

# Annual Report Brazil

**Brookfield**

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2019/2020





LETTER FROM  
THE CEO

BROOKFIELD  
AROUND THE  
WORLD

BROOKFIELD  
IN BRAZIL

INFRASTRUCTURE

PRIVATE EQUITY

RENEWABLE  
POWER

REAL ESTATE

SUSTAINABLE  
RESOURCES

ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE  
MANAGEMENT

COMBINED  
FINANCIAL  
INFORMATION

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# Letter from the CEO



2019 was a solid year for our business in Brazil, and is evidence that our investment strategy is on the right track. We ended the year with more than BRL 100 billion of assets under management in the country, an increase of approximately 15% compared to 2018. During the same period, our net operating revenue reached BRL 24 billion, an increase of approximately 30%. Meanwhile, our EBITDA increased by 33%, reaching BRL 13 billion.

With a focus on generating long-term value, our strategy involves acquiring and developing high quality assets across sectors that form the backbone of the global economy. In addition, our access to large scale capital, our position as a contrarian investor and our conservative use of debt remain key to Brookfield's investment approach.

Over the past five years, we have made significant investments in Brazil during a period of considerable uncertainty. These investments have allowed us to consolidate our position as one of the largest investors in high quality businesses in key sectors of the Brazilian market. Combined, last year our operations invested approximately BRL 8 billion in businesses such as the electricity company, Quantum (BRL 1.9 billion), highway concession business, Ateris (BRL 1.5 billion), integrated logistics company, VLI (BRL 1 billion) and water sanitation company, BRK Ambiental, (BRL 1 billion).

In private equity, we completed the acquisition of Ouro Verde, marking our first investment in the heavy equipment/light vehicle leasing and fleet management sector. We invested BRL 500 million of capital into the company, appointing new directors and implementing a robust compliance program with a view to launching the company on a growth trajectory. In addition, BRK Ambiental, the largest private water sanitation company in Brazil, was awarded a new concession and ended the year with significant investment that enabled it to expand its services in more than 180 cities in which it operates.

In the data infrastructure sector, Ascenty, an acquisition completed in 2019, launched six new data centers, expanding its total campus to 21 units, seven of which are under construction, and expanded operations to Chile and Mexico. In the power generation sector, a new hydroelectric plant in Mato Grosso do Sul commenced operations, and in the state of Paraná, construction started on a new power plant.

In real estate, we sold a number of mature assets. Among these were the sale of our stakes in the Raposo and West Plaza shopping malls – and in the commercial sector, the sale of JK Iguatemi Complex's D and E Towers, the latter of which sold for approximately BRL 1 billion.

As a leading global alternative asset manager, Brookfield's extensive global network spanning over 30 countries, along with our approach to investing our own capital alongside investors and our experience investing across market cycles are key components of our success. A prime example is our approach to commercial real estate investments. While in 2018 our focus was on acquiring projects already at an operational stage, in 2019 we invested approximately BRL 160 million to acquire a 100,000 square meters logistics park development site. We also acquired land in a high-end district of São Paulo for the construction of a new commercial building.

We remain focused on finding new opportunities to recycle capital. After years of investing in brownfield projects, we now see opportunities for investments in greenfield projects. An example of this is the January 2020 acquisition of a solar energy project under development in the state of Ceará. Comprised of nine solar power farms totaling 278 MW of capacity, the project marks Brookfield's entry into this sector in Brazil.

We have a history of more than 120 years of investing in Brazil, and believe that no business is sustainable without an operation based on the principles of responsible socio-environmental actions. We believe that value creation and sustainable development are complementary objectives, and we remain committed to conducting our business according to the rigorous principles of compliance and responsible business practices that benefit all our stakeholders.

We also remain committed to maintaining the highest ethical standards in all of our companies and ensuring that all employees and suppliers follow mandatory occupational health and safety standards. We believe in fostering an environment of respect and the promotion of diversity and inclusion, and we remain committed to giving back to the communities in which we operate.

Our operations span diverse sectors, and we have a significant footprint in renewable and other low-carbon sources of power. We also operate in the water sanitation sector, a key contributor to improving the country's quality of life by giving people access to clean water, as well as the collection and treatment of sewage.

In 2019, Tegra, a leading residential real estate company, began to monitor and publish socio-environmental data and greenhouse gas emissions (GHG) at its operations. The company was able to recycle 94% of its construction waste and offset 36,958 tons of CO<sub>2</sub>e – equivalent to planting 263,880 trees. In the same year, we completed a broad-based GHG emissions study at our ranching operations in Brazil and were able to capture 292,430 and 324,025 tons of CO<sub>2</sub>e for the 2017/2018 and 2018/2019 harvest periods, respectively. This volume is equivalent to the offset of a volume equal to that produced by 236,000 Brazilian inhabitants during a year, according to data from the World Bank.

Our success is a result of the hard work of more than 20,000 operational employees, our qualified team of investment professionals in Brazil and the trust of our investors and shareholders. To all, I give our sincere thanks.

**HENRIQUE CARSALADE MARTINS**



# Brookfield around the World

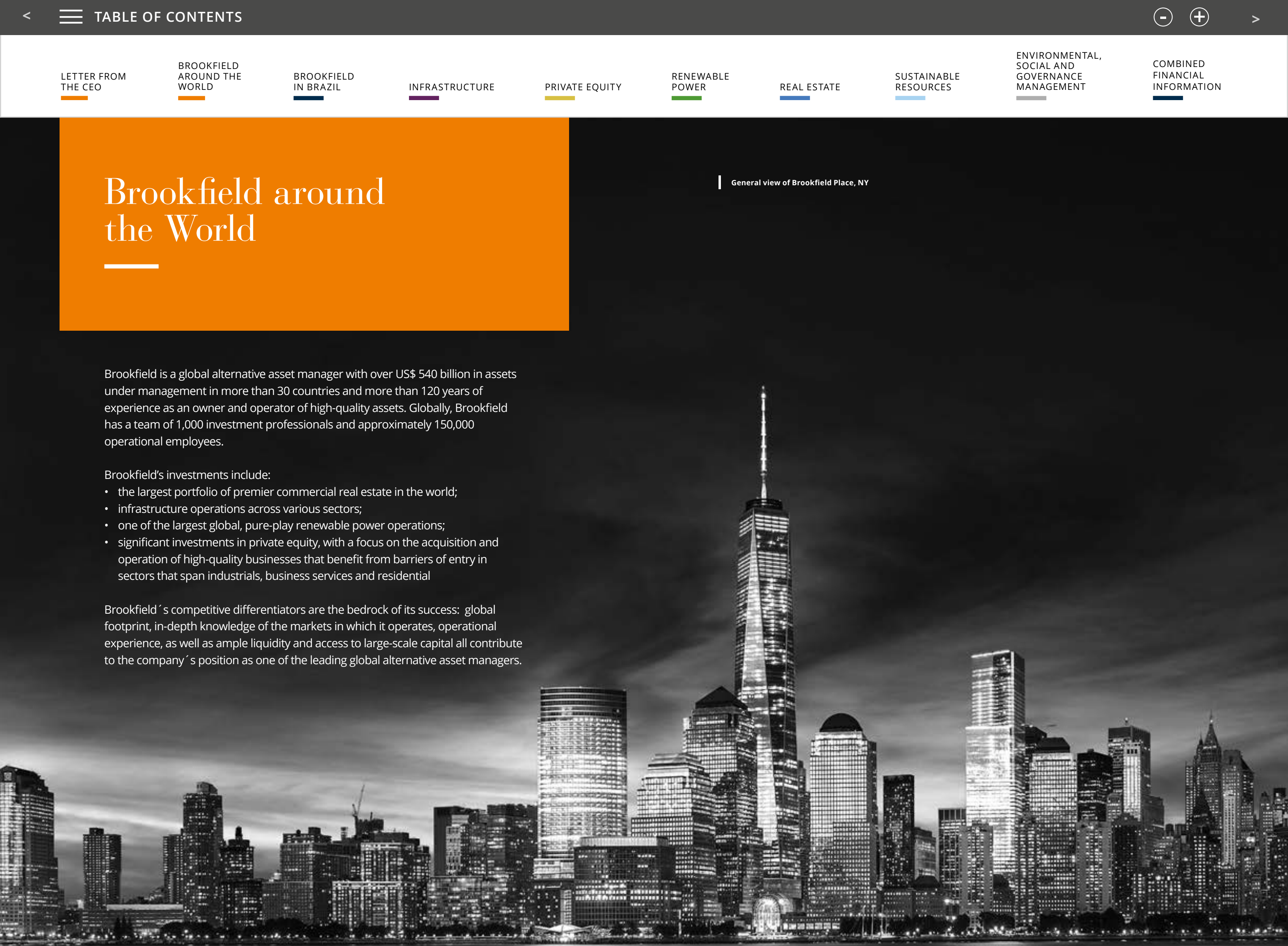
General view of Brookfield Place, NY

Brookfield is a global alternative asset manager with over US\$ 540 billion in assets under management in more than 30 countries and more than 120 years of experience as an owner and operator of high-quality assets. Globally, Brookfield has a team of 1,000 investment professionals and approximately 150,000 operational employees.

Brookfield’s investments include:

- the largest portfolio of premier commercial real estate in the world;
- infrastructure operations across various sectors;
- one of the largest global, pure-play renewable power operations;
- significant investments in private equity, with a focus on the acquisition and operation of high-quality businesses that benefit from barriers of entry in sectors that span industrials, business services and residential

Brookfield’s competitive differentiators are the bedrock of its success: global footprint, in-depth knowledge of the markets in which it operates, operational experience, as well as ample liquidity and access to large-scale capital all contribute to the company’s position as one of the leading global alternative asset managers.





# Our history

Brookfield’s history began in Brazil in 1899 when a group of Canadian investors joined Brazilian investors to establish the São Paulo Tramway, Light and Power Company, which was responsible for developing street lighting and electric-powered public transportation systems in the city of São Paulo.

In 1901, the group unveiled the Parnaíba Plant, the first hydroelectric plant to supply electricity to the city of São Paulo. In 1905, it established the Rio de Janeiro Tramway, Light and Power Company, expanding its activities to the then-capital city of Brazil.

Soon after, investments in gas distribution systems and telephony were made and by 1925, the group had become the largest public utility company in Latin America.

In the decades that followed, the company acquired and developed assets across a range of different sectors, enabling it to acquire unparalleled operational knowledge across a range of sectors and businesses. In the first decade of this century, Brookfield established the asset management business, inviting third party investors to participate in its investments through funds.

Today, over 120 years since its foundation, Brookfield remains one of the largest investors and global alternative asset managers in the world.



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# Portfolio of assets under management

Brookfield operates in five business segments around the world, which represent over US\$ 540 billion in assets under management.

## REAL ESTATE

164

retail properties with approximately 14 million square meters of area



~57,000

residential multifamily units



100

self-storage warehouses totaling 850,000 square meters




278

triple net lease properties




247

office properties with approximately 13 million square meters of area




79

logistics parks with more than 1,5 million square meters of area




130

hotels



50

student residences



19,000MW

of installed capacity and a 13,000 mw pipeline



~4,600MW

of 102 wind farms



~2,700MW

of 3 pumped storage facilities and one battery



## RENEWABLE POWER



~7,900MW

of 219 hydroelectric plants along 82 river systems



~3,000MW

of 4,934 solar utility and distributed generation units



~600MW

15 biomass facilities and cogeneration plants



INFRASTRUCTURE

~4,000km  
toll roads



6.6M  
electricity and gas connections



~2,200km\*  
of electricity transmission lines



600  
bcf of natural gas storage



19  
natural gas processing plants



51  
data centers and approximately 20,000 km fiber optic backbone



13  
ports



~32,300km  
of railways



1.3M  
smart meters installed



~18,700km  
gas transmission pipelines and regulated gas pipelines



District heating and cooling systems



~9,100  
multipurpose communication towers and 1,600 cell sites



~550,000  
hectares of land for agricultural and timberland production



\*Does not include transmission lines under development.

PRIVATE EQUITY

Business services, including:

- Construction and residential real estate development, installations management, real estate services and healthcare services
- Fuel distribution and marketing
- Financial advisory services, logistics, and entertainment

Infrastructure services, including:

- Services in the power generation industry
- Services to the offshore oil production industry
- Nuclear power generation

Industrials, including:

- Production of automotive batteries, graphite electrodes, wood panels, returnable plastic packaging and infrastructure support materials
- Water and sewage services
- Natural gas production and oilfield services



OAKTREE



In 2019, Brookfield acquired a majority stake in Oaktree Capital, one of the largest global alternative investment managers, operating in the credit, private equity, real asset, and listed securities' markets. Oaktree, which continues to operate as a standalone company, has offices in 18 cities across 13 countries, and has ~1,000 employees.

LETTER FROM  
THE CEO

BROOKFIELD  
AROUND THE  
WORLD

BROOKFIELD  
IN BRAZIL

INFRASTRUCTURE

PRIVATE EQUITY

RENEWABLE  
POWER

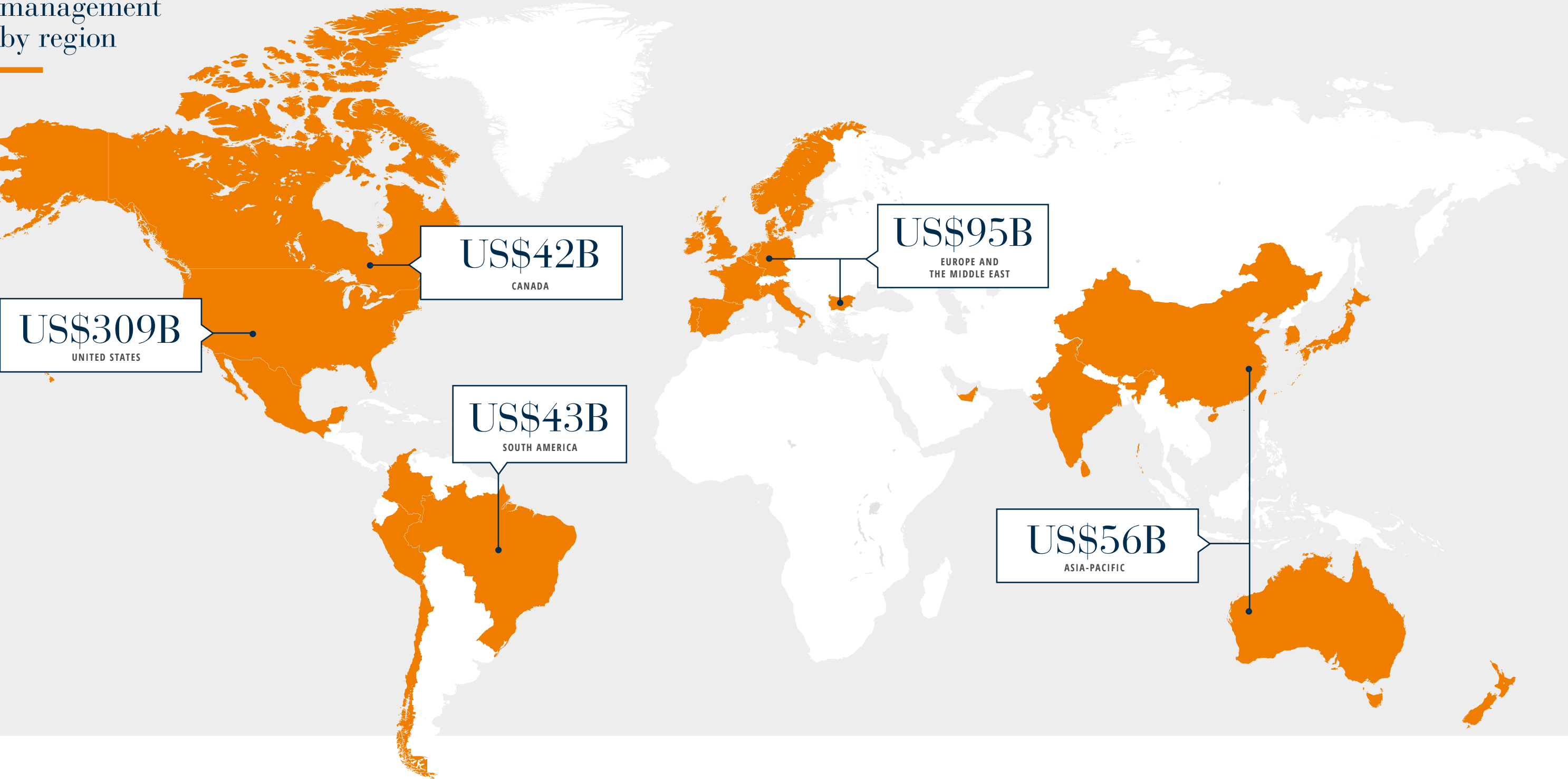
REAL ESTATE

SUSTAINABLE  
RESOURCES

ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE  
MANAGEMENT

COMBINED  
FINANCIAL  
INFORMATION

Assets under  
management  
by region



NUMBERS / HIGHLIGHTS

+US\$540B  
IN ASSETS UNDER MANAGEMENT

+1,000  
INVESTMENT PROFESSIONALS

~150,000  
OPERATIONAL EMPLOYEES

+30  
COUNTRIES



LETTER FROM  
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WORLD

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INFRASTRUCTURE

PRIVATE EQUITY

RENEWABLE  
POWER

REAL ESTATE

SUSTAINABLE  
RESOURCES

ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE  
MANAGEMENT

COMBINED  
FINANCIAL  
INFORMATION

Assets under  
management  
by segment

US\$202B

REAL ESTATE INVESTMENTS

US\$67B

PRIVATE EQUITY & OTHER

US\$81B

INFRASTRUCTURE

US\$125B

OAKTREE

US\$50B

RENEWABLE POWER

Assets under management also include about  
US\$ 20 billion from our Public Securities Group.

Regulated port terminal, Australia

Competitive  
advantages

GLOBAL  
PRESENCE

With operations in more than 30 countries, our global network of operating employees provides us with a large number of investment opportunities around the world.

CAPITAL  
PRESERVATION

Protecting and generating a return on investor capital is at the forefront of how we view risk. For this reason, we take a prudent and disciplined approach to managing risk.

CONTRARIAN  
INVESTORS

Our experience shows us that the best opportunities are often found in out-of-favor regions or sectors.

OPERATIONAL  
EXPERIENCE

The operational experience acquired over more than 120 years as investors and operators of real assets is employed to generate sustainable cash flows, add value, and produce consistent long-term returns to our partners and shareholders.

LARGE SCALE  
CAPITAL

A sound balance sheet and access to large-scale capital enables us to participate in an agile and decisive manner in transactions of a size that few others could do.

ALIGNMENT OF  
INTERESTS

A significant amount of the capital across our private funds is our own, ensuring strong alignment of interest with our investors.



