

BROOKFIELD ASSET MANAGEMENT INC.

# Q4 2019 Supplemental — Information

Fourth Quarter and Full Year, December 31, 2019

# 2019 Full Year Highlights

**\$290B**

FEE-BEARING CAPITAL

**\$27B+**

PRIVATE FUND CAPITAL RAISED  
IN THE YEAR

**\$64B**

DEPLOYABLE CAPITAL

## ASSET MANAGEMENT

### Record fundraising in 2019 across our private fund strategies.

- We raised over \$27 billion of third-party capital across our private fund strategies during the year, and with the acquisition of Oaktree, our total fee-bearing capital now stands at \$290 billion (Dec. 31, 2018 – \$138 billion).
- Subsequent to year end, we held the final close of our fourth flagship infrastructure fund, bringing the total fund size to \$20 billion. Including co-investment capital, this round of flagship fundraising closed with more than \$50 billion in commitments, and as of year end, these flagship funds were approximately 45% invested or committed.
- We raised approximately \$3 billion of capital for perpetual private fund strategies in 2019 and expect these strategies to contribute on a growing basis going forward. When combined with our listed partnerships fee-bearing capital, this takes our total perpetual strategies fee-bearing capital to \$79 billion.

### Investment activity in 2019 remained strong across our businesses.

- Capital invested totaled \$14 billion in the quarter and \$32 billion for the year as we continue to find attractive opportunities to deploy capital globally.
- Realized proceeds of \$5 billion and \$13 billion in the last three months and for the year, respectively. As we harvest capital from mature investments in our growing private fund strategies, this number will increase meaningfully and should contribute to significant realized carried interest over time.

### The fourth quarter of 2019 was the first full quarter of contribution from our Oaktree investment.

- Annualized fee revenues are now \$3.0 billion, or \$1.4 billion net of costs. Fee-bearing capital from Oaktree now stands at \$110 billion, leading to fourth quarter fee revenues of \$197 million, or \$121 million at our share.
- While realized carried interest from Oaktree was modest in the quarter, our annualized target carry now stands at \$2.8 billion, or \$1.6 billion net of costs.

## OPERATING RESULTS

### We generated \$809 million and \$2.6 billion of free cash flow in the quarter and over the year, respectively.

- Cash available for distribution or reinvestment (“CAFDR”)<sup>1</sup> increased for both the quarter and full year due to higher fee-related earnings and increased distributions from our listed partnerships. Excluding the impact of performance fees and realized carry, CAFDR for the year was \$2.2 billion, an approximate 9% increase over the prior year, as strong fee-related earnings were partially offset by the absence of a one-time special dividend from our Norbord investment in the third quarter of 2018.
- We realized \$600 million of carried interest (\$396 million, net of costs) in 2019, more than double the amount recognized in 2018. Current unrealized carried interest now totals \$3.6 billion (\$2.4 billion, net of costs).

1. Refer to the Glossary of Terms.

# 2019 Full Year Highlights cont'd

## OPERATING RESULTS (cont'd)

**FFO<sup>1</sup> was \$1.2 billion and \$4.2 billion in the quarter and for the full year, respectively.**

- Excluding disposition gains, our FFO increased by 15% for both the quarter and year, respectively, as strong performance in our asset management business, contributions from new businesses acquired and same-store growth were partially offset by our decreased ownership in BPY and lower than prior year earnings in certain directly held investments.
- The prior year benefited from a higher number of disposition gains across our portfolio.

**Net Income to BAM<sup>1</sup> shareholders totaled \$846 million and \$2.8 billion for the quarter and the year, respectively.**

- Net income for the year was \$2.8 billion, a decrease of \$777 million compared to the prior year. The decrease was primarily as a result of lower fair value gains and lower deferred income tax recoveries. The decreases were partially offset by the strong asset management results and same-store growth within our operating businesses.

## LIQUIDITY

**Our deployable capital now stands at \$64 billion, benefiting from strong private fundraising in the year.**

- \$13 billion of core liquidity, including \$5 billion at BAM.
- \$51 billion of uncalled private fund commitments.

**Our balance sheet continues to be conservatively capitalized, with an implied corporate debt to market capitalization ratio of 9%.**

- 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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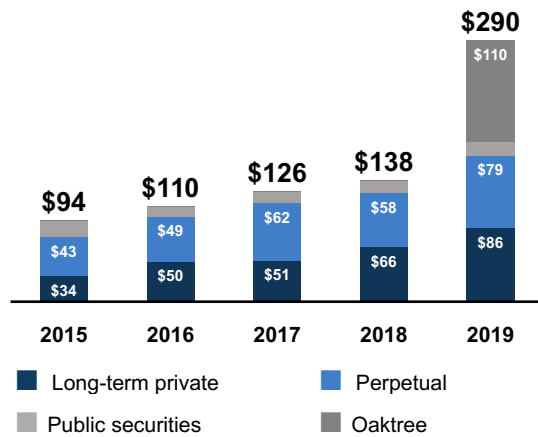
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# Performance Highlights

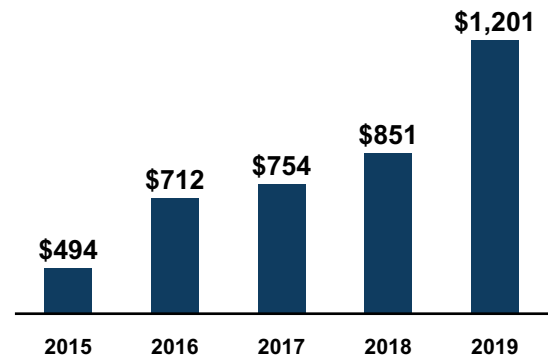
## Fee-Bearing Capital

AS AT DEC. 31 (BILLIONS)



## Fee-Related Earnings<sup>1</sup>

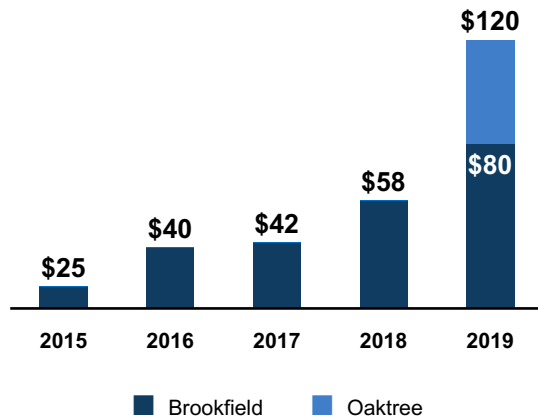
FOR THE YEARS ENDED DEC. 31 (MILLIONS)



1. Excludes performance fees.

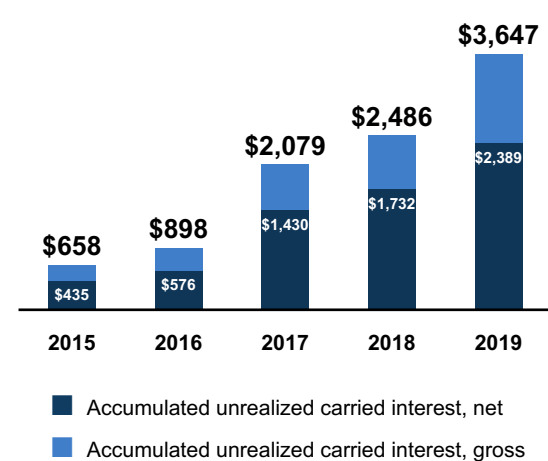
## Carry Eligible Capital

AS AT DEC. 31 (BILLIONS)



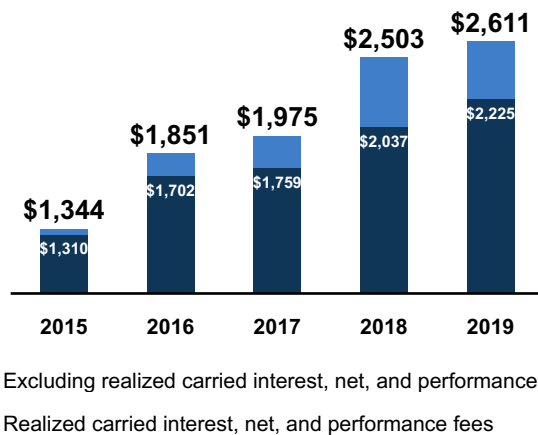
## Accumulated Unrealized Carried Interest

AS AT DEC. 31 (MILLIONS)



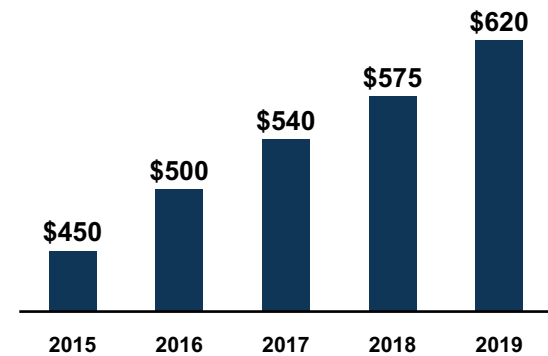
## Cash Available for Distribution and/or Reinvestment

FOR THE YEARS ENDED DEC. 31 (MILLIONS)



## Distributions to Common Shareholders<sup>1</sup>

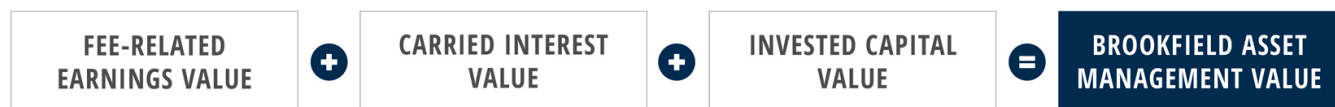
FOR THE YEARS ENDED DEC. 31 (MILLIONS)



1. 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.

