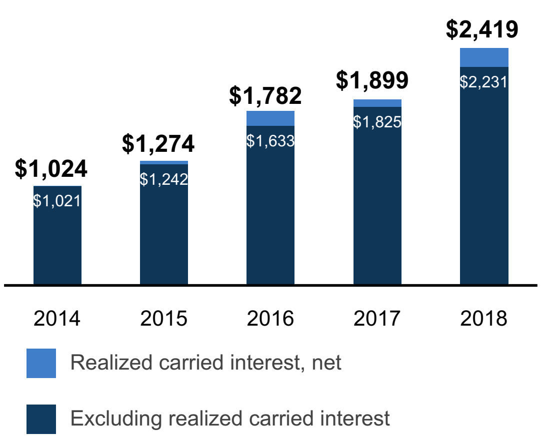
Carry Eligible Capital
AS AT DEC. 31 (BILLIONS)



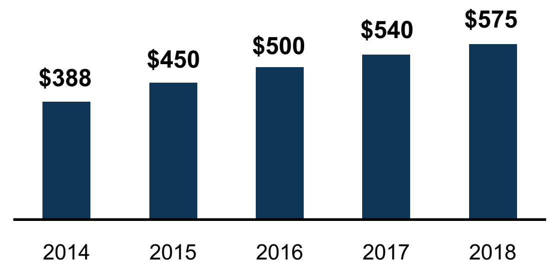
Accumulated Unrealized Carried Interest
AS AT DEC. 31 (MILLIONS)



Cash Available for Distribution and/or Reinvestment[1]
FOR THE YEARS ENDED DEC. 31 (MILLIONS)



Distributions to Common Shareholders[2]
FOR THE YEARS ENDED DEC. 31 (MILLIONS)



1. Comparative numbers have been revised to reflect new definition. Refer to page 11 and glossary of terms starting on page 37.
2. Excludes special dividends.

2018 Full Year Highlights

$138B	$22B	$34B
FEE BEARING CAPITAL	PRIVATE FUND CAPITAL RAISED IN YEAR	CORE LIQUIDITY & UNCALLED FUND COMMITMENTS

- Fee bearing capital increased by $12 billion (10%) to $138 billion, supported by inflows of $35 billion in 2018.
  - Reflects continued growth in our private funds, an acquisition in our public securities business and equity issuances by our listed partnerships.
  - Growth was partially offset by distributions made to investors and decreased public company valuations at the end of 2018.
- Fundraising has been very strong through 2018 and continuing into 2019:
  - Closed our largest flagship real estate fund to date at $15 billion ($11.25 billion third-party fee bearing capital).
  - First close for our latest flagship private equity fund totaled $7 billion.
  - Launched our next flagship infrastructure fund in the fourth quarter of 2018 with a target larger than our last fund.
  - Expanded our other product offerings, raising a further $4 billion for a variety of credit and long-life core and core plus strategies.
  - Completed $6 billion in co-investments across our business.
- Annualized fees and target carry reached $3.0 billion, a 20% increase over the prior year.
- Funds from operations (“FFO”) for the year totaled $4.4 billion, representing a 16% increase over the prior year due to contributions from higher fee revenues across our asset management franchise and a number of significant acquisitions made across our operating segment businesses.
  - Fee related earnings were over $1 billion in the current year, a 26% increase compared to the prior year, due to higher fee bearing capital and performance fees.
- We generated $661 million of unrealized carried interest during the year due to investment performance in our funds. Accrued unrealized carried interest is $2.5 billion, or $1.7 billion net of associated costs.
- Our leverage profile remains conservative:
  - $6 billion of corporate debt at year end, with an average term of 10 years and corporate debt to capitalization ratio less than 20%. This is supplemented with $4 billion of perpetual preferred shares.
  - Completed a $1 billion 10-year note issuance in early 2019 to supplement liquidity. No maturities prior to 2021.
- Core liquidity and uncalled private fund commitments were at a record level of $34 billion at year end and this should grow over the year as we continue to raise capital across flagship and other strategies.
- Liquidity is increasingly bolstered by free cash flow generated from our asset management business and distributions from our invested capital.
  - Cash flow available for distribution and/or reinvestment currently stands at $2 billion annually and is growing significantly.

CONTENTS

Asset Management

We manage $138 billion of fee bearing capital across private funds, listed partnerships and public securities

PRIVATE FUNDS

- Fee bearing capital increased to $70 billion at December 31, 2018.
- We earn base management fees on the committed and/or invested capital, as well as performance fees in the form of carried interest when achieving target returns in our funds.
- Fundraising in 2018 has contributed to an increase of approximately $150 million in annualized fees and approximately $500 million in target carried interest.

LISTED PARTNERSHIPS

- Fee bearing capital is $54 billion at December 31, 2018.
- We earn base management fees on total capitalization and earn performance fees when distributions (for BPY, BIP and BEP) or unit price (for BBU) exceed pre-determined thresholds.
- Each of BPY, BIP and BEP have declared distribution increases within their stated guidance of 5% – 9% annually.

PUBLIC SECURITIES

- Fee bearing capital managed is $13 billion at December 31, 2018.
- Consists of public funds and separately managed accounts, focused on fixed income and equity securities within the real estate, infrastructure and natural resources asset classes.
- We earn management fees based on committed capital and fund net asset value, as well as performance fees.

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Fee Bearing Capital		Actual		Annualized[1]	
	2018	2017	**2018**	2017	**2018**	2017
Fee revenues						
Base management fees						
Private funds	**$ 69,812**	$ 52,375	**$ 567**	$ 434	**$ 615**	$ 480
Listed partnerships	**54,339**	60,560	**511**	529	**470**	575
Public securities	**13,377**	12,655	**117**	85	**115**	127
Incentive distributions and performance fees	**n/a**	n/a	**484**	293	**324**	263
Transaction and advisory fees	**n/a**	n/a	**14**	27	**21**	30
	$ 137,528	$ 125,590	**1,693**	1,368	**1,545**	1,475
Direct costs			**(564)**	(472)	**(618)**	(590)
Fee related earnings ("FRE")[2]			**1,129**	896	**927**	885
Carried interest, gross[3]			**661**	1,280	**1,430**	1,000
Direct costs[4]			**(171)**	(352)	**(430)**	(300)
Carried interest, net			**490**	928	**1,000**	700
Total			**$ 1,619**	$ 1,824	**$ 1,927**	$ 1,585

1. Refer to pages 17, 18, 19 and 21 for details on the determination of annualized fees.
2. Annualized fee related earnings assumes 60% margin. We use a 55% – 65% margin for planning purposes.
3. Actual carried interest is unrealized carried interest generated in the period (refer to page 20). Annualized carried interest is target carried interest (refer to page 21).
4. We assume 70% margin on carried interest. We use a range of 65% – 75% for planning purposes (refer to page 21).

Invested Capital

Invested capital was $40 billion on a blended basis at year end with approximately 80% invested in our listed partnerships (BPY, BIP, BEP, BBU) and other publicly traded investments, in which we earn diversified, long-term, stable cash flows from dividends.

- We earned $1.7 billion in dividends from our listed investments in 2018 (2017 – $1.4 billion) representing an approximate 5% yield on invested capital.

Unlisted investments include our residential development operations, which develops and sells residential properties in 12 markets in North America, and residential and commercial units for sale in Brazil.

- During 2018, we invested $1.4 billion in a 27.5% interest of a New York commercial office portfolio acquired from BPY which we expect to syndicate to third parties during 2019.

The following table provides a breakdown of our invested capital as at December 31, 2018 and 2017:

	Quoted[1]		IFRS		Blended[2]		Distributed Cash Flow
AS AT DEC 31 (MILLIONS)	**2018**	2017	**2018**	2017	**2018**	2017	**Current[3]**
BPY	**$ 8,855**	$ 12,079	**$ 15,595**	$ 16,653	**$ 15,595**	$ 16,653	**$ 729**
BEP	**4,879**	6,576	**4,749**	4,143	**4,879**	6,576	**388**
BIP	**4,063**	5,273	**1,916**	2,098	**4,063**	5,273	**237**
BBU	**2,671**	3,034	**2,017**	2,064	**2,671**	3,034	**22**
Other listed	**1,584**	1,760	**1,949**	1,919	**1,584**	1,760	**47**
	22,052	28,722	**26,226**	26,877	**28,792**	33,296	**1,423**
Corporate cash and financial assets[4]	**2,275**	2,255	**2,275**	2,255	**2,275**	2,255	**218**
Total listed investments	**$ 24,327**	$ 30,977	**28,501**	29,132	**31,067**	35,551	**1,641**
Unlisted investments			**6,314**	4,797	**7,355**	5,885	**56**
Working capital, net			**1,081**	(338)	**1,081**	(338)	**n/a**
Invested capital			**35,896**	33,591	**39,503**	41,098	**$ 1,697**
Leverage			**(10,577)**	(9,851)	**(10,577)**	(9,851)	
Net invested capital			**$ 25,319**	$ 23,740	**$ 28,926**	$ 31,247	

1. Quoted based on December 31, 2018 and 2017 public pricing, respectively.
2. For performance measurement purposes, we consider the value of invested capital to be the quoted value of listed investments and IFRS value of unlisted investments, subject to two adjustments. First, we reflect BPY at its IFRS value as we believe that this best reflects the fair value of the underlying properties. Second, we reflect Brookfield Residential at its privatization value.
3. Distributed cash flow (current) is calculated by multiplying units held as at December 31, 2018 by the current distribution rates per unit.
4. Corporate cash and financial assets is inclusive of $1.3 billion of cash and cash equivalents (2017 – $807 million).

Summary of Results – Funds from Operations

We generated over $4 billion in funds from operations ("FFO") over the last year, a 16% increase from the prior year

FOR THE PERIODS ENDED DEC. 31 (MILLIONS, EXCEPT FOR PER SHARE AMOUNTS)		Three Months 2018	Three Months 2017	Full Year 2018	Full Year 2017	Page Ref.
Fee related earnings						
Base management fees						
Private funds		**$ 174**	$ 105	**$ 567**	$ 434	page 17
Listed partnerships		**115**	144	**511**	529	page 18
Public securities		**28**	22	**117**	85	page 18
Incentive distributions ("IDRs")		**54**	38	**206**	151	page 19
Transaction and advisory fees		**7**	2	**14**	27	
Total fee revenues		**378**	311	**1,415**	1,226	
Direct costs		**(151)**	(112)	**(564)**	(472)	
Fee related earnings before performance fees		**227**	199	**851**	754	
Performance fees		**—**	117	**278**	142	
Fee related earnings	A	**227**	316	**1,129**	896	page 16
INVESTED CAPITAL						
Listed partnerships						
BPY		**226**	196	**800**	744	page 30
BEP		**115**	81	**381**	336	page 30
BIP		**87**	85	**327**	316	page 30
BBU, before performance fees		**114**	47	**412**	132	page 30
		542	409	**1,920**	1,528	
Other listed investments		**29**	65	**251**	225	page 28
Corporate cash and financial assets		**(44)**	61	**11**	145	page 28
Listed investments before performance fees		**527**	535	**2,182**	1,898	
BBU performance fee, net to BAM		**—**	(80)	**(189)**	(97)	page 28
		527	455	**1,993**	1,801	
Unlisted investments						
Residential		**52**	96	**49**	34	
Energy contracts		**(39)**	12	**(91)**	(76)	
Other		**52**	40	**103**	65	
		65	148	**61**	23	page 28
Corporate activities						
Corporate interest expense		**(82)**	(70)	**(323)**	(261)	
Corporate costs and taxes		**(57)**	(12)	**(163)**	(39)	
		(139)	(82)	**(486)**	(300)	page 28
Invested capital FFO	B	**453**	521	**1,568**	1,524	
Total operating FFO	A+B	**680**	837	**2,697**	2,420	
Realized carried interest						
Realized carried interest		**227**	69	**254**	99	
Direct costs		**(61)**	(23)	**(66)**	(25)	
Realized carried interest, net	C	**166**	46	**188**	74	page 20
Disposition gains	D	**510**	418	**1,516**	1,316	page 29
Total funds from operations[1,2]	A+B+C+D	**$ 1,356**	$ 1,301	**$ 4,401**	$ 3,810	
Per Share						
Total operating FFO		**$ 0.66**	$ 0.81	**$ 2.60**	$ 2.32	
Total FFO		**1.35**	1.28	**4.35**	3.74	

1. FFO excludes preferred shares distributions of $37 million (2017 – $39 million) for the three months and $151 million (2017 – $145 million) for the full year.
2. Refer to page 35 for reconciliations of GAAP to non-GAAP measures.

