

BROOKFIELD ASSET MANAGEMENT INC.

Q2 2017 Supplemental Information

Three Months Ended June 30, 2017

Brookfield

HIGHLIGHTS

- We have started to raise our next flagship real estate opportunity fund, which we expect to be larger than its predecessor fund and intend to hold a first close later this year.
- The predecessor real estate opportunity fund (BSREP II) is approximately 80% invested and committed while the current vintage flagship funds in infrastructure (BIF III) and private equity (BCP IV) are over 45% and 60% invested and committed, respectively. We are also fundraising for four additional close-ended funds, as well as two perpetual private funds, across various strategies, with \$4 billion raised to date.
- Invested and committed \$17 billion of capital on a last twelve months ("LTM") basis, including the deployment of \$9 billion in the second quarter. Significant transactions included:
 - Completed our investments in a Brazilian regulated gas transmission business, a Brazilian water treatment business and a U.K. fuel distributor. Subsequent to the end of the quarter, we also completed the acquisition of the previously announced Canadian gas station portfolio.
 - Commitments include over \$3 billion of capital to acquire two global renewable power portfolios, an offshore energy services business, a Canadian gaming operation and an Indian telecommunications tower business.
- Dry powder and core liquidity at the end of the quarter was \$25 billion providing us with significant capital to deploy for current and future investment opportunities.
- Funds from operations ("FFO") for the second quarter of 2017 was \$1.0 billion and \$3.6 billion on an LTM basis.
 - Fee revenues and fee related earnings for the quarter increased 21% and 22%, respectively, as a result of higher base fees from the growth in listed partnership capitalization and incentive distributions.
 - FFO from invested capital increased by 2% to \$331 million. Solid "same-store" growth from operational improvements across our businesses and the contributions of acquisitions were partially offset by the absence of FFO from assets sold and the impact of foreign exchange.
 - We sold our interest in a New York office building for a significant disposition gain, as part of our capital recycling program, and intend to re-deploy the proceeds into higher yielding opportunities.
- Net income attributable to Brookfield shareholders was \$225 million, or \$0.19 per share, which is after the allocation of income to non-controlling interest and preferred share dividends. Net income increased over the prior period due to the aforementioned increases in operating FFO, as well as appraisal gains in our real estate portfolio. These increases were partially offset by unrealized fair value reductions that resulted from foreign exchange movements.

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OVERVIEW

Funds from Operations and Net Income

FOR THE PERIODS ENDED JUN. 30 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Three Months				LTM			
	Funds from Operations ¹		Net Income ¹		Funds from Operations ¹		Net Income ¹	
	2017	2016	2017	2016	2017	2016	2017	2016
Operating activities								
Fee related earnings	\$ 231	\$ 190	\$ 231	\$ 190	\$ 732	\$ 639	\$ 732	\$ 639
Invested capital	331	324	331	324	1,447	1,324	1,447	1,324
	562	514	562	514	2,179	1,963	2,179	1,963
Realized carried interest	—	—	—	—	152	15	152	15
Realized disposition gains ²	464	123	(34)	(6)	1,266	844	275	335
Fair value changes	—	—	(94)	5	—	—	(862)	304
Depreciation and amortization	—	—	(217)	(227)	—	—	(885)	(834)
Deferred income taxes	—	—	8	(101)	—	—	538	(374)
	\$ 1,026	\$ 637	\$ 225	\$ 185	\$ 3,597	\$ 2,822	\$ 1,397	\$ 1,409
Per share	\$ 1.01	\$ 0.62	\$ 0.19	\$ 0.15	\$ 3.55	\$ 2.76	\$ 1.29	\$ 1.30

1. Net of non-controlling interests

2. FFO includes gains recorded in net income, directly in equity, as well as the realization of appraisal gains recorded in prior periods

- **Fee related earnings:** Fee related earnings were \$231 million, a 22% increase over the prior year quarter, as higher capitalization and distributions in our listed partnerships increased base management fees and incentive distributions earned by 34% and 48%, respectively. We also earned our first performance fee from BBU this quarter, which contributed \$25 million. These were partially offset by the absence of catch-up fees, which contributed \$31 million in the prior year quarter, as well as higher costs as we expanded our operations. Further details on slide 5.
- FFO from **invested capital** increased by 2% as the benefits of acquisitions across multiple business segments were offset by the absence of FFO from assets sold. Other variances include higher generation in our renewable power, which was above long-term average, as well as same-store growth across our various businesses due to operational improvements, including higher pricing and volumes at Norbord and strong connections activity and increases in inflationary tariff in our infrastructure group. These positive variances were partially offset by the lower ownership of our private equity businesses following the spin-off of BBU and lower sales in our Brazilian residential development business. Further details on slide 14.
- **Realized disposition gains** in the 2017 quarter included the sale of our interest in 245 Park Avenue, a New York office building. Further details on slide 17.
- **Fair value changes** in the current quarter decreased as appraisal gains on our investment properties were more than offset by declines in the value of our foreign currency contracts.

OVERVIEW

Financial Profile

Asset Manager – slide 4

Recurring long-term fees received from managing our funds and carried interests

Invested Capital – slide 13

Capital deployed in managed funds and on a direct basis which generate cash distributions

Conservative long-term capitalization represents 15% LTV⁴ on invested capital

Gains on sale of assets, including current and prior period revaluation gains since acquisition

AS AT AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Associated Capital	FFO	
		Three Months	LTM
Fee bearing capital			
Fee related earnings ¹	\$ 117,254 ¹	\$ 231	\$ 732
Realized carried interest ²	40,426 ²	—	152
		<u>231</u>	<u>884</u>
Invested capital			
Listed investments	\$ 26,058	460	1,755
Unlisted assets	4,997	(69)	—
	<u>31,055</u>	<u>391</u>	<u>1,755</u>
Capitalization/interest expense ³	(8,873)	(63)	(250)
Working capital/corporate costs & taxes	(191)	3	(58)
	<u>\$ 21,991</u>	<u>331</u>	<u>1,447</u>
Realized disposition gains		464	1,266
FFO		<u>\$ 1,026</u>	<u>\$ 3,597</u>
Per share		<u>\$ 1.01</u>	<u>\$ 3.55</u>

1. Earned on total fee bearing capital

2. Earned on carry eligible capital

3. Capitalization FFO excludes \$35 million (LTM – \$137 million) of preferred share distributions, which are included in the determination of FFO per share

4. Loan to value

ASSET MANAGEMENT

Summarized Results

15% increase
in Fee Related Earnings
over 2016 LTM

\$117 billion
Fee Bearing Capital
(Gross inflows of \$12 billion LTM)

\$2.2 billion
Annualized Fee Base and Carry
(10% increase since Q2 2016)

Financial Performance

FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Three Months		LTM	
	2017	2016	2017	2016
Fee revenues	\$ 353	\$ 292	\$ 1,200	\$ 1,042
Generated carried interest ¹	155	130	477	331
	<u>\$ 508</u>	<u>\$ 422</u>	<u>\$ 1,677</u>	<u>\$ 1,373</u>
FFO				
Fee related earnings ²	\$ 231	\$ 190	\$ 732	\$ 639
Realized carried interest ^{2,3}	—	—	152	15
Realized disposition gains	—	—	5	—
	<u>\$ 231</u>	<u>\$ 190</u>	<u>\$ 889</u>	<u>\$ 654</u>

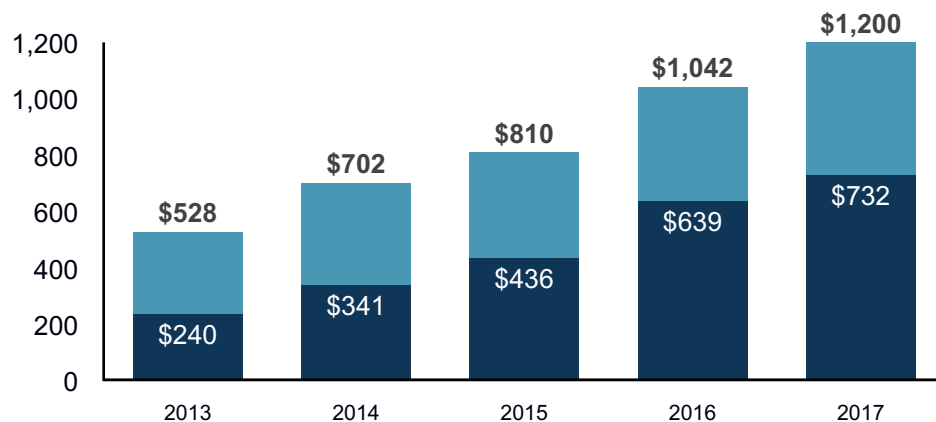
1. Generated carried interest based on investment performance. Amounts dependent on future investment performance are deferred from FFO

2. Net of direct costs

3. Realized carried interest in respect of third-party capital only

Fee Revenues and Fee Related Earnings (LTM)¹

(JUN. 30, MILLIONS)



1. Excludes carried interest

■ Fee Related Earnings

■ Fee Revenues

Fee Bearing Capital – Profile

AS AT (MILLIONS)	Jun. 2017	Dec. 2016	Jun. 2016
Listed partnerships	\$ 54,945	\$ 49,375	\$ 48,767
Private funds	50,050	49,624	47,296
Public securities	12,259	10,577	12,249
	<u>\$ 117,254</u>	<u>\$ 109,576</u>	<u>\$ 108,312</u>

- Fee bearing capital includes our four flagship listed partnerships (BPY, BEP, BIP and BBU) and other listed entities, 38 private funds and numerous funds and accounts within our public securities operations.
- Five closed-end funds in the market seeking to raise \$12 billion of third-party capital, of which \$3 billion of fundraising has already been completed, and two open-ended funds seeking perpetual commitments, of which \$1 billion has been closed to date.
- Diversified client base of 465 global private fund investors.
 - Average commitment per client ~\$110 million.
 - ~42% of clients invest in multiple funds.
- ~90% of fee bearing capital is perpetual or long term.
 - Weighted average life to maturity of private fund fee bearing capital is eight years (plus two one-year extension periods on average).
- Public securities include mutual funds, separately managed accounts and hedge funds. As at June 30, 2017, we had \$11 billion of capital in long-only strategies and \$1 billion in hedge funds.