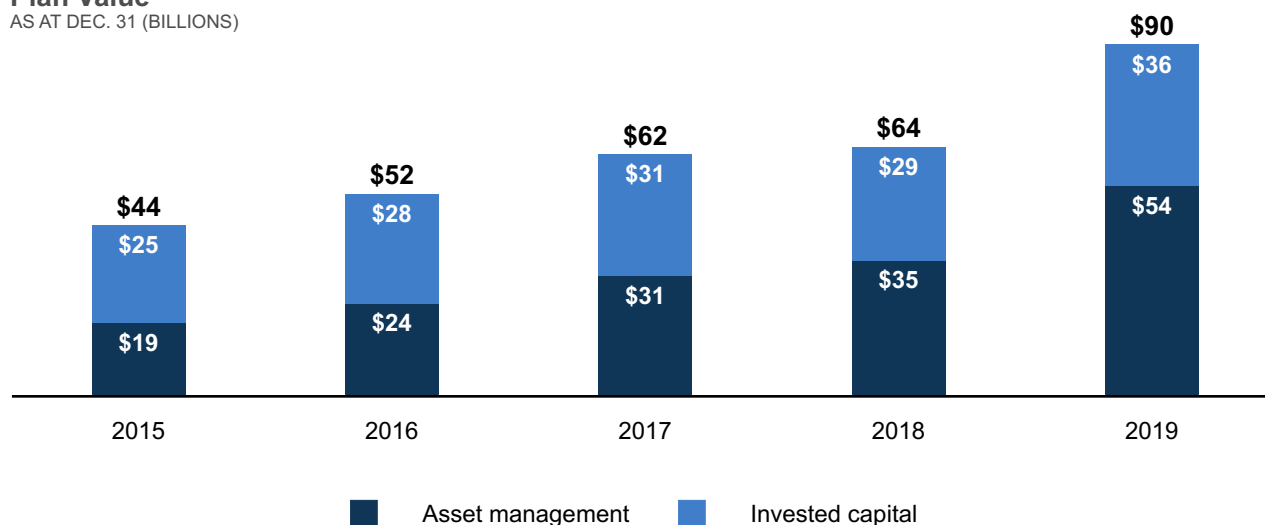


	Base <sup>1</sup> (MILLIONS)	Plan Value Factor <sup>2</sup>	Dec. 31 2019 (BILLIONS, EXCEPT PER SHARE AMOUNTS)	Sep. 30 2019	Dec. 31 2018
<b>Asset management activities</b>					
Annualized fee-related earnings <sup>3</sup>	\$ 1,434	25x	\$ 35.9	\$ 33.4	\$ 23.2
Target carried interest, net <sup>3</sup>	1,554	10x	15.5	14.9	10.0
Accumulated unrealized carried interest, net			2.4	2.4	1.7
			<b>53.8</b>	<b>50.7</b>	<b>34.9</b>
<b>Invested capital, net<sup>4</sup></b>					
Listed investments			37.8	35.8	31.1
Unlisted investments and net working capital			9.2	9.2	8.4
Invested capital, gross			<b>47.0</b>	<b>45.0</b>	<b>39.5</b>
Debt and preferred capital			<b>(11.2)</b>	<b>(11.2)</b>	<b>(10.6)</b>
			<b>35.8</b>	<b>33.8</b>	<b>28.9</b>
<b>Total plan value</b>			<b>\$ 89.6</b>	<b>\$ 84.5</b>	<b>\$ 63.8</b>
<b>Total plan value (per share)</b>			<b>\$ 85.10</b>	<b>\$ 80.14</b>	<b>\$ 63.98</b>

1. Base fee-related earnings and carried interest represent our annualized fee revenues and target carried interest, as at December 31, 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 December 31, 2018 fee-related earnings plan value was restated to be presented using a multiple of 25.
3. See definition in the Glossary of Terms starting on page 37.
4. See Invested Capital details on page 7.

## Plan Value

AS AT DEC. 31 (BILLIONS)



# Asset Management

## Fee-bearing capital totaled \$290 billion as at December 31, 2019

### LONG-TERM PRIVATE FUNDS (\$86 billion)

- Long-term private funds fee-bearing capital increased by \$20 billion during the year with growth coming from our latest round of flagship funds (\$16 billion), and other fund strategies and co-investments (\$7 billion), partially offset by expiry and return of fund capital.

### PERPETUAL STRATEGIES (\$79 billion)

- Perpetual strategies fee-bearing capital grew as a result of \$20 billion in market valuation increases and \$4 billion in capital market issuances, as well as \$2 billion raised across our core real estate and infrastructure private fund strategies. These were offset by \$4 billion of capital returned to unitholders via distributions.

### OAKTREE (\$110 billion)

- On September 30, 2019, we acquired a 61% interest in Oaktree, resulting in the addition of \$102 billion of fee-bearing capital. Subsequent to September 30, 2019, Oaktree's fee-bearing capital increased by \$8 billion.

### PUBLIC SECURITIES (\$15 billion)

- Public securities fee-bearing capital has remained relatively flat over the year, 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 YEARS ENDED DEC. 31 (MILLIONS)	Fee-Bearing Capital <sup>1</sup>		Actual		Annualized	
	2019	2018	2019	2018	2019	2018
Fee revenues						
Base management fees <sup>2</sup>						
Long-term private funds	\$ 85,825	\$ 65,794	\$ 737	\$ 547	\$ 823	\$ 594
Perpetual strategies	78,681	58,357	662	531	753	491
Oaktree <sup>3</sup>	110,349	—	197	—	910	—
Public securities	14,957	13,377	112	117	118	115
Incentive distributions	n/a	n/a	262	206	298	259
Performance fees	n/a	n/a	—	278	90	65
Transaction and advisory fees	n/a	n/a	44	14	29	21
	<u>\$ 289,812</u>	<u>\$ 137,528</u>	<u>2,014</u>	<u>1,693</u>	<u>3,021</u>	<u>1,545</u>
Direct costs <sup>4</sup>			(792)	(564)	(1,481)	(618)
			<u>1,222</u>	<u>1,129</u>	<u>1,540</u>	<u>927</u>
Oaktree earnings not attributable to BAM			(21)	—	(106)	—
			<u>1,201</u>	<u>1,129</u>	<u>1,434</u>	<u>927</u>
Target carried interest						
Carried interest <sup>5,6,7</sup>			980	661	2,760	1,430
Direct costs <sup>4</sup>			(292)	(171)	(1,020)	(430)
			<u>688</u>	<u>490</u>	<u>1,740</u>	<u>1,000</u>
Oaktree carried interest not attributable to BAM			(28)	—	(186)	—
			<u>660</u>	<u>490</u>	<u>1,554</u>	<u>1,000</u>
<b>Total fee-related earnings and carried interest, net</b>			<u>\$ 1,861</u>	<u>\$ 1,619</u>	<u>\$ 2,988</u>	<u>\$ 1,927</u>

1. Fee-bearing capital from Oaktree is shown on a 100% basis.

2. We use a 55% – 65% range for margin 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 16, 17, 18 and 20 for details on the determination of annualized fees.

3. Fee revenues shown on a 100% basis.

4. Direct costs related to annualized fee revenues and annualized carried interest include \$637 million and \$480 million related to Oaktree, respectively.

5. Actual carried interest is unrealized carried interest generated in the period (refer to page 19). Annualized carried interest is target carried interest.

6. Annualized carried interest includes \$959 million of target carried interest related to Oaktree, shown on a 100% basis.

7. We use a margin 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 20.

# Invested Capital

Invested capital was \$47 billion on a blended basis as at December 31, 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 received \$1.6 billion in dividends from our listed investments in 2019 (2018 – \$1.7 billion) representing an approximate 4% yield on invested capital. The balance of their cash flow was retained for reinvestment.

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 December 31, 2019 and 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 DEC. 31  
(MILLIONS)

	Quoted <sup>1</sup>		IFRS		Blended <sup>2</sup>		Cash Flow
	2019	2018	2019	2018	2019	2018	Current <sup>3</sup>
BPY	\$ 9,564	\$ 8,855	\$ 15,786	\$ 15,595	\$ 15,786	\$ 15,595	\$ 695
BEP	8,784	4,879	4,810	4,749	8,784	4,879	409
BIP	6,189	4,063	2,141	1,916	6,189	4,063	266
BBU	3,901	2,671	2,389	2,017	3,901	2,671	24
Other listed	930	1,584	1,368	1,949	930	1,584	32
	<b>29,368</b>	22,052	<b>26,494</b>	26,226	<b>35,590</b>	28,792	<b>1,426</b>
Corporate cash and financial assets <sup>4</sup>	2,181	2,275	2,181	2,275	2,181	2,275	235
Total listed investments	<u>\$ 31,549</u>	<u>\$ 24,327</u>	<u>28,675</u>	28,501	<u>37,771</u>	31,067	<u>1,661</u>
Unlisted investments <sup>5</sup>			8,024	6,314	8,740	7,355	56
Working capital, net			470	1,081	470	1,081	n/a
<b>Invested capital</b>			<b>37,169</b>	35,896	<b>46,981</b>	39,503	<b>\$ 1,717</b>
Debt and preferred capital			(11,228)	(10,577)	(11,228)	(10,577)	
<b>Invested capital, net</b>			<b>\$ 25,941</b>	\$ 25,319	<b>\$ 35,753</b>	\$ 28,926	

1. Quoted based on December 31, 2019 and 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 December 31, 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 \$789 million of cash and cash equivalents (2018 – \$1.3 billion).

5. Includes \$631 million of investments assumed on our acquisition of Oaktree.

# Summary of Results – Funds from Operations

We generated \$4.2 billion in FFO over the last year

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

	Three Months		Full Year		Page Ref.
	2019	2018	2019	2018	
<b>Operating FFO</b>					
<b>Fee-related earnings</b>					
Long-term private funds	\$ 201	\$ 146	\$ 705	\$ 522	page 16
– Catch-up fees	18	20	32	25	page 16
Perpetual strategies	191	123	662	531	page 16
Oaktree	197	—	197	—	page 17
Public securities	27	28	112	117	page 17
Base management fees	634	317	1,708	1,195	
Incentive distributions (“IDRs”)	67	54	262	206	
Transaction and advisory fees	25	7	44	14	
<b>Total fee revenues</b>	<b>726</b>	<b>378</b>	<b>2,014</b>	<b>1,415</b>	
Direct costs	(311)	(151)	(792)	(564)	
<b>Fee-related earnings, before performance fees</b>	<b>415</b>	<b>227</b>	<b>1,222</b>	<b>851</b>	
Performance fees	—	—	—	278	
Fee-related earnings not attributable to BAM	(21)	—	(21)	—	
	<b>394</b>	<b>227</b>	<b>1,201</b>	<b>1,129</b>	page 15
<b>Invested capital</b>					
Listed partnerships					
BPY	196	226	710	800	page 28
BEP	96	115	430	381	page 28
BIP	90	87	354	327	page 28
BBU	129	114	494	412	page 28
	<b>511</b>	<b>542</b>	<b>1,988</b>	<b>1,920</b>	
Other listed investments	4	29	75	251	page 29
Corporate cash and financial assets	22	(44)	123	11	page 29
<b>Listed investments before performance fees</b>	<b>537</b>	<b>527</b>	<b>2,186</b>	<b>2,182</b>	
BBU performance fee, net to BAM	—	—	—	(189)	
	<b>537</b>	<b>527</b>	<b>2,186</b>	<b>1,993</b>	
Unlisted investments					
Residential	87	52	125	49	
Energy contracts	(48)	(39)	(194)	(91)	
Other	9	52	76	103	
	<b>48</b>	<b>65</b>	<b>7</b>	<b>61</b>	page 29
Corporate activities					
Corporate interest expense	(88)	(82)	(348)	(323)	
Corporate costs and taxes	(53)	(57)	(135)	(163)	
	<b>(141)</b>	<b>(139)</b>	<b>(483)</b>	<b>(486)</b>	page 26
<b>Total operating FFO</b>	<b>838</b>	<b>680</b>	<b>2,911</b>	<b>2,697</b>	
<b>Realized carried interest, net</b>					
Realized carried interest	232	227	600	254	
Direct costs	(90)	(61)	(197)	(66)	
	<b>142</b>	<b>166</b>	<b>403</b>	<b>188</b>	page 19
Realized carried, net, not attributable to BAM	(7)	—	(7)	—	
	<b>135</b>	<b>166</b>	<b>396</b>	<b>188</b>	
<b>Disposition gains</b>	<b>231</b>	<b>510</b>	<b>882</b>	<b>1,516</b>	page 27
<b>Total funds from operations<sup>1,2</sup></b>	<b>\$ 1,204</b>	<b>\$ 1,356</b>	<b>\$ 4,189</b>	<b>\$ 4,401</b>	
<b>Per share</b>					
Total operating FFO	\$ 0.77	\$ 0.66	\$ 2.78	\$ 2.61	
Total FFO	1.13	1.35	4.07	4.35	

1. FFO excludes preferred share distributions of \$39 million (2018 – \$37 million) for the three months ended December 31 and \$152 million (2018 – \$151 million) for the full year.