Funds From Operations

Total funds from operations increased 16% on a year-over-year basis due to strong fee related earnings, organic growth initiatives across our operating companies, the positive impact of recent acquisitions and disposition gains earned from our capital recycling programs

THREE MONTHS:

Fee Related Earnings during the quarter were $227 million, a 14% increase compared to the prior year quarter, excluding the BBU performance fee. We earned higher private fund fees as a result of new capital raised for our third real estate flagship fund and higher incentive distributions resulting from increased distribution levels at our listed partnerships. Further details on page 16.

Invested Capital FFO decreased by 13% in part due to mark-to-market losses in our corporate cash and financial assets portfolio (much of which has reversed with the market recovery in early 2019) and lower earnings from our residential business and energy contracts. We also incurred higher interest expenses and taxes due to new debt issuances and the absence of the tax recoveries that we experienced in the prior year quarter. These decreases were partially offset by positive contributions from recent acquisitions, organic growth across a number of our operating businesses and the absence of performance fees paid by BBU.

Realized Carried Interest of $227 million was recognized ($166 million net of direct costs), including carry from our flagship private equity and real estate funds.

Disposition Gains of $510 million were recognized in the quarter. We sold our U.S. industrial operations and our Australian energy operations as well as a number of core office properties and partial interests in certain Canadian hydro assets. See page 29 for details.

FULL YEAR:

Fee Related Earnings for the year were $1.1 billion, a 26% increase over the prior year. Base management fees increased due to higher fee bearing capital primarily as a result of strong fundraising in our private funds, partially offset by a slight decrease in the average capitalization values of our listed partnerships. Incentive distributions were higher due to increased distributions at BIP, BEP and BPY. Performance fees from BBU were $136 million higher than the prior year.

Invested Capital FFO increased by 3% due to significant contributions from recent acquisitions across the business. In addition, we experienced organic growth in a number of our operations, most notably our graphite electrode manufacturing business and our core office portfolio. These contributions were offset by an increase in BBU performance fees, a decline in the performance of our financial asset portfolio (which is reversing as the market recovers) and higher corporate expenses.

Realized Carried Interest of $254 million was recognized during the year ($188 million net of direct costs), compared to $99 million in the prior year ($74 million net of direct costs). This year's results include carry from our flagship private equity and real estate funds.

Disposition Gains of $1.5 billion were recognized in the year. Assets sold in 2018 include a number of core office and retail properties, our U.S. industrial portfolio, our Chilean electricity transmission operation, partial interests in our graphite electrode manufacturer, our Australian energy operations and partial interests in certain Canadian hydro assets.

Funds from Operations and Net Income

FOR THE PERIODS ENDED DEC. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Three Months				Full Year			
	FFO[1]		Net Income[1]		FFO[1]		Net Income[1]	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
Operating activities								
Fee related earnings	**$ 227**	$ 316	**$ 227**	$ 316	**$ 1,129**	$ 896	**$ 1,129**	$ 896
Invested capital	**453**	521	**453**	521	**1,568**	1,524	**1,568**	1,524
	680	837	**680**	837	**2,697**	2,420	**2,697**	2,420
Realized carried interest	**166**	46	**166**	46	**188**	74	**188**	74
Realized disposition gains[2]	**510**	418	**37**	142	**1,516**	1,316	**166**	309
Fair value changes[3]	**—**	—	**386**	368	**—**	—	**681**	(216)
Depreciation and amortization[3]	**—**	—	**(266)**	(256)	**—**	—	**(1,107)**	(895)
Deferred income taxes[3]	**—**	—	**881**	(91)	**—**	—	**959**	(230)
	$ 1,356	$ 1,301	**$ 1,884**	$ 1,046	**$ 4,401**	$ 3,810	**$ 3,584**	$ 1,462
Per share	**$ 1.35**	$ 1.28	**$ 1.87**	$ 1.02	**$ 4.35**	$ 3.74	**$ 3.40**	$ 1.34

1. Net of non-controlling interests. Refer to page 35 for reconciliation of GAAP to non-GAAP measures.
2. FFO includes gains (net of losses) recorded in net income, directly in equity and the realization of appraisal gains and losses recorded in prior periods.
3. Includes amounts attributable to consolidated entities and equity accounted investments.

Refer to pages 16, 20, 28 and 29 for discussions of fee related earnings, realized carried interest, FFO from invested capital and realized disposition gains, respectively.

THREE MONTHS:

Fair value changes in the current quarter primarily relate to gains associated with transactions in our real estate business and the net impact of appraisal gains on our investment properties, partially offset by deal costs on completed transactions and mark-to-market losses on securities which we mark to market.

Depreciation and amortization expenses increased due to the impact of recent acquisitions.

Deferred income taxes positively contributed to net income as we recognized a sizable recovery this quarter relating to higher projected taxable income in our revised business plan that we expect to be able to offset with previously unrecognized net operating losses.

FULL YEAR:

Fair value changes in the current year include appraisal gains on investment properties, most notably in our LP investments portfolios, bargain purchase gains on certain transactions in our Real Estate and Corporate segments, the impact of step-up acquisitions completed in the third quarter and a transaction-related gain on a hospitality asset. These gains were partially offset by successful deal costs, one-time charges in our infrastructure transport operations and private equity industrial operations and the net impact of mark-to-market losses on certain financial contracts.

Depreciation and amortization expenses increased due to the impact of recent acquisitions.

Deferred income taxes positively contributed to net income in 2018 due to the aforementioned recoveries.

Cash Available for Distribution and/or Reinvestment

Over the last year we generated $2.4 billion of cash available for distribution to shareholders or reinvestment within our business, a 27% increase from the prior year

FOR THE PERIODS ENDED DEC. 31 (MILLIONS)		Three Months 2018	Three Months 2017	Full Year 2018	Full Year 2017
Fee related earnings (see page 16)	A	**$ 227**	$ 316	**$ 1,129**	$ 896
Distributions from investments (see page 32)					
Listed partnerships					
BPY[1]		**189**	163	**725**	652
BEP		**92**	88	**370**	350
BIP		**57**	51	**222**	195
BBU		**6**	6	**22**	21
		344	308	**1,339**	1,218
Corporate cash and financial assets[2]		**64**	26	**156**	75
Other investments[3]		**32**	18	**203**	58
	B	**440**	352	**1,698**	1,351
Other invested capital earnings					
Corporate activities (see page 28)		**(139)**	(82)	**(486)**	(300)
Other wholly-owned investments[4]		**54**	148	**41**	23
	C	**(85)**	66	**(445)**	(277)
Preferred share dividends	D	**(37)**	(39)	**(151)**	(145)
Cash available for distribution and/or reinvestment before realized carried interest	A+B+C+D=E	**545**	695	**2,231**	1,825
Realized carried interest, net (see page 20)	F	**166**	46	**188**	74
Cash available for distribution and/or reinvestment[5]	E+F	**$ 711**	$ 741	**$ 2,419**	$ 1,899

1. Includes distributions from BPY preferred shares.
2. Represents cash distributions received from our portfolio of corporate cash and financial assets.
3. Includes cash distributions from Norbord, Acadian and a 27.5% interest in BAM-sponsored real estate venture that owns operating and development properties in New York.
4. Relates to FFO from other wholly-owned investments used as a proxy for cash generated. It includes total FFO from unlisted investments excluding the New York property portfolio mentioned above which generated $11 million and $20 million of FFO for the three months and year ended December 31, 2018.
5. Comparative numbers have been revised to reflect new definition. Refer to glossary of terms starting on page 37. Refer to page 35 for reconciliations of GAAP to non-GAAP measures.

THREE MONTHS:

Fee related earnings and **realized carried interest:** refer to pages 16 and 20 respectively.

Distributions from investments increased due to higher distribution levels across the listed partnerships supported by continued FFO growth and cash received on certain derivative contracts held in our corporate cash and financial assets portfolio.

Other invested capital earnings decreased compared to the prior year quarter as a result of lower pricing on our energy contracts, the absence of tax recoveries in the current year quarter and timing impacts in our residential business.

Preferred share dividends decreased slightly as we bought back one million shares across different series through our NCIB program during the fourth quarter of 2018.

FULL YEAR:

Distributions from investments were higher across the listed partnerships supported by continued FFO growth; there was also a one-time special distribution in the third quarter of 2018 from our Norbord investment.

Other invested capital earnings decreased as compared to the prior year due to lower pricing on our energy contracts, the absence of tax recoveries in the current year and increased interest expense from corporate debt issuances in 2017 and 2018.

Liquidity and Capital Structure

We manage our liquidity and capital resources on a group-wide basis; however, it is organized into three principal tiers:

1. The Corporation[1];
2. Our listed partnerships (BPY, BIP, BEP and BBU); and
3. Managed funds, or operating asset level in directly held investments

LIQUIDITY

The Corporation has very few non-discretionary capital requirements. We maintain significant liquidity ($4 billion in the form of corporate cash and financial assets and undrawn credit facilities) at the corporate level to further enable the growth of the broader business. This does not include our ability to issue debt at the Corporation to replenish our cash resources on an otherwise very low leveraged balance sheet.

On a consolidated group basis, we have approximately $35 billion of group liquidity, which includes corporate liquidity, listed partnership liquidity, and unfunded private fund commitments. Unfunded fund commitments include third-party commitments available for drawdown in our private funds.

	Corporate Liquidity		Group Liquidity	
AS AT DEC. 31 (MILLIONS)	**2018**	2017	**2018**	2017
Cash and financial assets, net	**$ 2,275**	$ 2,255	**$ 3,752**	$ 3,218
Undrawn committed credit facilities	**1,867**	1,748	**7,061**	4,839
Core liquidity	**4,142**	4,003	**10,813**	8,057
Third-party uncalled private fund commitments	**—**	—	**23,575**	18,591
Total liquidity	**$ 4,142**	$ 4,003	**$ 34,388**	$ 26,648

CAPITAL STRUCTURE

Virtually all of the debt within our business is issued by entities that we manage, and most of this is at the operating asset level. Only 5% of our consolidated debt is issued by, or has recourse to, the Corporation.

Our Corporate capitalization is $39 billion as at December 31, 2018 with a debt to capitalization level of <20% at the corporate level (see page 33 for details).

– Corporate borrowings totaled $6 billion, with a weighted-average term of 10 years, and a weighted-average yield of 4.5%.

