

Brookfield

2022

**Q4 SUPPLEMENTAL
INFORMATION**

FOURTH QUARTER AND FULL YEAR ENDED
DECEMBER 31, 2022

Brookfield Corporation

2022 Full Year Highlights

\$5B

DISTRIBUTABLE EARNINGS

24%

GROWTH IN
DISTRIBUTABLE EARNINGS
BEFORE REALIZATIONS

\$15B

CAPITAL RETURNED TO
SHAREHOLDERS

PERFORMANCE UPDATE

We generated \$1.1 billion of Distributable Earnings (“DE”) before realizations during the quarter and \$4.3 billion during the year, representing growth of 24% over the prior year. Total DE for the quarter was \$1.5 billion and \$5.2 billion for the year.

Growth was supported by excellent performance across our underlying businesses.

- **Asset management:**
 - generated fee-related earnings of \$576 million in the quarter and \$2.1 billion for the year, both representing increases of 26% excluding performance fees, respectively, compared to the prior periods
 - inflows of \$14 billion and \$93 billion during the quarter and full year, respectively, as we had another record fundraising year
 - fee-bearing capital was \$418 billion at the end of the year, an increase of approximately \$11 billion during the quarter and \$54 billion or 15% over the prior year
 - a number of tailwinds are accelerating for our highly differentiated asset management business and we are set to continue to deliver strong earnings growth in 2023 and beyond
- **Insurance solutions:**
 - generated distributable earnings of \$170 million in the quarter and \$388 million for the full year with the growth in earnings due to strong performance of its investment portfolio and the acquisition of American National in May 2022, bringing total insurance assets under management to over \$40 billion
 - re-deployed \$2 billion of our highly liquid and short-duration portfolio during the quarter at an approximate yield of 8%, increasing annualized DE to \$650 million with a path to grow to \$800 million by the end of 2023
- **Operating businesses:**
 - generated distributable earnings of \$624 million for the quarter and \$2.6 billion for the year, representing an increase of 20% compared to last year
 - the essential nature of many of the businesses and assets that we own, the inflation linkage in their revenues, and the high cash margins they generate are proving to be differentiators in this environment, as supported by the 23% growth in operating FFO compared to the prior year

We found a number of opportunities to deploy capital for value and advanced monetizations across the business.

- We invested and/or committed \$81 billion to acquire high-quality businesses and assets over the year, including \$2.5 billion to acquire a global leader in third-party audience measurement and \$3.1 billion for a portfolio of luxury hotels in the U.S. at a deep discount to intrinsic value during the quarter
- We continue to actively monetize mature assets, with numerous sales processes in progress. We recently sold a student housing business in the U.K. for \$4.5 billion, a portfolio of telecom towers in New Zealand for \$1.1 billion and several electricity transmission lines in Brazil for \$0.8 billion. Earnings from these monetizations were \$1.7 billion for the year, comprised of disposition gains of \$1.1 billion and net realized carried interest of \$555 million
- We returned approximately \$15 billion of capital to shareholders, including \$686 million of open market share repurchases, regular dividends and our special distribution of BAM shares

2022 Full Year Highlights cont'd

STRATEGIC INITIATIVES

We made significant progress across a number of our strategic initiatives.

- On December 9th, 2022 we successfully completed the public listing and distribution of a 25% interest in our asset management business to our shareholders
- Our recently created asset manager security provides investors with direct access to our asset management business and creates optionality for strategic acquisitions, positioning this business well to execute on its next phase of growth
- Going forward, Brookfield Corporation will offer investors a unique opportunity to own a stake in our asset management franchise, our insurance solutions business and our operating businesses; benefiting from the earnings growth of each business, their resulting synergies and the ability to participate in the next market leading business we build

OPERATING RESULTS

FFO¹ was \$1.8 billion in the quarter and \$6.3 billion over the year. Operating FFO was \$1.1 billion in the quarter and \$4.6 billion over the year, 23% higher than the prior year.

- Our operating FFO for the year increased due to the strength in our asset management franchise, excellent performance at our insurance solutions business, growth in same-store operating earnings and contributions from large-scale acquisitions, further demonstrating the inflation-protected and cash-generating real assets of our underlying operations in this environment

For the year, net income was \$5.2 billion, or \$2.1 billion attributable to shareholders.

- Our net income for the year illustrates the strong underlying performance of our businesses

LIQUIDITY

Deployable capital at December 31, 2022 was approximately \$125 billion.

- At December 31, 2022, we had \$37 billion of core liquidity and \$87 billion of uncalled private fund commitments
- In December, we strengthened our liquidity position through the issuance of C\$1 billion 10-year bonds at 5.43%

Our balance sheet continues to be extremely conservatively capitalized, with a corporate debt to market capitalization ratio of 17%.

- In December, we received a credit rating upgrade from Moody's on our senior unsecured debt to A3, reflecting the strengthening and resiliency of the inflation-linked cash flows generated across our business. With this rating upgrade, we now have an A- or equivalent rating on our unsecured senior debt from S&P, Fitch, Moody's and DBRS
- As of December 31, 2022, our long-term corporate debt totaled \$11 billion, with a weighted-average interest rate of 4.2% and a weighted-average remaining term of 13 years. There are no maturities for the next 12 months
- Our corporate debt is supplemented with \$4 billion of perpetual preferred shares, which carry an average cost of 4.4%

1. Refer to the Glossary of Terms starting on page 32.

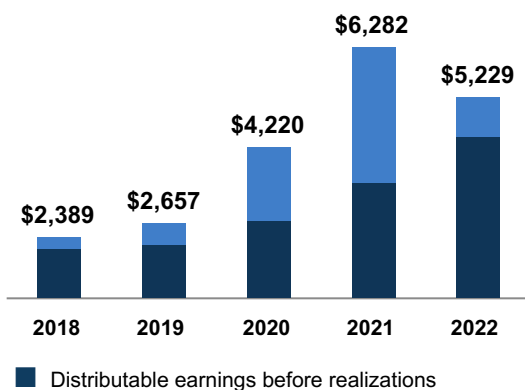
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Performance Highlights

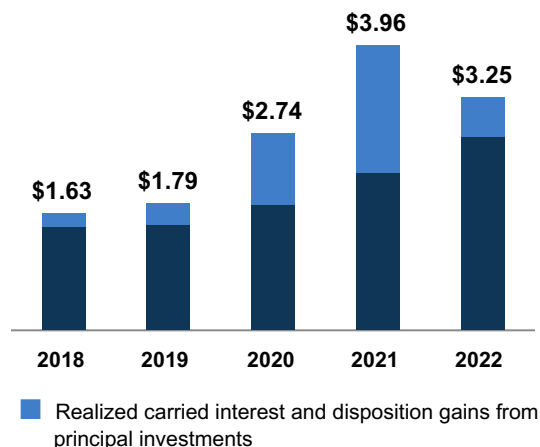
Distributable Earnings

FOR THE YEARS ENDED DEC. 31 (MILLIONS)



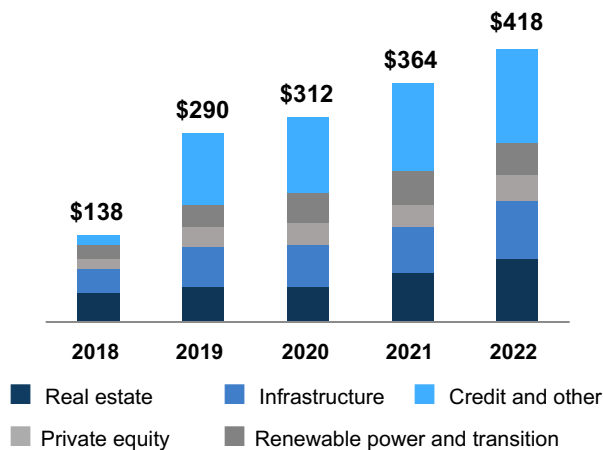
Distributable Earnings per share¹

FOR THE YEARS ENDED DEC. 31



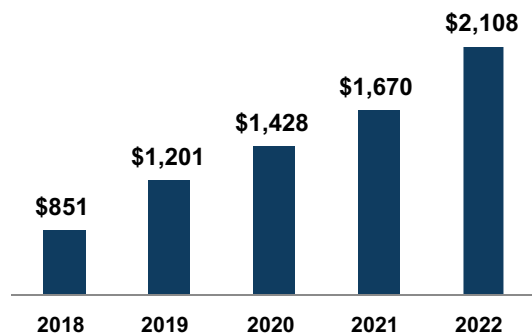
Fee-Bearing Capital

AS AT DEC. 31 (BILLIONS)



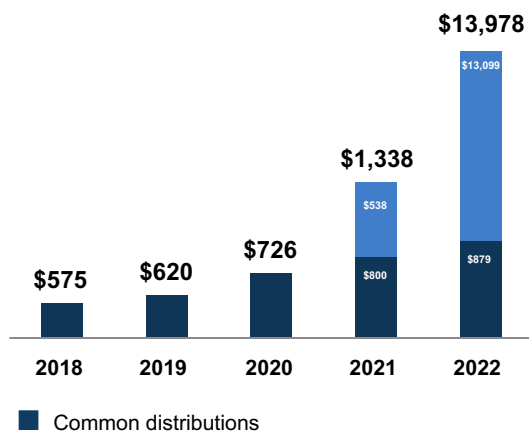
Fee-Related Earnings² excluding performance fees

FOR THE YEARS ENDED DEC. 31 (MILLIONS)



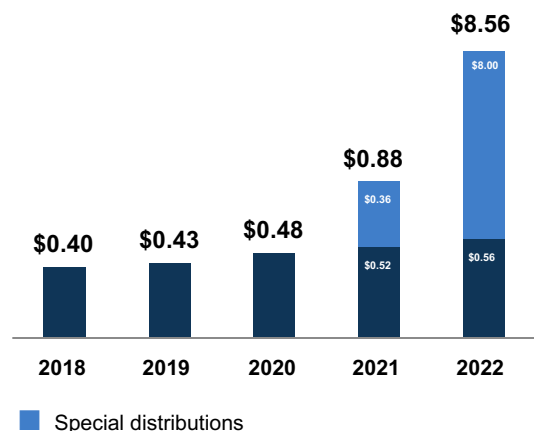
Distributions to Common Shareholders²

FOR THE YEARS ENDED DEC. 31 (MILLIONS)



Distributions per share¹

FOR THE YEARS ENDED DEC. 31



1. Adjusted 2020 to reflect the three-for-two stock split effective April 1, 2020.

2. Excludes share repurchases. Total capital returned to common shareholders, including share repurchases, was approximately \$15 billion during 2022.