2. Refer to page 32 for reconciliations of IFRS to non-IFRS measures.



# Cash Available for Distribution and/or Reinvestment

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

	Three Months		Full Year		Annualized <sup>1</sup>
	2019	2018	2019	2018	
Fee-related earnings before performance fees, excluding Oaktree <sup>2</sup>	\$ 362	\$ 227	\$ 1,169	\$ 851	\$ 1,267
Our share of Oaktree's distributed earnings <sup>3</sup>	42	—	42	—	281
Distributions from investments					
Listed partnerships <sup>4</sup>	338	344	1,359	1,339	1,394
Corporate cash and financial assets <sup>5</sup>	46	64	132	156	235
Other investments <sup>6</sup>					
Norbord	5	16	37	167	21
Other	15	16	70	36	67
	404	440	1,598	1,698	1,717
Other invested capital earnings					
Corporate activities	(141)	(139)	(483)	(486)	(483)
Other wholly owned investments <sup>7</sup>	32	54	(36)	41	128
	(109)	(85)	(519)	(445)	(355)
Preferred share dividends	(39)	(37)	(152)	(151)	(156)
Add back: equity-based compensation costs	24	21	87	84	96
<b>Cash available for distribution and/or reinvestment before carried interest and performance fees</b>	<b>684</b>	<b>566</b>	<b>2,225</b>	<b>2,037</b>	<b>\$ 2,850</b>
Realized carried interest, net, excluding Oaktree <sup>2</sup>	125	166	386	188	
Performance fees	—	—	—	278	
<b>Cash available for distribution and/or reinvestment<sup>8</sup></b>	<b>\$ 809</b>	<b>\$ 732</b>	<b>\$ 2,611</b>	<b>\$ 2,503</b>	
<b>Cash available for distribution and/or reinvestment per share</b>	<b>\$ 0.78</b>	<b>\$ 0.75</b>	<b>\$ 2.63</b>	<b>\$ 2.56</b>	

- Cash available for distribution and/or reinvestment, or CAFDR, represents the deconsolidated earnings of the corporation. It is predominantly made up of the asset manager earnings as well as the cash flow we receive from the investments on our balance sheet.
- Cash flow from invested capital primarily relates to distributions from the listed partnerships that target annual distribution growth rates of 5% – 9% and payout ratios of approximately 70% (BPY, BIP, and BEP) of FFO.
- Unlike BPY, BIP and BEP which pay out a meaningful portion of their FFO, BBU pays a modest distribution as the majority of its FFO is reinvested within the business. For comparability across these entities and industry metrics, below we have provided a proxy distribution for BBU as an indication of the cash flows attributable to BAM based on its ownership in BBU that, for simplicity, is calculated using an assumed payout ratio of 70% of BBU's FFO that is aligned to the payout ratios of the other listed partnerships.

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

	Three Months		Full Year	
	2019	2018	2019	2018
<b>Cash available for distribution and/or reinvestment</b>	\$ 809	\$ 732	\$ 2,611	\$ 2,503
Add: proxy for BBU distribution payout, at our share	107	118	505	349
Less: distributions from BBU currently within CAFDR	(6)	(6)	(23)	(22)
<b>Distributable earnings</b>	<b>\$ 910</b>	<b>\$ 844</b>	<b>\$ 3,093</b>	<b>\$ 2,830</b>
<b>Distributable earnings per share</b>	<b>\$ 0.88</b>	<b>\$ 0.86</b>	<b>\$ 3.12</b>	<b>\$ 2.90</b>

1. Current distributions are calculated by multiplying units held as at December 31, 2019 by the current distribution rates per unit.
2. Excludes our share of Oaktree's fee-related earnings and carried interest. 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 nominal amounts (2018 – \$10 million) for the three months ended December 31 and \$11 million (2018 – \$64 million) for the full year. We redeemed substantially all our BPY preferred shares in Q2-19 and current distributions are nominal.
5. Represents cash distributions received from our portfolio of corporate cash and financial assets. Annualized 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 25.
7. Relates to FFO from other wholly owned investments used as a proxy for cash generated. It excludes \$16 million and \$43 million of FFO from investments which pay quarterly distributions for the three months and year ended December 31, 2019, respectively.
8. Refer to page 32 for reconciliations of IFRS to non-IFRS measures.

# Funds from Operations and Net Income

FOR THE PERIODS ENDED DEC. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Three Months				Full Year			
	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	\$ 394	\$ 227	\$ 394	\$ 227	\$ 1,201	\$ 1,129	\$ 1,201	\$ 1,129
Invested capital	444	453	444	453	1,710	1,568	1,710	1,568
	<b>838</b>	680	<b>838</b>	680	<b>2,911</b>	2,697	<b>2,911</b>	2,697
Realized carried interest, net	135	166	135	166	396	188	396	188
Realized disposition gains <sup>2</sup>	231	510	81	37	882	1,516	340	166
Fair value changes <sup>3</sup>	—	—	232	386	—	—	185	681
Depreciation and amortization <sup>3</sup>	—	—	(410)	(266)	—	—	(1,433)	(1,107)
Deferred income taxes <sup>3</sup>	—	—	(30)	881	—	—	408	959
	<b>\$ 1,204</b>	\$ 1,356	<b>\$ 846</b>	\$ 1,884	<b>\$ 4,189</b>	\$ 4,401	<b>\$ 2,807</b>	\$ 3,584
Per share	<b>\$ 1.13</b>	\$ 1.35	<b>\$ 0.74</b>	\$ 1.87	<b>\$ 4.07</b>	\$ 4.35	<b>\$ 2.60</b>	\$ 3.40

1. Net of non-controlling interests. Refer to page 32 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.

# 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 investments, either held directly or within listed partnerships.

## LIQUIDITY

The Corporation has very few non-discretionary capital requirements. We maintain significant liquidity (\$5 billion in the form of corporate cash and financial assets and undrawn credit facilities) at the corporate level to further enable the growth of the broader business. This does not include our ability to issue debt at the Corporation to replenish our cash resources on an otherwise very low leveraged corporate balance sheet.

On a consolidated group basis, we have approximately \$64 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 DEC. 31 (MILLIONS)	Corporate Liquidity		Group Liquidity	
	2019	2018	2019	2018
Cash and financial assets, net	\$ 2,181	\$ 2,275	\$ 3,575	\$ 3,752
Undrawn committed credit facilities	2,524	1,867	9,808	7,061
<b>Core liquidity</b>	<b>4,705</b>	<b>4,142</b>	<b>13,383</b>	<b>10,813</b>
Third-party uncalled private fund commitments	—	—	50,735	23,575
<b>Total liquidity</b>	<b>\$ 4,705</b>	<b>\$ 4,142</b>	<b>\$ 64,118</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 \$47 billion as at December 31, 2019, with a debt to capitalization level of ~15% at the corporate level based on book values, which generally excludes the value of our asset management operations (see page 30 for details). Based on our market capitalization the corporate debt to capitalization level is considerably lower at 9%.

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

AS AT DEC. 31, 2019 (MILLIONS)	Average Term (Years)	Total	Maturity					
			2020	2021	2022	2023	2024	2025+
Corporate borrowings								
Term debt	10	\$ 7,083	\$ —	\$ 269	\$ —	\$ 463	\$ —	\$ 6,351
Revolving facilities <sup>2</sup>	4	—	—	—	—	—	—	—
		7,083	—	269	—	463	—	6,351
Perpetual preferred shares	perp.	4,145	—	—	—	—	—	n/a
		<b>\$ 11,228</b>	<b>\$ —</b>	<b>\$ 269</b>	<b>\$ —</b>	<b>\$ 463</b>	<b>\$ —</b>	<b>\$ 6,351</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 DEC. 31 (MILLIONS)	Corporate	Real Estate	Renewable Power	Infrastructure	Private Equity	Oaktree	Total 2019	Dec. 2018
Cash and financial assets, net	\$ 2,181	\$ 40	\$ 238	\$ 273	\$ 274	\$ 569	\$ 3,575	\$ 3,752
Undrawn committed credit facilities	2,524	2,523	1,585	1,101	1,575	500	9,808	7,061
<b>Core liquidity</b>	<b>4,705</b>	<b>2,563</b>	<b>1,823</b>	<b>1,374</b>	<b>1,849</b>	<b>1,069</b>	<b>13,383</b>	<b>10,813</b>
Uncalled private fund commitments <sup>1</sup>	—	13,113	3,264	10,855	7,597	15,906	50,735	23,575
<b>Total liquidity</b>	<b>\$ 4,705</b>	<b>\$ 15,676</b>	<b>\$ 5,087</b>	<b>\$ 12,229</b>	<b>\$ 9,446</b>	<b>\$ 16,975</b>	<b>\$ 64,118</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 December 31, 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 DEC. 31 (MILLIONS)	2020	2021	2022	2023	2024+	Total 2019	Dec. 2018
Real estate	\$ 3,412	\$ —	\$ —	\$ —	\$ 9,701	\$ 13,113	\$ 12,326
Infrastructure and renewable power	2,694	—	—	—	11,425	14,119	5,090
Private equity	984	—	—	—	6,613	7,597	6,159
Oaktree	2,145	727	928	6,376	5,730	15,906	—
	<b>\$ 9,235</b>	<b>\$ 727</b>	<b>\$ 928</b>	<b>\$ 6,376</b>	<b>\$ 33,469</b>	<b>\$ 50,735</b>	<b>\$ 23,575</b>

- Approximately \$38.3 billion of the 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 \$11 billion of third-party fund capital (including private funds and co-investments) during the quarter and \$19 billion during the last twelve months.
- Uncalled commitments include \$5.7 billion of third-party capital committed to investments not yet funded as at December 31, 2019 (real estate – \$2.0 billion; infrastructure – \$2.5 billion; private equity – \$0.8 billion; and Oaktree – \$0.4 billion).

# Detailed — Analysis

# Asset Management Operating Results

## FEE-BEARING CAPITAL

AS AT AND FOR THE PERIODS ENDED DEC. 31, 2019 (MILLIONS)	Three Months				Full Year				Total
	Long-Term Private Funds <sup>1</sup>	Perpetual Strategies	Public Securities	Oaktree	Long-Term Private Funds <sup>1</sup>	Perpetual Strategies	Public Securities	Oaktree	
<b>Opening</b>	\$ 79,527	\$ 77,248	\$ 15,257	\$ 102,061	\$ 65,794	\$ 58,357	\$ 13,377	\$ —	\$ 137,528
Inflows	6,847	828	850	10,061	22,943	5,770	3,627	10,061	42,401
Outflows	—	—	(1,192)	(2,188)	—	—	(4,629)	(2,188)	(6,817)
Distributions	(562)	(854)	—	(945)	(1,362)	(4,426)	—	(945)	(6,733)
Market valuation	19	1,187	42	1,441	31	20,448	2,640	1,441	24,560
Other <sup>2</sup>	(6)	272	—	(81)	(1,581)	(1,468)	(58)	101,980	98,873
Change	6,298	1,433	(300)	8,288	20,031	20,324	1,580	110,349	152,284
<b>End of period<sup>3</sup></b>	<b>\$ 85,825</b>	<b>\$ 78,681</b>	<b>\$ 14,957</b>	<b>\$ 110,349</b>	<b>\$ 85,825</b>	<b>\$ 78,681</b>	<b>\$ 14,957</b>	<b>\$ 110,349</b>	<b>\$ 289,812</b>

1. Includes \$19.5 billion of co-investment capital (Sep. 30, 2019 – \$16.5 billion, Dec. 31, 2018 – \$15.1 billion), which earns minimal or no base fees.

