



BROOKFIELD ASSET MANAGEMENT INC.

# Q2 2021 Supplemental Information

# 2021 Second Quarter Highlights

**\$626B**

TOTAL ASSETS  
UNDER MANAGEMENT

**\$325B**

FEE-BEARING CAPITAL

**\$78B**

DEPLOYABLE CAPITAL

## PERFORMANCE UPDATE

**We recorded \$6.3 billion of distributable earnings (“DE”) in the LTM, including \$1.2 billion during the quarter.**

- DE before realizations increased 35% over the LTM, driven by the growth in our asset management franchise and increased distributions across our listed affiliates. DE was \$6.3 billion over the LTM, an uplift of 108% over the prior year period, benefiting from continued strong carried interest realizations and disposition gains from our principal investments.

**Strong fundraising efforts continue to drive growth in fee-bearing capital.**

- Fee-bearing capital has increased by \$48 billion or 17% over the last twelve months (“LTM”), to \$325 billion. As a result, fee-related earnings increased 49% over the prior year quarter and 25% over LTM to \$483 million and \$1.7 billion, respectively.
  - Inflows during the quarter totaled \$8 billion across several of our perpetual and long-term fund strategies, including a first close of our latest real estate debt fund and further capital raised for our Special Investments strategy.
  - Fee-related earnings increased commensurately with the growth in fee-bearing capital and benefited from a performance fee from BBU of \$79 million during the quarter.
  - We currently have \$32 billion of additional capital that is committed and will earn annual fees of approximately \$320 million once invested.

**Our latest round of flagship funds is off to a very strong start with over \$30 billion raised to date after strong first closes for our recently launched real estate and transition flagship funds.**

- Subsequent to the quarter-end, we raised an aggregate of \$16 billion towards our fourth flagship real estate fund and our inaugural Global Transition Fund.
- Our latest private equity flagship fund is over 75% invested or committed, meaning we can launch fundraising for the next vintage during the third quarter.
- Our latest flagship infrastructure fund is approximately 70% committed and we expect to begin fundraising for a larger successor fund early next year. We expect to have a final close for our opportunistic credit flagship fund in the coming months.

**Monetizations within our private funds crystallized \$335 million of carried interest in the current quarter, increasing the total realized over the LTM to \$1.5 billion.**

- We completed \$8 billion of monetizations during the quarter, allowing us to return \$6 billion to our clients. We have now surpassed our goal of realizing over \$1 billion of carried interest during the year and expect the total to continue growing as we execute on more planned asset sales.
- Investment performance was strong in the quarter as we generated \$1.1 billion of carried interest, representing growth of 20% in our accumulated unrealized carried interest, taking the total to \$6.2 billion (\$3.5 billion attributable to Brookfield, net of costs).

**We executed on a number of our previously announced strategic initiatives.**

- In June, we completed the special dividend of Brookfield Asset Management Reinsurance Partners Ltd. (“BAMR”), which is dual listed on the TSX and NYSE as a paired security with BAM and establishes a scalable platform to grow our insurance businesses. We are progressing with the previously announced reinsurance agreement and are on track to reinsure up to \$5 billion of long-dated annuities in the coming quarter.
- Subsequent to the quarter, we also closed the privatization of BPY, which was strategically very important to us to enhance flexibility as we launch a private non-traded REIT and other private entities, as well as grow our reinsurance operations.

# 2021 Second Quarter Highlights cont'd

## OPERATING RESULTS

**FFO<sup>1</sup> was \$1.6 billion in the quarter and \$7.6 billion over the LTM, 38% and 85% higher than the comparative periods, respectively, driven by strong results in our asset management franchise and disposition gains.**

- Contributions from realized carried interest and disposition gains led an increase in FFO of \$787 million and \$4.1 billion for the quarter and LTM period, respectively. Excluding realizations, our operating FFO was \$813 million in the quarter, driven by strong results in our asset management franchise, as well as higher contributions from our residential and infrastructure businesses.
- On an LTM basis, operating FFO was \$3.5 billion, an increase of 22% over the prior period, with growth in same-store results and contributions from a number of recently acquired investments.

**Net income in the quarter was \$2.4 billion, or \$816 million attributable to BAM shareholders.**

- We had meaningful uplifts in our asset valuations as well as solid gains from monetizations, resulting in net income of \$2.4 billion in the quarter. For the LTM, net income was \$8.6 billion.
- Net income to BAM shareholders for the quarter was \$816 million or \$0.49 per share.

## LIQUIDITY

**Deployable capital at June 30, 2021 was approximately \$78 billion, benefiting from high levels of core liquidity and significant capital raised through our private funds.**

- At June 30, 2021, we had \$18 billion of core liquidity which includes \$9 billion at BAM. In addition, we have \$60 billion of uncalled private fund commitments.
- Subsequent to the quarter-end, we issued \$600 million of 10-year green bond financing at 2.34% and completed a \$250 million re-opening of our 2051 notes at 3.26%, further strengthening our liquidity position.

**Our balance sheet continues to be extremely conservatively capitalized, with a corporate debt to market capitalization ratio of 10% at quarter-end.**

- As of June 30, 2021, our corporate debt totaled \$9 billion, with a weighted-average interest rate of 4.4% and a weighted-average remaining term of 14 years.
- Our corporate debt is supplemented with \$4 billion of perpetual preferred shares, which carry an average cost of 3.9%.

1. Refer to the Glossary of Terms starting on page 39.

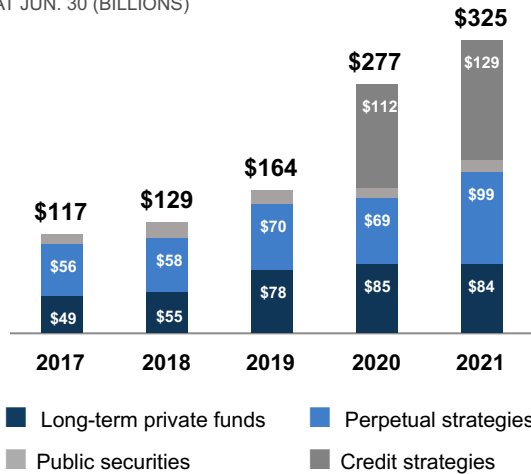
## CONTENTS

Highlights and Overview	2	Reconciliation of IFRS to non-IFRS Measures	32
Detailed Analysis		Common Share Information	33
Asset Management Operating Results	14	Glossary of Terms	39
Invested Capital – Overview	27		

# Performance Highlights

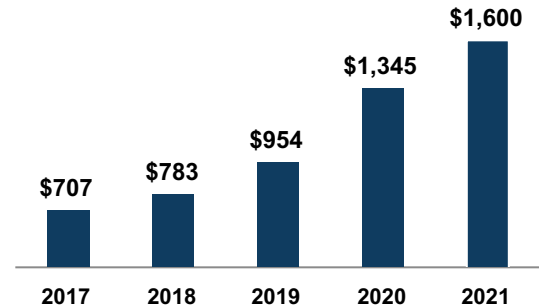
## Fee-Bearing Capital

AS AT JUN. 30 (BILLIONS)



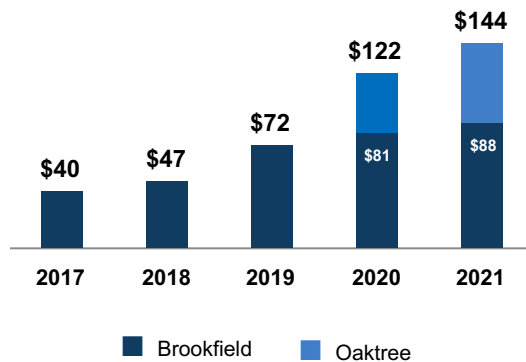
## Fee-Related Earnings<sup>1</sup>

FOR THE LTM ENDED JUN. 30 (MILLIONS)



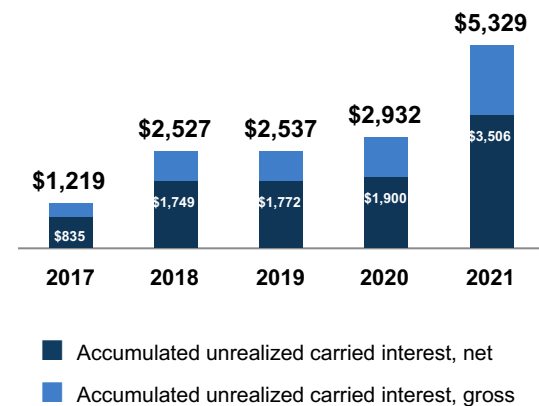
## Carry Eligible Capital

AS AT JUN. 30 (BILLIONS)



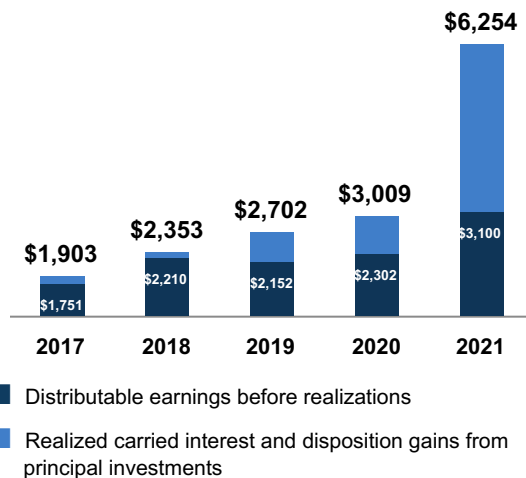
## Accumulated Unrealized Carried Interest

AS AT JUN. 30 (MILLIONS)



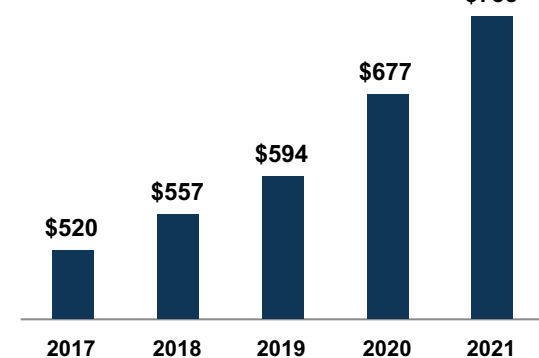
## Distributable Earnings<sup>2</sup>

FOR THE LTM ENDED JUN. 30 (MILLIONS)



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

FOR THE LTM ENDED JUN. 30 (MILLIONS)



See endnotes.

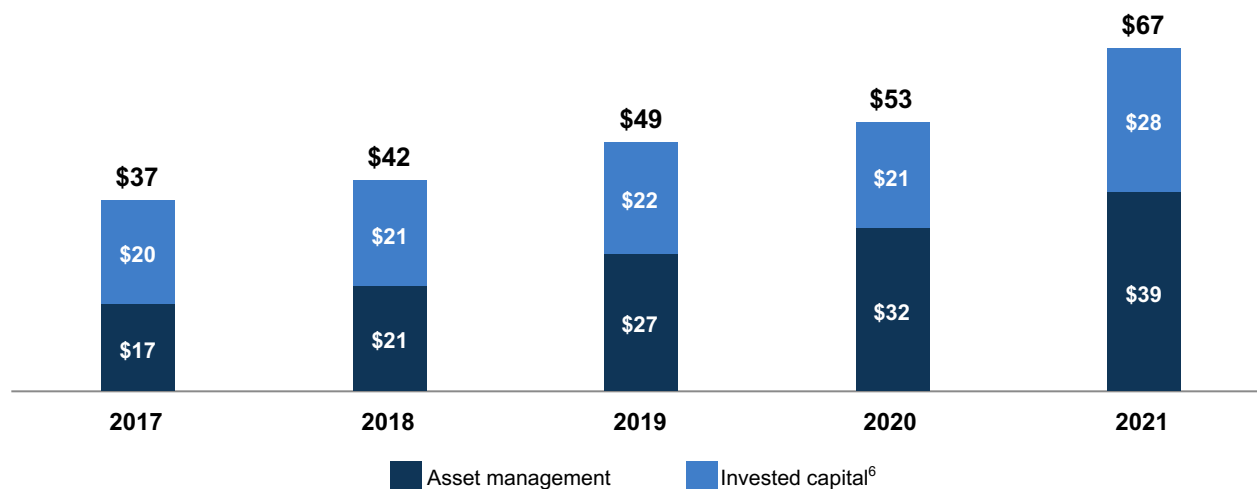
# Financial Profile

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.

