Brookfield

2022

ANNUAL REPORT

Brookfield Corporation

FIVE-YEAR
FINANCIAL RECORD

AS AT AND FOR THE YEARS ENDED DEC. 31	**2022**	2021	2020	2019	2018
PER SHARE[1]					
Net income (loss)	**$ 1.19**	$ 2.39	$ (0.12)	$ 1.73	$ 2.27
Funds from operations[2]	**3.82**	4.67	3.27	2.71	2.90
Distributable earnings[2]	**3.25**	3.96	2.74	1.79	1.63
Dividends[3]					
Cash	**0.56**	0.52	0.48	0.43	0.40
Special	**8.00**	0.36	—	—	—
Market trading price – NYSE[1]	**31.46**	49.19	33.38	31.17	20.68

1. Adjusted to reflect the three-for-two stock split effective April 1, 2020.
2. See definition in the MD&A Glossary of Terms beginning on page 129.
3. See Corporate Dividends on page 56.

CONTENTS

BROOKFIELD
AT A GLANCE

Our objective is to compound our capital to deliver 15%+ annual returns to shareholders over the long term. With a 100+ year heritage as an owner and operator of real assets, we have a proven track record of deploying capital to build market leading businesses that generate stable, growing cash flows and attractive long-term total returns. Today, our capital is invested across three businesses – Asset Management, Insurance Solutions, and our Operating Businesses, which generate $5 billion of free cash flow annually and continue to grow.

Our capital is invested across businesses that help form the backbone of the global economy. The cash flows generated from our businesses are generally underpinned by stable, inflation-linked, largely contracted and growing revenue streams, and high cash margins. We leverage our global presence, the synergies of our businesses and large-scale, flexible capital to achieve strong returns across market cycles. On their own, each of our market leading businesses have a strong growth profile but together they generate synergies which significantly enhance their growth.

As a proven value investor, we remain focused on allocating the distributions we receive from our businesses to enhance value for our shareholders. We will continue to deploy the substantial free cash flows we receive towards supporting the growth of our three businesses, new strategic opportunities, and share buybacks. By leveraging the global reach and expertise of our asset management business, our goal is to identify new investment opportunities that provide strategic value for Brookfield and the potential for attractive returns over the long term.

Our conservatively capitalized balance sheet provides downside protection and our scale, stability, and diversification create a differentiated business model, positioning us well as a partner of choice for the global buildout of infrastructure, the transition to a sustainable energy future, and take-private opportunities. We expect the flexibility of our capital and reputation as a good partner to create a significant proprietary pipeline of opportunities.

Sound environmental, social and governance (ESG) principles are integral to building resilient businesses and creating long term value for our investors and other stakeholders. As a result, we embed these principles into all our activities—including our investment process—and conduct our business in a sustainable and ethical manner. An emphasis on diversity and inclusion reinforces our culture of collaboration. It strengthens our ability to develop our people and maintain an engaged workforce focused on serving as a trusted partner and first-choice provider of investment solutions.

We remain focused on allocating the distributions we receive from our businesses to enhance value for our shareholders.

HOW WE INVEST

+ The Brookfield Advantage

We invest where we can bring our competitive advantages to bear, leveraging our global presence and reputation, the synergies of our businesses, and access to large-scale, flexible capital.

+ Long-Life, High-Quality Assets and Businesses

We invest in a global and diverse portfolio of high-quality assets and businesses that generate stable, inflation-linked, largely contracted and growing revenue streams, and high cash margins.

+ Proven Capital Allocator

We are a value investor with a strong track record of allocating our capital to generate meaningful compound returns that enhance value for our shareholders.

+ Disciplined Financing Approach

We take a conservative approach to the use of leverage, ensuring that we can preserve capital across all business cycles.

+ Sustainability

We are committed to ensuring that the businesses we invest in are set up for long-term success, and we seek to have a positive impact on the environment and the communities in which we operate.

"Brookfield," the "company," "we," "us" or "our" refers to Brookfield Corporation and its consolidated subsidiaries. The "Corporation" is comprised of ownership interests in our asset management, insurance solutions and operating businesses. Our "invested capital" includes Brookfield Renewable Partners L.P., Brookfield Infrastructure Partners L.P. and Brookfield Business Partners L.P., which are separate issuers included within our Renewable Power and Transition, Infrastructure and Private Equity segments, respectively, Brookfield Asset Management ULC, which is included in our Asset Management segment, and issuers in the Brookfield Property Group, which are included in our Real Estate segment. Additional discussion of their businesses and results can be found in their public filings. We use "private funds" to refer to the real estate funds, transition funds, infrastructure funds and private equity funds of our asset management business. Our other businesses include our corporate activities. Please refer to the Glossary of Terms beginning on page 129 which defines our key performance measures that we use to measure our business.

GLOBAL REACH

~$800B

ASSETS UNDER MANAGEMENT

NYSE: BN
TSX: BN

2,500+
INVESTMENT & ASSET MANAGEMENT PROFESSIONALS

30+
COUNTRIES

~200,000
OPERATING EMPLOYEES

INVESTMENT
OVERVIEW

Our disciplined, well-established approach to investing reflects our 100+ year history as an owner and operator. We focus on value creation and capital preservation, investing in high-quality assets and businesses within our areas of expertise. We then manage these assets and businesses proactively and finance them conservatively—with the goal of generating stable, inflation-linked, predictable and growing cash flows.

Brookfield's investment activities are anchored by a set of core tenets that guide our decision-making and determine how we measure success:

OUR BUSINESS PRINCIPLES

1. Operate our business and conduct our relationships with integrity
2. Attract and retain high-caliber individuals who will grow with us over the long term
3. Ensure that our people think and act like owners in all their decisions
4. Treat our shareholders' capital like it's our own
5. Embed strong ESG practices throughout our operations to help ensure that our business model is sustainable

OUR INVESTMENT APPROACH

- Acquire high-quality assets and businesses
- Invest on a value basis, with the goal of growing cash flows and compounding capital
- Enhance the value of investments through our operating expertise
- Build sustainable cash flows to provide certainty, reduce risk and lower our cost of capital
- Allocate the free cash flows we receive to enhance value for our shareholders

OUR PATHS TO SUCCESS

- Evaluate total return on capital over the long term
- Encourage calculated risks, measuring them against potential returns
- Sacrifice short-term profit, if necessary, to achieve long-term capital appreciation
- Seek profitability rather than growth—size does not necessarily add value


Zugspitze, Austria

LETTER
TO SHAREHOLDERS

OVERVIEW (As of February 9, 2023)

With the listing of our asset manager now complete, going forward we plan to write quarterly letters that will cover the strategic initiatives and highlights of Brookfield Corporation. We will also publish shorter quarterly letters for our asset manager covering the details of its operations, as we do for our listed affiliates and private funds.

2022 was a strong year for Brookfield despite the challenging market environment. We had a record year for fundraising, strong operating results, excellent performance from our insurance operations, and we concluded the distribution of 25% of our asset management business to shareholders.

While a recession is likely taking place in many parts of the world, we are now investing our resources with an eye on a recovery later this year or in 2024. Alternative investments have shown their incredible resilience during this period and are benefiting from the higher level of inflation than we have seen for decades. The combination of approximately $125 billion of capital available for investment, our perpetual funding structures, our global business presence, and our emphasis on value investments positions us well for this environment.

With our asset manager now trading separately and set on its own path, Brookfield Corporation is focused on allocating and deploying its capital to maximize the value of our balance sheet. With a net asset value per share which we estimate to be vastly higher than our share price, we expect to continue to use our cash resources to repurchase shares in the market. If the discount persists, we will also consider other options, including a tender offer. At the same time, we continue to look at new areas for investment that will earn us excellent returns and strategically position Brookfield for the future. With markets trading off and capital scarce, the odds favor us finding something interesting.

Brookfield Corporation is focused on allocating and deploying its capital to maximize the value of our balance sheet.

2022 HIGHLIGHTS

$5.2B

DISTRIBUTABLE EARNINGS

~$125B

CAPITAL AVAILABLE FOR INVESTMENT

25%

OF OUR ASSET MANAGEMENT BUSINESS DISTRIBUTED TO SHAREHOLDERS

STOCK MARKET PERFORMANCE

Our underlying business performance was excellent in 2022, but like everything else, Brookfield Corporation stock performance was far from good. In addition to the general market malaise, the distribution of shares of our asset manager caused some short-term pressure on Brookfield Corporation's shares. This has started to clear, and the underlying value of the business continues to compound away. Our performance has been strong on a longer-term basis, and we think this should continue. Results are shown in the chart below on a compound return basis to the end of last month.

Compound Investment Performance

YEARS	Value of $1 Million Invested in BN	BN NYSE	S&P 500	10-Year U.S. Treasuries
1	880,000	(12)%	(7)%	(10)%
5	1,900,000	14%	9%	1%
10	4,100,000	15%	13%	1%
20	40,900,000	20%	10%	4%
30	252,500,000	20%	10%	3%

THE MARKET ENVIRONMENT

Markets were extremely volatile in 2022. Most investments were down, at least on paper, as central banks acted decisively to bring inflation under control. The good news is that the measures taken appear to have been successful in tempering demand and moderating inflation in most countries, with interest rates expected to peak soon, inflation likely to already have peaked in most places, and the onset of a recession upon us.

Global markets are now offering much better opportunities. Bond yields are higher, equities are more fairly valued, and technology company valuations are more reasonable. In addition, growth businesses and crypto that had no rational reason for trading where they did have now come back down to earth. In the midst of all of this, most alternative assets and real businesses have performed, and are expected to continue to perform, extremely well.

The overall macro environment has moved strongly in favor of how we operate at Brookfield. This should bring great opportunity for us in the next few years. In general, the world has shifted:

- from an emphasis on growth to value (we are value investors).
- from a singular focus on technology to a more rounded investment focus, including strong interest in energy (this bodes well for us in many ways).
- from low inflation to greater inflation (this is very positive for most of what we own).
- from a low level of expenditures on the backbone of the global economy to high infrastructure investment, with emphasis on decarbonization, digitalization, and deglobalization (this is our sweet spot).
- from cash earning zero to cash being valuable. Having been very conservative with our capital structure and having acquired a substantial insurance float while sitting on cash earning nothing, this has now turned in our favor (this is very powerful for our earnings and new opportunistic investments).
- from returns being generated by financial engineering to returns resulting from operational excellence (this is our specialty).

While markets are always unpredictable, we believe we are well positioned for this environment, and that we will all soon be in another period of economic growth.

THE RESILIENCE OF OUR OPERATING RESULTS SHOWED THIS YEAR

Distributable earnings for the full year were $5.2 billion, with most of our businesses contributing strongly.

AS AT AND FOR THE 12 MONTHS ENDED DEC. 31 ($US MILLIONS, EXCEPT PER SHARE AMOUNTS)	2018	2019	2020	2021	2022	CAGR
Distributable Earnings (DE) before realizations	$ 2,133	$ 2,197	$ 2,687	$ 3,467	$ 4,314	19%
Distributable Earnings (DE)						
- Per Share	1.63	1.79	2.74	3.96	3.25	19%
- Total	2,389	2,657	4,220	6,282	5,229	22%
Gross annual run rate of fees plus target carry	2,975	5,781	6,472	7,830	9,535	34%
Total assets under management	354,736	544,896	601,983	688,138	789,489	22%

Distributable earnings before realizations were $1.1 billion in the quarter and $4.3 billion over the last 12 months, representing an increase of 24% over the prior year.

Our operating businesses continue to demonstrate their resilience, with strong cash generation and financial performance, despite weaker fundamentals in most major economies around the world. The essential nature of the majority of the businesses and assets that we own, the inflation linkage in their revenues, and the high cash margins they generate are proving beneficial in the current environment. Distributions from investments of $624 million for the quarter and $2.6 billion over the year equate to an increase of 20% versus the prior year.

Our insurance solutions business had another excellent quarter, with operating earnings of $170 million. The business has benefited from continuing to redeploy its highly liquid and short-duration portfolio in a rising rate environment, and we believe the best is yet to come.

Our asset management business continues to benefit from strong fundraising and capital deployment. This, combined with control over costs as we scale, helped generate $2.1 billion of fee-related earnings, representing a 26% increase when excluding performance fees versus the past year. Fundraising momentum remains solid, coming off record inflows of $93 billion over the past 12 months and $14 billion in the quarter, as we forge ahead with our next round of fundraising.

Although the overall market is not as robust as it was a year ago, we continue to see strong appetite for the type of high-quality, cash generating businesses and assets we own. We completed $34 billion of monetizations at strong valuations in the year, realizing gains totaling $1.7 billion. We recently sold a student housing business in the U.K. for $4.5 billion, a portfolio of telecom towers in New Zealand for $1.1 billion, and several electricity transmission lines in Brazil for $0.8 billion; with numerous other sales processes in progress.

Our operating businesses continue to demonstrate their resilience, with strong cash generation and financial performance.

THE CORPORATION IS POSITIONED TO GROW AND WIDEN ITS REACH

For the last 25 years we have focused on building and scaling our operating and asset management businesses, culminating in the recent distribution and separate listing of the asset manager's shares. Leveraging our large perpetual capital base, deep operating expertise, global presence, and value investing approach, we have consistently delivered strong investment performance and have grown this business into a pre-eminent and uniquely positioned global alternative asset manager.

Over this time, we have also used these same attributes to establish and grow global, market-leading businesses in renewable power (including a unique net-zero transition business), infrastructure, private equity, and real estate. We are also currently executing on our plans to build a leading global insurance business.

We have one of the largest discretionary pools of capital globally at approximately $175 billion, and we generate ±$20 billion of operating cash flow annually. With no restrictions on how we use most of this capital, our sole focus is on allocating capital among our existing operating businesses and new business initiatives, with a targeted total return of 15%+ for our shareholders over the long term.

The earnings power of what we have built and own today is incredibly strong. Each business on its own generates very attractive returns, but when we leverage the synergies that exist within the broader Brookfield ecosystem, the earnings potential becomes even greater. The organic growth levers within our existing businesses, combined with the continued allocation of capital to funds from our asset management business, should allow us to deliver strong internal growth. Over the next five years, we plan to grow our free cash flow (or distributable earnings, "DE") at a compound annual growth rate of approximately 25%, which should generate over $30 billion of excess cash flow during that period to just our Corporation balance sheet.