2. Oaktree – Other for the full year includes \$102 billion of initial fee-bearing capital related to the acquisition of our interest in Oaktree on September 30, 2019.

3. Fee-bearing capital includes Brookfield capital of \$33 billion (Dec. 31, 2018 – \$25 billion) in perpetual strategies and \$0.4 billion (Dec. 31, 2018 – \$0.3 billion) in long-term private funds.

**Long-term private funds:** Inflows for the three month period include third-party capital raised for additional closes held in our fourth flagship infrastructure fund (\$3.1 billion) and fifth flagship private equity fund (\$0.4 billion). We had \$0.6 billion of inflows across our specialized real estate funds and closed co-investment capital for new investments predominantly within our infrastructure and private equity businesses of \$1.6 billion and \$1.1 billion, respectively.

In total, during 2019 we had inflows to third-party fee-bearing capital of \$22.9 billion, including:

- \$14.1 billion for our fourth flagship infrastructure fund, \$1.1 billion for our fifth flagship private equity fund and \$0.9 billion for our third flagship real estate fund;
- \$4.6 billion of co-investment capital; and
- \$2.2 billion of additional capital across numerous other strategies.

Other included the reduction of fee-bearing capital from the sale of our multifamily manager in the second quarter of 2019.

**Perpetual strategies:** Market valuation increased \$20.4 billion during the year, primarily as a result of unit price appreciation across the listed partnerships. For further details on listed partnership fee-bearing capital in the period, refer to page 16.

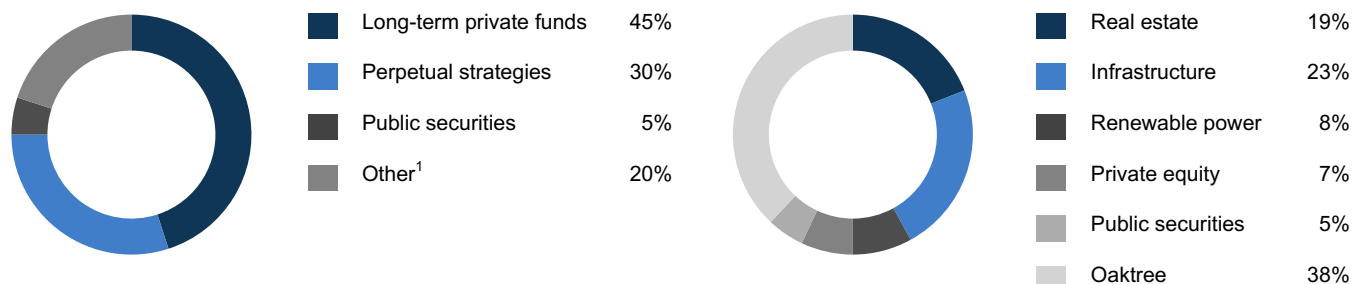
Inflows of \$5.8 billion includes \$2.0 billion for our perpetual infrastructure, real estate and credit funds, as well as debt and equity issuances at the listed partnerships.

**Public securities:** Fee-bearing capital increase of \$1.6 billion for the year is due to valuation increases across the funds, partially offset by net outflows during the year.

**Oaktree:** Inflows of \$10.1 billion during the quarter include \$7.4 billion related to Oaktree's latest distressed debt fund, which became fee earning on committed capital on January 1, 2020. Other for the full year includes \$102.1 billion of fee generating capital assumed on the acquisition of a 61.2% interest in Oaktree on September 30, 2019.

## Fee-Bearing Capital Diversification

AS AT DEC. 31, 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 DEC. 31  
(MILLIONS)

	Three Months			Full Year		
	2019	2018	Variance	2019	2018	Variance
<b>Base management fees</b>						
Long-term private funds	\$ 201	\$ 146	\$ 55	\$ 705	\$ 522	\$ 183
– Catch-up fees	18	20	(2)	32	25	7
Perpetual strategies	191	123	68	662	531	131
Oaktree	197	—	197	197	—	197
Public securities	27	28	(1)	112	117	(5)
Incentive distributions	67	54	13	262	206	56
Transaction and advisory fees	25	7	18	44	14	30
	<u>726</u>	<u>378</u>	<u>348</u>	<u>2,014</u>	<u>1,415</u>	<u>599</u>
<b>Direct costs</b>						
Compensation and benefits	(230)	(102)	(128)	(581)	(387)	(194)
Other expenses	(81)	(49)	(32)	(211)	(177)	(34)
	<u>(311)</u>	<u>(151)</u>	<u>(160)</u>	<u>(792)</u>	<u>(564)</u>	<u>(228)</u>
<b>Fee-related earnings before performance fees<sup>1</sup></b>	<b>415</b>	<b>227</b>	<b>188</b>	<b>1,222</b>	<b>851</b>	<b>371</b>
Performance fees	—	—	—	—	278	(278)
<b>Total fee-related earnings</b>	<b>\$ 415</b>	<b>\$ 227</b>	<b>\$ 188</b>	<b>\$ 1,222</b>	<b>\$ 1,129</b>	<b>\$ 93</b>
<i>Margin before performance fees</i>	<b>57%</b>	<b>60%</b>		<b>61%</b>	<b>60%</b>	
<b>Fee-related earnings attributable to:</b>						
Brookfield	\$ 394	\$ 227	\$ 167	\$ 1,201	\$ 1,129	\$ 72
Non-Brookfield shareholders <sup>2</sup>	21	—	21	21	—	21
<b>Total fee-related earnings</b>	<b>\$ 415</b>	<b>\$ 227</b>	<b>\$ 188</b>	<b>\$ 1,222</b>	<b>\$ 1,129</b>	<b>\$ 93</b>
<i>Margin before performance fees – at our share<sup>3</sup></i>	<b>61%</b>	<b>60%</b>		<b>62%</b>	<b>60%</b>	

1. Included in fee-related earnings are \$197 million of fee revenues and \$144 million of direct costs related to Oaktree for the three months and year ended December 31, 2019.

2. Represents Oaktree fee-related earnings attributable to the 39% of Oaktree not held by Brookfield.

3. Margin at our share is Brookfield's margin at 100% plus our 61% share of Oaktree's fee-related earnings. Brookfield margin on a standalone basis was 68% for the three months ended December 31, 2019 (2018 – 60%) and 64% for the year ended December 31, 2019 (2018 – 60%).

**Long-term private funds:** Higher fee revenues attributable to incremental fundraising for our latest series of flagship funds. See page 16 for further details.

**Perpetual strategies:** Increased capitalization from higher unit prices and capital markets activity, as well as the expiry of the 12-month fee waiver in the third quarter on BPY/BPR capital issued as part of the privatization of GGP, contributed to higher fee revenues for the three month period. See page 16 for further details.

**Oaktree:** Fee revenues were attributable to the inclusion of Oaktree's management fees for the fourth quarter, following the acquisition of a 61% interest on September 30, 2019.

**Public securities:** Fee revenues for the year remained relatively in line with the prior year as a result of a consistent level of fee-bearing capital. See page 17 for further details.

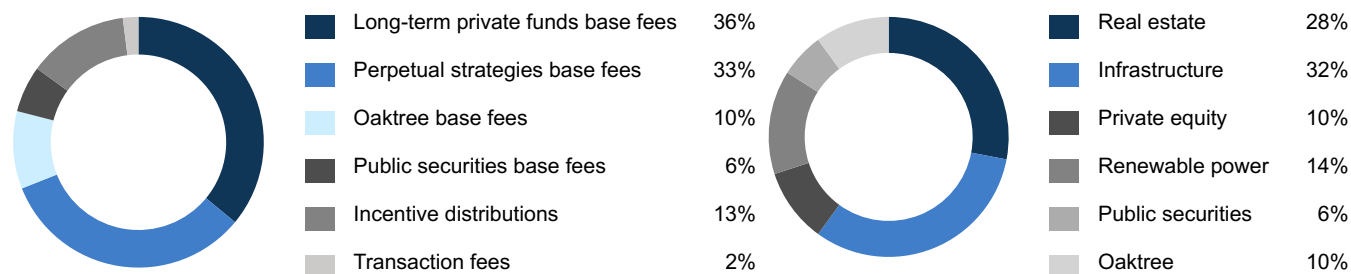
**Incentive distributions:** Reflects increased distribution levels at BIP, BEP and BPY. See page 18 for further details.

**Transaction and advisory fees:** Transaction fees in the quarter relate to co-investments.

**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. Our investment in Oaktree also contributed to additional increases in direct costs.

## Fee Revenue Diversification

FOR THE YEAR ENDED DEC. 31, 2019



# Fee Revenues

## LONG-TERM PRIVATE FUNDS

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

	Three Months		Full Year		Annualized <sup>1</sup>	
	2019	2018	2019	2018	2019	2018
Base management fees						
Flagship funds						
Real estate	\$ 58	\$ 57	\$ 234	\$ 202	\$ 235	\$ 230
Infrastructure	83	43	248	172	370	170
Private equity	32	25	119	65	130	100
	173	125	601	439	735	500
Co-investments and other funds	28	21	104	83	88	94
Total base management fees	201	146	705	522	823	594
Catch-up fees	18	20	32	25	—	—
Transaction and advisory fees	25	7	44	14	29	21
	<u>\$ 244</u>	<u>\$ 173</u>	<u>\$ 781</u>	<u>\$ 561</u>	<u>\$ 852</u>	<u>\$ 615</u>

1. Refer to details on annualized fees on page 22.

- Flagship fee revenues increased by \$48 million from the prior year quarter, and \$162 million over the prior year as a result of third-party commitments raised during the year within our latest flagship infrastructure, private equity and real estate funds. This was partially offset by capital returned following asset realizations within our first real estate and fourth private equity flagship funds.
- Co-investment fees during the year increased as a result of significant co-investment capital raised across our real estate, infrastructure and private equity funds.

## PERPETUAL STRATEGIES

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

	Three Months		Full Year		Annualized <sup>1</sup>	
	2019	2018	2019	2018	2019	2018
Base management fees						
Listed partnerships						
BPY	\$ 45	\$ 32	\$ 165	\$ 148	\$ 180	\$ 130
BEP	33	14	106	80	135	60
BIP	73	49	266	210	295	200
BBU	19	15	59	56	75	60
Other	9	5	28	17	21	20
	179	115	624	511	706	470
Core and core plus funds	12	8	38	20	47	21
Total base management fees	191	123	662	531	753	491
Incentive distributions	67	54	262	206	298	259
Performance fees	—	—	—	278	90	65
	<u>\$ 258</u>	<u>\$ 177</u>	<u>\$ 924</u>	<u>\$ 1,015</u>	<u>\$ 1,141</u>	<u>\$ 815</u>

1. Refer to details on annualized fees on page 22.

- Listed partnership base management fees increased by \$64 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 year.
- The listed partnership fee-bearing capital includes \$5.7 billion related to the BPY/BPR equity issued as a result of the GGP privatization in August 2018. This capital was subject to a 12-month fee waiver which expired at the end of August 2019. Additional inflows over the last year include common and preferred unit issuances as well as debt issued by the listed partnerships.
- Base management fee revenues from listed partnerships include \$82 million (2018 – \$56 million) and \$268 million (2018 – \$261 million) from Brookfield capital for the three months and year, respectively.
- Additional fees were earned from fundraising and deployment across our latest real estate credit and perpetual funds.
- The increase in incentive distributions reflects higher distributions per unit at BIP, BEP and BPY.