	+		+		=	
FEE-RELATED EARNINGS VALUE		CARRIED INTEREST VALUE		INVESTED CAPITAL VALUE		BROOKFIELD ASSET MANAGEMENT VALUE
		Base <sup>1</sup>	Plan Value Factor <sup>2</sup>	Jun. 30 2021	Dec. 31 2020	Jun. 30 2020
		(MILLIONS)		(BILLIONS, EXCEPT PER SHARE AMOUNTS)		
<b>Asset management activities</b>						
Annualized fee-related earnings <sup>3</sup>	\$	1,608	25x	\$ 40.2	\$ 39.1	\$ 33.0
Target carried interest, net <sup>3</sup>		1,752	10x	17.5	17.2	15.8
Accumulated unrealized carried interest, net				3.5	2.6	1.9
				<u>61.2</u>	<u>58.9</u>	<u>50.7</u>
<b>Invested capital<sup>4</sup></b>						
Listed investments				46.7	47.0	35.8
Unlisted investments and net working capital				12.4	11.3	9.5
Invested capital				<u>59.1</u>	<u>58.3</u>	<u>45.3</u>
<b>Total asset management activities and invested capital</b>				120.3	117.2	96.0
<b>Debt and preferred capital<sup>5</sup></b>				<u>(13.5)</u>	<u>(13.5)</u>	<u>(12.2)</u>
<b>Total plan value</b>				<u>\$ 106.8</u>	<u>\$ 103.7</u>	<u>\$ 83.8</u>
<b>Total plan value (per share)</b>				<u>\$ 67.28</u>	<u>\$ 65.90</u>	<u>\$ 53.31</u>

## Plan value per share

AS AT JUN. 30



See endnotes.

# Distributable Earnings

DE was \$6.3 billion over the LTM, an increase of 108% over the prior period

FOR THE PERIODS ENDED JUN. 30 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Three Months		LTM		Annualized <sup>1</sup>
	2021	2020	2021	2020	
Fee revenues	\$ 890	\$ 667	\$ 3,190	\$ 2,535	\$ 3,408
Direct costs	(369)	(315)	(1,373)	(1,119)	(1,679)
	521	352	1,817	1,416	1,729
Amounts attributable to non-Brookfield shareholders	(38)	(28)	(138)	(71)	(121)
<b>Fee-related earnings</b>	<b>483</b>	<b>324</b>	<b>1,679</b>	<b>1,345</b>	<b>1,608</b>
Listed affiliates <sup>2</sup>	361	348	1,419	1,372	1,445
Corporate cash and financial assets <sup>3</sup>	20	79	336	124	411
Other principal investments <sup>4</sup>	96	(28)	288	16	266
<b>Distributions from investments</b>	<b>477</b>	<b>399</b>	<b>2,043</b>	<b>1,512</b>	<b>2,122</b>
Corporate activities	(144)	(134)	(575)	(497)	(581)
Preferred share dividends <sup>5</sup>	(41)	(36)	(151)	(148)	(164)
	(185)	(170)	(726)	(645)	(745)
Add back: equity-based compensation costs	27	21	104	90	108
<b>Distributable earnings before realizations</b>	<b>802</b>	<b>574</b>	<b>3,100</b>	<b>2,302</b>	<b>\$ 3,093</b>
Realized carried interest, net <sup>6</sup>	205	28	679	256	
Disposition gains from principal investments	225	479	2,475	451	
<b>Distributable earnings<sup>7</sup></b>	<b>\$ 1,232</b>	<b>\$ 1,081</b>	<b>\$ 6,254</b>	<b>\$ 3,009</b>	
<b>Distributable earnings per share</b>	<b>\$ 0.79</b>	<b>\$ 0.70</b>	<b>\$ 4.05</b>	<b>\$ 1.98</b>	

- DE 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, including disposition gains from our principal investments.
- Cash flow from invested capital primarily relates to distributions from the listed affiliates 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 and disposition gains that is aligned to the payout ratios of the other listed affiliates.

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

	Three Months		LTM	
	2021	2020	2021	2020
<b>Distributable earnings</b>	\$ 1,232	\$ 1,081	\$ 6,254	\$ 3,009
Add: proxy for BBU distribution payout, at our share	55	76	356	326
Add: proxy for payout of disposition gains at BBU, at our share	66	—	231	37
Less: distributions from BBU currently within DE	(6)	(6)	(24)	(24)
<b>Distributable earnings with proxy for BBU</b>	<b>\$ 1,347</b>	<b>\$ 1,151</b>	<b>\$ 6,817</b>	<b>\$ 3,348</b>
<b>Distributable earnings with proxy for BBU, per share</b>	<b>\$ 0.87</b>	<b>\$ 0.75</b>	<b>\$ 4.42</b>	<b>\$ 2.21</b>

See endnotes.

# Asset Management

**Fee-bearing capital totaled \$325 billion as at June 30, 2021, with approximately \$32 billion of additional committed capital that will become fee bearing when invested**

## LONG-TERM PRIVATE FUNDS (\$83 billion)

- Fee-bearing capital from long-term private funds remained relatively consistent during the LTM period. Capital deployment across certain fund strategies and co-investments were offset by capital returned to clients from monetizations and the investment period ending on one of our flagship funds, which resulted in uninvested capital becoming non-fee bearing. This capital is generally held for follow-on investment opportunities and will become fee-bearing again when invested.

## PERPETUAL STRATEGIES (\$99 billion)

- Fee-bearing capital from perpetual strategies increased by \$29 billion over the LTM as a result of higher market valuations, inflows relating to capital market issuances across our listed affiliates and capital deployed across our private, core real estate strategies, partially offset by distributions to unitholders/shareholders.

## CREDIT STRATEGIES (\$129 billion)

- Oaktree fee-bearing capital increased by \$17 billion over the LTM as a result of strong fundraising and deployment activity. We acquired our interest in Oaktree on September 30, 2019, meaning our 2020 LTM results include nine months of activity.

## PUBLIC SECURITIES (\$14 billion)

- Public securities fee-bearing capital increased by \$2 billion over the LTM due to market value appreciation within the funds.

AS AT AND FOR THE LTM ENDED JUN. 30 (MILLIONS)	Fee-Bearing Capital <sup>1</sup>		Actual		Annualized	
	2021	2020	2021	2020	2021	2020
Fee-related earnings <sup>2</sup>						
Base management fees						
Long-term private funds	\$ 83,682	\$ 84,620	\$ 724	\$ 762	\$ 795	\$ 761
– Catch-up fees	—	—	6	35	—	—
Perpetual strategies	98,651	69,201	971	680	1,069	659
Credit strategies <sup>3</sup>	128,732	111,688	982	628	1,054	894
Public securities	14,001	11,693	86	99	90	83
Incentive distributions	n/a	n/a	322	286	277	298
Performance fees	n/a	n/a	79	—	90	90
Transaction and advisory fees	n/a	n/a	20	45	33	31
	<u>\$ 325,066</u>	<u>\$ 277,202</u>	<u>3,190</u>	<u>2,535</u>	<u>3,408</u>	<u>2,816</u>
Direct costs <sup>4</sup>			(1,373)	(1,119)	(1,679)	(1,395)
			<u>1,817</u>	<u>1,416</u>	<u>1,729</u>	<u>1,421</u>
Oaktree earnings not attributable to BAM			(138)	(71)	(121)	(102)
			<u>1,679</u>	<u>1,345</u>	<u>1,608</u>	<u>1,319</u>
Carried interest						
Carried interest <sup>5,6,7</sup>			4,366	(50)	3,259	2,821
Direct costs <sup>4</sup>			(1,685)	27	(1,249)	(1,046)
			<u>2,681</u>	<u>(23)</u>	<u>2,010</u>	<u>1,775</u>
Oaktree carried interest not attributable to BAM			(390)	20	(258)	(192)
			<u>2,291</u>	<u>(3)</u>	<u>1,752</u>	<u>1,583</u>
<b>Total fee-related earnings and carried interest, net</b>			<u>\$ 3,970</u>	<u>\$ 1,342</u>	<u>\$ 3,360</u>	<u>\$ 2,902</u>

See endnotes.

# Invested Capital

Invested capital was \$59.1 billion on a blended basis as at June 30, 2021 with 79% invested in our public affiliates (BPY, BIP, BEP, BBU) and other publicly traded investments, in which we earn diversified, long-term, stable cash flows via dividends. We received \$2.0 billion in distributions from our investments over the last twelve months (June 30, 2020 – \$1.5 billion). The balance of the earnings was retained for reinvesting in our investments.

Unlisted investments include a commercial office portfolio in New York, residential development operations in North America and Brazil, opportunistic real estate, energy contracts, timber and agricultural assets and other corporate investments.

The following table provides a breakdown of our invested capital as at June 30, 2021 and December 31, 2020. We provide three methods for you to review: quoted prices, our IFRS values, and the blended values. We recommend you focus on the blended values as we 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 JUN. 30, 2021 AND DEC. 31, 2020  
(MILLIONS)

	No. of Units	Quoted <sup>1</sup>		IFRS		Blended <sup>2</sup>		Cash Flow
		2021	2020	2021	2020	2021	2020	Current <sup>3</sup>
BPY	579.3	\$ 10,977	\$ 8,378	\$ 15,829	\$ 15,538	\$ 15,829	\$ 15,538	\$ 770
BEP <sup>4</sup>	312.0	12,186	15,015	3,911	4,573	12,186	15,015	381
BIP	132.5	7,531	6,743	1,939	1,920	7,531	6,743	270
BBU	94.5	4,369	3,546	2,735	2,175	4,369	3,546	24
Other listed	Various	598	1,657	598	1,481	598	1,657	8
		35,661	35,339	25,012	25,687	40,513	42,499	1,453
Corporate cash and financial assets <sup>5</sup>	Various	6,199	4,456	6,199	4,456	6,199	4,456	411
Total listed investments		<u>\$ 41,860</u>	<u>\$ 39,795</u>	<u>31,211</u>	30,143	<u>46,712</u>	46,955	<u>1,864</u>
Unlisted investments <sup>6</sup>				10,287	9,313	11,862	10,581	258
Working capital, net				483	742	483	742	n/a
<b>Invested capital</b>				<u>41,981</u>	40,198	<u>59,057</u>	58,278	<u>\$ 2,122</u>
Debt and preferred capital <sup>7</sup>				<u>(13,520)</u>	(13,452)	<u>(13,520)</u>	(13,452)	
<b>Invested capital, net</b>				<u>\$ 28,461</u>	<u>\$ 26,746</u>	<u>\$ 45,537</u>	<u>\$ 44,826</u>	

See endnotes.



# 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 affiliates (BPY, BEP, BIP and BBU); and
3. Managed funds or investments, either held directly or within listed affiliates.

## LIQUIDITY

The Corporation has very few non-discretionary capital requirements. We maintain significant liquidity (\$9 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 group basis, as at June 30, we had approximately \$78 billion of group liquidity, which included corporate liquidity, listed affiliate liquidity, and uncalled private fund commitments. Uncalled fund commitments include third-party commitments available for drawdown in our private funds.

	Corporate Liquidity		Group Liquidity	
	2021	2020	2021	2020
AS AT JUN. 30, 2021 AND DEC. 31, 2020 (MILLIONS)				
Cash and financial assets, net	\$ 6,199	\$ 4,456	\$ 8,644	\$ 6,823
Undrawn committed credit facilities	2,527	2,526	9,076	9,194
<b>Core liquidity</b>	<b>8,726</b>	<b>6,982</b>	<b>17,720</b>	<b>16,017</b>
Third-party uncalled private fund commitments	—	—	60,136	60,594
<b>Total liquidity</b>	<b>\$ 8,726</b>	<b>\$ 6,982</b>	<b>\$ 77,856</b>	<b>\$ 76,611</b>

## CAPITAL STRUCTURE

Virtually all of the debt within our business is issued by entities or assets within the funds, or other investing entities, that we manage and generally has no recourse to the Corporation. Only 6% of our consolidated debt is issued by, or has recourse to, the Corporation.

Our Corporate capitalization was \$53 billion as at June 30, 2021, with a debt to capitalization level of approximately 17% at the corporate level based on book values, which excludes virtually all of the value of our asset management operations (see page 25 for details). Based on our market capitalization the corporate debt to capitalization level was 10%.

- Corporate borrowings totaled \$9 billion, with a weighted-average term of 14 years, and a weighted-average interest rate of 4.4%.
- Our corporate borrowings are supplemented by \$4 billion of perpetual preferred shares with a weighted-average cost of 3.9%.

