

BROOKFIELD ASSET MANAGEMENT INC.

# Q3 2019 Supplemental — Information

Three Months Ended September 30, 2019

# Q3 – 2019 Highlights

**\$274B**

FEE BEARING CAPITAL

**\$28B**

PRIVATE FUNDS RAISED IN THE  
LAST TWELVE MONTHS

**\$65B**

DEPLOYABLE CAPITAL

## ASSET MANAGEMENT

**We completed our 61% acquisition of Oaktree Capital Management (“Oaktree”) on September 30, 2019, which added \$102 billion to our fee bearing capital. In total, fee bearing capital increased to \$274 billion, a \$110 billion (67%) increase during the quarter and a \$133 billion (95%) increase over the last twelve months (“LTM”). The Oaktree brand significantly enhances the scale of our asset management activities and further broadens our product offering which should be additive for our clients.**

- Inflows from ongoing fundraising also added \$2 billion in the quarter and \$28 billion over the LTM, and contributed to an increase of 35% and 26% in our fee related earnings excluding performance fees over the quarter and LTM, respectively.
- Fee bearing capital during the quarter also benefited from \$7 billion in market price appreciation across our listed partnerships, which further contributed to the growth in our fee related earnings over the period.
- Realizations returned capital of \$1 billion and \$8 billion in the quarter and over the LTM, respectively, contributing net realized carry of \$427 million over the LTM.
- Capital invested totaled \$8 billion in the quarter and \$26 billion over the LTM as our global reach continues to enable us to identify attractive investment opportunities and put recently raised fund capital to work.

**Subsequent to quarter end, we held the final close of our fifth flagship private equity fund, reaching a total fund size of \$9 billion.**

- We expect our current flagship infrastructure fund to hold its final close by the end of 2019 or early in 2020. Together with co-investment capital, this round of flagship fundraising will exceed \$50 billion.

**We are on track to meet our 2019 business plan fundraising targets.**

## OPERATING RESULTS

**We generated \$632 million and \$2.4 billion of free cash flow in the quarter and over the LTM, respectively.**

- We earned higher fee related earnings and distributions from our listed investments in the quarter. Excluding the impact of performance fees and realized carry, our cash available for distribution or reinvestment (“CAFDR”) for the quarter and LTM was in line with the prior period at \$593 million and \$2.0 billion, respectively. The prior period benefited from a one-time special dividend from Norbord.
- We realized \$595 million of carried interest (\$427 million, net of costs) over the LTM, more than 5x increase from the prior period.

# Q3 – 2019 Highlights cont'd

## OPERATING RESULTS (cont'd)

**FFO was \$826 million and \$4.3 billion in the quarter and over the LTM, respectively, largely in line with the prior period.**

- Excluding disposition gains, our FFO increased by 2% and 9% in the quarter and over the LTM, respectively, mainly driven by strong performance in our asset management business, contributions from new businesses acquired and same-store growth across our listed partnerships, partially offset by unrealized mark-to-market losses on our financial assets portfolio.

**Net Income to shareholders totaled \$947 million and \$3.8 billion in the quarter and over the LTM, respectively.**

- Net income increased by \$784 million and \$1.1 billion in the quarter and over the LTM, respectively, primarily from the aforementioned asset management results and deferred tax recoveries arising from the recognition of previously unrecognized net operating losses.
- Fair value changes in the current quarter and LTM mainly relate to appraisal gains in our property operations, offset by transaction related charges and mark-to-market losses on certain financial contracts. The prior year quarter included a one-time charge at our private equity energy operations, whereas the prior LTM period included appraisal gains on our opportunistic properties.

## LIQUIDITY

**Our deployable capital reached a record level \$65 billion, resulting from strong private fundraising in the quarter.**

- \$14 billion of core liquidity, including \$4 billion at BAM<sup>1</sup>.
- \$51 billion of uncalled private fund commitments.

**Our balance sheet continues to be conservatively capitalized, with a corporate debt to capitalization ratio of 16%.**

- Corporate debt totals \$7 billion with an average remaining term of 10 years.
- This is supplemented with \$4 billion of perpetual preferred shares.

1. Refer to the Glossary of Terms.

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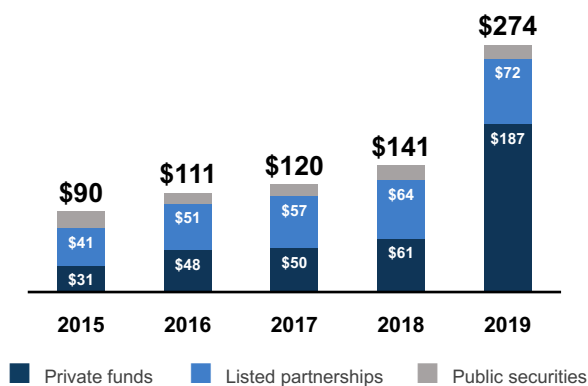
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# Performance Highlights

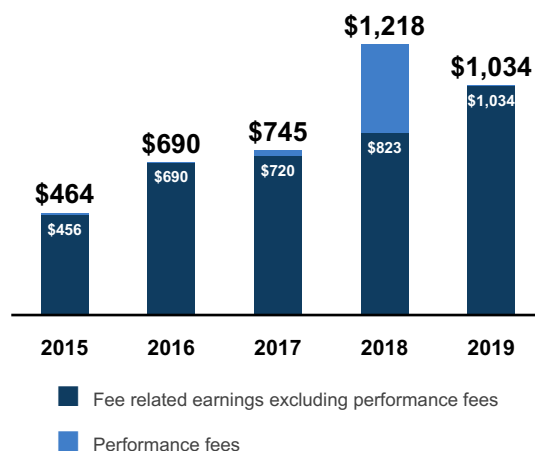
## Fee Bearing Capital

AS AT SEP. 30 (BILLIONS)



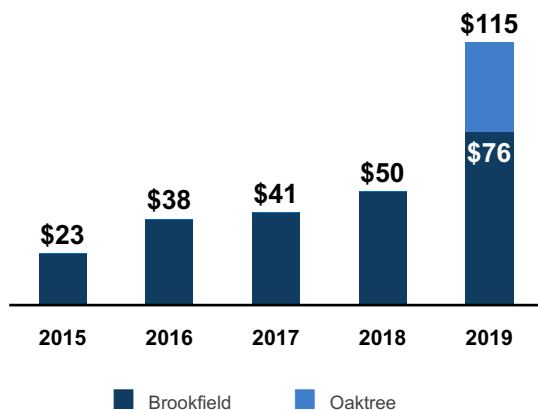
## Fee Related Earnings

FOR THE LTM ENDED SEP. 30 (MILLIONS)



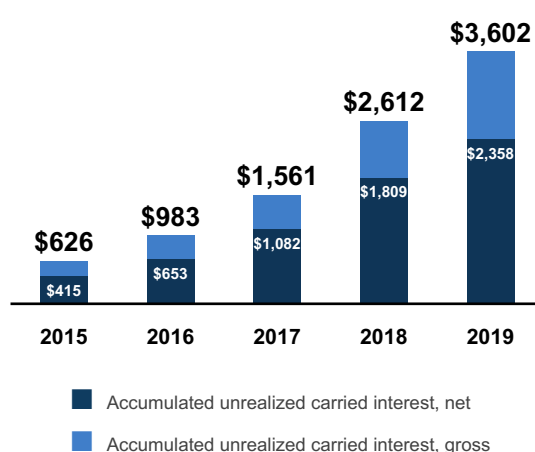
## Carry Eligible Capital

AS AT SEP. 30 (BILLIONS)



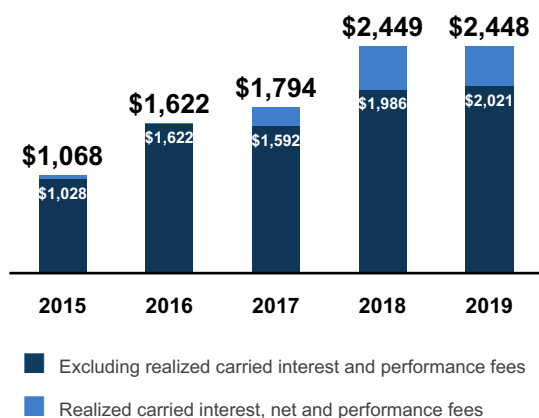
## Accumulated Unrealized Carried Interest

AS AT SEP. 30 (MILLIONS)



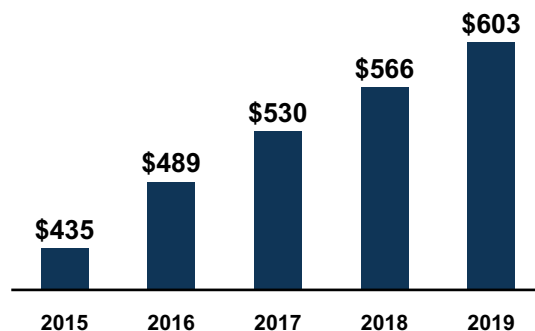
## Cash Available for Distribution and/or Reinvestment<sup>1</sup>

FOR THE LTM ENDED SEP. 30 (MILLIONS)



## Distributions to Common Shareholders<sup>2</sup>

FOR THE LTM ENDED SEP. 30 (MILLIONS)

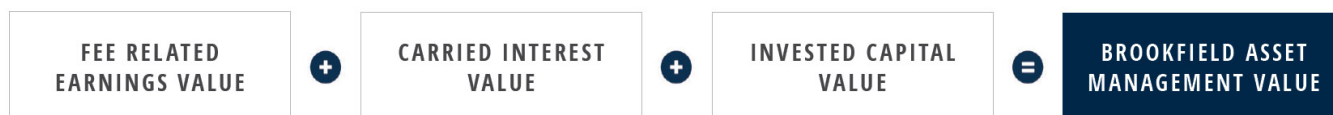


1. Comparative numbers have been revised to reflect new definition. Refer to page 9 and Glossary of Terms starting on page 36.

2. Excludes special dividends.

# 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 provide it to you in order to assist you in understanding how we think about our business. These plan values are for illustrative purposes only and not intended to forecast or predict future events, or measure intrinsic value.

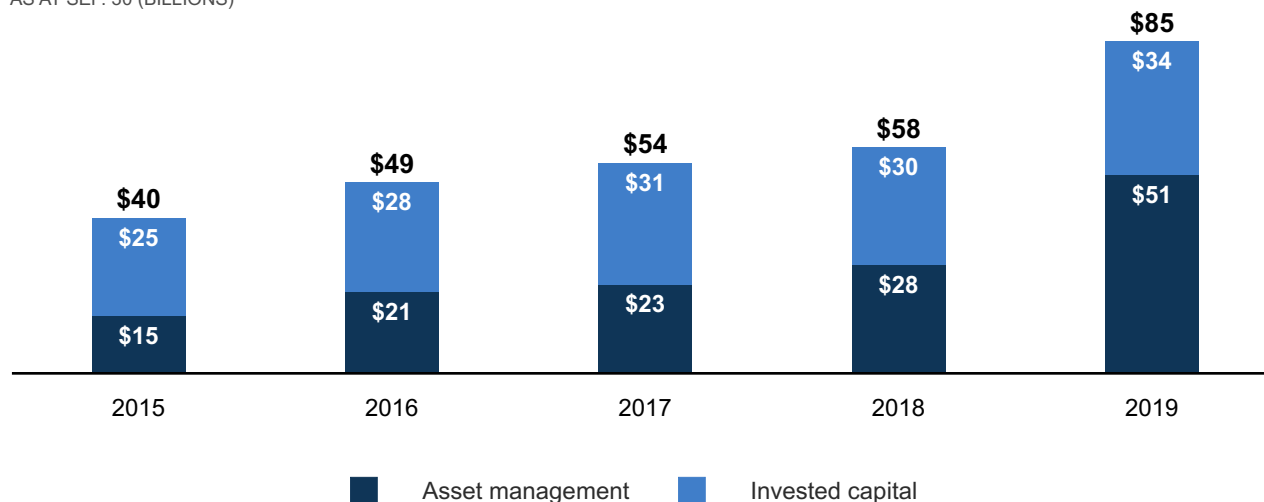


AS AT	Base <sup>1</sup> (MILLIONS)	Plan Value Factor <sup>2</sup>	Sep. 30 2019 (BILLIONS, EXCEPT FOR PER SHARE AMOUNT)	Dec. 31 2018	Sep. 30 2018
<b>Asset management activities</b>					
Annualized fee related earnings <sup>3</sup>	\$ 1,337	25x	\$ 33.4	\$ 18.5	\$ 18.1
Target carried interest, net <sup>3</sup>	1,486	10x	14.9	10.0	8.4
Accumulated unrealized carried interest, net			2.4	1.7	1.8
			<b>50.7</b>	<b>30.2</b>	<b>28.3</b>
<b>Invested capital, net<sup>4</sup></b>					
Listed investments			35.8	31.1	34.3
Unlisted investments and net working capital			9.2	8.4	6.8
Invested capital, gross			45.0	39.5	41.1
Debt and preferred capital			(11.2)	(10.6)	(10.9)
			<b>33.8</b>	<b>28.9</b>	<b>30.2</b>
<b>Total plan value</b>			<b>\$ 84.5</b>	<b>\$ 59.1</b>	<b>\$ 58.5</b>
<b>Total plan value (per share)</b>			<b>\$ 80.14</b>	<b>\$ 59.26</b>	<b>\$ 58.21</b>

1. Base fee related earnings and carried interest represent our annualized fee revenues and target carried interest, as at September 30, 2019. We assume a fee related earnings margin of 60% and 30% for Brookfield and Oaktree, respectively. We assume a 70% and a 50% margin on gross target carried interest for Brookfield and Oaktree, respectively. See further details on annualized fees and target carry details on page 6.
2. Reflects our estimates of appropriate multiples applied to fee related earnings and carried interest in the alternative asset management industry based on, among other things, current industry reports. These factors are used to translate earnings metrics into value in order to measure performance and value creation for business planning purposes. The comparative periods' fee related earnings plan values were presented using a multiple of 20.
3. See definition in the Glossary of Terms starting on page 36.
4. See Invested Capital details on page 7.