Given our strong track record of investment returns from our current businesses, it is hard to look past the opportunity to invest more capital into those businesses and repurchase shares when they are undervalued. Furthermore, by fully leveraging the reach and expertise of our asset management business, our goal is to identify new investment opportunities that have both strategic value for overall Brookfield and the potential for attractive rates of return. The scale we can pursue is significant, given the various sources of capital available to us, and in this economic environment we feel it is very possible that something large and interesting will present itself, enabling us to further diversify our business and broaden our reach.

Janaúba, Brazil

Our bar for new investments is always high since we have great existing businesses. Sometimes the bar moves even higher, given the competing opportunity to repurchase our own shares. Despite that, we will continue to seek opportunities outside our current lines of business that will likely fit into one of the following categories:

Insurance Solutions

We see many great global opportunities to deploy capital through Brookfield Reinsurance. While this is already an established business for us, we see an opportunity to deploy excess capital to scale it further.

Strategic Acquisitions

We come across many opportunities that are too large for any of our funds. An example of this is a $30 billion business we came very close to merging into Brookfield Corporation 18 months ago. These opportunities will be few and far between, but when we find the next one, it could be very exciting.

Growth

We are investing in new businesses that are adjacent to what we do well. While these investments are small today, they or others could become large investments someday. For example, we own an interest in SHEIN, an incredibly successful fast fashion business that is becoming dominant globally and which we have been able to assist in numerous ways within our franchise.

New Businesses

We are investing as a Limited Partner in some external private funds in sectors where we do not yet have full-scale teams. In addition to the excellent returns we expect to earn, we are learning a great deal. This in turn could lead to new businesses for us.

Our individual listed infrastructure, renewable and private equity securities are excellent investments that provide exposure to specific sectors, and our recently created asset manager shares now provide direct access to our asset management business and its strong growth profile. At the same time, Brookfield Corporation shares offer a unique opportunity to own them all and benefit from the resulting synergies. They also offer a chance to be a part of our next chapter, which we are very excited about.

THE BEST IS YET TO COME FOR OUR ASSET MANAGEMENT BUSINESS

Our asset management business is one of the largest and fastest-growing alternative asset managers in the world. With operations spanning more than 30 countries across five continents, we have over 2,000 professionals in our asset manager who employ a disciplined investment approach to create value across a diverse set of public and private fund offerings.

The business has grown from its infancy 25 years ago to approximately $800 billion in assets under management and deep relationships with more than 2,000 clients, including most of the largest global institutional investors. We have a strong track record, having delivered solid investment returns for these clients over a long period of time.

Sanmen, China

The outlook for the business remains very strong, due largely to the following components of our highly differentiated strategy:

- We invest in the backbone of the global economy.
- We leverage our deep operational expertise to create value.
- Our scale and track record mean that we are a beneficiary of the capital that is increasingly gravitating to the largest multi-asset-class managers in a period of industry consolidation.
- Our business is positioned around the leading secular global drivers of capital across renewable power and transition, infrastructure, real estate, and credit.
- We are highly diversified. This enables the business to grow and deploy capital throughout economic cycles—with our credit, private equity, and real estate businesses specializing in deploying capital in markets like we are seeing today.
- We pride ourselves on both providing the highest level of service to our clients and constantly innovating to meet their needs.
- Across Brookfield, our $175 billion of discretionary permanent capital can be invested in our funds. This is one of the benefits of our structure, and this pool of proprietary capital is unrivalled in the industry.
- The listing of our asset manager provides optionality for strategic acquisitions.

We had a record fundraising year in 2022, as we watched the benefits of our strategy play out. The successful fundraising across our flagship fund series continued, with each vintage larger than the last. Existing LP's continued to invest in the latest funds, often increasing their commitment, and a number crossed over into new strategies, deepening their relationship with us. Our Transition Fund is also now market-leading, offering clients the opportunity to invest with us to facilitate the global transition to net zero. It saw the single largest first close for a new strategy ever, and we have been successfully deploying that capital.

As market volatility and more challenging economic conditions continue, we expect that the preeminence of our Oaktree credit franchise will come to the fore. Having one of the most sophisticated credit managers as part of the franchise diversifies our business, makes us better investors, and ensures that we can raise and deploy capital at all points in an economic cycle.

We also continue to benefit from synergies across the broader Brookfield ecosystem. With the tightening of markets and greater scarcity of capital, our asset management business is benefiting from access to the perpetual capital from our balance sheet and the large-scale, flexible capital provided by our insurance solutions business.

Please have a look at this quarter's Brookfield Asset Management Ltd. letter for additional details at https://bam.brookfield.com/reports-filings/letters-shareholders/q4-2022-letter-to-shareholders.

REAL ESTATE IS CYCLICAL, BUT IT IS A GREAT LONG-TERM BUSINESS

Part of the Corporation's capital is invested across a highly diversified, very high-quality portfolio of real estate assets in some of the best locations around the world. While we continue to dispose of non-core holdings, much of the high-quality real estate we own will eventually find its way into our insurance business due to its long duration nature, making these assets ideally suited to match the long-duration liabilities created by our insurance operations.

As a reminder:

- $8 billion of our capital is invested in our real estate private funds, which are highly diversified by both geography and by sector, and where our asset management business has a proven track record of delivering upwards of 20% returns over the long term. These assets are turned into cash in a 5 to 10-year period.
- $15 billion of our capital is invested directly in our top 35 trophy office and retail complexes globally. These are amongst the best in the world and get better and better over time.
- $3 billion of our capital is invested in our residential land development business in the U.S. and Canada. This business has delivered very strong financial results for decades. Over time, these assets all turn into cash as we build out developments (unless we choose to reinvest it).
- $7 billion of our capital is invested in other real estate assets which, as we have discussed before, will be liquidated over time.

The reason we focus on the highest-quality, best-located real estate assets is because we have found that these outperform over very long periods of time and through economic cycles. When office leasing demand slows, these prime buildings tend to remain full, as tenants take the opportunity to upgrade their premises. For example, with overall vacancy as high as 20% in some markets currently, our U.S. office portfolio remains 95% occupied, and our like-for-like NOI is forecast to grow 10% this year.

Similarly, our shopping centers benefit when retailers make decisions to consolidate their premises into the highest-productivity centers. Our top 20 shopping centers comprise more than 50% of the value of our retail portfolio. They are highly productive, with average tenant sales currently exceeding $1,100 per square foot, 20% above their sales prior to the pandemic. Occupancy in these malls has rebounded to 97%, roughly where it was before the pandemic, and we are renewing leases with rents at an 8 to 10% premium to the expiring terms.

Our real estate business provides critical infrastructure to our tenants. However, the nature of our tenants is constantly evolving and will continue to do so in the future. For example, 20 years ago our office portfolio was focused on financial services tenants and those that service them. These businesses were voracious consumers of office space, and our large-format, flexible office buildings in the world's best cities attracted many of them as tenants. However, over the past decade regulatory changes have led to slower growth in financial services employment and, as a consequence, their demand for office space.

Part of the Corporation's capital is invested across a highly diversified, very high-quality portfolio of real estate assets in some of the best locations around the world.

At the same time, we saw increased demand for office space emerge from large technology and media companies such as Amazon, Alphabet and Meta. They were attracted to the high-quality nature, flexible layouts and locations in cities where their employees wanted to live—and so our tenant mix has evolved and diversified significantly over time. Companies have begun to rethink the way they utilize their office space. Once again, the highest-quality, best-located buildings continue to be in high demand as employers want to encourage workers to come into the office to interact and collaborate with one another.

Similarly, 20 years ago our shopping centers were dominated by large-format department stores, which served as anchor tenants and drove customer traffic to smaller, higher-rent-paying tenants. As consumer tastes and buying patterns have evolved, we have redesigned our centers to focus on high-end luxury tenants, entertainment and food and beverage uses, which attract the shoppers of today. The type and nature of our tenants is constantly evolving; however, our properties enjoy prominent physical locations near large populations of affluent consumers, and as a result, space is in demand.

We have deep conviction in the underlying value of our real estate portfolio and its ability to continue delivering strong returns for the Corporation for a very long time.

It is for these reasons that the operating income of our real estate business continues to see strong growth. And despite some impact of higher interest rates on our cash flows in the short term, we have deep conviction in the underlying value of our real estate portfolio and its ability to continue delivering strong returns for the Corporation for a very long time.

CLOSING

Thank you for your interest in Brookfield, and please do not hesitate to contact any of us should you have suggestions, questions, comments, or ideas you wish to share.

Sincerely,

Bruce Flatt
Chief Executive Officer

February 9, 2023

Note: In addition to the disclosures set forth in the cautionary statements included elsewhere in this Report, there are other important disclosures that must be read in conjunction with, and that have been incorporated in, this letter as posted on our website at https://bn.brookfield.com/reports-filings.

VALUE CREATION

We create value for our shareholders in two ways. First, we participate in increases in the earnings and value of our Asset Management, Insurance Solutions, and Operating Businesses, which enables us to increase our cash dividends paid to shareholders. Second, we are able to deploy the substantial free cash flows we retain towards supporting the growth of our three businesses and investing in new strategic opportunities and share buybacks.

Our capital is deployed across our three businesses

Asset Management	Insurance Solutions	Operating Businesses

On their own, each of our businesses has a strong growth profile but together they generate synergies which significantly enhance their growth.

ASSET MANAGEMENT

Our ***asset management business*** is one of the world's leading alternative asset managers, with approximately $800 billion of assets under management as at December 31, 2022 across infrastructure, renewable power and transition, real estate, private equity and credit. The business invests client capital for the long term with a focus on real assets and essential service businesses that form the backbone of the global economy. The business draws on our heritage as an owner and operator to invest for value and generate strong returns for clients across economic cycles.

In our asset management business, we create value by:

- Increasing fee-bearing capital, which increases our fee-related earnings
- Achieving attractive investment returns, which enables us to earn performance income (carried interest); and
- Maintaining cost discipline as we scale our operations

Value is determined based on the sum of: i) the market value of our asset management business; ii) applying a multiple to target carried interest, net; and iii) our accumulated unrealized carried interest, net.

As at December 31, 2022, the market value of our stake in our asset management business was $35.2 billion. Our asset management activities generate annualized carried interest, net of $3.1 billion and fee-related earnings of $2.1 billion, representing fee-related earnings growth of 16% over the prior year. This increase was primarily due to growth in fee-bearing capital of 15% over the prior year. As at December 31, 2022, our accumulated unrealized carried interest, net was $5.6 billion.

INSURANCE SOLUTIONS

Our ***insurance solutions business*** owns and operates a leading financial services business providing capital-based solutions to the insurance industry. Through operating subsidiaries, the business provides annuity-based reinsurance products to insurance and reinsurance companies and acts as a direct issuer of pension risk transfer products for pension plan sponsors. In doing so, the business seeks to match long-duration liabilities with a portfolio of high-quality investments in order to generate attractive, risk-adjusted returns.

In our insurance solutions business, we create value by:

- Acquiring long-duration and predictable insurance liabilities
- Proactively managing the risk of underwritten liabilities; and
- Earning attractive risk-adjusted returns on our insurance float in excess of the cost of the insurance liabilities we manage

Value is determined using the Intrinsic value of our capital ("IVC"), which represents our view of the fair value of the business. We determine the IVC using a discounted cash flow analysis of the in-place earnings of the insurance solutions business and an unlevered discount rate of 8%.

Our insurance activities generated $388 million of distributable earnings with our annualized distributable earnings currently being $650 million. As of December 31, 2022, our insurance business has approximately $40 billion of assets.

OPERATING BUSINESSES

Renewable Power and Transition, Infrastructure, and Private Equity:

Our investments in Renewable Power and Transition, Infrastructure and Private Equity serve as publicly listed permanent capital vehicles that also act as our primary vehicles for making commitments to the private funds of our asset management business, providing them each with a very strong pipeline for growth. Each of these businesses share key characteristics of being highly diversified by sector and geography, generating stable and often inflation-linked revenue streams, high cash margins, market leading positions, high barriers to entry and opportunities to invest additional capital to enhance returns, all of which enable us to generate very attractive risk-adjusted returns on our capital.

Our ***renewable power and transition business*** owns diverse and high-quality assets across multiple continents and technologies including hydroelectric, wind, utility-scale solar, and distributed energy and sustainable solutions investments. Our capital in this business is primarily via 48% ownership interest in Brookfield Renewable Partners ("BEP") for which we receive quarterly distributions. We also enter into energy contracts, which are our contractual arrangement with BEP to purchase power generated by certain North American hydro assets at a fixed price that is then resold on a contracted or uncontracted basis.

Our ***infrastructure business*** is one of the world's largest infrastructure investors and owns and operates assets across the transport, data, utilities, and midstream sectors. Our capital in this business is via our 27% ownership interest in Brookfield Infrastructure Partners ("BIP") for which we receive quarterly distributions.

Our ***private equity business*** is a leading private equity investor with a focus on owning and operating businesses that provide essential products and services in the business services, industrials, and residential sectors. Our capital in this business is via our 65% ownership interest in Brookfield Business Partners ("BBU"). We also have direct investments in various operating companies within the Private Equity segment.

Real Estate:

Our ***real estate business*** is a diversified global real estate portfolio that owns and operates one of the largest portfolios of office, retail, multifamily residential, logistics, hospitality, triple net lease, student housing and manufactured housing assets.

Our capital in this business is via our 100% ownership stake in Brookfield Property Group ("BPG"), which today consists of an irreplaceable portfolio of trophy mixed-use precincts in global gateway cities ("Core") , a portfolio designed to maximize returns through a development or buy-fix-sell strategy ("Transitional & Development), of which $3 billion includes our capital invested in our North American residential business, and investments we have made in real estate private funds which own high-quality assets and portfolios with operational upside ("LP Investments").