ASSET MANAGEMENT

Fee Related Earnings

FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Three Months			LTM		
	2017	2016	Variance	2017	2016	Variance
Base management fees						
Listed partnerships	\$ 135	\$ 101	\$ 34	\$ 469	\$ 370	\$ 99
Private funds	112	111	1	458	373	85
– catch-up fees	—	31	(31)	4	66	(62)
Public securities	21	24	(3)	85	103	(18)
Incentive distributions (IDRs)	37	25	12	129	86	43
	305	292	13	1,145	998	147
Performance fees	25	—	25	25	—	25
Transaction and advisory fees ¹	23	—	23	30	44	(14)
Fee revenues²	353	292	61	1,200	1,042	158
Direct costs^{1,3}						
Compensation and benefits	(88)	(78)	(10)	(340)	(307)	(33)
Other expenses	(34)	(24)	(10)	(128)	(96)	(32)
Fee related earnings²	\$ 231	\$ 190	\$ 41	\$ 732	\$ 639	\$ 93

1. Advisory fees and associated direct costs for the prior period and LTM figures have been reclassified to reflect advisory fee earnings earned by BBU following the spin-off on June 20, 2016 for the periods prior to the spin-off where the advisory fee earnings were previously reported in the asset management segment
2. Includes \$8 million of fee revenues (\$49 million on an LTM basis) and \$4 million of fee related earnings (\$23 million on an LTM basis) generated by capital managed by BPY
3. Direct costs include non-controlling interests of \$2 million (2016 – \$4 million) and \$13 million (2016 – \$14 million) for the three months and LTM ended June 30, 2017

Current Quarter:

- Listed partnership fees increased by \$34 million as market valuation increases led to higher levels of fee bearing capital.
- Private fund base fees in the 2017 quarter remained relatively consistent at \$112 million. New capital raised contributed \$10 million of incremental fees, which were partially offset by fees eliminated on capital outflows and distributions as well as by the reclassification of \$5 million of fees included as private fund fees in the prior year's quarter that are now classified as listed partnership fees following the spin-off of BBU.
- We earned our first performance fee from BBU during the quarter as a result of the unit price increasing above \$25.00 per unit for a full quarter.
- Gross profit margin (excluding catch-up, transaction and performance fees) was 60% compared to 61% in the 2016 quarter as higher fee revenues were partially offset by higher direct costs as a result of the expansion of our operations.
- Fee revenues include \$66 million of base management fees from Brookfield capital (2016 – \$58 million).

Last Twelve Months:

- Private fund base fees grew by 23%, benefiting from \$97 million of fees from new capital, partially offset by decreases from dispositions, which returned invested commitments back to clients, thereby reducing our fee base. Our fee base also declined for funds which have passed their investment period and now generate base fees on invested capital instead of committed capital.
- Incentive distributions increased by 50%, reflecting increased distributions by BIP, BEP and BPY.
- Transaction and advisory fees of \$30 million (2016 – \$44 million) includes co-investment fees. The prior period included a one-time \$12 million fee related to an Australian ports transaction.
- Fee revenues include \$245 million of base management fees from Brookfield capital (2016 – \$200 million).

ASSET MANAGEMENT Carried Interest

Carried interest represents our share, as manager, of investment performance in our private funds. We generated carried interest of \$155 million in the quarter (LTM – \$477 million) based on investment returns, increasing cumulative unrealized carried interest to \$1.2 billion

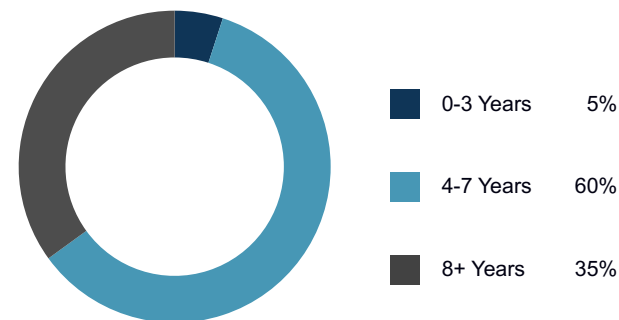
Realized Carried Interest¹

FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Three Months		LTM	
	2017	2016	2017	2016
Generated ¹	\$ 155	\$ 130	\$ 477	\$ 331
Recognition of unrealized carry	—	—	183	22
Less: associated costs	(30)	(47)	(136)	(115)
Deferred recognition, net ¹	(125)	(83)	(372)	(223)
Realized carried interest, net	\$ —	\$ —	\$ 152	\$ 15

1. Amounts dependent on future investment performance. Represents management estimate of carried interest generated in period if funds were wound up at period end

Unrealized Carried Interest – Realization Timeline

AS AT JUN. 30, 2017



- Estimated based on maturity date of funds currently generating unrealized carried interest.

Unrealized Carried Interest Continuity^{1,2}

FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Three Months			LTM		
	Unrealized Carried Interest	Direct Costs	Net	Unrealized Carried Interest	Direct Costs	Net
Unrealized balance, beginning of period	\$ 1,064	\$ (354)	\$ 710	\$ 925	\$ (310)	\$ 615
In period change						
Generated	181	(35)	146	483	(105)	378
Foreign currency revaluation	(26)	5	(21)	(6)	—	(6)
	155	(30)	125	477	(105)	372
Less: realized	—	—	—	(183)	31	(152)
Unrealized balance, end of period	\$ 1,219	\$ (384)	\$ 835	\$ 1,219	\$ (384)	\$ 835

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

ASSET MANAGEMENT

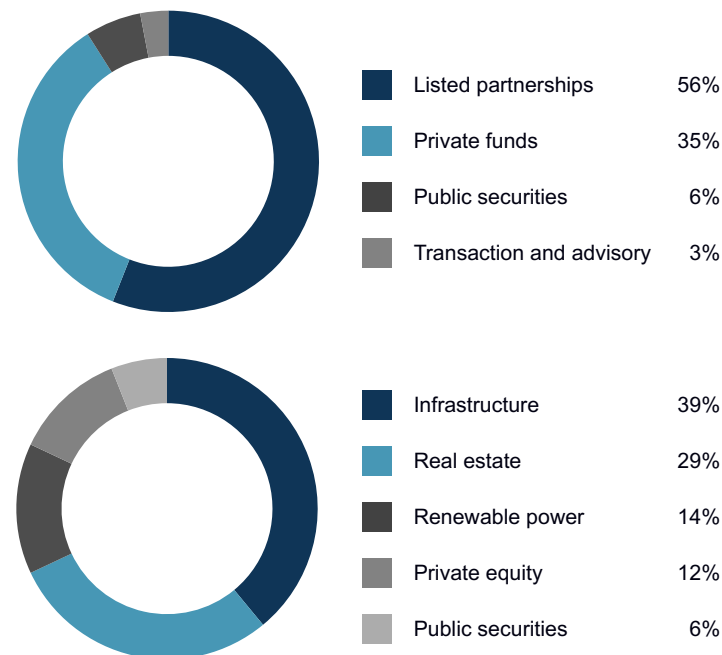
Annualized Fees and Target Carry

Annualized Fees and Target Carry

AS AT (MILLIONS)	Jun. 30, 2017	Dec. 31, 2016	Jun. 30, 2016
Base management fees ¹			
Listed partnerships	\$ 515	\$ 435	\$ 425
Private funds	455	485	480
Public securities	80	75	80
Incentive distributions ²	149	148	106
	1,199	1,143	1,091
Performance fees ³	54	2	5
Transaction and advisory ⁴	37	26	24
Fee revenues ⁵	1,290	1,171	1,120
Target carried interest ⁶	860	860	830
	\$ 2,150	\$ 2,031	\$ 1,950

1. Base management fees include \$263 million of annualized base fees on Brookfield capital (\$260 million from listed partnerships and \$3 million from private funds)
2. Based on most recent quarterly distributions declared
3. Annualized BBU performance fees assuming 10% unit price appreciation above \$25.00, subject to a high water mark. Prior year periods figures consist of annualized performance fees from our public securities business
4. Annualized June 30, 2017 and December 31, 2016 based on simple average of the last two years' results. June 30, 2016 has been restated to exclude \$61 million of advisory fees which are now earned by BBU following its spin-off
5. Annualized fees as at December 31, 2016 and June 30, 2016 includes \$43 million and \$48 million, respectively, of annualized fee revenue generated by capital managed by BPY. This revenue will be reported within BPY's results for future periods and therefore are excluded from annualized fees as at June 30, 2017
6. Based on prescribed carried interest for private funds and target gross return. Includes only third-party capital

Fee Revenue Diversification¹



1. Fee revenues based on annualized June 30, 2017 fees, excludes target carried interest

- Our mix of listed partnerships, private funds and public securities portfolios provides diversification and increases stability.
- We estimate annualized base management fees will increase by approximately \$35 million when \$3 billion of uncalled third-party capital is invested, as base management fees on this capital increase when capital is called in the private funds.
- We include base fees on the capital invested by us in our funds in order to present operating margins and investment returns on a consistent basis (see note 1 above).
- We estimate gross margins for fee revenues and target carried interest to range between 55% to 65% and 60% to 70%, respectively, for planning purposes.