# Investment principles

# Business philosophy

# Investment guidelines

# Measurement of our success

- TO BUILD BUSINESSES AND RELATIONSHIPS BASED ON INTEGRITY
  - TO ATTRACT AND RETAIN HIGH-CALIBER PROFESSIONALS WHO SEEK TO GROW WITH US OVER THE LONG-TERM
  - TO THINK AND ACT LIKE OWNERS IN ALL OUR DECISIONS
  - TO TREAT THE CAPITAL OF THE INVESTORS AND SHAREHOLDERS AS IF IT WERE OUR OWN
- 
- TO INVEST WHERE WE HAVE A COMPETITIVE ADVANTAGE
  - TO RECOGNIZE THAT SUPERIOR RETURNS GENERALLY REQUIRE CONTRARIAN THINKING
  - TO ACQUIRE ASSETS BASED ON VALUE
  - TO BUILD SUSTAINABLE CASH FLOWS TO PROVIDE SECURITY, REDUCE RISKS AND LOWER CAPITAL COSTS
- 
- TO MEASURE SUCCESS BASED ON THE TOTAL RETURN ON LONG-TERM CAPITAL
  - TO ENCOURAGE CALCULATED RISKS, BUT TO COMPARE RETURNS WITH RISKS
  - TO PRIORITIZE THE VALORIZATION OF CAPITAL ON LONG-TERM OVER SHORT-TERM GAINS
  - TO PRIORITIZE RETURNS OVER GROWTH, SINCE SIZE DOES NOT NECESSARILY ADD VALUE



Treatment station, BRK Ambiental, Sao Paulo



# Brookfield in Brazil

Operating in Brazil since 1899, and with a significant presence in a number of strategic sectors and regions, Brookfield has acquired an understanding of the Brazilian market that is unparalleled. As of December 2019, the company had more than BRL 100 billion of assets under management, making it one of the largest and most significant investors in the country. With operations in 20 states, Brookfield employs more than 20,000 people in Brazil through its portfolio companies.

Serra do Cafezal, BR-116 Highway





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THE CEO

BROOKFIELD  
AROUND THE  
WORLD

BROOKFIELD  
IN BRAZIL

INFRASTRUCTURE

PRIVATE EQUITY

RENEWABLE  
POWER

REAL ESTATE

SUSTAINABLE  
RESOURCES

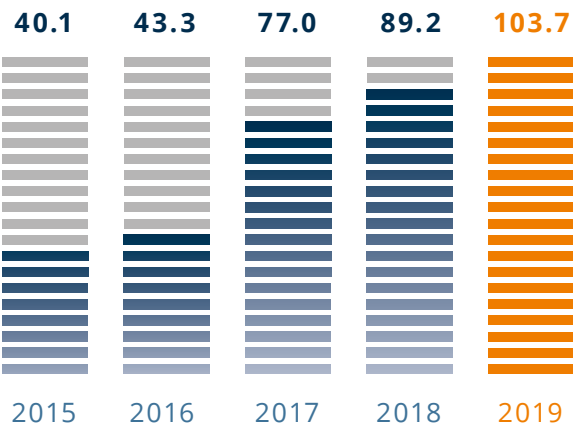
ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE  
MANAGEMENT

COMBINED  
FINANCIAL  
INFORMATION

BROOKFIELD ANNUAL REPORT 2019/2020

BROOKFIELD IN BRAZIL

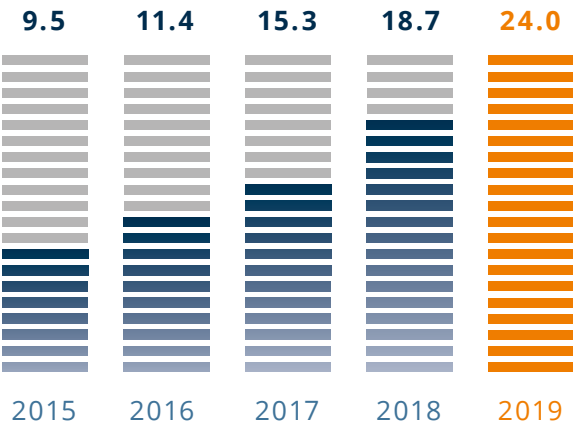
EVOLUTION OF ASSETS UNDER MANAGEMENT (IN BRL BILLION)



27%

COMPOUND ANNUAL  
RATE GROWTH

EVOLUTION OF NET REVENUE (IN BRL BILLION)



26%

COMPOUND ANNUAL  
RATE GROWTH

NUMBERS / HIGHLIGHTS

**+BRL100B**

IN ASSETS UNDER  
MANAGEMENT

**+20,000**

OPERATIONAL  
EMPLOYEES

**+120**

YEARS IN BRAZIL

ASSETS BY SEGMENT IN BRAZIL



INFRAESTRUTURA

**BRL49.7B**

- 3,400 km of toll roads
- 4,800 km of railways, 6 ports and 9 intermodal terminals
- +2,000 km of gas pipelines
- 5,100 km of power transmission lines
- 21 data centers in Latin America, 14 operational and 7 under development

PRIVATE EQUITY

**BRL20.2B**

- Basic sanitation operations serving more than 180 Brazilian municipalities
- Construction and residential real estate: 100,000 buildings constructed amounting to 24 million sqm
- Heavy equipment and light vehicle fleet rent and management services

RENEWABLE POWER

**BRL16.0B**

- ~1,000 MW from 44 hydroelectric plants
- ~550 MW from 19 wind farms
- 175 MW from 4 biomass-fired cogeneration plants

COMMERCIAL REAL ESTATE

**BRL10.2B**

- 385,000 sqm of leasable area in office buildings
- 190,000 sqm of leasable area in shopping centers
- 300,000 sqm of leasable area in logistic warehouses

SUSTAINABLE RESOURCES

**BRL7.0B**

- ~665,000 acres of land for agricultural production
- ~680,000 acres of land for forestry activities



# Infrastructure

## OVERVIEW

Since its foundation, Brookfield has invested in the development of infrastructure in Brazil. Currently, its portfolio is made up of BRL 49.7 billion of assets under management, and includes the following:

- Quantum, a power transmission company with more than 5,100 km of network in operation or under development
- Ascenty, the largest data center company in Latin America with 21 units and a 4,500 km fiber optic network
- NTS, which operates more than 2,000 km of gas pipelines in the Southeast of Brazil
- Arteris, a toll road concessionaire managing more than 3,400 km of highways in Brazil
- VLI, an integrated logistics company operating 4,800 km of railways as well as ports and intermodal terminals.

QUANTUM  
POWER TRANSMISSION

ASCENTY  
DATA CENTERS

NTS  
GAS TRANSPORTATION

ARTERIS  
TOLL ROADS

VLI  
RAILWAYS, PORTS AND  
INTERMODAL TERMINALS





# QUANTUM

**Quantum manages electric power transmission concessions in the states of the Northeast, Southeast and South of Brazil. It was established in 2017 as a result of opportunities for investments in greenfield electric power transmission projects in partnership with Cymi (a subsidiary of the ACS Group).**

Between 2014 and 2019, Brookfield and Cymi bid successfully for the construction, operation, and maintenance of 5,147 km of transmission line and 47 substations, distributed among eight projects, representing the following concessionaires: Chimarrão, Esperanza, JMM, Mantiqueira, Odoyá, Sanguinetti, Sertaneja and Veredas. Quantum was founded by Brookfield in 2017 to manage these concessions. Regulated under the National Electric Energy Agency (Aneel), the concessions have a duration of 30 years. Quantum's clients are energy generator and distributor companies as well as individual consumers.

The Chimarrão subsidiary concession agreement, the most recent, was signed in March 2019. This new investment covers 940 km of transmission lines and nine substations, all of them located in the state of Rio Grande do Sul and corresponding to an Annual Allowed Revenue (RAP) of BRL 255 million and an investment of BRL 2.4 billion. The project will be an important transfer point for distributing energy generated from the wind farms in the state.

Again in 2019, a share purchase agreement was signed for the acquisition of the Pampa (held by Sterlite Power) concessionaire in the secondary market. The Pampa project involves the construction of 326 km of transmission lines and four substations, consolidating Quantum's presence in the state of Rio Grande do Sul. The transaction is subject to Aneel approval.

During the year, Quantum completed approximately 700 km of transmission lines and seven substations. The company reached a milestone of 1,500 km of lines and 13 substations in operation, generating a RAP of BRL 321 million (21% of RAP for the contracted portfolio). Total investment in its concessions by 2022 is estimated at approximately BRL 10.6 billion, of which BRL 5 billion has already been executed.

In 2019, Quantum obtained total financing of BRL 6.7 billion from the Banco Nacional de Desenvolvimento Econômico e Social (BNDES) for the development of projects already contracted. As a result, the company's eight projects with work in progress have the appropriate capital structure with long-term financing already in place.

Quantum invoices on the basis of uptime working of the assets, which connect to the country's electric power grid and is not subject to variations in volumes transmitted, thus contributing to greater predictability of revenue. The start in the invoicing of sales takes place when the project goes into operation.

Brookfield has a 50% stake in the projects during the construction phase. Following completion of the work and the beginning of operations, Brookfield has the option of acquiring the remaining stake. This was the case with the Esperanza and Odoyá subsidiaries, which became wholly owned subsidiaries of Brookfield as of 2019.

BRL2.0B

IN ASSETS UNDER MANAGEMENT

+5,100km

OF TRANSMISSION LINES IN  
OPERATION AND DEVELOPMENT

47

SUBSTATIONS



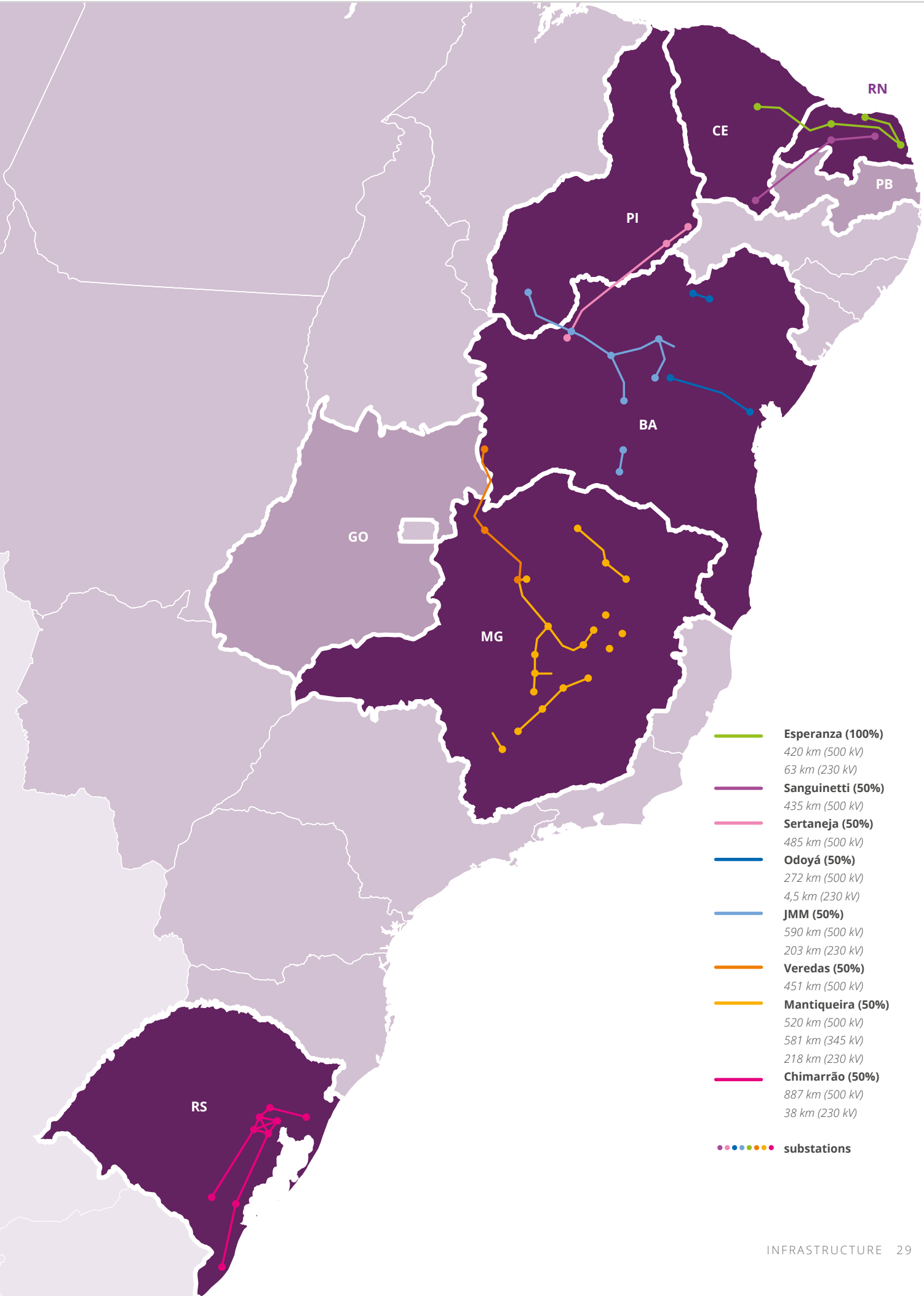
OUTLOOK

Quantum's primary objectives for the next few years are to complete its committed work schedule and ensure an efficient licensing process. The company's goal for 2020 includes energizing more than 1,400 km of transmission lines and 13 substations pertaining to the Sanguinetti, Veredas and Mantiqueira projects in the states of Bahia, Ceará, Minas Gerais, Pernambuco and Rio Grande do Norte.

In 2020, Quantum expects to complete the acquisition of the Pampa project as well as the purchase of the remaining 50% stake in the JMM and Sanguinetti concessions, thus taking full control of the two projects.

The company will work to ensure the quality, reliability, and uptime of the assets in operation. Revenues are expected to continue to grow.

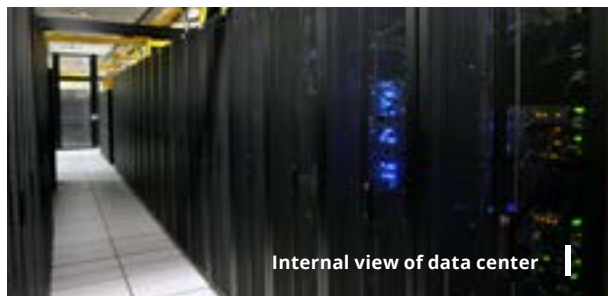
Energy substation





# Ascenty

Ascenty was acquired in 2019 in partnership with Digital Realty, a global leader in the data center sector, in a transaction worth US\$ 2 billion. The company is the leader in data center infrastructure in Latin America with a portfolio of 21 units (14 in operation and 7 under construction), interconnected to a proprietary fiber optic network of 4.500 km, which in turn connects to the world's leading cloud service providers and subsea cable substations in Brazil.



Internal view of data center

Ascenty's data centers are located at strategic points for exchanging traffic: three units in the city of São Paulo and 11 in the upcountry area of the state of São Paulo, two in the city of Rio de Janeiro (RJ), one in Fortaleza (CE), two in Chile and two in Mexico.

Thanks to its world class infrastructure and its high capacity fiber optic network, Ascenty's clients include the largest global IT and cloud service provider companies, 93% of which are transnationals. Currently, more than BRL 6.5 billion of sales are already contracted.

In the light of the new investments, Ascenty is well positioned to continue its growth trajectory. In just two years, the company doubled its energy capacity, expanding from 100 MVA<sup>1</sup> in 2018 to 224 MVA in 2019. Energy capacity is now 32 times greater than in 2012 when it unveiled its first data center.

<sup>1</sup>Megavoltampere

## BRL4.8B

IN ASSETS UNDER MANAGEMENT

## 21

DATA CENTERS IN LATIN AMERICA, 14 IN OPERATION AND 7 UNDER DEVELOPMENT

## 4,500km

PROPRIETARY FIBER OPTIC NETWORK

Data center in Jundiaí, São Paulo





OUTLOOK

Over the past few years, data volumes produced by the companies have been increasing exponentially. A survey of more than 2,200 IT decision makers in organizations globally<sup>1</sup> revealed growth of 569% in data volumes used by companies globally<sup>2</sup>, and 805% among companies in Brazil – with growing demand for storage, connectivity, and accessibility services in this field.

Latin America continues to be a promising region for expansion, given operational and demographic factors, among others. Over the next few years, Ascenty will expand its operations in Chile and

in Mexico, as well as considering the possibility of expansion into the Colombian market. With approximately 24,000 square meters, the second data center in Chile will become part of its campus in Santiago and will be launched in the second half of 2021.

The company is set to enhance network capillarity through a new interconnection agreement with Sílica Networks, bringing the Chilean and Argentine networks into close proximity with its own connectivity ecosystem.

<sup>2</sup>Vanson Bourne's Global Data Protection Index survey conducted in 2018.



Internal view of Ascenty's data center







**NTS transports natural gas through a comprehensive system of gas pipelines, which provide a safe and reliable connection with the most industrialized region of Brazil. Acquired in 2017 for US\$ 5.2 billion, the company operates a network of more than 2,000 kilometers and has an effective daily distribution capacity of 79 million cubic meters of gas. Its network covers 91 municipalities in three states, with 44 delivery and eight receipt points. An investor consortium led by Brookfield holds an 82.35% stake.**

NTS gas pipelines connect the states of Rio de Janeiro, Minas Gerais, and São Paulo (responsible for 50% of Brazilian gas consumption) to the Brazil-Bolivia gas pipeline, liquefied natural gas (LNG) terminals and gas processing plants. The company's transmission capacity is fully contracted on a long-term basis under the ship-or-pay model, an arrangement which guarantees minimum levels of payment for the product. The average volume of gas transmitted in 2019 amounted to 37.4 million cubic meters per day.

The highlight of NTS' economic and financial performance in 2019 was a net operating revenue of approximately BRL 4.4 billion, 9% greater than 2018. EBITDA rose from BRL 3.6 billion in 2018 to BRL 3.9 billion in 2019. The company's net income increased from BRL 1.9 billion to BRL 2.2 billion. Investments amounted in 2019 to BRL 124 million, used largely for ensuring the integrity of the pipelines, the operational excellence of the gas metering systems, and maintenance of gas compression station turbines and environmental conditioners. Investments were also made in a long-term strategic project involving the insourcing of operational and maintenance activities, including the structuring of a new operational control room.



BRL25.5B

IN ASSETS UNDER MANAGEMENT

+2,000km

GAS PIPELINES

79M

OF CUBIC METERS OF DAILY GAS  
TRANSMISSION CAPACITY





OUTLOOK

NTS remains committed to providing a safe and sustainable service with effective cost management and focuses on projects which contribute to the integrity, reliability, safety and uptime of the assets and installations.

Its network is positioned in Brazil's largest consumer markets in a region that has more than 50% of the country's GDP. Consequently, it is well positioned to capture potential growth in demand for natural gas transmission.

On the regulatory front, NTS has been proactively participating in discussions on the structuring of the New Gas Market, designed to promote the opening, competitiveness, and dynamism of the natural gas market in Brazil. Discussions on the "Gas Law" proceeded apace in the National Congress, the Mines and Energy Commission approving bill number 6.407/13 in October 2019.