DISTRIBUTABLE EARNINGS

ASSET MANAGEMENT

$2.1B

INSURANCE SOLUTIONS

$388M

OPERATING BUSINESSES

$4.3B

Value of Operating Businesses:

We create value in our operating business by:

- Increasing cash income through organic levers; and
- Recycling the underlying assets

We measure the value thereby created using a combination of market values for our public affiliates (BEP, BIP, BBU), comparable market data for our North American residential business, and fair values as determined under IFRS for the remainder of our Real Estate business.

Our capital in our operating businesses was $56.9 billion on a blended basis as at December 31, 2022, and generated $2.5 billion of annualized cash flows. The following table provides a breakdown of invested capital in our operating businesses:

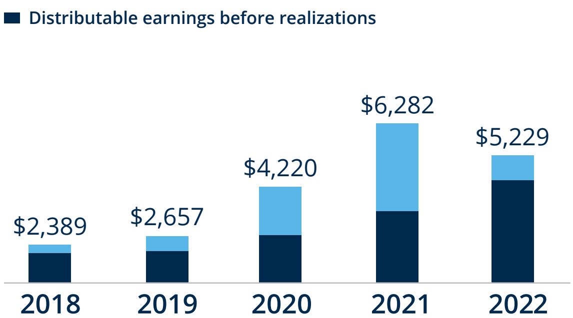
AS AT DEC. 31, 2022 (MILLIONS)	QUOTED[1]	IFRS	BLENDED[2]	CASH FLOW[3]
BEP	$ 8,005	$ 4,635	$ 8,005	$ 421
BIP	6,591	2,524	6,591	302
BBU	2,491	2,439	2,491	35
	$ 17,087	9,598	17,087	758
BPG	N/A	31,868	33,426	1,644
Corporate cash and financial assets[4, 5]	Various	2,893	2,893	38
Other Investments[6]	Various	3,494	3,494	78
Total Operating Businesses		**$ 47,853**	**$ 56,900**	**$ 2,518**

1. Quoted based on December 31, 2022 public pricing.
2. For performance measurement purposes, we consider the value of invested capital to be the quoted value of listed investments, market pricing using industry comparables for our North American residential business values and IFRS values for unlisted investments.
3. Annualized distributions are calculated by multiplying units held as at December 31, 2022 by the current distribution rates per unit.
4. Corporate cash and financial assets is inclusive of $1.3 billion in cash and cash equivalents (December 31, 2021 – $1.9 billion).
5. Corporate cash and financial assets in 2022 includes our proportionate share of the asset management business' cash and financial assets ($2.4 billion).
6. Includes wholly owned investments and our other listed and unlisted investments, including our share of Oaktree's balance sheet investments.

PERFORMANCE HIGHLIGHTS

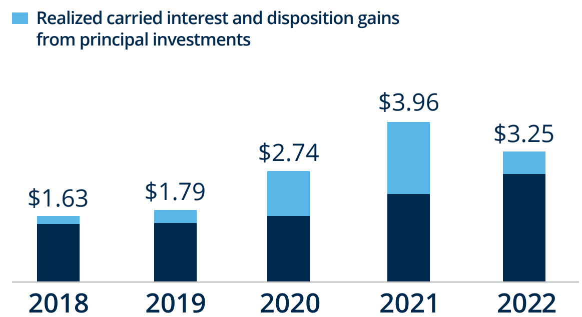
Distributable Earnings

For the Years Ended Dec. 31 (MILLIONS)



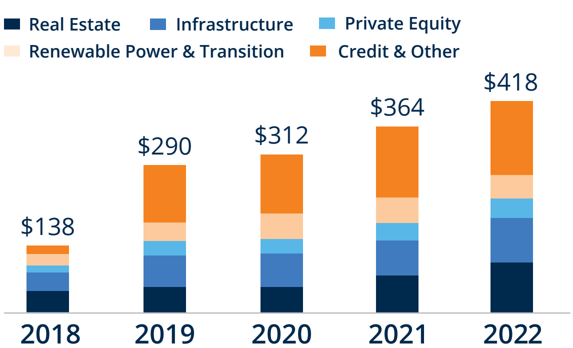
Distributions Earnings Per Share[1]

For the Years Ended Dec. 31



Fee-Bearing Capital

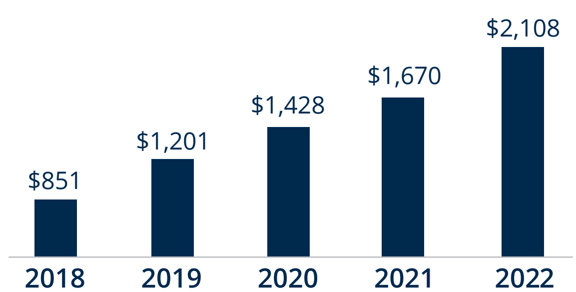
As at Dec. 31 (BILLIONS)



Fee-Related Earnings

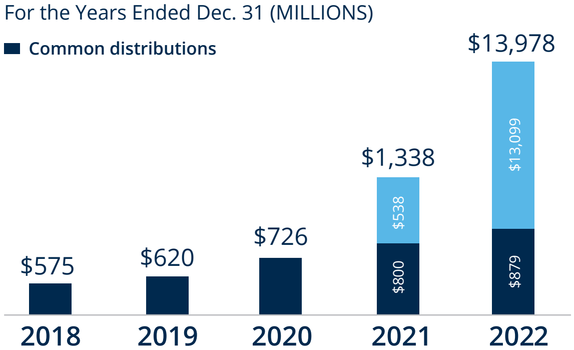
Excluding Performance Fees

For the Years Ended Dec. 31 (MILLIONS)



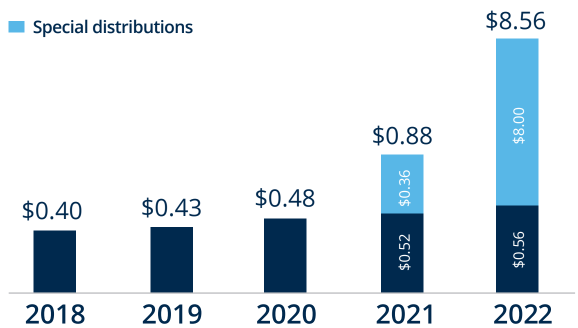
Distributions to Common Shareholders[2]

For the Years Ended Dec. 31 (MILLIONS)



Distributions Per Share[1]

For the Years Ended Dec. 31



1. Adjusted 2020 to reflect the three-for-two stock split effective April 1, 2020.
2. Excludes share repurchases. Total capital returned to common shareholders, including share repurchases, was approximately $15 billion during 2022.

NOTICE TO READERS

Pages 1 through 20 of the 2022 Annual Report must be read in conjunction with the cautionary statements included elsewhere in the 2022 Annual Report. Except where otherwise indicated, the information provided herein is based on matters as they exist as of December 31, 2022 and not as of any future date.

MANAGEMENT'S DISCUSSION AND ANALYSIS

ORGANIZATION OF MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

"Brookfield," the "company," "we," "us" or "our" refers to Brookfield Corporation and its consolidated subsidiaries. The "Corporation" is comprised of ownership interests in our asset management, insurance solutions and operating businesses. Our "invested capital" includes Brookfield Renewable Partners L.P., Brookfield Infrastructure Partners L.P. and Brookfield Business Partners L.P., which are separate issuers included within our Renewable Power and Transition, Infrastructure and Private Equity segments, respectively, Brookfield Asset Management ULC, which is included in our Asset Management segment, and issuers in the Brookfield Property Group, which are included in our Real Estate segment. Additional discussion of their businesses and results can be found in their public filings. We use "private funds" to refer to the real estate funds, transition funds, infrastructure funds and private equity funds of our asset management business. Our other businesses include our corporate activities.

Please refer to the Glossary of Terms beginning on page 129 which defines our key performance measures that we use to measure our business.

Additional information about the company, including our Annual Information Form, is available on our website at www.brookfield.com, on the Canadian Securities Administrators' website at www.sedar.com and on the EDGAR section of the U.S. Securities and Exchange Commission's ("SEC") website at www.sec.gov.

We are incorporated in Ontario, Canada, and qualify as an eligible Canadian issuer under the Multijurisdictional Disclosure System and as a "foreign private issuer" as such term is defined in Rule 405 under the U.S. Securities Act of 1933, as amended, and Rule 3b-4 under the U.S. Securities Exchange Act of 1934, as amended. As a result, we comply with U.S. continuous reporting requirements by filing our Canadian disclosure documents with the SEC; our annual report is filed under Form 40-F and we furnish our quarterly interim reports under Form 6-K.

Information contained in or otherwise accessible through the websites mentioned throughout this report does not form part of this report. All references in this report to websites are inactive textual references and are not incorporated by reference. Any other reports of the company referred to herein are not incorporated by reference unless explicitly stated otherwise.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS AND INFORMATION

This Report contains "forward-looking information" within the meaning of Canadian provincial securities laws and "forward-looking statements" within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, "safe harbor" provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. We may provide such information and make such statements in the Report, in other filings with Canadian regulators or the U.S. Securities and Exchange Commission or in other communications. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements which reflects management's expectations regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Corporation and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as "expects," "anticipates," "plans," "believes," "estimates," "seeks," "intends," "targets," "projects," "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may," "will," "should," "would" and "could."

Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information contained in this Report. The statements and information involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which may cause the actual results, performance or achievements of the company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements and information.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to: (i) investment returns that are lower than target; (ii) the impact or unanticipated impact of general economic, political and market factors in the countries in which we do business, including as a result of COVID-19 and the related global economic disruptions; (iii) the behavior of financial markets, including fluctuations in interest and foreign exchange rates; (iv) global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; (v) strategic actions including dispositions; the ability to complete and effectively integrate acquisitions into existing operations and the ability to attain expected benefits; (vi) changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates); (vii) the ability to appropriately manage human capital; (viii) the effect of applying future accounting changes; (ix) business competition; (x) operational and reputational risks; (xi) technological change; (xii) changes in government regulation and legislation within the countries in which we operate; (xiii) governmental investigations; (xiv) litigation; (xv) changes in tax laws; (xvi) ability to collect amounts owed; (xvii) catastrophic events, such as earthquakes, hurricanes, or pandemics/epidemics; (xviii) the possible impact of international conflicts and other developments including terrorist acts and cyberterrorism; (xix) the introduction, withdrawal, success and timing of business initiatives and strategies; (xx) the failure of effective disclosure controls and procedures and internal controls over financial reporting and other risks; (xxi) health, safety and environmental risks; (xxii) the maintenance of adequate insurance coverage; (xxiii) the existence of information barriers between certain businesses within our asset management operations; (xxiv) risks specific to our business segments including our asset management, real estate, renewable power and transition, infrastructure, private equity, and other alternatives, including credit; and (xxv) factors detailed from time to time in our documents filed with the securities regulators in Canada and the United States, including in "Part 6 – Business Environment and Risks" of our Annual Report available on SEDAR at www.sedar.com and EDGAR at www.sec.gov.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. Readers are urged to consider the foregoing risks, as well as other uncertainties, factors and assumptions carefully in evaluating the forward-looking information and are cautioned not to place undue reliance on such forward-looking information. Except as required by law, the Corporation undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.

Past performance is not indicative nor a guarantee of future results. There can be no assurance that comparable results will be achieved in the future, that future investments will be similar to the historic investments discussed herein (because of economic conditions, the availability of investment opportunities or otherwise), that targeted returns, diversification or asset allocations will be met or that an investment strategy or investment objectives will be achieved.

STATEMENT REGARDING USE OF NON-IFRS MEASURES

We disclose a number of financial measures in this Report that are calculated and presented using methodologies other than in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board ("IASB") ("IFRS"). We utilize these measures in managing the business, including for performance measurement, capital allocation and valuation purposes and believe that providing these performance measures on a supplemental basis to our IFRS results is helpful to investors in assessing the overall performance of our businesses. These financial measures should not be considered as the sole measure of our performance and should not be considered in isolation from, or as a substitute for, similar financial measures calculated in accordance with IFRS. We caution readers that these non-IFRS financial measures or other financial metrics may differ from the calculations disclosed by other businesses and, as a result, may not be comparable to similar measures presented by other issuers and entities. Reconciliations of these non-IFRS financial measures to the most directly comparable financial measures calculated and presented in accordance with IFRS, where applicable, are included within this Report. Please refer to our Glossary of Terms beginning on page 129 for all non-IFRS measures.

PART 1

OUR BUSINESS AND STRATEGY

OVERVIEW

Our objective is to compound capital, delivering 15%+ annual returns to shareholders over the long-term. With a 100+ year heritage as an owner and operator of real assets, we have a proven track record of deploying capital to build market leading businesses that generate stable, growing cash flows and attractive long-term total returns. Today, our capital is invested across three businesses - Asset Management, Insurance Solutions, and our Operating Businesses, which generate $5 billion of free cash flow annually and continue to grow.

Our capital is invested across businesses that help form the backbone of the global economy. The cash flows generated from our businesses are generally underpinned by stable, inflation-linked, largely contracted and growing revenue streams, and high cash margins. We leverage our global presence, the synergies of our businesses and large-scale, flexible capital to achieve strong returns across market cycles. On their own, each of our market leading businesses have a strong growth profile but together they generate synergies which significantly enhance their growth.

As a proven value investor, we remain focused on allocating the distributions we receive from our businesses to enhance value for our shareholders. We will continue to deploy the substantial free cash flows we receive towards supporting the growth of our three businesses, new strategic opportunities, and share buybacks. By leveraging the global reach and expertise of our asset management business, our goal is to identify new investment opportunities that provide strategic value for overall Brookfield and the potential for attractive returns over the long-term.

Our conservatively capitalized balance sheet provides downside protection and our scale, stability, and diversification create a differentiated business model, positioning us well as a partner of choice for the global buildout of infrastructure, the transition to a sustainable energy future, and take-private opportunities. We expect the flexibility of our capital and reputation as a good partner to create a significant proprietary pipeline of opportunities.

Sound environmental, social and governance ("ESG") principles are integral to building resilient businesses and creating long-term value for our investors and other stakeholders. As a result, we embed these principles into all our activities, including our investment process, and conduct our business in a sustainable and ethical manner. An emphasis on diversity and inclusion reinforces our culture of collaboration. It strengthens our ability to develop our people and maintain an engaged workforce focused on serving as a trusted partner and first-choice provider of investment solutions.