# Fee Revenues

## OAKTREE

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months		Full Year		Annualized <sup>1</sup>	
	2019	2018	2019	2018	2019	2018
Long-term private funds	\$ 118	\$ —	\$ 118	\$ —	\$ 573	\$ —
Perpetual strategies	30	—	30	—	131	—
Other <sup>2</sup>	49	—	49	—	206	—
	<u>\$ 197</u>	<u>\$ —</u>	<u>\$ 197</u>	<u>\$ —</u>	<u>\$ 910</u>	<u>\$ —</u>
Fee revenues attributable to:						
Brookfield	\$ 121	\$ —	\$ 121	\$ —	\$ 557	\$ —
Non-Brookfield shareholders <sup>3</sup>	76	—	76	—	353	—
	<u>\$ 197</u>	<u>\$ —</u>	<u>\$ 197</u>	<u>\$ —</u>	<u>\$ 910</u>	<u>\$ —</u>

1. Refer to details on annualized fees on page 22.

2. Represents Oaktree's open-end funds and its share of DoubleLine's net fee revenues.

3. Represents Oaktree fee revenues attributable to the 39% of Oaktree not held by Brookfield.

- We acquired a 61% interest in Oaktree on September 30, 2019 resulting in management fees of \$197 million earned during the quarter, or \$121 million at our share. Annualized fees on the capital acquired totaled \$910 million, or \$557 million at our share.
- Annualized fee revenues of \$910 million include approximately \$133 million related to Oaktree's latest distressed debt fund, which became fee earning on total committed capital on January 1, 2020.

## PUBLIC SECURITIES

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months		Full Year		Annualized <sup>1</sup>	
	2019	2018	2019	2018	2019	2018
Mutual funds	\$ 15	\$ 18	\$ 66	\$ 74	\$ 68	\$ 73
Separately managed accounts	11	9	40	38	41	37
Other	1	1	6	5	9	5
	<u>\$ 27</u>	<u>\$ 28</u>	<u>\$ 112</u>	<u>\$ 117</u>	<u>\$ 118</u>	<u>\$ 115</u>

1. Refer to details on annualized fees on page 22.

- Fees were relatively consistent quarter over quarter. On a full year basis, mutual fund fees were lower than the prior year from market volatility during the fourth quarter of 2018, which generated lower fee revenues for the first quarter of 2019.

# Incentive Distributions

We receive a portion of increases in the distributions by BIP, BEP and BPY as an incentive to increase FFO per unit, which should lead to increased unitholder distributions over time. The following table provides the current distribution levels of BIP, BEP and BPY:

## ANNUALIZED INCENTIVE DISTRIBUTIONS

AS AT DEC. 31, 2019 (MILLIONS, EXCEPT PER UNIT)	Per Unit			Units Outstanding	Annualized Incentive Distributions
	Annualized Distributions	Distribution Hurdles	Incentive Distributions <sup>1</sup>		
Brookfield Infrastructure Partners (BIP)	\$ 2.15	\$ 0.81 / \$0.88	15% / 25%	418.3	\$ 181
Brookfield Renewable Partners (BEP)	2.17	1.50 / 1.69	15% / 25%	311.3	60
Brookfield Property Partners (BPY) <sup>2</sup>	1.33	1.10 / 1.20	15% / 25%	945.4	57
					<u>\$ 298</u>

1. Incentive distributions equate to 18% and 33% of limited partner distribution increases over the first and second hurdles, respectively.
2. 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%
2020 <sup>1</sup>	\$ 1.33	\$ 2.17	\$ 2.15
2019	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

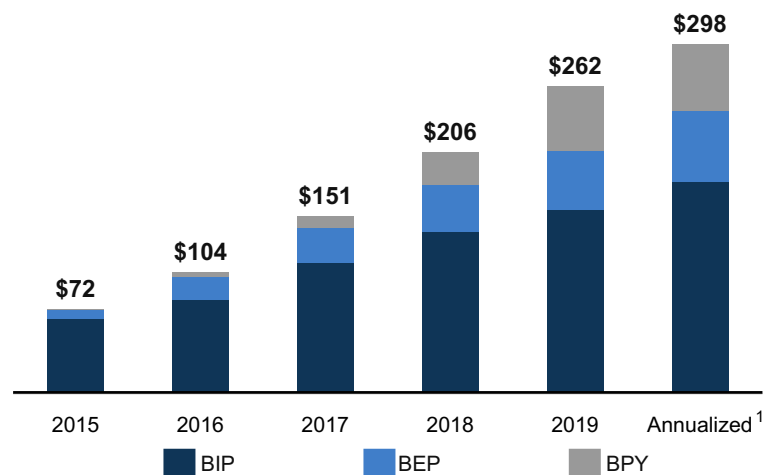
- Distribution policies target a distribution level that is sustainable on a long-term basis while retaining sufficient liquidity for capital expenditures and general purposes.

## 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 (Full Year)

DEC. 31 (MILLIONS)



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

# Carried Interest

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

We generated carried interest of \$1.0 billion during the year based on investment returns. Cumulative gross unrealized carried interest now stands at \$4.2 billion

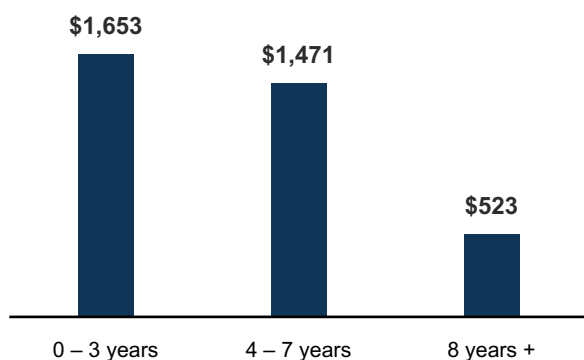
## UNREALIZED CARRIED INTEREST CONTINUITY<sup>1,2</sup>

AS AT AND FOR THE PERIODS ENDED DEC. 31, 2019 (MILLIONS)	Three Months			Full Year		
	Unrealized Carried Interest	Direct Costs	Net	Unrealized Carried Interest	Direct Costs	Net
Accumulated unrealized, beginning of period	\$ 4,124	\$ (1,517)	\$ 2,607	\$ 2,486	\$ (754)	\$ 1,732
Oaktree acquisition	—	—	—	1,346	(704)	642
	<u>4,124</u>	<u>(1,517)</u>	<u>2,607</u>	<u>3,832</u>	<u>(1,458)</u>	<u>2,374</u>
In period change						
Generated in period	293	(112)	181	1,001	(294)	707
Foreign currency revaluation	27	(14)	13	(21)	2	(19)
	<u>320</u>	<u>(126)</u>	<u>194</u>	<u>980</u>	<u>(292)</u>	<u>688</u>
Less: realized	(232)	90	(142)	(600)	197	(403)
	<u>88</u>	<u>(36)</u>	<u>52</u>	<u>380</u>	<u>(95)</u>	<u>285</u>
<b>Accumulated unrealized, end of period</b>	<b>4,212</b>	<b>(1,553)</b>	<b>2,659</b>	<b>4,212</b>	<b>(1,553)</b>	<b>2,659</b>
Oaktree carried interest not attributable to BAM shareholders	(565)	295	(270)	(565)	295	(270)
<b>Accumulated unrealized, end of period, net</b>	<b>\$ 3,647</b>	<b>\$ (1,258)</b>	<b>\$ 2,389</b>	<b>\$ 3,647</b>	<b>\$ (1,258)</b>	<b>\$ 2,389</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 DEC. 31, 2019 (MILLIONS)



- Of the \$1.7 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, and \$0.6 billion relates to Oaktree's funds, at our share.

## THREE MONTHS

- Unrealized carried interest generated in the current quarter, before foreign exchange and associated costs, was \$293 million and was generated primarily within our flagship real estate and infrastructure funds.
- We realized \$232 million of carried interest in the quarter, primarily from realizations within our first real estate and fourth private equity flagship funds.

## FULL YEAR

- We generated unrealized carried interest across all of our major funds, including significant amounts from dispositions in our first flagship real estate fund and increased valuations within our flagship infrastructure funds.
- In addition to the realized carried interest noted above, we earned carried interest income from the return of capital from our first flagship real estate fund and from the sale of a facilities services business 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 DEC. 31, 2019 (MILLIONS)	Fee-Bearing Capital <sup>1</sup>	Carry Eligible Capital <sup>2</sup>	Gross Target Return <sup>3,4</sup>	Average Carried Interest	Annualized Target Carried Interest <sup>5</sup>
Opportunistic	\$ 36,957	\$ 17,276	18% – 23%	~20%	\$ 572
Value add	37,568	18,241	10% – 15%	~20%	370
Credit and core plus	17,282	10,408	10% – 15%	~15%	123
Oaktree	110,349	26,264	10% – 20%	~20%	646
	<b>\$ 202,156</b>	72,189			1,711
Uncalled fund commitments <sup>6,7</sup>					
Brookfield		33,897			736
Oaktree		13,715			313
<b>Total carry eligible capital/target carried interest</b>		<b>\$ 119,801</b>			2,760
Target carried interest not attributable to BAM shareholders <sup>8</sup>					(372)
					<b>\$ 2,388</b>

1. Represents \$202 billion of private fund capital across long-term private funds, perpetual strategies and Oaktree.
2. As at December 31, 2019, \$72.2 billion of carry eligible capital has been invested and an additional \$47.6 billion of committed capital will become carry eligible once invested.
3. 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.
4. Gross target return is before annual fund management fees ranging from 90 bps for core plus funds to 200 bps for certain opportunistic funds.
5. Based on carry eligible capital.
6. Uncalled fund commitments from carry eligible funds.
7. 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.
8. Represents Oaktree target carried interest attributable to the 39% of Oaktree not held by Brookfield.

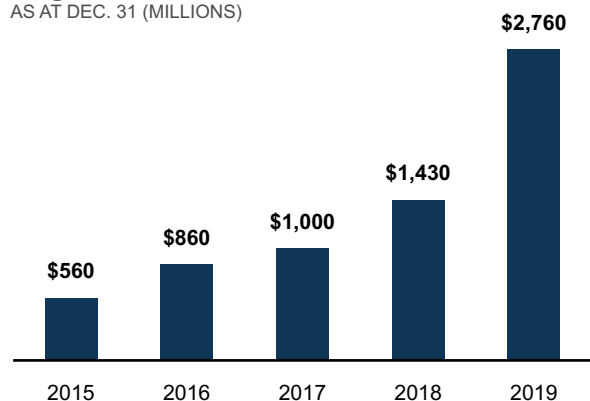
## ANNUALIZED TARGET CARRIED INTEREST

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 \$1.7 billion per annum, and we expect to add an additional \$1.0 billion per annum when \$47.6 billion of uncalled fund commitments are deployed, aggregating to an annualized target carried interest figure of \$2.4 billion at our share, or \$1.6 billion net of costs.