In the area of corporate governance, an important development was the completion of the registration with the Brazilian Securities and Commission (CVM) as a category B company, which means that NTS is able to negotiate securities in regulated markets in Brazil, except shares, certificates of deposit of shares or notes/bonds convertible into shares. This allows NTS to provide greater visibility and transparency in its results, which are now reported in line with CVM rules.

Underscoring soundness of management, NTS was recognized in Exame magazine's 46<sup>th</sup> edition of the Biggest and the Best (Maiores e Melhores) companies in Brazil as 'Best Company of the Year' in the Transportation category. Additionally, and thanks to the continual improvements made in the workplace environment, the organization received 'Great Place do Work' (GPTW) certification, following an employee survey.





LETTER FROM  
THE CEOBROOKFIELD  
AROUND THE  
WORLDBROOKFIELD  
IN BRAZIL

INFRASTRUCTURE

PRIVATE EQUITY

RENEWABLE  
POWER

REAL ESTATE

SUSTAINABLE  
RESOURCESENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE  
MANAGEMENTCOMBINED  
FINANCIAL  
INFORMATION

**Arteris is one of the leading Brazilian toll road concessionaires with 3,400 km of highways under management, representing 22% of total Brazilian highway concessions. It links the South and the Southeast regions through eight concessions. Three are state concessions in São Paulo (Centrovias, Intervias and ViaPaulista) and five are federal (Fluminense, Litoral Sul, Planalto Sul, Fernão Dias and Régis Bittencourt). In addition, it controls Latina Manutenção de Rodovias Ltda. Under this structure, Arteris is responsible for the restoration, modernization, maintenance, works management, inspection, conservation and operation of the highways under concession, as well as assisting drivers in a range of different situations, including emergencies.**

During 2019, toll road traffic along highways under Arteris management totaled 675 million vehicle equivalents, a year-on-year increase of 3.6%. Toll road revenues were BRL 2.9 billion, 3.8% higher than the BRL 2.8 billion reported in 2018. The average consolidated toll charge was BRL 4.34, representing growth of 0.2% in relation to the value recorded for the preceding year.

Not including the effect of the provision for highway maintenance (given that this does not have a cash effect), adjusted EBITDA was BRL 1.9 billion, approximately 10% higher than the R\$ 1.7 billion

in 2018. As a result, the adjusted EBITDA margin increased from 64.6% in 2018 to 67.7% in 2019.

These positive results are a reflection of the unveiling of five new toll plazas on the ViaPaulista (Boa Esperança do Sul, Jaú, Coronel Macedo, Botucatu and Itaí, in upcountry São Paulo) and to the recovery in highway traffic flows. Results also improved due to the economic/financial rebalancing of 5.69% to the tariff base along the ViaPaulista, to regular readjustments during the period, and the work of containing and reducing costs.



# BRL11.2B

IN ASSETS UNDER MANAGEMENT

# 3,400km

OF HIGHWAYS

# 675M

VEHICLE EQUIVALENTS IN 2019

Stretch of Arteris Litoral Sul







LETTER FROM  
THE CEOBROOKFIELD  
AROUND THE  
WORLDBROOKFIELD  
IN BRAZIL

INFRASTRUCTURE

PRIVATE EQUITY

RENEWABLE  
POWER

REAL ESTATE

SUSTAINABLE  
RESOURCESENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE  
MANAGEMENTCOMBINED  
FINANCIAL  
INFORMATION

BROOKFIELD ANNUAL REPORT 2019/2020

INFRASTRUCTURE



**VLI is an integrated logistics solutions company with a footprint in 300 municipalities in ten Brazilian states, with operations interconnecting railways, ports, and intermodal terminals. The company is notable for its high throughput capacity involving the most varied types of products, directly connected to the supply of inputs and raw materials.**

Since 2014, Brookfield has had a 26.5% stake in VLI – a company with robust infrastructure covering 4,800 km of railways, three proprietary port terminals and operations in a further three third party ports, nine intermodal terminals and a fleet of approximately 800 locomotives and 24,000 railcars.

Currently, the agricultural sector – for which VLI transports grains, sugar, and fertilizer – accounts for 45% of freight volume on its railways. The steel sector accounts for 29% and is served through the transportation of coal, limestone, pig iron and iron ore and through the shipment of flat and long steel products. The industrialized products sector represents a further 18%, and includes the transportation of oil derivatives, fuels, forestry products and inputs for the civil construction business.

VLI's transportation operations are concentrated along five strategically located corridors with a high degree of logistical integration: Center-North, Center-Southeast, Minas-Rio, Minas-Bahia and Center-East. The Center-North corridor, for example, makes an important contribution to the development of the new agricultural frontier in Brazil, notably in the handling of grains produced in the states of Tocantins, Maranhão, Piauí, Bahia, Mato Grosso, Pará and Goiás,

through the São Luís Port terminal. The Center-Southeast corridor is another important example of strategic positioning representing one of the main export routes through the Port of Santos and the Luiz Antonio Mesquita Integrator Port Terminal (Tiplam), carrying principally sugar and grains.

In 2019, the company reported net revenues of BRL 5.3 billion, an increase of 6% over the previous year. EBITDA was BRL 2.4 billion, an increase of 14% compared to 2018. In relation to volume, cargo handling was 38.8 billion useful tons per kilometer (TKU) on the railways operated by VLI, practically in line with the previous year's amount. Cargo handling at its port terminals increased by 8%, reaching 41.7 million tons (TU). The company's total investments in 2019 were approximately R \$ 1 billion.

In 2019, the newspaper Valor Econômico ranked VLI as one of the 150 Most Innovative Companies in Brazil – a position which attests to the success of work on the digital transformation over the last few years. At year end, the company was also placed first in the sectoral ranking of the Best Companies to Work for Guide in the Logistics and Transportation category and published by Você S/A magazine and Fundação Instituto de Administração (FIA).

# BRL6.1B

IN ASSETS UNDER MANAGEMENT

# 4,800km

OF RAILWAYS

# 15

TERMINALS IN OPERATION  
(9 INTERMODAL AND 6 PORTS)



LETTER FROM  
THE CEO

BROOKFIELD  
AROUND THE  
WORLD

BROOKFIELD  
IN BRAZIL

INFRASTRUCTURE

PRIVATE EQUITY

RENEWABLE  
POWER

REAL ESTATE

SUSTAINABLE  
RESOURCES

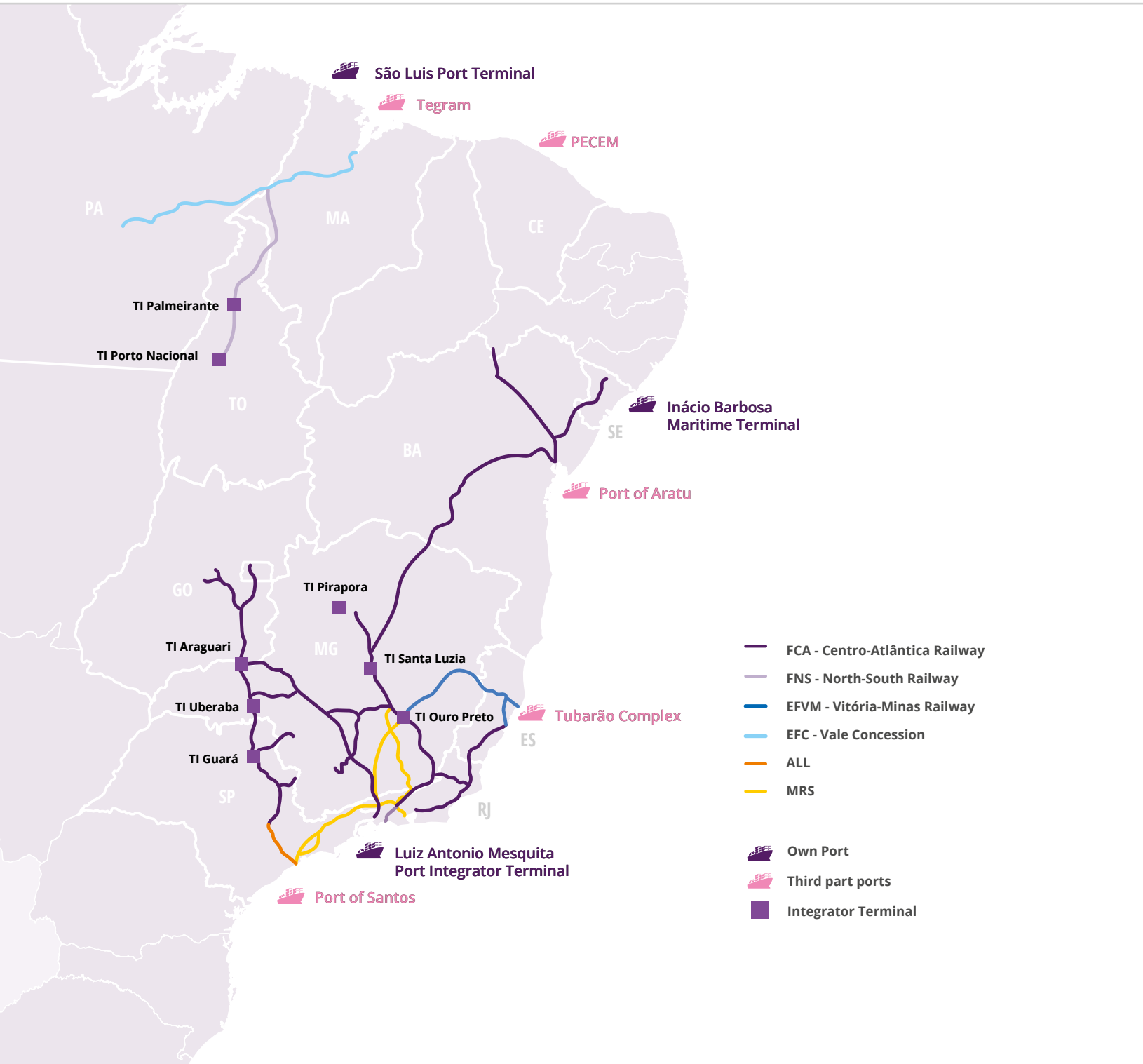
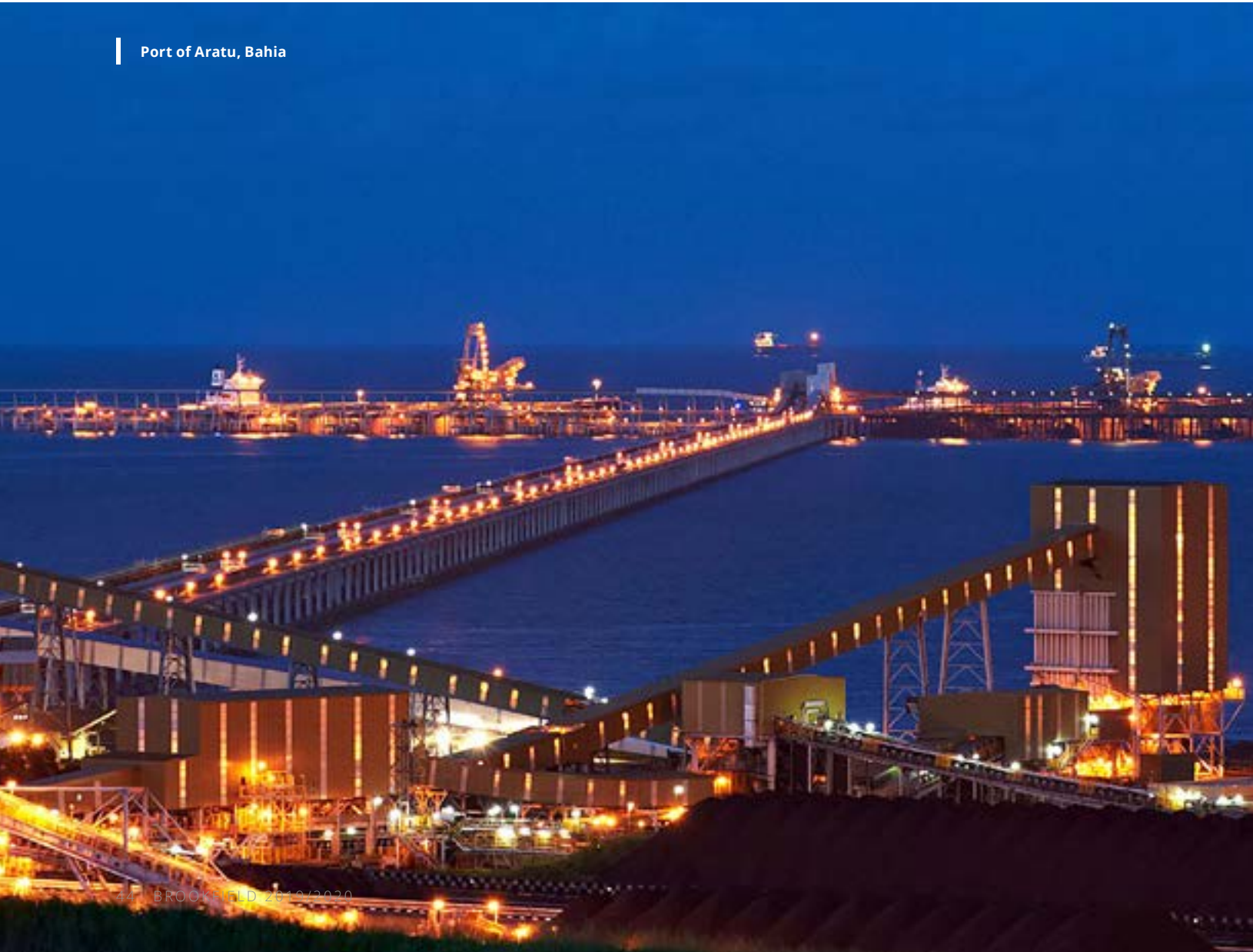
ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE  
MANAGEMENT

COMBINED  
FINANCIAL  
INFORMATION

OUTLOOK

VLI is organized to efficiently serve the principal regions in Brazil that produce goods and industrialized, steel, and agricultural products and minerals. The capacity to meet the requirements of these sectors reflects the strategic investments between 2012 and 2018 of more than BRL 8 billion allocated to track, railway assets, specialized ports and enhancing productivity and rolling stock (railcars and locomotives).

Port of Aratu, Bahia



- FCA - Centro-Atlântica Railway
- FNS - North-South Railway
- EFVM - Vitória-Minas Railway
- EFC - Vale Concession
- ALL
- MRS
- Own Port
- Third part ports
- Integrator Terminal

Centro de Controle da VLI





LETTER FROM  
THE CEO

BROOKFIELD  
AROUND THE  
WORLD

BROOKFIELD  
IN BRAZIL

INFRASTRUCTURE

PRIVATE EQUITY

RENEWABLE  
POWER

REAL ESTATE

SUSTAINABLE  
RESOURCES

ENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE  
MANAGEMENT

COMBINED  
FINANCIAL  
INFORMATION

# Private Equity

In Brazil, Brookfield has BRL 20.2 billion under management in private equity with a portfolio that includes: BRK Ambiental, the largest private water sanitation company in Brazil; Ouro Verde, one of the leading Brazilian heavy equipment and light vehicle leasing and fleet management companies in the country; and Tegra Incorporadora, a leader in the residential real estate development market.

Curitiba 381, development located close to Ibirapuera Park, one of São Paulo's high-end property districts

BRK AMBIENTAL  
SANITATION

OURO VERDE  
FLEET MANAGEMENT

TEGRA  
REAL ESTATE DEVELOPMENT



LETTER FROM THE CEO	BROOKFIELD AROUND THE WORLD	BROOKFIELD IN BRAZIL	INFRASTRUCTURE	PRIVATE EQUITY	RENEWABLE POWER	REAL ESTATE	SUSTAINABLE RESOURCES	ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT	COMBINED FINANCIAL INFORMATION
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**BRK Ambiental is a leader in water and sewage treatment in Brazil, serving more than 180 municipalities and 15 million citizens. It operates 23 public concessions, public-private partnerships (PPP) and service agreements across 12 states.**

Acquired in 2017 by Brookfield, which holds a 70% stake, BRK Ambiental has been diligent in its search for alternative sources of financing outside of the Sanitation for All Program (which accounts for 60% of the total financings in this sector in Brazil). In 2018, the company contracted long-term financing from the Inter-American Development Bank (IDB) and the Banco do Nordeste. This financing is dedicated for the construction of new networks and connections, allowing more Brazilians access to quality water supply and sewage collection services.

In the light of this alternative source of financing, worth a total of BRL 1.7 billion, BRK was the recipient of the LatinFinance Award 2019, which recognizes the principal sources of finance for infrastructure projects in both Latin America and the Caribbean.

In 2019, the company reported a new record allocation of BRL 1.0 billion for the improvement and expansion of its operations in various regions of Brazil. This amount represents an increase of 45% over 2018. Approximately 760 km of network pipeline was installed in 2019, an increase of 30% over 2018.

In 2019, the number of customers connected to the network increased by 120,000 households, significant progress in the overarching goal of universal sanitation in Brazil, while at the same time generating new sources of revenue for the company.

Residents of Caçador (SC), a city of 75,000, are among the newly connected customers. BRK assumed responsibility for the city's sanitation services in 2019 under a 30-year agreement. The company will invest more than BRL 150 million to improve water supply



BRL12.7B

IN ASSETS UNDER MANAGEMENT

+180

MUNICIPALITIES SERVED

+15M

OF CUSTOMERS CONNECTED TO THE SEWAGE COLLECTION NETWORK

BRK treatment plant in Limeira, São Paulo



LETTER FROM THE CEO	BROOKFIELD AROUND THE WORLD	BROOKFIELD IN BRAZIL	INFRASTRUCTURE	PRIVATE EQUITY	RENEWABLE POWER	REAL ESTATE	SUSTAINABLE RESOURCES	ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT	COMBINED FINANCIAL INFORMATION
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OUTLOOK

and expand sewage disposal services.

Innovation has played a key role in improving BRK’s customer service results. New processes have been implemented, including artificial intelligence, data analytics and machine learning to better understand the main demands of customers and promote more efficient service. For this initiative, BRK received the Valor Innovation Award in 2019 from the Valor Econômico newspaper and the consultancy Strategy&. BRK was also recognized as ‘Company of the Year’ in customer communications by the Brazilian Business Communication Association (Aberje).

With regard to corporate governance, BRK has introduced significant enhancements to processes related to compliance. These include the creation of a robust integrity program, which was recognized in Exame magazine’s Compliance 2019 Guide.

In addition, the company has established a Sustainability Committee to focus on environmental, social and government initiatives (ESG), and their Diversity and Inclusion Committee has been working to ensure the company reflects the diversity of the community, as well as fostering an inclusive working environment. Senior Management and shareholders are directly involved in both committees, further contributing to organizational engagement.

One of the key issues that will be monitored by BRK throughout 2020 is Bill Number 3.261/2019, which revises the current regulatory framework of the water sanitation sector. The company expects these new rules to create greater legal certainty, which will increase investments in this sector, further supporting the goal of universal sanitation services in Brazil.