✓ Investment Focus

We invest in a global and diverse portfolio of high-quality assets or businesses that are predominantly long-term or perpetual in nature and have the following attributes:

- stable, largely contracted or inflation-linked, and growing revenues
- ability to drive outsized financial returns through operational excellence
- highly cash-generative
- high barriers to entry with a market leading position
- offer continuous deployment opportunities

✓ Focused Investment Strategies

We invest where we can bring our competitive advantages to bear, such as our significant and perpetual capital base, our global presence and reputation, and synergies across our strategies.

✓ Proven Capital Allocator

We are a value investor with a strong track record of allocating our capital to generate meaningful compound returns over the long term.

✓ Disciplined Financing Approach

We employ leverage[1] in a prudent manner to enhance returns while preserving capital throughout business cycles. Underlying investments are typically funded at investment-grade levels on a standalone and non-recourse basis, providing us with a stable capitalization. Only 5% of the total leverage reported in our consolidated financial statements has recourse to the Corporation.

✓ Sustainability

We are committed to ensuring that the assets and businesses in which we invest are set up for long-term success, and we seek to have a positive impact on the environment and the communities in which we operate.

We refer to the value of our business as our Invested Capital, which is calculated as the value of our 3 businesses – Asset Management, Insurance Solutions, and Operating Businesses. Our financial returns are represented by capital appreciation and distributions from our businesses. The primary performance measures that we use to evaluate the performance of our businesses are distributable earnings (“DE”)[1] and funds from operations (“FFO”)[1].

ASSET MANAGEMENT

Our **asset management business** is one of the world’s leading alternative asset managers, with approximately $800 billion of assets under management (“AUM”)[1] as at December 31, 2022 across infrastructure, renewable power and transition, real estate, private equity and credit. The business invests client capital for the long-term with a focus on real assets and essential service businesses that form the backbone of the global economy. The business draws on our heritage as an owner and operator to invest for value and generate strong returns for clients, across economic cycles.

Within each investment vertical, our business manages capital in a variety of products that broadly fall into one of three categories: i) long-term private funds, ii) perpetual strategies and iii) liquid strategies[1]. Products within these three strategies have similar base management fee[1] and carried interest[1] or performance fee[1] drivers.

Our capital in this business is via our 75% ownership interest in Brookfield Asset Management ULC (“BAM”)[1] for which we receive quarterly distributions.

INSURANCE SOLUTIONS

Our **insurance solutions business[2]** owns and operates a leading financial services business providing capital-based solutions to the insurance industry. Through operating subsidiaries, the business provides annuity-based reinsurance products to insurance and reinsurance companies and acts as a direct issuer of pension risk transfer products for pension plan sponsors. In doing so, the business seeks to match long-duration liabilities with a portfolio of high-quality investments in order to generate attractive, risk-adjusted returns.

As of December 31, 2022, our business has $4 billion of equity capital and approximately $40 billion of assets with annualized DE of $650 million. The goal of our insurance solutions business is to create one of the world’s leading platforms for insurance solutions. It is expected that the capital base of this business will be vastly greater in the future, achieved through internal growth as well as through the addition of new capital from the Corporation and other business partners.

1. See definition in Glossary of Terms beginning on page 129.
2. Our capital in this business is predominantly via our equity accounted investment in Brookfield Reinsurance Ltd.

Our asset management business acts as the investment manager of most of the assets of our insurance solutions business.

OPERATING BUSINESSES

We have approximately $57 billion of capital in our operating businesses as a result of our history as an owner and operator of real assets. This capital generates attractive financial returns and provides important stability and flexibility to the Corporation.

Renewable Power and Transition, Infrastructure, and Private Equity

Our investments in Renewable Power and Transition, Infrastructure, and Private Equity serve as publicly listed permanent capital vehicles that also act as our primary vehicles for making commitments to the flagship private funds of our asset management business, providing them each with a very strong pipeline for growth. Each of these businesses share key characteristics of being highly diversified by sector and geography, generating stable and often inflation linked revenue streams, high cash margins, market leading positions, high barriers to entry and opportunities to invest additional capital to enhance returns, all of which enable us to generate very attractive risk-adjusted returns on our capital.

Our **renewable power and transition business** owns diverse and high-quality assets across multiple continents and technologies including hydroelectric, wind, utility-scale solar, and distributed energy and sustainable solutions investments. Our capital in this business is primarily via our 48% ownership interest in Brookfield Renewable Partners (“BEP”)[1] for which we receive quarterly distributions. We also enter into energy contracts, which are our contractual arrangement with BEP to purchase power generated by certain North American hydro assets at a fixed price that is then resold on a contracted or uncontracted basis.

Our **infrastructure business** is one of the world’s largest infrastructure investors and owns and operates assets across the transport, data, utilities, and midstream sectors. Our capital in this business is via our 27% ownership interest in Brookfield Infrastructure Partners (“BIP”)[1] for which we receive quarterly distributions.

Our **private equity business** is a leading private equity investor with a focus on owning and operating businesses that provide essential products and services in the business services, industrials, and residential sectors. Our capital in this business is via our 65% ownership interest in Brookfield Business Partners (“BBU”)[1]. We also have direct investments in various operating companies within the Private Equity segment.

Real Estate

Our **real estate business** is a diversified global real estate portfolio that owns and operates one of the largest portfolios of office, retail, multifamily residential, logistics, hospitality, triple net lease, student housing and manufactured housing assets.

Our capital in this business is via our 100% ownership stake in Brookfield Property Group (“BPG”)[1], which today consists of an irreplaceable portfolio of trophy mixed-use precincts in global gateway cities (“Core”), a portfolio designed to maximize returns through a development or buy-fix-sell strategy (“Transitional & Development), of which $3 billion includes our capital invested in our North American residential business, and investments we have made in real estate private funds which own high-quality assets and portfolios with operational upside (“LP Investments”).

Our investment in BPG offers a diverse and high-quality portfolio of real estate assets in some of the best locations around the world with a history of outperforming over very long periods of time and through economic cycles.

Refer to Parts 2 and 3 of this MD&A for more information on our operations and performance.

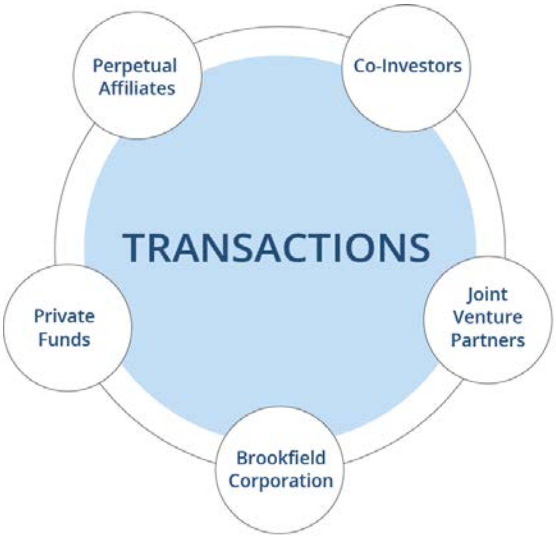
1. See definition in Glossary of Terms beginning on page 129.

COMPETITIVE ADVANTAGES

We have three distinct competitive advantages that enable us to consistently identify and acquire high-quality assets and create significant value in the assets that we own and operate.

SIGNIFICANT & PERPETUAL CAPITAL BASE

We have invested capital[1] of $99 billion and a stable and growing annual free cash flow of $5 billion. The access to significant resources has enabled us to (1) pursue highly accretive growth, (2) accelerate the growth of our asset management business, and (3) build and grow new businesses.



GLOBAL REACH

We operate in more than 30 countries on 5 continents around the world.

We have incubated, built, and launched market leading businesses over the past 20 years, each of which has reached global scale and enables the Corporation to pursue acquisition or growth of the next market leader. Our existing relationships and reputation as a superior partner are true differentiators and have increasingly positioned us as the capital solutions provider of choice for major global brands. We expect to leverage our resources and reputation to continue to seek opportunities that will provide total returns of over 15%+ a year over the long-term.

SYNERGIES ACROSS STRATEGIES

We believe that separation of business activities achieves efficient capital structures and focused growth opportunities and collaboration achieves higher returns and better outcomes for all of our market leading businesses. The Corporation and its market leading businesses are strategically aligned for all of them to perform and deliver strong results for stakeholders.

The collaboration between the 2,500+ investment and asset management professionals in our asset management business and the approximately 200,000 operating employees located in over 30 countries on five continents, provides Brookfield with deep investment and operating expertise across several sectors and industries, global reach and unique access to proprietary investment opportunities. The complementary skillsets of our people position us to manage operational risk, achieve operating efficiencies and enhance returns.

1. See definition in Glossary of Terms beginning on page 129.

INVESTMENT CYCLE

Identify and Acquire High-Quality Assets

We follow a value-based approach to investing and allocating capital. We believe that our disciplined approach, global reach and our operating expertise enable us to identify a wide range of potential opportunities, and allow us to invest at attractive valuations and generate superior risk-adjusted returns. We also leverage our considerable expertise in executing recapitalizations, operational turnarounds and large development and capital projects, providing additional opportunities to deploy capital.

Secure Long-Term Financing

We finance our operations predominantly on a long-term, investment-grade basis, and most of our capital consists of equity and standalone asset-by-asset financing with minimal recourse to other parts of the organization. We utilize relatively modest levels of corporate debt to provide operational flexibility and optimize returns. This provides us with considerable stability, improves our ability to withstand financial downturns and enables our management teams to focus on operations and other growth initiatives.

Enhance Value and Cash Flows Through Operating Expertise

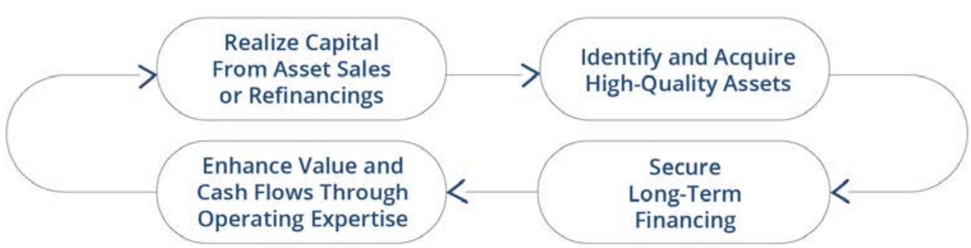
Our strong, time-tested operating capabilities enable us to increase the value of the assets within our businesses and the cash flows they produce, and they help to protect capital in adverse conditions. Our operating expertise, development capabilities and effective financing can help ensure that an investment's full value creation potential is realized, which we believe is one of our most important competitive advantages.

Realize Capital from Asset Sales or Refinancings

We actively monitor opportunities to sell or refinance assets to generate proceeds; in the limited life funds of our asset management business that capital is returned to investors, and in the case of perpetual funds, we then redeploy the capital to enhance returns. In many cases, returning capital from private funds completes the investment process, locks in investor returns and gives rise to performance income.

Our Operating Cycle Leads to Value Creation

We create value from earning robust returns on our investments that compound over time and grow the fee-bearing capital of our asset management business. By generating value for our investors and shareholders, we increase fees and carried interest received in our asset management business, and grow cash flows that compound value in our invested capital.



LIQUIDITY AND CAPITAL RESOURCES

The Corporation has $5 billion of core liquidity[1], inclusive of our proportionate share of liquidity of our asset management business, and $124 billion of total liquidity[1] on a group basis as at December 31, 2022. We manage our liquidity and capitalization on a group-wide basis, which we organize into three principal tiers:

i) The Corporation, inclusive of our proportionate share of liquidity of our asset management business:

- Strong levels of liquidity are maintained to support growth and ongoing operations.
- Capitalization consists of a large common equity base, supplemented with perpetual preferred shares, long-dated corporate bonds and, from time to time, draws on our corporate credit facilities.
- Negligible guarantees are provided on the financial obligations of perpetual affiliates and managed funds.
- High levels of cash flows are available after payment of common share dividends.

ii) Our perpetual affiliates (BEP/BEPC, BIP/BIPC, BBU/BBUC and BPG):

- Strong levels of liquidity are maintained at each of the perpetual affiliates to support their growth and ongoing operations.
- Perpetual affiliates are intended to be self-funding with stable capitalization through market cycles.
- Financial obligations have no recourse to the Corporation.

iii) Our asset management business:

- Each underlying investment (whether held directly or within a perpetual affiliate) is typically funded on a standalone basis.
- Fund level borrowings are generally limited to subscription facilities backed by the capital commitments to the fund.
- Financial obligations have no recourse to the Corporation.

APPROACH TO CAPITALIZATION

We maintain a prudent level of long-dated capitalization in the form of common equity, perpetual preferred shares and corporate bonds, which provides a very stable capital structure. In addition, we maintain appropriate levels of liquidity throughout the organization to fund operating, development and investment activities as well as unforeseen requirements.

A key element of our capital strategy is to maintain significant liquidity at the corporate level, primarily in the form of cash, financial assets and undrawn credit lines.

Within our perpetual affiliates and asset management business, we strive to:

- Ensure our perpetual affiliates can finance their operations on a standalone basis without recourse to or reliance on the Corporation.
- Structure borrowings and other financial obligations associated with assets or portfolio companies to provide a stable capitalization at levels that are attractive to investors, are sustainable on a long-term basis and can withstand business cycles.
- Ensure the vast majority of this debt is at investment-grade levels; however, periodically, we may borrow at sub-investment grade levels in certain parts of our business where the borrowings are carefully structured and monitored.

1. See definition in Glossary of Terms beginning on page 129.

- Provide recourse only to the specific businesses or assets being financed, without cross-collateralization or parental guarantees.
- Match the duration of our debt to the underlying leases or contracts and match the currency of our debt to that of the assets such that our remaining exposure is on the net equity of the investment.

As at December 31, 2022, only $11 billion of long-term debt has recourse to the Corporation. The remaining debt on our consolidated balance sheet is held within managed entities and has no recourse to the Corporation but is consolidated under IFRS.