## Plan Value

AS AT SEP. 30 (BILLIONS)



# Asset Management

## Fee bearing capital totaled \$274 billion as at September 30, 2019

### PRIVATE FUNDS (\$187 billion)

- During the quarter, the completion of the Oaktree acquisition added \$102 billion of fee bearing capital to our private funds. Over the last twelve months, we have raised \$28 billion of third-party capital, including \$19 billion of fee bearing capital across our latest round of flagship fundraising, \$3 billion in our long-life fund strategies, and \$6 billion in other funds and co-investments.

### LISTED PARTNERSHIPS (\$72 billion)

- Listed partnership fee bearing capital growth over the last twelve months is a result of \$10 billion in increased market valuation across the listed partnerships, as well as \$4 billion in capital market issuances, offset by \$5 billion of capital returned to unitholders via distributions and lower net debt balances across the listed partnerships.

### PUBLIC SECURITIES (\$15 billion)

- Public securities fee bearing capital has remained relatively flat over the last twelve months as positive net inflows within our separately managed accounts and hedge funds were offset by net redemptions within our listed mutual funds.

AS AT AND FOR THE LTM ENDED SEP. 30 (MILLIONS)	Fee Bearing Capital <sup>1</sup>		Actual		Annualized	
	2019	2018	2019	2018	2019	2018
Fee revenues						
Base management fees						
Private funds <sup>2,3</sup>	\$ 187,165	\$ 61,152	\$ 718	\$ 498	\$ 1,615	\$ 550
Listed partnerships	71,670	64,226	560	540	710	540
Public securities	15,257	15,236	113	111	115	124
Incentive distributions	n/a	n/a	249	190	264	207
Performance fees	n/a	n/a	—	395	65	65
Transaction and advisory fees	n/a	n/a	26	9	18	19
	<u>\$ 274,092</u>	<u>\$ 140,614</u>	<u>1,666</u>	<u>1,743</u>	<u>2,787</u>	<u>1,505</u>
Direct costs <sup>4</sup>			<u>(632)</u>	<u>(525)</u>	<u>(1,357)</u>	<u>(602)</u>
			<u>1,034</u>	<u>1,218</u>	<u>1,430</u>	<u>903</u>
Carried interest <sup>5,6,7</sup>			761	1,147	2,640	1,195
Direct costs <sup>4</sup>			(178)	(352)	(975)	(359)
			<u>583</u>	<u>795</u>	<u>1,665</u>	<u>836</u>
<b>Total fee related earnings and carried interest, net</b>			<b>1,617</b>	<b>2,013</b>	<b>3,095</b>	<b>1,739</b>
Amounts not attributable to BAM shareholders			—	—	(272)	—
			<u>\$ 1,617</u>	<u>\$ 2,013</u>	<u>\$ 2,823</u>	<u>\$ 1,739</u>

1. Private funds fee bearing capital includes \$102.1 billion related to Oaktree as at September 30, 2019. Fee bearing capital from Oaktree is shown on a 100% basis.

2. Annualized fee revenues include \$805 million of private fund revenues related to Oaktree, shown on a 100% basis.

3. We use a 55% – 65% on Brookfield fee revenue and a range of 25% – 35% on Oaktree fee revenue for planning purposes. We have assumed a mid-point fee related earnings margin of 60% and 30% for Brookfield and Oaktree, respectively. Refer to pages 15, 16, 17 and 19 for details on the determination of annualized fees.

4. Direct costs related to annualized fee revenues and annualized carried interest include \$564 million and \$460 million related to Oaktree, respectively.

5. Actual carried interest is unrealized carried interest generated in the period (refer to page 18). Annualized carried interest is target carried interest.

6. Annualized carried interest includes \$920 million of target carried interest related to Oaktree, shown on a 100% basis.

7. We use a range of 65% – 75% on Brookfield carried interest and a range of 45% – 55% on Oaktree carried interest for planning purposes. We have assumed a mid-point target carried interest margin of 70% and 50% for Brookfield and Oaktree funds, respectively. Refer to page 19.

# Invested Capital

Invested capital was \$45 billion on a blended basis as at September 30, 2019 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 \$1.6 billion in dividends from our listed investments over the last twelve months (September 30, 2018 – \$1.6 billion) representing an approximate 5% yield on invested capital.

Unlisted investments include a commercial office portfolio in New York, residential development operations in North America and Brazil, energy contracts, sustainable resources and other corporate investments.

The following table provides a breakdown of our invested capital as at September 30, 2019 and December 31, 2018. We provide three methods for you to review. These are quoted prices, our IFRS values, and the blended values. We recommend you focus on the blended values as we do have control over these assets and believe we could liquidate for IFRS values. To the extent quoted prices are less than IFRS values, those values may be relevant to a stock investor, but not to us as a control investor. Nonetheless, we provide this information so you can choose how to assess the numbers.

AS AT SEP. 30, 2019 AND DEC. 31, 2018  
(MILLIONS)

	Quoted <sup>1</sup>		IFRS		Blended <sup>2</sup>		Distributed Cash Flow
	2019	2018	2019	2018	2019	2018	Current <sup>3</sup>
BPY	\$ 10,619	\$ 8,855	\$ 15,178	\$ 15,595	\$ 15,178	\$ 15,595	\$ 689
BEP	7,652	4,879	4,320	4,749	7,652	4,879	388
BIP	6,142	4,063	2,000	1,916	6,142	4,063	249
BBU	3,713	2,671	2,410	2,017	3,713	2,671	24
Other listed	1,511	1,584	1,880	1,949	1,511	1,584	33
	<b>29,637</b>	22,052	<b>25,788</b>	26,226	<b>34,196</b>	28,792	<b>1,383</b>
Corporate cash and financial assets <sup>4</sup>	1,641	2,275	1,641	2,275	1,641	2,275	237
Total listed investments	<b>\$ 31,278</b>	<b>\$ 24,327</b>	<b>27,429</b>	28,501	<b>35,837</b>	31,067	<b>1,620</b>
Unlisted investments <sup>5</sup>			7,276	6,314	8,215	7,355	56
Working capital, net			924	1,081	924	1,081	n/a
<b>Invested capital</b>			<b>35,629</b>	35,896	<b>44,976</b>	39,503	<b>\$ 1,676</b>
Debt and preferred capital			(11,180)	(10,577)	(11,180)	(10,577)	
<b>Invested capital, net</b>			<b>\$ 24,449</b>	\$ 25,319	<b>\$ 33,796</b>	\$ 28,926	

1. Quoted based on September 30, 2019 and December 31, 2018 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) from our listed investments is calculated by multiplying units held as at September 30, 2019 by the current distribution rates per unit. Corporate cash and financial asset distribution is calculated by applying a 8% total return on the average balance over the last four quarters. Distributions on our unlisted investments is four times the current quarter distribution.

4. Corporate cash and financial assets is inclusive of \$351 million of cash and cash equivalents (2018 – \$1.3 billion).

5. Includes \$624 million of investments assumed on our acquisition of Oaktree.

# Summary of Results – Funds from Operations

We generated \$4.3 billion in FFO over the LTM, in line with the prior year period

FOR THE PERIODS ENDED SEP. 30  
(MILLIONS, EXCEPT FOR PER SHARE AMOUNTS)

	Three Months		LTM		Page Ref.
	2019	2018	2019	2018	
<b>Operating FFO</b>					
<b>Fee related earnings</b>					
Private funds	\$ 192	\$ 141	\$ 718	\$ 498	page 15
Listed partnerships	166	140	560	540	page 16
Public securities	29	32	113	111	page 16
Base management fees	387	313	1,391	1,149	
Incentive distributions (“IDRs”)	67	52	249	190	
Transaction and advisory fees	14	4	26	9	
<b>Total fee revenues</b>	<b>468</b>	<b>369</b>	<b>1,666</b>	<b>1,348</b>	
Direct costs	(162)	(143)	(632)	(525)	
<b>Fee related earnings before performance fees</b>	<b>306</b>	<b>226</b>	<b>1,034</b>	<b>823</b>	
Performance fees	—	94	—	395	
	<b>306</b>	<b>320</b>	<b>1,034</b>	<b>1,218</b>	page 14
<b>Invested capital</b>					
Listed partnerships					
BPY	168	175	740	770	page 27
BEP	72	58	449	347	page 27
BIP	84	73	351	325	page 27
BBU, before performance fees	132	116	479	345	page 27
	<b>456</b>	<b>422</b>	<b>2,019</b>	<b>1,787</b>	
Other listed investments	19	70	100	287	page 28
Corporate cash and financial assets	(32)	19	57	116	page 28
<b>Listed investments before performance fees</b>	<b>443</b>	<b>511</b>	<b>2,176</b>	<b>2,190</b>	
BBU performance fee, net to BAM	—	(64)	—	(269)	
	<b>443</b>	<b>447</b>	<b>2,176</b>	<b>1,921</b>	
Unlisted investments					
Residential	42	16	90	93	
Energy contracts	(31)	(10)	(185)	(40)	
Other	(2)	21	119	91	
	<b>9</b>	<b>27</b>	<b>24</b>	<b>144</b>	page 28
Corporate activities					
Corporate interest expense	(87)	(83)	(342)	(311)	
Corporate costs and taxes	(9)	(27)	(139)	(118)	
	<b>(96)</b>	<b>(110)</b>	<b>(481)</b>	<b>(429)</b>	page 25
	<b>356</b>	<b>364</b>	<b>1,719</b>	<b>1,636</b>	
	<b>662</b>	<b>684</b>	<b>2,753</b>	<b>2,854</b>	
<b>Realized carried interest, net</b>					
Realized carried interest	59	—	595	96	
Direct costs	(20)	—	(168)	(28)	
	<b>39</b>	<b>—</b>	<b>427</b>	<b>68</b>	page 18
<b>Disposition gains</b>	<b>125</b>	<b>401</b>	<b>1,161</b>	<b>1,424</b>	page 26
<b>Total funds from operations<sup>1,2</sup></b>	<b>\$ 826</b>	<b>1,085</b>	<b>\$ 4,341</b>	<b>\$ 4,346</b>	
<b>Per share</b>					
Total operating FFO	\$ 0.64	\$ 0.66	\$ 2.66	\$ 2.76	
Total FFO	0.80	1.07	4.29	4.28	

1. FFO excludes preferred share distributions of \$38 million (2018 – \$38 million) for the three months ended September 30 and \$150 million (2018 – \$153 million) for the LTM.