There are significant opportunities for growth in this sector: today, only 6% of all Brazilian municipalities are supplied with basic water sanitation services by private companies. Despite the very low market penetration, 20% of all investments in this sector are provided by private companies.

Water treatment station in Uruguaiana, Rio Grande do Sul





# OUROVERDE

**In July 2019, Brookfield completed the acquisition of 100% of the equity capital of Ouro Verde, a leading Brazilian heavy equipment and light vehicle leasing and fleet management company. The investment decision was driven by a combination of unique characteristics: the company is the only one in the Brazilian sector with light and heavy vehicles in its portfolio; it has 46 years of experience; it adopts a full service model including technological solutions as well as fleet, services and labor outsourcing; it has nationwide coverage; and has more than 200 corporate clients from various sectors of the economy.**

Following the acquisition by Brookfield, Ouro Verde focused on the revision and upgrading of governance processes, compliance and an improvement in the quality of senior management. In addition, Brookfield’s investments will be instrumental in the recovery of the financial health of the company and preparing it for a new phase of sustainable growth.

With approximately BRL 1 billion in contracted revenue for the next five years, today the business is organized around three divisions: leasing of heavy equipment and machines, outsourcing of light vehicles, and the sale of light and heavy assets.

The market for the heavy equipment and machinery leasing unit is primarily in the agricultural,

sanitation, infrastructure, civil construction, forestry, mining, and port segments. The company offers these sectors such equipment as trucks, tractors, bulldozers, wheel loaders, forklift trucks, tow trucks, backhoe loaders, graders, planting and harvesting equipment, among others.

In the outsourcing of light vehicles, Ouro Verde works with vehicles of various types, notably offering value added services such as the monitoring of assets, management of fuel consumption and other services. For example, the Ouro Fleet management platform provides data on refueling, telemetry, penalty fines, claims and maintenance lending greater agility for client decision making.

BRL2.0B

IN ASSETS UNDER MANAGEMENT

22,400

VEHICLES AND EQUIPMENT

+200

CORPORATE CLIENTS



LETTER FROM THE CEO	BROOKFIELD AROUND THE WORLD	BROOKFIELD IN BRAZIL	INFRASTRUCTURE	PRIVATE EQUITY	RENEWABLE POWER	REAL ESTATE	SUSTAINABLE RESOURCES	ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT	COMBINED FINANCIAL INFORMATION
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In the buying and selling of light and heavy assets, Ouro Verde updates the fleet upon renewal or termination of contractual agreements. The vehicles and equipment that are returned to the company may be sold in the wholesale market (resellers and concessionaires), directly to the user (in the case of light vehicles) and

in the retail sector, always seeking fair and attractive values. The company also has a business unit known as Ouro Verde Revenda, which helps clients that have their own fleet, with the purchase of semi-new vehicles, machines and equipment which are sold using Ouro Verde's own internal sales force.

OUTLOOK

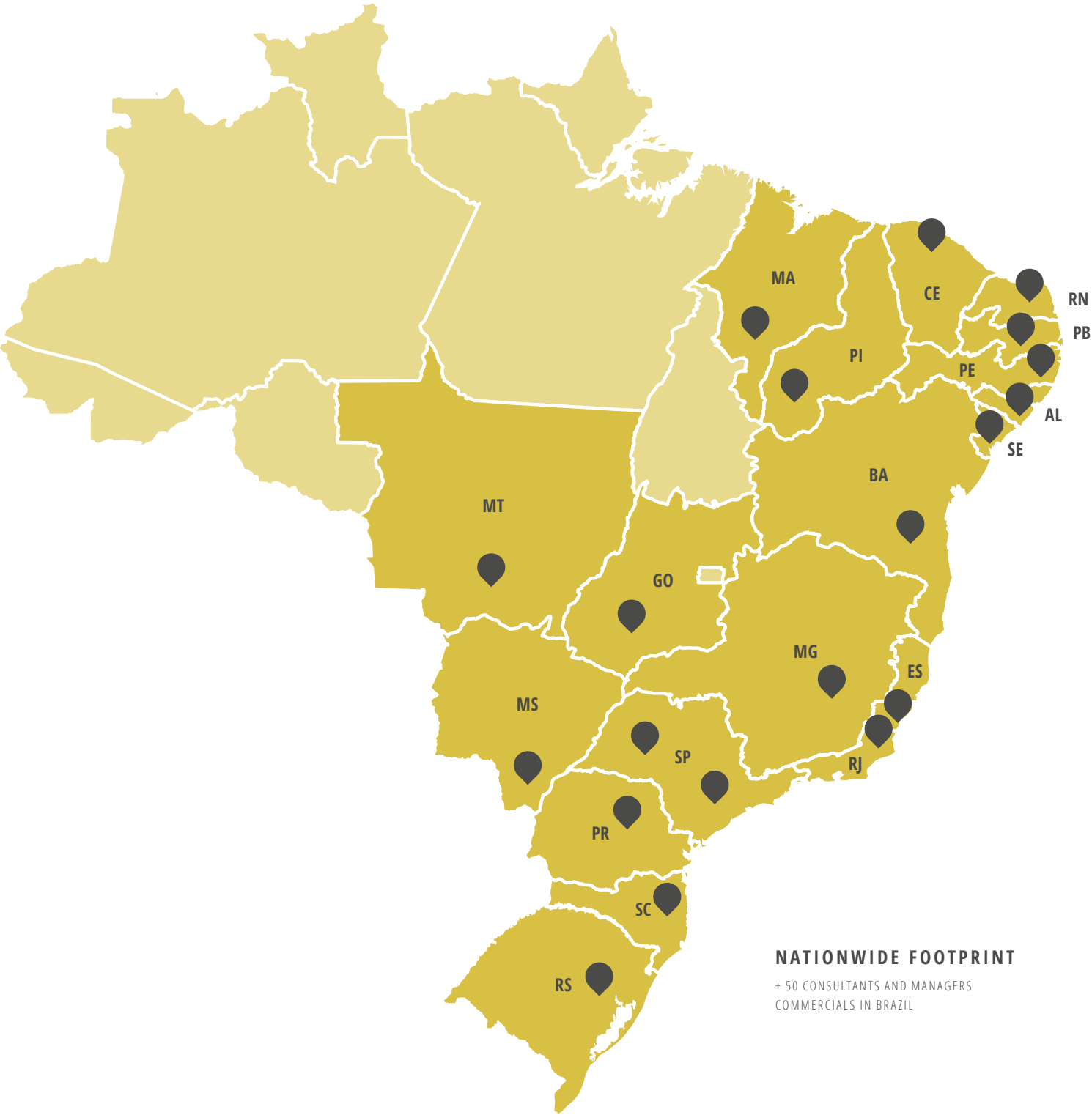
The Brazilian fleet outsourcing market indicates major growth opportunities. It is estimated that while Brazilian companies outsource about 7% of their vehicles and equipment, in countries such as the United Kingdom and the Netherlands, these percentages are between 47% and 58%.

To capture these opportunities, today Ouro Verde offers a renewed business environment with a high service capacity throughout Brazil, a diversified light and heavy vehicle fleet and value-added technological services.

The tendency is for more companies to discover the advantages of fleet outsourcing: these including greater

capital availability, flexibility in increasing the number of vehicles and equipment, gains in efficiency and centralization of operational control, among others.

Over the next few years, the company will adopt a strategy to strengthen its balance sheet and working with credit sources on new financing alternatives, improve the pricing process and monitoring assets, implement operational improvements, expand the offering of technological solutions, and expand its client base. There are also opportunities for business with group companies such as toll road, power, construction, agricultural and forestry sectors.







**Tegra is one of the leading developers in the residential real estate market with 41 years of activity in the São Paulo, Rio de Janeiro and Campinas markets. Since its foundation, it has delivered approximately 100,000 residential real estate units, equivalent to 24 million square meters of constructed area.**

In 2019, the company registered BRL 1.8 billion in Overall Sales Value (VGV), 26% higher than 2018. This result can be ascribed largely to factors such as the overall economic recovery, a decline in interest rates, allowing more households access to mortgage credit.

In the same year, Tegra executed its sales more efficiently, significantly reducing its inventory of concluded properties. Total sales were about BRL 1.3 billion. We expect that as low margin real estate is eliminated from the balance sheet and the company launches higher margin projects, we will see a positive impact on future results.



Facade of the Viso Moema Building, São Paulo

In 2019, all developments were delivered within the contractual term, an indication of the company's commitment of adhering to agreements entered with clients. Tegra is now communicating the progress of construction work with greater transparency, displaying on the front of its developments the planned schedule with progress made in execution. Again, as part of its good sustainability practices and public relations with the surrounding community, the company has also implemented socio-environmental panels with indicators of water and electricity consumption, generation of waste, job creation, among others, on all its new developments.

Tegra continues to build up an efficient landbank, selecting land which satisfies the parameters stipulated by the company, based on market intelligence. Thus, eventual spikes or troughs in market demand do not significantly affect Tegra's purchasing strategy. In 2019, the company invested BRL 244 million in the acquisition of land to form a landbank with a VGV of BRL 5.1 billion.

BRL5.5B

IN ASSETS UNDER MANAGEMENT

24M

M² OF CONSTRUCTED AREA

100,000

UNITS DELIVERED BY 2019

Sartoria Taquaral Building, Campinas



OUTLOOK

Tegra is a company alert to transformations in the real estate market, consumer profiles and consumption habits. With a strategy, based strongly on market intelligence, the company is well prepared to capture growth opportunities.

In support of this strategy, the company has also implemented changes to its sales model and aligned to digital transformation with the aim of reaching potential clients with greater effectiveness.

The Dissolution of Real Estate Acquisition Agreements Law (Federal Law 13.786/18) continues to exercise an important role in providing legal certainty to agreements, rebalancing purchase and sale relations within the scope of a new regulatory framework.

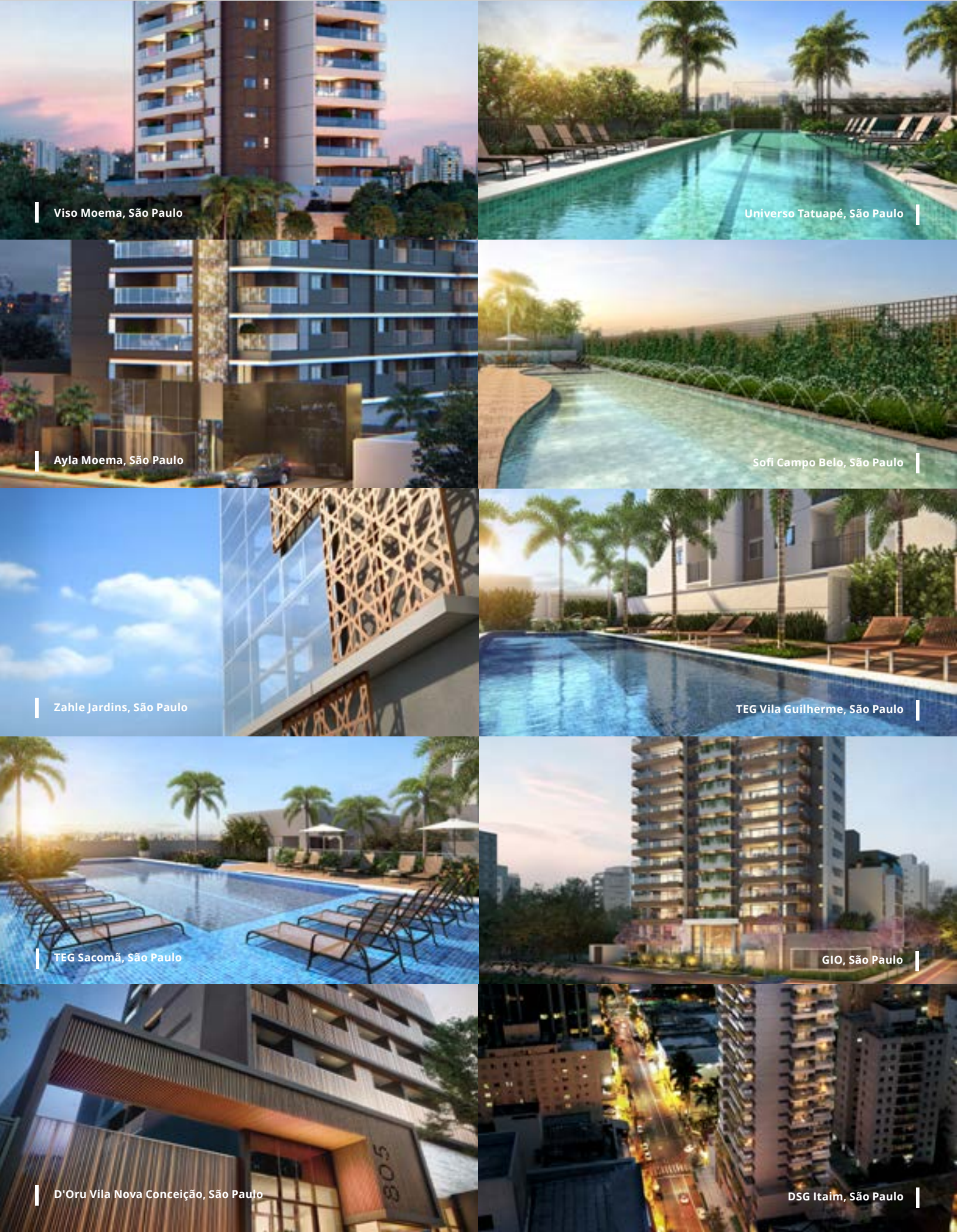


Since 2018, Tegra's urban development unit has been operating under the Tamboré Urbanismo brand, focused on the development of residential subdivisions. The unit has more than 3 million square meters in proprietary and contracted businesses, to be developed over the next few years and currently concentrated in the states of São Paulo, Rio de Janeiro, Minas Gerais, and Mato Grosso do Sul.

In 2019, Tamboré Uberlândia was launched, reporting strong sales with approximately 50% of these concluded in just one weekend and nearly 90% in one month. With a VGV of BRL 60 million, the TU development has 282,000 square meters and 346 residential subdivisions

Total sales in 2019 were BRL 47.5 million of proprietary VGV.

Currently, the Tamboré Urbanismo landbank is made up of approximately BRL 1.4 billion VGV with the potential to be increased by R\$ 550 million with land where there are already option agreements. The choice of the cities for the acquisition of land takes into consideration factors such as a high human development index, proximity to state capitals and demographic aspects indicating a need for expanding residential areas.





# Global acquisitions with operations in Brazil

In the past few years, Brookfield has made significant global acquisitions of companies that operate in Brazil via subsidiaries in segments such as advanced battery manufacturing, services to the offshore oil production industry and road fuel distribution.

## CLARIOS

Clarios is a market leader in smart energy storage and in batteries for vehicles. They supply more than a third of the world's automotive batteries, producing over 150 million batteries annually. Manufacturing a product used in all types of vehicle from the conventional to the electric, the company is able to capitalize on market trends such as the growth in self-driving vehicles where more sophisticated

storage solutions are required. The Clarios business model is fully sustainable: the company designs batteries with 99% reusable material, produces, and collects spent products and then recycles.

In Brazil, Clarios has manufacturing facilities located in São Paulo, as well as operations in Minas Gerais and Pernambuco. Its main Brazilian battery brand is Heliar.



Clarios battery factory, São Paulo



Fuel transport, Greenenergy

## GREENENERGY

Greenenergy is a road fuel distribution company that operates around the world to source and supply fuel to its customers, mostly located in the United Kingdom, Canada and Brazil. The company also offers management of the fuels supply chain, including storage, transportation and other activities. Greenenergy is the principal supplier of highway fuels to the United Kingdom and the largest manufacturer of biodiesel from waste oils in Europe.

Greenenergy has operated in Brazil for more than ten years, initially exporting ethanol and more recently, as an importer of diesel fuel for domestic distributors. The company supplies its customers through terminals at Santos and Paranaguá.

## TEEKAY OFFSHORE

Teekay Offshore is a leading global energy infrastructure services provider primarily focused on the ownership and operation of critical infrastructure assets in offshore oil regions of the North Sea, Brazil and the East Coast of Canada. The company has consolidated assets totaling approximately US\$ 5.2 billion, comprised of approximately 60 assets, including floating production, storage and offloading (FPSO) units, shuttle tankers, towing vessels, among others.

The company's Brazilian operations are located in Rio de Janeiro, Macaé and Aracaju.

In May 2019, Brookfield acquired the remaining 49% of Teekay Offshore through the acquisition of Teekay Corporation's remaining interest in Teekay Offshore. Additionally, in January 2020, Brookfield privatized Teekay Offshore for an aggregate investment of US\$165 million. With the aim of presenting its new vision and identity, Teekay Offshore rebranded to Altera Infrastructure L.P. in March 2020.



Floating production, storage and transfer unit (FPSO) Libra Pioneer, Teekay Offshore



# Renewable Power

Brookfield is one of the largest global investors and operators in the generation of electric power from renewable sources. Its portfolio includes 44 hydroelectric plants, 19 wind farms and four biomass installations, equivalent to an industrial capacity of approximately 1,600 MW. The assets under management total BRL 16 billion.

In terms of power generation projects developed in 2019, one of the highlights was the completion of work on the Verde 4A hydroelectric plant in Água Clara (MS), with an installed capacity of 19 MW and an investment of BRL 200 million. In addition, with an injection of more than BRL 150 million, work began on the construction of the Foz do Estrela SHP in the municipal district of Coronel Domingos Soares (PR). This new plant has an installed capacity of 29.5 MW and two generator units.

Despite a less than favorable year in terms of both hydrology and wind, Brookfield Energia Renovável reported positive financial results, with revenues from power generation operations of BRL 1.6 billion in 2019 and EBITDA of BRL 1.2 billion. The renewable power commercial portfolio currently has 100 direct clients, the majority of which are in the retail (21%) and agribusiness (18%) sectors.

The company's performance is related, among other things, to: the high technical capacity of its professionals; ongoing gains in efficiency in both planning and operations; the use of technologies such as big data and artificial intelligence; the team's efforts to guarantee the uptime of the assets; maintenance of the client portfolio with long-term agreements; and the management of risk, which involves the protection of prices using an effective hedging strategy.