	Average Term (Years)	Total	Maturity					
			2021	2022	2023	2024	2025	2026+
AS AT JUN. 30, 2021 (MILLIONS)								
Corporate borrowings								
Term debt <sup>2</sup>	14	\$ 9,145	\$ —	\$ —	\$ —	\$ 1,153	\$ 500	\$ 7,492
Revolving facilities <sup>3</sup>	5	—	—	—	—	—	—	—
		9,145	—	—	—	1,153	500	7,492
Perpetual preferred shares <sup>4</sup>	perp.	4,375	—	—	—	—	—	n/a
		<b>\$ 13,520</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,153</b>	<b>\$ 500</b>	<b>\$ 7,492</b>

See endnotes.

# Liquidity Profile

## CORE AND TOTAL LIQUIDITY

AS AT JUN. 30, 2021 AND DEC. 31, 2020 (MILLIONS)	Corporate <sup>1</sup>	Real Estate <sup>1</sup>	Renewable Power	Infrastructure	Private Equity <sup>1</sup>	Oaktree	Total 2021	Dec. 2020
Cash and financial assets, net	\$ 6,199	\$ 57	\$ 465	\$ 836	\$ 424	\$ 663	\$ 8,644	\$ 6,823
Undrawn committed credit facilities	2,527	480	1,557	2,214	1,648	650	9,076	9,194
<b>Core liquidity</b>	<b>8,726</b>	<b>537</b>	<b>2,022</b>	<b>3,050</b>	<b>2,072</b>	<b>1,313</b>	<b>17,720</b>	<b>16,017</b>
Uncalled private fund commitments <sup>2</sup>	—	11,856	4,596	10,851	6,988	25,845	60,136	60,594
<b>Total liquidity</b>	<b>\$ 8,726</b>	<b>\$ 12,393</b>	<b>\$ 6,618</b>	<b>\$ 13,901</b>	<b>\$ 9,060</b>	<b>\$ 27,158</b>	<b>\$ 77,856</b>	<b>\$ 76,611</b>

- Corporate credit facilities totaled \$2.5 billion, of which \$nil was utilized for short-term bank or commercial paper borrowings and \$63 million was drawn and utilized for letters of credit as at June 30, 2021.
- 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 JUN. 30, 2021 AND DEC. 31, 2020 (MILLIONS)	2021	2022	2023	2024	2025+	Total 2021 <sup>3</sup>	Dec. 2020
Real estate	\$ —	\$ —	\$ 465	\$ 268	\$ 11,123	\$ 11,856	\$ 11,270
Infrastructure and renewable power	6	248	—	—	15,193	15,447	16,276
Private equity	37	—	5	—	6,946	6,988	6,171
Oaktree	48	588	116	999	24,094	25,845	26,877
	<b>\$ 91</b>	<b>\$ 836</b>	<b>\$ 586</b>	<b>\$ 1,267</b>	<b>\$ 57,356</b>	<b>\$ 60,136</b>	<b>\$ 60,594</b>

- Approximately \$21.1 billion of the uncalled fund commitments are currently earning fees. The remainder will become fee bearing once the capital is invested.
  - During the LTM, approximately \$3.3 billion of uncalled commitments became no longer fee-earning as a result of the end of the investment period of our third infrastructure flagship fund. The majority of this capital was reserved for expected follow-on investments and will become fee bearing again once invested.
- We invested approximately \$7.4 billion of third-party fund capital (including private funds and co-investments) during the quarter and \$30.8 billion during the last twelve months.
- \$7.3 billion of third-party capital is committed to investments not yet funded as at June 30, 2021 (real estate – \$1.5 billion; infrastructure and renewable power – \$2.2 billion; private equity – \$0.6 billion; and Oaktree – \$3.0 billion).

See endnotes.

# Summary of Results – Funds from Operations

We generated \$7.6 billion in FFO over the last twelve months, including \$1.6 billion in the current quarter

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

	Three Months		LTM		Page Ref.
	2021	2020	2021	2020	
<b>Operating FFO</b>					
<b>Fee-related earnings</b>					
Long-term private funds	\$ 178	\$ 190	\$ 724	\$ 762	page 16
– Catch-up fees	—	—	6	35	page 16
Perpetual strategies	262	165	971	680	page 16
Credit strategies	263	218	982	628	page 17
Public securities	23	18	86	99	page 17
Base management fees	726	591	2,769	2,204	
Incentive distributions (“IDRs”)	84	76	322	286	
Transaction and advisory fees	1	—	20	45	
<b>Total fee revenues</b>	<b>811</b>	<b>667</b>	<b>3,111</b>	<b>2,535</b>	
Direct costs	(369)	(315)	(1,373)	(1,119)	
<b>Fee-related earnings</b>	<b>442</b>	<b>352</b>	<b>1,738</b>	<b>1,416</b>	
Performance fees	79	—	79	—	
Fee-related earnings not attributable to BAM	(38)	(28)	(138)	(71)	
	<b>483</b>	<b>324</b>	<b>1,679</b>	<b>1,345</b>	page 15
<b>Invested capital</b>					
Listed affiliates					
BPY	94	87	321	611	page 30
BEP	86	118	331	409	page 30
BIP	89	81	381	343	page 30
BBU, before performance fees	130	109	560	466	page 30
	<b>399</b>	<b>395</b>	<b>1,593</b>	<b>1,829</b>	
Other listed investments	2	23	231	83	page 31
Corporate cash and financial assets	20	79	336	124	page 31
<b>Listed investments</b>	<b>421</b>	<b>497</b>	<b>2,160</b>	<b>2,036</b>	
BBU performance fee, net to BAM	(51)	—	(51)	—	
	<b>370</b>	<b>497</b>	<b>2,109</b>	<b>2,036</b>	
Unlisted investments					
Residential development	42	(11)	151	109	
Energy contracts	(31)	(35)	(93)	(178)	
Other	93	16	224	60	
	<b>104</b>	<b>(30)</b>	<b>282</b>	<b>(9)</b>	page 31
Corporate activities					
Corporate interest expense	(106)	(95)	(418)	(359)	
Corporate costs and taxes	(38)	(39)	(157)	(138)	
	<b>(144)</b>	<b>(134)</b>	<b>(575)</b>	<b>(497)</b>	page 28
	<b>330</b>	<b>333</b>	<b>1,816</b>	<b>1,530</b>	
<b>Total operating FFO</b>	<b>813</b>	<b>657</b>	<b>3,495</b>	<b>2,875</b>	
<b>Realized carried interest, net</b>					
Realized carried interest	335	76	1,492	499	
Direct costs	(109)	(31)	(637)	(198)	
	<b>226</b>	<b>45</b>	<b>855</b>	<b>301</b>	page 19
Realized carried interest, net, not attributable to BAM	(21)	(14)	(169)	(37)	
	<b>205</b>	<b>31</b>	<b>686</b>	<b>264</b>	
<b>Disposition gains</b>	<b>582</b>	<b>473</b>	<b>3,375</b>	<b>936</b>	page 29
<b>Total funds from operations<sup>1,2</sup></b>	<b>\$ 1,600</b>	<b>\$ 1,161</b>	<b>\$ 7,556</b>	<b>\$ 4,075</b>	
<b>Per share</b>					
Total operating FFO	\$ 0.50	\$ 0.40	\$ 2.17	\$ 1.80	
Total FFO	1.01	0.73	4.80	2.59	

See endnotes.

# Funds from Operations and Net Income

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

	Three Months				LTM			
	FFO <sup>1</sup>		Net Income <sup>1</sup>		FFO <sup>1</sup>		Net Income <sup>1</sup>	
	2021	2020	2021	2020	2021	2020	2021	2020
Operating activities								
Fee-related earnings	\$ 483	\$ 324	\$ 483	\$ 324	\$ 1,679	\$ 1,345	\$ 1,679	\$ 1,345
Invested capital	330	333	330	333	1,816	1,530	1,816	1,530
	813	657	813	657	3,495	2,875	3,495	2,875
Realized carried interest, net	205	31	205	31	686	264	686	264
Realized disposition gains <sup>2</sup>	582	473	91	(1)	3,375	936	172	43
Fair value changes <sup>3</sup>	—	—	225	(978)	—	—	404	(1,239)
Depreciation and amortization <sup>3</sup>	—	—	(449)	(402)	—	—	(1,794)	(1,595)
Deferred income taxes <sup>3</sup>	—	—	(69)	37	—	—	(97)	496
	<u>\$ 1,600</u>	<u>\$ 1,161</u>	<u>\$ 816</u>	<u>\$ (656)</u>	<u>\$ 7,556</u>	<u>\$ 4,075</u>	<u>\$ 2,866</u>	<u>\$ 844</u>
Per share	<u>\$ 1.01</u>	<u>\$ 0.73</u>	<u>\$ 0.49</u>	<u>\$ (0.43)</u>	<u>\$ 4.80</u>	<u>\$ 2.59</u>	<u>\$ 1.76</u>	<u>\$ 0.47</u>

See endnotes.

# Detailed — Analysis

# Asset Management Operating Results

## FEE-BEARING CAPITAL

AS AT AND FOR THE PERIODS ENDED JUN. 30, 2021 (MILLIONS)	Three Months				LTM				Total
	Long-Term Private Funds <sup>1</sup>	Perpetual Strategies <sup>1</sup>	Public Securities	Credit Strategies	Long-Term Private Funds <sup>1</sup>	Perpetual Strategies <sup>1</sup>	Public Securities	Credit Strategies	
<b>Opening</b>	\$ 83,469	\$ 97,866	\$ 12,940	\$ 124,895	\$ 84,620	\$ 69,201	\$ 11,693	\$ 111,688	\$ 277,202
Inflows	771	1,662	733	5,206	5,012	5,531	2,950	19,635	33,128
Outflows	—	(16)	(582)	(1,347)	—	(107)	(3,577)	(5,733)	(9,417)
Distributions	(596)	(620)	—	(1,195)	(2,162)	(3,485)	—	(2,401)	(8,048)
Market valuation	1	281	911	1,014	(19)	29,692	2,947	6,638	39,258
Other	37	(522)	(1)	159	(3,769)	(2,181)	(12)	(1,095)	(7,057)
Change	213	785	1,061	3,837	(938)	29,450	2,308	17,044	47,864
<b>End of period<sup>2</sup></b>	<b>\$ 83,682</b>	<b>\$ 98,651</b>	<b>\$ 14,001</b>	<b>\$ 128,732</b>	<b>\$ 83,682</b>	<b>\$ 98,651</b>	<b>\$ 14,001</b>	<b>\$ 128,732</b>	<b>\$ 325,066</b>

1. Long-term private funds and perpetual strategies include \$22.4 billion of co-investment capital (Mar. 31, 2021 – \$22.0 billion, Jun. 30, 2020 – \$20.4 billion), which earns minimal or no base fees.
2. Fee-bearing capital includes Brookfield capital of \$42.6 billion (Mar. 31, 2021 – \$42.4 billion, Jun. 30, 2020 – \$27.6 billion) in perpetual strategies and \$0.2 billion (Mar. 31, 2021 – \$0.1 billion, Jun. 30, 2020 – \$0.2 billion) in long-term private funds.

Inflows to fee-bearing capital represent additional capital which began earning fees in the period. Today, we have an additional \$32 billion of committed capital not currently within fee-bearing capital, that will earn approximately \$320 million of fees once invested.

**Long-term private funds:** Fee-bearing capital increased \$0.2 billion in the current quarter to \$83.7 billion due to capital deployed across our businesses. This has been offset by monetizations across each of our segments.

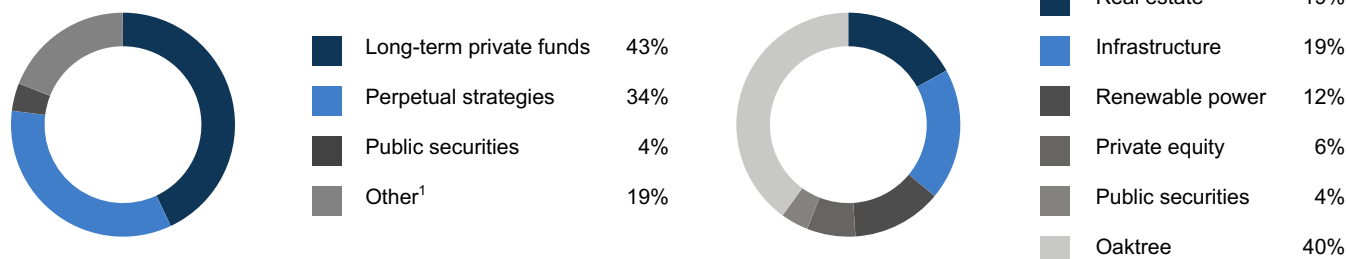
**Perpetual strategies:** Increase in perpetual strategies over the quarter is mainly driven by market price appreciation in BPY, BEP and BBU, as well as capital deployed across our private real estate strategies.