– Our corporate borrowings are supplemented by $4 billion of perpetual preferred shares with a weighted-average yield of 4.2%.

Consolidated debt in the listed partnerships and managed funds are predominantly investment-grade debt with limited covenants and have no recourse to the corporation.

AS AT DEC 31, 2018 (MILLIONS)	Average Term (Years)	Total	Maturity 2019	2020	2021	2022	2023	2024+
Corporate borrowings								
Term debt	**10**	$ 6,409	$ 440[2]	$ —	$ 257	$ —	$ 441	$ 5,271
Revolving facilities[3]	**4**	—	—	—	—	—	—	—
		6,409	440	—	257	—	441	5,271
Perpetual preferred shares	**perp.**	4,168	—	—	—	—	—	n/a
		$ 10,577	$ 440	$ —	$ 257	$ —	$ 441	$ 5,271

1. References to “the Corporation” represent Brookfield Asset Management Inc.
2. The $440 million of term debt due in 2019 has been pre-funded with corporate debt issued in January 2019.
3. Revolving credit facilities of $1.9 billion support commercial paper issuances.

Liquidity Profile

CORE AND TOTAL LIQUIDITY

AS AT DEC. 31 (MILLIONS)	Corporate	Real Estate	Renewable Power	Infrastructure	Private Equity and Other	**Total 2018**	Total 2017
Cash and financial assets, net	$ 2,275	$ 65	$ 286	$ 238	$ 888	**$ 3,752**	$ 3,218
Undrawn committed credit facilities	1,867	1,980	971	1,418	825	**7,061**	4,839
Core liquidity	4,142	2,045	1,257	1,656	1,713	**10,813**	8,057
Uncalled private fund commitments[1]	—	12,326	1,302	3,788	6,159	**23,575**	18,591
Total liquidity	$ 4,142	$ 14,371	$ 2,559	$ 5,444	$ 7,872	**$ 34,388**	$ 26,648

1. Third-party private fund uncalled commitments.

- Corporate credit facilities totaled $1.9 billion, of which $nil was utilized for short-term bank or commercial paper borrowings and $68 million was drawn and utilized for letters of credit at December 31, 2018.
- 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)	2019	2020	2021	2022	2023+	**Total 2018**	Dec. 2017
Real estate	$ —	$ —	$ 3,048	$ —	$ 9,278	**$ 12,326**	$ 9,126
Infrastructure and renewable power	—	—	4,014	—	1,076	**5,090**	7,791
Private equity	—	—	885	—	5,274	**6,159**	1,674
	$ —	$ —	$ 7,947	$ —	$ 15,628	**$ 23,575**	$ 18,591

- 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 $4 billion of third-party fund capital (private funds and co-investments) during the quarter; $8 billion during the full year.
- $6 billion of fund capital (inclusive of Brookfield commitments) has been committed to transactions not yet closed as at December 31, 2018 (real estate – $2.1 billion; infrastructure – $2.5 billion; and private equity – $1.3 billion).

Detailed Analysis

Asset Management Operating Results

FEE BEARING CAPITAL

AS AT AND FOR THE PERIODS ENDED DEC. 31, 2018 (MILLIONS)	Three Months Listed Partnerships	Three Months Private Funds[1,2]	Three Months Public Securities	Full Year Listed Partnerships	Full Year Private Funds[1,3]	Full Year Public Securities	Total
Balance, beginning of period	$ 64,226	$ 61,152	$ 15,236	$ 60,560	$ 52,375	$ 12,655	**$ 125,590**
Inflows	857	10,109	1,045	8,660	21,832	4,458	**34,950**
Outflows	—	—	(1,417)	—	—	(6,045)	**(6,045)**
Distributions	(1,814)	(1,441)	—	(4,422)	(4,035)	—	**(8,457)**
Market valuation	(8,953)	85	(1,487)	(9,970)	247	(1,716)	**(11,439)**
Other	23	(93)	—	(489)	(607)	4,025	**2,929**
Change	(9,887)	8,660	(1,859)	(6,221)	17,437	722	**11,938**
Balance, end of period[4]	$ 54,339	$ 69,812	$ 13,377	$ 54,339	$ 69,812	$ 13,377	**$ 137,528**

1. Includes $15.1 billion of co-investment capital (Dec. 31, 2017 – $9.5 billion), which earns minimal or no base fees.
2. Private funds inflows for the three-month period include capital raised in our fifth flagship private equity fund ($4.2 billion), third flagship real estate fund ($1.9 billion), infrastructure long-life fund ($0.9 billion), long-life real estate funds ($0.3 billion) and additional co-investment capital ($2.8 billion).
3. Private funds inflows for the full year include capital raised in our third flagship real estate fund ($8.2 billion), our fifth flagship private equity fund ($4.2 billion), long-life real estate funds ($1.2 billion), infrastructure long-life fund ($0.9 billion) and additional capital co-investments ($6.1 billion), as well as additional capital across other credit and multifamily strategies ($1.2 billion).
4. Fee bearing capital includes Brookfield capital of $25 billion (2017 – $27 billion) in listed partnerships and $0.3 billion (2017 – $0.3 billion) in private funds.

FEE RELATED EARNINGS

FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months 2018	Three Months 2017	Three Months Variance	Full Year 2018	Full Year 2017	Full Year Variance
Base management fees						
Private funds	**$ 154**	$ 105	$ 49	**$ 542**	$ 434	$ 108
– Catch-up fees	**20**	—	20	**25**	—	25
Listed partnerships	**115**	144	(29)	**511**	529	(18)
Public securities	**28**	22	6	**117**	85	32
Incentive distributions	**54**	38	16	**206**	151	55
Transaction and advisory fees	**7**	2	5	**14**	27	(13)
	378	311	67	**1,415**	1,226	189
Direct costs						
Compensation and benefits	**(102)**	(79)	(23)	**(387)**	(337)	(50)
Other expenses	**(49)**	(33)	(16)	**(177)**	(135)	(42)
	(151)	(112)	(39)	**(564)**	(472)	(92)
Fee related earnings before performance fees	**227**	199	28	**851**	754	97
Performance fees	**—**	117	(117)	**278**	142	136
Total fee related earnings	**$ 227**	$ 316	$ (89)	**$ 1,129**	$ 896	$ 233
Margin – excluding performance fees	**60%**	64%		**60%**	62%	
Margin – including performance fees	**60%**	74%		**67%**	65%	

Private funds: Record fundraising levels for our latest series of flagship funds drove a significant increase in private fund fee bearing capital and fee revenues during 2018. See page 17 for further details.

Listed partnerships: Lower fee bearing capital and associated fee revenues is a result of market volatility experienced in 2018. See page 18 for further details.

Public securities: Fee bearing capital grew during 2018 due to the acquisition of an energy and infrastructure investment advisor and was partially offset by market volatility. See page 18 for further details.

Incentive distributions: Reflects increased distribution levels at BIP, BEP and BPY. See page 19 for further details.

Transaction and advisory fees: Fees earned in the year relate to advisory fees in our real estate business and fees earned on co-investments within our infrastructure and private equity funds.

Direct costs: Direct costs increased as we continue to support the fundraising of our current series of flagship funds and the growth of other product offerings.

Performance fees: Attributable to BBU and represent 20% of the price increase per unit over the previous threshold.

Fee Revenues

PRIVATE FUNDS

Inflows of $22 billion in the year increased private fund fee bearing capital to $70 billion and contributed to a 31% increase in private fund fee revenues, including catch-up fees

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months		Full Year		Annualized[1]	
	2018	2017	**2018**	2017	**2018**	2017
Base management fees						
Flagship funds						
Real estate	**$ 57**	$ 26	**$ 202**	$ 103	**$ 230**	$ 145
Infrastructure	**43**	42	**172**	174	**170**	170
Private equity	**25**	14	**65**	56	**100**	55
	125	82	**439**	333	**500**	370
Other fund series						
Credit and core plus	**5**	6	**20**	19	**22**	24
Co-investments and other	**24**	17	**83**	82	**93**	86
	154	105	**542**	434	**615**	480
Catch-up fees	**20**	—	**25**	—	**—**	—
Transaction and advisory fees	**7**	2	**14**	27	**21**	30
	$ 181	$ 107	**$ 581**	$ 461	**$ 636**	$ 510

1. Refer to details on annualized fees on page 23.

THREE MONTHS:

- Flagship fee revenues increased by $43 million from the prior year quarter as a result of an increase of $8 billion and $4 billion of third-party commitments raised during the year within our latest flagship real estate and private equity funds, respectively. Incremental catch-up fees of $20 million related to our third flagship real estate fund.
- Additional fees were earned from fundraising and deployment across our latest real estate credit and long-life funds, partially offset by the return of capital following asset dispositions.
- Co-investment fees increased as a result of significant co-investment capital raised relating to the privatization of GGP.
- Transaction fees of $7 million include fees earned from co-investments within our flagship infrastructure fund.

FULL YEAR:

- Flagship: fee revenue increased by $106 million as we closed over $12 billion of flagship fund capital in the year. We also earned incremental catch-up fees of $25 million related to our third flagship real estate fund.
- Credit and core-plus: We raised $2.1 billion of long-life capital during the year, including $1.2 billion for our real estate long-life funds, as well as $0.9 billion for our core infrastructure fund. During the year we held the final close of our first U.S. infrastructure credit fund and continue to raise commitments for our first European infrastructure credit fund. Fees relating to our credit funds increased from the prior year as a result of capital deployed. We also returned capital during the year relating to our real estate credit funds as a result of dispositions.
- Co-investments: We raised $6.1 billion of co-investment capital during the year related to acquisitions, which included $2.7 billion of co-invest related to the privatization of GGP and $1.2 billion related to Forest City, as well as an additional $1.1 billion and $0.7 billion related to acquisitions within our flagship private equity and infrastructure funds, respectively. Additional co-invests relate to our credit and long-life fund series.

Fee Revenues

LISTED PARTNERSHIPS

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months 2018	Three Months 2017	Full Year 2018	Full Year 2017	Annualized[1] 2018	Annualized[1] 2017
Base management fees						
Listed partnerships						
BPY	**$ 32**	$ 40	**$ 148**	$ 166	**$ 130**	$ 160
BEP	**14**	24	**80**	82	**60**	95
BIP	**49**	64	**210**	230	**200**	260
BBU	**15**	11	**56**	35	**60**	45
Other	**5**	5	**17**	16	**20**	15
	115	144	**511**	529	**470**	575
Incentive distributions	**54**	38	**206**	151	**259**	198
Performance fees	**—**	117	**278**	142	**65**	65
	$ 169	$ 299	**$ 995**	$ 822	**$ 794**	$ 838

1. Refer to details on annualized fees on page 23.

- Three-month and full year listed partnership base management fees decreased by $29 million and $18 million, respectively, due to lower capitalization across the listed partnerships as a result of lower unit prices at the end of 2018.
- The listed partnership fee bearing capital decrease was partially offset by inflows, including $5.7 billion related to BPY and BPR equity issued as a result of the GGP privatization. This capital is subject to a 12-month fee waiver which will expire at the end of August 2019. Additional inflows include common and preferred units and debt issued by the listed partnerships.
- Incentive distributions increased reflecting higher unit distributions at BIP, BEP and BPY.
- Performance fees are attributable to BBU and represent 20% of the price increase per unit over the previous threshold. As at December 31, 2018 the threshold was $41.96 (2017 – $31.19).
- Base management fee revenues from listed partnerships include $56 million (2017 – $71 million) and $261 million (2017 – $260 million) from Brookfield capital for the three months and full year, respectively.