Sacre Hydroelectric Power Plant, Mato Grosso



LETTER FROM  
THE CEOBROOKFIELD  
AROUND THE  
WORLDBROOKFIELD  
IN BRAZIL

INFRASTRUCTURE

PRIVATE EQUITY

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INFORMATION

R\$16.0B

IN ASSETS UNDER MANAGEMENT

+1.6GW

OF INSTALLED CAPACITY

67 assets,

INCLUDING 44 HYDROELECTRIC POWER PLANTS, 19 WIND  
FARMS AND 4 COGENERATION AND BIOMASS-FIRED PLANTS

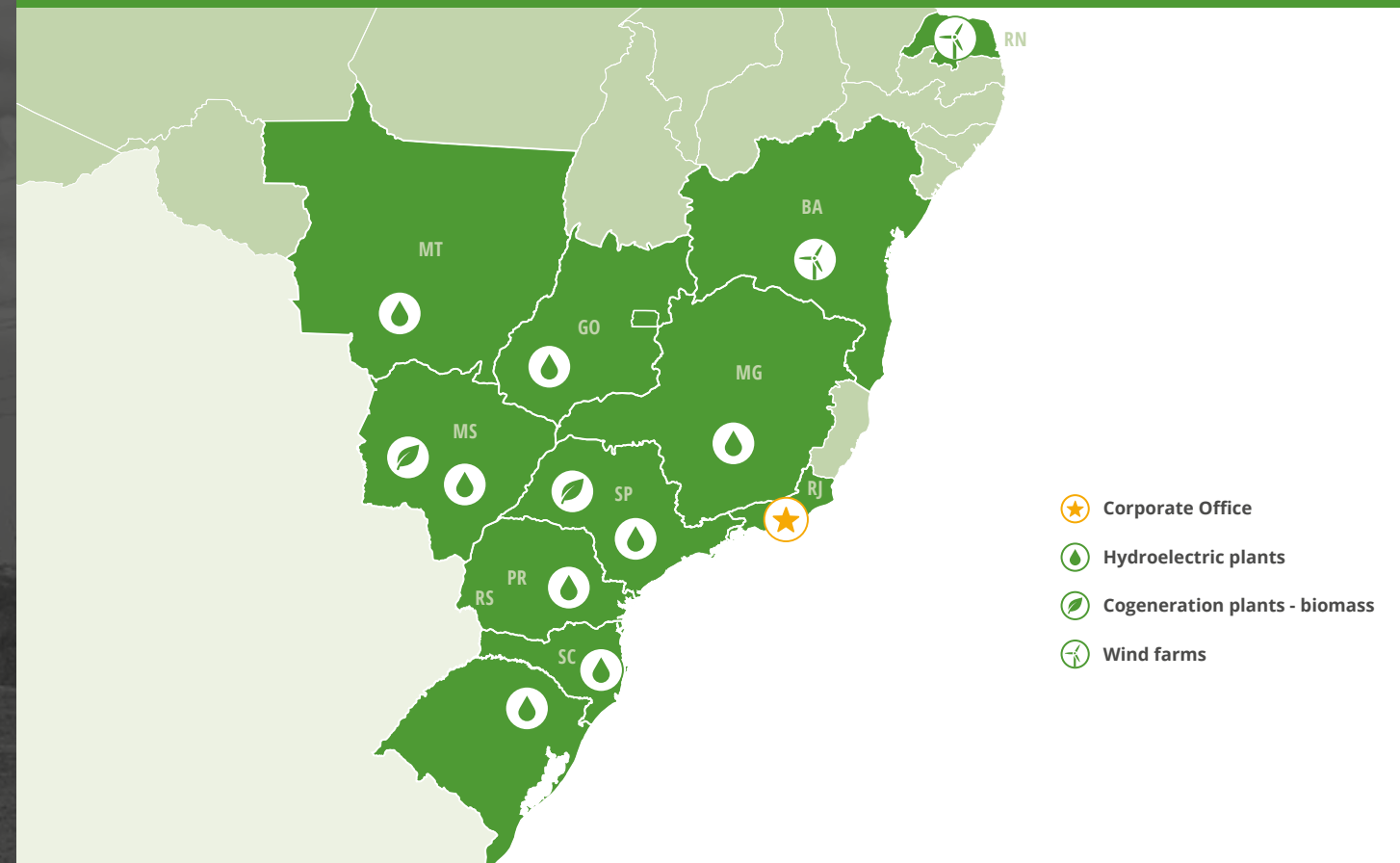
## OUTLOOK

This year (2020) marks Brookfield Energia Renovável's first investment in solar power in Brazil. Early in the year, the company acquired a set of solar power projects in the Northeast, marking its entry in the photovoltaic sector. This investment includes nine pre-operational solar parks installed in Limoeiro do Norte (CE) with a total capacity of 278 megawatts. Construction is to begin in the first half of 2020 and be completed in late 2021.

Solar power currently accounts for just 1.66% of the overall Brazilian power generation matrix. However, with the increasing economic feasibility of photovoltaics, the company expects this percentage to increase. As an example, for the first time in the 2019 federal government auctions for contracting projects, pricing for solar power was more attractive than wind farms and hydroelectric power plants.

With respect to the regulatory environment, important discussions continue on electric sector modernization; the hourly tariff involving price differentiation for electric power according to the utilization period; and GSF (Generation Scaling Factor) or hydrological risk – namely the difference between hydro-generation and assured power. The company plans to be proactive in all these areas, fostering dialog with sector organizations, raising points for analysis, and providing qualified technical information to promote fair decisions for the business environment.

Particularly relevant in 2019 was the company's success in extending the concession at all its hydroelectric facilities for an additional 20 years, thus contributing to the consolidation of a long-term strategy for the business.



Renascença Wind Farm, Rio Grande do Norte





# Real Estate

Brookfield is one of the largest investors and managers in real estate assets in Brazil, with BRL 10.2 billion under management. These investments include high-end commercial office buildings, logistics parks and shopping centers.

COMMERCIAL BUILDINGS

LOGISTICS PARKS

SHOPPING CENTERS



# Commercial buildings

**In 2019, Brookfield Properties completed the acquisition of five office buildings, totaling 100,000 square meters of leasable area for BRL 1.3 billion, adding to its portfolio of high-end assets. The seller of these buildings acquired from Brookfield a wholly-owned interest in two projects – MV9, in Rio de Janeiro, and Cidade Jardim, in São Paulo, along with 20% of the Senado (RJ) project, for BRL 670 million.**

Three of the five buildings Brookfield acquired are located in the city of São Paulo – including BFC, on Paulista Avenue; Eldorado Business Tower, on the Marginal Pinheiros; and Morumbi 8200, on Morumbi Avenue. The remaining two buildings are located in the city of Rio de Janeiro – Torre Almirante and Edifício Flamengo.

With a focus on identifying opportunities for recycling invested capital, at the end of 2019 Brookfield closed on the sale of D and E office towers in the JK Iguatemi Complex. Together these properties total 35,000 square meters of leasable area in the district of Vila Olímpia, in the city of São Paulo. The sale was valued at BRL 1 billion and resulted in an excellent return on investment. Additionally, the transaction was executed at 5.1%, the lowest cap rate in the history of the commercial office market in Brazil.

The company acquired the Passeio Paulista, a project under development in São Paulo, with a leasable area of 48,000 square meters. Brookfield Properties acquired 69% of the project and final payment is subject to the issuance of the occupancy certificate. The acquisition is expected to be completed by May 2022.

One of the highlights of the year was the strong occupancy rates of the high-end office projects in São Paulo. Brookfield Properties reported 63,478 sqm and 50,987 sqm of gross and net absorption respectively, corresponding to a 31% market share of the overall market of São Paulo. The 17007 Nações building, for example, considered one of the best office projects in São Paulo with 65,000 sqm,



## BRL7.9B

IN ASSETS UNDER MANAGEMENT

## ~385,000

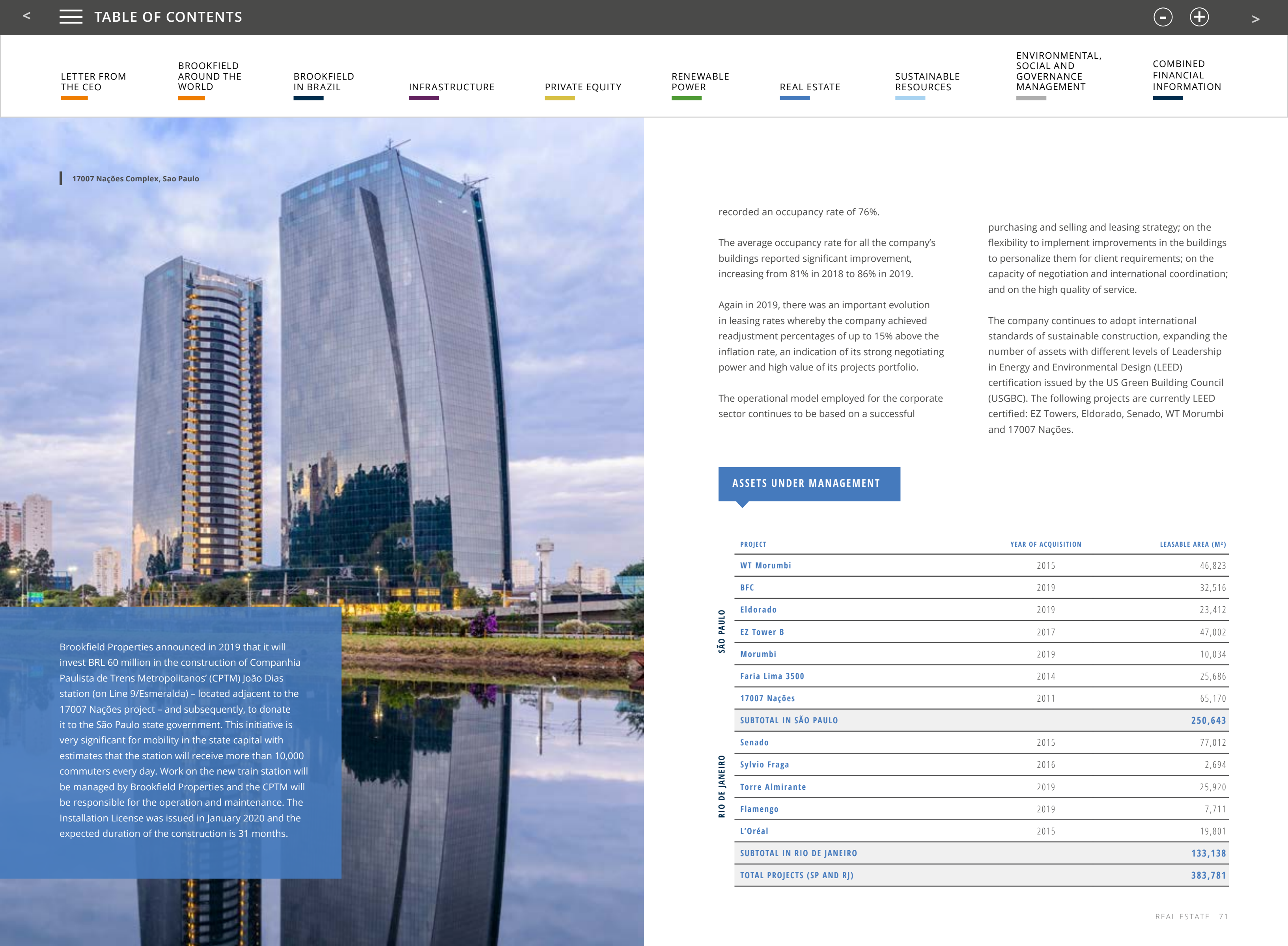
SQM OF LEASABLE AREA IN OFFICES

## 12

BUILDINGS

EZ Towers Complex, Tower B, São Paulo





LETTER FROM  
THE CEO

BROOKFIELD  
AROUND THE  
WORLD

BROOKFIELD  
IN BRAZIL

INFRASTRUCTURE

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17007 Nações Complex, Sao Paulo

Brookfield Properties announced in 2019 that it will invest BRL 60 million in the construction of Companhia Paulista de Trens Metropolitanos’ (CPTM) João Dias station (on Line 9/Esmeralda) – located adjacent to the 17007 Nações project – and subsequently, to donate it to the São Paulo state government. This initiative is very significant for mobility in the state capital with estimates that the station will receive more than 10,000 commuters every day. Work on the new train station will be managed by Brookfield Properties and the CPTM will be responsible for the operation and maintenance. The Installation License was issued in January 2020 and the expected duration of the construction is 31 months.

recorded an occupancy rate of 76%.

The average occupancy rate for all the company’s buildings reported significant improvement, increasing from 81% in 2018 to 86% in 2019.

Again in 2019, there was an important evolution in leasing rates whereby the company achieved readjustment percentages of up to 15% above the inflation rate, an indication of its strong negotiating power and high value of its projects portfolio.

The operational model employed for the corporate sector continues to be based on a successful

purchasing and selling and leasing strategy; on the flexibility to implement improvements in the buildings to personalize them for client requirements; on the capacity of negotiation and international coordination; and on the high quality of service.

The company continues to adopt international standards of sustainable construction, expanding the number of assets with different levels of Leadership in Energy and Environmental Design (LEED) certification issued by the US Green Building Council (USGBC). The following projects are currently LEED certified: EZ Towers, Eldorado, Senado, WT Morumbi and 17007 Nações.

ASSETS UNDER MANAGEMENT

	PROJECT	YEAR OF ACQUISITION	LEASABLE AREA (M²)
SÃO PAULO	WT Morumbi	2015	46,823
	BFC	2019	32,516
	Eldorado	2019	23,412
	EZ Tower B	2017	47,002
	Morumbi	2019	10,034
	Faria Lima 3500	2014	25,686
	17007 Nações	2011	65,170
	SUBTOTAL IN SÃO PAULO		250,643
RIO DE JANEIRO	Senado	2015	77,012
	Sylvio Fraga	2016	2,694
	Torre Almirante	2019	25,920
	Flamengo	2019	7,711
	L’Oréal	2015	19,801
	SUBTOTAL IN RIO DE JANEIRO		133,138
	TOTAL PROJECTS (SP AND RJ)		383,781



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RESOURCESENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE  
MANAGEMENTCOMBINED  
FINANCIAL  
INFORMATION

BROOKFIELD ANNUAL REPORT 2019/2020

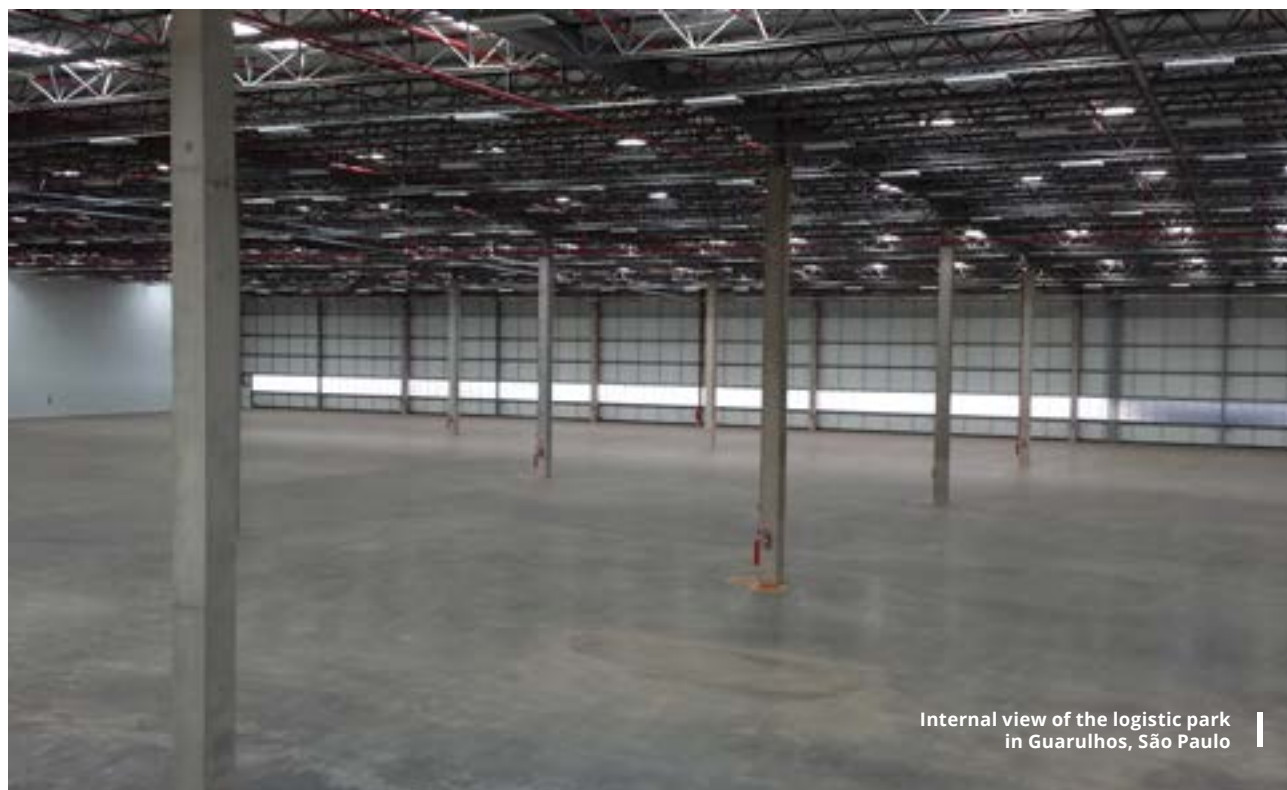
REAL ESTATE

# Logistics parks

In 2019, Brookfield acquired a site for a logistics park development totaling 108,000 square meters in the city of Barueri (SP), a region with the highest land values for logistics assets in the state of São Paulo. The property previously belonged to the Federal Government and was bought through an auction process. The value of the acquisition was BRL 160 million and the total development cost will be BRL 308 million. Delivery is forecast to take place in two stages, the first in June 2021 and the second, April 2022.

Brookfield made its first investment in the logistics sector in 2018, when the group acquired two important projects worth BRL 425 million. One is situated in Cabreúva (SP), close to the Anhanguera highway and consists of BOMA standard area of more than 136,000 sqm, as well as 25,000 sqm for development using the built to suit (BTS) model. The

second is in Guarulhos (SP), close to the international airport with access to several interstate highways and consists of more than 56,000 sqm of BOMA standard area. In 2019, the company executed modernization work on the design of both logistics parks in an effort to make them more attractive to clients and consequently contribute to occupancy rates.



Internal view of the logistic park  
in Guarulhos, São Paulo



## ~BRL510M

IN ASSETS UNDER MANAGEMENT

## ~300,000

SQM OF LEASABLE AREA

## 130,000

SQM OF DEVELOPMENT POTENTIAL

Logistic park in Cabreúva, São Paulo



# Shopping Centers

Since the 1980s, Brookfield has been investing in large commercial centers in São Paulo and Rio de Janeiro, regions in which the larger part of the Brazilian GDP is concentrated. We currently have stakes in five shopping centers in Brazil, corresponding to an area of 190,000 square meters of proprietary gross leasable area and about BRL1.8 billion in assets under management.

The company's portfolio in Brazil currently includes Pátio Paulista and Pátio Higienópolis in São Paulo, and the Rio Sul, Leblon and Madureira malls in the city of Rio de Janeiro. In 2019, Brookfield sold its stakes in the West Plaza and Raposo shopping centers in São Paulo, totaling approximately 64,000 square meters in gross leasable area.