LIQUIDITY

- The Corporation has very few capital requirements. Nevertheless, we maintain significant liquidity ($5 billion in the form of cash and financial assets and undrawn credit facilities as at December 31, 2022) at the corporate level to further enable the growth of the broader business. This does not include our ability to issue debt at the Corporation to replenish our cash resources on an otherwise very conservatively leveraged corporate balance sheet.
- On a group basis, we have approximately $124 billion of liquidity, which includes corporate liquidity, perpetual affiliate liquidity and uncalled private fund commitments. Uncalled private fund commitments are third-party commitments available for drawdown in the private funds of our asset management business.

AS AT DEC. 31, 2022 (MILLIONS)	Corporate Liquidity	Group Liquidity
Cash and financial assets, net	$ 2,893	$ 27,440
Undrawn committed credit facilities	2,540	9,284
Core liquidity	5,433	36,724
Third-party uncalled private fund commitments	—	87,364
Total liquidity	**$ 5,433**	**$ 124,088**

CAPITAL MANAGEMENT

We utilize a metric we call the Corporation's Capital to manage the business in a number of ways, including operating performance, value creation, credit metrics and capital efficiency. The performance of the Corporation's Capital is closely tracked and monitored by the company's key management personnel and evaluated against management's objectives. The primary goal of the company is to earn a 15%+ return compounded over the long term while always maintaining significant liquidity to support ongoing operations.

The Corporation's Capital consists of the capital invested in its asset management activities, including investments in entities that it manages, its corporate investments that are held outside of managed entities and its net working capital, and is computed as follows:

AS AT DEC. 31 (MILLIONS)	**2022**	2021
Cash and cash equivalents	**$ 1,564**	$ 1,197
Other financial assets	**6,959**	3,430
Common equity in managed investments	**44,413**	46,248
Other assets and liabilities of the Corporation	**4,895**	6,585
Corporation's Capital	**$ 57,831**	$ 57,460

The Corporation's Capital is funded with common equity, preferred equity and corporate borrowings issued by the Corporation.

AS AT DEC. 31 (MILLIONS)	2022	2021
Common equity	$ 39,608	$ 42,210
Preferred shares	4,145	4,145
Non-controlling interest	2,688	230
Corporate borrowings	11,390	10,875
Corporation's Capital	$ 57,831	$ 57,460

We maintain a prudent level of capitalization at the Corporation with 81% of our book capitalization in the form of common and preferred equity. Consistent with our conservative approach, our corporate borrowings represent only 19% of our corporate book capitalization and equate to just 5% of our consolidated debt.

The remaining 95% of our consolidated debt is non-recourse and is held within managed entities and has virtually no cross-collateralization or parental guarantees by the Corporation.

The following table presents our total capitalization on a corporate and consolidated basis. Total capitalization also includes amounts payable under long-term incentive plans, fixed annuity liabilities fully backed by financial asset portfolios, deferred tax liabilities and other working capital balances:

AS AT DEC. 31 (MILLIONS)	Corporate		Consolidated	
	2022	2021	2022	2021
Corporate borrowings	$ 11,390	$ 10,875	$ 11,390	$ 10,875
Non-recourse borrowings				
Subsidiary borrowings	—	—	15,140	12,876
Property-specific borrowings	—	—	187,544	152,181
	11,390	10,875	214,074	175,932
Corporation's Capital, excluding corporate borrowings	43,983	46,585	43,983	46,585
Accounts payable, deferred taxes and other	6,097	5,403	183,227	168,486
Total capitalization	$ 61,470	$ 62,863	$ 441,284	$ 391,003
Debt to capitalization	19%	17%	49%	45%

CASH FLOW GENERATION FROM OUR CAPITAL

Our Corporation's Capital generates significant, recurring cash flows at the corporate level, which may be used for (i) reinvestment into the business; or (ii) returning cash to shareholders. These cash flows are underpinned by:

- Distributions from our asset management business, which are supported by fee-related earnings[1] from predominantly long-term or perpetual contractual agreements.
- Insurance solutions operating earnings, which are backed by attractive returns earned on assets that are matched to corresponding predictable, long-duration insurance liabilities.
- Distributions from investments which are stable and backed by high-quality cash-generating real assets.

These cash flows are supplemented with carried interest and disposition gains on principal investments as we monetize mature investments and return capital to our investors.

1. See definition in Glossary of Terms beginning on page 129.

DE was $5.2 billion for 2022, and over the past five years has grown at a 22% compound annual growth rate.

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022	2021
Distributions from asset management business[1]	**$ 2,061**	$ 1,892
Insurance solutions operating earnings	**388**	30
Distributions from investments	**2,558**	2,128
Corporate activities	**(595)**	(462)
Preferred share dividends[2]	**(160)**	(157)
	(755)	(619)
Add back: equity-based compensation costs	**62**	36
Distributable earnings before realizations	**4,314**	3,467
Realized carried interest, net[3, 4]	**555**	715
Disposition gains from principal investments	**360**	2,100
Distributable earnings	**$ 5,229**	$ 6,282

1. Includes $326 million (2021 – $632 million) of distributable earnings from Oaktree at our share.
2. Includes $10 million (2021 – $9 million) of dividends paid on perpetual subordinated notes for the year ended December 31, 2022.
3. Includes our share of Oaktree's distributable earnings attributable to realized carried interest.
4. See definition in Glossary of Terms beginning on page 129.

RISK MANAGEMENT

FOCUS ON RISK CULTURE	SHARED EXECUTION	OVERSIGHT & COORDINATION
Maintain an effective risk culture that aligns our business strategy and activities with our risk appetite	Business and functional groups are primarily responsible for identifying and managing risks within their business	Consistent approach and practices across business and functional groups, with coordinated management of common risks

OUR APPROACH

Managing risk is an integral and critical part of our business. We have a well-established, proactive and disciplined risk management approach that is based on clear operating methods and a strong risk management culture. We ensure that we have the necessary capacity and resilience to respond to changing environments by evaluating both current and emerging risks. We adhere to a robust risk management framework and methodology that is designed to enable comprehensive and consistent management of risk across the organization. We use a thorough and integrated risk assessment process to identify and evaluate risk areas across the business, including human capital, climate change, liquidity, disruption, regulatory compliance and other strategic, financial, and operational risks. Management and mitigation approaches are tailored to the specific risk areas and executed by business and functional groups for their businesses and areas of responsibility, with appropriate coordination and oversight through monitoring and reporting processes.

FOCUS ON RISK CULTURE

A strong risk culture is the cornerstone of our risk management program: one that promotes measured and appropriate risk-taking, addresses current and emerging risks, and ensures employees conduct business with a long-term perspective and in a sustainable and ethical manner. This culture is reinforced by strong commitment and leadership from our senior executives, as well as the policies and practices we have implemented, including our compensation approach.

SHARED EXECUTION

Given the diversified and decentralized nature of our operations, we seek to ensure that risk is managed as close to its source as possible and by the management teams that have the most knowledge and expertise in the specific business or risk area. As such, business specific risks—such as health and safety, environmental and other operational risks—are generally managed at the operating business level, as the risks vary based on the nature of each business. At the same time, we monitor key risks organization-wide to ensure adequacy of risk management, adherence to applicable Brookfield policies, and sharing of best practices.

For risks that are more pervasive and correlated in their impact across the organization—such as liquidity, foreign exchange and interest rates or where we can bring specialized knowledge—we utilize a coordinated approach that is centralized amongst our corporate and business groups. Management of strategic, reputational and regulatory compliance risks are similarly coordinated to ensure consistent focus and implementation across the organization.

Oversight & Coordination

We have implemented strong governance practices to monitor and oversee our risk management program. Management committees bring together required expertise to manage key risk areas, ensuring appropriate application and coordination of risk management practices across our business and functional groups, and include the following:

- **Risk Management Steering Committee** – supports the overall corporate risk management program, and coordinates risk assessment and mitigation on an enterprise-wide basis
- **Investment Committees** – oversees the investment process and reviews and approves investment transactions
- **Conflicts Committee** – resolves potential conflict situations in the investment process and other corporate transactions
- **Financial Risk Oversight Committee** – reviews and monitors financial exposures
- **ESG Leadership** – oversees, coordinates and implements activities related to ESG, including current and future initiatives, and sector and market trends
- **Safety Leadership Committee** – promotes strong safety culture, monitors safety trends, and sponsors strategic initiatives related to health, safety, security and environmental matters
- **Net Zero Steering Committee** – Develop decarbonization targets, operationalize approach and share best practices across the organization
- **Disclosure Committee** – oversees the public disclosure of material information

Brookfield's Board of Directors (the "Board") oversees risk management with a focus on more significant risks, and leverages management's monitoring processes. The Board has delegated responsibility for oversight of specific risks to the following board committees:

- **Risk Management Committee** – oversees the management of Brookfield's significant financial and non-financial risk exposures, including review of risk assessment and risk management practices, and confirms that the company has an appropriate risk-taking philosophy and suitable risk capacity
- **Audit Committee** – oversees the management of risks related to Brookfield's systems and procedures for financial reporting, as well as for associated internal and external audit processes
- **Management Resources and Compensation Committee** – oversees risks related to Brookfield's management resource planning, including succession planning, executive compensation and senior executives' performance
- **Governance and Nominating Committee** – oversees risks related to Brookfield's governance structure, including the effectiveness of board and committee activities, potential conflicts of interest, and ESG governance

ENVIRONMENTAL, SOCIAL AND GOVERNANCE MANAGEMENT

ESG AT BROOKFIELD

Our business philosophy is based on our conviction that acting responsibly toward our stakeholders is foundational to operating a productive, profitable and sustainable business, and that value creation and sustainable development are complementary goals. This view has been underpinned by what we have learned throughout our 100+ year heritage as an owner and operator of long-term assets, many of which form the backbone of the global economy. Our long-term focus lends itself to robust ESG programs throughout our business and underlying operations, which has always been a key priority for us.

While ESG principles have always been embedded in how we run our business, we formalized our approach with the publication of Brookfield's ESG principles in 2016. In 2022, we developed a global ESG Policy incorporating our practices related to operationalizing our ESG principles. This document codifies our longstanding commitment to integrating ESG considerations into our decision-making and day-to-day asset management activities. This policy is reviewed annually and updated on an as-needed basis by senior executives at Brookfield as well as each of Brookfield's business groups. Our ESG policy outlines our approach to ESG which is based on the following guiding principles:

Mitigate the impact of our operations on the environment:

- Strive to minimize the environmental impact of operations and improve our efficient use of resources over time.
- Support the goal of net-zero greenhouse gas ("GHG") emissions by 2050 or sooner.

Ensure the well-being and safety of employees:

- Foster a positive work environment based on respect for human rights, valuing diversity, and having zero tolerance for workplace discrimination, violence or harassment.
- Operate with leading health and safety practices to support the goal of zero serious safety incidents.

Uphold strong governance practices:

- Operate to the highest ethical standards by conducting business activities in accordance with our Code of Conduct.
- Maintain strong stakeholder relationships through transparency and active engagement.

Be good corporate citizens:

- Ensure the interests, safety and well-being of the communities in which we operate are integrated into our business decisions.
- Support philanthropy and volunteerism by our employees.

ESG Governance

Robust ESG programs throughout our businesses and underlying operations has always been a key priority. Brookfield understands that good governance is essential to sustainable business operations. Brookfield's Board of Directors, through its Governance and Nominating Committee, has ultimate oversight of Brookfield's ESG strategy and receives regular updates on the company's ESG initiatives throughout the year.

Brookfield's ESG programs are supported by senior executives and experts within our asset management business, who are charged with primary accountability for driving ESG initiatives based on business imperatives, industry developments and best practices. This model facilitates the ability to leverage Brookfield's extensive industry and operational expertise and align our ESG priorities. In each case, our ESG initiatives are supported by asset management professionals from each of these constituencies.

ESG Integration into the Investment Process

During the initial due diligence phase of an investment, we proactively identify material ESG risks and opportunities relevant to the particular asset. We leverage our investment and operating expertise and utilize Brookfield's ESG Due Diligence Guidelines which incorporate the engagement guide published by the Sustainability Accounting Standards Board ("SASB") guidance. In 2022, we enhanced our ESG Due Diligence Guidelines with the addition of a comprehensive climate change risk assessment. We have also added a separate human rights and modern slavery risk assessment to our ESG Due Diligence Guidelines with the objective of mitigating the risks of modern slavery and human rights violations, including within supply chains. Where appropriate, we perform deeper due diligence, working with internal experts and third-party advisors as needed.

All investments made by Brookfield must be approved by the applicable Investment Committee, which makes its decision based on a set of predetermined criteria. To facilitate this, investment teams outline for the committee the merits of the transaction and material risks, mitigants and significant opportunities for improvement, including those related to ESG, such as bribery and corruption, health and safety, and climate-related risks.

As part of each acquisition, investment teams create a tailored integration plan that includes, among other things, material ESG-related matters for review or execution. Brookfield looks to advance ESG initiatives and improve ESG performance to drive long-term value creation, as well as to manage any associated risks. We have witnessed and continue to see a strong correlation between managing these considerations and enhancing investment returns. It is the responsibility of the management teams within each portfolio company to manage ESG risks and opportunities through the investment's life cycle, supported by the applicable investment team. The combination of having local accountability and expertise in tandem with Brookfield's investment and operating capabilities is important when managing a wide range of asset types across jurisdictions.

When preparing an asset for divestiture, we create robust business plans outlining potential value creation deriving from several different factors, including ESG considerations. We also prepare both qualitative and quantitative data that summarize the ESG performance of the investment and provide a holistic understanding of how Brookfield has managed the investment.

Below is a summary of some of the ESG initiatives that we undertook in 2022. For additional information, please refer to Brookfield's latest ESG report.

ENVIRONMENTAL

Climate change mitigation and adaptation continues to be a key area of focus and Brookfield has made progress in a number of areas.

TCFD Alignment

Since becoming supporters of the TCFD in 2021, Brookfield has made progress on aligning with the TCFD's recommended disclosures. Over the last year, we completed a climate risk management review to better understand the physical and transition risk and opportunities profile across our businesses. We are leveraging those results to identify improvement opportunities in approaching climate change mitigation and adaptation and continue to work to integrate those considerations into Brookfield's asset management business, as well as its operating businesses and portfolio companies. Brookfield's climate risk management methodology is aligned with the TCFD's recommendations, and we are working towards publishing our inaugural 2022 TCFD report in the first half of 2023.