Inflows of \$12 billion contributed to an 8% increase in fee bearing capital during the last twelve months, increasing fee bearing capital to \$117 billion

FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Three Months				Last Twelve Months			
	Listed Partnerships	Private Funds ¹	Public Securities	Total	Listed Partnerships	Private Funds ¹	Public Securities	Total
Balance, beginning of period	\$ 52,102	\$ 49,744	\$ 11,268	\$ 113,114	\$ 48,767	\$ 47,296	\$ 12,249	\$ 108,312
Inflows	—	3,536	817	4,353	1,805	7,781	2,884	12,470
Outflows	—	—	(102)	(102)	—	(815)	(3,892)	(4,707)
Distributions	(568)	(117)	—	(685)	(2,185)	(1,044)	—	(3,229)
Market valuation	3,491	67	276	3,834	9,002	124	1,018	10,144
Other	2,423	(15)	—	2,408	59	(127)	—	(68)
Change	5,346	3,471	991	9,808	8,681	5,919	10	14,610
BPY managed capital ²	(2,503)	(3,165)	—	(5,668)	(2,503)	(3,165)	—	(5,668)
Balance, end of period ³	\$ 54,945	\$ 50,050	\$ 12,259	\$ 117,254	\$ 54,945	\$ 50,050	\$ 12,259	\$ 117,254

1. Includes \$9.3 billion of co-investment capital (Mar. 31, 2017 – \$6.1 billion, Jun. 30, 2016 – \$4.5 billion), which earns minimal or no base fees

2. Represents the removal of listed partnership and private fund capital managed by BPY, respectively, at the end of the quarter following the privatization of our previously listed fund BOX and reclassification of several legacy BPO private funds in order to simplify our reporting

3. Fee bearing capital includes Brookfield capital of \$26 billion in listed partnerships and \$0.4 billion in private funds

Three Months:

- Inflows:** Private fund inflows were primarily due to additional closings for our fifth real estate finance fund as well as \$3.1 billion from several co-investments related to infrastructure and private equity investments closed during the quarter. Public securities inflows represent capital committed by new clients.
- Other:** Listed partnerships includes the deployment of cash into several investments, increasing our net non-recourse leverage balance.
- We removed \$5.7 billion of listed partnership and private fund capital managed by BPY following the privatization of our previously listed fund BOX and reclassification of several legacy BPO private funds to BPY in order to simplify our reporting. After this quarter, the fee revenues and FFO associated with this capital will be earned and reported within BPY's FFO.
- The total capitalization values of BPY, BIP, BEP and BBU were \$21.4 billion, \$18.2 billion, \$12.7 billion and \$2.4 billion, respectively, at June 30, 2017.

Last Twelve Months:

- Inflows:** Inflows to listed partnerships of \$1.8 billion includes \$1.2 billion from BIP and BBU equity issuances, as well as debt and preferred unit issuances in the various entities.
- Private fund inflows of \$7.8 billion includes our real estate finance fund (\$2.0 billion) and our open-ended core real estate fund (\$1.0 billion). Also includes \$4.2 billion of co-investments.
- Outflows:** Private funds outflows reflect expiry of commitments over the LTM. Public securities outflows reflect redemptions over the LTM.
- Distributions:** Private funds distributions include return of capital to clients relating to dispositions across several private funds.
- Market valuation:** Listed partnership market valuation increase of \$9.0 billion represents the market price increases of BEP, BIP and BBU units.

ASSET MANAGEMENT

Annualized Fees – 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

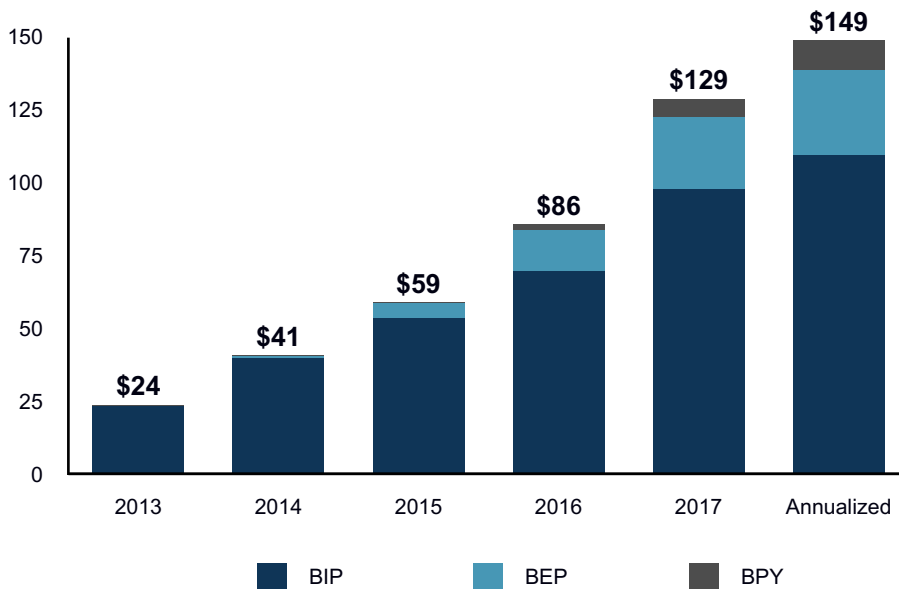
Annualized Incentive Distributions

AS AT JUN 30, 2017 (MILLIONS, EXCEPT PER UNIT)	Per Unit			Units Outstanding ²	Annualized Incentive Distributions
	Annualized Distributions	Distribution Hurdles	Incentive Distributions ¹		
Brookfield Infrastructure Partners (BIP)	\$ 1.74	\$0.81 / \$0.88	15% / 25%	369.7	\$ 110
Brookfield Renewable Partners (BEP)	1.87	1.50 / 1.69	15% / 25%	312.6	29
Brookfield Property Partners (BPY)	1.18	1.10 / 1.20	15% / 25%	704.5	10
					<u>\$ 149</u>

- Incentive distributions equate to 18% and 33% of limited partner distribution increases over the first and second hurdles, respectively
- Based on most recent units outstanding, including the impact of the BEP equity issuance in July 2017

Incentive Distributions (LTM)

(JUN. 30, MILLIONS)



Listed Partnerships: Distributions (per unit)

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

	BPY	BEP	BIP
Targeted:			
- FFO payout	80%	60 to 70%	60 to 70%
- Distribution growth	5 to 8%	5 to 9%	5 to 9%
Annual distribution per unit			
2017 ¹	\$ 1.18	\$ 1.87	\$ 1.74
2016	1.12	1.78	1.54
2015	1.06	1.66	1.41
2014	1.00	1.55	1.28
2013 ²	1.00	1.45	1.15

- Annualized based on most recent distribution
- BPY 2013 distribution annualized from spin-off

- BBU's performance fee is calculated as 20% of the increase in unit prices above \$25.00, subject to a high water mark.

ASSET MANAGEMENT

Annualized fees – 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

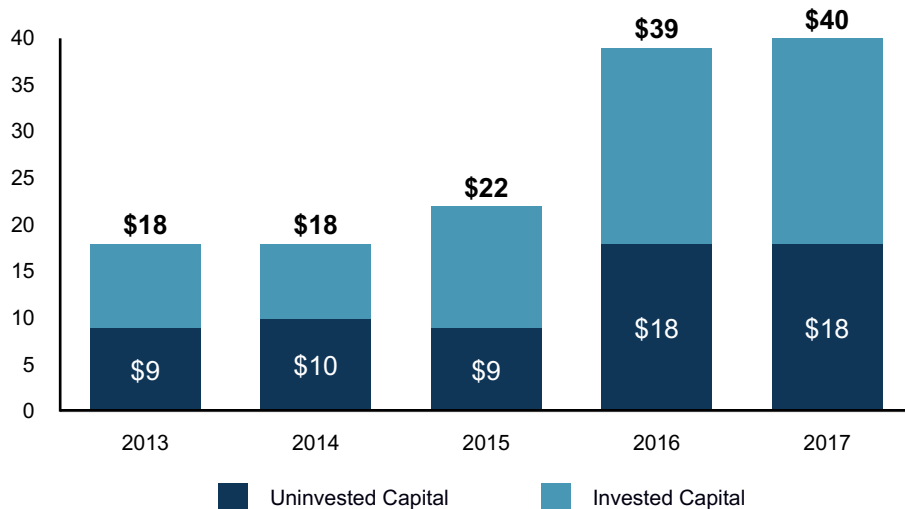
Target Carried Interest – Annualized

AS AT JUN 30, 2017 (MILLIONS)	Fee Bearing Capital	Carry Eligible Capital ¹	Target Return	Average Carried Interest	Utilization Factor ²	Annualized Target Carried Interest
Core and Value Add	\$ 31,423	\$ 23,979	10% to 15%	~18%	85%	\$ 380
Opportunistic and Private Equity	18,627	16,447	18% to 25%	~20%	75%	480
	<u>\$ 50,050</u>	<u>\$ 40,426</u>				<u>\$ 860</u>

1. Excludes capital which is not subject to carried interest
2. Utilization factor discount represents the average invested capital over the fund life, taking into account the time to deploy capital at the beginning of the fund and to monetize assets at the end of the fund

Carry Eligible Capital

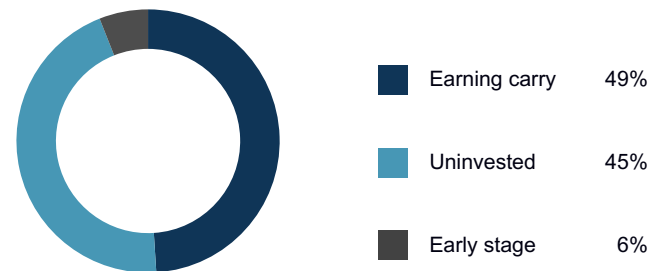
(AS AT JUN. 30, BILLIONS)



Carry Eligible Capital (\$40 billion)

(AS AT JUN. 30, 2017)

- Carried interest currently generated by our private funds lags target carried interest, as a significant portion of carry eligible capital is not yet invested.