2. Refer to page 31 for reconciliations of IFRS to non-IFRS measures.



# Funds from Operations and Net Income

FOR THE PERIODS ENDED SEP. 30 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Three Months				LTM			
	FFO <sup>1</sup>		Net Income <sup>1</sup>		FFO <sup>1</sup>		Net Income <sup>1</sup>	
	2019	2018	2019	2018	2019	2018	2019	2018
Operating activities								
Fee related earnings	\$ 306	\$ 320	\$ 306	\$ 320	\$ 1,034	\$ 1,218	\$ 1,034	\$ 1,218
Invested capital	356	364	356	364	1,719	1,636	1,719	1,636
	<b>662</b>	<b>684</b>	<b>662</b>	<b>684</b>	<b>2,753</b>	<b>2,854</b>	<b>2,753</b>	<b>2,854</b>
Realized carried interest	39	—	39	—	427	68	427	68
Realized disposition gains <sup>2</sup>	125	401	(46)	14	1,161	1,424	296	271
Fair value changes <sup>3</sup>	—	—	114	(280)	—	—	339	663
Depreciation and amortization <sup>3</sup>	—	—	(347)	(302)	—	—	(1,289)	(1,097)
Deferred income taxes <sup>3</sup>	—	—	525	47	—	—	1,319	(13)
	<b>\$ 826</b>	<b>\$ 1,085</b>	<b>\$ 947</b>	<b>\$ 163</b>	<b>\$ 4,341</b>	<b>\$ 4,346</b>	<b>\$ 3,845</b>	<b>\$ 2,746</b>
Per share	<b>\$ 0.80</b>	<b>\$ 1.07</b>	<b>\$ 0.91</b>	<b>\$ 0.11</b>	<b>\$ 4.29</b>	<b>\$ 4.28</b>	<b>\$ 3.73</b>	<b>\$ 2.56</b>

1. Net of non-controlling interests. Refer to page 31 for reconciliations of IFRS to non-IFRS 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.

## Cash Available for Distribution and/or Reinvestment

FOR THE PERIODS ENDED SEP. 30 (MILLIONS)	Three Months		LTM		Annualized <sup>1</sup>
	2019	2018	2019	2018	
Fee related earnings before performance fees	\$ 306	\$ 226	\$ 1,034	\$ 823	
Performance fees	—	94	—	395	
Fee related earnings (see page 14) <sup>2</sup>	<b>306</b>	<b>320</b>	<b>1,034</b>	<b>1,218</b>	<b>\$ 1,189</b>
Our share of Oaktree's distributed earnings <sup>3</sup>	—	—	—	—	<b>310</b>
Distributions from investments					
Listed partnerships <sup>4</sup>	337	328	1,349	1,288	1,350
Corporate cash and financial assets <sup>5</sup>	55	28	150	118	237
Other investments <sup>6</sup>					
Norbord	11	119	48	167	21
Other	17	31	85	37	68
	<b>420</b>	<b>506</b>	<b>1,632</b>	<b>1,610</b>	<b>1,676</b>
Other invested capital earnings					
Corporate activities	(96)	(110)	(481)	(429)	(481)
Other wholly owned investments <sup>7</sup>	1	18	(14)	135	4
	<b>(95)</b>	<b>(92)</b>	<b>(495)</b>	<b>(294)</b>	<b>(477)</b>
Preferred share dividends	<b>(38)</b>	<b>(38)</b>	<b>(150)</b>	<b>(153)</b>	<b>(152)</b>
<b>Cash available for distribution and/or reinvestment before realized carried interest</b>	<b>593</b>	<b>696</b>	<b>2,021</b>	<b>2,381</b>	<b>\$ 2,546</b>
Realized carried interest, net (see page 18) <sup>8</sup>	39	—	427	68	
<b>Cash available for distribution and/or reinvestment<sup>8</sup></b>	<b>\$ 632</b>	<b>\$ 696</b>	<b>\$ 2,448</b>	<b>\$ 2,449</b>	
Per share	<b>\$ 0.64</b>	<b>\$ 0.71</b>	<b>\$ 2.50</b>	<b>\$ 2.50</b>	

1. Current distributions are calculated by multiplying units held as at September 30, 2019 by the current distribution rates per unit.

2. Excludes our share of Oaktree's fee related earnings, carried interest, and investment income. See page 15 and page 19 for details.

3. Oaktree's policy is to distribute 85% of distributable earnings each period. Oaktree annualized distributable earnings is based on 85% of the last twelve month distributable earnings, at our share.

4. Inclusive of distributions received from BPY preferred shares, which distributed nil (2018 – \$16 million) for the three months ended September 30 and \$21 million (2018 – \$73 million) over the LTM period. We redeemed substantially all our BPY preferred shares in Q2-19 and current distributions are nominal.

5. 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.

6. Includes cash distributions from our other listed investments and BAM-sponsored real estate venture that owns operating and development properties in New York. See definitions of our publicly listed investments in the Invested Capital – Overview section on page 24.

7. Relates to FFO from other wholly owned investments used as a proxy for cash generated. It excludes the New York property portfolio mentioned above which generated \$8 million and \$38 million of FFO for the three months and over the LTM ended September 30, 2019.

8. Comparative numbers have been revised to reflect new definition per page 36. Refer to page 31 for reconciliations of IFRS to non-IFRS measures.

# 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<sup>1</sup>;
2. Our listed partnerships (BPY, BEP, BIP and BBU); and
3. Managed funds or in directly held investments (including Oaktree)

## 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 low leveraged balance sheet.

On a consolidated group basis, we have approximately \$65 billion of group liquidity, which includes corporate liquidity, listed partnership liquidity, and uncalled private fund commitments. Uncalled fund commitments include third-party commitments available for drawdown in our private funds.

AS AT SEP. 30, 2019 AND DEC. 31, 2018  
(MILLIONS)

	Corporate Liquidity		Group Liquidity	
	2019	2018	2019	2018
Cash and financial assets, net	\$ 1,641	\$ 2,275	\$ 3,742	\$ 3,752
Undrawn committed credit facilities	2,524	1,867	9,999	7,061
<b>Core liquidity</b>	<b>4,165</b>	<b>4,142</b>	<b>13,741</b>	<b>10,813</b>
Third-party uncalled private fund commitments	—	—	50,771	23,575
<b>Total liquidity</b>	<b>\$ 4,165</b>	<b>\$ 4,142</b>	<b>\$ 64,512</b>	<b>\$ 34,388</b>

## 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 \$45 billion as at September 30, 2019 with a debt to capitalization level of ~16% at the corporate level based on book values, which generally excludes the value of our asset management operations (see page 29 for details).

- Corporate borrowings totaled \$7 billion, with a weighted-average term of 10 years, and a weighted-average yield of 4.6%.
- Our corporate borrowings are supplemented by \$4 billion of perpetual preferred shares with a weighted-average yield of 4.2%.

	Average Term (Years)	Total	Maturity					
			2019	2020	2021	2022	2023	2024+
Corporate borrowings								
Term debt	10	\$ 7,035	\$ —	\$ —	\$ 264	\$ —	\$ 454	\$ 6,317
Revolving facilities <sup>2</sup>	5	—	—	—	—	—	—	—
		7,035	—	—	264	—	454	6,317
Perpetual preferred shares	perp.	4,145	—	—	—	—	—	n/a
		<b>\$ 11,180</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 264</b>	<b>\$ —</b>	<b>\$ 454</b>	<b>\$ 6,317</b>

1. Refer to the Glossary of Terms.

2. Revolving credit facilities of \$2.6 billion support commercial paper issuances.

# Liquidity Profile

## CORE AND TOTAL LIQUIDITY

AS AT SEP. 30, 2019 AND DEC. 31, 2018 (MILLIONS)	Corporate	Real Estate	Renewable Power	Infrastructure	Private Equity	Oaktree	Total 2019	Dec. 2018
Cash and financial assets, net	\$ 1,641	\$ 24	\$ 276	\$ 299	\$ 1,122	\$ 380	\$ 3,742	\$ 3,752
Undrawn committed credit facilities	2,524	2,702	1,868	1,355	1,050	500	9,999	7,061
<b>Core liquidity</b>	<b>4,165</b>	<b>2,726</b>	<b>2,144</b>	<b>1,654</b>	<b>2,172</b>	<b>880</b>	<b>13,741</b>	<b>10,813</b>
Uncalled private fund commitments <sup>1</sup>	—	14,150	3,636	11,488	5,807	15,690	50,771	23,575
<b>Total liquidity</b>	<b>\$ 4,165</b>	<b>\$ 16,876</b>	<b>\$ 5,780</b>	<b>\$ 13,142</b>	<b>\$ 7,979</b>	<b>\$ 16,570</b>	<b>\$ 64,512</b>	<b>\$ 34,388</b>

1. Third-party private fund uncalled commitments.

- Corporate credit facilities totaled \$2.6 billion, of which \$nil was utilized for short-term bank or commercial paper borrowings and \$66 million was drawn and utilized for letters of credit as at September 30, 2019.
- 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 SEP. 30, 2019 AND DEC. 31, 2018 (MILLIONS)	2019	2020	2021	2022	2023+	Total 2019	Dec. 2018
Real estate	\$ —	\$ 3,111	\$ —	\$ —	\$ 11,039	\$ 14,150	\$ 12,326
Infrastructure	—	3,251	—	—	11,873	15,124	5,090
Private equity	—	843	—	—	4,964	5,807	6,159
Oaktree	238	1,897	844	348	12,363	15,690	—
	<b>\$ 238</b>	<b>\$ 9,102</b>	<b>\$ 844</b>	<b>\$ 348</b>	<b>\$ 40,239</b>	<b>\$ 50,771</b>	<b>\$ 23,575</b>

- Approximately \$27 billion of the Brookfield uncalled fund commitments are currently earning fees. The remainder will become fee bearing once the capital is invested.
- Uncalled commitments expire after approximately four years, based on the weighted-average time to the end of each fund's investment period.
- We invested approximately \$2 billion of third-party Brookfield fund capital (private funds and co-investments) during the quarter; \$14 billion during the last twelve months.
- \$51 billion of uncalled commitments includes \$6.9 billion of Brookfield third-party capital committed to investments not yet funded as at September 30, 2019 (real estate – \$3.7 billion; infrastructure – \$2.5 billion and private equity – \$0.7 billion).

# Detailed Analysis

# Asset Management Operating Results

## FEE BEARING CAPITAL

AS AT AND FOR THE PERIODS ENDED SEP. 30, 2019 (MILLIONS)	Three Months			LTM			Total
	Private Funds <sup>1</sup>	Listed Partnerships	Public Securities	Private Funds <sup>1</sup>	Listed Partnerships	Public Securities	
Balance, beginning of period	\$ 83,666	\$ 64,796	\$ 15,593	\$ 61,152	\$ 64,226	\$ 15,236	\$ 140,614
Inflows	1,507	1,637	908	27,739	4,265	3,822	35,826
Outflows	—	—	(1,537)	—	—	(4,854)	(4,854)
Distributions	(106)	(879)	—	(2,330)	(5,297)	—	(7,627)
Market valuation	51	7,114	293	296	10,109	1,111	11,516
Other <sup>2</sup>	102,048	(998)	—	100,309	(1,633)	(58)	98,618
Change	103,500	6,874	(336)	126,014	7,444	21	133,479
<b>Balance, end of period<sup>3</sup></b>	<b>\$ 187,166</b>	<b>\$ 71,670</b>	<b>\$ 15,257</b>	<b>\$ 187,166</b>	<b>\$ 71,670</b>	<b>\$ 15,257</b>	<b>\$ 274,093</b>

1. Includes \$16.5 billion of co-investment capital (Jun. 30, 2019 – \$16.6 billion, Sep. 30, 2018 – \$12.5 billion), which earns minimal or no base fees.

2. Private funds – Other includes \$102.1 billion of fee bearing capital related to Oaktree.

3. Fee bearing capital includes Brookfield capital of \$33 billion (Dec. 31, 2018 – \$25 billion) in listed partnerships and \$0.2 billion (Dec. 31, 2018 – \$0.3 billion) in private funds.

**Private funds:** Inflows for the three month period include third-party capital raised for a follow-on close of our fourth flagship infrastructure fund (\$760 million), and fifth flagship private equity fund (\$120 million), as well as additional capital deployed across our long-life funds and co-investments.

In total over the LTM period we raised \$27.7 billion in third-party capital that is now fee bearing, including:

- \$11.0 billion for our fourth flagship infrastructure fund, \$4.8 billion for our fifth flagship private equity fund and \$2.7 billion for our third flagship real estate fund;
- \$2.7 billion for our long-life real estate, infrastructure and private equity strategies;
- \$5.6 billion of co-investment capital; and
- \$0.9 billion of additional capital across other strategies.