Distributable Earnings (“DE”)

DE before realizations was \$4.3 billion for the year, an increase of 24% over the prior period

DE represents the deconsolidated earnings of the Corporation. It is predominantly made up of our asset manager earnings, as well as the cash flow we receive from our principal investments, including disposition gains from these investments.

FOR THE PERIODS ENDED DEC. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Three Months		Full Year		Annualized ¹	Page Ref.
	2022	2021	2022	2021		
Fee-related earnings	\$ 576	\$ 534	\$ 2,108	\$ 1,827	\$ 2,100	page 12
Cash taxes	(35)	(18)	(98)	(58)	(98)	
Other income	3	2	(14)	40	7	
Add back: equity-based compensation costs	25	21	100	83	100	
Distributable earnings – asset management business	569	539	2,096	1,892	2,109	
Amounts not attributable to the Corporation	(35)	—	(35)	—	(527)	
Distributions from asset management business	534	539	2,061	1,892	1,582	
Insurance solutions operating earnings	170	21	388	30	650	
Perpetual affiliates	619	665	2,434	2,127	2,402	
Corporate cash and financial assets ²	(6)	(22)	77	42	38	
Other principal investments ³	11	(6)	47	(41)	78	
Distributions from investments	624	637	2,558	2,128	2,518	page 19
Corporate activities	(163)	(116)	(595)	(462)	(612)	
Preferred share dividends ⁴	(41)	(38)	(160)	(157)	(164)	
	(204)	(154)	(755)	(619)	(776)	
Add back: equity-based compensation costs	18	9	62	36	72	
Distributable earnings before realizations	1,142	1,052	4,314	3,467	\$ 4,046	
Realized carried interest, net	280	141	555	715		
Disposition gains from principal investments	76	108	360	2,100		page 22
Distributable earnings⁵	\$ 1,498	\$ 1,301	\$ 5,229	\$ 6,282		
Per share						
Distributable earnings before realizations ⁶	\$ 0.71	\$ 0.64	\$ 2.68	\$ 2.18		
Distributable earnings ⁶	0.94	0.80	3.25	3.96		

Our share of Oaktree’s distributable earnings is \$67 million for the quarter (2021 – \$138 million) and \$326 million for the year (2021 – \$632 million).

BBU pays a modest distribution as the majority of its FFO is reinvested within the business. For comparability to industry metrics, we have provided a proxy distribution for BBU below based on our ownership in BBU and an assumed payout ratio of 70%, aligned to the payout ratios of our other perpetual affiliates.

FOR THE PERIODS ENDED DEC. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Three Months		Full Year	
	2022	2021	2022	2021
Distributable earnings	\$ 1,498	\$ 1,301	\$ 5,229	\$ 6,282
Add: proxy for BBU distribution payout, at our share	136	143	575	418
Add: proxy for payout of disposition gains at BBU, at our share	—	—	—	213
Less: distributions from BBU currently within DE	(9)	(6)	(33)	(24)
Distributable earnings with proxy for BBU	\$ 1,625	\$ 1,438	\$ 5,771	\$ 6,889

See endnotes.

Invested Capital

We create value for our shareholders by increasing the cash income generated by our invested capital as well as capital appreciation over time as we execute on operational improvements and disciplined recycling of the underlying assets.

Our invested capital was \$99.1 billion on a blended basis as at December 31, 2022, on which we earn diversified, long-term, stable cash flows via dividends. Our invested capital generates \$4.8 billion of annualized distributions from our investments, with the balance of our earnings retained for reinvestment. Our invested capital includes our 75% interest in BAM, our publicly traded asset management company, which contributes \$35.2 billion of capital and generates \$1.6 billion in annualized cash flow. We also earn carried interest and during the year generated unrealized carried interest of \$2.5 billion which is not included in the below table and instead is presented on page 13.

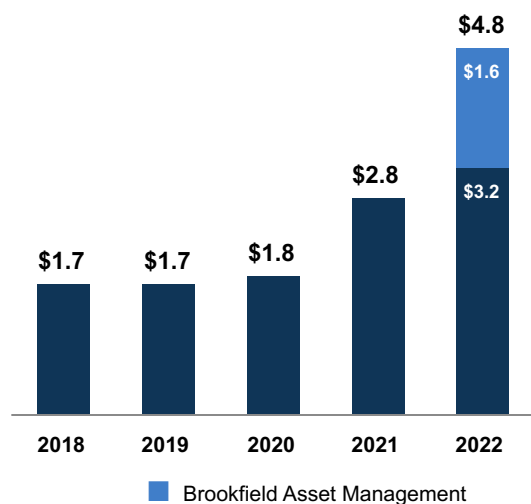
The following table provides a breakdown of our invested capital as at December 31, 2022 and 2021. We provide three methods for you to review: quoted prices, our IFRS values, and the blended values. We recommend you focus on the blended values as we have control over these assets and believe we could liquidate for these values. Nonetheless, we provide this information so you can choose how to assess the numbers. Please note that we have not ascribed a value to carried interest in the table below (see page 13 for a performance update and key valuation inputs).

AS AT DEC. 31 (MILLIONS)	No. of Units	Quoted ¹		IFRS		Blended ²		Cash Flow
		2022	2021	2022	2021	2022	2021	Annualized ³
BAM	1,226.5	\$ 35,164	N/A	\$ 4,468	\$ 4,905	\$ 35,164	N/A	\$ 1,582
BEP	312.0	8,005	11,214	4,635	4,641	8,005	11,214	421
BIP	209.4	6,591	8,552	2,524	2,696	6,591	8,552	302
BBU	141.7	2,491	4,351	2,439	2,803	2,491	4,351	35
		52,251	24,117	14,066	15,045	52,251	24,117	2,340
BPG ⁴	N/A	N/A	N/A	31,868	33,965	33,426	35,460	1,644
Insurance solutions ⁵	N/A	N/A	N/A	3,996	988	7,992	988	650
Corporate cash and financial assets ^{6,7}	Various	N/A	N/A	2,893	3,522	2,893	3,522	38
Other investments ^{8,9}	Various	N/A	N/A	3,494	3,241	3,494	3,241	78
Total investments				56,317	56,761	100,056	67,328	4,750
Working capital, net				(944)	699	(944)	699	N/A
Invested capital				55,373	57,460	99,112	68,027	\$ 4,750
Debt and preferred capital ¹⁰				(15,765)	(15,250)	(15,765)	(15,250)	
Invested capital, net				\$ 39,608	\$ 42,210	\$ 83,347	\$ 52,777	

4. The blended value of BPG, which value is based mostly on IFRS values, decreased by \$2 billion due predominantly to monetizations during the year.

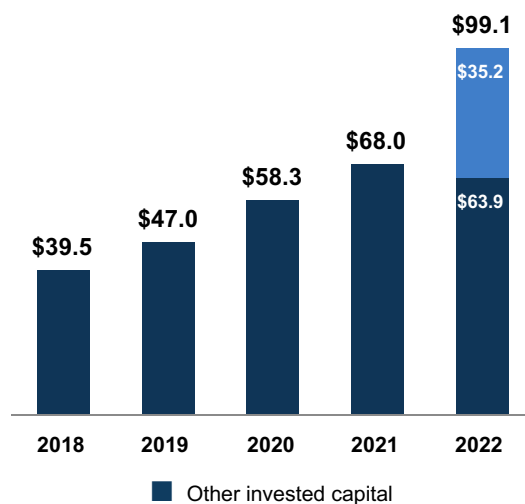
Annualized Cash Flow

AS AT DEC. 31 (BILLIONS)



Invested Capital

AS AT DEC. 31 (BILLIONS)



See endnotes.

Asset Management

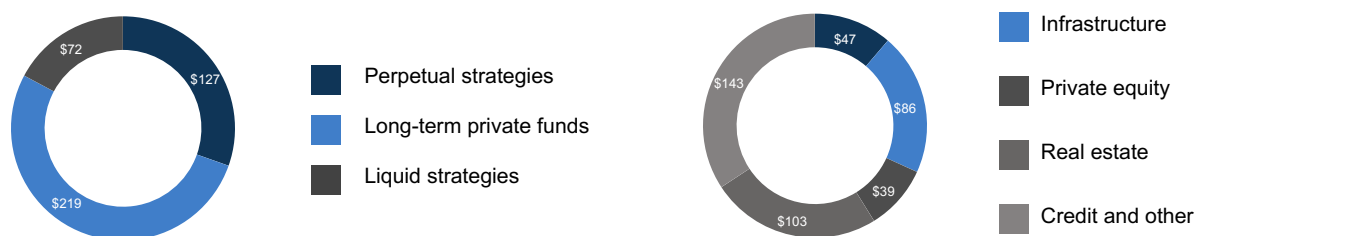
Our asset management business creates value for its shareholders by: i) increasing fee-bearing capital, which increases its fee-related earnings; and ii) achieving attractive investment returns, which enables it to earn performance income (carried interest).