Commitment to Net Zero

Brookfield has become a signatory to the Net Zero Asset Managers initiative ("NZAM"), to further our commitment to support the transition to a net zero carbon economy. NZAM is a group of international asset managers committed to supporting the goal of net zero GHG emissions by 2050 or sooner. To fulfill this commitment, our asset management business is commencing to take account of emissions, prioritize emissions reductions across Brookfield's businesses, and work towards publishing disclosures in line with the recommendations of the TCFD.

In 2022, we submitted our 2030 net zero interim target, setting out our commitment to reduce emissions by two-thirds by 2030 across $147 billion (approximately one-third) of our AUM from a 2020 base-line year[1].

An integral part of Brookfield's net zero commitment is the allocation of capital towards climate solutions. Our interim emissions target is comprised of assets across our businesses, including real estate, infrastructure, private equity, and renewable power and transition. In setting our interim target, we focused on investments where:

a. We have control and therefore sufficient influence over the outcomes;

b. We could identify and implement actionable initiatives in the near term, and;

c. We assessed it to be value accretive to do so over the life of the investment.

Our intention is to increase the proportion of assets to be managed in line with net zero annually or as frequently as possible, consistent with our ambition to reach 100% over time. Our net-zero interim target includes Scope 1 and 2 emissions of Brookfield's portfolio companies or otherwise the majority of "financed emissions"[2].

To support our progress towards achieving our net-zero ambition, our focus over the past year has been on building teams and devoting additional resources to facilitate the development of credible decarbonization plans across all AUM. In undertaking this work, we will focus our net-zero efforts on investments where we have the best opportunity to achieve measurable positive outcomes.

In addition to the work that we are undertaking with our existing assets, we recently launched BGTF, which is the largest of its kind in the world with $15 billion dedicated to accelerating the global transition to net zero. BGTF is an important component of our net-zero strategy and will pursue opportunities only where we can make measurable positive impact, including through the development of additional clean power capacity or decarbonizing carbon-intensive businesses.

SOCIAL

Diversity, Equity and Inclusion

We recognize that our success depends upon the quality, capabilities and commitment of our people across our businesses. Developing our over 2,500 investment and asset management employees and ensuring their continued engagement is therefore one of our top priorities. We aim to create an environment that is built on strong relationships and conducive to developing our workforce, and where individuals from diverse backgrounds can thrive. In 2022, we continued to work on ensuring that our talent attraction and retention efforts and our diversity, equity and inclusion efforts are in line with best practices.

Our approach to diversity, equity and inclusion has been deliberate and is integrated into our human capital development processes and initiatives. Having a diverse workforce reinforces our culture of collaboration and strengthens our ability to develop team members and maintain an engaged workforce. We seek to foster a diverse and inclusive workplace by ensuring leaders understand their role in creating an inclusive environment and by maintaining a focus on disciplined talent management processes that seek to mitigate the impact of unconscious bias. We believe that these priorities are foundational to our success in enhancing diversity and inclusion within the workplace, where career advancement is directly tied to performance and to alignment with our values of making decisions with intense collaboration and a long-term focus.

1. Expressed as a percentage of total AUM excluding Oaktree Capital Management.
2. Excludes Scope 3 emissions in investments where Brookfield does not have control.

Occupational Health and Safety

Occupational health and safety continues to be integral to how we manage our businesses. As health and safety risk varies across industries, sectors, and the nature of operations, we emphasize the importance of our operating businesses having direct accountability and responsibility for managing and reporting risks within their operations, with Brookfield providing support and strategic oversight at the business's board (or similarly situated governance body). For details on our health and safety framework, as it relates to our operating businesses, please refer to Brookfield's latest ESG report.

Human Rights and Modern Slavery

Brookfield is committed to conducting our business in an ethical and responsible manner. We continue to work to identify and prevent potential human rights and modern slavery violations within our business environment, including supply chains, and we look for ways to support the promotion of human rights. Our approach to addressing human rights, including modern slavery, is designed to be commensurate with the risks we face, which vary based on jurisdiction, industry and sector. Brookfield has a modern slavery and human trafficking policy that provides guidance on measures to prevent and detect modern slavery. In addition, we have several other policies and procedures that provide guidance on the identification of human rights and modern slavery risks and the steps to be taken to mitigate these risks. These include our Code of Conduct, Vendor Management Guidelines, including the Vendor Code of Conduct, ESG Due Diligence Guidelines, Anti-Bribery and Corruption Policy, Anti-Money Laundering and Trade Sanctions Policy and Whistleblowing Policy. Our portfolio companies' senior management teams are each responsible for identifying and managing the human rights risks, including modern slavery, for their individual businesses.

All employees receive modern slavery training as part of the onboarding process and access ongoing training, as necessary. Additional training relevant to applicable regions and role, particularly in higher-risk functions such as procurement is provided. We also encourage employees, suppliers and business partners to report concerns in accordance with our Whistleblowing Policy.

We are cognizant of the fact that the risks of human rights, modern slavery and human trafficking are complex and evolving, and we will continue to work on addressing these risks in our business.

GOVERNANCE

We recognize that strong governance is essential to sustainable business operations, and we aim to conduct our business according to the highest ethical and legal standards.

Stewardship and Engagement

Brookfield is one of the largest owners and operators of real assets globally. In managing our assets, we utilize our active asset management approach to collaborate directly with our portfolio companies to facilitate the implementation of sound ESG practices that are essential for resilient businesses, while creating long-term value for our investors and stakeholders.

In addition, Brookfield utilizes its Proxy Voting Guidelines to ensure that we are voting proxies in our investors' best interests, in accordance with any applicable proxy voting agreements and consistent with the investment mandate. While our public securities holdings are modest relative to our AUM, we considered it important to formally record the variety of ESG factors that we assess in determining whether voting a proxy is in the client's best interests, including gender equality, board diversity, ecology and sustainability, climate change, ethics, human rights, and data security and privacy. As part of our Proxy Voting Guidelines, Brookfield has created a Proxy Voting Committee that comprises senior executives across Brookfield and oversees proxy voting across our holdings. These guidelines also uphold our strong commitment to ESG practices, and our stance concerning climate risk, human rights, and diversity, equity and inclusion.

ESG Regulation

We aim to uphold strong governance practices, and we actively monitor proposed and evolving ESG legislation, regulation and market practices in all jurisdictions in which we operate. This includes, for example, the EU Sustainable Finance Disclosure Regulation and EU Taxonomy Regulation as well as the newly announced International Sustainability Standards Board. We seek to continuously improve and refine our processes by actively participating in the development and implementation of new industry standards and best practices.

Data Privacy and Cybersecurity

Data privacy and cybersecurity remain key ESG focus areas for us. In 2022, we undertook initiatives to further enhance our data protection and threat-intelligence capabilities, and we worked on improving our processes for third-party risk management. We review and update our cybersecurity program annually and conduct regular external-party assessments of our program maturity based on the NIST Cybersecurity Framework. Finally, in addition to continued mandatory cybersecurity education for all employees, we enhanced our phishing simulations to include more advanced simulations and social engineering.

ESG Affiliations and Partnerships

Finally, we continue to align our business practices with frameworks for responsible investing and are an active participant in industry forums and other organizations. We are a signatory to the United Nations-supported Principles for Responsible Investment ("PRI"), which demonstrates our ongoing commitment to responsible investment and ESG best practices. As a participant in organizations like the PRI, the TCFD and NZAM, we are committed to ongoing engagement and stewardship and the promotion of leading ESG practices—both with our portfolio companies and with the broader asset management industry—that are designed to enhance the value of our assets and businesses. In addition, through our membership in these organizations and other industry forums, we remain actively involved in discussions aimed at advancing ESG awareness across private and public markets and enhance our reporting and protocols in line with evolving best practices.

PART 2

REVIEW OF CONSOLIDATED FINANCIAL RESULTS

The following section contains a discussion and analysis of line items presented within our consolidated financial statements. The financial data in this section has been prepared in accordance with IFRS unless otherwise noted. Starting on page 53, we provide an overview of our fair value accounting process and why we believe it provides useful information for investors about our performance. We also provide an overview of our application of the control-based model under IFRS used to determine whether or not an investment should be consolidated.

OVERVIEW

During 2022, our operating performance was strong despite a more challenging economic backdrop, driven by growth within our asset management franchise, the continued ramp-up in earnings from our insurance solutions business, and the resilience of our inflation-protected and highly cash-generative global portfolio of real assets.

Net income was $5.2 billion in the current year, with $2.1 billion attributable to common shareholders ($1.19 per share) and the remaining income attributable to non-controlling interests.

The $7.2 billion decrease in consolidated net income and the $1.9 billion decrease in net income attributable to common shareholders were primarily attributable to:

- contributions from acquisitions during the current year and the second half of 2021 and same-store[1] growth across our operations;
- an increase in equity accounted income of $162 million from organic growth;
- income tax expense of $1.5 billion compared to $2.3 billion in 2021, predominantly attributable to a lower taxable income and recognition of previously unrecognized tax losses; which were more than offset by
- valuation decreases of $1.0 billion compared to an increase of $5.2 billion in the prior year, primarily driven by lower valuations on certain assets within our Real Estate segment, and the absence of one-time gains recorded in the prior year within our Infrastructure segment;
- increase in interest expense of $3.1 billion mainly related to incremental debt from recent acquisitions, increased interest rates on variable rate debt obligations, and asset-level financings across the business; and
- higher depreciation expense primarily as a result of recent acquisitions.

Our consolidated balance sheet primarily increased as a result of assets acquired, net of liabilities. Further increases relate to revaluations of property, plant and equipment ("PP&E") primarily within our Renewable Power and Transition and Real Estate segments. These increases were partially offset by dispositions during the year of a U.K. student housing business within our Real Estate segment and a portfolio of telecommunication towers in New Zealand within our Infrastructure segment.

1. See definition in Glossary of Terms beginning on page 129.

INCOME STATEMENT ANALYSIS

The following table summarizes the financial results of the company for 2022, 2021 and 2020:

FOR THE YEARS ENDED DEC. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	2022	2021	2020	Change 2022 vs. 2021	Change 2021 vs. 2020
Revenues	**$ 92,769**	$ 75,731	$ 62,752	$ 17,038	$ 12,979
Direct costs[1]	**(78,511)**	(64,000)	(53,177)	(14,511)	(10,823)
Other income and gains	**1,594**	3,099	785	(1,505)	2,314
Equity accounted income	**2,613**	2,451	(79)	162	2,530
Expenses					
Interest	**(10,702)**	(7,604)	(7,213)	(3,098)	(391)
Corporate costs	**(122)**	(116)	(101)	(6)	(15)
Fair value changes	**(977)**	5,151	(1,423)	(6,128)	6,574
Income tax expense	**(1,469)**	(2,324)	(837)	855	(1,487)
Net income	**5,195**	12,388	707	(7,193)	11,681
Non-controlling interests	**(3,139)**	(8,422)	(841)	5,283	(7,581)
Net income (loss) attributable to shareholders	**$ 2,056**	$ 3,966	$ (134)	$ (1,910)	$ 4,100
Net income (loss) per share[2]	**$ 1.19**	$ 2.39	$ (0.12)	$ (1.20)	$ 2.51

1. Direct costs include $7.7 billion of depreciation and amortization expense for the year ended December 31, 2022. During the fourth quarter of 2021, the company reclassified $6.4 billion of depreciation and amortization, which were previously presented as a separate line item, to direct costs. Prior period amounts were also adjusted to reflect this change, which resulted in a $5.8 billion increase to direct costs for the year ended December 31, 2020, with an equal and offsetting decrease to depreciation and amortization. This reclassification had no impact on revenues, net income, or basic and diluted earnings per share.
2. Adjusted to reflect the three-for-two stock split effective April 1, 2020.

2022 vs. 2021

Revenues for the year were $92.8 billion, an increase of $17.0 billion or 22% compared to 2021, primarily due to higher same-store results and the impact of recent acquisitions, net of asset sales, including:

- contributions from our Infrastructure segment as a result of inflation indexation, additions to rate base, and organic growth;
- additions to revenue from our Renewable Power and Transition segment as a result of inflation indexation, recontracting initiatives, and higher global merchant power; and
- revenues from acquisitions during the year, net of the absence of contributions from businesses fully or partially sold; partially offset by
- unfavorable currency translation in our Infrastructure and Renewable Power and Transition segments, particularly due to the weakening of the Brazilian real and Colombian peso versus the U.S. dollar.

A discussion of the impact on revenues and net income from recent acquisitions and dispositions can be found on page 44.

Direct costs increased by 23% or $14.5 billion primarily due to:

- higher input prices and volumes at our road fuels operations within our Private Equity segment, and incremental costs associated with organic growth initiatives at our Infrastructure segment; and
- higher direct costs related to recent acquisitions, net of dispositions; partially offset by
- cost saving initiatives across our businesses.

Other income and gains of $1.6 billion primarily relate to the sale of our Brazil power transmission and North American container terminal operations in our Infrastructure segment. The decrease compared to 2021 is primarily driven by higher gains on dispositions of certain assets in our Infrastructure segment in the prior year.

Equity accounted income increased by $162 million primarily due to organic growth.

Interest expense of $10.7 billion increased by $3.1 billion compared to 2021 due to higher interest rates and additional borrowings associated with acquisitions, partially offset by the impact of dispositions.

We recorded lower valuations of $977 million, compared to an increase in valuations of $5.2 billion in the prior year. Valuation increases on our investment properties within our Real Estate portfolio were more than offset by transaction related and other fair value changes. Refer to pages 45 and 46 for a discussion on fair value changes.

We recorded an income tax expense of $1.5 billion for the year compared to $2.3 billion in the prior year mainly due to lower taxable income and the recognition of previously unrecognized tax losses.