Included in private fund capital is \$102.1 billion of new private fund capital related to the privatization of Oaktree, completed on September 30, 2019.

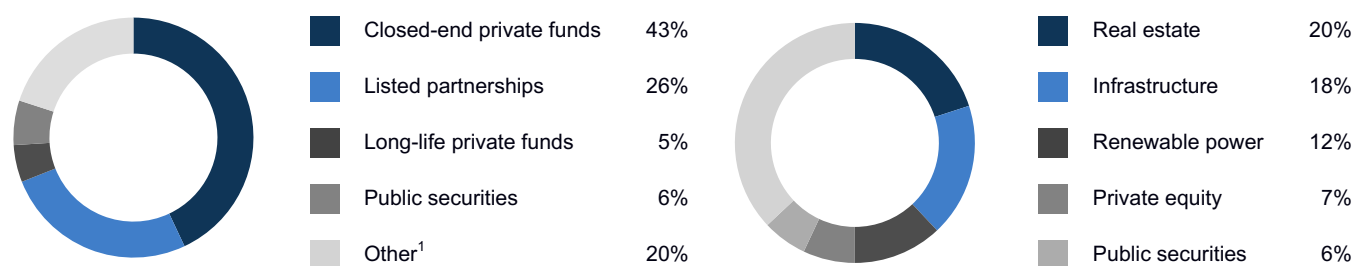
For further details on private fund capital flows in the period, refer to page 15.

**Listed partnerships:** Market valuation increased \$7.1 billion since June 2019 as a result of unit price appreciation across the listed partnerships. During the third quarter we sold our investment in Acadian and terminated our management contract, resulting in an outflow of \$215 million of fee bearing capital. For further details on listed partnership fee bearing capital in the period, refer to page 16.

**Public securities:** Fee bearing capital decrease of \$336 million in the three month period is due to net outflows of \$629 million, partially offset by market valuation increases of \$293 million across the funds.

## Fee Bearing Capital Diversification

AS AT SEP. 30, 2019



1. Other represents Oaktree's open-end funds and Oaktree's share of its investment in DoubleLine's fee bearing capital.

# Asset Management Operating Results

## FEE RELATED EARNINGS

FOR THE PERIODS ENDED SEP. 30  
(MILLIONS)

	Three Months			LTM		
	2019	2018	Variance	2019	2018	Variance
<b>Base management fees</b>						
Private funds	\$ 191	\$ 136	\$ 55	\$ 684	\$ 493	\$ 191
– Catch-up fees	1	5	(4)	34	5	29
Listed partnerships	166	140	26	560	540	20
Public securities	29	32	(3)	113	111	2
Incentive distributions	67	52	15	249	190	59
Transaction and advisory fees	14	4	10	26	9	17
	<b>468</b>	<b>369</b>	<b>99</b>	<b>1,666</b>	<b>1,348</b>	<b>318</b>
<b>Direct costs</b>						
Compensation and benefits	(121)	(97)	(24)	(453)	(364)	(89)
Other expenses	(41)	(46)	5	(179)	(161)	(18)
	<b>(162)</b>	<b>(143)</b>	<b>(19)</b>	<b>(632)</b>	<b>(525)</b>	<b>(107)</b>
<b>Fee related earnings before performance fees</b>	<b>306</b>	<b>226</b>	<b>80</b>	<b>1,034</b>	<b>823</b>	<b>211</b>
Performance fees	—	94	(94)	—	395	(395)
<b>Total fee related earnings<sup>1</sup></b>	<b>\$ 306</b>	<b>\$ 320</b>	<b>\$ (14)</b>	<b>\$ 1,034</b>	<b>\$ 1,218</b>	<b>\$ (184)</b>
Margin – excluding performance fees	65%	61%		62%	61%	
Margin – including performance fees	65%	69%		62%	70%	

1. As we completed the acquisition of 61% of Oaktree on September 30, 2019, there was no impact to fee related earnings for the quarter ended September 30, 2019.

**Private funds:** Record fundraising levels for our latest series flagship funds drove a significant increase in private fund fee bearing capital and fee revenues. See page 15 for further details.

**Listed partnerships:** Increased capitalization from higher unit prices and capital markets activity, as well as the expiry of the 12 month fee waiver on BPY/BPR capital issued as part of acquisition of GGP, contributed to higher fees for the three month period. See page 16 for further details.

**Public securities:** Fee revenues over the LTM period increased as a result of the acquisition of an energy and infrastructure investment advisor late in the first quarter of 2018. See page 16 for further details.

**Incentive distributions:** Reflects increased distribution levels at BIP, BEP and BPY. See page 16 for further details.

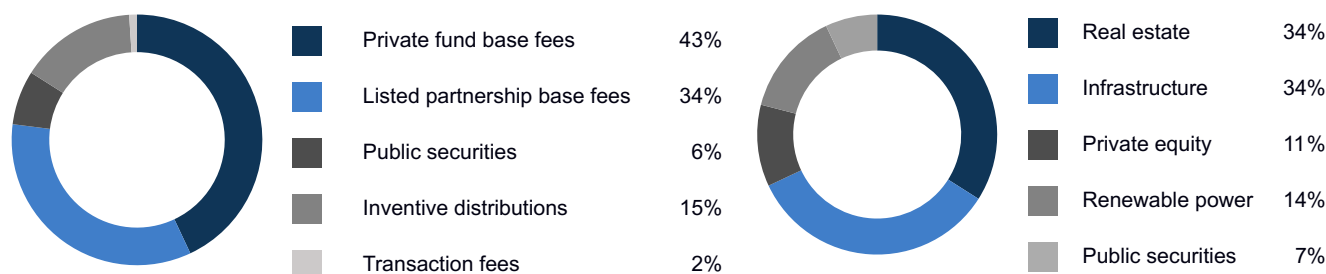
**Transaction and advisory fees:** Transaction fees in the quarter relate to a one-time fee for the termination of the Acadian management contract. Additional fees earned in the year relate to co-investments within our flagship funds.

**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. Direct costs over the LTM include additional costs related to the full year contribution from a German renewable power asset manager and an energy and infrastructure investment advisor, both acquired in the first quarter of 2018.

**Performance fees:** Represent 20% of the price increase per BBU unit over the previous threshold (“high-water mark”).

## Fee Revenue Diversification

FOR THE LTM ENDED SEP. 30, 2019



# Fee Revenues

## PRIVATE FUNDS

Inflows of \$28 billion over the LTM, contributed to a 47% increase in private fund fee revenues

AS AT AND FOR THE PERIODS ENDED SEP. 30 (MILLIONS)	Three Months		LTM		Annualized <sup>1</sup>	
	2019	2018	2019	2018	2019	2018
Base management fees						
Flagship funds						
Real estate	\$ 59	\$ 53	\$ 233	\$ 173	\$ 232	\$ 208
Infrastructure	68	44	208	172	318	172
Private equity	30	13	112	54	135	52
	157	110	553	399	685	432
Other fund series						
Credit and core plus	14	9	34	19	45	23
Co-investments and other	20	17	97	75	80	95
	191	136	684	493	810	550
Oaktree fee revenues	—	—	—	—	805	—
	191	136	684	493	1,615	550
Catch-up fees	1	5	34	5	—	—
Transaction and advisory fees	14	4	26	9	18	19
	206	145	744	507	1,633	569
Oaktree revenues not attributable to BAM shareholders	—	—	—	—	(313)	—
<b>Total private fund fee revenues, net</b>	<b>\$ 206</b>	<b>\$ 145</b>	<b>\$ 744</b>	<b>\$ 507</b>	<b>\$ 1,320</b>	<b>\$ 569</b>

1. Refer to details on annualized fees on page 21.

- Flagship fee revenues increased by \$47 million from the prior year quarter, and \$159 million over the prior year LTM as a result of \$18.6 billion of third-party commitments raised during the last twelve months within our latest flagship infrastructure, real estate and private equity funds. This was partially offset by capital returned following asset realizations within our first flagship real estate and infrastructure funds. This fundraising drove incremental catch-up fees of \$29 million over the LTM period.
- 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 realizations.
- Co-investment fees increased as a result of significant co-investment capital raised across our real estate, infrastructure and private equity funds.
- We acquired 61% of Oaktree on September 30, 2019. As a result there were no management fees earned during the quarter relating to Oaktree, but annualized fees on the capital acquired equal approximately \$805 million, or \$492 million at our share.

# Fee Revenues

## LISTED PARTNERSHIPS

AS AT AND FOR THE PERIODS ENDED SEP. 30 (MILLIONS)	Three Months		LTM		Annualized <sup>1</sup>	
	2019	2018	2019	2018	2019	2018
Base management fees						
Listed partnerships						
BPY	\$ 43	\$ 44	\$ 152	\$ 157	\$ 215	\$ 153
BEP	30	23	87	90	120	92
BIP	73	54	242	225	290	218
BBU	14	15	55	52	55	60
Other	6	4	24	16	30	17
	<u>166</u>	<u>140</u>	<u>560</u>	<u>540</u>	<u>710</u>	<u>540</u>
Incentive distributions	67	52	249	190	264	207
Performance fees	—	94	—	395	65	65
	<u>\$ 233</u>	<u>\$ 286</u>	<u>\$ 809</u>	<u>\$ 1,125</u>	<u>\$ 1,039</u>	<u>\$ 812</u>

1. Refer to details on annualized fees on page 21.

- Listed partnership base management fees increased by \$26 million in the quarter as a result of listed partnership unit price appreciation and capital markets activity since the prior year quarter. Listed partnership unit prices continued to recover from the volatility at the end of 2018, which has led to higher listed partnership fee revenues over the three month and LTM period.
- The listed partnership fee bearing capital includes \$5.7 billion related to BPY and Brookfield Property REIT Inc. (formerly GGP) equity issued as a result of the GGP privatization. This capital was subject to a 12-month fee waiver which expired at the end of August 2019 and is now included in our annualized fees. Additional inflows over the last twelve months include common and preferred units as well as debt issued by the listed partnerships.
- Incentive distributions increased reflecting higher unit distributions at BIP, BEP and BPY.
- Performance fees represent 20% of the price increase per BBU unit over the previous threshold. As at September 30, 2019 the threshold was \$41.96 (2018 – \$41.96).
- Base management fee revenues from listed partnerships include \$76 million (2018 – \$74 million) and \$262 million (2018 – \$276 million) from Brookfield capital for the three months and last twelve months, respectively.

## PUBLIC SECURITIES

AS AT AND FOR THE PERIODS ENDED SEP. 30 (MILLIONS)	Three Months		LTM		Annualized <sup>1</sup>	
	2019	2018	2019	2018	2019	2018
Mutual funds	\$ 16	\$ 19	\$ 69	\$ 73	\$ 65	\$ 80
Separately managed accounts	11	10	38	35	45	36
Other	2	3	6	3	5	8
	<u>\$ 29</u>	<u>\$ 32</u>	<u>\$ 113</u>	<u>\$ 111</u>	<u>\$ 115</u>	<u>\$ 124</u>

1. Refer to details on annualized fees on page 21.

- The acquisition of the energy and infrastructure investment advisor during the first quarter of 2018 contributed to the \$2 million increase in public securities fee revenues earned in the last twelve months.



# 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 SEP. 30, 2019 (MILLIONS, EXCEPT PER UNIT)	Per Unit			Units Outstanding	Annualized Incentive Distributions
	Annualized Distributions	Distribution Hurdles <sup>1</sup>	Incentive Distributions <sup>2</sup>		
Brookfield Infrastructure Partners (BIP)	\$ 2.01	\$ 0.81 / \$ 0.88	15% / 25%	418.3	\$ 161
Brookfield Renewable Partners (BEP)	2.06	1.50 / 1.69	15% / 25%	311.3	49
Brookfield Property Partners (BPY) <sup>3</sup>	1.32	1.10 / 1.20	15% / 25%	949.0	54
					<u>\$ 264</u>

1. We are also entitled to earn a portion of increases in distributions by TerraForm Power ("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 <sup>1</sup>	\$ 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

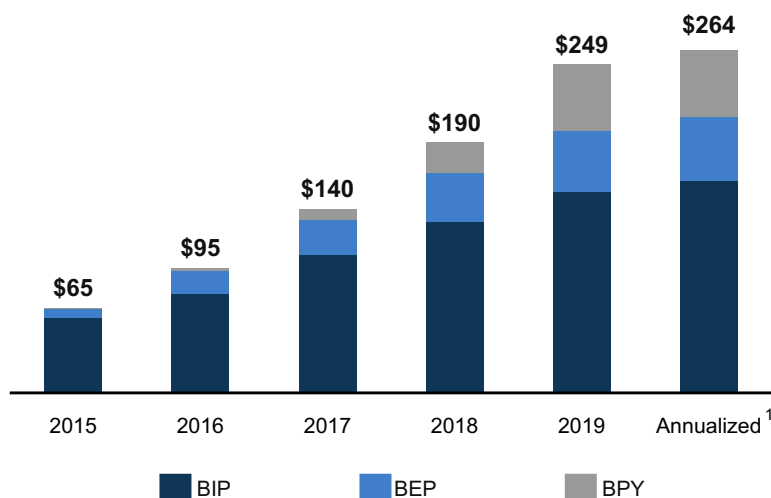
- Distribution policies target a distribution level that is sustainable on a long-term basis while retaining sufficient liquidity for capital expenditures and general purposes.