Our asset management business generated annualized fee-related earnings of \$2.2 billion and target carried interest of \$3.4 billion, representing growth of 15% and 33% over the prior year, respectively, excluding the impact of the special distribution of our asset management business. These increases were primarily due to growth in fee-bearing capital and carry eligible capital of 15% and 25% during the year, respectively.

AS AT AND FOR THE YEARS ENDED DEC 31 (MILLIONS)	Fee-Bearing Capital ¹		Actual		Annualized	
	2022	2021	2022	2021	2022	2021
Fee Revenues²						
Renewable power and transition	\$ 47,218	\$ 47,525	\$ 578	\$ 487	\$ 624	\$ 539
Infrastructure	85,887	67,736	1,067	870	1,104	959
Private equity ³	39,317	34,395	436	538	549	514
Real estate ³	103,025	82,282	937	769	998	836
Credit and other ³	142,416	132,195	1,030	859	992	929
	\$ 417,863	\$ 364,133	4,048	3,523	4,267	3,777
Direct costs ⁴			(1,792)	(1,540)	(2,043)	(1,844)
			2,256	1,983	2,224	1,933
Amounts attributable to other shareholders			(148)	(156)	(124)	(130)
Fee-Related Earnings			2,108	1,827	2,100	1,803
Carried interest						
Carried interest ^{5,6,7}			894	1,713	5,268	4,053
Direct costs ⁴			(284)	(786)	(1,876)	(1,503)
			610	927	3,392	2,550
Carried interest not attributable to Corporation			(55)	(212)	(297)	(312)
			555	715	3,095	2,238
Total fee-related earnings and carried interest, net			\$ 2,663	\$ 2,542	\$ 5,195	\$ 4,041

Fee-Bearing Capital Diversification

AS AT DEC. 31, 2022 (BILLIONS)



Perpetual strategies include capital in our perpetual affiliates and perpetual private funds, which includes core and core plus strategies that can continually raise new capital.

Long-term private funds are long duration and closed-end in nature and include value-add and opportunistic strategies. Capital is typically committed for 10 years from the inception of the fund with two one-year extension options.

Liquid strategies represent publicly listed funds and separately managed accounts, focused on fixed income and equity securities across a number of different sectors.

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 Corporation¹, inclusive of our proportionate share of the liquidity of our asset management business;
2. Our perpetual affiliates (BEP, BIP, BBU and BPG); and
3. Managed funds or investments, either held directly or within perpetual affiliates.

LIQUIDITY

The Corporation has very few non-discretionary capital requirements. We maintain significant liquidity (\$5.4 billion in the form of corporate cash and financial assets and undrawn credit facilities) at the corporate level to further enable the growth of the broader business. This does not include our ability to issue debt at the Corporation to replenish our cash resources on an otherwise very conservatively leveraged corporate balance sheet.

On a group basis, as at December 31, 2022, we had approximately \$125 billion of liquidity, which included corporate liquidity, perpetual 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	
	2022	2021	2022	2021
AS AT DEC. 31 (MILLIONS)				
Cash and financial assets, net ²	\$ 2,893	\$ 3,522	\$ 27,440	\$ 6,233
Undrawn committed credit facilities	2,540	1,618	9,284	8,778
Core liquidity	5,433	5,140	36,724	15,011
Third-party uncalled private fund commitments	—	—	87,364	77,079
Total liquidity	\$ 5,433	\$ 5,140	\$ 124,088	\$ 92,090

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 5% of our consolidated debt is issued by, or has recourse to, the Corporation.

Our Corporate capitalization was \$61 billion as at December 31, 2022, with a debt to capitalization level of approximately 19% at the corporate level based on book values, which excludes virtually all of the value of our asset management operations (see page 16 for details). Based on our market capitalization the corporate debt to capitalization level was 17%.

- Corporate borrowings excluding commercial paper totaled \$11 billion, with a weighted-average term of 13 years, and a weighted-average interest rate of 4.2%.
- Our corporate borrowings are supplemented by \$4 billion of perpetual preferred shares with a weighted-average cost of 4.4%.

	Average Term (Years)	Total ³	Maturity					
			2023	2024	2025	2026	2027	2028+
AS AT DEC. 31 (MILLIONS)								
Term debt	13	\$ 11,390	\$ —	\$ 1,119	\$ 500	\$ 1,127	\$ 369	\$ 8,275
Perpetual preferred shares ⁴	perp.	4,375	—	—	—	—	—	n/a
		\$ 15,765	\$ —	\$ 1,119	\$ 500	\$ 1,127	\$ 369	\$ 8,275

1. See endnotes.

2. Corporate cash and financial assets in 2022 includes our proportionate share of the asset management business' cash and financial assets (\$2.4 billion).

3. Draws on commercial paper issuances are excluded from the debt repayment schedule as they are not a permanent source of capital.

4. See endnotes.

Summary of Results – Funds from Operations

We generated \$6.3 billion in FFO during the year, including \$1.8 billion in the current quarter

	Three Months		Full Year		Page Ref.
	2022	2021	2022	2021	
FOR THE PERIODS ENDED DEC. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)					
Operating FFO					
Fee-related earnings	\$ 576	\$ 534	\$ 2,108	\$ 1,827	page 12
Cash taxes	(35)	(18)	(98)	(58)	
Other income	3	2	(14)	40	
Amounts not attributable to Corporation	(33)	—	(33)	—	
Asset management business	511	518	1,963	1,809	
Insurance solutions	170	21	388	30	page 24
Invested capital					
Perpetual affiliates	605	887	2,702	2,463	page 23
Corporate cash and financial assets	(6)	(22)	77	42	page 24
	599	865	2,779	2,505	
BBU performance fee, net to Corporation	—	(50)	—	(101)	page 23
	599	815	2,779	2,404	
Other investments	18	(1)	83	(20)	page 24
Corporate activities					
Corporate interest expense	(135)	(113)	(504)	(438)	
Corporate costs and taxes	(28)	(3)	(91)	(24)	
	(163)	(116)	(595)	(462)	page 20
	624	719	2,655	1,952	
Total operating FFO	1,135	1,237	4,618	3,761	
Realized carried interest, net					
Realized carried interest	361	393	894	1,713	
Direct costs	(78)	(211)	(284)	(786)	
	283	182	610	927	page 13
Realized carried interest, net, not attributable to Corporation	(3)	(41)	(55)	(212)	
	280	141	555	715	
Disposition gains	417	351	1,121	3,082	page 21
Total funds from operations^{1,2}	\$ 1,832	\$ 1,729	\$ 6,294	\$ 7,558	
Per share					
Total operating FFO ³	\$ 0.68	\$ 0.74	\$ 2.78	\$ 2.27	
Total FFO ³	1.12	1.04	3.82	4.67	

See endnotes.

Funds from Operations and Net Income

FOR THE PERIODS ENDED DEC. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Three Months				Full Year			
	FFO ¹		Net Income ¹		FFO ¹		Net Income ¹	
	2022	2021	2022	2021	2022	2021	2022	2021
Operating activities								
Operating FFO	\$ 1,135	\$ 1,237	\$ 1,135	\$ 1,237	\$ 4,618	\$ 3,761	\$ 4,618	\$ 3,761
Realized carried interest, net	280	141	280	141	555	715	555	715
Realized disposition gains ^{2,3}	417	351	121	57	1,121	3,082	327	357
Fair value changes ³	—	—	(1,644)	290	—	—	(1,181)	1,387
Depreciation and amortization ³	—	—	(564)	(483)	—	—	(2,150)	(1,835)
Deferred income taxes ³	—	—	356	(124)	—	—	(113)	(419)
	<u>\$ 1,832</u>	<u>\$ 1,729</u>	<u>\$ (316)</u>	<u>\$ 1,118</u>	<u>\$ 6,294</u>	<u>\$ 7,558</u>	<u>\$ 2,056</u>	<u>\$ 3,966</u>
Per share ^{4,5}	<u>\$ 1.12</u>	<u>\$ 1.04</u>	<u>\$ (0.23)</u>	<u>\$ 0.66</u>	<u>\$ 3.82</u>	<u>\$ 4.67</u>	<u>\$ 1.19</u>	<u>\$ 2.39</u>

See endnotes.

Detailed Analysis

Asset Management Operating Results

Fee-bearing capital increased by \$11 billion during the quarter and \$54 billion over the year, resulting in fee-related earnings growth of 26% over the same period excluding performance fees

FEE-BEARING CAPITAL

AS AT AND FOR THE PERIODS ENDED DEC. 31, 2022 (MILLIONS)	Three Months						Full Year					
	Renewable Power & Transition	Infrastructure	Private Equity	Real Estate	Credit and Other	Total	Renewable Power & Transition	Infrastructure	Private Equity	Real Estate	Credit and Other	Total
Opening	\$ 50,959	\$ 87,494	\$38,109	\$90,083	\$140,115	\$406,760	\$ 47,525	\$ 67,736	\$34,395	\$82,282	\$132,195	\$364,133
Inflows	983	3,923	2,108	10,736	6,984	24,734	6,823	26,974	9,135	18,850	45,887	107,669
Outflows	—	—	—	(58)	(6,191)	(6,249)	—	—	—	(394)	(21,648)	(22,042)
Distributions	(303)	(978)	(115)	(1,032)	(339)	(2,767)	(1,428)	(3,794)	(810)	(4,556)	(1,573)	(12,161)
Market valuation	(3,997)	(3,714)	(548)	(931)	3,594	(5,596)	(5,873)	(5,053)	(2,534)	1,645	(8,432)	(20,247)
Other	(424)	(838)	(237)	4,227	(1,747)	981	171	24	(869)	5,198	(4,013)	511
Change	(3,741)	(1,607)	1,208	12,942	2,301	11,103	(307)	18,151	4,922	20,743	10,221	53,730
End of period	\$ 47,218	\$ 85,887	\$39,317	\$103,025	\$142,416	\$417,863	\$ 47,218	\$ 85,887	\$39,317	\$103,025	\$142,416	\$417,863