**Public securities:** Fee-bearing capital increased due to inflows of \$0.7 billion and higher market valuations of \$0.9 billion, partially offset by \$0.6 billion of redemptions.

**Credit strategies:** Fee-bearing capital growth during the quarter reflects inflows and capital deployed across various strategies of \$5.2 billion, as well as \$1.0 billion of increases in market valuation since the prior quarter, partially offset by outflows and distributions.

## Fee-Bearing Capital Diversification

AS AT JUN. 30, 2021



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 cont'd

## FEE-RELATED EARNINGS

FOR THE PERIODS ENDED JUN. 30  
(MILLIONS)

	Three Months			LTM		
	2021	2020	Variance	2021	2020	Variance
<b>Base management fees</b>						
Long-term private funds	\$ 178	\$ 190	\$ (12)	\$ 724	\$ 762	\$ (38)
– Catch-up fees	—	—	—	6	35	(29)
Perpetual strategies	262	165	97	971	680	291
Credit strategies	263	218	45	982	628	354
Public securities	23	18	5	86	99	(13)
Incentive distributions	84	76	8	322	286	36
Transaction and advisory fees	1	—	1	20	45	(25)
	<b>811</b>	<b>667</b>	<b>144</b>	<b>3,111</b>	<b>2,535</b>	<b>576</b>
<b>Direct costs</b>						
Compensation and benefits	(287)	(247)	(40)	(1,056)	(850)	(206)
Other expenses	(82)	(68)	(14)	(317)	(269)	(48)
	<b>(369)</b>	<b>(315)</b>	<b>(54)</b>	<b>(1,373)</b>	<b>(1,119)</b>	<b>(254)</b>
<b>Fee-related earnings before performance fees<sup>1</sup></b>	<b>442</b>	<b>352</b>	<b>90</b>	<b>1,738</b>	<b>1,416</b>	<b>322</b>
Performance fees	79	—	79	79	—	79
<b>Total fee-related earnings</b>	<b>\$ 521</b>	<b>\$ 352</b>	<b>\$ 169</b>	<b>\$ 1,817</b>	<b>\$ 1,416</b>	<b>\$ 401</b>
<i>Margin before performance fees</i>	<b>55%</b>	<b>53%</b>		<b>56%</b>	<b>56%</b>	
<b>Fee-related earnings attributable to:</b>						
Brookfield	\$ 483	\$ 324	\$ 159	\$ 1,679	\$ 1,345	\$ 334
Non-Brookfield shareholders <sup>2</sup>	38	28	10	138	71	67
<b>Total fee-related earnings</b>	<b>\$ 521</b>	<b>\$ 352</b>	<b>\$ 169</b>	<b>\$ 1,817</b>	<b>\$ 1,416</b>	<b>\$ 401</b>
<i>Margin before performance fees – at our share<sup>3</sup></i>	<b>57%</b>	<b>56%</b>		<b>58%</b>	<b>59%</b>	

1. Oaktree contributed fee revenues of \$263 million (2020 – \$218 million) for the three months ended June 30, 2021 and \$982 million (2020 – \$628 million) over the LTM. Included in the fee-related earnings are Oaktree's compensation and benefits of \$126 million (2020 – \$114 million) and \$475 million (2020 – \$333 million) for the three months and LTM period, respectively, and other direct costs of \$36 million (2020 – \$31 million) and \$146 million (2020 – \$112 million) for the three months and LTM period, respectively.

2. Represents Oaktree fee-related earnings attributable to the 38% of Oaktree not held by Brookfield.

3. Margin at our share is calculated using our 62% share of Oaktree's fee revenues and costs. Brookfield margin on a standalone basis was 62% for the three months ended June 30, 2021 (2020 – 62%) and 65% for the LTM ended June 30, 2021 (2020 – 65%).

**Long-term private funds:** Fee revenues decreased due to lower fee-bearing capital compared to the prior year quarter as a result of three of our flagship funds ending their investment period last year, as well as capital returned. See page 16 for further breakdown.

**Perpetual strategies:** Fee revenues were higher as a result of increased market capitalizations at BPY, BIP and BBU. See page 16 for further breakdown.

**Credit strategies:** Fee revenues increased due to capital deployed within our closed end funds and market value increases in our open-end and evergreen strategies

**Public securities:** Fee revenues increased due to higher fee-bearing capital compared to the prior year quarter. See page 17 for further breakdown.

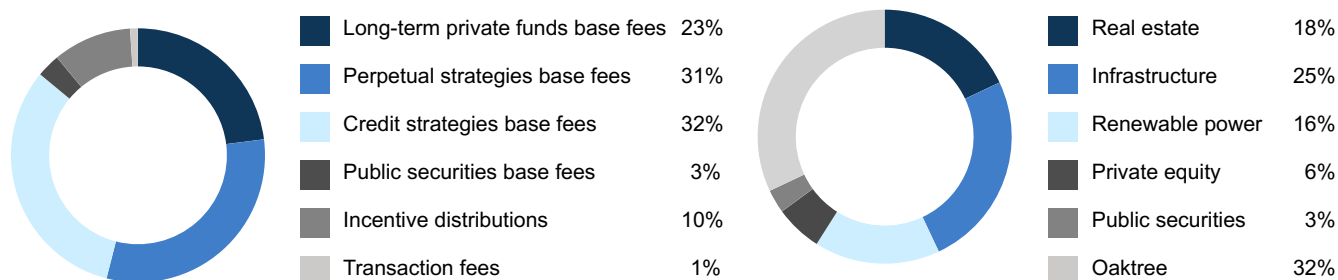
**Incentive distributions:** Reflects increased distribution levels at BIP and BEP. See page 18 for further breakdown.

**Performance fees:** Fees relate to BBU and represent 20% of the unit price increase over the previous threshold.

**Direct costs:** Direct costs increased to support the continued growth of the franchise including new product development and the broadening of our distribution capabilities. Our investment in Oaktree also contributed additional direct costs.

## Fee Revenue Diversification

FOR THE LTM ENDED JUN. 30, 2021



# Fee Revenues

## LONG-TERM PRIVATE FUNDS

AS AT AND FOR THE PERIODS ENDED JUN. 30  
(MILLIONS)

### Base management fees

#### Flagship funds

Real estate

Infrastructure

Private equity

Co-investments and other funds

Total base management fees

Catch-up fees

Transaction and advisory fees

	Three Months		LTM		Annualized <sup>1</sup>	
	2021	2020	2021	2020	2021	2020
\$	52	\$ 56	\$ 211	\$ 230	\$ 260	\$ 215
	77	82	308	312	315	327
	25	32	108	126	107	127
	154	170	627	668	682	669
	24	20	97	94	113	92
	178	190	724	762	795	761
	—	—	6	35	—	—
	1	—	20	45	33	31
	\$ 179	\$ 190	\$ 750	\$ 842	\$ 828	\$ 792

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

## PERPETUAL STRATEGIES

AS AT AND FOR THE PERIODS ENDED JUN. 30  
(MILLIONS)

### Base management fees

#### Listed affiliates<sup>2</sup>

BPY

BEP

BIP

BBU

Other

Core and core plus funds

Total base management fees

Incentive distributions

Performance fees

	Three Months		LTM		Annualized <sup>1</sup>	
	2021	2020	2021	2020	2021	2020
\$	57	\$ 23	\$ 182	\$ 130	\$ 245	\$ 90
	72	36	297	130	288	143
	93	69	358	274	372	277
	23	16	72	65	92	65
	—	10	4	36	—	39
	245	154	913	635	997	614
	17	11	58	45	72	45
	262	165	971	680	1,069	659
	84	76	322	286	277	298
	79	—	79	—	90	90
	\$ 425	\$ 241	\$ 1,372	\$ 966	\$ 1,436	\$ 1,047

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

2. Base management fee revenues from listed affiliates include \$111 million (2020 – \$69 million) and \$410 million (2020 – \$289 million) from Brookfield capital for the three months and LTM period, respectively.



# Fee Revenues

## CREDIT STRATEGIES

AS AT AND FOR THE PERIODS ENDED JUN. 30  
(MILLIONS)

	Three Months		LTM		Annualized <sup>1</sup>	
	2021	2020	2021	2020	2021	2020
Long-term private funds	\$ 175	\$ 141	\$ 637	\$ 400	\$ 692	\$ 590
Perpetual strategies	37	34	142	89	149	120
Other <sup>2</sup>	51	43	203	139	213	184
	<u>\$ 263</u>	<u>\$ 218</u>	<u>\$ 982</u>	<u>\$ 628</u>	<u>\$ 1,054</u>	<u>\$ 894</u>

Fee revenues attributable to:

Brookfield	\$ 163	\$ 134	\$ 606	\$ 387	\$ 653	\$ 551
Non-Brookfield shareholders <sup>3</sup>	100	84	376	241	401	343
	<u>\$ 263</u>	<u>\$ 218</u>	<u>\$ 982</u>	<u>\$ 628</u>	<u>\$ 1,054</u>	<u>\$ 894</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 38% of Oaktree not held by Brookfield.

## PUBLIC SECURITIES

AS AT AND FOR THE PERIODS ENDED JUN. 30  
(MILLIONS)

	Three Months		LTM		Annualized <sup>1</sup>	
	2021	2020	2021	2020	2021	2020
Mutual funds	\$ 10	\$ 9	\$ 38	\$ 53	\$ 41	\$ 39
Separately managed accounts	11	8	41	41	42	38
Other	2	1	7	5	7	6
	<u>\$ 23</u>	<u>\$ 18</u>	<u>\$ 86</u>	<u>\$ 99</u>	<u>\$ 90</u>	<u>\$ 83</u>

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

# 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. Post-privatization, we no longer collect incentive distributions from BPY though we continue to earn recurring management fees and normal course distributions:

## ANNUALIZED INCENTIVE DISTRIBUTIONS

AS AT JUN. 30, 2021 (MILLIONS, EXCEPT PER UNIT)	Per Unit			Units Outstanding	Annualized Incentive Distributions
	Annualized Distributions	Distribution Hurdles	Incentive Distributions <sup>1</sup>		
Brookfield Infrastructure (BIP) <sup>2</sup>	\$ 2.04	\$ 0.73 / \$0.79	15% / 25%	465.1	\$ 197
Brookfield Renewable (BEP) <sup>3</sup>	1.22	0.80 / 0.90	15% / 25%	645.6	80
					<u>\$ 277</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 Infrastructure are earned on distributions made by BIP and BIPC.

3. Incentive distributions from Brookfield Renewable are earned on distributions made by BEP and BEPC.

## LISTED AFFILIATE DISTRIBUTIONS (PER UNIT)

	BEP	BIP
Long-term target:		
FFO payout	70%	60% to 70%
Distribution growth	5% to 9%	5% to 9%
2021 <sup>1</sup>	\$ 1.22	\$ 2.04
2020	1.16	1.94
2019	1.10	1.81
2018	1.05	1.69
2017	1.00	1.57

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

## BEP/BIP

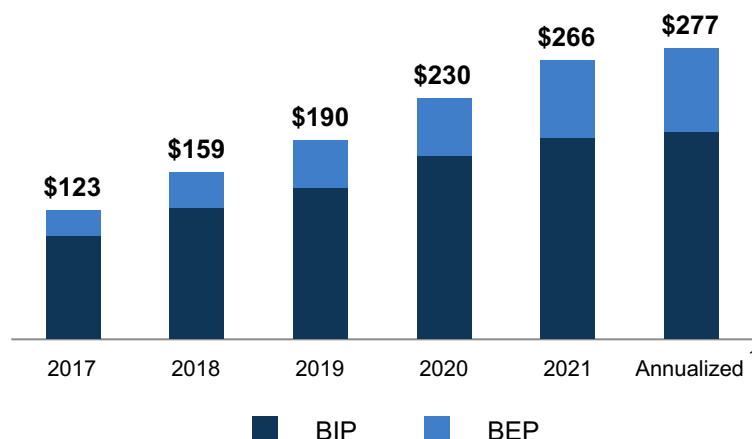
- Distribution policies target a distribution level that is sustainable on a long-term basis while retaining sufficient liquidity for capital expenditures and general purposes.