PUBLIC SECURITIES

AS AT AND FOR THE PERIODS ENDED DEC. 31	Three Months 2018	Three Months 2017	Full Year 2018	Full Year 2017	Annualized[1] 2018	Annualized[1] 2017
Mutual funds	**$ 18**	$ 12	**$ 74**	$ 45	**$ 73**	$ 85
Separately managed accounts	**9**	9	**38**	34	**37**	36
Other	**1**	1	**5**	6	**5**	6
	$ 28	$ 22	**$ 117**	$ 85	**$ 115**	$ 127

- The acquisition of an energy and infrastructure investment advisor during the first quarter of 2018 contributed to the $32 million increase in public securities fee revenues earned in 2018.
- Annualized fees as at December 31, 2017 included the above noted acquisition. Annualized fees as at December 31, 2018 were impacted by the December market volatility.

1. Refer to details on annualized fees on page 23.

Incentive Distributions and Performance Fees

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. The following table provides the current distribution levels of BIP, BEP and BPY:

ANNUALIZED INCENTIVE DISTRIBUTIONS

AS AT DEC 31, 2018 (MILLIONS, EXCEPT PER UNIT)	Per Unit: Annualized Distributions	Per Unit: Distribution Hurdles[1]	Per Unit: Incentive Distributions[2]	Units Outstanding	Annualized Incentive Distributions
Brookfield Infrastructure Partners (BIP)	$ 2.01	$ 0.81 / $ 0.88	15% / 25%	399.2	$ 154
Brookfield Renewable Partners (BEP)	2.06	1.50 / 1.69	15% / 25%	311.1	49
Brookfield Property Partners (BPY)[3]	1.32	1.10 / 1.20	15% / 25%	971.1	56
					$ 259

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.
3. Incentive distributions from Brookfield Property Partners are earned on distributions made by BPY and BPR.

LISTED PARTNERSHIPS DISTRIBUTIONS (PER UNIT)

	BPY	BEP	BIP
Targeted:			
FFO payout	80%	70%	60% to 70%
Distribution growth	5% to 8%	5% to 9%	5% to 9%
2019[1]	$ 1.32	$ 2.06	$ 2.01
2018	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

1. Annualized based on the most recently announced distribution levels.

BPY/BEP/BIP

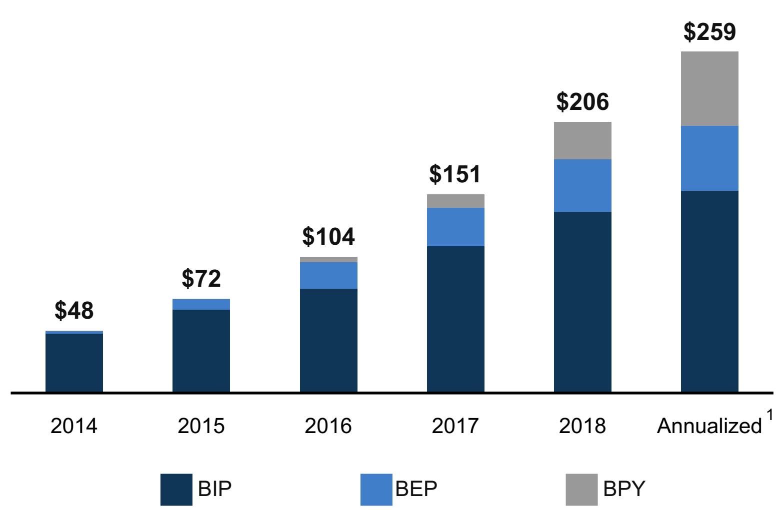
- Distribution policies target a distribution level that is sustainable on a long-term basis while retaining sufficient liquidity for capital expenditures and general purposes.

BBU

- BBU's performance fee is calculated as 20% of the increase in weighted average unit price for the quarter, over the highest previous threshold. The current threshold is $41.96.

Incentive Distributions (Full Year)

FOR THE YEARS ENDED DEC. 31 (MILLIONS)



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

Carried Interest

Carried interest represents our share, as manager, of investment performance in our private funds

We generated carried interest of $802 million in the last twelve months based on investment returns, increasing cumulative gross unrealized carried interest to $2.5 billion

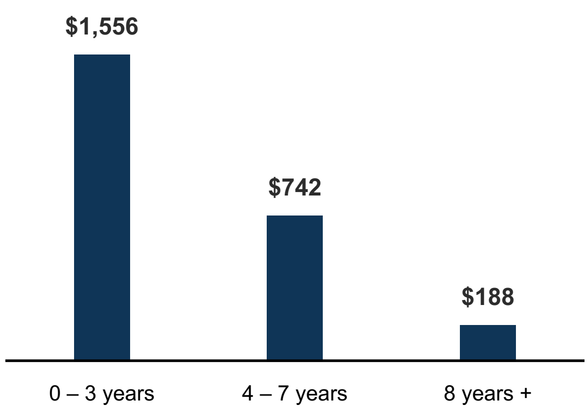
UNREALIZED CARRIED INTEREST CONTINUITY[1,2]

AS AT AND FOR THE PERIODS ENDED DEC. 31, 2018 (MILLIONS)	Three Months			Full Year		
	Unrealized Carried Interest	Direct Costs	Net	Unrealized Carried Interest	Direct Costs	Net
Accumulated unrealized, beginning of period	$ 2,612	$ (803)	$ 1,809	$ 2,079	$ (649)	$ 1,430
In period change						
Unrealized in period	127	(14)	113	802	(202)	600
Foreign currency revaluation	(26)	2	(24)	(141)	31	(110)
	101	(12)	89	661	(171)	490
Less: realized	(227)	61	(166)	(254)	66	(188)
	(126)	49	(77)	407	(105)	302
Accumulated unrealized, end of period	**$ 2,486**	**$ (754)**	**$ 1,732**	**$ 2,486**	**$ (754)**	**$ 1,732**

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, 2018 (MILLIONS)



Of the $1.6 billion of gross carried interest to be realized within the next three years, we expect almost $1 billion to be realized in 2019.

THREE MONTHS:

- Unrealized carried interest in the current quarter, before foreign exchange and associated costs, was $127 million and was generated across our real estate, infrastructure and private equity flagship funds. Foreign exchange changes in the quarter are largely due to the depreciation of South American currencies and relate to assets within our infrastructure funds.
- We realized $227 million of carried interest in the quarter from the disposition of a North American logistics business within our first flagship real estate fund as well as the sale of our Australian energy operation and distributions from additional investments within our fourth flagship private equity fund.

FULL YEAR:

- We generated unrealized carried interest across all of our major funds, including significant increases in value from our U.S. logistics portfolio and India office parks businesses within our first flagship real estate fund as well as significant generation from our graphite electrode manufacturing business within our fourth flagship private equity fund.
- In addition to the realized carried interest noted above, we earned carried interest in the year from dispositions within our real estate credit and multifamily funds.

Target Carried Interest

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

AS AT DEC 31, 2018 (MILLIONS)	Fee Bearing Capital	Carry Eligible Capital[1]	Gross Target Return[2,3]	Average Carried Interest	Annualized Target Carried Interest[4]
Opportunistic	$ 33,350	$ 15,727	18% – 23%	~20%	$ 540
Value add	22,632	12,575	10% – 15%	~20%	250
Credit and core plus	13,830	8,124	10% – 15%	~15%	100
	$ 69,812	36,426			890
Uncalled fund commitments[5,6]		21,883			540
Total carry eligible capital / target carried interest		**$ 58,309**			1,430
Direct costs[7]					(430)
Net target carried interest					**$ 1,000**

1. As at December 31, 2018, $36.4 billion of carry eligible capital has been invested and an additional $21.9 billion of committed capital will become carry eligible once invested.
2. Carried interest is generated once a private fund exceeds its preferred return typically ranging from 5% – 9%. It will typically go through a catch-up period until the manager and limited partner (LP) are earning carry at their respective allocation.
3. Gross target return is before annual fund management fees ranging from 90 bps for core plus funds to 200 bps for certain opportunistic funds.
4. Based on carry eligible capital.
5. Uncalled fund commitments from carry eligible funds.
6. Target carry on uncalled fund commitments is discounted for two years at 10%, reflecting gross target return and average carried interest rate for uncalled fund commitments.
7. We assume 70% margin on carried interest for planning purposes.

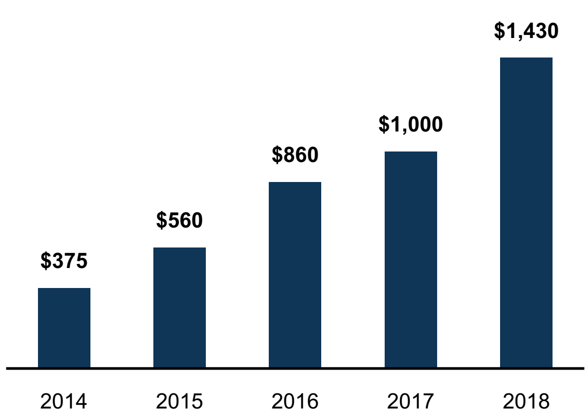
ANNUALIZED TARGET CARRIED INTEREST

Carried interest is our share of investment returns generated by our private funds. As long as investors earn a predetermined preferred return, after a catch-up period, we receive the full carried interest rate.

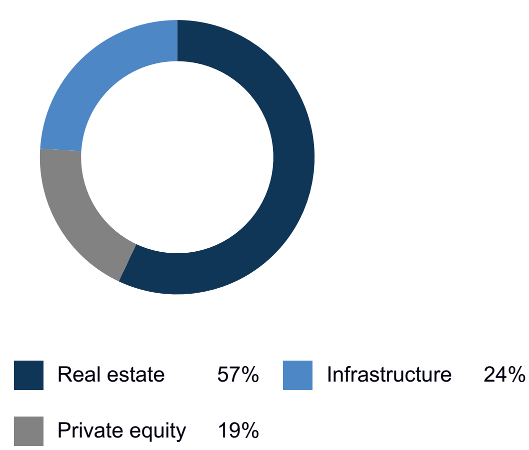
For planning purposes, we use current carry eligible capital multiplied by target fund returns and our average carried interest rate to determine annualized carried interest, and then subtract associated direct costs to arrive at a 70% margin, which is "net target carried interest."

Target carried interest on capital currently invested is $890 million per annum, and we expect to add an additional $540 million per annum when $21.9 billion of uncalled fund commitments are deployed, aggregating to an annualized target carried interest figure of $1.4 billion, or $1.0 billion net of costs.