FEE-RELATED EARNINGS

FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months			Full Year		
	2022	2021	Variance	2022	2021	Variance
Base management fees						
Renewable power and transition	\$ 107	\$ 96	\$ 11	\$ 481	\$ 405	\$ 76
Infrastructure	211	174	37	794	661	133
Private equity	113	101	12	427	374	53
Real estate	251	212	39	937	741	196
Credit and other	259	231	28	981	859	122
Incentive distributions	83	75	8	335	315	20
Transaction and advisory fees	45	8	37	93	11	82
	1,069	897	172	4,048	3,366	682
Direct costs						
Compensation and benefits	(281)	(302)	21	(1,306)	(1,200)	(106)
Other expenses	(173)	(96)	(77)	(486)	(340)	(146)
	(454)	(398)	(56)	(1,792)	(1,540)	(252)
Fee-related earnings before performance fees¹	615	499	116	2,256	1,826	430
Performance fees	—	78	(78)	—	157	(157)
	615	577	38	2,256	1,983	273
Amounts attributable to other shareholders ²	(39)	(43)	4	(148)	(156)	8
Fee-related earnings	\$ 576	\$ 534	\$ 42	\$ 2,108	\$ 1,827	\$ 281
<i>Margin before performance fees</i>	58%	56%		56%	54%	
Fee-related earnings attributable to:						
Corporation	\$ 541	\$ 534	\$ 7	\$ 2,073	\$ 1,827	\$ 246
Other shareholders	35	—	35	35	—	35
Fee-related earnings	\$ 576	\$ 534	\$ 42	\$ 2,108	\$ 1,827	\$ 281
<i>Margin before performance fees – at our share³</i>	60%	58%		58%	56%	
<i>Margin including performance fees – at our share³</i>	60%	62%		58%	58%	

Refer to Brookfield Asset Management Ltd.'s Q4 2022 Supplemental Information for further details on fee-bearing capital and fee-related earnings.

See endnotes.

Carried Interest

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

We generated carried interest of \$2.5 billion during the year, taking our total gross unrealized carried interest balance to \$9.1 billion with virtually all of our funds tracking to meet or exceed their preferred return hurdle

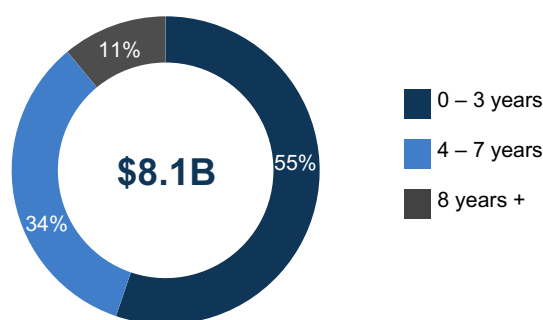
UNREALIZED CARRIED INTEREST CONTINUITY^{1,2}

AS AT AND FOR THE PERIODS ENDED DEC. 31, 2022 (MILLIONS)	Three Months			Full Year		
	Unrealized Carried Interest	Direct Costs	Net	Unrealized Carried Interest	Direct Costs	Net
Accumulated unrealized, beginning of period	\$ 8,803	\$ (2,846)	\$ 5,957	\$ 7,747	\$ (2,562)	\$ 5,185
In period change						
Generated in period	647	(243)	404	2,475	(783)	1,692
Foreign currency revaluation	54	(10)	44	(185)	40	(145)
	701	(253)	448	2,290	(743)	1,547
Less: realized	(361)	78	(283)	(894)	284	(610)
	340	(175)	165	1,396	(459)	937
Accumulated unrealized, end of period	9,143	(3,021)	6,122	9,143	(3,021)	6,122
Carried interest not attributable to Corporation	(1,060)	547	(513)	(1,060)	547	(513)
Accumulated unrealized, end of period, net	\$ 8,083	\$ (2,474)	\$ 5,609	\$ 8,083	\$ (2,474)	\$ 5,609

1. Amounts dependent on future investment performance. Represents management estimate of carried interest if funds were wound up at period end.
2. Carried interest in respect of third-party capital.

Unrealized Carried Interest – Expected Realization Timeline

AS AT DEC. 31, 2022



- \$4.5 billion of carried interest is expected to be realized within the next three years
- Virtually all of our funds are tracking to meet or exceed their preferred return hurdle. Refer to pages 26 and 27 of Brookfield Asset Management Ltd.'s Q4 2022 Supplemental Information which outlines actual returns and illustrates how we are tracking towards target returns.

THREE MONTHS

- Accumulated unrealized carried interest before foreign exchange and associated costs increased \$647 million during the current quarter, primarily related to higher valuations in our flagship infrastructure and credit funds.
- We realized \$361 million of carried interest in the quarter, primarily from realizations in our infrastructure, private equity and real estate funds.

FISCAL YEAR

- Unrealized carried interest before foreign exchange and associated costs increased by \$2.5 billion over the year, driven by valuation increases across a number of our strategies.
- We realized \$894 million of carried interest over the year due to asset monetizations as we returned capital to clients across a number of flagship and other funds.

Target Carried Interest

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

AS AT DEC. 31, 2022 (MILLIONS)	Carry Eligible Capital ¹	Gross Target Return ^{2,3}	Average Carried Interest	Annualized Target Carried Interest ⁴
Opportunistic	\$ 43,642	18% – 25%	~20%	\$ 1,559
Value add	2,625	10% – 15%	~20%	61
Credit, core plus and other	56,900	10% – 15%	~15%	1,017
Oaktree	46,141	10% – 20%	~20%	1,179
	149,308			3,816
Uncalled fund commitments ^{5,6}				
Brookfield Corporation	54,334			1,155
Oaktree	14,427			297
Total carry eligible capital/target carried interest	\$ 218,069			5,268
Target carried interest not attributable to the Corporation ⁷				(582)
				\$ 4,686

- As at December 31, 2022, \$149.3 billion of carry eligible capital has been invested and an additional \$68.8 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.
- Includes Oaktree target carried interest attributable to the 36% of Oaktree not held by the Corporation. The Corporation retains 100% of the carried interest earned on mature funds and is entitled to receive 33.3% of the carried interest on new funds of our asset management business.

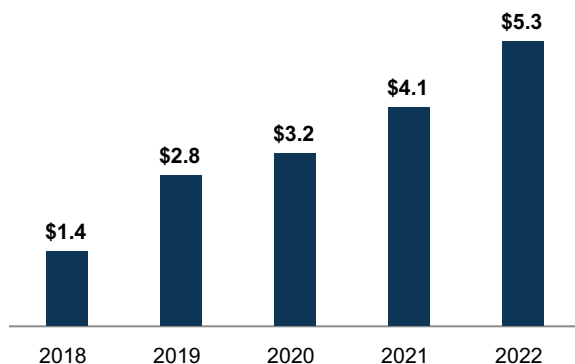
ANNUALIZED TARGET CARRIED INTEREST

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 \$3.8 billion per annum, and \$1.5 billion on capital not yet invested. Total target carried interest is \$4.7 billion at our share, or \$3.1 billion net of costs.

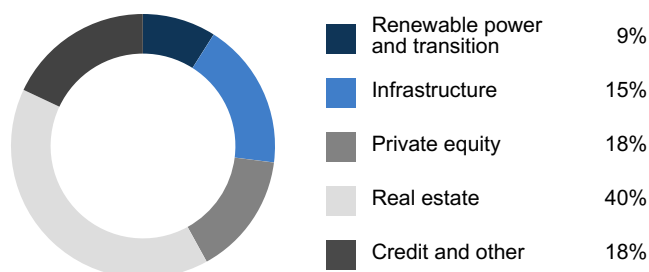
Target Carried Interest

AS AT DEC. 31 (BILLIONS)



Target Carry Diversification

AS AT DEC. 31, 2022



Annualized Fees and Target Carried Interest

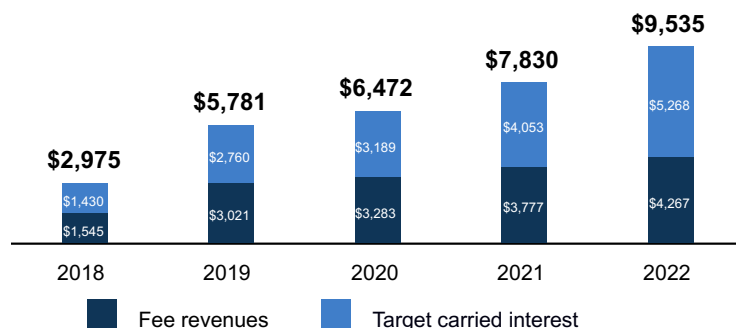
ANNUALIZED FEES AND TARGET CARRY

AS AT (MILLIONS)	Dec. 31, 2022	Sep. 30, 2022	Dec. 31, 2021
Base management fees			
Renewable power and transition	\$ 514	\$ 487	\$ 446
Infrastructure	826	891	713
Private equity	428	426	392
Real estate	998	927	836
Credit and other	968	979	929
Incentive distributions ¹	368	330	330
	4,102	4,040	3,646
Performance fee ²	113	113	113
Transaction and advisory ³	52	30	18
Fee revenues	4,267	4,183	3,777
Target carried interest⁴			
Brookfield funds	3,792	3,175	2,618
Oaktree funds	1,476	1,440	1,435
	5,268	4,615	4,053
	9,535	8,798	7,830
Revenues not attributable to Corporation			
Management fees	(1,375)	(412)	(434)
Target carried interest	(582)	(565)	(610)
	\$ 7,578	\$ 7,821	\$ 6,786

- We have approximately \$40 billion of additional capital not in fee-bearing capital today that will earn approximately \$400 million of fees and \$288 million of target carried interest once invested.
- BBU and BBUC'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 144.3 million BBU units outstanding and 73.0 million BBUC shares outstanding and the current threshold is \$31.53.
- We include base fees on the capital invested by us in our perpetual 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.