## BBU

- BBU's performance fee is calculated as 20% of the increase in volume-weighted average price for the quarter, over the highest previous threshold. There are 148.3 million BBU units outstanding and a new high watermark was set this quarter at \$44.64.

## Incentive Distributions (LTM)

JUN. 30 (MILLIONS)



1. Annualized IDR based on most recently announced distribution levels. Prior year amounts have been adjusted to exclude BPY.

# Carried Interest

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

We generated carried interest of \$4.3 billion during the LTM taking our total gross unrealized carried interest balance to \$6.2 billion

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

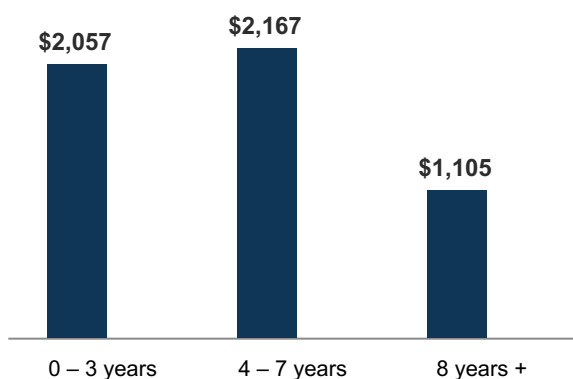
AS AT AND FOR THE PERIODS ENDED JUN. 30, 2021 (MILLIONS)	Three Months			LTM		
	Unrealized Carried Interest	Direct Costs	Net	Unrealized Carried Interest	Direct Costs	Net
Accumulated unrealized, beginning of period	\$ 5,410	\$ (1,969)	\$ 3,441	\$ 3,334	\$ (1,244)	\$ 2,090
In period change						
Generated in period	1,087	(417)	670	4,328	(1,674)	2,654
Foreign currency revaluation	46	(15)	31	38	(11)	27
	1,133	(432)	701	4,366	(1,685)	2,681
Less: realized	(335)	109	(226)	(1,492)	637	(855)
	798	(323)	475	2,874	(1,048)	1,826
<b>Accumulated unrealized, end of period</b>	<b>6,208</b>	<b>(2,292)</b>	<b>3,916</b>	<b>6,208</b>	<b>(2,292)</b>	<b>3,916</b>
Oaktree carried interest not attributable to BAM shareholders	(879)	469	(410)	(879)	469	(410)
<b>Accumulated unrealized, end of period, net</b>	<b>\$ 5,329</b>	<b>\$ (1,823)</b>	<b>\$ 3,506</b>	<b>\$ 5,329</b>	<b>\$ (1,823)</b>	<b>\$ 3,506</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 JUN. 30, 2021 (MILLIONS)



- Of the \$2.1 billion of carried interest expected to be recognized within the next three years, \$1.2 billion relates to carried interest from our flagship real estate, infrastructure and private equity funds, and \$0.9 billion relates to Oaktree's funds, at our share.

## THREE MONTHS

- Unrealized carried interest before foreign exchange and associated costs increased \$1.1 billion during the current quarter, primarily related to higher valuations in our credit funds, as well as our flagship infrastructure, real estate and private equity funds during the quarter.
- We realized \$335 million of carried interest in the quarter, primarily from strong returns from realizations in our infrastructure, real estate and credit strategies.

## LTM

- In addition to the realized carried interest noted above, over the LTM we earned carried interest income from the valuation increases from our fifth flagship private equity fund and real estate funds, as well as realization within our credit platform.

# 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 JUN. 30, 2021 (MILLIONS)	Carry Eligible Capital <sup>1</sup>	Gross Target Return <sup>2,3</sup>	Average Carried Interest	Annualized Target Carried Interest <sup>4</sup>
Opportunistic	\$ 22,559	18% – 23%	~20%	\$ 768
Value add	21,471	10% – 15%	~20%	439
Credit, core plus and other	17,138	10% – 15%	~15%	202
Oaktree	36,130	10% – 20%	~20%	916
	97,298			2,325
Uncalled fund commitments <sup>5,6</sup>				
Brookfield	26,501			492
Oaktree	19,753			442
<b>Total carry eligible capital/target carried interest</b>	<b>\$ 143,552</b>			<b>3,259</b>
Target carried interest not attributable to BAM shareholders <sup>7</sup>				(516)
				<b>\$ 2,743</b>

- As at June 30, 2021, \$97.3 billion of carry eligible capital has been invested and an additional \$46.3 billion of committed capital will become carry eligible once invested.
- Carried interest is generated once a private fund exceeds its preferred return typically ranging from 5% – 9%. It will typically go through a catch-up period until the manager and limited partner (LP) are earning carry at their respective allocation.
- Gross target return is before annual fund management fees ranging from 90 bps for core plus funds to 200 bps for certain opportunistic funds.
- Based on carry eligible capital.
- Uncalled fund commitments from carry eligible funds.
- Target carry on uncalled fund commitments is discounted for two years at 10%, reflecting gross target return and average carried interest rate for uncalled fund commitments.
- Represents Oaktree target carried interest attributable to the 38% of Oaktree not held by Brookfield.

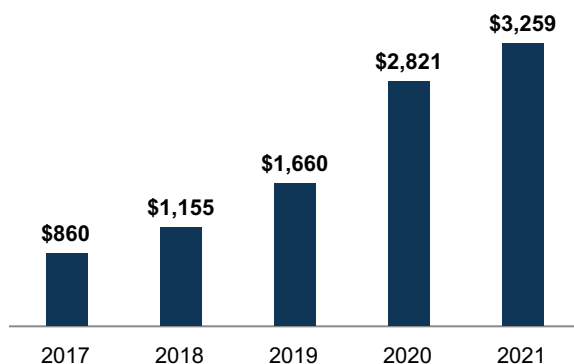
## ANNUALIZED TARGET CARRIED INTEREST

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 \$2.3 billion per annum, and \$0.9 billion on capital not yet invested. Total target carried interest is \$2.7 billion at our share, or \$1.8 billion net of costs.

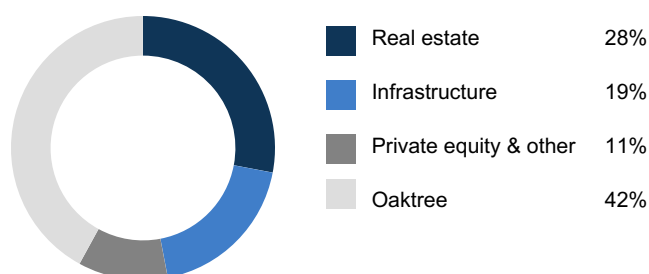
### Target Carried Interest

AS AT JUN. 30 (MILLIONS)



### Target Carry Diversification

AS AT JUN. 30, 2021



# Private Funds Carried Interest

## Virtually all of our funds are tracking to meet or exceed their preferred return hurdle

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

AS AT JUN. 30, 2021 (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%	18%	\$ 5,011	\$ 1,038	\$ 12,422	\$ 18,471	\$ 1,033
	Credit – BREF	2005 – 2017	12% – 15%	10%	1,611	809	1,062	3,482	65
	Other <sup>6</sup>	2008 – 2018			1,638	8,237	4,216	14,091	95
<b>Infrastructure</b>	Value add – BIF	2010 – 2020	13% – 15%	15%	7,769	13,034	7,645	28,448	1,798
	Other <sup>6</sup>	2008 – 2018			5,191	3,319	853	9,363	27
<b>Private equity</b>	Opportunistic – BCP	2007 – 2019	20%	28%	3,239	2,857	1,996	8,092	779
	Other <sup>6</sup>	2015 – 2018			2,042	3,149	531	5,722	100
<b>Oaktree</b>					19,753	23,701	12,429	55,883	1,432
<b>Total private fund carry eligible capital</b>					46,254	\$ 56,144	\$ 41,154	143,552	\$ 5,329
<b>Non-carry eligible capital<sup>7</sup></b>					13,882			77,671	
					\$ 60,136			\$ 221,223	

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 \$13.9 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

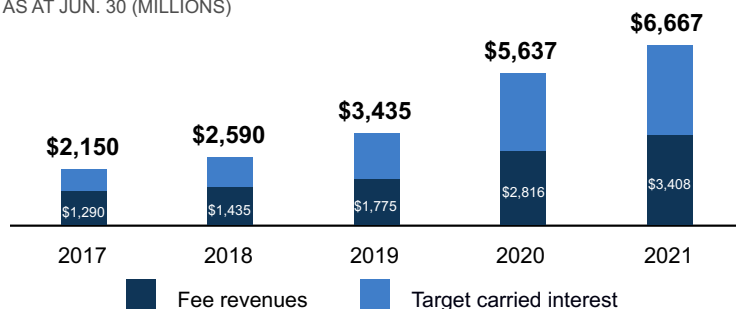
AS AT (MILLIONS)	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2020
<b>Base management fees</b>			
Long-term private funds	\$ 795	\$ 785	\$ 761
Perpetual strategies <sup>1,2</sup>	1,069	981	659
Credit strategies	1,054	974	894
Public securities	90	84	83
Incentive distributions <sup>3</sup>	277	334	298
	<b>3,285</b>	<b>3,158</b>	<b>2,695</b>
Performance fee <sup>4</sup>	90	90	90
Transaction and advisory <sup>5</sup>	33	35	31
Fee revenues	<b>3,408</b>	<b>3,283</b>	<b>2,816</b>
<b>Target carried interest<sup>6</sup></b>			
Brookfield funds	1,901	1,881	1,821
Oaktree funds	1,358	1,308	1,000
	<b>3,259</b>	<b>3,189</b>	<b>2,821</b>
	<b>6,667</b>	<b>6,472</b>	<b>5,637</b>
<b>Oaktree revenues not attributable to BAM shareholders</b>			
Management fees	(401)	(374)	(343)
Target carried interest	(516)	(502)	(384)
	<b>\$ 5,750</b>	<b>\$ 5,596</b>	<b>\$ 4,910</b>

- Perpetual strategies base management fees include \$480 million of annualized base fees on Brookfield capital from listed affiliates.
- For details on perpetual strategies base fee calculations, refer to the Glossary of Terms on page 40.
- 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.

- We have approximately \$32 billion of additional capital not in fee-bearing capital today that will earn approximately \$320 million of fees and \$200 million of target carried interest once 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 148.3 million BBU units outstanding and the high watermark was reset this quarter at \$44.64.
- We include base fees on the capital invested by us in our listed affiliates 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 margin range of 55% – 65% on Brookfield fee revenue and a range of 25% – 35% on Oaktree fee revenue for planning purposes.
- 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.

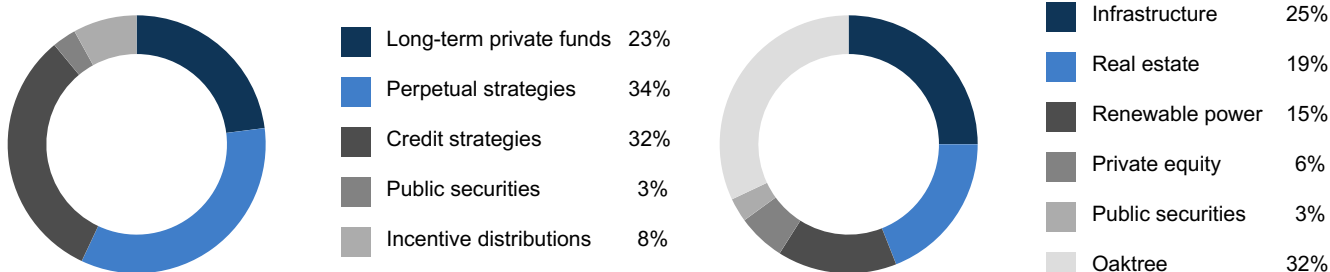
## Annualized Fees and Target Carry

AS AT JUN. 30 (MILLIONS)



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

AS AT JUN. 30, 2021



1. Fee revenues based on annualized fees as at June 30, 2021, excluding transaction fees, performance fees and target carried interest.

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

AS AT JUN. 30, 2021  
(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 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	1,011	—%	2019
<b>Value Add</b>			
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>	3,669	11%	2016
Premier Real Estate Partners Australia <sup>5</sup>	A \$ 830	32%	2018
European Real Estate Partnership	€ 1,198	16%	2020
Single Family Rental	300	26%	2020
<b>BROOKFIELD INFRASTRUCTURE FUNDS</b>			
<b>Value Add</b>			
Global Infrastructure I <sup>4</sup>	\$ 2,660	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</sup>	20,000	25%	2020
Global Infrastructure IV Renewable <sup>4</sup>	748	25%	2020
<b>Core</b>			
Super-Core Infrastructure Partners <sup>5</sup>	\$ 4,748	1%	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</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>	1,249	1%	2017
Infrastructure Debt I	884	17%	2017
Infrastructure Debt – Euro	€ 202	30%	2018
Infrastructure Debt II	2,701	13%	2020
Peninsula Brookfield India Real Estate	95	—%	2013

1. Excludes Oaktree funds. 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 affiliates or investment funds for which Brookfield did not serve as the manager during the investment period. Also excludes closed-end funds currently in the market and fully divested funds.