2021 vs. 2020

Revenues increased by $13.0 billion in 2021 due to:

- the recovery from the pandemic related economic shutdowns in 2020;
- higher volumes and prices at our road fuels and our advanced energy storage operations within our Private Equity segment;
- higher occupancy at our hospitality and core portfolios within our Real Estate segment;
- additional contributions from our wind assets and our gas storage business in our Renewable Power and Transition and Infrastructure segments, respectively, as a result of higher realized market prices and operational strength through the extreme weather conditions experienced in the U.S. during the first quarter of 2021; and
- a full year of contributions from acquisitions completed in 2020, net of lower generation at our hydroelectric facilities in North America in our Renewable Power and Transition segment, as well as lower revenues at our offshore oil services operations within our Private Equity segment.

Direct costs increased by $10.8 billion in 2021 due to:

- the aforementioned higher volumes at our road fuels operations;
- an increase in depreciation and amortization expense, due to an increase in the carrying value of our PP&E due to acquisitions and from the impact of revaluation gains as part of our year-end revaluation process;
- higher direct costs related to recent acquisitions, net of dispositions; and
- incremental costs associated with organic growth initiatives at our operations; partially offset by
- cost saving initiatives across our businesses.

Other income and gains of $3.1 billion in 2021 primarily relate to the sale of our Canadian and U.S. district energy operations in our Infrastructure segment.

Equity accounted income increased from a loss of $79 million to income of $2.5 billion. This increase primarily related to valuation increases in our Real Estate retail portfolio and strong operating performance at Oaktree Capital Management ("Oaktree")[1]; partially offset by the absence of contributions from Norbord Inc. ("Norbord")[1].

Interest expense of $7.6 billion in 2021 increased due to additional borrowings associated with acquisitions, partially offset by the impact of dispositions and the refinancing of debt across our operations.

We recorded valuation increases of $5.2 billion in 2021, compared to decreases of $1.4 billion in 2020, primarily as a result of valuation increases on our LP investments, partially offset by lower valuations of certain retail portfolios across our Real Estate business.

Income tax expense increased by $1.5 billion to $2.3 billion in 2021, primarily due to an increase in tax rates in the U.K. and Colombia, higher taxable income and the tax impact of the aforementioned fair value uplifts.

1. See definition in Glossary of Terms beginning on page 129.

SIGNIFICANT ACQUISITIONS AND DISPOSITIONS

We have summarized below the impact of recent significant acquisitions and dispositions on our results for 2022:

FOR THE YEAR ENDED DEC. 31, 2022 (MILLIONS)	Acquisitions		Dispositions	
	Revenue	Net Income (Loss)	Revenue	Net (Income) Loss
Renewable Power and Transition	$ 202	$ 45	$ (77)	$ (4)
Infrastructure	2,457	212	(411)	(87)
Private Equity	8,097	(377)	(11)	(56)
Real Estate	1,296	620	(851)	(531)
	$ 12,052	$ 500	$ (1,350)	$ (678)

ACQUISITIONS

Acquisitions in 2022 and 2021 contributed incremental revenues and net income of $12.1 billion and $500 million, respectively, in the current year.

Renewable Power and Transition

Within our Renewable Power and Transition segment, recent acquisitions contributed to incremental revenues and net income of $202 million and $45 million, respectively. These contributions were primarily due to the acquisitions of a hydro asset in Columbia in the second half of 2021, and a solar developer in Germany in the first quarter of 2022.

Infrastructure

Recent acquisitions contributed incremental revenues of $2.5 billion and net income of $212 million. These contributions were primarily from Inter Pipeline Ltd. ("IPL")[1] which was acquired in 2021.

Private Equity

Within our Private Equity segment, recent acquisitions contributed incremental revenues of $8.1 billion and a net loss of $377 million. These contributions and net loss were primarily from acquisitions of our engineered components manufacturing operations and our modular building leasing services operations in 2021, as well as our lottery services operations and our dealer software and technology services operations in the current year.

Real Estate

Recent acquisitions contributed incremental revenues of $1.3 billion and net income of $620 million. These contributions were primarily from the acquisition of investment properties made through our Brookfield Strategic Real Estate Partners IV fund ("BSREP IV")[1].

DISPOSITIONS

Recent asset sales reduced revenues and net income by $1.4 billion and $678 million, respectively, in the current year. The assets that most significantly impacted our results were the dispositions of our U.S. hospitality assets, triple net lease and mixed-use portfolios in our Real Estate segment and our North American District Energy business and Chilean toll road operations in our Infrastructure segment.

1. See definition in Glossary of Terms beginning on page 129.

FAIR VALUE CHANGES

The following table disaggregates fair value changes into major components to facilitate analysis:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022	2021	Change
Investment properties	**$ 629**	$ 5,073	$ (4,444)
Transaction related (expenses) income	**(533)**	714	(1,247)
Financial contracts	**(163)**	984	(1,147)
Impairment and provisions	**(293)**	(654)	361
Other fair value changes	**(617)**	(966)	349
Total fair value changes	**$ (977)**	$ 5,151	$ (6,128)

INVESTMENT PROPERTIES

Investment properties are recorded at fair value with changes recorded in net income. We present the investment properties of our Real Estate segment within three sub-segments. The sub-segments are based on our strategy to maintain an irreplaceable portfolio of trophy mixed-use precincts in global gateway cities ("Core"), maximize returns through a development or buy-fix-sell strategy ("Transitional and Development"), or recycle capital from the private funds ("LP Investments") of our asset management business.

The following table disaggregates investment property fair value changes by asset type:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022	2021	Change
Core	**$ 75**	$ (174)	$ 249
Transitional and Development[1]	**(1,700)**	(50)	(1,650)
LP Investments and Other[1]	**2,254**	5,297	(3,043)
	$ 629	$ 5,073	$ (4,444)

1. Valuation increases on residential assets in 2021 of $209 million were reclassified from LP Investments and Other to Transitional and Development as a result of the inclusion of the North American and Australian Residential operations into the Real Estate segment beginning in the fourth quarter of 2022.

We discuss the key valuation inputs of our investment properties beginning on page 95.

Core

Valuation increases of $75 million are mainly due to higher cash flows from our retail assets reflecting near term leasing outperformance and higher rent collections from luxury retail tenants. These gains were partially offset by lower valuations across numerous U.S. offices due to discount rate increases and market assumptions.

Valuations decreases of $174 million in the prior year, primarily due to lower cash flow and leasing assumptions on certain retail assets, as well as changes in market leasing assumptions on our downtown New York office portfolio. These decreases were partially offset by increased valuations of our office portfolio in Canada.

Transitional and Development

Valuation decreases of $1.7 billion primarily relate to unfavorable market rent and vacancy assumptions, and higher expected rent concessions based on leasing trends at our retail and office portfolios.

Valuation decreases of $50 million in the prior year were primarily related to weaker leasing and cash flow assumptions on retail assets, partially offset by an increase in values on certain office assets in Australia as a result of higher external appraisal values.

LP Investments and Other

Valuation increases of $2.3 billion primarily relate to:

- fair value uplifts in our U.S. logistics portfolio due to achievement of development milestones and higher market rent, and in our Brazil office portfolio due to higher occupancy and cash flow assumptions for the portfolio acquired during the year; and
- higher valuation of our Australian senior living and U.S. manufactured housing portfolios due to market price increases; partially offset by
- discount and capitalization rate expansion due to market conditions at certain assets in Europe.

In the prior year, valuation increases of $5.3 billion were primarily due to uplifts in our U.S. manufactured housing and Australian senior living businesses, our Forest City Realty Trust Inc. and U.S. logistics portfolios, our mixed-use property in Seoul, and our U.S. multi-family REIT. These increases were partially offset by valuation decreases on certain retail assets in the U.S. as a result of changes to cash flow assumptions.

TRANSACTION RELATED (EXPENSES) INCOME

Transaction related expenses, net of income, totaled $533 million for the year primarily due to transaction costs and restructuring charges within our Private Equity segment. The expenses also include certain legal and professional costs in our Corporate Activities segment that related to the listing and special distribution of our asset management business.

The prior year transaction related income, net of expenses, of $714 million primarily relate to a gain on the deconsolidation of our investment in our graphite electrode operations within our Private Equity segment. This gain was partially offset by transaction costs related to recent acquisitions, as well as restructuring costs incurred in our Private Equity segment.

FINANCIAL CONTRACTS

Financial contracts include mark-to-market gains and losses related to foreign currency, interest rate and pricing exposures that are not designated as hedges.

Financial contracts drove a $163 million decrease in fair value changes for the year, primarily attributable to lower valuations of short term-financial contracts that relate to hedges of power prices in our Renewable Power and Transition segment. The decrease also includes lower valuations of certain financial assets within our Corporate Activities segment.

Gains of $984 million in the prior year primarily related to gains on our toehold positions in our Infrastructure and Real Estate segments, as well as fair value gains on our venture investments. These gains were partially offset by the mark-to-market movement on short-term financial contracts to hedge power prices in our Renewable Power and Transition business.

IMPAIRMENT PROVISIONS

Impairment and provisions expense of $293 million in the year is primarily attributable to the impairment of PP&E due to weaker performance of certain hospitality assets within our Real Estate segment.

OTHER FAIR VALUE CHANGES

The decrease in other fair value changes of $617 million in the year relates to mark-to-market fair value movements on financial assets within our Infrastructure segment, as well as accretion expenses and amortization of deferred financing fees across most segments. The remainder of the decrease is various one-time charges across our segments.

INCOME TAXES

We recorded an aggregate income tax expense of $1.5 billion in 2022 (2021 – $2.3 billion), including current tax expenses of $1.3 billion (2021 – $1.1 billion) and deferred tax expense of $191 million (2021 – $1.2 billion).

Our income tax provision does not include a number of non-income taxes paid that are recorded elsewhere in our consolidated financial statements. For example, a number of our operations in Brazil are required to pay non-recoverable taxes on revenue, which are included in direct costs as opposed to income taxes. In addition, we pay considerable property, payroll and other taxes that represent an important component of the tax base in the jurisdictions in which we operate, which are also predominantly recorded in direct costs.

Our effective income tax rate is different from the Canadian domestic statutory income tax rate due to the following differences:

FOR THE YEARS ENDED DEC. 31	**2022**	2021	Change
Statutory income tax rate	**26%**	26%	—%
(Reduction) increase in rate resulting from:			
Portion of gains subject to different tax rates	**(2)**	(3)	1
Change in tax rates and new legislation	**(1)**	3	(4)
Taxable income attributed to non-controlling interests	**(3)**	(10)	7
International operations subject to different tax rates	**3**	(1)	4
Recognition of deferred tax assets	**(6)**	(2)	(4)
Non-recognition of the benefit of current year tax losses	**3**	2	1
Other	**2**	1	1
Effective income tax rate	**22%**	16%	6%

Many of our operations are held in partially owned “flow-through” entities, such as partnerships, and any tax liability is incurred by the investors as opposed to the entity. As a result, while our consolidated earnings include income attributable to non-controlling ownership interests in these entities, our consolidated tax provision includes only our proportionate share of the associated tax provision of these entities. In other words, we are consolidating all the net income, but only our share of the associated tax provision. This reduced our effective tax rate by 3% this year.

We operate in countries with different tax rates, most of which vary from our domestic statutory rate and we also benefit from tax incentives introduced in various countries to encourage economic activity. Differences in global tax rates resulted in a 3% increase in our effective tax rate this year. The difference will vary from period to period depending on the relative proportion of income earned in each country.

This year, the increase in deferred income tax recovery was primarily due to an increase in deferred tax assets at our nuclear technology services operations within our Private Equity segment, which reduced our effective tax rate by 6%. This was partially offset by the non-recognition of the benefit of current year tax losses, which increased our effective tax rate by 3%.

BALANCE SHEET ANALYSIS

The following table summarizes the statements of financial position of the company as at December 31, 2022, 2021, and 2020:

AS AT DEC. 31 (MILLIONS)	2022	2021	2020	Change 2022 vs. 2021	Change 2021 vs. 2020
Assets					
Property, plant and equipment	**$ 124,268**	$ 115,489	$ 100,009	$ 8,779	$ 15,480
Investment properties	**115,100**	100,865	96,782	14,235	4,083
Equity accounted investments	**47,094**	46,100	41,327	994	4,773
Cash and cash equivalents	**14,396**	12,694	9,933	1,702	2,761
Accounts receivable and other	**27,378**	21,760	18,928	5,618	2,832
Intangible assets	**38,411**	30,609	24,658	7,802	5,951
Goodwill	**28,662**	20,227	14,714	8,435	5,513
Other assets	**45,975**	43,259	37,345	2,716	5,914
Total assets	**$ 441,284**	$ 391,003	$ 343,696	$ 50,281	$ 47,307
Liabilities					
Corporate borrowings	**$ 11,390**	$ 10,875	$ 9,077	$ 515	$ 1,798
Non-recourse borrowings of managed entities	**202,684**	165,057	139,324	37,627	25,733
Other non-current financial liabilities	**27,679**	27,718	28,524	(39)	(806)
Other liabilities	**57,640**	52,612	44,129	5,028	8,483
Equity					
Preferred equity	**4,145**	4,145	4,145	—	—
Non-controlling interests	**98,138**	88,386	86,804	9,752	1,582
Common equity	**39,608**	42,210	31,693	(2,602)	10,517
Total equity	**141,891**	134,741	122,642	7,150	12,099
	$ 441,284	$ 391,003	$ 343,696	$ 50,281	$ 47,307

2022 vs. 2021

Total assets increased by $50.3 billion from the prior year to $441.3 billion as at December 31, 2022. The increase is due to recently completed business combinations and asset acquisitions, net of dispositions, mostly in our Private Equity and Real Estate segments. Net valuation increases recognized on our PP&E during the year also contributed to the increase in total assets. This was partially offset by amortization and depreciation of our asset base during the year.