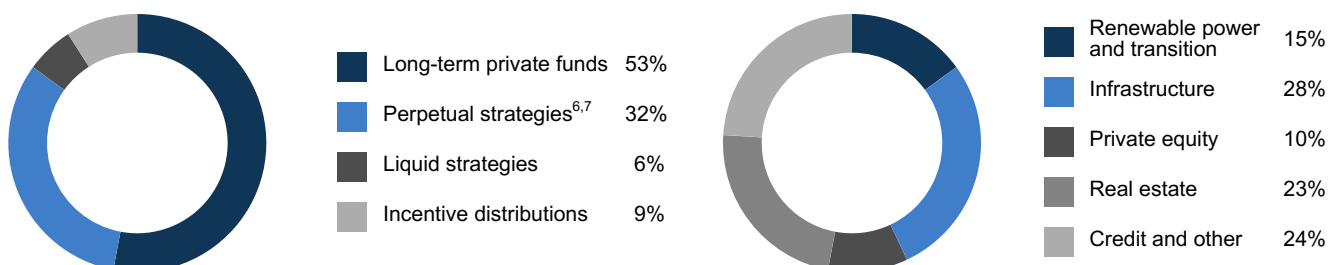
Annualized Fees and Target Carry

AS AT DEC. 31 (MILLIONS)



Fee Revenue Diversification⁵

AS AT DEC. 31, 2022



See endnotes.

Capitalization

Our corporate debt has a weighted-average term to maturity of 13 years, while our recourse debt to corporate capitalization is conservative at 19%

AS AT DEC. 31 (MILLIONS)	Average Rate	Average Term (Years)	Leverage	
			2022	2021
Corporate borrowings				
Term debt ¹	4.2%	13	\$ 11,390	\$ 9,963
Revolving facilities	n/a	n/a	—	450
Commercial paper	n/a	n/a	—	462
Total corporate borrowings			11,390	10,875
Perpetual preferred shares ²	4.4%	perp.	4,375	4,375
Debt and preferred capital			\$ 15,765	\$ 15,250

1. Net of deferred financing costs

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 DEC. 31 (MILLIONS)	Corporate		Consolidated	
	2022	2021	2022	2021
Corporate borrowings	\$ 11,390	\$ 10,875	\$ 11,390	\$ 10,875
Non-recourse borrowings				
Subsidiary borrowings	—	—	15,353	13,049
Property specific borrowings	—	—	187,652	152,008
	11,390	10,875	214,395	175,932
Accounts payable and other	5,985	5,104	56,744	52,546
Deferred income tax liabilities	112	299	23,190	20,328
Subsidiary equity obligations	—	—	4,188	4,308
Liabilities associated with assets held for sale	—	—	876	3,148
Equity				
Non-controlling interests	230	230	98,138	88,386
Preferred equity	4,145	4,145	4,145	4,145
Common equity	39,608	42,210	39,608	42,210
	43,983	46,585	141,891	134,741
Total capitalization	\$ 61,470	\$ 62,863	\$ 441,284	\$ 391,003
Debt to capitalization ¹	19%	17%	49%	45%

1. Determined as the aggregate of corporate borrowings and non-recourse borrowings divided by total capitalization. Draws on revolving facilities and commercial paper issuances are excluded from the debt to capitalization ratios as they are not permanent sources of capital.

Sources and Uses of Cash

We continue to source significant cash flows from our operations and principal investments

	Three Months		Full Year	
	2022	2021	2022	2021
FOR THE PERIODS ENDED DEC. 31 (MILLIONS)				
Corporate cash and financial assets, beginning of period	\$ 3,065	\$ 3,042	\$ 3,522	\$ 4,456
Sources				
Distributable earnings, before realizations ^{1, 2}	1,142	1,052	4,314	3,467
Proceeds from realized carry ²	6	92	212	566
Dispositions of principal investments ²	75	29	450	2,426
	1,223	1,173	4,976	6,459
Uses				
Share repurchases ³	(189)	(41)	(687)	(307)
Dividends paid to common shareholders	(221)	(204)	(879)	(800)
Capitalization of reinsurance agreements	—	(368)	—	(481)
Capital calls for LP investments and other ⁴	(495)	(468)	(1,409)	(1,783)
American National acquisition	—	—	(2,609)	—
Cash in asset management business not attributable to Corporation	(806)	—	(806)	—
BPY privatization	—	—	—	(3,426)
Debt/preferred share repayment ⁵	—	(600)	—	(2,600)
Perpetual affiliate unit/share purchases	—	(400)	—	(400)
	(1,711)	(2,081)	(6,390)	(9,797)
Net financing activities	55	462	648	1,635
Other sources⁶	261	926	137	769
In-period change	(172)	480	(629)	(934)
Corporate cash and financial assets, end of period⁷	\$ 2,893	\$ 3,522	\$ 2,893	\$ 3,522

1. Refer to page 25 for reconciliation of IFRS to non-IFRS measures.

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

3. Includes repurchases of the Corporation's common and preferred shares.

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

5. Relates to cash utilized to opportunistically repay high coupon debt and preferred shares of our perpetual affiliates.

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

7. Corporate cash and financial assets in 2022 includes our proportionate share of the cash and financial assets of our asset management business.

Invested Capital – Overview

PERPETUAL INVESTMENTS

We own 75% of **Brookfield Asset Management** (BAM), a leading global alternative asset manager with approximately \$800 billion of assets under management across renewable power and transition, infrastructure, private equity, real estate, and credit.

Our **perpetual affiliates** are **BEP, BIP, BBU and BPG**, the flagship entities that hold most of the investments in our four largest operating segments. BEP, BIP and BBU are publicly traded in the United States and Canada.

- 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 27% 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 65% of **Brookfield Business Partners** (BBU), our flagship private equity perpetual strategy that invests primarily in services and industrial companies focused on long-term capital appreciation.
- We own 100% of **Brookfield Property Group** (BPG), a diversified global real estate portfolio 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.

Our **corporate cash and financial assets** portfolio includes corporate cash, assets held as part of our liquidity management operations, seed investments in new strategies and financial contracts to manage market risk. Corporate cash and financial assets also includes our proportionate share of the asset management business' cash and financial assets.

OTHER INVESTMENTS

- **Insurance solutions:** our share of investments in our insurance business, including its stake in American National.
- **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:** We have an approximate 3% interest in Vistra. In addition, we have direct investments in various operating companies within the Private Equity segment and our share of Oaktree's balance sheet investments. We owned investments in sustainable resources, mainly timber, and sold our remaining stake in these investments in the second quarter of 2022.

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 – Distributions

FOR THE PERIODS ENDED DEC. 31
(MILLIONS)

	Three Months		Full Year		Annualized
	2022	2021	2022	2021	
Perpetual affiliates					
BEP	\$ 100	\$ 95	\$ 400	\$ 384	\$ 421
BIP	75	71	300	275	302
BBU	9	6	33	24	35
BPG	435	493	1,701	1,444	1,644
	<u>619</u>	<u>665</u>	<u>2,434</u>	<u>2,127</u>	<u>2,402</u>
Corporate cash and financial assets	<u>(6)</u>	<u>(22)</u>	<u>77</u>	<u>42</u>	<u>38</u>
Other principal investments					
Energy contracts ¹	11	(19)	(53)	(106)	(53)
Norbord / West Fraser ²	—	—	—	2	—
Other	—	13	100	63	131
	<u>11</u>	<u>(6)</u>	<u>47</u>	<u>(41)</u>	<u>78</u>
Distributions from investments	624	637	2,558	2,128	2,518
Insurance solutions operating earnings	170	21	388	30	650
Total distributions from investments	<u>\$ 794</u>	<u>\$ 658</u>	<u>\$ 2,946</u>	<u>\$ 2,158</u>	<u>\$ 3,168</u>

1. Represents losses on fixed price energy contracts provided to BEP by BAM as the average price of energy purchased exceeded the average selling price in the periods presented.
2. Norbord was acquired by West Fraser on February 1, 2021. 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 December 31, 2021, we had fully disposed of our stake in the business.