Target Carried Interest
AS AT DEC. 31 (MILLIONS)



Target Carry Diversification
AS AT DEC. 31, 2018



Private Funds Carried Interest

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

The below returns are actuals and illustrate how we are tracking toward target:

AS AT DEC 31, 2018 (MILLIONS)	Strategy	Vintage[1]	Target Gross IRR[2,3]	Gross Actual IRR[4]	Uncalled Fund Commitments[5]	Invested < 3 years	Invested > 3 years	Total	Accumulated Unrealized Carried Interest
Real Estate	Opportunistic – BSREP	2013 – 2019	20%	22%	$ 8,630	$ 8,780	$ 1,331	**$ 18,741**	**$ 914**
	Credit – BREF	2005 – 2017	12% – 15%	13%	1,799	1,024	191	**3,014**	**75**
	Other[6]	2008 – 2018			1,310	6,209	1,111	**8,630**	**98**
Infrastructure	Value add – BIF	2010 – 2016	13% – 15%	15%	3,720	7,644	4,247	**15,611**	**689**
	Other[6]	2008 – 2018			1,317	1,483	682	**3,482**	**36**
Private Equity	Opportunistic – BCP	2007 – 2018	20%	29%	4,982	1,699	1,257	**7,938**	**661**
	Other[6]	2015 – 2018			125	331	437	**893**	**13**
Total carry eligible capital					21,883	27,170	9,256	**58,309**	**$ 2,486**
Non-carry eligible capital[7]					1,692	6,878	2,933	**11,503**	
Fee bearing capital					$ 23,575	$ 34,048	$ 12,189	**$ 69,812**	

1. Year of final close.
2. Gross target return is before annual fund management fees ranging from 90 bps for core plus funds to 200 bps for certain opportunistic funds.
3. Carried interest is generated once a private fund exceeds its preferred return. It will typically go through a catch-up period until the manager and LP are earning carry at their respective allocation.
4. On existing carry eligible funds, excluding long-life funds.
5. Uncalled fund commitments from carry eligible funds. Additional $1.7 billion of uncalled fund commitments relate to funds not eligible to earn carry.
6. Other represents funds and co-investments across the asset classes.
7. Non-carry eligible capital includes various co-investments, separately managed accounts and funds that are not entitled to carry.

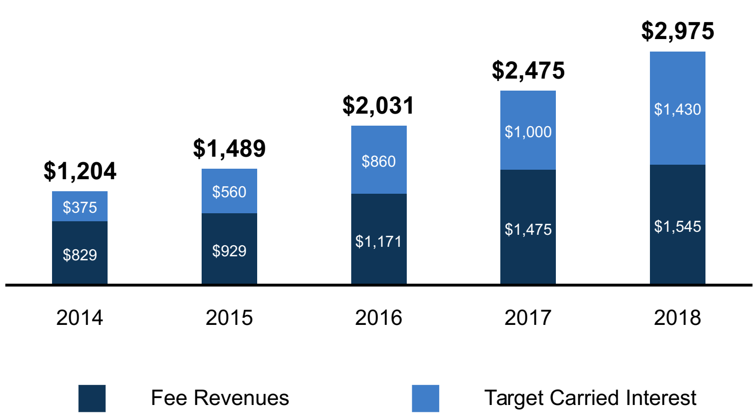
Annualized Fees and Target Carried Interest

ANNUALIZED FEES AND TARGET CARRY

AS AT (MILLIONS)	Dec. 31, 2018	Sep. 30, 2018	Dec. 31, 2017
Base management fees[1]			
Private funds	$ 615	$ 550	$ 480
Listed partnerships[2]	470	540	575
Public securities	115	124	127
Incentive distributions[3]	259	207	198
	1,459	1,421	1,380
Performance fee[4]	65	65	65
Transaction and advisory[5]	21	19	30
Fee revenues	1,545	1,505	1,475
Target carried interest[6]	1,430	1,195	1,000
	$ 2,975	$ 2,700	$ 2,475

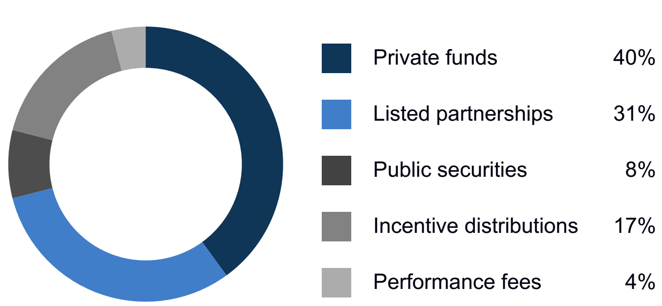
1. Base management fees include $227 million of annualized base fees on Brookfield capital ($224 million from listed partnerships and $3 million from private funds).
2. For details on listed partnership base fee calculations, refer to page 38.
3. Based on most recent quarterly distributions declared.
4. Annualized BBU performance fees assume 10% annualized unit price appreciation.
5. Annualized transaction and advisory fees based on simple average of the last two years' results.
6. Based on prescribed carried interest for private funds and target gross return. Includes only third-party capital.

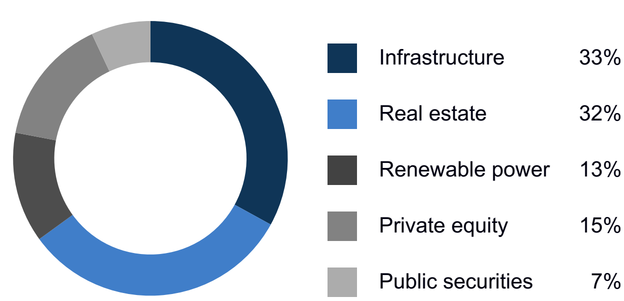
Annualized Fees and Target Carry
AS AT DEC. 31 (MILLIONS)



- Annualized listed partnership fee revenues of $470 million exclude the additional $50 million of fee revenues from new BPY capital issued in association with the privatization of GGP, based on its December 31 market value. This capital is subject to a 12-month fee waiver which will expire at the end of August 2019.
- With respect to certain funds for which fees are charged on invested capital only, we estimate annualized base management fees will increase by approximately $56 million when $5 billion of uncalled third-party capital is invested.
- BBU's performance fee is calculated as 20% of the increase in weighted average unit price over the previous threshold. The initial unit price hurdle was $25.00 and the current hurdle is $41.96.
- We include base fees on the capital invested by us in our listed partnerships and funds in order to present operating margins and investment returns on a consistent basis. 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.

Fee Revenue Diversification[1]
AS AT DEC. 31, 2018





1. Fee revenues based on annualized December 31, 2018 fees, excluding transaction fees and target carried interest.

Private Fund Listing[1]

AS AT DEC. 31, 2018 (MILLIONS)		Committed Capital[2]	Brookfield Participation[2]	Year[3]
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[4]		4,350	31%	2013
Strategic Real Estate Partners II[4]		9,000	26%	2016
Strategic Real Estate Partners III[4,5]		15,000	25%	2019
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
U.S. Multifamily Value Add III		1,005	30%	2018
Core Plus				
U.S. Office	$	2,200	83%	2006
DTLA		1,100	45%	2013
Premier Real Estate Partners[6]		2,116	20%	2016
Premier Real Estate Partners Australia[6]	A $	760	48%	2018
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[6]		930	1%	2017
Brookfield Infrastructure Funds				
Value Add				
Global Infrastructure I[4]	$	2,660	25%	2010
Global Infrastructure II[4]		7,000	40%	2013
Global Infrastructure III[4]		14,000	29%	2016
Colombia Infrastructure		360	28%	2009
Credit				
Infrastructure Debt	$	884	17%	2017
Core				
Super-Core Infrastructure Partners[6]	$	927	5%	2018
Sustainable Resources				
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[4]	C $	1,000	40%	2007
Capital Partners III[4]		1,000	25%	2012
Capital Partners IV[4]		4,000	26%	2016
Credit				
Peninsula Brookfield India Real Estate	$	95	—	2013

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 partnerships or investment funds for which Brookfield did not serve as the manager during the investment period. Also excludes closed-end funds currently in the market and fully divested funds.
2. Inclusive of Brookfield commitments; Brookfield participation includes commitments from Brookfield directly held as well as BPY, BEP, BIP and BBU.
3. Year of final close. For long-life funds, year of first close.
4. Flagship funds.
5. Final close held in January 2019.
6. Long-life fund.

Capital Invested or Committed

Invested $30 billion of capital during 2018, including $9 billion in the fourth quarter

CAPITAL INVESTED OR COMMITTED (FUNDING SOURCE)

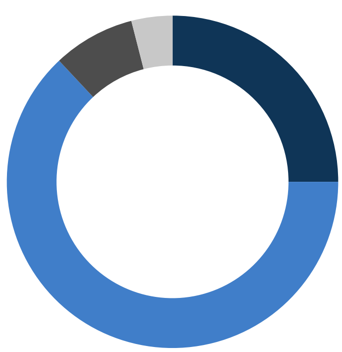
FOR THE YEAR ENDED DEC 31, 2018 (MILLIONS)	Real Estate	Infrastructure	Renewable Power	Private Equity and Other	**Total**
Listed partnerships[1]	$ 16,142	$ 1,541	$ 499	$ 560	**$ 18,742**
Private funds[2]	3,953	2,490	440	691	**7,574**
Co-investments[2]	1,224	783	—	237	**2,244**
Direct[3]	—	—	—	1,091	**1,091**
Total invested	21,319	4,814	939	2,579	**29,651**
Committed – new[4]	2,154	853	40	3,395	**6,442**
Committed – invested[4]	(530)	1,213	—	(1,592)	**(909)**
Total[4]	$ 22,943	$ 6,880	$ 979	$ 4,382	**$ 35,184**

1. Includes investments made by listed partnerships (BPY, BIP, BEP and BBU) directly or through its participation in private funds and co-investments.
2. Reflects third-party investments managed by Brookfield.
3. Investments made by Brookfield in financial assets or on balance sheet assets other than the listed partnerships.
4. 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, 2018 (MILLIONS)	Real Estate	Infrastructure	Renewable Power	Private Equity and Other	**Total**
North America	$ 20,041	$ 4,507	$ 59	$ 2,143	**$ 26,750**
South America	190	3	110	47	**350**
Europe	917	27	770	374	**2,088**
Asia and other	171	277	—	15	**463**
Total invested	$ 21,319	$ 4,814	$ 939	$ 2,579	**$ 29,651**

Capital Invested (by capital type)
FOR THE YEAR ENDED DEC. 31, 2018



Listed partnerships[1]	63%	Private funds	25%
Direct	4%	Co-investments	8%

1. Included within listed partnership is 49% relating to the privatization of GGP.

SIGNIFICANT INVESTMENTS:

- GGP retail mall portfolio ($14.5 billion)
- Forest City realty portfolio ($3.5 billion)
- Global commercial & hospitality properties ($2.7 billion)
- Residential energy infrastructure provider ($2.2 billion)
- Infrastructure services company ($0.9 billion)
- Natural gas midstream transportation assets ($1.0 billion)
- Spanish renewable power business ($0.7 billion)
- European housing portfolios ($0.7 billion)

SIGNIFICANT COMMITMENTS:

- Power solutions business ($3.0 billion)
- Global commercial & hospitality properties ($2.2 billion)
- Federally regulated midstream energy portfolio ($0.9 billion)

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 (BY GEOGRAPHY)

AS AT DEC 31, 2018 (MILLIONS)	North America	South America	Europe	Asia and Other	**Total**
Real estate	$ 3,171	$ —	$ 3,065	$ 383	**$ 6,619**
Infrastructure	780	2,029	1,178	119	**4,106**
Renewable power	388	493	259	64	**1,204**
Private equity and other	1,461	626	61	—	**2,148**
	$ 5,800	$ 3,148	$ 4,563	$ 566	**$ 14,077**

Our capital backlog of $14.1 billion provides an 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 $6.6 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 our premier office building development ongoing in London within Canary Wharf and other core office development ongoing within North America, Europe and Australia. Additional projects include North American retail mall developments.

Infrastructure: Planned capital expansion projects of $4.1 billion consist primarily of 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 is our South American toll road 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 $1.2 billion consist primarily of hydroelectric, solar and wind development projects. Over the next three years, we expect to complete significant development across South America, Europe, North America and Asia.