**BRL1.8B**  
IN ASSETS UNDER MANAGEMENT

**~190,000**  
SQM OF LEASABLE AREA

**5**  
SHOPPING CENTERS

Images: Internal views of Pátio Higienópolis mall, São Paulo



LETTER FROM THE CEO	BROOKFIELD AROUND THE WORLD	BROOKFIELD IN BRAZIL	INFRASTRUCTURE	PRIVATE EQUITY	RENEWABLE POWER	REAL ESTATE	SUSTAINABLE RESOURCES	ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT	COMBINED FINANCIAL INFORMATION
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General view of Botafogo in the city of Rio de Janeiro with the Rio Sul mall in the lower right corner

ASSETS UNDER MANAGEMENT

	PROJECT	YEAR UNVEILED	GROSS LEASABLE AREA (M²)
SÃO PAULO	Pátio Paulista	1989 (Paulista I) and 2016 (Paulista II - Expansion)	41,357
	Pátio Higienópolis	1999 (Higienópolis I) and 2010 (Higienópolis II - Expansion)	33,820
	SUBTOTAL IN SÃO PAULO		75,177
RIO DE JANEIRO	Rio Sul	1980	51,945
	Leblon	2006	26,547
	Madureira	1989	37,152
	SUBTOTAL IN RIO DE JANEIRO		115,644
	TOTAL PROJECT (SP AND RJ)		190,821

OUTLOOK

With respect to commercial office buildings, Brookfield will continue to invest in various projects, whether already constructed (brownfield) or under development (greenfield). The company will maintain its focus on attracting new tenants and maintaining high levels of occupancy in its buildings. Forecasts are calling for a decline in cap rates in the light of the decline in interest.

New projects in the pipeline include the logistics parks, which have been structured to significantly expand their operations.

Facade of Pátio Paulista mall, São Paulo



LETTER FROM  
THE CEO

BROOKFIELD  
AROUND THE  
WORLD

BROOKFIELD  
IN BRAZIL

INFRASTRUCTURE

PRIVATE EQUITY

RENEWABLE  
POWER

REAL ESTATE

SUSTAINABLE  
RESOURCES

ENVIRONMENTAL,  
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FINANCIAL  
INFORMATION

# Sustainable Resources

Brookfield has been investing in sustainable resources in Brazil for 40 years, with 665,000 acres dedicated to agricultural activities and approximately 680,000 acres in forestry investments. In partnership with other Brazilian investors, Brookfield operates in nine states, directly employing 1,500 people. Currently, Brookfield has BRL 7 billion in assets under management in this sector.

Soybean crop, Bacuri Farm, Maranhão

AGRICULTURE

TIMBERLANDS



LETTER FROM THE CEO	BROOKFIELD AROUND THE WORLD	BROOKFIELD IN BRAZIL	INFRASTRUCTURE	PRIVATE EQUITY	RENEWABLE POWER	REAL ESTATE	SUSTAINABLE RESOURCES	ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT	COMBINED FINANCIAL INFORMATION
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# Agriculture

Brookfield has more than 30 years’ experience in investing and operating assets in Brazil with 665,000 acres of land distributed across seven Brazilian states, including Goiás, Maranhão, Mato Grosso, Mato Grosso do Sul, Minas Gerais, São Paulo and Tocantins. Of this total area, there are more than 370,000 acres of arable land, including grains (221,000 acres, including second crop area), sugar cane (65,000 acres), ranching (~90,000 acres) and other uses, covering a total of 22 rural properties.

In 2019, Brookfield’s agricultural operations generated gross revenue of BRL 367 million, representing an increase of 6% compared with 2018, due to the improvement in operations involving the second corn crop, among other factors. Consolidated EBITDA declined approximately 15% versus the record year of 2018, primarily due to the increase in the price of inputs combined with the decline in soybean prices, the main product contributing to total revenue.

In 2019, grain output rose 18.0% compared with 2018, reaching 333,200 tons. Over the course of 2019, there was considerable focus on increasing the productive potential of the soil under management through improved productivity and resistance to unfavorable weather conditions. From the operational point of view, new technologies continue being implemented including better use of agricultural pesticides, and technical innovations in planting, among others.

Operationally, the Brazilian 2018/2019 grain crop totaled 242 million tons, an increase of 6% over the 2017/2018 crop. Soybean production reached 115 million tons, the second largest production of soybeans ever reported by the National Supply Company’s (Conab) historic series. In parallel with this result, oilseed exports were 74 million tons in 2019, with China being the principal importer and accounting for more than 70% of all shipments.



Soy plantation, Bacuri Farm, Maranhão

BRL3.5B

IN ASSETS UNDER MANAGEMENT

~665,000

ACRES GIVEN OVER TO AGRI-BUSINESS

333,000

TONS OF GRAIN PRODUCED IN 2019

Sugarcane plantation, Bartira Farms, São Paulo



OPERATIONAL INDICATORS

	2015	2016	2017	2018	2019	% 2018 X 2019
Acreage under management including environmental reserve (000s)	600.9	600.9	664.7	665.2	664.9	-
Acreage planted to grains (in thousands)	191.7	197.7	185.8	217.9	221.4	1.6%
Acreage planted to sugarcane (000s) <i>in areas of proprietary operations and leased to third parties</i>	44.2	49.4	54.4	56.8	64.7	13.9%
Acreage dedicated to ranching (000s)	106.3	107.0	98.8	95.1	89.9	-5.5%
Grain production (000s tons) <i>in areas under management – first and second crops</i>	215.3	198.2	237.3	282.3	333.2	18.0%
Sugarcane production (000s tons) <i>area of proprietary operations only</i>	363.5	270.4	274.1	303.2	254.0	-16.2%
Cattle sales (000s head)	16.4	15.5	16.4	14.9	13.8	-7.4%

Note: the years refer to the harvest in which revenues were generated for each type of product.

OUTLOOK

While the international situation remains challenging, the domestic market is expected to contribute positively to results in 2020 due to a forecasted improvement in macroeconomic indicators such as the low basic rate of interest, as well as lower inflation rates, which will help drive domestic demand.

As weather conditions stabilize and phenomena like El Niño and La Niña are not expected this year, Conab is forecasting a record crop in 2020 of 248 million tons of grain, a 2% greater volume than the previous year’s harvest. In the case of soybeans, estimates are calling for an increase of 3% in cultivated area and 6% increase in production to 122 million tons. Corn output is expected to remain at 2019 levels, approximately 100 million tons.

The government statistics office (Instituto Brasileiro de Geografia e Estatística - IBGE) in its third projection of agricultural output, is also pointing to a 0.7% increase over the 2019 crop. They are also estimating soybean output increasing by 7.8% relative to 2019, totaling 122.4 million tons. If this forecast becomes a reality, Brazil will report a record output of soybeans and become the largest grain producer in the world, ahead of the United States. The state of Mato Grosso should account for 28% of total Brazilian output.

Harvesting and replanting equipment

GREENHOUSE GAS EMISSIONS INVENTORY

Brookfield’s agricultural operations developed its greenhouse gas inventory (GHG) for quantifying and reporting emissions arising from production and commercial activities, as well as verifying whether the carbon capture at the farms is higher than emissions.

The sites reflected in the inventory are located in the states of São Paulo, Minas Gerais, Mato Grosso,

Mato Grosso do Sul, Tocantins and Maranhão. In line with GHG Protocol and methodology, the survey found that during the period from July 1, 2017 and June 30, 2019, 624,069 tons of CO<sub>2</sub>e were captured from the atmosphere – the volume calculated based on direct emissions of CO<sub>2</sub> (scope 1) totaling 281,100 tons of CO<sub>2</sub>e, and the removal of 905,169 tons of CO<sub>2</sub>e arising from indirect processes (scope 2), as a result of a change in the use of soil, regeneration of native vegetation and green manuring.





# Timberlands

Brookfield has been operating in sustainable forestry management for more than 40 years in Brazil with investments in reforestation assets that have the capacity to meet the requirements of a broad range of sectors, particularly pulp industries, industrial gas, civil construction, silicon metals and steel.

Forestry activities are distributed in the states of Bahia, Espírito Santo, Minas Gerais, Mato Grosso do Sul and São Paulo, amounting to BRL 3.5 billion in assets under management. The total forestry area covers approximately 680,000 acres of land.

Between 2018 and 2019, sales increased by 39% due to the initial harvest of eucalyptus from one of the

company's farms that was previously put out entirely to pasture. Sales volume in 2019 was 1.2 million cubic meters of wood logs and 22.2 thousand tons of charcoal. The sales strategy continues to be based on the diversification of industries, particularly the pulp sector. In 2019, the latter accounted for 58.8% of sales, followed by industrial gases (22.8%), silicon metals (11.0%) and steel (7.4%).



BRL3.5B

IN ASSETS UNDER MANAGEMENT

~680,000

ACRES IN LAND FOR FOREST PLANTATIONS

9

REFORESTATION AREAS DISTRIBUTED IN FIVE STATES

Reforestation area, Minas Gerais



LETTER FROM THE CEO	BROOKFIELD AROUND THE WORLD	BROOKFIELD IN BRAZIL	INFRASTRUCTURE	PRIVATE EQUITY	RENEWABLE POWER	REAL ESTATE	SUSTAINABLE RESOURCES	ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT	COMBINED FINANCIAL INFORMATION
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In the state of Mato Grosso do Sul, the company operates largely in the pulp sector during the year, preserving its competitiveness and high levels of productivity. In 2019, the high volumes of pulp stock caused a 10% reduction in average pulp prices. Despite this, Brookfield has made no changes to its forecasts, given the medium-term agreements it has with two of the largest pulp producers in Brazil.

In the state of Minas Gerais, recovery of the forestry sector has been driven by higher output in the steel and automotive sectors. Although vehicle production was only 2% higher year-on-year, sales in the domestic market rose 9% compared with 2018, a reflection of the improvement in the country’ economy. Pig iron output in the state was up 9% from 2018, with the main commercial focus on the export market (sales 50% more than 2018).

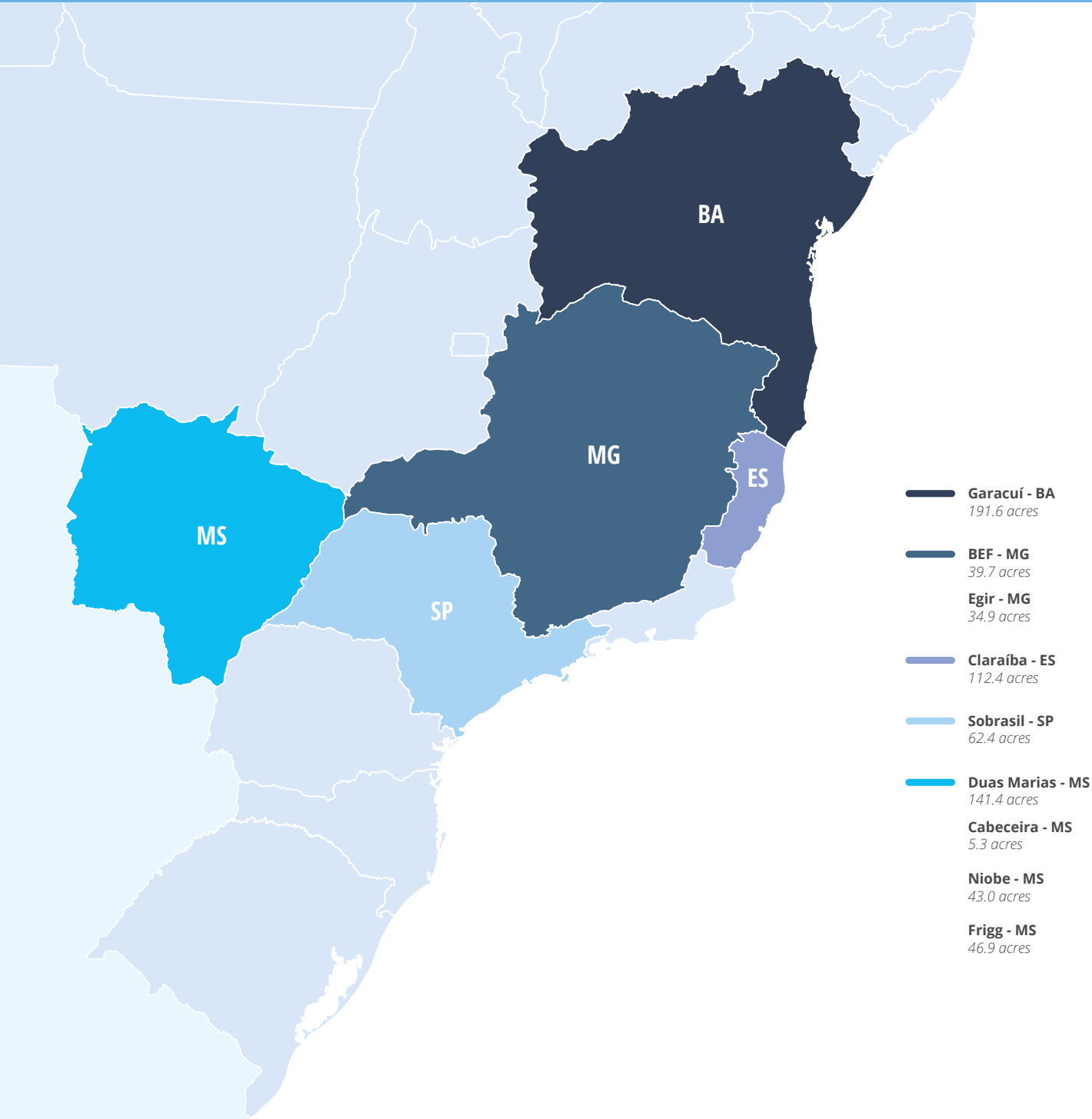
OPERATIONAL INDICATORS

	2015	2016	2017	2018	2019	% 2018 X 2019
Acreage under management (000s)	716.6	716.6	714.1	694.4	682.0	-2%
Acreage of arable land (000s)	442.3	454.6	446.3	447.2	442.3	-1%
Acreage of eucalyptus (000s)	318.7	383.0	375.6	422.5	400.3	-5%
Acreage of pine forest	9.8	9.8	9.8	11.2	6.4	-42%
Area available for planting	113.6	61.7	58.8	34.6	34.5	-

OUTLOOK

Commercially, Brookfield will continue to pursue its strategy of diversification within industries served, with forecasts that the pulp sector will continue to be at the forefront of sales. The group

expects to see growth in this market, principally as a result of the harvest in Mato Grosso do Sul where output of wood is expected to be more than a million cubic meters.



Detail of wooden logs



LETTER FROM  
THE CEO

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# Environmental, Social and Governance Management

Brookfield operates its business based on a set of environmental, social and governance (ESG) principles, with a view to balancing its economic objectives with good corporate citizenship. The company's approach is based on the following set of principles and practices.

GOVERNANCE

DIVERSITY AND INCLUSION

SOCIAL AND ENVIRONMENTAL INITIATIVES



# ESG Principles

## ENSURE THE WELL-BEING AND SAFETY OF EMPLOYEES

- Employee well-being  
Meet or exceed all applicable labor laws and standards in jurisdictions where we operate, which includes respecting human rights, offering competitive wages and implementing nondiscriminatory hiring practices.
- Health and safety  
Aim to have zero serious safety incidents within our businesses by working toward implementing consistent health and safety principles across the organization.

## CONDUCT BUSINESS ACCORDING TO THE HIGHEST ETHICAL AND LEGAL/REGULATORY STANDARDS

- Governance, ethics and fairness  
Operate with high ethical standards by conducting business activities in compliance with applicable legal and regulatory requirements, and with our Code of Business Conduct and Ethics.
- Transparency  
Be accessible to our investors and stakeholders by being responsive to requests for information and timely in our communication.

## BE GOOD STEWARDS IN THE COMMUNITIES IN WHICH WE OPERATE

- Community engagement  
Engage with community groups that might be affected by our actions to ensure that their interests, safety and well-being are appropriately integrated into our decision-making.
- Philanthropy  
Encourage our employees to participate in the communities in which we operate.

## MITIGATE THE IMPACT OF OUR OPERATIONS ON THE ENVIRONMENT

- Environmental stewardship  
Strive to minimize the environmental impact of our operations and improve our efficient use of resources over time.



Hydroelectric power plant Sacre, Mato Grosso



# Governance

Over the past few years, Brookfield has undertaken several initiatives related to both ethics and compliance, with the goal of strengthening and reinforcing integral and transparent relationships, reputation management of its businesses, and protecting against risks related to potential ethical violations and infringements of laws and regulations. Below are some of the practices and policies that have been implemented or are in the process of being implemented:

## GOVERNANCE POLICIES AND ANNUAL COMPLIANCE CERTIFICATIONS

The primary compliance codes and corporate policies, including the Code of Conduct, rules relating to conflicts of interests and gifts, presents, entertainment and travel, as well as the anti-bribery and corruption (ABC) Policy were updated in 2019. Every year, employees are required to review these updated documents electronically and affirm their compliance with Brookfield’s guidelines.

## TRAINING

Training is provided to all new hires upon joining and is conducted annually for all employees. Training covers the Code of Conduct and includes topics such as conflicts of interest, anti-bribery and corruption, due diligence of third parties, interaction with government officials and prevention of money laundering, among others. Training is also provided to third parties that are deemed to carry out activities considered critical to compliance, such as intermediating agents, general consultants, contractors and sub-contractors. In 2019, compliance training (onsite and online, global and local) totaled 580 hours and included 350 employees, 14 of whom are Brookfield Asset Management Managing Partners in Brazil.



## COMMITTEES AND MEETINGS

In addition to the Compliance team’s meetings in Brazil, there are two important channels for discussion and decision making with respect to ethics and integrity in the company. One of them is the Compliance Steering Committee, made up of the CEOs from the business groups. Their role is to promote a culture of compliance within our operations in Brazil. The other is the Ethics and Integrity Committee, made up of the Executive Chairman, the CEO, Legal and Compliance Officer, Internal Audit Officer and the Human Resources Manager. This Committee handles questions on ethics and conflicts of interest, compliance indicators and cases reported through the whistleblowing hotline.

## ABC PROGRAM

The anti-bribery and corruption program’s goal is to protect against, and detect acts of bribery, corruption and non-compliance with laws and regulations related to the business. The initiative is structured along three key areas: prevention, detection and response. Within this context, the Program monitors areas related to governance, risk assessment, policies, communication and training, internal controls, due diligence and analysis/reporting of results.

## RISK MANAGEMENT

As part of its anti-bribery and anti-corruption program, the company periodically undertakes a risk assessment with respect to corruption, bribery and money laundering and involves interviews with managers, site visits and data collection. The goal is to create measures for the prevention, control and mitigation of these risks, reducing the exposure of the company, as well as continuous improvement of the ABC Program.

## COMMUNICATION

The company worked to further strengthen its compliance program via electronic communications (e-mail and intranet), distributed material supporting the Compliance Attitude campaign and created an induction kit for new employees. In addition, the Compliance Management System (SGC) now has an app, which can be accessed via mobile devices, meaning employees can now access the same training, guidance documents and other resources already available on the desktop version.





MONITORING OF CRITICAL PROCESSES

On a quarterly basis, the company reviews critical processes and activities for ABC, including procurement, supplier information, contracts, payments. In 2019, this monitoring was further enhanced through the use of automated data analytics tools, which reduced time spent on manual reviews, enhanced the database and allowed the company to better target sample processes for analysis. Initially, this resource was adopted for the analysis of supplier payments and financing of social outreach programs, but it will be extended to other processes as they become automated.