Invested Capital – Results

AS AT AND FOR THE PERIODS ENDED DEC. 31, (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Invested Capital		Funds from Operations ¹			
			Three Months		Full Year	
	2022	2021	2022	2021	2022	2021
Perpetual investments						
BAM	\$ 4,468	\$ 4,905	\$ 511	\$ 518	\$ 1,963	\$ 1,809
Perpetual affiliates						
BEP	4,635	4,641	97	94	432	350
BIP	2,524	2,696	135	118	497	411
BBU ²	2,439	2,803	194	204	820	597
BPG	31,868	33,965	179	421	953	1,004
Corporate cash and financial assets³	2,893	3,522	(6)	(22)	77	42
	44,359	47,627	599	815	2,779	2,404
Other investments						
Insurance solutions	3,996	988	170	21	388	30
Energy contracts ⁴	639	623	11	(19)	(53)	(106)
Norbord / West Fraser ⁵	—	—	—	—	—	3
Other	2,855	2,618	7	18	136	83
	7,490	4,229	188	20	471	10
Corporate activities						
Corporate borrowings / Interest expense	(11,390)	(10,875)	(135)	(113)	(504)	(438)
Working capital / Corporate costs and taxes ⁶	(944)	699	(28)	(3)	(91)	(24)
Perpetual preferred shares ⁷	(4,375)	(4,375)	—	—	—	—
	(16,709)	(14,551)	(163)	(116)	(595)	(462)
Invested capital, net / Operating FFO	\$ 39,608	\$ 42,210	\$ 1,135	\$ 1,237	\$ 4,618	\$ 3,761
Per share ⁸	\$ 24.32	\$ 25.56	\$ 0.68	\$ 0.74	\$ 2.78	\$ 2.27

1. FFO includes disposition gains, which are gains (net of losses) recorded in net income, directly in equity, as well as the realization of appraisal gains recorded in prior years.
2. FFO includes the net impact of performance fees paid to BAM of \$nil (2021 – \$78 million) for the three months ended December 31, 2022 and \$nil (2021 – \$157 million) for the year.
3. Corporate cash and financial assets is inclusive of \$1.3 billion in cash and cash equivalents (December 31, 2021 – \$1.9 billion).
4. Represents gains (losses) on fixed price energy contracts provided to BEP by the Corporation as the average price of energy purchased was less (greater) than the average selling price in the periods presented.
5. Norbord was acquired by West Fraser on February 1, 2021. 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 December 31, 2021, we had fully disposed of our stake in the business.
6. Invested capital includes a net deferred income tax asset of \$1.2 billion (December 31, 2021 – \$1.8 billion); FFO includes current tax expense of \$4 million (2021 – recovery of \$9 million) for the three months ended December 31, 2022 and \$4 million (2021 – recovery of \$20 million) for the year.
7. 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 (2021 – \$38 million) for the three months ended December 31, 2022 and \$160 million (2021 – \$157 million) for the year.
8. Average number of shares outstanding on a fully diluted, time-weighted average basis for the three months and twelve months ended December 31, 2022 were 1,601.3 million and 1,608.2 million, respectively (December 31, 2021 – 1,631.1 million and 1,586.9 million, respectively).

Disposition Gains

FOR THE PERIODS ENDED DEC. 31
(MILLIONS)

	Three Months				Full Year			
	FFO ^{1,2}		Net Income ²		FFO ^{1,2}		Net Income ²	
	2022	2021	2022	2021	2022	2021	2022	2021
Renewable power and transition								
BEP secondary offerings	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 751	\$ —	\$ —
Other renewable power	—	—	—	—	22	49	2	54
	—	—	—	—	22	800	2	54
Infrastructure								
Enwave	—	—	—	—	—	249	—	203
U.K. smart meter portfolio	—	—	—	—	—	92	—	48
AVN	—	13	—	38	—	13	—	38
Other infrastructure	19	(31)	19	(81)	139	17	55	(83)
	19	(18)	19	(43)	139	371	55	206
Private equity								
Norbord / West Fraser ³	—	47	—	—	—	1,072	—	(44)
Other private equity	43	—	4	—	81	304	11	94
	43	47	4	—	81	1,376	11	50
Real estate								
Core	—	—	—	—	182	23	182	(6)
Transitional and development	(84)	41	(158)	(13)	(224)	32	(387)	(73)
LP investments	439	251	256	113	833	383	464	138
	355	292	98	100	791	438	259	59
Corporate								
Other corporate	—	30	—	—	88	97	—	(12)
	—	30	—	—	88	97	—	(12)
	\$ 417	\$ 351	\$ 121	\$ 57	\$ 1,121	\$ 3,082	\$ 327	\$ 357

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. 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 December 31, 2021, we had fully disposed of our stake in the business.

Disposition Gains on Principal Investments

FOR THE PERIODS ENDED DEC. 31
(MILLIONS)

	Three Months		Full Year	
	2022	2021	2022	2021
Renewable power and transition				
BEP secondary offering	\$ —	\$ —	\$ —	\$ 751
	—	—	—	751
Infrastructure				
Other infrastructure	—	(31)	60	(6)
	—	(31)	60	(6)
Private equity				
Norbord / West Fraser	—	47	—	1,072
Other	25	—	44	—
	25	47	44	1,072
Real estate				
Core	—	—	51	—
Transitional and development	42	14	42	138
LP investments	9	48	75	48
	51	62	168	186
Corporate				
Other corporate	—	30	88	97
	—	30	88	97
Disposition gains from principal investments¹	\$ 76	\$ 108	\$ 360	\$ 2,100

1. Disposition gains from principal investments are included in DE.

Perpetual Affiliates Results

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

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2022	2021	2022	2021	2022	2021
Attributable to unitholders	\$ 9,608	\$ 9,607	\$ 225	\$ 214	\$ 1,005	\$ 934
Incentive distributions	—	—	(24)	(20)	(96)	(80)
Non-controlling interests	(4,973)	(4,966)	(104)	(100)	(469)	(444)
Segment reallocation and other ¹	—	—	—	—	(8)	(60)
Brookfield's interest	\$ 4,635	\$ 4,641	\$ 97	\$ 94	\$ 432	\$ 350

BIP (NYSE: BIP, TSX: BIP.UN) – 27% ownership interest

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2022	2021	2022	2021	2022	2021
Attributable to unitholders	\$ 9,023	\$ 9,595	\$ 556	\$ 486	\$ 2,087	\$ 1,733
Incentive distributions	—	—	(60)	(55)	(240)	(207)
Non-controlling interests	(6,499)	(6,899)	(357)	(309)	(1,334)	(1,094)
Segment reallocation and other ¹	—	—	(4)	(4)	(16)	(21)
Brookfield's interest	\$ 2,524	\$ 2,696	\$ 135	\$ 118	\$ 497	\$ 411

BBU (NYSE: BBU, TSX: BBU.UN) – 65% ownership interest

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2022	2021	2022	2021	2022	2021
Attributable to unitholders	\$ 4,885	\$ 4,278	\$ 325	\$ 396	\$ 1,316	\$ 1,573
Performance fees	—	—	—	(78)	—	(157)
Non-controlling interests	(2,446)	(1,475)	(128)	(114)	(474)	(515)
Segment reallocation and other ¹	—	—	(3)	—	(22)	(304)
Brookfield's interest	\$ 2,439	\$ 2,803	\$ 194	\$ 204	\$ 820	\$ 597

BPG – 100% ownership interest

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Invested Capital		Funds from Operations			
			Three Months		Full Year	
	2022	2021	2022	2021	2022	2021
Core	\$ 14,548	\$ 15,589	\$ 112	\$ 135	\$ 471	\$ 558
Transitional and Development ²	12,944	12,370	226	314	820	868
LP Investments	9,043	8,223	—	105	200	234
Corporate	(4,683)	(2,233)	(148)	(109)	(494)	(439)
Attributable to unitholders	31,852	33,949	190	445	997	1,221
Non-controlling interests	—	—	—	—	—	(138)
Segment reallocation and other ³	—	—	(11)	(24)	(44)	(79)
Brookfield's interest	31,852	33,949	179	421	953	1,004
Disposition gains on LP investments	—	—	439	251	833	383
Preferred shares	16	16	—	—	—	—
	\$ 31,868	\$ 33,965	\$ 618	\$ 672	\$ 1,786	\$ 1,387

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

2. Transitional and Development includes Brookfield Residential invested capital of \$1.6 billion (December 31, 2021 – \$2.0 billion); FFO of \$121 million (2021 – \$114 million) for the three months ended December 31, 2022 and \$318 million (2021 – \$257 million) for the year ended December 31, 2022.

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

Other Investments

In addition to being invested in our asset management business and our four flagship perpetual affiliates, we hold a number of other investments

CORPORATE CASH AND FINANCIAL ASSETS

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Segment	Funds from Operations					
		Invested Capital		Three Months		Full Year	
		2022	2021	2022	2021	2022	2021
Corporate cash and financial assets	Corporate	\$ 2,893	\$ 3,522	\$ (6)	\$ (22)	\$ 77	\$ 42

OTHER INVESTMENTS

AS AT AND FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Segment	Funds from Operations					
		Invested Capital		Three Months		Full Year	
		2022	2021	2022	2021	2022	2021
Insurance solutions	Corporate	\$ 3,996	\$ 988	\$ 170	\$ 21	\$ 388	\$ 30
Residential development - Brazil and other	Private Equity	541	431	13	3	54	1
Energy contracts	Renewable Power and Transition	639	623	11	(19)	(53)	(106)
Sustainable resources and other	Infrastructure	260	326	—	2	4	15
Norbord / West Fraser ¹	Private Equity	—	—	—	—	—	3
Other corporate	Corporate	548	1,099	(29)	(4)	7	13
Other	Various	1,506	762	23	17	71	54
		\$ 7,490	\$ 4,229	\$ 188	\$ 20	\$ 471	\$ 10

1. Norbord was acquired by West Fraser on February 1, 2021. 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 December 31, 2021, we had fully disposed of our stake in the business.

Insurance solutions

- To date, we have invested approximately \$4 billion across our Insurance Solutions business, including the acquisition of American National at the end of May 2022.
- FFO of \$170 million in the quarter reflects contributions from American National, as well as earnings from our other reinsurance businesses.
- We generate \$650 million of annualized FFO today and we expect to generate annualized FFO of approximately \$800 million over the coming quarters, as we redeploy the high levels of cash and liquid financial assets held in our investment portfolios into higher yielding strategies.

Reconciliation of IFRS to Non-IFRS Measures

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 below. 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.