## 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. There are 150.6 million BBU units outstanding and the current threshold is \$41.96.

## Incentive Distributions (LTM)

SEP. 30 (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 \$835 million in the last twelve months based on investment returns. Cumulative gross unrealized carried interest now stands at \$3.6 billion

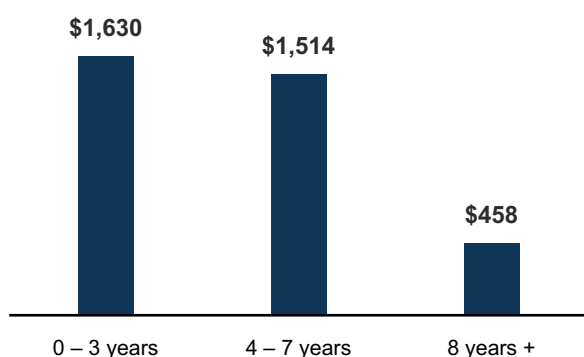
## UNREALIZED CARRIED INTEREST CONTINUITY<sup>1,2</sup>

AS AT AND FOR THE PERIODS ENDED SEP. 30, 2019 (MILLIONS)	Three Months			LTM		
	Unrealized Carried Interest	Direct Costs	Net	Unrealized Carried Interest	Direct Costs	Net
Accumulated unrealized, beginning of period	\$ 2,537	\$ (765)	\$ 1,772	\$ 2,612	\$ (803)	\$ 1,809
Oaktree acquisition	1,346	(704)	642	1,346	(704)	642
	3,883	(1,469)	2,414	3,958	(1,507)	2,451
In period change						
Unrealized in period	364	(87)	277	835	(196)	639
Foreign currency revaluation	(64)	19	(45)	(74)	18	(56)
	300	(68)	232	761	(178)	583
Less: realized	(59)	20	(39)	(595)	168	(427)
	241	(48)	193	166	(10)	156
<b>Accumulated unrealized, end of period</b>	<b>4,124</b>	<b>(1,517)</b>	<b>2,607</b>	<b>4,124</b>	<b>(1,517)</b>	<b>2,607</b>
Oaktree carried interest not attributable to BAM shareholders	(522)	273	(249)	(522)	273	(249)
<b>Accumulated unrealized, end of period, net</b>	<b>\$ 3,602</b>	<b>\$ (1,244)</b>	<b>\$ 2,358</b>	<b>\$ 3,602</b>	<b>\$ (1,244)</b>	<b>\$ 2,358</b>

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 SEP. 30, 2019 (MILLIONS)



- Of the \$1.6 billion of carried interest expected to be recognized within the next three years, \$0.9 billion relates to carried interest from our flagship real estate, infrastructure and private equity funds.

### THREE MONTHS:

- Unrealized carried interest generated in the current quarter, before foreign exchange and associated costs, was \$364 million and was generated primarily within our flagship real estate and infrastructure funds.
- We realized \$59 million of carried interest in the quarter, primarily from recapitalization of assets within our first real estate flagship fund.

### LTM:

- We generated unrealized carried interest across all of our major funds, including significant increases in value from realized dispositions in our first flagship real estate fund and fourth flagship private equity fund. Our third flagship infrastructure fund also generated significant carried interest, primarily from the unit price appreciation of investments held within the fund.
- In addition to the realized carried interest noted above, we earned carried interest income from the sale of our U.S. logistics business within our first real estate flagship fund as well as income from the sale of our Australian energy operation and distributions from additional investments within our fourth flagship private equity fund.

# 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 SEP. 30, 2019 (MILLIONS)	Fee Bearing Capital	Carry Eligible Capital <sup>1</sup>	Gross Target Return <sup>2,3</sup>	Average Carried Interest	Annualized Target Carried Interest <sup>4</sup>
Opportunistic	\$ 35,696	\$ 16,017	18% – 23%	~20%	\$ 535
Value add	32,917	14,247	10% – 15%	~20%	140
Credit and core plus	16,492	10,785	10% – 15%	~15%	285
Oaktree	102,061	24,415	10% – 20%	~20%	590
	<b>\$ 187,166</b>	65,464			1,550
Uncalled fund commitments <sup>5,6</sup>					
Brookfield		35,081			760
Oaktree		14,589			330
<b>Total carry eligible capital/target carried interest</b>		<b>\$ 115,134</b>			2,640
Oaktree revenues not attributable to BAM shareholders <sup>7</sup>					(357)
					2,283
Direct costs <sup>8</sup>					
Brookfield					(515)
Oaktree					(282)
<b>Net target carried interest</b>					<b>\$ 1,486</b>

- As at September 30, 2019, \$65.5 billion of carry eligible capital has been invested and an additional \$49.7 billion of committed capital will become carry eligible once invested.
- 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.
- Gross target return is before annual fund management fees ranging from 90 bps for core plus funds to 200 bps for certain opportunistic funds.
- Based on carry eligible capital.
- Uncalled fund commitments from carry eligible funds.
- 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.
- As at September 30, 2019, we owned 61% of Oaktree.
- We assume a 70% margin on Brookfield carried interest and a 50% margin on Oaktree carried interest for planning purposes.

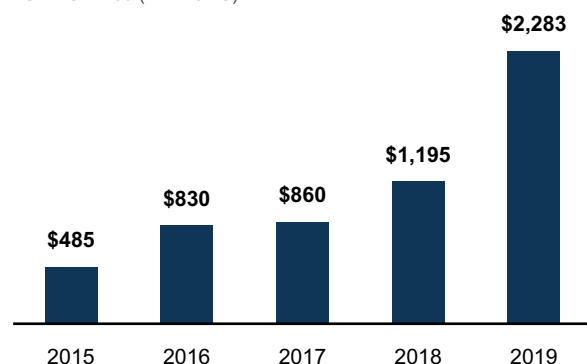
## ANNUALIZED TARGET CARRIED INTEREST

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 for Brookfield, and 50% margin for Oaktree, which is “net target carried interest.”

Target carried interest on capital currently invested is \$1.6 billion per annum, and we expect to add an additional \$1.1 billion per annum when \$49.7 billion of uncalled fund commitments are deployed, aggregating to an annualized target carried interest figure of \$2.3 billion at our share, or \$1.5 billion net of costs.

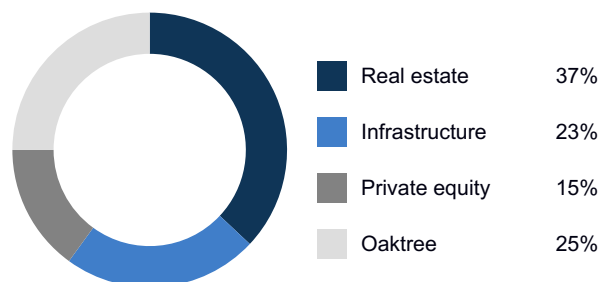
### Target Carried Interest

AS AT SEP. 30 (MILLIONS)



### Target Carry Diversification

AS AT SEP. 30, 2019



# 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 SEP. 30, 2019 (MILLIONS)	Strategy	Vintage <sup>1</sup>	Target Gross IRR <sup>2,3</sup>	Gross Actual IRR <sup>4</sup>	Uncalled Fund Commitments <sup>5</sup>	Invested < 3 years	Invested > 3 years	Total	Accumulated Unrealized Carried Interest
<b>Real estate</b>	Opportunistic – BSREP	2013 – 2019	20%	20%	\$ 10,526	\$ 4,957	\$ 3,902	\$ 19,385	\$ 868
	Credit – BREF	2005 – 2017	12% - 15%	13%	1,456	1,361	136	2,953	82
	Other <sup>6</sup>	2008 – 2018			1,540	6,667	1,364	9,571	85
<b>Infrastructure</b>	Value add – BIF	2010 – 2016	13% - 15%	15%	12,782	8,126	5,452	26,360	1,053
	Other <sup>6</sup>	2008 – 2018			2,280	1,521	660	4,461	43
<b>Private equity</b>	Opportunistic – BCP	2007 – 2016	20%	29%	4,964	2,179	1,428	8,571	633
	Other <sup>6</sup>	2015 – 2018			1,533	2,858	437	4,828	14
<b>Oaktree</b>					14,589	13,418	10,998	39,005	824
<b>Total carry eligible capital</b>					49,670	\$ 41,087	\$ 24,377	115,134	\$ 3,602
<b>Non-carry eligible capital<sup>7</sup></b>					1,101			72,032	
<b>Fee bearing capital</b>					\$ 50,771			\$ 187,166	

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 \$1.1 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

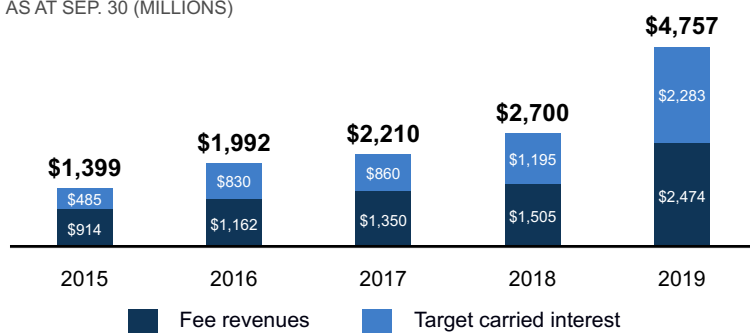
AS AT (MILLIONS)	Sep. 30, 2019	Dec. 31, 2018	Sep. 30, 2018
<b>Base management fees<sup>1</sup></b>			
Brookfield private funds	\$ 810	\$ 615	\$ 550
Oaktree private funds	805	—	—
Listed partnerships <sup>2</sup>	710	470	540
Public securities	115	115	124
<b>Incentive distributions<sup>3</sup></b>	<b>264</b>	<b>259</b>	<b>207</b>
	<b>2,704</b>	<b>1,459</b>	<b>1,421</b>
<b>Performance fee<sup>4</sup></b>	<b>65</b>	<b>65</b>	<b>65</b>
<b>Transaction and advisory<sup>5</sup></b>	<b>18</b>	<b>21</b>	<b>19</b>
<b>Fee revenues</b>	<b>2,787</b>	<b>1,545</b>	<b>1,505</b>
<b>Target carried interest<sup>6</sup></b>			
Brookfield funds	1,720	1,430	1,195
Oaktree funds	920	—	—
	<b>2,640</b>	<b>1,430</b>	<b>1,195</b>
	<b>5,427</b>	<b>2,975</b>	<b>2,700</b>
<b>Oaktree revenues not attributable to BAM shareholders</b>			
Management fees	(313)	—	—
Target carried interest	(357)	—	—
	<b>\$ 4,757</b>	<b>\$ 2,975</b>	<b>\$ 2,700</b>

1. Base management fees include \$325 million of annualized base fees on Brookfield capital (\$323 million from listed partnerships and \$2 million from private funds).
2. For details on listed partnership base fee calculations, refer to the Glossary of Terms on page 36.
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.

- With respect to certain funds for which fees are charged on invested capital only, we estimate annualized base management fees will increase by approximately \$65 million when \$6.2 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 use a range of 55% – 65% on Brookfield fee revenue and a range of 25% – 35% on Oaktree fee revenue for planning purposes.
- We use a range of 65% – 75% on Brookfield carried interest and a range of 45% – 55% on Oaktree carried interest for planning purposes.