ASSET MANAGEMENT

Capital Invested or Committed

Invested or committed \$17 billion of capital during the LTM on a global basis, including the deployment of \$9 billion in the most recent quarter

Capital Deployed (Funding Source)

FOR THE LTM ENDED JUN. 30 (MILLIONS)	Real Estate	Infrastructure	Renewable Power	Private Equity and Other	Total
Listed partnerships ¹	\$ 1,331	\$ 2,441	\$ 120	\$ 473	\$ 4,365
Private funds ²	2,275	1,454	162	617	4,508
Co-investments ²	329	2,882	408	403	4,022
Direct ³	—	—	—	429	429
Total invested	3,935	6,777	690	1,922	13,324
Committed - new ⁴	980	2,092	1,869	1,394	6,335
Committed - invested ⁴	(1,274)	(745)	(168)	—	(2,187)
Total	\$ 3,641	\$ 8,124	\$ 2,391	\$ 3,316	\$ 17,472

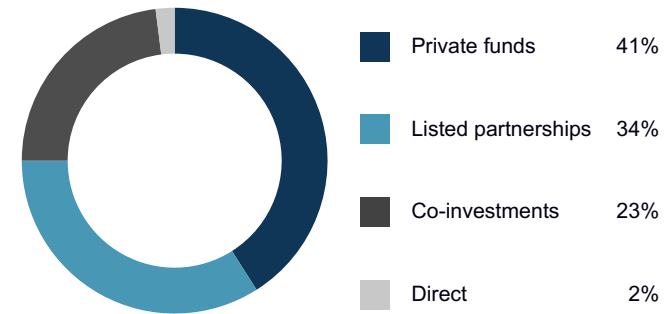
- Includes investments made by listed partnerships (BPY, BIP, BEP and BBU) directly or through its participation in private funds and co-investments
- Reflect third-party investments managed by Brookfield
- Investments made by Brookfield in financial assets or balance sheet assets other than the listed partnerships
- New commitments represent those commitments entered into during the LTM. Invested commitments represent the amounts invested during the LTM for commitments which were entered into during the prior periods (shown as an outflow to commitments and an inflow to invested). Where capital was both committed and invested in the same LTM 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	Total
North America	\$ 2,484	\$ 1,059	\$ 53	\$ 402	\$ 3,998
South America	379	5,660	573	1,267	7,879
Europe	183	58	64	216	521
Asia and other	889	—	—	37	926
Total invested	\$ 3,935	\$ 6,777	\$ 690	\$ 1,922	\$ 13,324

Capital Invested or Committed

FOR THE LTM ENDED
JUN. 30, 2017



Significant investments and commitments include:

- Brazilian regulated gas transmission business (\$5.2 billion)¹
- Brazilian water treatment company (\$1.2 billion)¹
- Offshore energy services business (\$0.8 billion)²
- U.K. fuel distributor (\$0.3 billion)¹
- Privatization of Canadian office portfolio (\$0.4 billion)¹
- Canadian gaming operation (\$0.3 billion)²
- Global renewable power portfolios (\$1.4 billion)
- Canadian gas station portfolio (\$0.2 billion)
- South Korean mixed-used property (\$0.9 billion)
- Indian telecommunications tower business (\$0.6 billion)

- Invested or committed during the most recent quarter
- Committed subsequent to quarter end

ASSET MANAGEMENT

Available Liquidity

Core and Total Liquidity

AS AT JUN. 30, 2017 AND DEC. 31, 2016
(MILLIONS)

	Corporate	Real Estate	Renewable Power	Infrastructure	Private Equity and Other	Total 2017	Dec. 2016
Cash and financial assets, net	\$ 1,341	\$ 53	\$ 290	\$ 130	\$ 404	\$ 2,218	\$ 2,592
Undrawn committed credit facilities	1,847	1,137	886	1,154	150	5,174	6,375
Core liquidity	3,188	1,190	1,176	1,284	554	7,392	8,967
Uncalled private fund commitments ¹	—	6,837	2,593	6,168	1,927	17,525	19,904
Total liquidity	\$ 3,188	\$ 8,027	\$ 3,769	\$ 7,452	\$ 2,481	\$ 24,917	\$ 28,871

1. Third-party private fund uncalled commitments

- Corporate credit facilities totaled \$1.8 billion, of which \$83 million was drawn and utilized for letters of credit at June 30, 2017.
- Total liquidity of \$24.9 billion at June 30, 2017 includes core liquidity of \$7.4 billion and third-party uncalled commitments of \$17.5 billion.

Uncalled Fund Commitments – Expiry Profile

AS AT JUN. 30, 2017 AND DEC. 31, 2016
(MILLIONS)

	2017	2018	2019	2020	2021+	Jun. 2017	Dec. 2016
Real estate	\$ 98	\$ 30	\$ 103	\$ 4,305	\$ 2,301	\$ 6,837	\$ 7,943
Infrastructure and renewable power	533	—	—	7,469	759	8,761	9,810
Private equity	12	—	—	1,805	110	1,927	2,151
	\$ 643	\$ 30	\$ 103	\$ 13,579	\$ 3,170	\$ 17,525	\$ 19,904

- Uncalled commitments expire after approximately four years, based on the weighted average time to the end of each fund's investment period.
- We invested \$2.6 billion of third-party fund capital during the second quarter; \$5.9 billion during the last twelve months.
- \$3.9 billion of fund capital committed to transactions yet to be closed (real estate – \$0.6 billion, infrastructure and renewable power – \$2.6 billion, and private equity – \$0.7 billion).

INVESTED CAPITAL Summarized Results

~85%
of invested capital is held in
listed securities

over \$31 billion
invested capital
alongside our clients

\$1.4 billion
of annualized cash flow
generated from listed investments

Financial Performance

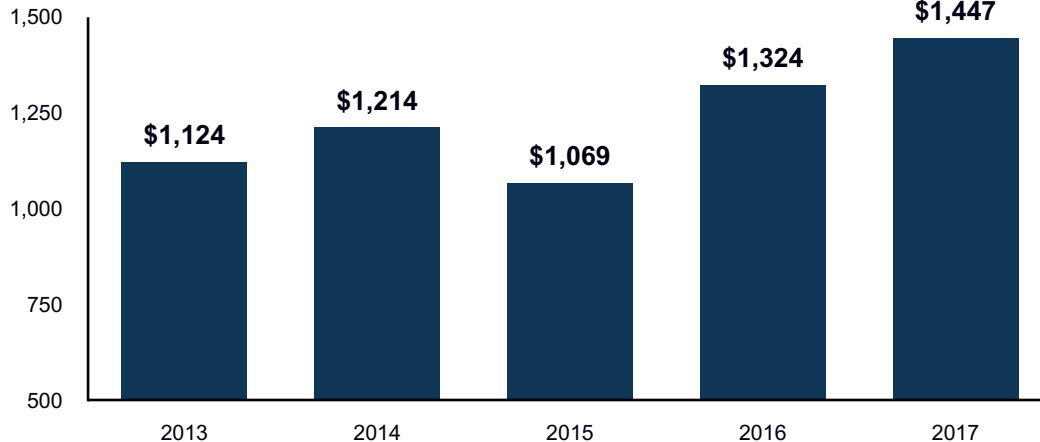
AS AT JUN. 30, 2017 AND DEC. 31, 2016 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)

	Invested Capital		Funds from Operations			
			Three Months		LTM	
	2017	2016	2017	2016	2017	2016
Listed investments	\$ 26,058	\$ 26,306	\$ 460	\$ 438	\$ 1,755	\$ 1,587
Unlisted assets	4,997	4,692	(69)	(13)	—	93
Capitalization ¹	(9,064)	(8,805)	(60)	(101)	(308)	(356)
	21,991	22,193	331	324	1,447	1,324
Disposition gains	—	—	464	123	1,266	844
	\$ 21,991	\$ 22,193	\$ 795	\$ 447	\$ 2,713	\$ 2,168

1. FFO excludes distributions on preferred shares

FFO – Operating Activities (LTM)¹

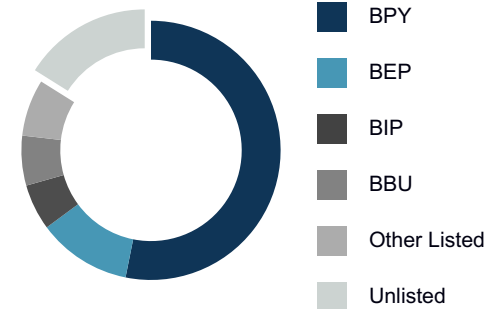
(JUN. 30, MILLIONS)



1. Excludes disposition gains and is net of associated asset management fees paid

Investment Portfolio

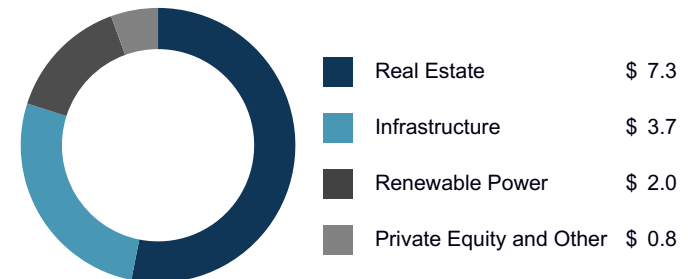
(AS AT JUN. 30, 2017)



• ~85% of our balance sheet is held through listed securities, the majority invested in our four listed partnerships, providing liquidity and increased transparency.