FOR THE YEARS ENDED DEC. 31
(MILLIONS)

	<u>2022</u>	<u>2021</u>
Net income	\$ 5,195	\$ 12,388
Financial statement components not included in FFO		
Equity accounted fair value changes and other non-FFO items ¹	1,840	1,355
Fair value changes	977	(5,151)
Depreciation and amortization	7,683	6,437
Deferred income taxes	191	1,210
Realized disposition gains in fair value changes or prior periods	903	2,861
Non-controlling interests in FFO ²	<u>(10,495)</u>	<u>(11,542)</u>
Funds from operations	6,294	7,558
Less: total disposition gains	(1,121)	(3,082)
Less: net invested capital FFO	(2,655)	(1,952)
Less: FFO from asset management business	(1,963)	(1,809)
Less: realized carried interest, net	(555)	(715)
Corporate activities	(595)	(462)
Insurance solutions' operating earnings	388	30
Distributions from investments	2,558	2,128
Distributions from asset management business	2,061	1,892
Equity-based compensation	62	36
Preferred share dividends	<u>(160)</u>	<u>(157)</u>
Distributable earnings before realizations	4,314	3,467
Realized carried interest, net ³	555	715
Disposition gains from principal investments	360	2,100
Distributable earnings	<u>\$ 5,229</u>	<u>\$ 6,282</u>

1. Other non-FFO items correspond to amounts that are not directly related to revenue earning activities and are not normal or recurring items necessary for business operations.

2. Amounts attributable to non-controlling interests are calculated based on the economic ownership interests held by non-controlling interests in consolidated subsidiaries. By adjusting FFO attributable to non-controlling interests, we are able to remove the portion of FFO earned at non-wholly owned subsidiaries that is not attributable to Brookfield.

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

Common Share Information

COMMON SHARE CONTINUITY

FOR THE PERIODS ENDED DEC. 31 (MILLIONS)	Three Months		Full Year	
	2022	2021	2022	2021
Outstanding at beginning of period	1,575.5	1,568.0	1,568.8	1,510.7
Issued (repurchased)				
Issuances	1.3	—	1.4	61.3
Repurchases	(5.4)	(0.9)	(17.2)	(9.7)
Long-term share ownership plans	0.9	1.7	19.1	6.4
Dividend reinvestment plan	1.1	—	1.3	0.1
Outstanding at end of period	1,573.4	1,568.8	1,573.4	1,568.8
Unexercised options, other share-based plans and exchangeable shares of affiliate	55.5	82.8	55.5	82.8
Total diluted shares at end of period	1,628.9	1,651.6	1,628.9	1,651.6

- The company holds 62.9 million common shares for escrowed stock plans, which have been deducted from the total number of shares outstanding.
- Cash value of unexercised options as at December 31, 2022 was \$1.1 billion (December 31, 2021 – \$1.2 billion).

FFO AND EARNINGS PER SHARE INFORMATION

FOR THE YEARS ENDED DEC. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Funds from Operations		Net Income	
	2022	2021	2022	2021
FFO / Net income	\$ 6,294	\$ 7,558	\$ 2,056	\$ 3,966
Preferred share dividends	(150)	(148)	(150)	(148)
Subordinated preferred note dividends	(10)	(9)	—	—
Dilutive effect of conversion of subsidiary preferred shares	—	—	—	(26)
FFO / Net income available to shareholders	6,134	7,401	1,906	3,792
Dilutive impact of exchangeable shares of affiliate	5	2	5	2
FFO / Net income available to shareholders including dilutive impact of exchangeable shares	\$ 6,139	\$ 7,403	\$ 1,911	\$ 3,794
Weighted average shares	1,567.5	1,536.5	1,567.5	1,536.5
Dilutive effect of conversion of options and other share-based plans using treasury stock method and exchangeable shares of affiliate	40.7	50.4	40.7	50.4
Shares and share equivalents	1,608.2	1,586.9	1,608.2	1,586.9
Per share	\$ 3.82	\$ 4.67	\$ 1.19	\$ 2.39

Entity Basis – Reconciliation to Reportable Segments – Invested Capital

AS AT DEC. 31, 2022
(MILLIONS)

	Reportable Segments						Total
	Asset Management	Renewable Power and Transition	Infrastructure	Private Equity	Real Estate	Corporate	
Asset management	\$ 4,468	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 4,468
Invested capital							
Perpetual investments							
Brookfield Renewable Partners	—	4,635	—	—	—	—	4,635
Brookfield Infrastructure Partners	—	—	2,524	—	—	—	2,524
Brookfield Business Partners	—	—	—	2,439	—	—	2,439
Brookfield Property Group ²	—	—	—	—	31,868	—	31,868
	—	4,635	2,524	2,439	31,868	—	41,466
Corporate cash and financial assets	2,416	—	—	—	—	477	2,893
	2,416	4,635	2,524	2,439	31,868	477	44,359
Other investments							
Insurance solutions	—	—	—	—	—	3,996	3,996
Energy contracts	—	639	—	—	—	—	639
Other	—	—	260	2,047	—	548	2,855
	—	639	260	2,047	—	4,544	7,490
Net working capital	—	—	—	—	—	(944)	(944)
Debt and preferred capital							
Corporate borrowings	—	—	—	—	—	(11,390)	(11,390)
Perpetual preferred shares	—	—	—	—	—	(4,375)	(4,375)
	—	—	—	—	—	(15,765)	(15,765)
	\$ 6,884	\$ 5,274	\$ 2,784	\$ 4,486	\$ 31,868	\$ (11,688)	\$ 39,608

1. Corporate cash and financial assets in 2022 includes our proportionate share of the asset management business' cash and financial assets (\$2.4 billion).

2. Includes \$16 million of BPG preferred shares.

Entity Basis – Reconciliation to Reportable Segments – Three Months FFO

FOR THE THREE MONTHS ENDED DEC. 31, 2022
(MILLIONS)

Asset management

Operating FFO
Carried interest, net

Invested capital

Perpetual investments

Brookfield Renewable Partners
Brookfield Infrastructure Partners
Brookfield Business Partners
Brookfield Property Group¹

Corporate cash and financial assets

Other investments

Insurance solutions
Energy contracts
Other

Disposition gains

Corporate activities²

Interest expense
Corporate costs and taxes

	Reportable Segments						
Asset Management	Renewable Power and Transition	Infrastructure	Private Equity	Real Estate	Corporate		Total
\$ 511	\$ —	\$ —	\$ —	\$ —	\$ —		\$ 511
280	—	—	—	—	—		280
<u>791</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>		<u>791</u>
	97	—	—	—	—		97
	—	135	—	—	—		135
	—	—	194	—	—		194
	—	—	—	179	—		179
	<u>97</u>	<u>135</u>	<u>194</u>	<u>179</u>	<u>—</u>		<u>605</u>
	—	—	—	—	(6)		(6)
	<u>97</u>	<u>135</u>	<u>194</u>	<u>179</u>	<u>(6)</u>		<u>599</u>
	—	—	—	—	170		170
	11	—	—	—	—		11
	—	—	36	—	(29)		7
	<u>11</u>	<u>—</u>	<u>36</u>	<u>—</u>	<u>141</u>		<u>188</u>
	—	19	43	355	—		417
	—	—	—	—	(135)		(135)
	—	—	—	—	(28)		(28)
	—	—	—	—	(163)		(163)
<u>\$ 791</u>	<u>\$ 108</u>	<u>\$ 154</u>	<u>\$ 273</u>	<u>\$ 534</u>	<u>\$ (28)</u>		<u>\$ 1,832</u>

1. Includes nominal amounts of BPG preferred share distributions.

2. 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 – Full Year FFO

FOR THE YEAR ENDED DEC. 31, 2022
(MILLIONS)

Asset management

	Asset Management	Renewable Power and Transition	Infrastructure	Private Equity	Real Estate	Corporate	Total
Operating FFO	\$ 1,963	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,963
Carried interest, net	555	—	—	—	—	—	555
	<u>2,518</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,518</u>

Invested capital

Perpetual investments

Brookfield Renewable Partners	—	432	—	—	—	—	432
Brookfield Infrastructure Partners	—	—	497	—	—	—	497
Brookfield Business Partners	—	—	—	820	—	—	820
Brookfield Property Group ¹	—	—	—	—	953	—	953
	<u>—</u>	<u>432</u>	<u>497</u>	<u>820</u>	<u>953</u>	<u>—</u>	<u>2,702</u>
Corporate cash and financial assets	—	—	—	—	—	77	77
	<u>—</u>	<u>432</u>	<u>497</u>	<u>820</u>	<u>953</u>	<u>77</u>	<u>2,779</u>
Other investments							
Insurance solutions	—	—	—	—	—	388	388
Energy contracts	—	(53)	—	—	—	—	(53)
Other	—	—	4	125	—	7	136
	<u>—</u>	<u>(53)</u>	<u>4</u>	<u>125</u>	<u>—</u>	<u>395</u>	<u>471</u>

Disposition gains

	—	22	139	81	791	88	1,121
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Corporate activities²

Interest expense	—	—	—	—	—	(504)	(504)
Corporate costs and taxes	—	—	—	—	—	(91)	(91)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(595)</u>	<u>(595)</u>
	<u>\$ 2,518</u>	<u>\$ 401</u>	<u>\$ 640</u>	<u>\$ 1,026</u>	<u>\$ 1,744</u>	<u>\$ (35)</u>	<u>\$ 6,294</u>

1. Includes nominal amounts of BPG preferred share distributions.

2. Excludes \$160 million of preferred share distributions for the year ended December 31, 2022, which are included in determining per share results.

Endnotes

Distributable Earnings – Page 5

1. Annualized distributions are calculated by multiplying units held as at December 31, 2022 by the current distribution rates per unit.
2. Annualized distributions for corporate cash and financial assets are calculated as an estimated 8% total return on the current quarter's ending balance.
3. Includes earnings from wholly owned investments and distributions from our other listed investments. 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 December 31, 2021, we had fully disposed of our stake in the business. See definitions of our other investments in the Invested Capital – Overview section on page 18. Oaktree's policy is to distribute 85% of realized investment income each period. Oaktree annualized realized investment income is based on 85% of the last twelve months realized investment income, at our share.
4. Includes \$2 million (2021 – \$1 million) and \$10 million (2021 – \$9 million) of dividends paid on perpetual subordinated notes for the three months and year ended December 31, 2022, respectively.
5. Refer to page 25 for reconciliation of IFRS to non-IFRS measures.
6. Average number of shares outstanding on a fully diluted, time-weighted average basis for the three months and year ended December 31, 2022 were 1,601.3 million and 1,608.2 million, respectively (December 31, 2021 – 1,631.1 million and 1,586.9 million, respectively).