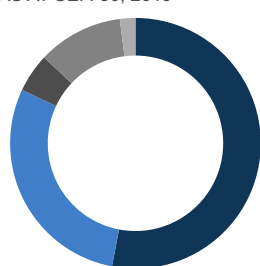
## Annualized Fees and Target Carry

AS AT SEP. 30 (MILLIONS)

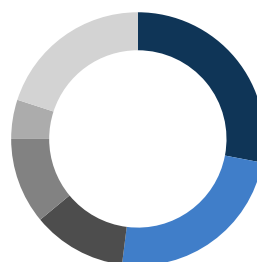


## Fee Revenue Diversification<sup>1</sup>

AS AT SEP. 30, 2019



Private funds	53%
Listed partnerships	29%
Public securities	5%
Incentive distributions	11%
Performance fees	2%



Infrastructure	28%
Real estate	24%
Renewable power	12%
Private equity	11%
Public securities	5%
Oaktree	20%

1. Fee revenues based on annualized September 30, 2019 fees, excluding transaction fees and target carried interest.

# Private Fund Listing<sup>1</sup>

AS AT SEP. 30, 2019  
(MILLIONS, USD UNLESS OTHERWISE NOTED)

	Committed Capital <sup>2</sup>	Brookfield Participation <sup>2</sup>	Year <sup>3</sup>
<b>Brookfield Real Estate Funds</b>			
<b>Opportunistic</b>			
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 <sup>4</sup>	4,350	31%	2013
Strategic Real Estate Partners II <sup>4</sup>	9,000	26%	2016
Strategic Real Estate Partners III <sup>4</sup>	15,000	25%	2019
Thayer VI	306	48%	2014
<b>Value Add</b>			
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
<b>Core Plus</b>			
U.S. Office	\$ 2,200	83%	2006
DTLA	1,100	45%	2013
Premier Real Estate Partners <sup>5</sup>	2,914	15%	2016
Premier Real Estate Partners Australia <sup>5</sup>	A \$ 780	47%	2018
<b>Brookfield Infrastructure Funds</b>			
<b>Value Add</b>			
Global Infrastructure I <sup>4</sup>	\$ 2,600	25%	2010
Global Infrastructure II <sup>4</sup>	7,000	40%	2013
Global Infrastructure III <sup>4</sup>	14,000	29%	2016
Colombia Infrastructure	360	28%	2009
<b>Core</b>			
Super-Core Infrastructure Partners <sup>5</sup>	\$ 1,779	3%	2018
<b>Sustainable Resources</b>			
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
<b>Brookfield Private Equity Funds</b>			
<b>Opportunistic</b>			
Capital Partners II <sup>4</sup>	C \$ 1,000	40%	2007
Capital Partners III <sup>4</sup>	1,000	25%	2012
Capital Partners IV <sup>4</sup>	4,000	26%	2016
Capital Partners V <sup>4,6</sup>	9,000	33%	2019
<b>Brookfield Credit Funds</b>			
<b>Credit Funds</b>			
Real Estate Finance I	\$ 600	33%	2005
Real Estate Finance IV	1,375	18%	2014
Real Estate Finance V	2,949	14%	2017
Senior Mezzanine Real Estate Finance <sup>5</sup>	1,093	1%	2017
Infrastructure Debt	884	17%	2017
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. For details on Oaktree private funds, please refer to the Oaktree Capital Group, LLC Form 10-Q available on the United States Securities and Exchange Commission website.

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. Long-life funds.

6. Final close held November 4, 2019, with a total of \$9 billion commitments in the program.

# Capital Invested or Committed

Invested \$26 billion of capital over the LTM, including \$8 billion in the quarter

## CAPITAL INVESTED OR COMMITTED (FUNDING SOURCE)

FOR THE LTM ENDED SEP. 30, 2019 (MILLIONS)	Real Estate	Infrastructure	Renewable Power	Private Equity and Other	Total
Listed partnerships <sup>1</sup>	\$ 1,734	\$ 2,068	\$ 167	\$ 1,159	\$ 5,128
Private funds <sup>2</sup>	4,069	4,149	457	1,275	9,950
Co-investments <sup>2</sup>	1,357	846	—	1,780	3,983
Direct <sup>3</sup>	—	—	—	6,846	6,846
Total invested	7,160	7,063	624	11,060	25,907
Committed – new <sup>4</sup>	7,859	5,137	235	1,487	14,718
Committed – invested <sup>4</sup>	(3,681)	(4,090)	—	(74)	(7,845)
Total <sup>4</sup>	\$ 11,338	\$ 8,110	\$ 859	\$ 12,473	\$ 32,780

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.

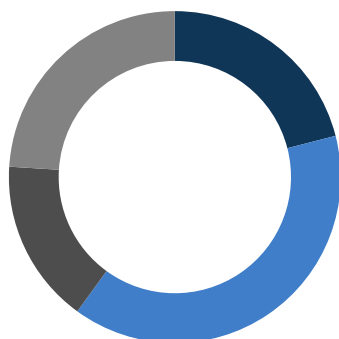
4. New commitments represent those commitments entered into during the year. Invested commitments represent the amounts invested during the year for commitments which were entered into during the prior period (shown as an outflow to commitments and an inflow to invested). Where capital was both committed and invested in the same period, it will be presented as invested only.

## CAPITAL INVESTED (GEOGRAPHY)

FOR THE LTM ENDED SEP. 30, 2019 (MILLIONS)	Real Estate	Infrastructure	Renewable Power	Private Equity and Other	Total
North America	\$ 5,494	\$ 4,085	\$ 370	\$ 9,217	\$ 19,166
South America	—	895	14	205	1,114
Europe	729	158	14	78	979
Asia and other	937	1,925	226	1,560	4,648
Total invested	\$ 7,160	\$ 7,063	\$ 624	\$ 11,060	\$ 25,907

## Capital Invested (by capital type)

FOR THE LTM ENDED SEP. 30, 2019



■ Listed partnerships	21%	■ Private funds	39%
■ Co-investments	16%	■ Direct	24%

## SIGNIFICANT INVESTMENTS:

- Oaktree Capital Management (\$5.2 billion<sup>1</sup>)
- Automotive battery manufacturer (\$3.7 billion)
- Forest City realty portfolio (\$3.5 billion)
- Residential energy infrastructure provider (\$2.2 billion)
- Australian private health care provider (\$1.0 billion)
- Indian pipeline assets (\$1.0 billion)

## SIGNIFICANT COMMITMENTS:

- North American rail business (\$5.1 billion)
- Core office developments (\$3.1 billion)
- Residential mortgage insurer (\$1.8 billion)
- Federally regulated midstream energy portfolio (\$0.9 billion)

1. \$5.2 billion invested in Oaktree includes funding of approximately \$2.4 billion of cash and approximately 52.8 million of Class A shares of Brookfield, valued at \$2.8 billion on the closing date of the transaction.

# 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, logistics, 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 63% of **Brookfield Business Partners (BBU)**, our flagship private equity listed partnership that invests primarily in business 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 Inc. (“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.
- **Vistra**: an integrated power company based in Texas that trades on the NYSE. Together with our institutional partners, we own approximately 8% of the company which is treated as a financial asset on our balance sheet.
- **Acadian**: a leading supplier of primary forest products in Eastern Canada and the Northeastern U.S. In the current quarter, we have disposed the investment, generating a disposition gain of \$16 million.

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**: BAM's direct investment in the third flagship real estate fund, a 27.5% interest in a BAM-sponsored venture that owns operating and development properties in New York and investments in assets in the multifamily sector.
- **Sustainable resources and other**: 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**: includes our share of Oaktree's balance sheet investments and 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 SEP. 30, 2019 AND DEC. 31, 2018  
AND FOR THE PERIODS ENDED SEP. 30  
(MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Invested Capital		Funds from Operations <sup>1</sup>			
			Three Months		LTM	
	2019	2018	2019	2018	2019	2018
<b>Listed investments</b>						
<b>Listed partnerships</b>						
BPY	\$ 15,162	\$ 15,160	\$ 168	\$ 159	\$ 719	\$ 697
BPY preferred shares	16	435	—	16	21	73
BEP	4,320	4,749	72	58	449	347
BIP	2,000	1,916	84	73	351	325
BBU <sup>2</sup>	2,410	2,017	132	52	479	76
<b>Other listed investments</b>						
Norbord	1,202	1,287	15	68	80	281
Other	678	662	4	2	20	6
<b>Corporate cash and financial assets<sup>3</sup></b>	<b>1,641</b>	<b>2,275</b>	<b>(32)</b>	<b>19</b>	<b>57</b>	<b>116</b>
	<b>27,429</b>	<b>28,501</b>	<b>443</b>	<b>447</b>	<b>2,176</b>	<b>1,921</b>
<b>Unlisted investments</b>						
Residential	2,703	2,606	42	16	90	93
Energy contracts	617	553	(31)	(10)	(185)	(40)
Other	3,956	3,155	(2)	21	119	91
	<b>7,276</b>	<b>6,314</b>	<b>9</b>	<b>27</b>	<b>24</b>	<b>144</b>
<b>Corporate activities</b>						
Corporate borrowings/Interest expense	(7,035)	(6,409)	(87)	(83)	(342)	(311)
Working capital/Corporate costs and taxes <sup>4</sup>	924	1,081	(9)	(27)	(139)	(118)
Perpetual preferred shares <sup>5</sup>	(4,145)	(4,168)	—	—	—	—
	<b>(10,256)</b>	<b>(9,496)</b>	<b>(96)</b>	<b>(110)</b>	<b>(481)</b>	<b>(429)</b>
<b>Invested capital, net / FFO</b>	<b>\$ 24,449</b>	<b>\$ 25,319</b>	<b>\$ 356</b>	<b>\$ 364</b>	<b>\$ 1,719</b>	<b>\$ 1,636</b>
Per share	<b>\$ 23.19</b>	<b>\$ 25.39</b>	<b>\$ 0.32</b>	<b>\$ 0.33</b>	<b>\$ 1.61</b>	<b>\$ 1.51</b>

1. Excludes realized disposition gains.

2. FFO includes the net impact of performance fees paid to BAM of \$nil (2018 – \$94 million) for the three months ended September 30 and \$nil (2018 – \$395 million) for the LTM.

3. Corporate cash and financial assets is inclusive of \$351 million of cash and cash equivalents (2018 – \$1.3 billion).

4. Invested capital includes net deferred income tax asset of \$2.4 billion (2018 – \$1.9 billion); FFO includes current tax recovery of \$14 million (2018 – expense of \$2 million) for the three months ended September 30 and current tax expense of \$39 million (2018 – \$16 million) for the LTM.

5. FFO excludes preferred shares distributions of \$38 million (2018 – \$38 million) for the three months ended September 30 and \$150 million (2018 – \$153 million) for the LTM.

# Disposition Gains

	Three Months				LTM			
	FFO <sup>1,2</sup>		Net Income <sup>2</sup>		FFO <sup>1,2</sup>		Net Income <sup>2</sup>	
	2019	2018	2019	2018	2019	2018	2019	2018
FOR THE PERIODS ENDED SEP. 30 (MILLIONS)								
<b>Real estate</b>								
LP investments								
IDI	\$ —	\$ —	\$ —	\$ —	\$ 135	\$ 1	\$ (29)	\$ —
Marina Village	—	—	—	—	14	—	(5)	—
Gazeley	—	—	—	—	—	275	—	191
Core retail portfolio	—	246	—	2	18	246	9	2
Core office								
Darling Park	34	—	(59)	—	34	—	(59)	—
75 State Street	33	—	(1)	—	33	—	(1)	—
Bay Adelaide Centre	—	—	—	—	—	161	—	20
Others	33	35	9	12	464	256	108	(27)
	<b>100</b>	<b>281</b>	<b>(51)</b>	<b>14</b>	<b>698</b>	<b>939</b>	<b>23</b>	<b>186</b>
<b>Infrastructure</b>								
Acadian	16	—	(1)	—	16	—	(1)	—
Transelec	—	—	—	—	—	244	—	53
Other infrastructure	—	—	—	—	61	—	7	—
<b>Private equity</b>								
BGIS	—	—	—	—	66	—	93	—
BGRS	—	—	—	—	142	—	109	—
GrafTech	—	120	—	—	—	209	—	—
Other private equity	6	—	6	—	61	32	60	32
<b>Renewable power</b>	<b>3</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>117</b>	<b>—</b>	<b>5</b>	<b>—</b>
	<b>\$ 125</b>	<b>\$ 401</b>	<b>\$ (46)</b>	<b>\$ 14</b>	<b>\$ 1,161</b>	<b>\$ 1,424</b>	<b>\$ 296</b>	<b>\$ 271</b>

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.