Growth Capital Backlog

(AS AT JUN. 30, 2017, BILLIONS)



• We continued to expand our pipeline of development and capital expansion projects which stands at nearly \$14 billion, providing meaningful growth opportunities that complement our acquisitions activity.

INVESTED CAPITAL – SEGMENT FUNDS FROM OPERATIONS (Excluding Realized Disposition Gains)

FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Three Months			LTM		
	2017	2016	Variance	2017	2016	Variance
Brookfield Property Partners	\$ 192	\$ 182	\$ 10	\$ 736	\$ 673	\$ 63
Brookfield Renewable Partners	108	62	46	278	262	16
Brookfield Infrastructure Partners	80	62	18	279	237	42
Brookfield Business Partners	13	57	(44)	105	246	(141)
Residential development	(30)	(7)	(23)	47	134	(87)
Energy marketing	(43)	(25)	(18)	(81)	(96)	15
Other investments	60	67	(7)	284	184	100
Financial assets	11	27	(16)	107	40	67
	<u>391</u>	<u>425</u>	<u>(34)</u>	<u>1,755</u>	<u>1,680</u>	<u>75</u>
Unallocated						
Interest expenses	(63)	(60)	(3)	(250)	(228)	(22)
Corporate costs and taxes	3	(41)	44	(58)	(128)	70
FFO – Invested capital	<u>\$ 331</u>	<u>\$ 324</u>	<u>\$ 7</u>	<u>\$ 1,447</u>	<u>\$ 1,324</u>	<u>\$ 123</u>

Second Quarter:

- **BPY:** FFO increased due to contributions from assets acquired and same-store growth, settlement gains of \$28 million (at our share) at Canary Wharf, partially offset by the absence of FFO from assets sold.
- **BEP:** Increase reflects strong water flows across our North American and Colombian portfolio, which contributed to higher generation that was above LTA, and higher pricing in Brazil, partially offset by lower pricing in Colombia.
- **BIP:** Contributions from acquisitions, in particular our newly acquired Brazilian regulated gas transmission business, development projects and higher volumes and tariffs, partially offset by increased management fees.
- **BBU:** FFO decreased as the benefits of improved pricing in our North American commodities businesses were more than offset by lower contributions from our construction business, management and performance fees paid and lower ownership following the spin-off of BBU.
- **Residential:** Our North American operations achieved increased housing margin across the majority of its markets, however, these increases were offset by the absence of deliveries and lower margins in our Brazilian operations.
- **Other investments:** Improved OSB pricing and volumes in Norbord were offset by the absence of interest income on a debt investment that was converted to equity since the prior year quarter.
- **Corporate costs and taxes:** Reflects current tax recovery of \$23 million in the current quarter compared to an expense of \$16 million in the 2016 quarter.

Last Twelve Months:

- **BPY:** Reflects contributions from capital deployed in our opportunistic funds as well as positive same-property growth in our office and retail portfolios.
- **BEP:** Higher generation and positive contributions from assets acquired were partially offset by lower pricing in Colombia and lower ownership of BEP.
- **BBU:** Operational improvements in our industrial businesses were offset by lower earnings from our construction business, lower ownership of BBU and the impact of management and performance fees paid.
- **Residential:** Higher housing margins and volumes across our North American operations were more than offset by lower margins and deliveries in our Brazilian operations.
- **Other investments:** Strong OSB pricing and volumes at Norbord, which contributed \$102 million of the increase, were partially offset by the absence of interest income on a debt investment that was converted to an equity instrument.
- **Financial assets:** FFO increased as a result of investment gains in our financial assets portfolio.
- **Interest expense:** Change reflects refinancings during the LTM, which increased our corporate debt, although these were completed at a lower interest rate.
- **Corporate costs and taxes:** Reflects current tax recovery of \$31 million in the current LTM compared to an expense of \$32 million in the 2016 LTM.

INVESTED CAPITAL

Entity Basis¹

~85% of our invested capital is held in listed securities, which provides enhanced transparency for investors and financial flexibility and liquidity for Brookfield

AS AT AND FOR THE PERIODS ENDED JUN. 30, 2017
(MILLIONS)

	No. of Units ²	Invested Capital		FFO ⁴		Distributed Cash Flow (Annualized) ⁵
		Quoted ³	IFRS	Three Months	LTM	
Listed Investments						
Brookfield Property Partners	488	\$ 11,551	\$ 15,240	\$ 173	\$ 660	\$ 576
BPY Preferred Shares	n/a	1,265	1,265	19	76	76
		12,816	16,505	192	736	652
Brookfield Renewable Partners	188	6,017	3,642	108	278	352
Brookfield Infrastructure Partners	110	4,510	1,783	80	279	192
Brookfield Business Partners	81	2,189	1,928	13	105	20
Financial assets ⁶	Various	1,341	1,341	11	107	109 ⁷
Other Investments						
Listed						
Norbord	35	1,087	330	56	176	54
Acadian Timber	8	109	82	—	7	6
Other Listed – Private Equity	Various	447	447	—	67	—
		<u>\$ 28,516</u>	<u>26,058</u>	<u>460</u>	<u>1,755</u>	<u>\$ 1,385</u>
Unlisted Investments						
Residential development			2,749	(30)	47	
Energy marketing			1,060	(43)	(81)	
Other			1,188	4	34	
			<u>4,997</u>	<u>(69)</u>	<u>—</u>	
			<u>\$ 31,055</u>	<u>\$ 391</u>	<u>\$ 1,755</u>	

1. See slide 26 and 27 for a reconciliation to invested capital and total FFO

2. Based on most recent units outstanding, including the impact of the BEP equity issuance in July 2017

3. Quoted value based on June 30, 2017 public pricing

4. Excludes realized disposition gains

5. Annualized distributed cash flow is based on current distribution policies

6. Includes \$819 million of cash and cash equivalents and \$522 million of financial assets, net of deposits

7. Estimated 8% annualized total return on weighted average balance over the last twelve months

INVESTED CAPITAL

Corporate Capitalization

Corporate debt maturities are well distributed with an average term to maturity of eight years and with ~85% of our term debt maturing after five years

AS AT JUN. 30, 2017 AND DEC. 31, 2016 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Average Yield	Invested Capital		Funds from Operations – Expense			
		2017	2016	Three Months		LTM	
				2017	2016	2017	2016
Corporate borrowings	4.6%	\$ 4,924	\$ 4,500	\$ 63	\$ 60	\$ 250	\$ 228
Preferred shares ¹	4.1%	3,949	3,954	—	—	—	—
Net working capital / Corporate costs and taxes ²	n/a	1,095	1,021	(3)	41	58	128
Deferred income tax asset, net	n/a	(904)	(648)	—	—	—	—
		<u>\$ 9,064</u>	<u>\$ 8,827</u>	<u>\$ 60</u>	<u>\$ 101</u>	<u>\$ 308</u>	<u>\$ 356</u>

1. FFO excludes preferred shares distributions of \$35 million (2016 – \$34 million) for the three months; and \$137 million (2016 – \$133 million) for the last twelve months

2. Corporate costs and taxes FFO includes current tax recovery of \$23 million (2016 – expense of \$16 million) for the three months; current tax recovery of \$31 million (2016 – expense of \$32 million) for the last twelve months

Corporate Maturity Profile

AS AT JUN 30, 2017 (MILLIONS)	Average Term (Years)	Maturity						
		Total	2017	2018	2019	2020	2021	2022+
Corporate borrowings								
Term debt	8	\$ 4,924	\$ —	\$ —	\$ 464	\$ —	\$ 270	\$ 4,190
Revolving facilities ¹	5	—	—	—	—	—	—	—
		4,924	—	—	464	—	270	4,190
Preferred shares	perp.	3,949	—	—	—	—	—	n/a
		<u>\$ 8,873</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 464</u>	<u>\$ —</u>	<u>\$ 270</u>	<u>\$ 4,190</u>

1. Revolving credit facilities of \$1.9 billion to support commercial paper issuances (20 bps spread) or bankers acceptances/LIBOR loans (100 bps spread)