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

3. Year of final close. For perpetual funds, year of first close.

4. Flagship funds.

5. Perpetual funds.

# Capital Invested or Committed

Invested \$45 billion of capital during the LTM, including \$10 billion in the quarter

## CAPITAL INVESTED OR COMMITTED (FUNDING SOURCE)

FOR THE LTM ENDED JUN. 30 (MILLIONS)	Real Estate	Infrastructure	Renewable Power	Private Equity and Other	Oaktree	Total
Perpetual strategies <sup>1</sup>	\$ 3,737	\$ 1,534	\$ 2,770	\$ 1,794	\$ 4,545	\$ 14,380
Long-term private funds <sup>2</sup>	3,288	2,854	1,495	410	16,431	24,478
Co-investments <sup>2</sup>	893	1,624	—	727	1,201	4,445
Direct <sup>3</sup>	—	—	—	1,685	—	1,685
Total invested	7,918	6,012	4,265	4,616	22,177	44,988
Committed – new <sup>4</sup>	5,659	4,447	329	2,299	3,073	15,807
Committed – invested <sup>4</sup>	(2,871)	(4,199)	(2,122)	(483)	(342)	(10,017)
Total <sup>4</sup>	\$ 10,706	\$ 6,260	\$ 2,472	\$ 6,432	\$ 24,908	\$ 50,778

1. Includes investments made by listed affiliates (BPY, BIP, BEP and BBU) and Oaktree on their balance sheets, or investments 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 affiliates.

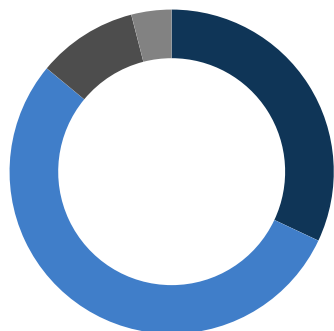
4. New commitments represent those commitments entered into during the period. Invested commitments represent the amounts invested during the period for commitments which were entered into during the prior period (shown as an outflow to commitments and an inflow to invested). Where capital was both committed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

## CAPITAL INVESTED (GEOGRAPHY)

FOR THE LTM ENDED JUN. 30 (MILLIONS)	Real Estate	Infrastructure	Renewable Power	Private Equity and Other	Oaktree	Total
North America	\$ 4,836	\$ 2,026	\$ 1,692	\$ 3,700	\$ 15,167	\$ 27,421
South America	45	192	214	101	760	1,312
Europe	2,285	40	2,018	41	4,347	8,731
Asia and other	752	3,754	341	774	1,903	7,524
Total invested	\$ 7,918	\$ 6,012	\$ 4,265	\$ 4,616	\$ 22,177	\$ 44,988

## Capital Invested (by capital type)

FOR THE LTM ENDED JUN. 30, 2021



Perpetual Strategies	32%	Long-term private funds	54%
Co-investments	10%	Direct	4%

## SIGNIFICANT INVESTMENTS

- Opportunistic credit investments (\$5.7 billion)
- Indian Telecom Towers (\$3.4 billion)
- TerraForm privatization (\$1.8 billion)
- Cheniere Energy (\$1.4 billion)
- Sagen (formerly “Genworth Canada”) (\$1.3 billion)
- BPY repurchases (\$1.0 billion)
- Shepherds Flat (\$0.6 billion)
- Indian office portfolio (\$0.6 billion)
- U.S. Logistics Portfolio (\$0.6 billion)

## SIGNIFICANT COMMITMENTS

- Inter Pipeline (\$4.3 billion)
- BPY privatization (\$3.7 billion)
- Opportunistic credit portfolios (\$2.2 billion)
- Modulaire Group (\$1.8 billion)



# Capitalization

Our corporate debt has a weighted-average term to maturity of 14 years, while our recourse debt to corporate capitalization remains below 20%

AS AT JUN. 30, 2021 AND DEC. 31, 2020 (MILLIONS)	Average Rate	Average Term (Years)	Leverage	
			2021	2020
Corporate borrowings				
Term debt	4.4%	14	\$ 9,145	\$ 9,077
Revolving facilities <sup>1</sup>	n/a	5	—	—
Total corporate borrowings			9,145	9,077
Perpetual preferred shares <sup>2</sup>	3.9%	perp.	4,375	4,375
<b>Debt and preferred capital</b>			<b>\$ 13,520</b>	<b>\$ 13,452</b>

1. Revolving credit facilities of \$2.5 billion support commercial paper issuances.

2. Includes \$230 million of perpetual subordinated notes issued in November 2020 by a wholly owned subsidiary of Brookfield, included within non-controlling interest.

## DEBT TO CAPITALIZATION

AS AT JUN. 30, 2021 AND DEC. 31, 2020 (MILLIONS)	Corporate		Consolidated	
	2021	2020	2021	2020
Corporate borrowings	\$ 9,145	\$ 9,077	\$ 9,145	\$ 9,077
Non-recourse borrowings				
Subsidiary borrowings	—	—	8,911	10,768
Property specific borrowings	—	—	134,215	128,556
	9,145	9,077	152,271	148,401
Accounts payable and other	5,210	4,963	50,330	50,682
Deferred income tax liabilities	602	432	15,914	15,913
Subsidiary equity obligations	—	—	3,478	3,699
Liabilities associated with assets held for sale	—	—	1,287	2,359
Equity				
Non-controlling interests	230	230	88,423	86,804
Preferred equity	4,145	4,145	4,145	4,145
Common equity	33,369	31,693	33,369	31,693
	37,744	36,068	125,937	122,642
Total capitalization	\$ 52,701	\$ 50,540	\$ 349,217	\$ 343,696
Debt to capitalization <sup>1</sup>	17%	18%	44%	43%

1. 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 from our operations and principal investments

FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Three Months		LTM	
	2021	2020	2021	2020
<b>Corporate cash and financial assets, beginning of period</b>	<b>\$ 6,234</b>	<b>\$ 1,949</b>	<b>\$ 3,229</b>	<b>\$ 4,023</b>
<b>Sources</b>				
Distributable earnings, before realizations <sup>1</sup>	802	574	3,100	2,302
Proceeds from realized carry <sup>2</sup>	180	31	360	368
Dispositions of principal investments <sup>2</sup>	708	479	2,967	1,031
	<b>1,690</b>	<b>1,084</b>	<b>6,427</b>	<b>3,701</b>
<b>Uses</b>				
Acquisition of Oaktree, net of distribution <sup>3</sup>	—	—	—	(2,095)
Share repurchases <sup>4</sup>	(200)	(99)	(372)	(493)
Dividends paid to common shareholders	(196)	(181)	(755)	(677)
Temporary and other investments <sup>5</sup>	(1,056)	(360)	(2,797)	(1,793)
Listed affiliate unit/share purchases	—	—	(663)	(296)
	<b>(1,452)</b>	<b>(640)</b>	<b>(4,587)</b>	<b>(5,354)</b>
<b>Net financing activities</b>	<b>(35)</b>	<b>743</b>	<b>1,090</b>	<b>1,059</b>
<b>Other sources / (uses)<sup>6</sup></b>	<b>(238)</b>	<b>93</b>	<b>40</b>	<b>(200)</b>
<b>In-period change</b>	<b>(35)</b>	<b>1,280</b>	<b>2,970</b>	<b>(794)</b>
<b>Corporate cash and financial assets, end of period</b>	<b>\$ 6,199</b>	<b>\$ 3,229</b>	<b>\$ 6,199</b>	<b>\$ 3,229</b>

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

2. Subject to timing differences between period when earned and period when cash is received.

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

4. Includes repurchases of BAM common and preferred shares.

5. This includes cash used to fund capital calls, seed investments and cash used on various risk management trades.

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

# Invested Capital – Overview

## LISTED INVESTMENTS

Our **listed affiliates** are **BPY** (prior to July 26th privatization), **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.

- Prior to privatization, we owned a 62% (58% fully diluted) interest in **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, student housing and manufactured housing assets. Post-privatization, we own a 100% interest.
- We own 48% 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 28% 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 64% 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.
- **Other:** As at June 30, 2021, we owned an approximate 5% interest in West Fraser as well as an approximate 4% interest in Vistra. These investments are treated as financial assets 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 and other real estate:** 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. We also have direct investment in our third flagship real estate fund, a 27.4% interest in a BAM-sponsored venture that owns operating and development properties in New York and investments in assets in the multifamily sector.
- **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:** includes investments in sustainable resources, mainly timber and agricultural assets, direct investments in various operating companies within the Private Equity segment, our share of Oaktree's balance sheet investments and investments in our insurance business.

## 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

	Funds from Operations <sup>1</sup>					
	Invested Capital		Three Months		LTM	
	2021	2020	2021	2020	2021	2020
AS AT JUN. 30, 2021 AND DEC. 31, 2020 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS, EXCEPT PER SHARE AMOUNTS)						
<b>Listed investments</b>						
<b>Listed affiliates</b>						
BPY	\$ 15,813	\$ 15,522	\$ 94	\$ 87	\$ 321	\$ 611
BPY preferred shares	16	16	—	—	—	—
BEP	3,911	4,573	86	118	331	409
BIP	1,939	1,920	89	81	381	343
BBU <sup>2</sup>	2,735	2,175	79	109	509	466
<b>Other listed investments</b>						
Norbord / West Fraser <sup>3</sup>	450	1,327	1	22	230	76
Other	148	154	1	1	1	7
<b>Corporate cash and financial assets<sup>4</sup></b>	<b>6,199</b>	<b>4,456</b>	<b>20</b>	<b>79</b>	<b>336</b>	<b>124</b>
	<b>31,211</b>	<b>30,143</b>	<b>370</b>	<b>497</b>	<b>2,109</b>	<b>2,036</b>
<b>Unlisted investments</b>						
Residential	2,452	2,730	42	(11)	151	109
Energy contracts	669	581	(31)	(35)	(93)	(178)
Other	7,166	6,002	93	16	224	60
	<b>10,287</b>	<b>9,313</b>	<b>104</b>	<b>(30)</b>	<b>282</b>	<b>(9)</b>
<b>Corporate activities</b>						
Corporate borrowings / Interest expense	(9,145)	(9,077)	(106)	(95)	(418)	(359)
Working capital / Corporate costs and taxes <sup>5</sup>	483	742	(38)	(39)	(157)	(138)
Perpetual preferred shares <sup>6</sup>	(4,375)	(4,375)	—	—	—	—
	<b>(13,037)</b>	<b>(12,710)</b>	<b>(144)</b>	<b>(134)</b>	<b>(575)</b>	<b>(497)</b>
<b>Invested capital, net / FFO</b>	<b>\$ 28,461</b>	<b>\$ 26,746</b>	<b>\$ 330</b>	<b>\$ 333</b>	<b>\$ 1,816</b>	<b>\$ 1,530</b>
Per share	<b>\$ 17.93</b>	<b>\$ 17.00</b>	<b>\$ 0.19</b>	<b>\$ 0.19</b>	<b>\$ 1.08</b>	<b>\$ 0.91</b>

1. Excludes realized disposition gains.

2. FFO includes the net impact of performance fees paid to BAM of \$79 million (2020 – \$nil) for the three months ended June 30 and \$79 million (2020 – \$nil) for the LTM.

3. Norbord was acquired by West Fraser on February 1, 2021.

4. Corporate cash and financial assets is inclusive of \$5.5 billion of cash and cash equivalents (December 31, 2020 – \$3.2 billion).

5. Invested capital includes net deferred income tax asset of \$1.6 billion (December 31, 2020 – \$1.7 billion); FFO includes current tax expense of \$8 million (2020 – \$14 million) for the three months ended June 30, 2021 and current tax expense of \$46 million (2020 – \$38 million) for the LTM.

6. Includes \$230 million of perpetual subordinated notes issued in November 2020 by a wholly owned subsidiary of Brookfield, included within non-controlling interest. FFO excludes preferred shares distributions of \$41 million (2020 – \$36 million) for the three months ended June 30, 2021 and \$151 million (2020 – \$148 million) for the LTM.