DATA PROTECTION REGULATION (LGPD)

An internal project was created to address the new requirements under the Brazilian General Data Protection Regulation (LGPD). The project included an evaluation of processes as well as the data security environment, with the aim of ensuring compliance with the government's new rules. In partnership with KPMG, the company held four workshop sessions to train employees.



HIGHLIGHTS

OURO VERDE

Following its acquisition by Brookfield in July of 2019, Ouro Verde has begun a rigorous process of alignment to global compliance practices, known as the "100-day Plan." During this period, the company carried out the preparation, review and disclosure of policies and standards, revised procedures, provided compliance training to all employees, launched communication campaigns and began monitoring and reporting indicators related to compliance, reviewed contractual clauses, carried out an ABC risk assessment, and implemented the Brookfield Ethics and Compliance Committee and the Confidential Channel, among others.



BRK AMBIENTAL

In 2019, BRK Ambiental became a signatory to both the Corporate Pact for Integrity and the Anti-Corruption Initiative of the United Nations Global Compact, which was highlighted in the Exame Compliance Guide, a leading business and finance magazine in Brazil. This recognition reflects, among other factors, BRK's robust ABC Program. The company has also adopted a series of best practices, such as awards to employees for outstanding conduct in relation to compliance (25 awards in 2019) and Compliance Day, an event for strengthening the organization's compliance culture.





# Diversity and inclusion

**Brookfield believes diversity is an important part of organizational culture, and remains committed to fostering an open, inclusive environment, offering equal opportunities for professional development.**

This philosophy includes not only Brookfield Asset Management but is also extended to its portfolio companies. To ensure this vision is put into practice, operating companies have been very focused on diversity and inclusion as well as reviewing and updating policies, procedures, goals, and management structures. Below are a few key advancements in diversity and inclusion practices in the operating businesses over the past year:

- **Brookfield Energia Renovável**

Over the course of 2019, Brookfield Energia Renovável made significant advances with respect to diversity and inclusion. For example, the company developed a Diversity Policy, established diversity targets and launched a diversity committee.

To improve employee engagement, the company established employee resource groups that focus on LGBTQ+, ethnic and gender diversity and special needs with more than 70 employees and external invitees (speakers and consultants) participating. The company also launched “TOD\_S”, a platform to ensure best practices on these themes, which resulted in the development and implementation of various initiatives.

The company has launched training on topics, such as unconscious bias and age diversity, as well as other specific skills for the Human Resources and Communications teams. The company has also



rolled out communication campaigns and organized internal events to discuss issues related to LGBTQ+ and ethnicity.

The importance of ‘allies’ in this cause was also demonstrated via partnerships with meaningful organizations such as Empodera! (consultancy for fostering diversity in large companies), Movimento Mulher 360 (Corporate Movement for the Economic Development of the Woman) and the Special Opportunities Project (support for individuals with special needs). Brookfield Energia Renovável signed a commitment with the Companies & LGBTQ+Rights

Forum and with UNO Women (United Nations entity for gender equality and empowerment of women).

All indicators to date suggest that the company is on the right track: the number of female employees increased by nearly 10% from 2018 to 2019. In the second half of 2019, women represented 58% of new hires. There was also a 15% increase in the number of employees who self-identified as black, mestizo, Asian and indigenous.

- **VLI**

In 2019, VLI created a Diversity and Inclusion group whose mission is to promote diversity and inclusion in the recruitment process, support development and retention of employees, and promote awareness and sharing within its value chain. The group focuses on five themes: special needs, gender equality, race and ethnicity, cultural generations and LGBTQ+.

One of the biggest achievements was the establishment of a corporate Diversity and Inclusion strategy, which was rolled out across the company. In addition, Diversity and Inclusion employee resources groups were established, allowing employees to exchange experiences and suggest ideas for improvement or change.

To further enhance a culture of respect and tolerance, in 2019 VLI launched the Integral Environment (Ambiente Íntegro), a training project focused on topics, such as sexual harassment, and discrimination based on race and sexual orientation – with a focus on prevention, detection and combatting potential instances. The Diversity and Inclusion theme has also been included in the Corporate University portfolio via training dedicated to leaders and within operational areas.

In the past year, VLI reached a milestone by employing 1,000 women, increasing the percentage of female staff from 17% (2017) to 29% (2019) of its total workforce. Additionally, improvements have been made to better support work-life balance for mothers,



**Larissa Cristina de Camargo, from VLI, was hired three months pregnant. Today, she uses flexible hours and home office to reconcile career and maternity**

and a mentoring program was launched to help support and prepare women for leadership roles. In 2019, 14 women participated in the program over a six-month period. Underscoring its commitment in this area, VLI is now a signatory to the UN Womens Empowerment Principles.

- **BRK Ambiental**

During the year, the company made Diversity and Inclusion a priority. A specific committee was set up, known internally as “DiversifiK.” Made up of BRK’s senior management team, this committee is responsible for providing guidance to specific employee groups in the development and implementation of diversity-related action plans. These initiatives should be a good start to more diversity-related initiatives, addressing topics such as gender, ethnicity, inclusion of people with special needs and the LGBTQ+ community.



# Social and environmental initiatives

## JUNTOS PROGRAM

For the third consecutive year, Brookfield has supported the Together for Sustainable Development Program (Programa Juntos pelo Desenvolvimento Sustentável), whose goal is to promote improvements in local and state government management. The initiative is led by Comunitas, a non-profit organization that promotes the participation of the private sector in Brazil's social and economic development.

The Together Program represents a coalition of business leaders who invest financial resources and technical skills to develop and implement various projects in partnership with municipal and state governments. Activities focus on areas, such as the development of institutional capacity, fiscal adjustment and equilibrium, economic progress and sustainability.

In 2019, these activities took place in the states of Goiás, Minas Gerais, Pará, São Paulo and Rio Grande do Sul. At the municipal level, activities were carried out in the following 24 cities: Araguaína (TO), Buriti (MG), Campinas (SP), Caruaru (PE), Colinas (RS), Curitiba (PR), Guarai (TO), Gurupi (TO), Juiz de Fora (MG), Miranorte (TO), Palmas (TO), Palmeirópolis (TO), Paraíso (SP), Paraty (RJ), Pelotas (RS), Petrolina (PE), Porto Alegre (RS), Porto Nacional (TO), Salvador (BA), Santos (SP), São Paulo (SP), São Salvador (TO), Taguatinga (DF) and Teresina (PI). The regions covered by the Program during the year have a total population of 80 million.

Among Brookfield's investees, Tegra Incorporadora, BRK Ambiental and VLI also support the Juntos Program.



Business leaders meeting of the Together Program

## MUSICAL CONNECTIONS PROJECT

The Brazilian Symphony Orchestra (OSB) has been a Brookfield community partner since 2010 and Brookfield's portfolio company, NTS, is its primary sponsor. Through this partnership, NTS and OSB have developed the Musical Connections program for musical training in the communities where NTS operates.

Musical Connections ensures that the entire community is involved with music. Local talent is selected to receive music classes from members of the OSB, teachers are trained to provide musical education and members of the public are able to enjoy free performances.

In 2019, eight municipalities in the upcountry region of the state of São Paulo took part: Paulínia, Bragança Paulista, Suzano, Guararema, Caçapava, Lorena, Guaratinguetá and Cruzeiro. In these cities, lectures were held to increase the appreciation of music, along with free performances and 180 hours of masterclasses, workshops and classes held for local musicians and teachers from the local public school network.

The OSB also held nine free performances with over 150 local performers participating in the opening performances. To close the 2019 season in November, 40 students together with the OSB, took to the stage of the Paulínia Municipal Theater in a large free concert with over 70 artists from the region taking part.

Founded in 1940, the Brazilian Symphony Orchestra is one of the most respected symphony ensembles in Brazil, recognized as the first to tour Brazil and overseas, as well as the first to offer open air concerts and projects to cultivate musical appreciation. Throughout the 2019 season, the orchestra held 36 concerts and attracted audiences of more than 90 thousand people.



Images: OSB concerts



Images: Children in class  
of the Estrela Dalva Program



ESTRELA DALVA PROGRAM

Since 2007, Brookfield has been supporting the Estrela Dalva Program, which prepares academically gifted children and adolescents from low-income communities in the city of Rio de Janeiro (RJ) for entry to public schools of excellence, promoting both learning and the development of behavioral skills. Overseeing this initiative is the Apontar Institute, an organization which implements projects that promote education and social-emotional assistance, ultimately improving society.

Each year, Estrela Dalva runs an exhaustive selection process for elementary school students, choosing candidates from the Program's new intake to be prepared for admission exams for entry into leading schools. In 2019, 39 schools in the municipal network of Rio de Janeiro participated in this process. Out of the total 2,351 students participating in the process, 24 were approved for admission after completing general and non-verbal intelligence tests, academic examinations and interviews.

Once admitted, these students take Portuguese, mathematics and essay writing classes, as well as preparatory studies for exams, all conducted from Monday to Friday during the second half of the school day. The preparatory process also includes a

program of various cultural events with the purpose of stimulating the development of creativity, curiosity and social interactions, together with cognitive abilities.

In 2019, a total of 70 students from ages 9 to 14 participated in the Program. In addition, two groups totaling 24 students took part in selection examinations for public schools of excellence in Rio de Janeiro, and 23 of the 24 (96%) being approved. Over its long history, the Estrela Dalva Program has assessed more than 30 thousand elementary school students from municipal schools and as of 2019, 400 students have been selected for admission.



ARTERIS PROMOTES TRAFFIC SAFETY EDUCATION  
IN PARTNERSHIP WITH SCHOOLS

As one of the leading companies in the highways concession sector in Brazil, Arteris combines its operations with a solid presence in the communities, schools and companies adjacent to its highways by promoting traffic safety awareness, citizenship and environmental conservation. One of their key programs is the Escola Arteris Project, which celebrated 18 years in operation in 2019.

Established in 2001, the Project works in partnership with the public schools, focusing on the importance of citizenship via traffic safety awareness campaigns and environmental preservation. Starting from the premise that youth is an important agent of social transformation, the project is aligned with the United Nations

Organization for Education, Science and Culture's (UNESCO) declaration of the four pillars of education: learn to know, learn to do, learn to live together and learn to be.

To date, the Escola Arteris Project has already reached more than 660 schools in the public network, and LGBTQ+ Rights provided training to more than 18,000 educators, directly impacting 315,000 students.

In addition, after nearly two decades in operation, the project has received several awards, including the Denatran Award for Traffic Education, the Mercosur Brazil Quality Award, the Social Responsibility IBTTA Award, the Road Safety Volvo Award.

Young participants in the Arteris School Project





### BRK AMBIENTAL: THE MOBILE BOOK IN THE CITY SQUARES PROJECT

Sponsored by BRK Ambiental, the Book in the City Squares project utilizes a bus that has been converted into a mobile library, transporting about two thousand books for free lending to low-income communities in Brazilian cities that lack libraries.

In 2019, the library bus visited 14 cities where BRK Ambiental has operations: Santa Gertrudes (SP), Rio Claro (SP), Limeira (SP), Sumaré (SP), Mairinque (SP), Porto Nacional (TO), Gurupi (TO), Miracema do Tocantins (TO), Colinas do Tocantins (TO), Araguaína (TO), Palmas (TO), Aparecida de Goiânia (GO), Rio Verde (GO) and Jataí (GO).

### ASCENTY PROVIDES ASSISTANCE AND EDUCATION FOR SOCIAL TRANSFORMATION

Since 2013, Ascenty has supported the São João Bosco Social Work (OSSJ), an organization which has implemented social outreach projects in needy communities in the city of Campinas for 110 years. Thanks to this association, the company has helped to improve living conditions for residents of Parque Oziel, a suburban district with over 150 children and adolescents in situations of social vulnerability. These projects are operated out of five support centers and two kindergarten education centers.

In its first year of the OSSJ, Ascenty led donation campaigns and delivered gifts on special dates such as Easter, Children's Day and Christmas, involving all its employees. Seeking to implement more long-lasting results, the next year the company built a fully equipped information lab for OSSJ's students. Employees donated their own time and resources to help with the electrical installations, painting, etc.

At each visit, reading and other cultural activities are promoted such as dramatized book readings, literary theater and storytelling. These activities take place at least bi-weekly.

To reach a larger number of people, the Book in the City Squares visits municipal culture and education departments, teaching institutions (schools, daycare centers), NGOs and residents' associations. Over the past year, 20,000 people have enjoyed the benefits of the mobile library.

As the association has matured, Ascenty launched the Multiplier project in which classes are given by the company's employees for the development and qualification of São João Bosco's teaching staff in specific areas (ex. Portuguese, electrics, refrigeration, IT, citizenship, etc). The employee volunteers involved in the program were provided with training and classes for OSSJ's teaching staff involved a series of 12 meetings. More than 30 teachers were trained between 2016 and 2018.

In 2019, Ascenty also decided to invest in providing resources that promote social transformation through music, donating BRL 16,000 in guitars for use in the classroom. The company also further contributed by offering students training in IT, courses for electricians, guidance on entering the labor market, etc.



BRK Ambiental - project  
"Books in the Squares"



Ascenty - guitar donations for schools



**BROOKFIELD ENERGIA RENOVÁVEL:  
SUSTAINABLE COMMUNITIES**

Brookfield Energia Renovável is committed to supporting the development of communities, prioritizing projects which contribute to inclusion, sustainable production, environmental education and management of water resources. In addition to selecting projects for sponsorship through its social and environmental program, the company seeks out partnerships and sources of additional funding to ensure the viability and expansion of their initiatives. Below are some of the projects rolled out in 2019:

- **Sustainable Network of Indigenous Produce**

With the support of a social sub-credit line from the Brazilian Development Bank - Banco Nacional de Desenvolvimento Econômico e Social (BNDES), this project aims to expand the processing and commercialization of products from the city of Vacaria's (RS) agri-forestry system, notably indigenous fruit. The primary activities of this network are geared towards the organization and improvement of a regional network of processing and sale of indigenous fruit in the region, reinforcing the knowledge of the community and local traders. About 100 families benefited from proximity to the Serra dos Cavalinhos I and II SHPs. Investment in the project is approximately BRL 400,000.

- **Cisterns for the community**

The goal of this project is to provide clean water to 50 families living in the Enxovia district in Monte Alegre dos Campos (RS). Activities include the adoption and dissemination of various technologies for collection, storage and purification of rainwater. This initiative also provides guidance on the installation and cultivation of vegetable gardens for improving the quality of the community's nutrition. The initiative is financed through a social sub-credit from the BNDES, with an investment of approximately BRL 200,000.

- **Task Force for Life**

With the support of Brookfield Energia Renovável's social and environmental program, this initiative promotes environmental education for young students attending the city of Cristina's (MG) public school network. Through music, lectures and workshops, students learn about conserving water, recycling organic waste, restoration of head waters, the importance of forests, creation of organic vegetable gardens and other areas related to the environment. The Task Force operates in seven schools in the region and has the participation of 940 children. Brookfield's investment in the initiative is approximately BRL 90,000.

**OURO VERDE INVESTS IN PROFESSIONAL  
FORMATION AND VOLUNTEERISM**

Ouro Verde promotes social responsibility and volunteerism to strengthen community engagement and to foster employee interest in the importance of acts of solidarity, such as philanthropy and volunteerism.

Through the Amanhã Program, the company organizes training courses for students from schools surrounding the head office in Curitiba (PR) with the goal of contributing to their personal and professional growth. At the end of each cycle of the Program, students enrolled in the program prepare their final projects, which are submitted for the company's review and subsequent selection of winners. The most outstanding participant has the opportunity of being hired by Ouro Verde, as well as receiving a scholarship to enroll in a higher education course. 10 local schools participated in this initiative in 2019.





**BRK SPACESHIP: VIRTUAL REALITY TO SHOW THE CHALLENGES OF WATER SANITATION**

To communicate the importance of water sanitation services, BRK Ambiental has designed an innovative environmental education experience through virtual reality, enabling people to learn about the benefits of water sanitation and the importance of incorporating sustainable practices into daily routines.

The project was called BRK Spaceship because the experience takes participants on a virtual flight above planet earth, focusing on images and scenery related to water supply in the cities and the disposal of sewage, among others. The entire immersive experience takes place inside a bus (which represents the spaceship), fully equipped to host the VR sessions.

At the end of each day's activities, there is a free cinema open to the entire community, featuring short films with environmental and water sanitation themes.

In 2019, the BRK spaceship had 5,000 visitors from 12 cities, among them: Porto Ferreira (SP), Rio Claro (SP), Santa Gertrudes (SP), Limeira (SP), Uruguaiana (RS), Caçador (SC), Rio das Ostras (RJ), Macaé (RJ), Cachoeiro de Itapemirim (ES), Recife (PE), Jaboatão dos Guararapes (PE), Paço do Lumiar (MA), São José de Ribamar (MA) and Mairinque (SP).

BRK Spaceship Project



**NTS PROVIDES ENVIRONMENTAL EDUCATION FOR GOVERNMENT OFFICIALS AND COMMUNITIES**

The Environmental Education Program of the Rio de Janeiro – Campinas Gas Pipeline's (Stage III), known as PEA Gascar, was implemented by NTS to help improve the management of solid waste disposal in Gascar's areas of operation, namely 33 municipalities (eight in Rio de Janeiro and 25 in São Paulo).

The initiative was divided into two modules: 1) technical improvements—with a focus on solid waste issues—for local municipal government managers and technicians; 2) workshops for developing the autonomy of these communities—through the generation of income from recycling, including the activities of individual scavengers and scavenger cooperatives.

As part of module 1 of the PEA and in partnership with local government officials the municipalities' waste management processes were analyzed alongside the related risks and opportunities. Workshops were also held on topics, such as legislation, concept and classification of solid waste, final disposal, new technologies, prevention of risks to human health and the environment, reverse logistics, etc. At the end of this stage, 29 municipalities had participated in at least one workshop and 24 were certified under the Program.

Once this stage was completed, module 2 commenced. Between 2018 and 2019, NTS held an itinerant exhibition called "Selective Collection and You," which was shown in 24 municipalities in conjunction with 23 recycling cooperatives, 73 individual scavengers and 28 local government managers. Including direct participants and visitors, the exhibition attracting an audience of 1,496.

Throughout the implementation of PEA Gascar, NTS has contributed to enhancing the management of the environment as well as helped inspire positive transformations that will benefit society. There are several examples of the positive impact this initiative has had: the municipalities of Aparecida (SP) and Piracaia (SP) have prepared the Municipal Plan for Integrated Management of Solid Waste; Bragança Paulista (SP) adopted a recycling program and created public policies on recycling; the city of Campinas (SP) installed the Civil Construction Integration Waste System (RCC); Resende (RJ) restructured its selective collection program; Areias (SP) focused on selective collection in rural areas and Barra Mansa (RJ) and Japeri (RJ) worked on negotiations involving illegal dumping.