Invested Capital – Page 6

1. Quoted based on December 31, 2022 and December 31, 2021 public pricing, respectively.
2. For performance measurement purposes, we consider the value of invested capital to be the quoted value of listed investments, public pricing using industry comparables for Brookfield Residential values and IFRS values for unlisted investments.
3. Distributed cash flow (current) from our listed investments is calculated by multiplying units held as at December 31, 2022 by the current distribution rates per unit. Corporate cash and financial asset distribution is calculated by applying an 8% total return on the current quarter's ending balance. Distributions on our unlisted investments is equal to the total distributions received over the last twelve month period.
5. Blended value represents management's view of the fair value of our insurance solutions business.
6. Corporate cash and financial assets is inclusive of \$1.3 billion in cash and cash equivalents (December 31, 2021 – \$1.9 billion).
7. Corporate cash and financial assets in 2022 includes our proportionate share of the asset management business' cash and financial assets (\$2.4 billion).
8. Blended value includes the fair value of comparable assets in our Residential segment.
9. Other investments include energy contracts, timber and agricultural assets, other corporate investments, other listed investments and \$1.1 billion of investments related to our share of Oaktree (December 31, 2021 – \$869 million).
10. Includes \$230 million of perpetual subordinated notes issued in November 2020 by a wholly owned subsidiary of Brookfield, included within non-controlling interest.

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. For annualized fees, we have assumed a mid-point fee-related earnings margin of 60% and 30% for Brookfield and Oaktree, respectively.
3. Includes fee revenues from Oaktree shown on a 100% basis.
4. Direct costs related to annualized fee revenues and annualized carried interest include \$785 million and \$739 million related to Oaktree (2021 – \$776 million and \$718 million), respectively.
5. Actual carried interest is carried interest realized in the period (refer to page 13). Annualized carried interest is target carried interest.
6. Annualized carried interest includes \$1.5 billion of target carried interest related to Oaktree (2021 – \$1.4 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. For annualized carried interest, we have assumed a mid-point target carried interest margin of 70% and 50% for Brookfield and Oaktree funds, respectively. Refer to page 14.

Endnotes cont'd

Liquidity and Capital Structure – Page 8

1. Refer to Glossary of Terms starting on page 32.
4. Includes \$230 million of perpetual subordinated notes issued in November 2020 by a wholly owned subsidiary of Brookfield, included within non-controlling interest.

Summary of Results – Funds from Operations – Page 9

1. FFO excludes preferred share distributions of \$41 million (2021 – \$38 million) for the three months ended December 31 and \$160 million (2021 – \$157 million) for the year, which are included in determining per share results.
2. Refer to page 25 for reconciliations of IFRS to non-IFRS measures.
3. For FFO per share purposes, average number of shares outstanding on a fully diluted, time-weighted average basis for the three months and year ended December 31, 2022 were 1,601.3 million and 1,608.2 million, respectively (December 31, 2021 – 1,631.1 million and 1,586.9 million, respectively).

Funds from Operations and Net Income – Page 10

1. Net of non-controlling interests. Refer to page 25 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.
4. For FFO per share purposes, average number of shares outstanding on a fully diluted, time-weighted average basis for the three months and year ended December 31, 2022 were 1,601.3 million and 1,608.2 million, respectively (December 31, 2021 – 1,631.1 million and 1,586.9 million, respectively).
5. For Net Income per share purposes, average number of shares outstanding on a fully diluted, time-weighted average basis for the three months and year ended December 31, 2022 were 1,574.8 million and 1,608.2 million, respectively (December 31, 2021 – 1,631.1 million and 1,586.9 million, respectively).

Asset Management Operating Results – Page 12

1. Oaktree contributed fee-related earnings of \$104 million (2021 – \$111 million) for the three months ended December 31, 2022, and \$398 million (2021 – \$406 million) for the year ended December 31, 2022. Oaktree standalone margin was 34% for the quarter (2021 – 40%) and 34% for the full year (2021 – 38%).
2. Represents Oaktree fee-related earnings attributable to the 36% of Oaktree not held by Brookfield for the three months and year ended December 31, 2022.
3. Margin at our share is calculated using our 64% share of Oaktree's fee-related earnings for the three months ended December 31, 2022 and 64% for the year ended December 31, 2022. Brookfield margin on a standalone basis was 66% for the three months ended December 31, 2022 (2021 – 63%) and 64% for the year ended December 31, 2022 (2021 – 62%).

Annualized Fees and Target Carried Interest – Page 15

1. Based on most recent quarterly distributions declared.
2. Annualized BBU performance fees assume 10% annualized unit price appreciation from the \$25.00 initial spin-out value in 2016, adjusted for current BBU and BBUC units outstanding.
3. Annualized transaction and advisory fees based on simple average of the last two years' results.
4. Based on prescribed carried interest for private funds and target gross return. Includes only third-party capital.
5. Fee revenues based on annualized fees as at December 31, 2022, excluding transaction fees, performance fees and target carried interest.
6. Perpetual strategies base management fees include \$501 million of annualized base fees on Brookfield capital from perpetual affiliates.
7. For details on perpetual strategies base fee calculations, refer to the Glossary of Terms on page 32.

Glossary of Terms

The “Corporation,” “Brookfield” or “BN” refers to our business which is comprised of our asset management, insurance solutions and operating businesses.

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 136 through 142 of our 2021 annual report.

- **Asset under management** refers to the total fair value of assets that our asset management business manages, on a gross asset value basis, including assets for which this business earns management fees and those for which they do not. AUM is calculated as follows: (i) for investments that Brookfield consolidates for accounting purposes or actively manages, including investments in which Brookfield or a controlled investment vehicle is the largest shareholder or the primary operator or manager, at 100% of the investment’s total assets on a fair value basis; and (ii) for all other investments, at Brookfield’s or its controlled investment vehicle’s, as applicable, proportionate share of the investment’s total assets on a fair value basis. Our asset management business’ methodology for determining AUM may differ from the methodology employed by other alternative asset managers and Brookfield’s AUM presented herein may differ from our AUM reflected in other public filings and/or our Form ADV and Form PF.
- **Fee-bearing capital** represents the capital committed, pledged or invested in the perpetual affiliates, private funds and liquid strategies that our asset management business manages which entitles this business 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 liquid strategies funds and equity issuances in our perpetual affiliates.
 - Outflows represent distributions and redemptions of capital from within the liquid strategies capital.
 - Distributions represent quarterly distributions from perpetual 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, perpetual affiliates and liquid strategies based on market prices.
 - Other include changes in net non-recourse debt included in the determination of perpetual affiliate capitalization and the impact of foreign exchange fluctuations on non-U.S. dollar commitments.
- **Carry eligible capital** represents the capital committed, pledged or invested in the private funds that our asset management business manages. The Corporation retains 100% of the carried interest earned on mature funds and is entitled to receive 33.3% of the carried interest on new funds of our asset management business. Carry eligible capital includes both invested and uninvested (i.e. uncalled) private fund amounts as well as those amounts invested directly by investors (co-investments) if those entitle us to earn carried interest. We believe this measure is useful to investors as it provides additional insight into the capital base upon which we have potential to earn carried interest once minimum investment returns are sufficiently assured.
- **Distributable earnings (“DE”)** 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 distributions from our Asset Management business, operating earnings from our insurance solutions business, distributions received from our ownership of investments, realized carried interest and disposition gains from principal investments, net of Corporate Activities FFO, preferred share dividends and equity-based compensation costs.
- **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 perpetual affiliates’ current annual distribution policies, annualized transaction and liquid strategies 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 business.

Glossary of Terms cont'd

- **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.
 - **Unrealized carried interest** is the change in accumulated unrealized carried interest from prior period and represents the amount of carried interest generated during the period. We use this measure to provide insight into the value our investments have created in the period.
 - **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.
 - **Accumulated unrealized carried interest, net** is after direct costs, which include employee expenses and taxes.
 - **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 our asset management business achieves 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.
- **Invested capital** is the amount of common equity in our operating businesses.
- **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 our asset management business 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 25.

- 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 our asset management business 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, using the combined units and shares of BBU and BBUC. 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.

Glossary of Terms cont'd

- **Incentive distributions** are determined by contractual arrangements and are paid to our asset management business by BEP and BIP and represent a portion of distributions paid by perpetual 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.

- **Perpetual affiliate base fees** are earned on the total capitalization or net asset value of our perpetual affiliates, which includes our investment. Base fees for BEP include a quarterly fixed fee amount of \$5 million, with additional fees of 1.25% on the increase in capitalization above their initial capitalization of \$8 billion. Base fees for BIP and BBU are 1.25% of total capitalization. Base fees for BPG are 1.05% of net asset value, excluding its interests in private funds and investments which were held directly by the Corporation prior to the BPY privatization. Perpetual affiliate capitalization as at December 31, 2022, was as follows: BEP/BEPC – \$20.5 billion; BIP/BIPC – \$29.2 billion; BBU/BBUC – \$7.8 billion; and BPG – \$20.8 billion.
- **Internal rate of return (“IRR”)** is the annualized compounded rate of return of the fund, calculated since initial investment date.
- **Corporate capitalization** represents the amount of debt issued by the Corporation, accounts payable and deferred tax liability in our Corporate segment as well as our issued and outstanding common and preferred shares.

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 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 and EDGAR at 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

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 Funds from Operations ("FFO") and Distributable Earnings ("DE"). 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.