# Listed Partnership Results

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

AS AT SEP. 30, 2019 AND DEC. 31, 2018  
AND FOR THE PERIODS ENDED SEP. 30  
(MILLIONS)

	Invested Capital		Funds from Operations			
			Three Months		LTM	
	2019	2018	2019	2018	2019	2018
Core office	\$ 13,690	\$ 14,199	\$ 150	\$ 136	\$ 647	\$ 586
Core retail	13,697	14,136	201	146	825	539
LP investments <sup>1</sup>	5,238	5,204	74	74	316	341
Corporate <sup>1</sup>	(5,107)	(5,255)	(101)	(107)	(406)	(417)
Attributable to unitholders	27,518	28,284	324	249	1,382	1,049
Non-controlling interests	(12,356)	(13,124)	(146)	(90)	(633)	(343)
Segment reallocation and other <sup>2</sup>	—	—	(10)	—	(30)	(9)
Brookfield's interest	15,162	15,160	168	159	719	697
Preferred shares	16	435	—	16	21	73
	<b>\$ 15,178</b>	<b>\$ 15,595</b>	<b>\$ 168</b>	<b>\$ 175</b>	<b>\$ 740</b>	<b>\$ 770</b>

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

AS AT SEP. 30, 2019 AND DEC. 31, 2018  
AND FOR THE PERIODS ENDED SEP. 30  
(MILLIONS)

	Invested Capital		Funds from Operations			
			Three Months		LTM	
	2019	2018	2019	2018	2019	2018
Proportionate generation (GWh)						
Actual	n/a	n/a	5,213	5,552	27,113	24,591
Long-term average (LTA)	n/a	n/a	5,821	5,956	26,308	25,272
Hydroelectric generation	\$ 8,294	\$ 8,951	\$ 125	\$ 104	\$ 747	\$ 640
Wind energy	1,452	1,357	36	29	184	133
Solar, storage and other	1,083	1,155	42	42	125	94
Corporate	(3,644)	(3,637)	(70)	(70)	(260)	(254)
Attributable to unitholders	7,185	7,826	133	105	796	613
Incentive distributions	—	—	(12)	(10)	(46)	(37)
Non-controlling interests	(2,865)	(3,077)	(49)	(37)	(296)	(229)
Segment reallocation and other <sup>3</sup>	—	—	—	—	(5)	—
Brookfield's interest	\$ 4,320	\$ 4,749	\$ 72	\$ 58	\$ 449	\$ 347

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

AS AT SEP. 30, 2019 AND DEC. 31, 2018  
AND FOR THE PERIODS ENDED SEP. 30  
(MILLIONS)

	Invested Capital		Funds from Operations			
			Three Months		LTM	
	2019	2018	2019	2018	2019	2018
Utilities	\$ 1,746	\$ 1,787	\$ 145	\$ 130	\$ 563	\$ 610
Transport	3,273	3,627	128	119	531	528
Energy	3,038	2,817	100	59	393	235
Data infrastructure	1,252	882	36	19	114	76
Corporate and other	(2,619)	(2,684)	(71)	(49)	(249)	(231)
Attributable to unitholders	6,690	6,429	338	278	1,352	1,218
Incentive distributions	—	—	(41)	(34)	(151)	(131)
Non-controlling interests	(4,690)	(4,513)	(210)	(171)	(847)	(762)
Segment reallocation and other <sup>3</sup>	—	—	(3)	—	(3)	—
Brookfield's interest	\$ 2,000	\$ 1,916	\$ 84	\$ 73	\$ 351	\$ 325

## BBU (NYSE: BBU, TSX: BBU.UN) – 63% ownership interest

AS AT SEP. 30, 2019 AND DEC. 31, 2018  
AND FOR THE PERIODS ENDED SEP. 30  
(MILLIONS)

	Invested Capital		Funds from Operations			
			Three Months		LTM	
	2019	2018	2019	2018	2019	2018
Business services <sup>1</sup>	\$ 1,101	\$ 1,493	\$ 31	\$ 26	\$ 427	\$ 131
Infrastructure services <sup>1</sup>	656	977	95	76	322	143
Industrials <sup>1</sup>	1,065	359	103	84	403	327
Corporate and other	1,032	134	(10)	(16)	(45)	(48)
Attributable to unitholders	3,854	2,963	219	170	1,107	553
Performance fees	—	—	—	(94)	—	(395)
Non-controlling interests	(1,444)	(946)	(82)	(24)	(367)	(50)
Segment reallocation and other <sup>3</sup>	—	—	(5)	—	(261)	(32)
Brookfield's interest	\$ 2,410	\$ 2,017	\$ 132	\$ 52	\$ 479	\$ 76

1. Segments were realigned in 2018; comparative figures have been restated to reflect the revised segment classifications.

2. Reflects fee related earnings and net carried interest reclassified to asset management segment and asset management expenses not included in operating FFO.

3. Relates to disposition gains, net of NCI, included in operating FFO.

# 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 SEP. 30, 2019 AND DEC. 31, 2018 AND FOR THE PERIODS ENDED SEP. 30 (MILLIONS)	Segment	Invested Capital		Funds from Operations			
				Three Months		LTM	
		2019	2018	2019	2018	2019	2018
<b>Other listed</b>							
Acadian <sup>1</sup>	Infrastructure	\$ —	\$ 86	\$ 1	\$ 2	\$ 5	\$ 6
Norbord	Private Equity	1,202	1,287	15	68	80	281
Other listed	Private Equity	678	576	3	—	15	—
		<b>1,880</b>	<b>1,949</b>	<b>19</b>	<b>70</b>	<b>100</b>	<b>287</b>
<b>Corporate cash and financial assets<sup>2</sup></b>							
	Corporate	1,641	2,275	(32)	19	57	116
		<b>\$ 3,521</b>	<b>\$ 4,224</b>	<b>\$ (13)</b>	<b>\$ 89</b>	<b>\$ 157</b>	<b>\$ 403</b>

1. In August 2019, Brookfield Infrastructure Group closed the sale of its 45% interest in Acadian, recognizing a disposition gain of \$16 million.

2. FFO includes cash distributions received of \$55 million (2018 – \$28 million) for the three months ended September 30 and \$150 million (2018 – \$118 million) over the LTM.

## UNLISTED INVESTMENTS

AS AT SEP. 30, 2019 AND DEC. 31, 2018 AND FOR THE PERIODS ENDED SEP. 30 (MILLIONS)	Segment	Invested Capital		Funds from Operations			
				Three Months		LTM	
		2019	2018	2019	2018	2019	2018
<b>Residential development</b>							
North America	Residential	\$ 1,860	\$ 1,758	\$ 41	\$ 40	\$ 137	\$ 191
Brazil and other	Residential	843	848	1	(24)	(47)	(98)
		<b>2,703</b>	<b>2,606</b>	<b>42</b>	<b>16</b>	<b>90</b>	<b>93</b>
Energy contracts	Renewable Power	617	553	(31)	(10)	(185)	(40)
Sustainable resources and other	Infrastructure	617	885	2	5	21	23
Other corporate	Corporate	668	43	(5)	1	(2)	15
Other unlisted	Various	2,671	2,227	1	15	100	53
		<b>\$ 7,276</b>	<b>\$ 6,314</b>	<b>\$ 9</b>	<b>\$ 27</b>	<b>\$ 24</b>	<b>\$ 144</b>

# Capitalization

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

AS AT SEP. 30, 2019 AND DEC. 31, 2018 (MILLIONS)	Average Yield	Average Term (Years)	Leverage	
			2019	2018
Corporate borrowings				
Term debt	4.6%	10	\$ 7,035	\$ 6,409
Revolving facilities <sup>1</sup>	n/a	5	—	—
Total corporate borrowings			7,035	6,409
Perpetual preferred shares	4.2%	perp.	4,145	4,168
<b>Debt and preferred capital</b>			<b>\$ 11,180</b>	<b>\$ 10,577</b>

1. Revolving credit facilities of \$2.6 billion support commercial paper issuances.

## DEBT TO CAPITALIZATION

AS AT SEP. 30, 2019 AND DEC. 31, 2018 (MILLIONS)	Corporate		Consolidated		Our Share <sup>1</sup>	
	2019	2018	2019	2018	2019	2018
Corporate borrowings	\$ 7,035	\$ 6,409	\$ 7,035	\$ 6,409	\$ 7,035	\$ 6,409
Non-recourse borrowings						
Subsidiary borrowings	—	—	8,635	8,600	5,734	5,174
Property specific borrowings	—	—	114,569	103,209	41,743	35,943
	7,035	6,409	130,239	118,218	54,512	47,526
Accounts payable and other	4,296	2,299	34,174	23,989	13,197	10,297
Deferred income tax liabilities	287	197	13,214	12,236	6,131	4,425
Subsidiary equity obligations	—	—	4,096	3,876	1,822	1,658
Liabilities associated with assets held for sale	—	—	2,084	812	366	262
Equity						
Non-controlling interests	—	—	74,029	67,335	—	—
Preferred equity	4,145	4,168	4,145	4,168	4,145	4,168
Common equity	29,427	25,647	29,427	25,647	29,427	25,647
	33,572	29,815	107,601	97,150	33,572	29,815
Total capitalization	\$ 45,190	\$ 38,720	\$ 291,408	\$ 256,281	\$ 109,600	\$ 93,983
Debt to capitalization <sup>2</sup>	16%	17%	45%	46%	50%	51%

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 SEP. 30  
(MILLIONS)

	Three Months		LTM	
	2019	2018	2019	2018
<b>Corporate cash and financial assets, beginning of period</b>	<b>\$ 4,023</b>	<b>\$ 3,401</b>	<b>\$ 2,341</b>	<b>\$ 1,938</b>
<b>Sources</b>				
Cash available for distribution and/or reinvestment <sup>1</sup>	632	696	2,448	2,449
Disposition of investments	143	100	497	134
BPY preferred share redemption	—	—	985	—
	<b>775</b>	<b>796</b>	<b>3,930</b>	<b>2,583</b>
<b>Uses</b>				
Acquisition of Oaktree, net of distribution <sup>2</sup>	(2,095)	—	(2,095)	—
Share repurchases <sup>3</sup>	(25)	—	(336)	(272)
Dividends paid to common shareholders	(153)	(144)	(603)	(566)
Temporary and other investments <sup>4</sup>	(171)	(1,734)	(1,229)	(2,192)
Listed partnership unit purchases	(250)	(89)	(668)	(89)
	<b>(2,694)</b>	<b>(1,967)</b>	<b>(4,931)</b>	<b>(3,119)</b>
<b>Net financing activities</b>	<b>—</b>	<b>184</b>	<b>446</b>	<b>1,060</b>
<b>Other sources / (uses)<sup>5</sup></b>	<b>(463)</b>	<b>(73)</b>	<b>(145)</b>	<b>(121)</b>
<b>In-period change</b>	<b>(2,382)</b>	<b>(1,060)</b>	<b>(700)</b>	<b>403</b>
<b>Corporate cash and financial assets, end of period</b>	<b>\$ 1,641</b>	<b>\$ 2,341</b>	<b>\$ 1,641</b>	<b>\$ 2,341</b>

1. Refer to page 31 for reconciliations of IFRS to non-IFRS measures.

2. Net of a \$306 million dividend received from Oaktree subsequent to our acquisition.

3. Includes repurchases of BAM common and preferred shares.

4. Includes a 27.5% interest in a BAM-sponsored real estate venture that owns operating and development properties in New York which we acquired from BPY as well as a portfolio of long-term contracted site-controlled assets that we warehoused on behalf of our long-lived core infrastructure fund.

5. Includes adjustments for accrued items, carried interest proceeds subject to clawback, financial asset mark-to-market changes and other items.