LETTER FROM THE CEO	BROOKFIELD AROUND THE WORLD	BROOKFIELD IN BRAZIL	INFRASTRUCTURE	PRIVATE EQUITY	RENEWABLE POWER	REAL ESTATE	SUSTAINABLE RESOURCES	ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT	COMBINED FINANCIAL INFORMATION
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TEGRA IMPLEMENTS AN ESG COMMITTEE AND OFFSETS GREENHOUSE GAS (GHG) EMISSIONS

Tegra is committed to helping to transform the cities where it operates, developing increasingly more transparent relationships with the community. To further that goal, the company has adopted rigorous ESG practices at all its construction sites and implemented systems for controlling, monitoring and reporting on ESG data and GHG emissions.

In a pioneering initiative in its sector, the company has begun to disclose monthly ESG data at each site via an electronic panel installed at the construction project. The data displayed on the panel is visible to everyone. Over 2019, Tegra's construction projects reported the consumption of 37,302 cubic meters of water and 1,022,009 KWh of electricity, the recycling of 94% of waste, 3,317 hours of training and the creation of 5,534 jobs. This data is monitored via an internal audit of the environmental and operational routines at the construction sites.

Another important commitment by Tegra is the delivery of all construction projects with all its GHG emissions already offset and thus helping to contribute to a low-carbon economy. This offset is made through a partnership with an organization, the Friend of the Climate (Amigo do Clima), which allows the company to choose projects that have been certified and audited according to international standards (such as tree planting projects), within the scope of the Clean Development Mechanism (MDL) under the United Nations Framework Convention on Climate Change (UNFCCC).

Under this partnership, Tegra has been able to offset 36,958 tons of CO<sub>2</sub>e, the equivalent of planting 263,880 trees. It is estimated that Tegra's existing work in progress plus new projects will offset 104,752 tons of CO<sub>2</sub>e, equivalent to planting 747,932 trees.

VLI - ENVIRONMENTAL ATTITUDE PROGRAM

VLI'S Environmental Culture and Education program, Environmental Attitude (Atitude Ambiental) seeks to contribute to the development of environmentally responsible citizens by disseminating knowledge and information to the communities, schools and organizations the company had a relationship with over 2019. Over the year, the program hosted 228 activities involving 25,603 people.

The company's business units have engaged in various initiatives such as lectures, movie screenings on the environment, interactive games, environmental cleanups, training for critical groups, theatrical productions for employees, and dialogs with inhouse and outside audiences, among other initiatives.

The Program covered: railway operations along the five corridors operated by the company (Centro-Norte, Centro-Sudeste, Minas-Rio, Minas-Bahia, Centro-Leste), Pecém Port (CE) and also the areas surrounding the integrator terminals of Guar, Palmeirante, Pirapora, Luiz Antonio de Mesquita, Porto Nacional, Santa Luzia, Incio Barbosa and So Lus.

In 2019, the Environmental Attitude program was one of the winners of the ECO award sponsored by the American Chamber of Commerce for Brazil (Amcham) in association with the newspaper O Estado de S. Paulo for exemplary practices in sustainability within the business sector.



Panel of socio-environmental indicators



Images: Our Bait Project, one of the initiatives under the Environmental Attitude Program



**SUSTAINABLE RESOURCES:  
NORMS AND CERTIFICATIONS**

Brookfield's forestry and agricultural operations have achieved a number of important certifications that demonstrate its commitment to both quality and the environment. In total, 26 properties have been certified in six different states as follows:

- **Cerflor**

Brazilian Forestry Certification Program of the Brazilian Compliance Evaluation System (Sistema Brasileiro de Avaliação de Conformidade - SBAC) with management and accreditation by Inmetro. It incorporates forestry stewardship norms for reforestation and indigenous forests and for the custody chain. All Brookfield's forestry operations have earned this certification.

- **Bonsucro**

Non -profit international governance groups which define the principles and criteria for sustainable production and the sugarcane chain, as well as the technical and administrative requirements to ensure the tracking of sugarcane products align with the European standard. Brookfield is Bonsucro-certified and is a member of a group revising production standards.

- **FSC Certification® (FSC®-C144039)**

Forestry certification which evaluates the company according to the standards of husbandry and environmental, social and economic performance parameters established by the Forest Stewardship Council®. This certification covers Brookfield's forestry operations.

- **Feed Materials Assurance Scheme (Femas)**

European entity which attests to the safety of food and food ingredients used by the animal rations industry and sold to the European Community. This certification covers Brookfield's agriculture operations.

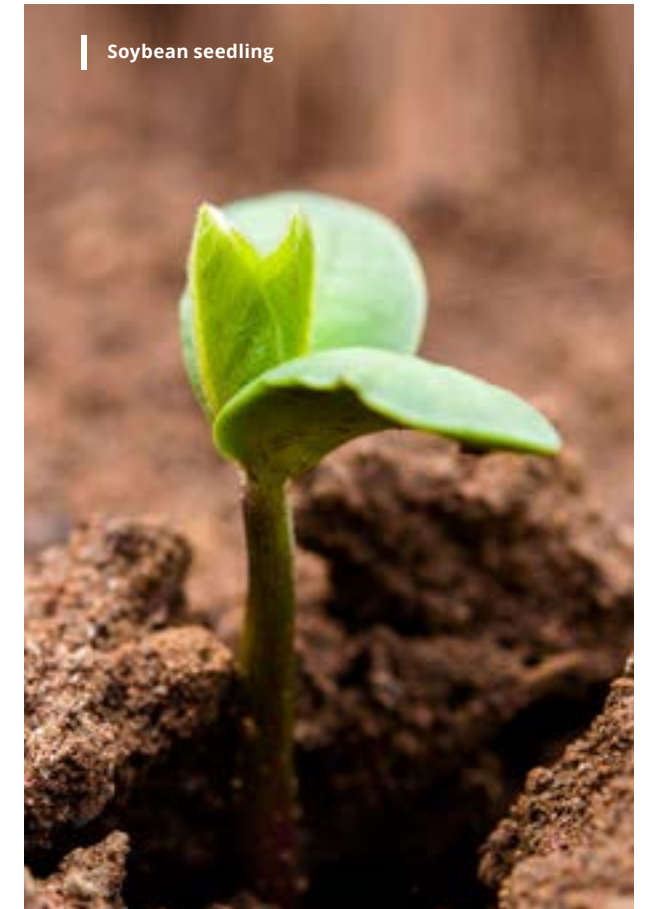


- **ISO 9001 and ISO 14001**

Certifiable international technical standards which set out the requirements, respectively for the installation of the Quality Management System (SGQ) and the Environmental Management System (SGA) in an organization. These certifications cover Brookfield's forestry operations.

- **Round Table on Responsible Soy (RTRS) and Certified Responsible Soya (CRS)**

RTRS is the International Responsible Soy Association for guaranteeing that soy (in the form of raw material or sub-product) originates from a process which is environmentally sound, socially appropriate and economically viable. The CRS is the responsible soy certification based on six principles of: legal compliance, land rights, labor conditions, environmental requirements, good agricultural practices and social responsibility. Brookfield is a member of the RTRS, and its operations are soya certified. In 2019, the company negotiated more than 120,000 credits of responsible production in 2019 and sales of soya surpassed BRL 1.5 million.





# Combined Financial Information

## BALANCE SHEET AS AT DECEMBER 31, 2019 (R\$ MILLION)

	PROPERTY	INFRASTRUC- TURE	POWER GENERATION	TIMBERLANDS	AGRICULTURE	PRIVATE EQUITY	OTHERS <sup>1</sup>	COMBINED
Cash and equivalents	663.6	4,897.6	319.9	42.2	157.3	1,252.5	90.1	7,423.2
Accounts receivable	288.0	2,630.3	690.2	82.0	8.6	3,305.1	1,621.9	8,626.1
Inventories	2,886.7	210.1	–	4.5	79.3	31.1	9.5	3,221.2
Deferred taxes	58.8	1,629.4	–	13.1	89.0	171.6	–	1,961.9
Other assets	873.5	2,860.8	154.0	4.4	254.5	496.9	66.5	4,710.6
Investments / Operating assets	13,871.2	80,704.6	14,891.8	3,348.3	2,920.0	9,409.9	78.5	125,224.3
TOTAL ASSETS	18,641.8	92,932.8	16,055.9	3,494.5	3,508.7	14,667.1	1,866.5	151,167.3
Loans and financing	3,395.3	28,181.5	1,579.0	1,025.2	260.5	5,984.3	134.6	40,560.4
Deferred taxes	1,073.2	8,936.0	79.5	469.6	689.4	2,046.6	6.5	13,300.8
Other liabilities	3,084.9	14,855.8	999.0	214.6	199.1	1,061.8	152.8	20,567.9
Equity	11,088.4	40,959.5	13,398.4	1,785.1	2,359.7	5,574.4	1,572.6	76,738.2
TOTAL LIABILITIES	18,641.8	92,932.8	16,055.9	3,494.5	3,508.7	14,667.1	1,866.5	151,167.3
BROOKFIELD'S SHARE	6,088.8	10,846.4	8,750.7	502.1	1,560.4	1,648.4	226.2	29,623.0

Note to reader: This annual report presents the combined financial statements and results of all our operations in Brazil (considering full participation in assets), including groups of management assets, operating units and other assets, based on international financial reporting standards (IFRS) and specific non-accounting measures.  
<sup>1</sup>It includes the balance sheets of assets and liabilities of companies and other holdings not highlighted in the previous columns.

## BALANCE SHEET AS AT DECEMBER 31, 2018 (R\$ MILLION)

	PROPERTY	INFRASTRUC- TURE	POWER GENERATION	TIMBERLANDS	AGRICULTURE	PRIVATE EQUITY	OTHERS <sup>1</sup>	COMBINED
Cash and equivalents	600.2	3,375.5	401.6	38.6	156.0	513.6	107.7	5,193.2
Accounts receivable	294.8	2,323.8	701.7	45.2	15.1	3,283.4	2,828.1	9,492.1
Inventories	3,903.9	218.8	–	4.3	149.9	38.9	17.5	4,333.3
Deferred taxes	68.8	1,247.2	–	26.0	87.8	151.9	–	1,581.7
Other assets	2,003.1	2,085.3	154.4	4.4	48.6	410.3	72.1	4,778.2
Investments / Operating assets	10,330.9	61,305.4	13,911.6	3,266.3	2,999.2	8,760.1	28.5	100,602.0
TOTAL ASSETS	17,201.7	70,556.0	15,169.3	3,384.8	3,456.6	13,158.2	3,053.9	125,980.5
Loans and financing	3,696.2	22,292.8	2,092.3	965.5	276.8	4,869.6	73.8	34,267.0
Deferred taxes	816.0	6,827.4	87.3	396.1	676.4	2,291.8	4.5	11,099.5
Other liabilities	3,114.2	9,466.3	815.6	200.4	140.0	1,028.4	573.7	15,338.6
Equity	9,575.3	31,969.6	12,147.2	1,822.8	2,363.4	4,968.4	2,401.9	65,248.6
TOTAL LIABILITIES	17,201.7	70,556.1	15,142.4	3,384.8	3,456.6	13,158.2	3,053.9	125,953.7
BROOKFIELD'S SHARE	5,467.8	7,527.7	9,694.7	513.0	1,529.9	1,074.4	182.1	25,989.6



Combined Results Information

FOR THE YEAR ENDED DECEMBER 31, 2019 (R\$ MILLION)

	PROPERTY	INFRASTRUC- TURE	POWER GENERATION	TIMBERLANDS	AGRICULTURE	PRIVATE EQUITY	OTHERS <sup>1</sup>	COMBINED
Gross operating revenue	2,111.6	18,017.5	1,680.5	276.6	368.2	3,626.9	31.2	26,112.5
Taxes on sales	(59.6)	(1,594.5)	(81.3)	(14.5)	(9.1)	(330.5)	(2.8)	(2,092.3)
NET OPERATING REVENUE AND FEE REVENUE	2,052.0	16,423.0	1,599.2	262.1	359.1	3,296.4	28.4	24,020.2
Operating costs	(1,155.9)	(6,486.9)	(387.4)	(23.3)	(245.0)	(1,539.7)	(44.6)	(9,882.8)
NET REVENUE LESS OPERATING COSTS	896.1	9,936.1	1,211.8	238.8	114.1	1,756.7	(16.2)	14,137.4
Realized gains (losses)	–	–	–	(68.1)	–	51.5	–	(16.6)
Revenue from investment portfolio management <sup>2</sup>	–	–	–	–	–	–	83.5	83.5
Sales, general and administrative expenses	(438.1)	(8.4)	63.9	19.8	(35.5)	(569.2)	(182.2)	(1,149.7)
Ebitda	458.0	9,927.7	1,275.7	190.5	78.6	1,239.0	(114.9)	13,054.6

Note to reader: This annual report presents the combined financial statements and results of all our operations in Brazil (considering full participation in assets), including groups of management assets, operating units and other assets, based on international financial reporting standards (IFRS) and specific non-accounting measures.

<sup>1</sup>It includes the balance sheets of assets and liabilities of companies and other holdings not highlighted in the previous columns.

<sup>2</sup>Proportional to the participation of the minority investors.

FOR THE YEAR ENDED DECEMBER 31, 2018 (R\$ MILLION)

	PROPERTY	INFRASTRUC- TURE	POWER GENERATION	TIMBERLANDS	AGRICULTURE	PRIVATE EQUITY	OTHERS <sup>1</sup>	COMBINED
Gross operating revenue	2,252.5	13,264.6	1,679.8	168.5	390.1	2,946.6	29.0	20,731.1
Taxes on sales	(47.7)	(1,537.5)	(73.0)	(12.5)	(15.8)	(293.8)	(2.2)	(1,982.5)
NET OPERATING REVENUE AND FEE REVENUE	2,204.8	11,727.1	1,606.8	156.0	374.3	2,652.7	26.9	18,748.6
Operating costs	(1,623.8)	(3,972.0)	(389.8)	(17.2)	(209.8)	(1,117.2)	(42.7)	(7,372.5)
NET REVENUE LESS OPERATING COSTS	581.0	7,755.1	1,217.0	138.8	164.5	1,535.5	(15.8)	11,376.1
Realized gains (losses)	–	–	–	–	–	–	–	–
Revenue from investment portfolio management <sup>2</sup>	–	–	–	–	–	–	76.9	76.9
Sales, general and administrative expenses	(406.1)	(238.2)	(41.3)	(43.4)	(70.4)	(717.6)	(177.4)	(1,694.4)
Ebitda	174.9	7,516.9	1,175.7	95.4	94.1	817.9	(116.3)	9,758.6



# Team

## ALEXANDRE HONORÉ MARIE THIOLLIER NETO

Managing Director,  
Investments, Private Equity

## ANA LUCIA POÇAS ZABELLI

Managing Director,  
Business Operations, Private Equity

## ANDRE DORF

CEO, Arteris

## ANDRE FLORES RODRIGUES

Managing Director, Brookfield Energia Renovável

## ANDRÉ NERIS

Vice President, Finance, Ascenty

## BRUNO HENRIQUE LOPEZ LIMA

Senior Vice President, Portfolio Management,  
Brookfield Infrastructure Group

## CAIMI FRANCO REIS

Partner, Brookfield Financial – Brasil

## CARLOS EDUARDO MORAES CALHEIROS

CFO, Tegra Incorporadora

## CARLOS KESSLER

Managing Partner, Investments, Brookfield Brasil

## CHRIS TORTO

CEO, Ascenty

## CLAUDIO ZATTAR

CEO, Ouro Verde

## EDUARDO BECHARA

CFO, Quantum

## ELAD ARGAMAN

Senior Vice President,  
Brookfield Property Group – Brasil

## ERNESTO POUSADA

CEO, VLI

## ESTEBAN FORNASAR

Senior Vice President,  
Investments, Brookfield Agriculture Group

## FABIANO LIRANCOS SANCHEZ

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## FELIPE CARDOSO DE GUSMÃO CUNHA

Senior Vice President,  
Business Operations, Private Equity

## FELIPE ESCAMILIA ROCHA

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## FERNANDO BYINGTON EGYDIO MARTINS

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Brookfield Asset Management – Brasil

## FERNANDO MANO

CEO, Brookfield Energia Renovável

## FERNANDO MARTINEZ-CARO

CEO, Quantum

## FERNANDO ZIZIOTTI

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Brookfield Infrastructure Group

## FILIPE VASCONCELOS

Senior Vice President,  
Brookfield Property Group – Brasil

## FLÁVIO LEAL

CFO, NTS

## HENRIQUE ARETZ

Senior Vice President, Investments,  
Brookfield Brazil Timber Fund

## HENRIQUE CARSALADE MARTINS

Managing Partner & CEO,  
Brookfield Asset Management – Brasil

## HILTON REJMAN

Senior Vice President, Portfolio Management,  
Brookfield Property Group – Brasil

## ISACSON CASIUCH

Senior Vice President, Capital Markets, Brookfield Brasil

## LUIS FERNANDO DELLA TOGNA

Senior Vice President, Investments,  
Brookfield Agriculture Group

## LUIZ EDUARDO P. MAIA

Managing Partner, Investments, Private Equity

## LUIZ I. SIMÕES LOPES

Senior Managing Partner & Vice Chair,  
Brookfield Asset Management – Brasil

## LUIZ RICARDO B. RENHA

Managing Partner,  
Business Operations, Private Equity

## MARCELO VAINSTEIN

Senior Vice President, Investments,  
Brookfield Property Group – Brasil

## MARCOS KOVACS

Senior Vice President, Internal Audit,  
Brookfield Asset Management – Brasil

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Managing Partner, Head of Latin America,  
Brookfield Infrastructure Group

## MARGARIDA FRAGA

Partner, Brookfield Financial – Brasil

## NILTON L. F. DE OLIVEIRA

CFO, Brookfield Energia Renovável

## PAULO GARCIA

Managing Partner, Legal & Regulatory,  
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## RENATO C. CAVALINI

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## RICARDO FERNANDES PEREIRA

CFO, Ouro Verde

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Brookfield Property Group – Brasil

## RONALD PAZ

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Brookfield Infrastructure Group

## SANDRO JANUZZI PERES

Senior Vice President,  
Tax, Brookfield Brasil

## SERGE TOPPJIAN

Vice President, Investments, Private Equity

## TERESA VERNAGLIA

CEO, BRK Ambiental

## UBIRAJARA SPESSOTTO DE CAMARGO FREITAS

CEO, Tegra Incorporadora

## WONG LOON

CEO, NTS



LETTER FROM  
THE CEOBROOKFIELD  
AROUND THE  
WORLDBROOKFIELD  
IN BRAZIL

INFRASTRUCTURE

PRIVATE EQUITY

RENEWABLE  
POWER

REAL ESTATE

SUSTAINABLE  
RESOURCESENVIRONMENTAL,  
SOCIAL AND  
GOVERNANCE  
MANAGEMENTCOMBINED  
FINANCIAL  
INFORMATION

BROOKFIELD ANNUAL REPORT 2019/2020

CORPORATE OFFICES

# Corporate Offices

## BROOKFIELD IN BRAZIL

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