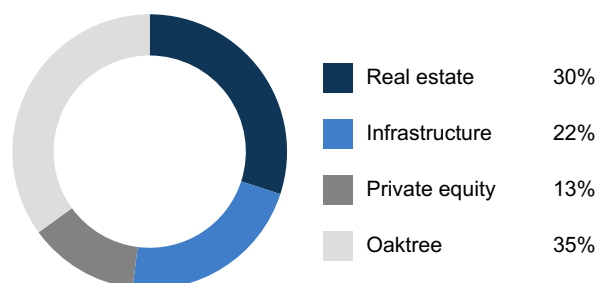
### Target Carried Interest

AS AT DEC. 31 (MILLIONS)



### Target Carry Diversification

AS AT DEC. 31, 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 DEC. 31, 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%	\$ 9,667	\$ 6,609	\$ 2,789	\$ 19,065	\$ 845
	Credit – BREF	2005 – 2017	12% – 15%	13%	1,590	1,334	29	2,953	83
	Other <sup>6</sup>	2008 – 2018			1,292	6,337	2,930	10,559	58
<b>Infrastructure</b>	Value add – BIF	2010 – 2020	13% – 15%	15%	12,269	10,803	6,354	29,426	1,133
	Other <sup>6</sup>	2008 – 2018			1,583	2,194	720	4,497	42
<b>Private equity</b>	Opportunistic – BCP	2007 – 2019	20%	28%	5,464	2,418	1,482	9,364	582
	Other <sup>6</sup>	2015 – 2018			2,032	1,781	145	3,958	14
<b>Oaktree</b>					13,715	14,651	11,613	39,979	890
<b>Total private fund carry eligible capital</b>					47,612	\$ 46,127	\$ 26,062	119,801	\$ 3,647
<b>Non-carry eligible capital<sup>7</sup></b>					3,123			82,355	
					\$ 50,735			\$ 202,156	

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 perpetual funds.

5. Uncalled fund commitments from carry eligible funds. Additional \$3.1 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

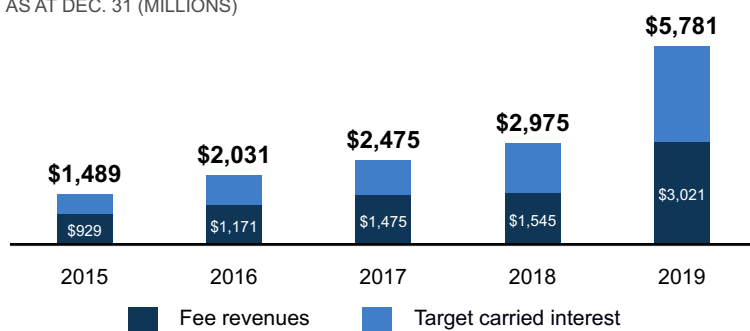
AS AT (MILLIONS)	Dec. 31, 2019	Sep. 30, 2019	Dec. 31, 2018
<b>Base management fees</b>			
Long-term private funds	\$ 823	\$ 771	\$ 594
Perpetual strategies <sup>1,2</sup>	753	749	491
Oaktree	910	805	—
Public securities	118	115	115
Incentive distributions <sup>3</sup>	298	264	259
	<b>2,902</b>	<b>2,704</b>	<b>1,459</b>
Performance fee <sup>4</sup>	90	65	65
Transaction and advisory <sup>5</sup>	29	18	21
Fee revenues	<b>3,021</b>	<b>2,787</b>	<b>1,545</b>
<b>Target carried interest<sup>6</sup></b>			
Brookfield funds	1,801	1,720	1,430
Oaktree funds	959	920	—
	<b>2,760</b>	<b>2,640</b>	<b>1,430</b>
	<b>5,781</b>	<b>5,427</b>	<b>2,975</b>
<b>Oaktree revenues not attributable to BAM shareholders</b>			
Management fees	(353)	(313)	—
Target carried interest	(372)	(357)	—
	<b>\$ 5,056</b>	<b>\$ 4,757</b>	<b>\$ 2,975</b>

- Perpetual strategies base management fees include \$330 million of annualized base fees on Brookfield capital from listed partnerships.
- For details on perpetual strategies base fee calculations, refer to the Glossary of Terms on page 38.
- Based on most recent quarterly distributions declared.
- Annualized BBU performance fees assume 10% annualized unit price appreciation from the \$25.00 initial spin out value in 2016, adjusted for current BBU units outstanding.
- Annualized transaction and advisory fees based on simple average of the last two years' results.
- 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 \$59 million when \$6 billion of uncalled third-party capital is invested.
- 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.
- 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.

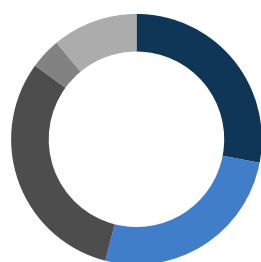
## Annualized Fees and Target Carry

AS AT DEC. 31 (MILLIONS)

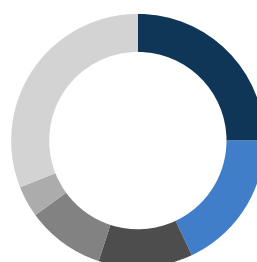


## Fee Revenue Diversification<sup>1</sup>

AS AT DEC. 31, 2019



Long-term private funds	28%
Perpetual strategies	26%
Oaktree	31%
Public securities	4%
Incentive distributions	11%



1. Fee revenues based on annualized fees as at December 31, 2019, excluding transaction fees, performance fees and target carried interest.

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

AS AT DEC. 31, 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 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
Opportunity Zone	1,160	13%	2019
<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>	3,128	14%	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
Global Infrastructure IV <sup>4,6</sup>	20,000	25%	2020
Colombia Infrastructure	360	28%	2009
<b>Core</b>			
Super-Core Infrastructure Partners <sup>5</sup>	\$ 1,926	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>4,7</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
Infrastructure Debt – Euro	€ 202	30%	2018
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's regulatory filings 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 perpetual funds, year of first close.

4. Flagship funds.

5. Perpetual funds.

6. Final close held February 7, 2020, with a total of \$20 billion commitments.

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

# Capital Invested or Committed

Invested \$32 billion of capital during 2019 including \$14 billion in the fourth quarter

## CAPITAL INVESTED OR COMMITTED (FUNDING SOURCE)

FOR THE YEAR ENDED DEC. 31, 2019 (MILLIONS)	Real Estate	Infrastructure	Renewable Power	Private Equity and Other	Oaktree	Total
Perpetual strategies <sup>1</sup>	\$ 1,617	\$ 1,745	\$ 364	\$ 2,066	\$ 685	\$ 6,477
Long-term private funds <sup>2</sup>	2,626	4,889	857	1,111	2,366	11,849
Co-investments <sup>2</sup>	186	3,468	—	2,818	75	6,547
Direct <sup>3</sup>	—	—	—	6,906	—	6,906
Total invested	4,429	10,102	1,221	12,901	3,126	31,779
Committed – new <sup>4</sup>	5,859	5,397	235	2,649	414	14,554
Committed – invested <sup>4</sup>	(159)	(2,768)	—	(2,232)	—	(5,159)
Total <sup>4</sup>	\$ 10,129	\$ 12,731	\$ 1,456	\$ 13,318	\$ 3,540	\$ 41,174

1. Includes investments made by listed partnerships (BPY, BIP, BEP and BBU) or in perpetual private funds.

2. Reflects third-party investments in long-term private funds managed by Brookfield and Oaktree.

3. Investments made by Brookfield in financial assets or on balance sheet assets other than the listed partnerships.

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

## CAPITAL INVESTED (GEOGRAPHY)

FOR THE YEAR ENDED DEC. 31, 2019 (MILLIONS)	Real Estate	Infrastructure	Renewable Power	Private Equity and Other	Oaktree	Total
North America	\$ 1,876	\$ 5,880	\$ 420	\$ 10,728	\$ 2,347	\$ 21,251
South America	—	966	17	161	65	1,209
Europe	554	458	556	12	511	2,091
Asia and other	1,999	2,798	228	2,000	203	7,228
Total invested	\$ 4,429	\$ 10,102	\$ 1,221	\$ 12,901	\$ 3,126	\$ 31,779

## Capital Invested (by capital type)

FOR THE YEAR ENDED DEC. 31, 2019



■ Perpetual Strategies	26%	■ Long-term private funds	38%
■ Co-investments	19%	■ Direct	17%

## SIGNIFICANT INVESTMENTS

- Oaktree Capital Management (\$5.2 billion<sup>1</sup>)
- Genesee & Wyoming (\$5.1 billion)
- Clarios (\$3.7 billion)
- Genworth Canada (\$1.7 billion)
- Healthscope (\$1.2 billion)
- Indian pipeline assets (\$1.0 billion)
- NorthRiver (\$0.9 billion)
- Aveo (\$0.7 billion)
- Vodafone New Zealand (\$0.7 billion)

## SIGNIFICANT COMMITMENTS

- Indian telecom towers (\$3.7 billion)
- Core office developments (\$3.1 billion)
- BrandSafway (\$1.6 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 perpetual strategy 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 4% of the company which is treated as a financial asset on our balance sheet.

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

## UNLISTED INVESTMENTS

- **Residential**: in North America, we develop land for building homes or selling lots to other homebuilders while in Brazil we develop and construct residential and commercial towers.
- **Energy contracts**: our contractual arrangement with BEP to purchase power generated by certain North American hydro assets at a fixed price that is then resold on a contracted or uncontracted basis.
- **Other real estate**: 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 AND FOR THE PERIODS ENDED DEC. 31  
(MILLIONS, EXCEPT PER SHARE AMOUNTS)

	Invested Capital		Funds from Operations <sup>1</sup>			
			Three Months		Full Year	
	2019	2018	2019	2018	2019	2018
<b>Listed investments</b>						
<b>Listed partnerships</b>						
BPY	\$ 15,770	\$ 15,160	\$ 196	\$ 216	\$ 699	\$ 736
BPY preferred shares	16	435	—	10	11	64
BEP	4,810	4,749	96	115	430	381
BIP	2,141	1,916	90	87	354	327
BBU <sup>2</sup>	2,389	2,017	129	114	494	223
<b>Other listed investments</b>						
Norbord	1,185	1,287	3	26	57	243
Other	183	662	1	3	18	8
<b>Corporate cash and financial assets<sup>3</sup></b>	<b>2,181</b>	<b>2,275</b>	<b>22</b>	<b>(44)</b>	<b>123</b>	<b>11</b>
	<b>28,675</b>	<b>28,501</b>	<b>537</b>	<b>527</b>	<b>2,186</b>	<b>1,993</b>
<b>Unlisted investments</b>						
Residential	2,859	2,606	87	52	125	49
Energy contracts	510	553	(48)	(39)	(194)	(91)
Other	4,655	3,155	9	52	76	103
	<b>8,024</b>	<b>6,314</b>	<b>48</b>	<b>65</b>	<b>7</b>	<b>61</b>
<b>Corporate activities</b>						
Corporate borrowings / Interest expense	(7,083)	(6,409)	(88)	(82)	(348)	(323)
Working capital / Corporate costs and taxes <sup>4</sup>	470	1,081	(53)	(57)	(135)	(163)
Perpetual preferred shares <sup>5</sup>	(4,145)	(4,168)	—	—	—	—
	<b>(10,758)</b>	<b>(9,496)</b>	<b>(141)</b>	<b>(139)</b>	<b>(483)</b>	<b>(486)</b>
<b>Invested capital, net / FFO</b>	<b>\$ 25,941</b>	<b>\$ 25,319</b>	<b>\$ 444</b>	<b>\$ 453</b>	<b>\$ 1,710</b>	<b>\$ 1,568</b>
Per share	<b>\$ 24.64</b>	<b>\$ 25.39</b>	<b>\$ 0.39</b>	<b>\$ 0.43</b>	<b>\$ 1.57</b>	<b>\$ 1.45</b>

1. Excludes realized disposition gains.

2. FFO includes the net impact of performance fees paid to BAM of \$nil (2018 – \$nil) for the three months ended December 31 and \$nil (2018 – \$278 million) for the full year.