# Disposition Gains

FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Three Months				LTM			
	FFO <sup>1,2</sup>		Net Income <sup>2</sup>		FFO <sup>1,2</sup>		Net Income <sup>2</sup>	
	2021	2020	2021	2020	2021	2020	2021	2020
<b>Real estate</b>								
Core office	\$ 5	\$ 7	\$ 11	\$ —	\$ 126	\$ 159	\$ —	\$ (40)
Core retail portfolio	(36)	—	(19)	—	(127)	47	(21)	17
LP investments	65	(17)	5	(5)	212	28	37	(38)
Directly held	1	—	—	—	365	7	(113)	36
	<u>35</u>	<u>(10)</u>	<u>(3)</u>	<u>(5)</u>	<u>576</u>	<u>241</u>	<u>(97)</u>	<u>(25)</u>
<b>Infrastructure</b>								
BIPC secondary offering	—	—	—	—	140	—	—	—
Enwave Canada	104	—	83	—	104	—	83	—
U.K. smart meter portfolio	92	—	48	—	92	—	48	—
Other infrastructure	25	—	(25)	—	62	74	5	8
	<u>221</u>	<u>—</u>	<u>106</u>	<u>—</u>	<u>398</u>	<u>74</u>	<u>136</u>	<u>8</u>
<b>Private equity</b>								
Norbord / West Fraser <sup>3</sup>	149	—	(44)	—	786	—	(44)	—
GrafTech	94	—	(9)	—	281	55	116	—
Other private equity	—	—	—	—	111	55	4	59
	<u>243</u>	<u>—</u>	<u>(53)</u>	<u>—</u>	<u>1,178</u>	<u>110</u>	<u>76</u>	<u>59</u>
<b>Renewable power</b>								
Secondary offerings	—	479	—	—	1,021	479	—	—
Other renewable power	33	4	56	4	64	32	69	1
	<u>33</u>	<u>483</u>	<u>56</u>	<u>4</u>	<u>1,085</u>	<u>511</u>	<u>69</u>	<u>1</u>
<b>Corporate</b>								
Other corporate	50	—	(15)	—	138	—	(12)	—
	<u>50</u>	<u>—</u>	<u>(15)</u>	<u>—</u>	<u>138</u>	<u>—</u>	<u>(12)</u>	<u>—</u>
	<u>\$ 582</u>	<u>\$ 473</u>	<u>\$ 91</u>	<u>\$ (1)</u>	<u>\$ 3,375</u>	<u>\$ 936</u>	<u>\$ 172</u>	<u>\$ 43</u>

1. FFO includes gains (net of losses) 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.

3. Norbord was acquired by West Fraser on February 1, 2021.

# Listed Affiliates Results

## BPY (NASDAQ: BPY, TSX: BPY.UN) – 62% (58% fully diluted) ownership interest prior to privatization

AS AT JUN. 30, 2021 AND DEC. 31, 2020 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		LTM	
	2021	2020	2021	2020	2021	2020
Attributable to unitholders	\$ 25,539	\$ 25,137	\$ 176	\$ 178	\$ 629	\$ 1,190
Non-controlling interests	(9,726)	(9,615)	(67)	(77)	(246)	(532)
Segment reallocation and other <sup>1</sup>	—	—	(15)	(14)	(62)	(47)
Brookfield's interest	15,813	15,522	94	87	321	611
Preferred shares	16	16	—	—	—	—
	<b>\$ 15,829</b>	<b>\$ 15,538</b>	<b>\$ 94</b>	<b>\$ 87</b>	<b>\$ 321</b>	<b>\$ 611</b>

## BEP (NYSE: BEP, TSX: BEP.UN) – 48% ownership interest

AS AT JUN. 30, 2021 AND DEC. 31, 2020 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		LTM	
	2021	2020	2021	2020	2021	2020
Attributable to unitholders	\$ 8,095	\$ 9,029	\$ 268	\$ 232	\$ 868	\$ 753
Incentive distributions	—	—	(20)	(15)	(74)	(55)
Non-controlling interests	(4,184)	(4,456)	(129)	(88)	(399)	(278)
Segment reallocation and other <sup>2</sup>	—	—	(33)	(11)	(64)	(11)
Brookfield's interest	\$ 3,911	\$ 4,573	\$ 86	\$ 118	\$ 331	\$ 409

## BIP (NYSE: BIP, TSX: BIP.UN) – 28% ownership interest

AS AT JUN. 30, 2021 AND DEC. 31, 2020 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		LTM	
	2021	2020	2021	2020	2021	2020
Attributable to unitholders	\$ 6,652	\$ 6,589	\$ 394	\$ 333	\$ 1,588	\$ 1,387
Incentive distributions	—	—	(50)	(46)	(191)	(174)
Non-controlling interests	(4,713)	(4,669)	(246)	(203)	(996)	(858)
Segment reallocation and other <sup>2</sup>	—	—	(9)	(3)	(20)	(12)
Brookfield's interest	\$ 1,939	\$ 1,920	\$ 89	\$ 81	\$ 381	\$ 343

## BBU (NYSE: BBU, TSX: BBU.UN) – 64% ownership interest

AS AT JUN. 30, 2021 AND DEC. 31, 2020 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		LTM	
	2021	2020	2021	2020	2021	2020
Attributable to unitholders	\$ 4,223	\$ 3,492	\$ 356	\$ 173	\$ 1,404	\$ 829
Performance fees	—	—	(79)	—	(79)	—
Non-controlling interests	(1,488)	(1,317)	(104)	(64)	(486)	(310)
Segment reallocation and other <sup>2</sup>	—	—	(94)	—	(330)	(53)
Brookfield's interest	\$ 2,735	\$ 2,175	\$ 79	\$ 109	\$ 509	\$ 466

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 affiliates, we hold a number of other listed and unlisted investments

## OTHER LISTED INVESTMENTS AND CORPORATE CASH AND FINANCIAL ASSETS

		Invested Capital		Funds from Operations			
				Three Months		LTM	
AS AT JUN. 30, 2021 AND DEC. 31, 2020 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)		2021	2020	2021	2020	2021	2020
Segment							
Other listed							
Norbord / West Fraser <sup>1</sup>	Private Equity	\$ 450	\$ 1,327	\$ 1	\$ 22	\$ 230	\$ 76
Other listed	Private Equity	148	154	1	1	1	7
		598	1,481	2	23	231	83
Corporate cash and financial assets							
	Corporate	6,199	4,456	20	79	336	124
		\$ 6,797	\$ 5,937	\$ 22	\$ 102	\$ 567	\$ 207

1. Norbord was acquired by West Fraser on February 1, 2021.

## UNLISTED INVESTMENTS

		Invested Capital		Funds from Operations			
				Three Months		LTM	
AS AT JUN. 30, 2021 AND DEC. 31, 2020 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)		2021	2020	2021	2020	2021	2020
Segment							
Residential development							
North America	Residential	\$ 1,812	\$ 2,119	\$ 31	\$ (7)	\$ 143	\$ 114
Brazil and other	Residential	640	611	11	(4)	8	(5)
		2,452	2,730	42	(11)	151	109
Energy contracts	Renewable Power	669	581	(31)	(35)	(93)	(178)
Sustainable resources and other	Infrastructure	384	632	7	3	16	11
Other corporate	Corporate	2,133	1,268	13	(4)	54	(13)
Other unlisted	Various	4,649	4,102	73	17	154	62
		\$ 10,287	\$ 9,313	\$ 104	\$ (30)	\$ 282	\$ (9)

# Reconciliation of IFRS to Non-IFRS Measures

FOR THE THREE MONTHS ENDED JUN. 30  
(MILLIONS)

	<u>2021</u>	<u>2020</u>
<b>Net income (loss)</b>	<b>\$ 2,429</b>	<b>\$ (1,493)</b>
Financial statement components not included in FFO		
Equity accounted fair value changes and other non-FFO items	328	1,253
Fair value changes	(377)	1,153
Depreciation and amortization	1,571	1,376
Deferred income taxes	301	(96)
Realized disposition gains in fair value changes or prior periods	488	469
Non-controlling interests	<u>(3,140)</u>	<u>(1,501)</u>
<b>Funds from operations</b>	<b>1,600</b>	<b>1,161</b>
Less: total disposition gains	(582)	(473)
Less: net invested capital FFO	(330)	(333)
Less: realized carried interest, net	(205)	(31)
Corporate activities	(144)	(134)
Distributions from investments	477	399
Equity-based compensation	27	21
Preferred share dividends	<u>(41)</u>	<u>(36)</u>
<b>Distributable earnings before realizations</b>	<b>802</b>	<b>574</b>
Realized carried interest, net <sup>1</sup>	205	28
Disposition gains from principal investments	<u>225</u>	<u>479</u>
<b>Distributable earnings<sup>2</sup></b>	<b><u>\$ 1,232</u></b>	<b><u>\$ 1,081</u></b>

1. Includes our share of Oaktree's distributable earnings attributable to realized carried interest.

2. Comparative numbers have been revised to reflect new definition. Refer to Glossary of Terms starting on page 39.

## 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 JUN. 30 (MILLIONS)	Three Months		LTM	
	2021	2020	2021	2020
Outstanding at beginning of period	1,510.0	1,513.1	1,511.5	1,433.8
Issued (repurchased)				
Issuances	—	—	—	79.1
Repurchases	(4.2)	(2.6)	(10.1)	(13.1)
Long-term share ownership plans	0.8	1.0	5.1	11.5
Dividend reinvestment plan	0.1	—	0.2	0.2
Outstanding at end of period	1,506.7	1,511.5	1,506.7	1,511.5
Unexercised options, other share-based plans and exchangeable shares of affiliate	80.7	60.4	80.7	60.4
Total diluted shares at end of period	1,587.4	1,571.9	1,587.4	1,571.9

- The company holds 69.9 million common shares for management share ownership plans, which have been deducted from the total number of shares outstanding.
  - 21.3 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 June 30, 2021 was \$1.3 billion (June 30 2020 – \$1.2 billion).
- The company completed the previously announced 3-for-2 stock split on April 1, 2020. All share amounts are presented on a post-split basis.

## FFO AND EARNINGS PER SHARE INFORMATION

FOR THE THREE MONTHS ENDED JUN. 30 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Funds from Operations		Net Income	
	2021	2020	2021	2020
FFO / Net income (loss)	\$ 1,600	\$ 1,161	\$ 816	\$ (656)
Preferred share dividends	(38)	(36)	(38)	(36)
Subordinated preferred note dividends	(3)	—	—	—
Dilutive effect of conversion of subsidiary preferred shares	—	—	(14)	49
FFO / Net income (loss) available for shareholders	\$ 1,559	\$ 1,125	\$ 764	\$ (643)
Weighted average shares	1,508.2	1,512.1	1,508.2	1,512.1
Dilutive effect of conversion of options and other share-based plans using treasury stock method and exchangeable shares of affiliate	41.8	24.7	41.8	—
Shares and share equivalents	1,550.0	1,536.8	1,550.0	1,512.1
Per share	\$ 1.01	\$ 0.73	\$ 0.49	\$ (0.43)

# Entity Basis – Reconciliation to Reportable Segments – Invested Capital

AS AT JUN. 30, 2021 (MILLIONS)	Reportable Segments							Total
	Asset Management	Real Estate	Renewable Power	Infrastructure	Private Equity	Residential	Corporate	
<b>Asset management</b>	\$ 4,908	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,908
<b>Invested capital</b>								
Listed investments								
Brookfield Property Partners <sup>1</sup>	—	15,829	—	—	—	—	—	15,829
Brookfield Renewable Partners	—	—	3,911	—	—	—	—	3,911
Brookfield Infrastructure Partners	—	—	—	1,939	—	—	—	1,939
Brookfield Business Partners	—	—	—	—	2,735	—	—	2,735
Other listed investments								
Norbord / West Fraser <sup>2</sup>	—	—	—	—	450	—	—	450
Other listed – private equity	—	—	—	—	148	—	—	148
	—	15,829	3,911	1,939	3,333	—	—	25,012
Corporate cash and financial assets	—	—	—	—	—	—	6,199	6,199
	—	15,829	3,911	1,939	3,333	—	6,199	31,211
Unlisted investments								
Residential development	—	—	—	—	—	2,452	—	2,452
Energy contracts	—	—	669	—	—	—	—	669
Other	—	4,279	—	384	370	—	2,133	7,166
	—	4,279	669	384	370	2,452	2,133	10,287
<b>Net working capital</b>	—	—	—	—	—	—	483	483
<b>Debt and preferred capital</b>								
Corporate borrowings	—	—	—	—	—	—	(9,145)	(9,145)
Perpetual preferred shares	—	—	—	—	—	—	(4,375)	(4,375)
	—	—	—	—	—	—	(13,520)	(13,520)
	\$ 4,908	\$ 20,108	\$ 4,580	\$ 2,323	\$ 3,703	\$ 2,452	\$ (4,705)	\$ 33,369