INVESTED CAPITAL

Realized Disposition Gains – Brookfield Share, Net of Non-Controlling Interests

FOR THE PERIODS ENDED JUN. 30 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Three Months				LTM			
	Funds from Operations ^{1,2}		Net Income ²		Funds from Operations ^{1,2}		Net Income ²	
	2017	2016	2017	2016	2017	2016	2017	2016
BPY								
245 Park Ave.	\$ 469	\$ —	\$ (33)	\$ —	\$ 469	\$ —	\$ (33)	\$ —
Principal Place Commercial	—	—	—	—	141	—	69	—
Fashion Show Mall	—	—	—	—	125	—	4	—
One Shelley Street	—	—	—	—	90	—	—	—
Interhotel disposition	—	—	—	—	73	—	73	—
Hardrock trademark gain	—	—	—	—	59	—	59	—
One New York Plaza	—	71	—	(24)	57	71	(7)	(24)
75 State Street	—	—	—	—	39	—	1	—
Other properties	(5)	9	(1)	18	84	663	22	342
	<u>464</u>	<u>80</u>	<u>(34)</u>	<u>(6)</u>	<u>1,137</u>	<u>734</u>	<u>188</u>	<u>318</u>
BBU	—	—	—	—	62	35	62	(5)
BIP	—	43	—	—	52	50	20	4
BEP	—	—	—	—	10	25	—	18
Other	—	—	—	—	5	—	5	—
	<u>\$ 464</u>	<u>\$ 123</u>	<u>\$ (34)</u>	<u>\$ (6)</u>	<u>\$ 1,266</u>	<u>\$ 844</u>	<u>\$ 275</u>	<u>\$ 335</u>
Per share	<u>\$ 0.47</u>	<u>\$ 0.13</u>	<u>\$ (0.04)</u>	<u>\$ (0.01)</u>	<u>\$ 1.30</u>	<u>\$ 0.87</u>	<u>\$ 0.28</u>	<u>\$ 0.34</u>

1. FFO includes gains recorded in net income, directly in equity, as well as the realization of appraisal gains recorded in the prior years

2. Net of non-controlling interests

Second Quarter:

- **BPY:** Disposition of 245 Park Avenue in New York for a gain of \$469 million, which is net of current tax payable on disposition.

Last Twelve Months:

- **2017:** Office and other property disposition gains (\$1.0 billion); retail property disposition gains (\$126 million); sale of a bath and shower manufacturing business (\$62 million); sale of Canadian utilities business (\$32 million); sale of a toehold interest in an Australian ports business (\$20 million).
- **2016:** Office and other property disposition gains (\$700 million); retail property disposition gains (\$34 million); partial sale of a real estate services business (\$40 million).



Additional Information

INVESTED CAPITAL

Financial Position and Performance

BPY (NYSE: BPY; TSX: BPY.UN) – 64% (fully diluted) ownership interest

AS AT JUN. 30, 2017 AND DEC. 31, 2016 AND FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Funds from Operations					
	Invested Capital		Three Months		LTM	
	2017	2016	2017	2016	2017	2016
Core office	\$ 14,126	\$ 14,626	\$ 162	\$ 150	\$ 649	\$ 622
Core retail	8,643	8,707	119	108	469	459
Opportunistic	5,230	4,653	96	110	337	317
Corporate	(5,997)	(5,628)	(119)	(118)	(460)	(471)
Attributable to unitholders	22,002	22,358	258	250	995	927
Non-controlling interest	(6,762)	(6,987)	(81)	(80)	(310)	(298)
Segment reallocation and other ¹	—	—	(4)	(7)	(25)	(32)
Brookfield's interest	15,240	15,371	173	163	660	597
Preferred shares	1,265	1,265	19	19	76	76
	\$ 16,505	\$ 16,636	\$ 192	\$ 182	\$ 736	\$ 673

1. Reflects fee related earnings reclassified to asset management segment as well as net carried interest paid

BEP (NYSE: BEP; TSX: BEP.UN) – 60% ownership interest¹

AS AT JUN. 30, 2017 AND DEC. 31, 2016 AND FOR THE PERIODS ENDED JUN. 30 (\$ MILLIONS)	Funds from Operations					
	Invested Capital		Three Months		LTM	
	2017	2016	2017	2016	2017	2016
Proportionate generation (GWh)						
Actual	n/a	n/a	6,719	5,197	22,009	19,361
Long-term average (LTA)	n/a	n/a	6,402	6,336	23,487	20,668
Hydroelectric generation	\$ 8,228	\$ 8,208	\$ 218	\$ 133	\$ 575	\$ 530
Wind energy	643	696	24	28	96	105
Facilities under development	227	240	—	—	—	—
Corporate and other	(3,154)	(2,961)	(61)	(56)	(197)	(193)
Attributable to unitholders	5,944	6,183	181	105	474	442
Incentive distributions	—	—	(7)	(5)	(24)	(14)
Non-controlling interest	(2,302)	(2,390)	(66)	(38)	(172)	(166)
Brookfield's interest	\$ 3,642	\$ 3,793	\$ 108	\$ 62	\$ 278	\$ 262

1. Includes the impact of the BEP equity issuance in July 2017

INVESTED CAPITAL

Financial Position and Performance (cont'd)

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

	Invested Capital		Funds from Operations			
			Three Months		LTM	
	2017	2016	2017	2016	2017	2016
Utilities	\$ 3,039	\$ 1,807	\$ 168	\$ 100	\$ 467	\$ 399
Transport	3,709	3,549	134	102	484	394
Energy	1,800	1,564	43	43	197	122
Communications	556	541	19	19	77	78
Corporate and other	(3,120)	(963)	(69)	(34)	(189)	(115)
Attributable to unitholders	5,984	6,498	295	230	1,036	878
Incentive distributions	—	—	(28)	(19)	(98)	(72)
Non-controlling interest	(4,201)	(4,564)	(187)	(149)	(659)	(569)
Brookfield's interest	\$ 1,783	\$ 1,934	\$ 80	\$ 62	\$ 279	\$ 237

BBU (NYSE: BBU, TSX: BBU.UN) – 75% ownership interest

	Invested Capital		Funds from Operations			
			Three Months		LTM	
	2017	2016	2017	2016	2017	2016
Construction services	\$ 948	\$ 877	\$ 12	\$ 25	\$ 56	\$ 101
Business services	378	357	17	15	58	45
Energy	318	344	11	17	59	92
Industrial operations	538	372	8	2	96	—
Corporate and other	378	551	(5)	(1)	(26)	(1)
Attributable to unitholders	2,560	2,501	43	58	243	237
Performance fees	—	—	(25)	—	(25)	—
Non-controlling interest	(632)	(636)	(5)	(1)	(51)	(1)
Segment reallocation and other ¹	—	—	—	—	(62)	10
	\$ 1,928	\$ 1,865	\$ 13	\$ 57	\$ 105	\$ 246

1. The LTM period ended June 30, 2017 includes the reallocation of \$62 million to disposition gains (net of NCI) related to the sale of a bath and shower products manufacturing business. Prior periods figures have been restated to reflect advisory fee earnings reported by BBU following the spin-off on June 20, 2016 for the periods prior to the spin-off where the advisory fee earnings were previously reported in the asset management segment

INVESTED CAPITAL

Financial Position and Performance (cont'd)

Residential Development

AS AT JUN. 30, 2017 AND DEC. 31, 2016
AND FOR THE PERIODS ENDED JUN. 30
(MILLIONS)

	Invested Capital		Funds from Operations			
			Three Months		LTM	
	2017	2016	2017	2016	2017	2016
North America	\$ 1,524	\$ 1,441	\$ 22	\$ 15	\$ 180	\$ 158
Brazil and other	1,225	1,238	(52)	(22)	(133)	(24)
	\$ 2,749	\$ 2,679	\$ (30)	\$ (7)	\$ 47	\$ 134

Other Investments

AS AT JUN. 30, 2017 AND DEC. 31, 2016
AND FOR THE PERIODS ENDED JUN. 30
(MILLIONS)

Segment	Invested Capital		Funds from Operations				
			Three Months		LTM		
	2017	2016	2017	2016	2017	2016	
Norbord	Private Equity	\$ 330	\$ 276	\$ 56	\$ 31	\$ 176	\$ 74
Acadian Timber	Infrastructure	82	79	—	1	7	7
Sustainable resources	Infrastructure	706	684	4	5	21	22
Other real estate	Real Estate	287	91	5	13	26	21
Other private equity	Private Equity	609	721	(7)	17	44	62
Other corporate	Corporate	33	42	2	—	10	(2)
		\$ 2,047	\$ 1,893	\$ 60	\$ 67	\$ 284	\$ 184

INVESTED CAPITAL

Financial Position and Performance – Brookfield Energy Marketing

- We have agreements to purchase approximately 8,400 GWh from BEP annually based on long-term average generation. Approximately 34% of the acquired power is sold under long-term contracts with high credit-quality counterparties. We attempt to maximize the value we receive on this electricity through optimization of storage and sale of merchant electricity at peak times, or by executing long-term contracts for this power at rates which we believe are favorable based on our expectation of pricing of electricity generated by new build construction.
- We expect the negative spread on uncontracted power to turn positive over the longer term as prices for renewable power increase. Existing long-term contracts provide both a current positive FFO contribution as well as future increases through escalation clauses and the opportunity to renew contracts in the future.