3. Corporate cash and financial assets is inclusive of \$789 million of cash and cash equivalents (2018 – \$1.3 billion).

4. Invested capital includes net deferred income tax asset of \$2.2 billion (2018 – \$1.9 billion); FFO includes current tax expense of \$25 million (2018 – \$29 million) for the three months ended December 31 and current tax expense of \$35 million (2018 – \$59 million) for the full year.

5. FFO excludes preferred shares distributions of \$39 million (2018 – \$37 million) for the three months ended December 31 and \$152 million (2018 – \$151 million) for the full year.

# Disposition Gains

FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months				Full Year			
	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
<b>Real estate</b>								
Core office	\$ 36	\$ 176	\$ 15	\$ (26)	\$ 198	\$ 410	\$ 20	\$ 7
Core retail portfolio	31	2	1	2	47	248	8	4
LP investments								
IDI	—	135	—	(29)	—	135	—	(29)
Other LP investments	53	52	(34)	18	85	93	(51)	34
Other Directly Held	4	53	65	13	74	53	115	6
	<b>124</b>	<b>418</b>	<b>47</b>	<b>(22)</b>	<b>404</b>	<b>939</b>	<b>92</b>	<b>22</b>
<b>Infrastructure</b>								
Acadian	—	—	—	—	16	—	(1)	—
Other infrastructure	11	—	8	—	72	244	15	53
<b>Private equity</b>								
Industrials	80	(1)	24	(1)	86	209	30	—
Business services and other	(2)	55	3	55	207	86	205	86
<b>Renewable power</b>	<b>18</b>	<b>38</b>	<b>(1)</b>	<b>5</b>	<b>97</b>	<b>38</b>	<b>(1)</b>	<b>5</b>
	<b>\$ 231</b>	<b>\$ 510</b>	<b>\$ 81</b>	<b>\$ 37</b>	<b>\$ 882</b>	<b>\$ 1,516</b>	<b>\$ 340</b>	<b>\$ 166</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 AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2019	2018	2019	2018	2019	2018
Core office	\$ 14,240	\$ 14,199	\$ 185	\$ 170	\$ 662	\$ 608
Core retail	14,138	14,136	217	270	772	651
LP investments	5,126	5,204	70	77	309	330
Corporate	(4,974)	(5,255)	(93)	(101)	(398)	(410)
Attributable to unitholders	28,530	28,284	379	416	1,345	1,179
Non-controlling interests	(12,760)	(13,124)	(173)	(195)	(611)	(444)
Segment reallocation and other <sup>1</sup>	—	—	(10)	(5)	(35)	1
Brookfield's interest	15,770	15,160	196	216	699	736
Preferred shares	16	435	—	10	11	64
	<u>\$ 15,786</u>	<u>\$ 15,595</u>	<u>\$ 196</u>	<u>\$ 226</u>	<u>\$ 710</u>	<u>\$ 800</u>

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

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2019	2018	2019	2018	2019	2018
Proportionate generation (GWh)						
Actual	n/a	n/a	5,977	7,052	26,038	25,753
Long-term average (LTA)	n/a	n/a	6,561	6,602	26,189	25,844
Hydroelectric generation	\$ 8,961	\$ 8,951	\$ 151	\$ 178	\$ 720	\$ 671
Wind energy	1,591	1,357	47	60	171	160
Solar, storage and other	1,081	1,155	29	24	130	104
Corporate	(3,681)	(3,637)	(56)	(56)	(260)	(259)
Attributable to unitholders	7,952	7,826	171	206	761	676
Incentive distributions	—	—	(12)	(10)	(48)	(40)
Non-controlling interests	(3,142)	(3,077)	(63)	(76)	(283)	(250)
Segment reallocation and other <sup>2</sup>	—	—	—	(5)	—	(5)
Brookfield's interest	<u>\$ 4,810</u>	<u>\$ 4,749</u>	<u>\$ 96</u>	<u>\$ 115</u>	<u>\$ 430</u>	<u>\$ 381</u>

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

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2019	2018	2019	2018	2019	2018
Utilities	\$ 2,178	\$ 1,787	\$ 152	\$ 138	\$ 577	\$ 576
Transport	3,991	3,627	128	129	530	518
Energy	3,128	2,817	109	90	412	269
Data infrastructure	1,318	882	42	20	136	77
Corporate and other	(3,486)	(2,684)	(73)	(51)	(271)	(209)
Attributable to unitholders	7,129	6,429	358	326	1,384	1,231
Incentive distributions	—	—	(41)	(34)	(158)	(136)
Non-controlling interests	(4,988)	(4,513)	(224)	(205)	(866)	(768)
Segment reallocation and other <sup>2</sup>	—	—	(3)	—	(6)	—
Brookfield's interest	<u>\$ 2,141</u>	<u>\$ 1,916</u>	<u>\$ 90</u>	<u>\$ 87</u>	<u>\$ 354</u>	<u>\$ 327</u>

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

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2019	2018	2019	2018	2019	2018
Business services	\$ 2,161	\$ 1,493	\$ 27	\$ 22	\$ 432	\$ 131
Infrastructure services	470	977	63	71	314	195
Industrials	947	359	163	173	393	470
Corporate and other	214	134	(10)	(18)	(37)	(63)
Attributable to unitholders	3,792	2,963	243	248	1,102	733
Performance fees	—	—	—	—	—	(278)
Non-controlling interests	(1,403)	(946)	(92)	(80)	(379)	(146)
Segment reallocation and other <sup>2</sup>	—	—	(22)	(54)	(229)	(86)
Brookfield's interest	<u>\$ 2,389</u>	<u>\$ 2,017</u>	<u>\$ 129</u>	<u>\$ 114</u>	<u>\$ 494</u>	<u>\$ 223</u>

1. Reflects fee-related earnings and net carried interest reclassified to asset management segment and asset management expenses not included in operating FFO.
2. 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 AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Segment	Invested Capital		Funds from Operations			
				Three Months		Full Year	
		2019	2018	2019	2018	2019	2018
<b>Other listed</b>							
Acadian <sup>1</sup>	Infrastructure	\$ —	\$ 86	\$ —	\$ 1	\$ 4	\$ 6
Norbord	Private Equity	1,185	1,287	3	26	57	243
Other listed	Private Equity	183	576	1	2	14	2
		<b>1,368</b>	<b>1,949</b>	<b>4</b>	<b>29</b>	<b>75</b>	<b>251</b>
<b>Corporate cash and financial assets<sup>2</sup></b>							
	Corporate	2,181	2,275	22	(44)	123	11
		<b>\$ 3,549</b>	<b>\$ 4,224</b>	<b>\$ 26</b>	<b>\$ (15)</b>	<b>\$ 198</b>	<b>\$ 262</b>

1. In August 2019, we closed the sale of our 45% interest in Acadian, recognizing a disposition gain of \$16 million.

2. FFO includes cash distributions received of \$46 million (2018 – \$64 million) for the three months ended December 31 and \$132 million (2018 – \$156 million) for the full year.

## UNLISTED INVESTMENTS

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Segment	Invested Capital		Funds from Operations			
				Three Months		Full Year	
		2019	2018	2019	2018	2019	2018
<b>Residential development</b>							
North America	Residential	\$ 2,083	\$ 1,758	\$ 82	\$ 73	\$ 146	\$ 161
Brazil and other	Residential	776	848	5	(21)	(21)	(112)
		<b>2,859</b>	<b>2,606</b>	<b>87</b>	<b>52</b>	<b>125</b>	<b>49</b>
Energy contracts	Renewable Power	510	553	(48)	(39)	(194)	(91)
Sustainable resources and other	Infrastructure	651	885	4	7	18	25
Other corporate	Corporate	680	43	(1)	(4)	1	(1)
Other unlisted	Various	3,324	2,227	6	49	57	79
		<b>\$ 8,024</b>	<b>\$ 6,314</b>	<b>\$ 48</b>	<b>\$ 65</b>	<b>\$ 7</b>	<b>\$ 61</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 DEC. 31 (MILLIONS)	Average Rate	Average Term (Years)	Leverage	
			2019	2018
Corporate borrowings				
Term debt	4.6%	10	\$ 7,083	\$ 6,409
Revolving facilities <sup>1</sup>	n/a	4	—	—
Total corporate borrowings			7,083	6,409
Perpetual preferred shares	4.2%	perp.	4,145	4,168
<b>Debt and preferred capital</b>			<b>\$ 11,228</b>	<b>\$ 10,577</b>

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

## DEBT TO CAPITALIZATION

AS AT DEC. 31 (MILLIONS)	Corporate		Consolidated		Our Share <sup>1</sup>	
	2019	2018	2019	2018	2019	2018
Corporate borrowings	\$ 7,083	\$ 6,409	\$ 7,083	\$ 6,409	\$ 7,083	\$ 6,409
Non-recourse borrowings						
Subsidiary borrowings	—	—	8,423	8,600	5,382	5,174
Property specific borrowings	—	—	127,869	103,209	44,436	35,943
	7,083	6,409	143,375	118,218	56,901	47,526
Accounts payable and other	4,708	2,299	43,077	23,989	13,617	10,297
Deferred income tax liabilities	279	197	14,849	12,236	4,541	4,425
Subsidiary equity obligations	—	—	4,132	3,876	1,896	1,658
Liabilities associated with assets held for sale	—	—	1,690	812	212	262
Equity						
Non-controlling interests	—	—	81,833	67,335	—	—
Preferred equity	4,145	4,168	4,145	4,168	4,145	4,168
Common equity	30,868	25,647	30,868	25,647	30,868	25,647
	35,013	29,815	116,846	97,150	35,013	29,815
Total capitalization	\$ 47,083	\$ 38,720	\$ 323,969	\$ 256,281	\$ 112,180	\$ 93,983
Debt to capitalization <sup>2</sup>	15%	17%	44%	46%	51%	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 DEC. 31  
(MILLIONS)

	Three Months		Full Year	
	2019	2018	2019	2018
<b>Corporate cash and financial assets, beginning of period</b>	<b>\$ 1,644</b>	<b>\$ 2,341</b>	<b>\$ 2,275</b>	<b>\$ 2,255</b>
<b>Sources</b>				
Cash available for distribution and/or reinvestment <sup>1</sup>	809	732	2,611	2,503
Disposition of investments	499	—	996	134
BPY preferred share redemption	—	330	655	330
	<b>1,308</b>	<b>1,062</b>	<b>4,262</b>	<b>2,967</b>
<b>Uses</b>				
Acquisition of Oaktree, net of distribution <sup>2</sup>	—	—	(2,095)	—
Share repurchases <sup>3</sup>	(155)	(199)	(292)	(410)
Dividends paid to common shareholders	(161)	(144)	(620)	(575)
Temporary and other investments <sup>4</sup>	(750)	(334)	(1,645)	(2,526)
Listed partnership unit purchases	—	(168)	(500)	(257)
	<b>(1,066)</b>	<b>(845)</b>	<b>(5,152)</b>	<b>(3,768)</b>
<b>Net financing activities</b>	<b>—</b>	<b>(96)</b>	<b>542</b>	<b>985</b>
<b>Other sources / (uses)<sup>5</sup></b>	<b>295</b>	<b>(187)</b>	<b>254</b>	<b>(164)</b>
<b>In-period change</b>	<b>537</b>	<b>(66)</b>	<b>(94)</b>	<b>20</b>
<b>Corporate cash and financial assets, end of period</b>	<b>\$ 2,181</b>	<b>\$ 2,275</b>	<b>\$ 2,181</b>	<b>\$ 2,275</b>