Private equity and other: Planned capital expansion of $2.1 billion includes significant expansion projects at our Brazilian water treatment business, Ontario gaming operations and services provider to the offshore oil production industry.

Invested Capital – Overview

LISTED INVESTMENTS:

Our **listed partnerships** are **BPY, BEP, BIP and BBU**, the flagship entities that hold most of the investments in our four largest operating segments. Each of our flagship entities is publicly traded in the United States and Canada.

- We own 51% (fully diluted) of **Brookfield Property Partners** (BPY), a diversified global real estate company that owns, operates and develops one of the largest portfolios of office, retail, multifamily, industrial, hospitality, triple net lease, self-storage, student housing and manufactured housing assets.
- We own 61% of **Brookfield Renewable Partners** (BEP), one of the world's largest publicly traded renewable power platforms with generating facilities in North America, South America, Europe and Asia.
- We own 30% of **Brookfield Infrastructure Partners** (BIP), one of the largest owners and operators of critical and diverse global infrastructure networks which facilitate the movement and storage of energy, water, freight, passengers and data.
- We own 68% of **Brookfield Business Partners** (BBU), our flagship private equity listed partnership that invests primarily in business services, infrastructure services and industrial companies focused on long-term capital appreciation.

In addition to our flagship entities, we have the following investments that are also publicly traded:

- **Norbord:** an international producer of wood-based panels which trades on the TSX and the NYSE. We own 42% of Norbord's shares and equity account for the investment as we exercise significant influence.
- **Acadian:** a leading supplier of primary forest products in Eastern Canada and the Northeastern U.S. We own 45% of Acadian's outstanding shares but consolidate the business as the management arrangements result in us exercising control over the business.
- **Vistra:** an integrated power company based in Texas that trades on the NYSE. Together with our institutional partners, we own approximately 9% of the company which is treated as a financial asset on our balance sheet.

Our **corporate cash and financial assets** portfolio includes corporate cash, assets held as part of our liquidity management operations, seeding investments in new strategies and financial contracts to manage market risk.

UNLISTED INVESTMENTS:

- **Residential:** in North America, we develop land for building homes or selling lots to other homebuilders while in Brazil we develop and construct residential and commercial towers.
- **Energy Contracts:** our contractual arrangement with BEP to purchase power generated by certain North American hydro assets at a fixed price that is then resold on a contracted or uncontracted basis.
- **Other Real Estate:** a 27.5% interest in BAM-sponsored venture that owns operating and development properties in New York as well as investments in assets in the multifamily sector.
- **Other Infrastructure:** investments in sustainable resources, mainly timber and agricultural assets, in Brazil.
- **Other Private Equity:** direct investments in various operating companies within the Private Equity segment.
- **Other corporate investments:** our investments in insurance businesses whose investment portfolios are primarily held in support of the insurance premium liabilities.

CORPORATE ACTIVITIES:

- Our **corporate borrowings** reflect the amount of recourse debt held in the corporation.
- Net **working capital** includes accounts receivable, accounts payable, other assets and other liabilities, including deferred tax assets and liabilities; FFO includes **corporate costs and cash taxes.**
- **Preferred equity** represents permanent, non-participating equity that provides leverage to our common equity.

Invested Capital – Operating Results

AS AT AND FOR THE PERIODS ENDED DEC 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Invested Capital		Funds from Operations[1] Three Months		Funds from Operations[1] Full Year	
	2018	2017	**2018**	2017	**2018**	2017
INVESTED CAPITAL						
Listed investments						
Listed partnerships						
BPY	**$ 15,160**	$ 15,388	**$ 216**	$ 177	**$ 736**	$ 668
BPY preferred shares	**435**	1,265	**10**	19	**64**	76
BEP	**4,749**	4,143	**115**	81	**381**	336
BIP	**1,916**	2,098	**87**	85	**327**	316
BBU[2]	**2,017**	2,064	**114**	(33)	**223**	35
Other listed investments						
Norbord	**1,287**	1,364	**26**	64	**243**	219
Other	**662**	555	**3**	1	**8**	6
Corporate cash and financial assets[3]	**2,275**	2,255	**(44)**	61	**11**	145
	28,501	29,132	**527**	455	**1,993**	1,801
Unlisted investments						
Residential	**2,606**	2,915	**52**	96	**49**	34
Energy contracts	**553**	801	**(39)**	12	**(91)**	(76)
Other	**3,155**	1,081	**52**	40	**103**	65
	6,314	4,797	**65**	148	**61**	23
Corporate activities						
Corporate borrowings/Interest expense	**(6,409)**	(5,659)	**(82)**	(70)	**(323)**	(261)
Working capital/Corporate costs and taxes[4]	**1,081**	(338)	**(57)**	(12)	**(163)**	(39)
Perpetual preferred shares[5]	**(4,168)**	(4,192)	**—**	—	**—**	—
	(9,496)	(10,189)	**(139)**	(82)	**(486)**	(300)
Net invested capital/FFO	**$ 25,319**	$ 23,740	**$ 453**	$ 521	**$ 1,568**	$ 1,524
Per Share	**$ 25.39**	$ 23.59	**$ 0.43**	$ 0.49	**$ 1.45**	$ 1.41

1. Excludes realized disposition gains.
2. FFO includes the net impact of performance fees paid to BAM of $nil (2017 – $80 million) for the three months ended December 31 and $189 million (2017 – $97 million) for the full year.
3. Corporate cash and financial assets is inclusive of $1.3 billion of cash and cash equivalents (2017 – $807 million).
4. Invested capital includes net deferred income tax asset of $1.9 billion (2017 – $590 million); FFO includes current tax expense of $29 million (2017 – recovery of $14 million) for the three months ended December 31 and current tax expense of $59 million (2017 – recovery of $56 million) for the full year.
5. FFO excludes preferred shares distributions of $37 million (2017 – $39 million) for the three months and $151 million (2017 – $145 million) for the full year.

THREE MONTHS:

- FFO from invested capital decreased by $68 million during the quarter to $453 million due in part to mark-to-market losses on our financial asset portfolio caused by market volatility (much of which has reversed with the market recovery in early 2019)
- Excluding the mark-to-market losses, FFO from invested capital increased over the prior year quarter due to significant contributions from recent acquisitions and same-store growth at assets held by our listed partnerships. This more than offsetting higher interest expenses from new debt issuances and the absence of tax recoveries reported in the prior year quarter.

FULL YEAR:

- FFO from invested capital increased by $44 million during the year to $1.6 billion due to contributions from recent acquisitions across each of our listed partnerships as well as improved performance at existing operations, in particular our graphite electrode manufacturing business and our core office operations.
- Our financial assets portfolio, which performed well in 2017, generated lower FFO primarily due to market conditions in the fourth quarter of 2018, while corporate activities deficit increased from the aforementioned higher interest expense and the absence of tax recoveries in the current year.

Disposition Gains

FOR THE PERIODS ENDED DEC. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Three Months				Full Year			
	FFO[1,2]		Net Income[2]		FFO[1,2]		Net Income[2]	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017
Real Estate								
Core Office	**$ 176**	$ 119	**$ (26)**	$ (44)	**$ 410**	$ 872	**$ 7**	$ 60
Core Retail	**2**	—	**2**	—	**248**	(3)	**4**	(1)
LP Investments								
IDI	**135**	—	**(29)**	—	**135**	—	**(29)**	—
Simply Storage	**—**	—	**—**	—	**36**	—	**12**	—
Gazeley – Europe	**—**	275	**—**	191	**—**	275	**—**	191
Other LP Investments	**52**	19	**18**	(5)	**57**	62	**22**	11
Other properties	**53**	5	**13**	—	**53**	18	**6**	(2)
	418	418	**(22)**	142	**939**	1,224	**22**	259
Infrastructure								
Transelec	**—**	—	**—**	—	**244**	—	**53**	—
Private Equity								
GrafTech	**—**	—	**—**	—	**209**	—	**—**	—
Quadrant	**55**	—	**55**	—	**55**	—	**55**	—
Norbord partial sale	**—**	—	**—**	—	**—**	32	**—**	—
Other Private Equity	**(1)**	—	**(1)**	—	**31**	50	**31**	50
Renewable Power								
Hydro and wind assets	**38**	—	**5**	—	**38**	10	**5**	—
	$ 510	$ 418	**$ 37**	$ 142	**$ 1,516**	$ 1,316	**$ 166**	$ 309
Per share	**$ 0.52**	$ 0.42	**$ 0.04**	$ 0.14	**$ 1.55**	$ 1.34	**$ 0.17**	$ 0.31

1. FFO includes gains recorded in net income, directly in equity, as well as the realization of appraisal gains recorded in prior years.
2. Net of non-controlling interests.

THREE MONTHS:

- 2018: Gains include the sale of our interest in IDI (U.S. logistics operations) for a gain of $135 million; core office properties in Canada and Australia sold for a gain of $176 million; a $55 million gain on the sale of Quadrant, our Australian energy business; and $38 million in our renewable power business relating primarily to the sales of partial interests in three North American hydro sites.
- 2017: Assets sold include Gazeley (our European logistics portfolio) as well as a number of properties held in our core office and LP investment portfolios.

FULL YEAR:

- 2018: Core office and retail disposition gains, $658 million; LP investments and other property disposition gains, $281 million; sale of Chilean electricity transmission business in our Infrastructure segment, $244 million; sales of various private equity businesses, including partial interests in our graphite electrode manufacturing business, $295 million; sale of renewable power assets, $38 million.
- 2017: Core office and retail disposition gains, $869 million; LP investments and other property disposition gains, $355 million; partial sale of Norbord shares, $32 million; sale of various other private equity businesses, $50 million; sale of an Irish wind farm, $10 million.

Listed Partnership Results

BPY (NASDAQ: BPY, TSX: BPY.UN) – 51% (fully diluted) ownership interest

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2018	2017	2018	2017	2018	2017
Core office	$ 14,199	$ 13,913	$ 170	$ 148	$ 608	$ 592
Core retail	14,136	8,844	270	158	651	515
LP investments[1,2]	5,204	5,010	77	89	330	335
Corporate[2]	(5,255)	(5,581)	(101)	(109)	(410)	(425)
Attributable to unitholders	28,284	22,186	416	286	1,179	1,017
Non-controlling interests	(13,124)	(6,798)	(195)	(94)	(444)	(322)
Segment reallocation and other[3]	—	—	(5)	(15)	1	(27)
Brookfield's interest	15,160	15,388	216	177	736	668
Preferred shares	435	1,265	10	19	64	76
	$ 15,595	$ 16,653	$ 226	$ 196	$ 800	$ 744

BEP (NYSE: BEP, TSX: BEP.UN) – 61% ownership interest

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2018	2017	2018	2017	2018	2017
Proportionate generation (GWh)						
Actual	n/a	n/a	7,052	5,890	25,753	23,968
Long-term average (LTA)	n/a	n/a	6,602	6,030	25,844	23,251
Hydroelectric generation	$ 8,951	$ 8,821	$ 178	$ 147	$ 671	$ 686
Wind energy	1,357	939	60	33	160	105
Solar, storage and other	1,155	682	24	14	104	21
Corporate	(3,637)	(3,584)	(56)	(51)	(259)	(231)
Attributable to unitholders	7,826	6,858	206	143	676	581
Incentive distributions	—	—	(10)	(7)	(40)	(30)
Non-controlling interests	(3,077)	(2,715)	(76)	(55)	(250)	(215)
Segment reallocation and other[4]	—	—	(5)	—	(5)	—
Brookfield's interest	$ 4,749	$ 4,143	$ 115	$ 81	$ 381	$ 336