Three Months

FOR THE THREE MONTHS ENDED JUN. 30 (GWh AND MILLIONS)	Generation (GWh)		FFO		Per MWh	
	2017	2016	2017	2016	2017	2016
Contracted	921	554	\$ 76	\$ 47	\$ 83	\$ 85
Uncontracted and financial contracts	1,869	1,397	71	58	38	42
	2,790	1,951	147	105	53	54
Less: Purchases from BEP	(2,790)	(1,951)	(190)	(130)	(68)	(67)
FFO	—	—	\$ (43)	\$ (25)	\$ (15)	\$ (13)

- FFO deficit increased by \$18 million primarily because volumes increased for power purchased under contracts on which we earn a negative margin. In addition, we realized lower prices on the resale of that power, reflecting lower average pricing for contracted power at \$83/MWh, which was \$2/MWh lower than the prior year. In addition, we experienced lower average realized pricing for uncontracted power and financial contracts.
 - Ancillary revenues including capacity payments, green credits and revenues generated for the peaking ability of our plants totaled \$24 million, increasing average realized prices by \$9/MWh.

Last Twelve Months

FOR THE LTM ENDED JUN. 30 (GWh AND MILLIONS)	Generation (GWh)		FFO		Per MWh	
	2017	2016	2017	2016	2017	2016
Contracted	2,994	2,595	\$ 236	\$ 197	\$ 79	\$ 76
Uncontracted and financial contracts	5,488	5,273	249	233	45	44
	8,482	7,868	485	430	57	55
Less: Purchases from BEP	(8,482)	(7,868)	(566)	(526)	(67)	(67)
FFO	—	—	\$ (81)	\$ (96)	\$ (10)	\$ (12)

DEBT TO CAPITALIZATION

Capitalization

AS AT JUN. 30, 2017 AND DEC. 31, 2016 (MILLIONS)	Corporate		Proportionate ¹		Consolidated ¹	
	2017	2016	2017	2016	2017	2016
Corporate borrowings	\$ 4,924	\$ 4,500	\$ 4,924	\$ 4,500	\$ 4,924	\$ 4,500
Non-recourse borrowings						
Property specific borrowings	—	—	27,944	26,421	57,905	52,502
Subsidiary borrowings	—	—	6,174	5,231	9,829	7,949
	4,924	4,500	39,042	36,152	72,658	64,951
Accounts payable and other	2,254	1,901	8,552	7,726	15,934	11,982
Deferred income tax liabilities	275	246	5,291	4,572	11,928	9,640
Subsidiary equity obligations	—	—	1,636	1,828	3,618	3,565
Equity						
Non-controlling interests	—	—	—	—	47,767	43,235
Preferred equity	3,949	3,954	3,949	3,954	3,949	3,954
Common equity	22,329	22,499	22,329	22,499	22,329	22,499
	26,278	26,453	26,278	26,453	74,045	69,688
Total capitalization	\$ 33,731	\$ 33,100	\$ 80,799	\$ 76,731	\$ 178,183	\$ 159,826
Debt to capitalization ²	15%	14%	48%	47%	41%	41%

1. Reflects liabilities associated with assets held for sale on a consolidated and proportionate basis according to the nature of the balance

2. Determined as the aggregate of corporate borrowings and non-recourse borrowings divided by total capitalization

- Capitalization includes accounts payable and other liabilities and deferred income taxes, as well as borrowings, subsidiary equity obligations and equity, which is consistent with how we assess our leverage ratios and how we present them to our rating agencies.
 - Corporate capitalization shows debt on a deconsolidated basis.
 - Proportionate consolidation, which reflects our proportionate interest in the underlying entities, depicts the extent to which our underlying equity is leveraged, which we believe is an important component of enhancing shareholder returns.
 - Consolidated capitalization reflects the full consolidation of wholly owned and partially owned entities; however, excludes amounts within equity accounted investments.

FINANCIAL PERFORMANCE (IFRS)

Three Months Ended June 30

Condensed Statements of Operations

FOR THE THREE MONTHS ENDED JUN. 30 (MILLIONS, EXCEPT PER SHARE AMOUNTS)			
	2017	2016	Change
Revenue	\$ 9,444	\$ 5,973	\$ 3,471
Direct costs	(7,332)	(4,330)	(3,002)
Gross margin	2,112	1,643	469
Other income and gains	—	31	(31)
Equity accounted income	250	435	(185)
Expenses			
Interest	(865)	(815)	(50)
Corporate costs	(20)	(25)	5
Fair value changes	213	65	148
Depreciation and amortization	(613)	(516)	(97)
Income tax	(119)	(234)	115
Net income	958	584	374
Non-controlling interests	(733)	(399)	(334)
Net income attributable to shareholders	\$ 225	\$ 185	\$ 40
Per share	\$ 0.19	\$ 0.15	\$ 0.04

Financial Highlights

- **Revenues** increased due to inclusion of revenue from recently acquired businesses and improved volumes and pricing at existing businesses. These positive variances were partially offset by the absence of revenue recorded in the prior year from assets which have been disposed of over the last twelve months. The impact of these acquisitions and dispositions had a similar impact on **direct costs**.
- **Equity accounted income** decreased in the current quarter as contribution from recent investment and organic growth was more than offset by the absence of income from assets sold and a \$103 million transaction gain on the purchase of additional interest at a discount of an infrastructure investment recorded in the prior year quarter.
- **Fair value changes** in the current quarter relate to valuation gains from our opportunistic real estate portfolio, partially offset by mark-to-market losses from foreign currency contracts.
- **Net income attributable to shareholders** reflects the overall increase in net income in the current quarter. A higher proportion of fair value gains was attributable to our non-controlling interests based on the ownership of the associated assets in the current quarter, therefore the increase in net income attributable to common shareholders is less than that of consolidated net income.

SUPPLEMENTAL INFORMATION

Common Share Continuity

FOR THE PERIODS ENDED JUN. 30 (MILLIONS)	Three Months		LTM	
	2017	2016	2017	2016
Outstanding at beginning of period	958.6	958.6	959.0	960.3
Issued (repurchased)				
Issuances	—	—	—	—
Repurchases	(0.1)	—	(3.5)	(9.9)
Long-term share ownership plans	0.2	0.3	2.9	8.2
Dividend reinvestment plan	—	0.1	0.3	0.4
Outstanding at end of period	958.7	959.0	958.7	959.0
Unexercised options and other share-based plans	49.3	45.3	49.3	45.3
Total diluted shares at end of period	<u>1,008.0</u>	<u>1,004.3</u>	<u>1,008.0</u>	<u>1,004.3</u>

- The company holds 29.2 million common shares for management share ownership plans, which have been deducted from the total number of shares outstanding.
 - 7.1 million shares would be issued in respect of these plans if exercised based on current market prices and the balance would be canceled.
- Cash value of unexercised options at June 30, 2017 was \$1.1 billion (December 31, 2016 – \$901 million).

FFO and Earnings Per Share Information

FOR THE THREE MONTHS ENDED JUN. 30 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Funds from Operations		Net Income	
	2017	2016	2017	2016
Funds from operations/Net income	\$ 1,026	\$ 637	\$ 225	\$ 185
Preferred share dividends	(35)	(34)	(35)	(34)
Funds from operations/Net income available for common shareholders	<u>\$ 991</u>	<u>\$ 603</u>	<u>\$ 190</u>	<u>\$ 151</u>
Weighted average shares	958.6	958.8	958.6	958.8
Dilutive effect of the conversion of options and other share-based plans using treasury stock method	20.0	18.2	20.0	18.2
Shares and share equivalents	<u>978.6</u>	<u>977.0</u>	<u>978.6</u>	<u>977.0</u>
Per share	<u>\$ 1.01</u>	<u>\$ 0.62</u>	<u>\$ 0.19</u>	<u>\$ 0.15</u>

FINANCIAL PROFILE

Entity Basis – Reconciliation to Reportable Segments – Invested Capital

AS AT JUN 30, 2017
(MILLIONS)

	Reportable Segments							Total
	Asset Management	Real Estate	Renewable Power	Infrastructure	Private Equity	Residential	Corporate	
Asset Management								
Fee related earnings	\$ 338	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 338
Carried interest, net	—	—	—	—	—	—	—	—
	<u>338</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>338</u>
Invested capital								
Brookfield Property Partners ¹	—	16,505	—	—	—	—	—	16,505
Brookfield Renewable Partners	—	—	3,642	—	—	—	—	3,642
Brookfield Infrastructure Partners	—	—	—	1,783	—	—	—	1,783
Brookfield Business Partners	—	—	—	—	1,928	—	—	1,928
Residential Development	—	—	—	—	—	2,749	—	2,749
Brookfield Energy Marketing	—	—	1,060	—	—	—	—	1,060
Other investments ²	—	287	—	788	939	—	33	2,047
Cash and financial assets	—	—	—	—	—	—	1,341	1,341
	<u>—</u>	<u>16,792</u>	<u>4,702</u>	<u>2,571</u>	<u>2,867</u>	<u>2,749</u>	<u>1,374</u>	<u>31,055</u>
Capitalization (slide 16)								
Borrowings	—	—	—	—	—	—	(4,924)	(4,924)
Net working capital/operating costs	—	—	—	—	—	—	(191)	(191)
Preferred shares	—	—	—	—	—	—	(3,949)	(3,949)
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(9,064)</u>	<u>(9,064)</u>
	<u>\$ 338</u>	<u>\$ 16,792</u>	<u>\$ 4,702</u>	<u>\$ 2,571</u>	<u>\$ 2,867</u>	<u>\$ 2,749</u>	<u>\$ (7,690)</u>	<u>\$ 22,329</u>

1. Includes \$1.3 billion of BPY preferred shares

2. Includes \$859 million of listed and \$1.2 billion of unlisted investments across private equity, real estate and sustainable resources