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

2. Norbord was acquired by West Fraser on February 1, 2021.

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

FOR THE THREE MONTHS ENDED JUN. 30, 2021  
(MILLIONS)

## Asset management

Fee-related earnings  
Carried interest, net

	Reportable Segments						Total
	Asset Management	Real Estate	Renewable Power	Infrastructure	Private Equity	Residential	
\$ 483	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 483
205	—	—	—	—	—	—	205
<b>688</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>688</b>

## Invested capital

### Listed investments

Brookfield Property Partners<sup>1</sup>  
Brookfield Renewable Partners  
Brookfield Infrastructure Partners  
Brookfield Business Partners  
Other listed investments  
Norbord / West Fraser<sup>2</sup>  
Other listed – private equity

—	94	—	—	—	—	—	94
—	—	86	—	—	—	—	86
—	—	—	89	—	—	—	89
—	—	—	—	79	—	—	79
—	—	—	—	1	—	—	1
—	—	—	—	1	—	—	1
—	94	86	89	81	—	—	350
—	—	—	—	—	—	20	20
—	94	86	89	81	—	20	370

Corporate cash and financial assets

### Unlisted investments

Residential development  
Energy contracts  
Other

—	—	—	—	—	42	—	42
—	—	(31)	—	—	—	—	(31)
—	60	—	7	13	—	13	93
—	60	(31)	7	13	42	13	104

## Disposition gains

—	35	33	221	243	—	50	582
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## Corporate activities<sup>3</sup>

Interest expense  
Corporate costs and taxes

—	—	—	—	—	—	(106)	(106)
—	—	—	—	—	—	(38)	(38)
—	—	—	—	—	—	(144)	(144)
<b>\$ 688</b>	<b>\$ 189</b>	<b>\$ 88</b>	<b>\$ 317</b>	<b>\$ 337</b>	<b>\$ 42</b>	<b>\$ (61)</b>	<b>\$ 1,600</b>

1. Includes nominal amounts of BPY preferred share distributions.

2. Norbord was acquired by West Fraser on February 1, 2021.

3. Excludes \$41 million of preferred share distributions for the three months, which are included in determining per share results.

# Entity Basis – Reconciliation to Reportable Segments – LTM FFO

FOR THE LTM ENDED JUN. 30, 2021  
(MILLIONS)

	Reportable Segments						Total
	Asset Management	Real Estate	Renewable Power	Infrastructure	Private Equity	Residential	
<b>Asset management</b>							
Fee-related earnings	\$ 1,679	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,679
Carried interest, net	686	—	—	—	—	—	686
	<u>2,365</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,365</u>
<b>Invested capital</b>							
Listed investments							
Brookfield Property Partners <sup>1</sup>	—	321	—	—	—	—	321
Brookfield Renewable Partners	—	—	331	—	—	—	331
Brookfield Infrastructure Partners	—	—	—	381	—	—	381
Brookfield Business Partners	—	—	—	—	509	—	509
Other listed investments							
Norbord / West Fraser <sup>2</sup>	—	—	—	—	230	—	230
Other listed – private equity	—	—	—	—	1	—	1
	<u>—</u>	<u>321</u>	<u>331</u>	<u>381</u>	<u>740</u>	<u>—</u>	<u>1,773</u>
Corporate cash and financial assets	—	—	—	—	—	—	336
	<u>—</u>	<u>321</u>	<u>331</u>	<u>381</u>	<u>740</u>	<u>—</u>	<u>336</u>
							<u>2,109</u>
Unlisted investments							
Residential development	—	—	—	—	—	151	—
Energy contracts	—	—	(93)	—	—	—	—
Other	—	110	—	16	44	—	54
	<u>—</u>	<u>110</u>	<u>(93)</u>	<u>16</u>	<u>44</u>	<u>151</u>	<u>54</u>
							<u>282</u>
<b>Disposition gains</b>	—	576	1,085	398	1,178	—	138
<b>Corporate activities<sup>3</sup></b>							
Interest expense	—	—	—	—	—	—	(418)
Corporate costs and taxes	—	—	—	—	—	—	(157)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(575)</u>
	<u>\$ 2,365</u>	<u>\$ 1,007</u>	<u>\$ 1,323</u>	<u>\$ 795</u>	<u>\$ 1,962</u>	<u>\$ 151</u>	<u>\$ (47)</u>
							<u>\$ 7,556</u>

1. Includes nominal amounts of BPY preferred share distributions.

2. Norbord was acquired by West Fraser on February 1, 2021.

3. Excludes \$151 million of preferred share distributions for the LTM, which are included in determining per share results.

# Endnotes

## Performance Highlights – Page 4

1. Excludes performance fees.
2. Excludes special dividends.

## Financial Profile – Page 5

1. Base fee-related earnings and carried interest represent our annualized fee revenues and target carried interest, as at June 30, 2021. 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.
3. See definition in the Glossary of Terms starting on page 39.
4. See Invested Capital details on page 8.
5. Includes \$230 million of perpetual subordinated notes issued in November 2020 by a wholly owned subsidiary of Brookfield, included within non-controlling interest.
6. Invested capital is presented net of total debt and preferred capital.

## Distributable Earnings – Page 6

1. Current distributions are calculated by multiplying units held as at June 30, 2021 by the current distribution rates per unit.
2. Inclusive of regular course BPY distributions held in lieu of privatization purchase price, that will be paid in the subsequent quarter. Also inclusive of distributions received from BPY preferred shares, which distributed nominal amounts (2020 – nominal amounts) for the three months ended June 30 and nominal amounts (2020 – nominal amounts) for the LTM. We redeemed substantially all our BPY preferred shares in Q2-19.
3. 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.
4. Includes cash distributions from our other listed investments and BAM-sponsored real estate venture that owns operating and development properties in New York. On February 1, 2021, Norbord Inc. (“Norbord”) was acquired by West Fraser Timber Co. Ltd. (“West Fraser”). As part of the transaction, the company’s investment in Norbord was converted into a 19% interest in West Fraser’s outstanding common shares. As at June 30, 2021, we held approximately 5% of West Fraser. See definitions of our publicly listed investments in the Invested Capital – Overview section on page 27. 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.
5. Includes \$3 million (2020 – \$nil) and \$6 million (2020 – \$nil) of dividends paid on perpetual subordinated notes for the three and twelve months ended June 30, 2021, respectively.
6. Includes our share of Oaktree’s distributable earnings attributable to realized carried interest.
7. Refer to page 32 for reconciliations of IFRS to non-IFRS measures.

## Asset Management – Page 7

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 and 18 for details on the determination of annualized fees.
3. Includes fee revenues from Oaktree shown on a 100% basis.
4. Direct costs related to annualized fee revenues and annualized carried interest include \$738 million and \$679 million related to Oaktree (2020 – \$626 million and \$500 million), 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 \$1.4 billion of target carried interest related to Oaktree (2020 – \$1.0 billion), 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.

# Endnotes cont'd

## Invested Capital – Page 8

1. Quoted based on June 30, 2021 and December 31, 2020 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 adjust Brookfield Residential values to approximate public pricing using industry comparables.
3. Distributed cash flow (current) from our listed investments is calculated by multiplying units held as at June 30, 2021 by the current distribution rates per unit. Corporate cash and financial asset distribution is calculated by applying an 8% total return on the average balance over the last four quarters. Distributions on our unlisted investments is four times the current quarter's distribution.
4. On February 16, 2021, we completed the sale of 15 million class A shares of BEPC. Total net proceeds were approximately \$750 million. As at June 30, 2021, we held approximately 44.8 million of BEPC class A shares (December 31, 2020 – 59.8 million) and 267.2 million of BEP units (December 31, 2020 – 267.2 million).
5. Corporate cash and financial assets is inclusive of \$5.5 billion of cash and cash equivalents (December 31, 2020 – \$3.2 billion).
6. Includes \$806 million of investments related to our share of Oaktree (December 31, 2020 – \$747 million).
7. Includes \$230 million of perpetual subordinated notes issued in November 2020 by a wholly owned subsidiary of Brookfield, included within non-controlling interest.

## Liquidity and Capital Structure – Page 9

1. Refer to the Glossary of Terms starting on page 39.
2. Subsequent to the quarter-end, we issued \$600 million of 10-year green bond financing at 2.34% and completed a \$250 million re-opening of our 2051 notes at 3.26%, further strengthening our liquidity position.
3. Revolving credit facilities of \$2.5 billion support commercial paper issuances.
4. Includes \$230 million of perpetual subordinated notes issued in November 2020 by a wholly owned subsidiary of Brookfield, included within non-controlling interest.

## Liquidity Profile – Page 10

1. Our \$1 billion two-year credit facility which was secured in April 2020 to support growth initiatives was cancelled by us in March 2021.
2. Third-party private fund uncalled commitments.
3. Total uncalled fund commitments includes capital callable from fund investors, including funds outside of their investment period, for which capital is callable for follow-on investments. As at June 30, 2021, \$11.4 billion of uncalled fund commitments related to funds outside of their investment period.

## Summary of Results – Funds from Operations – Page 11

1. FFO excludes preferred share distributions of \$41 million (2020 – \$36 million) for the three months ended June 30 and \$151 million (2020 – \$148 million) for the LTM, which are included in determining per share results.
2. Refer to page 32 for reconciliations of IFRS to non-IFRS measures.

## Funds from Operations and Net Income – Page 12

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.

# 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 115 through 120 of our December 31, 2020 annual report.

- **Fee-bearing capital** represents the capital committed, pledged or invested in the listed affiliates, 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 affiliates.
  - Outflows represent distributions and redemptions of capital from within the public securities capital.
  - Distributions represent quarterly distributions from listed affiliates 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 affiliates and public securities based on market prices.
  - Other include changes in net non-recourse debt included in the determination of listed affiliate capitalization and the impact of foreign exchange fluctuations on non-U.S. dollar commitments.
- **Distributable earnings (“DE” or formerly referred to as “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 affiliates, other investments that pay regular cash distributions and FFO 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-based compensation costs and net of preferred share dividend payments. As of January 1, 2021, we now include realizations from our principal investments as these are earnings that are directly received by the Corporation and are available for distribution to common shareholders or to be reinvested into the business. Comparative figures have been revised accordingly.
- **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 affiliates’ 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, 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, 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 and BIP and represent a portion of distributions paid by listed affiliates 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 affiliate base fees** are earned on the total capitalization of the listed affiliates, which includes our investment. Base fees for BPY and BEP include a quarterly fixed fee amount of \$12.5 million and \$5 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 paid an additional fee of 1.25% on the increase above initial unit price at the time of acquisition. As of July 31, 2020, TERP was privatized by BEP and will no longer pay base fees upon the privatization. Base fees for BPYU, BIP and BBU are 1.25% of total capitalization. Listed affiliate capitalization as at June 30, 2021, was as follows: BPY/BPYU – \$25.2 billion; BEP/BEPC – \$29.6 billion; BIP/BIPC – \$29.9 billion; and BBU – \$6.6 billion.
- **Internal rate of return (“IRR”)** is the annualized compounded rate of return of the fund, calculated since initial investment date.



# Notice to Readers

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 which reflect management’s expectations 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.” In particular, the forward-looking statements contained within this Supplemental Information include statements referring to the future state of the economy or the securities market and expected future deployment of capital, dispositions and associated realized carried interest, as well as statements regarding the results of future fundraising efforts.

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, including as a result of COVID-19; (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, hurricanes and epidemics/pandemics; (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) the existence of information barriers between certain businesses within our asset management operations; (xxiv) risks specific to our business segments including our real estate, renewable power, infrastructure, private equity, and other alternatives, including credit; and (xxv) factors detailed from time to time in our documents filed with the securities regulators in Canada and the United States, including in “Part 6 – Business Environment and Risks” of our Annual Report available on SEDAR at [www.sedar.com](http://www.sedar.com) and EDGAR at [www.sec.gov](http://www.sec.gov).

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. 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 company undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.

# 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"), which include but are not limited to: (i) funds from operations ("FFO"); (ii) unrealized carried interest; (iii) realized disposition gains; and (iv) carry eligible capital. 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.