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	
	2018	2017	2018	2017	2018	2017
Utilities	$ 1,787	$ 3,290	$ 138	$ 172	$ 576	$ 610
Transport	3,627	4,116	129	139	518	532
Energy	2,817	1,806	90	56	269	209
Data infrastructure[5]	882	614	20	19	77	76
Corporate and other	(2,684)	(2,822)	(51)	(73)	(209)	(257)
Attributable to unitholders	6,429	7,004	326	313	1,231	1,170
Incentive distributions	—	—	(34)	(29)	(136)	(113)
Non-controlling interests	(4,513)	(4,906)	(205)	(199)	(768)	(741)
Brookfield's interest	$ 1,916	$ 2,098	$ 87	$ 85	$ 327	$ 316

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	
	2018	2017	2018	2017	2018	2017
Business services[2]	$ 1,493	$ 1,407	$ 22	$ 22	$ 131	$ 92
Infrastructure services[2]	977	302	71	19	195	21
Industrial operations[2]	359	1,019	173	30	470	163
Corporate and other	134	310	(18)	(3)	(63)	(24)
Attributable to unitholders	2,963	3,038	248	68	733	252
Performance fees	—	—	—	(117)	(278)	(142)
Non-controlling interests	(946)	(974)	(80)	16	(146)	(25)
Segment reallocation and other[4]	—	—	(54)	—	(86)	(50)
Brookfield's interest	$ 2,017	$ 2,064	$ 114	$ (33)	$ 223	$ 35

1. Formerly "Opportunistic."
2. Segments were realigned in 2018; comparative figures have been restated to reflect the revised segment classifications.
3. Reflects fee related earnings and net carried interest reclassified to asset management segment.
4. Relates to disposition gains, net of NCI, included in operating FFO.
5. Formerly "Communications."

Other Investments

In addition to being invested in our four flagship listed partnerships, we hold a number of other listed and unlisted investments

OTHER LISTED INVESTMENTS AND CORPORATE CASH AND FINANCIAL ASSETS

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Segment	Invested Capital		Funds from Operations			
				Three Months		Full Year	
		2018	2017	**2018**	2017	**2018**	2017
Other listed							
Acadian Timber	Infrastructure	**$ 86**	$ 88	**$ 1**	$ 1	**$ 6**	$ 6
Norbord	Private Equity	**1,287**	1,364	**26**	64	**243**	219
Other listed	Private Equity	**576**	467	**2**	—	**2**	—
		1,949	1,919	**29**	65	**251**	225
Corporate cash and financial assets[1]	Corporate	**2,275**	2,255	**(44)**	61	**11**	145
		$ 4,224	$ 4,174	**$ (15)**	$ 126	**$ 262**	$ 370

1. FFO includes cash distributions received of $64 million (2017 – $26 million) for the three months and $156 million (2017 – $75 million) for the full year.

UNLISTED INVESTMENTS

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Segment	Invested Capital		Funds from Operations			
				Three Months		Full Year	
		2018	2017	**2018**	2017	**2018**	2017
Residential development							
North America	Residential	**$ 1,758**	$ 1,711	**$ 73**	$ 103	**$ 161**	$ 169
Brazil and other	Residential	**848**	1,204	**(21)**	(7)	**(112)**	(135)
		2,606	2,915	**52**	96	**49**	34
Energy contracts	Renewable Power	**553**	801	**(39)**	12	**(91)**	(76)
Sustainable resources and other	Infrastructure	**885**	648	**7**	5	**25**	23
Other corporate	Corporate	**43**	41	**(4)**	12	**(1)**	9
Other unlisted	Various	**2,227**	392	**49**	23	**79**	33
		$ 6,314	$ 4,797	**$ 65**	$ 148	**$ 61**	$ 23

- **Residential:** results from our Residential businesses during the quarter were lower than the prior year quarter due largely to timing of deliveries. Results for the full year were higher than prior year due largely to improved margins and the impact of foreign exchange.
- **Energy contracts:** results were lower than prior year due to lower realized prices on generation sold during the fourth quarter and the full year.
- **Other unlisted investments:** FFO was higher than prior year due largely to the contribution from our investment in a New York property portfolio acquired in July 2018 which contributed $11 million in the fourth quarter and $20 million for the year.

Distributions from Investments

~80% of our invested capital is held in listed securities, which provides enhanced transparency for investors and financial flexibility and liquidity for Brookfield

AS AT DEC. 31, 2018 AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	No. of Units	Actual Distributions/Payments: Three Months 2018	Three Months 2017	Full Year 2018	Full Year 2017	Current Distributions[1] 2018
Listed partnerships						
BPY	522	**$ 179**	$ 144	**$ 661**	$ 576	**$ 689**
BPY preferred shares	n/a	**10**	19	**64**	76	**40**
BEP	188	**92**	88	**370**	350	**388**
BIP	118	**57**	51	**222**	195	**237**
BBU	88	**6**	6	**22**	21	**22**
Corporate cash and financial assets[2]	various	**64**	26	**156**	75	**218**
Other investments						
Norbord	35	**16**	16	**167**	52	**41**
Other	various	**16**	2	**36**	6	**62**
		$ 440	$ 352	**$ 1,698**	$ 1,351	**$ 1,697**

1. Current distributions are calculated by multiplying units held as at December 31, 2018 by the current distribution rates per unit.
2. Current distributions for corporate cash and financial assets is calculated as an estimated 8% total return on the weighted average balance of the last four quarters.

Capitalization

Our capital debt has a weighted-average term to maturity of 10 years, while our recourse debt to corporate capitalization remains below 20%

AS AT DEC. 31 (MILLIONS)	Average Yield	Average Term (Years)	Invested Capital 2018	Invested Capital 2017
Corporate borrowings				
Term debt	**4.5%**	**10**	**$ 6,409**	$ 5,556
Revolving facilities[1]	**n/a**	**4**	**—**	103
Total corporate borrowings	**4.5%**	**n/a**	**6,409**	5,659
Perpetual preferred shares[2]	**4.2%**	**perp.**	**4,168**	4,192
Leverage			**$ 10,577**	$ 9,851

1. Revolving credit facilities of $1.9 billion support commercial paper issuances.
2. FFO excludes preferred share distributions of $37 million (2017 – $39 million) for the three months and $151 million (2017 – $145 million) for the full year.

DEBT TO CAPITALIZATION

AS AT DEC. 31 (MILLIONS)	Corporate 2018	Corporate 2017	Our Share[1] 2018	Our Share[1] 2017	Consolidated 2018	Consolidated 2017
Corporate borrowings	**$ 6,409**	$ 5,659	**$ 6,409**	$ 5,659	**$ 6,409**	$ 5,659
Non-recourse borrowings						
Subsidiary borrowings	**—**	—	**5,174**	5,711	**8,600**	9,009
Property specific borrowings	**—**	—	**35,943**	30,210	**103,209**	63,721
	6,409	5,659	**47,526**	41,580	**118,218**	78,389
Accounts payable and other	**2,299**	2,140	**10,297**	10,880	**23,989**	17,965
Deferred income tax liabilities	**197**	160	**4,425**	5,204	**12,236**	11,409
Subsidiary equity obligations	**—**	—	**1,658**	1,648	**3,876**	3,661
Liabilities associated with assets held for sale	**—**	—	**262**	703	**812**	1,424
Equity						
Non-controlling interests	**—**	—	**—**	—	**67,335**	51,628
Preferred equity	**4,168**	4,192	**4,168**	4,192	**4,168**	4,192
Common equity	**25,647**	24,052	**25,647**	24,052	**25,647**	24,052
	29,815	28,244	**29,815**	28,244	**97,150**	79,872
Total capitalization	**$ 38,720**	$ 36,203	**$ 93,983**	$ 88,259	**$ 256,281**	$ 192,720
Debt to capitalization[2]	**17%**	16%	**51%**	47%	**46%**	41%

1. Represents our share of debt and other obligations based on our ownership percentage of the related investments.
2. Determined as the aggregate of corporate borrowings and non-recourse borrowings divided by total capitalization.

Sources and Uses of Cash

We continue to source significant cash flows with few corporate borrowing maturities in the near term

FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months		Full Year	
	2018	2017	**2018**	2017
Corporate cash and financial assets, beginning of period	**$ 2,341**	$ 1,938	**$ 2,255**	$ 1,143
Sources				
Cash available for distribution and/or reinvestment[1]	**711**	741	**2,419**	1,899
BPY preferred share redemption	**330**	—	**330**	—
Net financing activities	**(96)**	(21)	**985**	1,184
	945	720	**3,734**	3,083
Uses				
Listed partnership equity offerings	**—**	—	**—**	(653)
Temporary investments[2]	**(226)**	—	**(1,732)**	—
Other investments	**—**	—	**(200)**	—
Share repurchases[3]	**(367)**	(61)	**(667)**	(141)
Dividends paid to common shareholders	**(144)**	(135)	**(575)**	(642)
Other[4]	**(274)**	(207)	**(540)**	(535)
	(1,011)	(403)	**(3,714)**	(1,971)
In-period change	**(66)**	317	**20**	1,112
Corporate cash and financial assets, end of period	**$ 2,275**	$ 2,255	**$ 2,275**	$ 2,255

1. Refer to page 35 for reconciliations of GAAP to non-GAAP measures.
2. Includes a 27.5% interest in a new BAM-sponsored real estate venture that owns operating and development properties in New York which we acquired from BPY.
3. Includes repurchases of BAM common and preferred shares and BPY LP units.
4. Includes adjustments for accrued items, carried interest proceeds subject to clawback, financial asset mark-to-market changes and other items.

THREE MONTHS:

Cash available for distribution and/or reinvestment: see page 11. Net financing activities: includes $88 million of Yen-denominated debt, offset by the repayment of $184 million of commercial paper.

We distributed $144 million to our shareholders, invested in an infrastructure asset that we are temporarily warehousing on our balance sheet and purchased BAM common and preferred shares and BPY LP units. We also received funds as BPY redeemed $330 million of the preferred shares that we previously held.

FULL YEAR:

Cash available for distribution and/or reinvestment: see page 11. Net financing activities: includes $1.1 billion of corporate debt issued, offset by the repayment of all commercial paper previously outstanding.

In addition to our quarterly distribution to shareholders, we have used our funds to temporarily warehouse investments on our balance sheet on behalf of our subsidiaries, seed new investment strategies and strategically repurchase shares of BAM and our listed partnerships.

CORPORATE MATURITY PROFILE

AS AT DEC 31, 2018 (MILLIONS)	Average Term (Years)	Total	Maturity					
			2019	2020	2021	2022	2023	2024+
Corporate borrowings								
Term debt	**10**	$ 6,409	$ 440[1]	$ —	$ 257	$ —	$ 441	$ 5,271
Revolving facilities[2]	**4**	—	—	—	—	—	—	—
		6,409	440	—	257	—	441	5,271
Perpetual preferred shares	**perp.**	4,168	—	—	—	—	—	n/a
		$ 10,577	$ 440	$ —	$ 257	$ —	$ 441	$ 5,271

1. The $440 million of term debt due in 2019 has been pre-funded with corporate debt issued in January 2019.
2. Revolving credit facilities of $1.9 billion support commercial paper issuances.