FINANCIAL PROFILE

Entity Basis – Reconciliation to Reportable Segments – FFO

FOR THE THREE MONTHS ENDED JUN. 30, 2017
(MILLIONS)

	Reportable Segments							Total
	Asset Management	Real Estate	Renewable Power	Infrastructure	Private Equity	Residential	Corporate	
Asset Management								
Fee related earnings	\$ 231	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 231
Carried interest, net	—	—	—	—	—	—	—	—
	<u>231</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>231</u>
Invested capital								
Brookfield Property Partners ¹	—	192	—	—	—	—	—	192
Brookfield Renewable Partners	—	—	108	—	—	—	—	108
Brookfield Infrastructure Partners	—	—	—	80	—	—	—	80
Brookfield Business Partners	—	—	—	—	13	—	—	13
Residential Development	—	—	—	—	—	(30)	—	(30)
Brookfield Energy Marketing	—	—	(43)	—	—	—	—	(43)
Other investments	—	5	—	4	49	—	2	60
Cash and financial assets	—	—	—	—	—	—	11	11
	—	197	65	84	62	(30)	13	391
Disposition gains	—	464	—	—	—	—	—	464
	—	661	65	84	62	(30)	13	855
Capitalization (slide 16)²								
Borrowings	—	—	—	—	—	—	(63)	(63)
Net working capital/operating costs	—	—	—	—	—	—	3	3
	—	—	—	—	—	—	(60)	(60)
	<u>\$ 231</u>	<u>\$ 661</u>	<u>\$ 65</u>	<u>\$ 84</u>	<u>\$ 62</u>	<u>\$ (30)</u>	<u>\$ (47)</u>	<u>\$ 1,026</u>

1. Includes \$19 million of BPY preferred share distributions

2. FFO excludes \$35 million (2016 – \$34 million) of preferred share distributions for the three months and \$137 million (2016 – \$133 million) for the last twelve months, which are included in determining per share results

RECONCILIATION OF NET INCOME TO FFO

June 30, 2017

FOR THE THREE MONTHS ENDED (MILLIONS)	IFRS	Reconciling Items			FFO
		Eliminate Non-FFO Items	Intersegment Adjustments	Realized Disposition Gains	
Revenues	\$ 9,444	\$ —	\$ 387	\$ —	\$ 9,831
Direct costs	(7,332)	—	23	—	(7,309)
Other income and gains	—	—	—	—	—
Equity accounted income	250	241	—	—	491
Expenses					
Interest	(865)	—	(5)	—	(870)
Corporate costs	(20)	—	(405)	—	(425)
Realized disposition gains	—	—	—	498	498
Fair value changes	213	(212)	—	—	1
Depreciation and amortization	(613)	613	—	—	—
Income tax	(119)	31	—	—	(88)
Net income	958				
Non-controlling interests	(733)	(370)	—	—	(1,103)
Net income / FFO attributable to shareholders	\$ 225	\$ 303	\$ —	\$ 498	\$ 1,026

June 30, 2016

FOR THE THREE MONTHS ENDED (MILLIONS)	IFRS	Reconciling Items			FFO
		Eliminate Non-FFO Items	Intersegment Adjustments	Realized Disposition Gains	
Revenues	\$ 5,973	\$ —	\$ 348	\$ —	\$ 6,321
Direct costs	(4,330)	—	(9)	—	(4,339)
Other income and gains	31	—	—	—	31
Equity accounted income	435	4	—	—	439
Expenses					
Interest	(815)	—	—	—	(815)
Corporate costs	(25)	—	(339)	—	(364)
Realized disposition gains	—	—	—	129	129
Fair value changes	65	(71)	—	—	(6)
Depreciation and amortization	(516)	516	—	—	—
Income tax	(234)	162	—	—	(72)
Net income	584				
Non-controlling interests	(399)	(288)	—	—	(687)
Net income / FFO attributable to shareholders	\$ 185	\$ 323	\$ —	\$ 129	\$ 637

OPERATING AND PERFORMANCE MEASURES

This Supplemental Information contains key operating and 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 operating and performance measures on pages 40 through 42 of our December 31, 2016 annual report.

- **Funds from Operations (“FFO”)** is our key measure of financial performance. FFO is defined as net income attributable to shareholders prior to fair value changes, depreciation and amortization, and deferred income taxes, and includes disposition gains that are not recorded in net income as determined under IFRS. FFO also includes the company’s share of equity accounted investments’ funds from operations on a fully diluted basis. Brookfield uses FFO to assess its operating results and believes that many of its shareholders and analysts also find this measure of value 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. FFO is reconciled to net income attributable to shareholders on slide 28.

- FFO from **Operating Activities** represents the company’s share of revenues less operating costs and interest expenses; excludes carried interest disposition gains, fair value changes, depreciation and amortization and deferred income taxes; and includes our proportionate share of similar items recorded by equity accounted investments. We present this measure as we believe it assists in describing our results and reconciling variances within FFO.
- **Realized Carried Interest** represents our contractual share of investments gains generated within a private fund after considering our clients minimum return requirements. Realized carried interest is determined on third-party capital that is no longer subject to future investment performance.
- **Realized Disposition Gains** are included in FFO as the purchase and sale of assets is a normal part of the company’s business. Realized disposition gains include gains and losses recorded directly in net income or equity in the current period, adjusted to include fair value changes and revaluation surplus balances recorded in prior periods.
- **Invested Capital** is the amount of common equity allocated to a business segment or business line within a segment. This measure is intended to present the net assets associated with FFO of the segment.
- **Fee Revenues** include base management fees, incentive distributions, performance fees and transaction and advisory fees presented within our asset management segment. Fee revenues exclude carried interest.
- **Fee Related Earnings** are comprised of fee revenues, less direct costs (other than carried interest's associated costs).
- **Base Management Fees** are determined by contractual arrangements, are typically equal to a percentage of Fee Bearing Capital, are accrued quarterly, include base fees earned on fee bearing capital from both clients and ourselves and are typically earned on both called and uncalled amounts.

OPERATING AND PERFORMANCE MEASURES (cont'd)

- **Fee Bearing Capital** represents the capital committed, pledged or invested in our listed partnerships, private funds, and public securities that we manage which entitle us to earn fee revenues and/or carried interest. Fee bearing capital includes both called (“invested”) and uncalled (“pledged” or “committed”) amounts when reconciling period amounts we utilize the following definitions:
 - **Inflows** include capital commitments and contributions to our private and public securities funds, and equity issuances in our listed partnerships.
 - **Outflows** represent expiry of private funds uncalled commitments.
 - **Distributions** represent quarterly distributions from listed partnerships and private funds returns of invested upon asset dispositions or wind-up.
 - **Market activity** includes gains (losses) on portfolio investments; listed partnerships and public securities based on market prices, and open-ended private funds based on valuation models.
 - **Other** includes changes in net non-recourse leverage included in the determination of listed partnership capitalization and the impact of foreign exchange fluctuations on non-U.S. dollar commitments.
- **Incentive distributions** are determined by contractual arrangements and are paid to us by our three primary listed partnerships (BPY, BEP and BIP) and represent a portion of distributions paid by a listed issuer above a pre-determined threshold.
- **Performance fees** are paid to us when we exceed pre-determined investment returns on certain portfolios managed in our public securities activities. Performance fees are typically determined on an annual basis and are not subject to “clawback” in future years.
- **Carried interest** is contractual arrangements 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 based on carried interest that would be receivable under the contractual formula at the period end date as if fund was liquidated and all investments had been monetized at the values recorded on that date. **Carry generated** refers to the change in unrealized carry during a specified period, adjusted for realized carry.
- **Annualized fees** include annualized base management fees which are determined by the contractual fee rate multiplied by the current level of fee bearing capital, annualized incentive distributions based on our listed partnerships current annual distribution policies, annualized transaction and performance fees equal a simple average of the last two years’ revenues.
- **Annualized target carried interest** represents the annualized carried interest we would earn on third-party private fund capital subject to carried interest 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, by the amount of third-party capital, and discounted by a utilization factor representing the average invested capital over the fund life.

CAUTIONARY NOTE CONCERNING FORWARD-LOOKING STATEMENTS

Note: This Supplemental Information contains forward-looking information within the meaning of Canadian provincial securities laws and other “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 or the Securities Exchange Commission (SEC) or in other communications. These forward-looking statements include, among others, statements with respect to our financial and operating objectives and strategies to achieve those objectives, 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 there from, the prospects for increasing our cash flow from or continued achievement of targeted returns on our investments, as well as the outlook for the Company’s businesses and other statements with respect to our beliefs, outlooks, plans, expectations, and intentions.

Although Brookfield Asset Management believes that the 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 which may cause the actual results, performance or achievements of the company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include: economic and financial conditions in the countries in which we do business; the behavior of financial markets including fluctuations in interest and exchange rates; availability of equity and debt financing; strategic actions including dispositions; the ability to effectively integrate acquisitions into existing operations and the ability to attain expected benefits; adverse hydrology conditions; regulatory and political factors within the countries in which the company operates; acts of God, such as earthquakes and hurricanes; the possible impact of international conflicts and other developments including terrorist acts; and other risks and factors detailed from time to time in the company’s form 40-F filed with the Securities and Exchange Commission as well as other documents filed by the company with the securities regulators in Canada and the United States including in the Annual Information Form under the heading “Business Environment and Risks.”

We caution that the forgoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements to make decisions with respect to Brookfield Asset Management, investors and others should carefully consider the forgoing factors and other uncertainties and potential events. 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.