# Reconciliation of IFRS to Non-IFRS Measures

FOR THE THREE MONTHS ENDED SEP. 30  
(MILLIONS)

	2019	2018
<b>Net income</b>	<b>\$ 1,756</b>	<b>\$ 941</b>
Realized disposition gains in fair value changes or prior periods	190	387
Non-controlling interests	(1,741)	(1,415)
Financial statement components not included in FFO		
Equity accounted fair value changes and other non-FFO items	180	446
Fair value changes	(394)	(132)
Depreciation and amortization	1,299	833
Deferred income taxes	(464)	25
<b>Funds from operations</b>	<b>826</b>	<b>1,085</b>
Less: total disposition gains	(125)	(401)
Less: net invested capital FFO	(356)	(364)
Less: realized carried interest, net	(39)	—
Corporate activities	(96)	(110)
Other wholly owned investments <sup>1</sup>	1	18
Distributions from investments	420	506
Preferred share dividends	(38)	(38)
<b>Cash available for distribution and/or reinvestment before realized carried interest</b>	<b>593</b>	<b>696</b>
Realized carried interest, net	39	—
<b>Cash available for distribution and/or reinvestment<sup>2</sup></b>	<b>\$ 632</b>	<b>\$ 696</b>

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 36.

## OVERVIEW

We disclose certain non-IFRS financial measures in these supplemental schedules. Reconciliations of these non-IFRS financial measures to the most directly comparable financial measures calculated and presented in accordance with IFRS are presented above. Management assesses the performance of its business based on these non-IFRS financial measures. These non-IFRS 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 IFRS.

# Common Share Information

## COMMON SHARE CONTINUITY

FOR THE PERIODS ENDED SEP. 30 (MILLIONS)	Three Months		LTM	
	2019	2018	2019	2018
Outstanding at beginning of period	955.9	957.5	958.9	959.3
Issued (repurchased)				
Issuances	52.8	—	52.8	—
Repurchases	(2.7)	—	(9.2)	(6.6)
Long-term share ownership plans	1.2	1.4	4.5	6.1
Dividend reinvestment plan	—	—	0.2	0.1
Outstanding at end of period	1,007.2	958.9	1,007.2	958.9
Unexercised options and other share-based plans	47.1	46.1	47.1	46.1
Total diluted shares at end of period	1,054.3	1,005.0	1,054.3	1,005.0

- The company issued 52.8 million common shares as part of the transaction to acquire 61% interest in Oaktree on September 30, 2019.
- The company holds 39.9 million common shares for management share ownership plans, which have been deducted from the total number of shares outstanding.
  - 10.4 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 as at September 30, 2019 was \$1.2 billion (December 31, 2018 – \$1.1 billion).

## FFO AND EARNINGS PER SHARE INFORMATION

FOR THE THREE MONTHS ENDED SEP. 30 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Funds from Operations		Net Income	
	2019	2018	2019	2018
FFO/Net income	\$ 826	\$ 1,085	\$ 947	\$ 163
Preferred share dividends	(38)	(38)	(38)	(38)
Dilutive effect of conversion of subsidiary preferred shares	—	—	(17)	(20)
FFO/Net income available for shareholders	\$ 788	\$ 1,047	\$ 892	\$ 105
Weighted average shares	956.1	957.9	956.1	957.9
Dilutive effect of the conversion of options and other share-based plans using treasury stock method	24.1	20.1	24.1	20.1
Shares and share equivalents	980.2	978.0	980.2	978.0
Per share	\$ 0.80	\$ 1.07	\$ 0.91	\$ 0.11



# Entity Basis – Reconciliation to Reportable Segments – Invested Capital

	Reportable Segments							Total
	Asset Management	Real Estate	Renewable Power	Infrastructure	Private Equity	Residential	Corporate	
AS AT SEP. 30, 2019 (MILLIONS)								
<b>Asset management</b>	\$ 4,978	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,978
<b>Invested capital</b>								
Listed investments								
Brookfield Property Partners <sup>1</sup>	—	15,178	—	—	—	—	—	15,178
Brookfield Renewable Partners	—	—	4,320	—	—	—	—	4,320
Brookfield Infrastructure Partners	—	—	—	2,000	—	—	—	2,000
Brookfield Business Partners	—	—	—	—	2,410	—	—	2,410
Other listed investments								
Norbord	—	—	—	—	1,202	—	—	1,202
Other listed – private equity	—	—	—	—	678	—	—	678
	—	15,178	4,320	2,000	4,290	—	—	25,788
Financial assets	—	—	—	—	—	—	1,641	1,641
	—	15,178	4,320	2,000	4,290	—	1,641	27,429
Unlisted investments								
Residential development	—	—	—	—	—	2,703	—	2,703
Energy marketing	—	—	617	—	—	—	—	617
Sustainable resources	—	—	—	617	—	—	—	617
Other corporate	—	—	—	—	—	—	668	668
Other	—	2,304	—	—	367	—	—	2,671
	—	2,304	617	617	367	2,703	668	7,276
<b>Net working capital</b>	—	—	—	—	—	—	924	924
<b>Debt and preferred capital</b>								
Corporate borrowings	—	—	—	—	—	—	(7,035)	(7,035)
Perpetual preferred shares	—	—	—	—	—	—	(4,145)	(4,145)
	—	—	—	—	—	—	(11,180)	(11,180)
	\$ 4,978	\$ 17,482	\$ 4,937	\$ 2,617	\$ 4,657	\$ 2,703	\$ (7,947)	\$ 29,427

1. Includes \$16 million of BPY preferred shares.

# Entity Basis – Reconciliation to Reportable Segments – Three Months FFO

FOR THE THREE MONTHS ENDED SEP. 30 (MILLIONS)	Reportable Segments							Total
	Asset Management	Real Estate	Renewable Power	Infrastructure	Private Equity	Residential	Corporate	
<b>Asset management</b>								
Fee related earnings	\$ 306	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 306
Carried interest, net	39	—	—	—	—	—	—	39
	<u>345</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>345</u>
<b>Invested capital</b>								
Listed investments								
Brookfield Property Partners <sup>1</sup>	—	168	—	—	—	—	—	168
Brookfield Renewable Partners	—	—	72	—	—	—	—	72
Brookfield Infrastructure Partners	—	—	—	84	—	—	—	84
Brookfield Business Partners	—	—	—	—	132	—	—	132
Other listed investments								
Acadian Timber	—	—	—	1	—	—	—	1
Norbord	—	—	—	—	15	—	—	15
Other listed – private equity	—	—	—	—	3	—	—	3
	<u>—</u>	<u>168</u>	<u>72</u>	<u>85</u>	<u>150</u>	<u>—</u>	<u>—</u>	<u>475</u>
Financial assets	—	—	—	—	—	—	(32)	(32)
	<u>—</u>	<u>168</u>	<u>72</u>	<u>85</u>	<u>150</u>	<u>—</u>	<u>(32)</u>	<u>443</u>
Unlisted investments								
Residential development	—	—	—	—	—	42	—	42
Energy marketing	—	—	(31)	—	—	—	—	(31)
Sustainable resources	—	—	—	2	—	—	—	2
Other corporate	—	—	—	—	—	—	(5)	(5)
Other	—	3	—	—	(2)	—	—	1
	<u>—</u>	<u>3</u>	<u>(31)</u>	<u>2</u>	<u>(2)</u>	<u>42</u>	<u>(5)</u>	<u>9</u>
<b>Disposition gains</b>	—	100	3	16	6	—	—	125
<b>Corporate activities<sup>2</sup></b>								
Interest expense	—	—	—	—	—	—	(87)	(87)
Corporate costs and taxes	—	—	—	—	—	—	(9)	(9)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(96)</u>	<u>(96)</u>
	<u>\$ 345</u>	<u>\$ 271</u>	<u>\$ 44</u>	<u>\$ 103</u>	<u>\$ 154</u>	<u>\$ 42</u>	<u>\$ (133)</u>	<u>\$ 826</u>

1. Includes nominal amounts of BPY preferred share distributions.

2. Excludes \$38 million of preferred share distributions for the three months, which are included in determining per share results.

# Entity Basis – Reconciliation to Reportable Segments – LTM FFO

FOR THE LTM ENDED SEP. 30, 2019  
(MILLIONS)

	Reportable Segments							Total
	Asset Management	Real Estate	Renewable Power	Infrastructure	Private Equity	Residential	Corporate	
<b>Asset management</b>								
Fee related earnings	\$ 1,034	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,034
Carried interest, net	427	—	—	—	—	—	—	427
	<u>1,461</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,461</u>
<b>Invested capital</b>								
Listed investments								
Brookfield Property Partners <sup>1</sup>	—	740	—	—	—	—	—	740
Brookfield Renewable Partners	—	—	449	—	—	—	—	449
Brookfield Infrastructure Partners	—	—	—	351	—	—	—	351
Brookfield Business Partners	—	—	—	—	479	—	—	479
Other listed investments								
Acadian Timber	—	—	—	5	—	—	—	5
Norbord	—	—	—	—	80	—	—	80
Other listed – private equity	—	—	—	—	15	—	—	15
	—	740	449	356	574	—	—	2,119
Financial assets	—	—	—	—	—	—	57	57
	—	740	449	356	574	—	57	2,176
Unlisted investments								
Residential development	—	—	—	—	—	90	—	90
Energy marketing	—	—	(185)	—	—	—	—	(185)
Sustainable resources	—	—	—	21	—	—	—	21
Other corporate	—	—	—	—	—	—	(2)	(2)
Other	—	76	—	—	24	—	—	100
	—	76	(185)	21	24	90	(2)	24
<b>Disposition gains</b>	—	698	117	77	269	—	—	1,161
<b>Corporate activities<sup>2</sup></b>								
Interest expense	—	—	—	—	—	—	(342)	(342)
Corporate costs and taxes	—	—	—	—	—	—	(139)	(139)
	—	—	—	—	—	—	(481)	(481)
	<u>\$ 1,461</u>	<u>\$ 1,514</u>	<u>\$ 381</u>	<u>\$ 454</u>	<u>\$ 867</u>	<u>\$ 90</u>	<u>\$ (426)</u>	<u>\$ 4,341</u>

1. Includes \$21 million of BPY preferred share distributions.

2. Excludes \$150 million of preferred share distributions over the LTM, which are included in determining per share results.

# Glossary of Terms

The “Corporation”, “Brookfield” or “BAM” refers to our asset management business which is comprised of our asset management and corporate business segments.

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 108 through 113 of our December 31, 2018 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 debt 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 distributions 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 31.

- 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. Listed partnership capitalization as at September 30, 2019, was as follows: BPY/BPR – \$24.1 billion; BEP – \$15.9 billion; BIP – \$23.2 billion; BBU – \$4.6 billion; and TERP – \$3.8 billion.
- **Internal rate of return (“IRR”)** is the annualized compounded rate of return of the fund, calculated since fund inception.

# Notice to Readers

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Brookfield is not making any offer or invitation of any kind by communication of this Supplemental Information and under no circumstance is it to be construed as a prospectus or an advertisement.

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.

Some of the factors, many of which are beyond Brookfield’s control and the effects of which can be difficult to predict, but may cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: (i) investment returns that are lower than target; (ii) the impact or unanticipated impact of general economic, political and market factors in the countries in which we do business; (iii) the behavior of financial markets, including fluctuations in interest and foreign exchange rates; (iv) global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; (v) strategic actions including dispositions; the ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits; (vi) changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates); (vii) the ability to appropriately manage human capital; (viii) the effect of applying future accounting changes; (ix) business competition; (x) operational and reputational risks; (xi) technological change; (xii) changes in government regulation and legislation within the countries in which we operate; (xiii) governmental investigations; (xiv) litigation; (xv) changes in tax laws; (xvi) ability to collect amounts owed; (xvii) catastrophic events, such as earthquakes and hurricanes; (xviii) the possible impact of international conflicts and other developments including terrorist acts and cyberterrorism; (xix) the introduction, withdrawal, success and timing of business initiatives and strategies; (xx) the failure of effective disclosure controls and procedures and internal controls over financial reporting and other risks; (xxi) health, safety and environmental risks; (xxii) the maintenance of adequate insurance coverage; (xxiii) risks specific to our business segments including our real estate, renewable power, infrastructure, private equity, and residential development activities; (xxiv) 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 and other factors could also adversely affect its results. Investors and other readers are urged to consider the foregoing risks, as well as other uncertainties, factors and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such forward-looking information. 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.

# Notice to Readers cont'd

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## STATEMENT REGARDING PAST AND FUTURE PERFORMANCE AND TARGET RETURNS

Past performance is not indicative nor a guarantee of future results. There can be no assurance that comparable results will be achieved in the future, or that future investments or fundraising efforts will be similar to the historic results presented herein (because of economic conditions, the availability of investment opportunities or otherwise).

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 non-IFRS measures have limitations as analytical tools and 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.