Reconciliation of GAAP to Non-GAAP Measures

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2018	2017
Net income	**$ 7,488**	$ 4,551
Realized disposition gains in fair value changes or prior periods	**1,445**	1,116
Non-controlling interests	**(6,015)**	(4,964)
Financial statement components not included in FFO		
Equity accounted fair value changes and other non-FFO items	**1,284**	856
Fair value changes	**(1,794)**	(421)
Depreciation and amortization	**3,102**	2,345
Deferred income taxes	**(1,109)**	327
Funds from operations	**4,401**	3,810
Less: total disposition gains	**(1,516)**	(1,316)
Less: net invested capital FFO	**(1,568)**	(1,524)
Less: realized carried interest, net	**(188)**	(74)
Corporate activities	**(486)**	(300)
Other wholly-owned investments[1]	**41**	23
Distributions from investments	**1,698**	1,351
Preferred share dividends	**(151)**	(145)
Cash available for distribution and/or reinvestment before realized carried interest	**2,231**	1,825
Realized carried interest, net	**188**	74
Cash available for distribution and/or reinvestment[2]	**$ 2,419**	$ 1,899

1. Relates to FFO from other wholly-owned investments used as a proxy for cash generated.
2. Comparative numbers have been revised to reflect new definition. Refer to glossary of terms starting on page 37.

OVERVIEW

We disclose certain non-GAAP financial measures in these supplemental schedules. Reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP under IFRS are presented above. Management assesses the performance of its business based on these non-GAAP financial measures. These non-GAAP financial measures should be considered in addition to, and not as a substitute for or superior to, net income or other financial measures presented in accordance with GAAP.

Common Share Information

COMMON SHARE CONTINUITY

FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months		Full Year	
	2018	2017	**2018**	2017
Outstanding at beginning of period	**958.9**	959.3	**958.8**	958.2
Issued (repurchased)				
Repurchases	**(4.3)**	(1.4)	**(9.6)**	(3.4)
Long-term share ownership plans	**0.5**	0.9	**5.7**	3.8
Dividend reinvestment plan	**—**	—	**0.2**	0.2
Outstanding at end of period	**955.1**	958.8	**955.1**	958.8
Unexercised options and other share-based plans	**42.1**	47.5	**42.1**	47.5
Total diluted shares at end of period	**997.2**	1,006.3	**997.2**	1,006.3

- The company holds 37.5 million common shares for management share ownership plans, which have been deducted from the total number of shares outstanding.
  - 3.9 million shares would be issued in respect of these plans if exercised based on current market prices and the balance would be canceled.
- Cash value of unexercised options at December 31, 2018 was $1.1 billion (December 31, 2017 – $994 million).

FFO AND EARNINGS PER SHARE INFORMATION

FOR THE YEARS ENDED DEC. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Funds from Operations		Net Income	
	2018	2017	**2018**	2017
FFO/Net income	**$ 4,401**	$ 3,810	**$ 3,584**	$ 1,462
Preferred share dividends	**(151)**	(145)	**(151)**	(145)
Dilutive effect of conversion of subsidiary preferred shares	**—**	—	**(105)**	—
FFO/Net income available for shareholders	**$ 4,250**	$ 3,665	**$ 3,328**	$ 1,317
Weighted average shares	**957.6**	958.8	**957.6**	958.8
Dilutive effect of the conversion of options and other share-based plans using treasury stock method	**19.8**	21.2	**19.8**	21.2
Shares and share equivalents	**977.4**	980.0	**977.4**	980.0
Per share	**$ 4.35**	$ 3.74	**$ 3.40**	$ 1.34

Glossary of Terms

This Supplemental Information contains key 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 performance measures on pages 103 through 108 of our December 31, 2017 annual report.

- **Fee Bearing Capital** represents the capital committed, pledged or invested in the listed partnerships, private funds and public securities that we manage which entitles us to earn fee revenues. 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.
- **Cash available for distribution and/or reinvestment** is a non-IFRS measure that provides insight into earnings received by the corporation that are available for distribution to common shareholders or to be reinvested into the business. It is calculated as the sum of our Asset Management segment FFO (i.e. fee related earnings and realized carried interest, net); distributions from our listed partnerships, other investments that pay regular cash distributions and distribution from our corporate financial assets; other invested capital earnings, which include FFO from our residential operations, energy contracts, sustainable resources and other real estate, private equity and corporate investments that do not pay regular cash distributions; and preferred share dividend payments.
- **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 public securities performance fees equal a simple average of the last two years’ revenues.
- **Fee Related Earnings** is comprised of fee revenues less direct costs associated with earning those fees, which include employee expenses and professional fees as well as business related technology costs, other shared services and taxes. We use this measure to provide additional insight into the operating profitability of our asset management activities.
- **Carried Interest** is a contractual arrangement 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 interest is 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 interest 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 interest earned in respect of third-party capital when determining our segment results.
  - **Accumulated 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 carry refers to the change in unrealized carry during a specified period, adjusted for realized carry.
  - **Annualized target carried interest** represents the annualized carried interest we would earn on third-party private fund capital subject to carried interest based 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 and by the amount of third-party capital, and discounted by a utilization factor representing the average invested capital over the fund life.

Glossary of Terms cont'd

- **Invested Capital** is the amount of common equity in our operating segments.
- **Fee Revenues** include base management fees, incentive distributions, performance fees and transaction fees presented within our Asset Management segment. Fee revenues exclude carried interest.
- **Funds from Operations ("FFO")** is a key measure of financial performance. FFO includes the fees that we earn from managing capital as well as our share of revenues earned and costs incurred within our operations, which include interest expense and other costs. 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. Net income is reconciled to FFO on page 35.

  - FFO from **Operating Activities** represents the company's share of revenues less operating costs and interest expenses: it excludes realized 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 share of investment returns based on realized gains within a private fund. Realized carried interest earned is recognized when an underlying investment is profitably disposed of and the fund's cumulative returns are in excess of preferred returns, in accordance with the respective terms set out in the fund's governing agreements, and when the probability of clawback is remote. Realized carried interest is determined on third-party capital that is no longer subject to future investment performance.
  - **Realized Disposition Gains/Losses** are included in FFO as the purchase and sale of assets is a normal part of the company's business. They include gains or losses arising from transactions during the reporting period together with any fair value changes and revaluation surplus recorded in prior periods and are presented net of cash taxes payable or receivable. Realized disposition gains include amounts that are recorded in net income, other comprehensive income and as ownership changes in our consolidated statements of equity, and exclude amounts attributable to non-controlling interests unless otherwise noted.
- **Performance Fees** are paid to us when we exceed predetermined investment returns within BBU and on certain public securities portfolios. BBU performance fees are accrued quarterly based on the volume-weighted average increase in BBU unit price, whereas performance fees within public securities funds are typically determined annually. Performance fees are not subject to clawback.
- **Incentive Distributions** are determined by contractual arrangements and are paid to us by BPY, BEP, BIP and TERP and represent a portion of distributions paid by listed partnerships above a predetermined hurdle.
- **Base Management Fees** are determined by contractual arrangements, are typically equal to a percentage of fee bearing capital and are accrued quarterly.
  - **Private fund base fees** are typically earned on fee bearing capital from third-party investors only and are earned on invested and/or uninvested fund capital, depending on the stage of the fund life.
  - **Listed partnership base fees** are earned on the total capitalization of the listed partnerships, which includes our investment. Base fees for BPY, BEP and TERP include a quarterly fixed fee amount of $12.5 million, $5 million and $3 million, respectively. BPY and BEP each pay additional fees of 1.25% on the increase in capitalization above their initial capitalization of $11.5 billion and $8 billion, respectively. TERP pays an additional fee of 1.25% on the increase above initial per unit price at the time of acquisition. Base fees for BPR, BIP and BBU are 1.25% of total capitalization. BPR capital is subject to a 12-month fee waiver which will expire at the end of August 2019. Listed partnership capitalization as at December 31, 2018, was as follows: BPY/BPR – $19.9 billion; BEP – $11.3 billion; BIP – $15.8 billion; BBU – $4.7 billion; and TERP – $2.5 billion.
- **Internal Rate of Return ("IRR")** is the annualized compounded rate of return of the fund, calculated since fund inception.

Notice to Readers

This Supplemental Information contains "forward-looking information" within the meaning of Canadian provincial securities laws and "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 and the Securities Exchange Commission or in other communications. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions and include statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the corporation and its subsidiaries, 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 therefrom, the prospects for increasing our cash flow from or continued achievement of targeted returns on our investments, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as "expects," "anticipates," "plans," "believes," "estimates," "seeks," "intends," "targets," "projects," "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may," "will," "should," "would" and "could."

Although we believe that our 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, many of which are beyond our control, which may cause the actual results, performance or achievements of the company to differ materially from anticipated future results, performance or achievements 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, but are not limited to: investment returns that are lower than target; the impact or unanticipated impact of general economic, political and market factors in the countries in which we do business; the behavior of financial markets, including fluctuations in interest and foreign exchange rates; global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; strategic actions including dispositions; the ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits; changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates); the ability to appropriately manage human capital; the effect of applying future accounting changes; business competition; operational and reputational risks; technological change; changes in government regulation and legislation within the countries in which we operate; governmental investigations; litigation; changes in tax laws; ability to collect amounts owed; catastrophic events, such as earthquakes and hurricanes; the possible impact of international conflicts and other developments including terrorist acts and cyberterrorism; and other risks and factors detailed from time to time in our documents filed with the securities regulators in Canada and the United States.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, the corporation 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.

The increase in "Plan Value" as at February 2019 is based on the following adjustments to 2018 values: Annualized fee revenues increased by $80 million ($48 million net of direct costs) due to the increase in the market capitalization of our listed partnerships as at February 13, 2019 versus December 31, 2018. We exclude any impact to annualized fee revenues from increases in any units that are subject to a fee waiver and we assume the listed partnerships' debt levels are held constant at the December 31, 2018 balance. Listed Investments increased by $1.9 billion due to (i) increases in the per unit price of our listed partnerships in which we invest, excluding units in BPY/BPR which remained constant at their IFRS value; and (ii) an increase of approximately $200 million in our trading portfolio (reflects mark-to-market change) as a result of a general improvement in the market.

Notice to Readers cont'd

TARGET RETURNS

The target returns set forth herein are for illustrative and informational purposes only and have been presented based on various assumptions made by Brookfield in relation to the investment strategies being pursued by the funds, any of which may prove to be incorrect. Due to various risks, uncertainties and changes (including changes in economic, operational, political or other circumstances) beyond Brookfield's control, the actual performance of the funds could differ materially from the target returns set forth herein. In addition, industry experts may disagree with the assumptions used in presenting the target returns. No assurance, representation or warranty is made by any person that the target returns will be achieved, and undue reliance should not be put on them. Prior performance is not indicative of future results and there can be no guarantee that the funds will achieve the target returns or be able to avoid losses.

STATEMENT REGARDING USE OF NON-IFRS MEASURES

We disclose a number of financial measures in this Supplemental Information that are calculated and presented using methodologies other than in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). We utilize these measures in managing the business, including for performance measurement, capital allocation and valuation purposes and believe that providing these performance measures on a supplemental basis to our IFRS results is helpful to investors in assessing the overall performance of our businesses. These financial measures should not be considered as the sole measure of our performance and should not be considered in isolation from, or as a substitute for, similar financial measures calculated in accordance with IFRS. We caution readers that these non-IFRS financial measures or other financial metrics may differ from the calculations disclosed by other businesses and, as a result, may not be comparable to similar measures presented by other issuers and entities.