1. Refer to page 32 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. For 2019, this includes cash used to fund our investment into the BSREP III fund and cash used on various risk management trades. In 2018, this includes cash used to purchase 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 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 YEARS ENDED DEC. 31  
(MILLIONS)

	2019	2018
<b>Net income</b>	<b>\$ 5,354</b>	<b>\$ 7,488</b>
Realized disposition gains in fair value changes or prior periods	621	1,445
Non-controlling interests	(7,161)	(6,015)
Financial statement components not included in FFO		
Equity accounted fair value changes and other non-FFO items	143	1,284
Fair value changes	831	(1,794)
Depreciation and amortization	4,876	3,102
Deferred income taxes	(475)	(1,109)
<b>Funds from operations</b>	<b>4,189</b>	<b>4,401</b>
Less: total disposition gains	(882)	(1,516)
Less: net invested capital FFO	(1,710)	(1,568)
Less: realized carried interest, net	(396)	(188)
Corporate activities	(483)	(486)
Other wholly owned investments <sup>1</sup>	(36)	41
Distributions from investments	1,598	1,698
Our share of Oaktree fee-related earnings	(32)	—
Our share of Oaktree's distributable earnings	42	—
Equity-based compensation	87	84
Preferred share dividends	(152)	(151)
<b>Cash available for distribution and/or reinvestment before realized carried interest</b>	<b>2,225</b>	<b>2,315</b>
Realized carried interest, net, excluding Oaktree	386	188
<b>Cash available for distribution and/or reinvestment<sup>2</sup></b>	<b>\$ 2,611</b>	<b>\$ 2,503</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 37.

## 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 DEC. 31 (MILLIONS)	Three Months		Full Year	
	2019	2018	2019	2018
Outstanding at beginning of period	1,007.2	958.9	955.1	958.8
Issued (repurchased)				
Issuances	—	—	52.8	—
Repurchases	(2.4)	(4.3)	(7.2)	(9.6)
Long-term share ownership plans	1.4	0.5	5.4	5.7
Dividend reinvestment plan	—	—	0.1	0.2
Outstanding at end of period	1,006.2	955.1	1,006.2	955.1
Unexercised options and other share-based plans	46.7	42.1	46.7	42.1
Total diluted shares at end of period	1,052.9	997.2	1,052.9	997.2

- 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 42.3 million common shares for management share ownership plans, which have been deducted from the total number of shares outstanding.
  - 12.2 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 December 31, 2019 was \$1.2 billion (2018 – \$1.1 billion).

## FFO AND EARNINGS PER SHARE INFORMATION

FOR THE YEARS ENDED DEC. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Funds from Operations		Net Income	
	2019	2018	2019	2018
FFO/Net income	\$ 4,189	\$ 4,401	\$ 2,807	\$ 3,584
Preferred share dividends	(152)	(151)	(152)	(151)
Dilutive effect of conversion of subsidiary preferred shares	—	—	(74)	(105)
FFO/Net income available for shareholders	\$ 4,037	\$ 4,250	\$ 2,581	\$ 3,328
Weighted average shares	968.6	957.6	968.6	957.6
Dilutive effect of the conversion of options and other share-based plans using treasury stock method	23.7	19.8	23.7	19.8
Shares and share equivalents	992.3	977.4	992.3	977.4
Per share	\$ 4.07	\$ 4.35	\$ 2.60	\$ 3.40

# Entity Basis – Reconciliation to Reportable Segments – Invested Capital

AS AT DEC. 31, 2019 (MILLIONS)	Reportable Segments							Total
	Asset Management	Real Estate	Renewable Power	Infrastructure	Private Equity	Residential	Corporate	
<b>Asset management</b>	\$ 4,927	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,927
<b>Invested capital</b>								
Listed investments								
Brookfield Property Partners <sup>1</sup>	—	15,786	—	—	—	—	—	15,786
Brookfield Renewable Partners	—	—	4,810	—	—	—	—	4,810
Brookfield Infrastructure Partners	—	—	—	2,141	—	—	—	2,141
Brookfield Business Partners	—	—	—	—	2,389	—	—	2,389
Other listed investments								
Norbord	—	—	—	—	1,185	—	—	1,185
Other listed – private equity	—	—	—	—	183	—	—	183
	—	15,786	4,810	2,141	3,757	—	—	26,494
Financial assets	—	—	—	—	—	—	2,181	2,181
	—	15,786	4,810	2,141	3,757	—	2,181	28,675
Unlisted investments								
Residential development	—	—	—	—	—	2,859	—	2,859
Energy contracts	—	—	510	—	—	—	—	510
Sustainable resources	—	—	—	651	—	—	—	651
Other corporate	—	—	—	—	—	—	680	680
Other	—	2,995	—	—	329	—	—	3,324
	—	2,995	510	651	329	2,859	680	8,024
<b>Net working capital</b>	—	—	—	—	—	—	470	470
<b>Debt and preferred capital</b>								
Corporate borrowings	—	—	—	—	—	—	(7,083)	(7,083)
Perpetual preferred shares	—	—	—	—	—	—	(4,145)	(4,145)
	—	—	—	—	—	—	(11,228)	(11,228)
<b>Total</b>	<b>\$ 4,927</b>	<b>\$ 18,781</b>	<b>\$ 5,320</b>	<b>\$ 2,792</b>	<b>\$ 4,086</b>	<b>\$ 2,859</b>	<b>\$ (7,897)</b>	<b>\$ 30,868</b>

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

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

FOR THE THREE MONTHS ENDED DEC. 31 (MILLIONS)	Reportable Segments						Total
	Asset Management	Real Estate	Renewable Power	Infrastructure	Private Equity	Residential	
<b>Asset management</b>							
Fee-related earnings	\$ 394	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 394
Carried interest, net	135	—	—	—	—	—	135
	<u>529</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>529</u>
<b>Invested capital</b>							
Listed investments							
Brookfield Property Partners <sup>1</sup>	—	196	—	—	—	—	196
Brookfield Renewable Partners	—	—	96	—	—	—	96
Brookfield Infrastructure Partners	—	—	—	90	—	—	90
Brookfield Business Partners	—	—	—	—	129	—	129
Other listed investments							
Norbord	—	—	—	—	3	—	3
Other listed – private equity	—	—	—	—	1	—	1
	—	196	96	90	133	—	515
Financial assets	—	—	—	—	—	—	22
	—	196	96	90	133	—	537
Unlisted investments							
Residential development	—	—	—	—	—	87	87
Energy contracts	—	—	(48)	—	—	—	(48)
Sustainable resources	—	—	—	4	—	—	4
Other corporate	—	—	—	—	—	—	(1)
Other	—	28	—	—	(22)	—	6
	—	28	(48)	4	(22)	87	48
<b>Disposition gains</b>	—	124	18	11	78	—	231
<b>Corporate activities<sup>2</sup></b>							
Interest expense	—	—	—	—	—	—	(88)
Corporate costs and taxes	—	—	—	—	—	—	(53)
	—	—	—	—	—	—	(141)
	<u>\$ 529</u>	<u>\$ 348</u>	<u>\$ 66</u>	<u>\$ 105</u>	<u>\$ 189</u>	<u>\$ 87</u>	<u>\$ 1,204</u>

1. Includes nominal amounts of BPY preferred share distributions.

2. Excludes \$39 million of preferred share distributions for the three months, which are included in determining per share results.

# Entity Basis – Reconciliation to Reportable Segments – Full Year FFO

FOR THE YEAR ENDED DEC. 31, 2019 (MILLIONS)	Reportable Segments							Total
	Asset Management	Real Estate	Renewable Power	Infrastructure	Private Equity	Residential	Corporate	
<b>Asset management</b>								
Fee-related earnings	\$ 1,201	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,201
Carried interest, net	396	—	—	—	—	—	—	396
	<u>1,597</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,597</u>
<b>Invested capital</b>								
Listed investments								
Brookfield Property Partners <sup>1</sup>	—	710	—	—	—	—	—	710
Brookfield Renewable Partners	—	—	430	—	—	—	—	430
Brookfield Infrastructure Partners	—	—	—	354	—	—	—	354
Brookfield Business Partners	—	—	—	—	494	—	—	494
Other listed investments								
Acadian Timber	—	—	—	4	—	—	—	4
Norbord	—	—	—	—	57	—	—	57
Other listed – private equity	—	—	—	—	14	—	—	14
	<u>—</u>	<u>710</u>	<u>430</u>	<u>358</u>	<u>565</u>	<u>—</u>	<u>—</u>	<u>2,063</u>
Financial assets	—	—	—	—	—	—	123	123
	<u>—</u>	<u>710</u>	<u>430</u>	<u>358</u>	<u>565</u>	<u>—</u>	<u>123</u>	<u>2,186</u>
Unlisted investments								
Residential development	—	—	—	—	—	125	—	125
Energy contracts	—	—	(194)	—	—	—	—	(194)
Sustainable resources	—	—	—	18	—	—	—	18
Other corporate	—	—	—	—	—	—	1	1
Other	—	71	—	—	(14)	—	—	57
	<u>—</u>	<u>71</u>	<u>(194)</u>	<u>18</u>	<u>(14)</u>	<u>125</u>	<u>1</u>	<u>7</u>
<b>Disposition gains</b>	—	404	97	88	293	—	—	882
<b>Corporate activities<sup>2</sup></b>								
Interest expense	—	—	—	—	—	—	(348)	(348)
Corporate costs and taxes	—	—	—	—	—	—	(135)	(135)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(483)</u>	<u>(483)</u>
	<u>\$ 1,597</u>	<u>\$ 1,185</u>	<u>\$ 333</u>	<u>\$ 464</u>	<u>\$ 844</u>	<u>\$ 125</u>	<u>\$ (359)</u>	<u>\$ 4,189</u>

1. Includes \$11 million of BPY preferred share distributions.

2. Excludes \$152 million of preferred share distributions for the full year, 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 cash and financial assets; other invested capital earnings, which include FFO from our residential operations, energy contracts, sustainable resources and other real estate, private equity, corporate investments that do not pay regular cash distributions, corporate costs and corporate interest expense, excluding equity compensation; net of 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 32.

- 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.
- **Performance fees** are paid to us when we exceed predetermined investment returns within BBU. BBU performance fees are accrued quarterly based on the volume-weighted average increase in BBU unit price. Performance fees are not subject to clawback.
- **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.
- **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 December 31, 2019, was as follows: BPY/BPR – \$21.5 billion; BEP – \$17.8 billion; BIP – \$24.1 billion; BBU – \$5.6 billion; and TERP – \$3.7 billion.
- **Internal rate of return (“IRR”)** is the annualized compounded rate of return of the fund, calculated since initial investment date.

# 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; and (xxiv) 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, among other things, 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.