We have summarized the impact of business combinations as well as equity accounted investments, investment properties and PP&E additions for the year ended December 31, 2022 in the table below:

FOR THE YEAR ENDED DEC. 31, 2022 (MILLIONS)	Renewable Power and Transition	Infrastructure and Other	Private Equity	Real Estate	**Total**
Cash and cash equivalents	$ 85	$ 7	$ 953	$ 605	**$ 1,650**
Accounts receivable and other	379	10	1,446	302	**2,137**
Other financial assets	12	11	4,558	188	**4,769**
Inventory	31	2	485	5	**523**
Equity accounted investments	524	4,209	499	747	**5,979**
Investment properties	—	144	—	21,260	**21,404**
Property, plant and equipment	5,496	2,777	3,627	4,345	**16,245**
Intangible assets	—	302	11,594	82	**11,978**
Goodwill	691	279	8,155	456	**9,581**
Deferred income tax assets	10	1	62	—	**73**
Total Assets	7,228	7,742	31,379	27,990	**74,339**
Less:					
Accounts payable and other	(1,201)	(55)	(2,300)	(795)	**(4,351)**
Non-recourse borrowings	(424)	(52)	(4,924)	(3,707)	**(9,107)**
Deferred income tax liabilities	(50)	(18)	(1,911)	(878)	**(2,857)**
Non-controlling interests[1]	(32)	(64)	(96)	(1,788)	**(1,980)**
	(1,707)	(189)	(9,231)	(7,168)	**(18,295)**
Net assets acquired	$ 5,521	$ 7,553	$ 22,148	$ 20,822	**$ 56,044**

1. Includes non-controlling interests recognized on business combinations measured as the proportionate share of fair value of the identifiable assets and liabilities on the date of acquisition.

Summarized below are the key contributors to the year-over-year variances for the statement of financial position.

PP&E increased by $8.8 billion primarily as a result of:

- additions of $16.2 billion, which includes the acquisition of a portfolio of U.S. hospitality assets within our Real Estate segment, our lottery services operations and fleet management and car rental services business within our Private Equity segment, and our solar operations of our Renewable Power and Transition segment; and
- revaluation surplus of $5.4 billion with the majority of the increase attributable to our Renewable Power and Transition segment, which benefited from higher power prices across most markets in which we operate and the expected growth in demand for renewable power; partially offset by
- the impact of foreign currency translation of $6.2 billion;
- depreciation of $5.6 billion during the year; and
- dispositions and assets reclassified as held for sale of $1.1 billion.

We provide a continuity of PP&E in Note 12 of the consolidated financial statements.

Investment properties predominantly consist of the company's real estate assets. The balance as at December 31, 2022 increased by $14.2 billion, mostly due to:

- acquisitions and additions of $21.4 billion, primarily associated with the purchase of hospitality assets in the U.S. in our Real Estate segment, enhancement or expansion of properties through capital expenditures, and the purchase of investment properties during the year; and

- net valuation increases of $629 million, mainly of our LP Investments in the Real Estate segment; partially offset by
- asset sales and reclassifications to assets held for sale of $4.4 billion; and
- the impact of foreign currency translation and other of $3.1 billion.

We provide a continuity of investment properties in Note 11 of the consolidated financial statements.

Equity accounted investments increased by $994 million in the current year to $47.1 billion due to:

- additions, net of disposals, and acquisitions of $2.0 billion; and
- our proportionate share of comprehensive income of $2.5 billion; partially offset by
- distributions and returns of capital received of $2.8 billion; and
- the impact of foreign currency translation and other items of $671 million.

We provide a continuity of equity accounted investments in Note 10 of the consolidated financial statements.

Cash and cash equivalents increased by $1.7 billion. For further information, refer to our Consolidated Statements of Cash Flows and to the Review of Consolidated Statements of Cash Flows within Part 4 – Capitalization and Liquidity.

The increases of $7.8 billion and $8.4 billion in our intangible assets and goodwill balances, respectively, primarily relate to the acquisitions of our dealer software and technology services operations, our lottery services operations, and our Australian residential mortgage lender in our Private Equity segment, partially offset by amortization expense.

Other assets are comprised of inventory, deferred income tax assets, assets classified as held for sale and other financial assets. The increase of $2.7 billion is primarily a result of:

- an increase in other financial assets of $10.4 billion primarily due to the acquisition of an Australian residential mortgage lender in our Private Equity segment; and
- an increase in inventory of $1.4 billion mainly due to higher inventory on hand at our solar power solutions operations and higher prices at our road fuels operations within our Private Equity segment; partially offset by
- a decrease in assets held for sale of $9.1 billion largely attributable to the dispositions of our automotive dealership properties and various assets during the year within our Real Estate segment, partially offset by the reclassification of certain assets from our Real Estate segment and road portfolios within our Infrastructure segment to held for sale.

Corporate borrowings increased by $515 million from the C$1 billion ($738 million) 10-year bond issuance, $400 million green bond issuance and $400 million re-opening of our 2028 notes, partially offset by the repayment of outstanding commercial paper during the year.

Non-recourse borrowings of managed entities increased by $37.6 billion, net of borrowings reclassified to held for sale, largely attributable to recent acquisitions in our Private Equity and Real Estate segments.

Other non-current financial liabilities consist of our subsidiary equity obligations, non-current accounts payable and other long-term financial liabilities that are due after one year. The balance remained consistent with the prior year.

The increase of $5.0 billion in other liabilities was primarily due to acquisitions completed in the year and an increase in deferred income tax liabilities mainly as a result of revaluation of PP&E within our Renewable Power and Transition and Real Estate segments. Refer to Part 4 – Capitalization and Liquidity for more information.

2021 vs. 2020

Consolidated assets as at December 31, 2021 were $391.0 billion, compared to $343.7 billion as at December 31, 2020. Year-over-year increases were primarily due to business combinations and asset acquisitions completed in 2021, as well as net valuation gains recognized on our PP&E. These increases were partially offset by amortization and depreciation as well as assets sold in 2021.

PP&E increased by $15.5 billion in 2021 primarily as a result of acquisitions completed across our segments and revaluation surplus largely in our Renewable Power and Transition segment. These increases were partially offset by depreciation and the deconsolidation of businesses sold in 2021.

Investment properties were $4.1 billion higher at the end of 2021 compared to 2020 primarily due to the purchase of investment properties and valuation gains in our Real Estate segment. These increases were partially offset by asset sales, reclassifications to assets held for sale, and the impacts of foreign currency translation.

Equity accounted investments were $46.1 billion as at December 31, 2021, an increase of $4.8 billion compared to 2020. The increase was mainly due to the acquisition of an additional interest in our German Office portfolio within our Real Estate segment, the spin-out of our reinsurance business, and the change in accounting basis of our interest in our graphite electrode operations within our Private Equity segment. In addition, the increase was due to our proportionate share of the comprehensive income in 2021. These increases were partially offset by distributions and returns of capital received, and the impact of foreign currency translation.

Cash and cash equivalents increased by $2.8 billion as at December 31, 2021 compared to 2020. For further information, refer to our Consolidated Statements of Cash Flows and to the Review of Consolidated Statements of Cash Flows within Part 4 – Capitalization and Liquidity.

Increases of $6.0 billion and $5.5 billion in our intangible assets and goodwill balances, respectively, are related to additions from acquisitions, net of dispositions, primarily in our Infrastructure and Private Equity segments, partially offset by the amortization of certain intangible assets.

Other assets increased by $5.9 billion primarily as a result of the reclassification to assets held for sale of certain office and other assets within our Real Estate segment, and an increase in inventory within our Private Equity segment driven by the acquisition of our engineered components manufacturing operations and increased prices and inventory at our advanced energy storage operations. These were partially offset by decreases in assets held for sale from the derecognition of our investment in Norbord within our Private Equity segment, and a decrease in other financial assets following the sale of a portion of our securities portfolio and toehold positions during 2021.

Corporate borrowings increased by $1.8 billion in 2021 due to the $600 million green bond issuance and $250 million re-opening of our 2051 notes, in addition to net draws of $912 million of commercial paper issuances and credit facility draws.

Non-recourse borrowings increased by $25.7 billion in 2021, net of borrowings reclassified to held for sale, largely attributable to recent acquisitions across our business segments.

Other non-current financial liabilities decreased by $806 million in 2021 primarily due to a decrease in insurance contract liabilities as a result of the deconsolidation of our annuities business as part of the Brookfield Reinsurance Ltd. (“BNRE”)[1] spin-out in the second quarter of 2021.

Other liabilities increased by $8.5 billion in 2021 primarily attributable to the increase in deferred income tax liabilities mainly as a result of acquisitions completed in the year, fair value uplifts in our Real Estate segment and revaluation of PP&E in our Renewable Power and Transition segment.

1. See definition in Glossary of Terms beginning on page 129.

EQUITY

The significant variances in common equity and non-controlling interests are discussed below. Preferred equity is discussed in Part 4 – Capitalization and Liquidity.

COMMON EQUITY

The following table presents the major contributors to the period-over-period variances for common equity:

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022	2021
Common equity, beginning of year	**$ 42,210**	$ 31,693
Changes in period		
Net income attributable to shareholders	**2,056**	3,966
Common dividends	**(879)**	(800)
Common dividends - special distribution	**(2,356)**	(538)
Preferred dividends	**(150)**	(148)
Other comprehensive (loss) income	**(263)**	1,844
Share repurchases, net of issuances	**(565)**	2,813
Ownership changes and other	**(445)**	3,380
	(2,602)	10,517
Common equity, end of year	**$ 39,608**	$ 42,210

Common equity decreased by $2.6 billion to $39.6 billion during the year. The change includes:

- net income attributable to common shareholders of $2.1 billion; more than offset by
- distributions of $3.4 billion to shareholders as common and preferred share dividends, including the $2.4 billion special distribution of a 25% interest in our asset management business;
- other comprehensive losses of $263 million consisting of revaluation surplus gains of $884 million, more than offset by other reserves of $605 million, and foreign currency translation of $542 million;
- share repurchases, net of issuances, of $565 million, mainly related to the repurchase of 17 million Class A Limited Voting Shares ("Class A shares") for the year; and
- ownership changes and other of $445 million primarily attributable to losses recorded directly in equity on the step-up acquisition of a German office portfolio by our Real Estate business in the first quarter of 2022.

NON-CONTROLLING INTERESTS

Non-controlling interests in our consolidated results primarily consist of third-party interests in BAM, BEP, BIP, BBU, BPG, and their consolidated entities as well as co-investors and other participating interests in our consolidated investments as follows:

AS AT DEC. 31 (MILLIONS)	2022	2021
Brookfield Asset Management	**$ 2,377**	$ —
Brookfield Renewable	**21,651**	19,355
Brookfield Infrastructure	**23,030**	23,695
Brookfield Business Partners	**16,026**	10,197
Brookfield Property Group	**29,321**	28,115
Other participating interests	**5,733**	7,024
	$ 98,138	$ 88,386

Non-controlling interests increased by $9.8 billion during the year, primarily due to:

- comprehensive income attributable to non-controlling interests, which totaled $6.4 billion; and
- ownership changes of $3.6 billion, including the impact of the $2.4 billion distribution of a 25% interest in our asset management business; partially offset by
- distributions, net of equity issuances, of $316 million.

CONSOLIDATION AND FAIR VALUE ACCOUNTING

As a Canadian domiciled public corporation, we report under IFRS, while many other issuers that may be considered peers report under U.S. GAAP. There are many differences between U.S. GAAP and IFRS, but the two principal differences affecting our consolidated financial statements compared to those of other issuers are consolidation and fair value accounting.

In particular, U.S. GAAP allows some issuers to report certain investments, which qualify as variable interest entities, at fair value on one line on their balance sheet on a net basis as opposed to consolidating the underlying funds that the investment is held in. This approach is not available under IFRS. This can create significant differences in the presentation of our financial statements as compared to other issuers.

CONSOLIDATION

Our consolidation conclusions under IFRS may differ from other issuers who report under U.S. GAAP for two primary reasons:

- U.S. GAAP uses a voting interest model or a variable interest model to determine consolidation requirements, depending on the circumstances, whereas IFRS uses a control-based model. We generally have the contractual ability to unilaterally direct the relevant activities of the funds managed by our asset management business; and;
- we generally invest significant amounts of capital alongside clients of our asset management business and partners, which means that we earn meaningful returns as a principal investor in addition to our share of asset management returns compared to others who may act solely as an agent.

As a result, in many cases, we control entities in which we hold only a minority economic interest. For example, a Brookfield-sponsored private fund to which we have committed 30% of the capital may acquire 60% of the voting interest in an investee company. The contractual arrangements generally provide us with the irrevocable ability to direct the funds' relevant activities. Based on these facts, we would control the investment because we exercise decision-making power over a controlling interest of that business and our 18% economic interest provides us with exposure to the variable returns of a principal.

All entities that we control are consolidated for financial reporting purposes. As a result, we include 100% of these entities' revenues and expenses in our Consolidated Statements of Operations, even though a substantial portion of their net income is attributable to non-controlling interests. Furthermore, we include all of the assets, liabilities, including non-recourse borrowings, of these entities in our Consolidated Balance Sheets, and include the portion of equity held by others as non-controlling interests.

Intercompany revenues and expenses between Brookfield and its subsidiaries, such as asset management fees, are eliminated in our Consolidated Statements of Operations; however, these items affect the attribution of net income between shareholders and non-controlling interests. For example, asset management fees paid by our perpetual affiliates to our asset management business are eliminated from consolidated revenues and expenses. However, as the common shareholders are attributed all of the fee revenues[1] while only attributed their proportionate share of the listed affiliates' expenses, the amount of net income attributable to common shareholders is increased with a corresponding decrease in net income attributable to non-controlling interests.

1. See definition in Glossary of Terms beginning on page 129.

FAIR VALUE ACCOUNTING

Under U.S. GAAP, many issuers who may be considered our peers account for their funds as investment companies and reflect their investments at fair value.

Under IFRS, as a parent company, we are required to look through our consolidated and equity accounted investments and account for their assets and liabilities under the applicable IFRS guidance. We reflect a large number of assets at fair value, namely our commercial properties, renewable power facilities and certain infrastructure assets which are typically recorded at amortized cost under U.S. GAAP. However, there are other assets that are not subject to fair value accounting under IFRS and are therefore carried at amortized cost, which would be more consistent with U.S. GAAP.

Under both IFRS and U.S. GAAP, the value of the activities of our asset management business is generally not reflected on the balance sheet despite being a material component of the value of our business.

For additional details on the valuation approach for the relevant segments, critical assumptions and related sensitivities, refer to Part 5 – Accounting Policies and Internal Controls.

FOREIGN CURRENCY TRANSLATION

Approximately half of our capital is invested in non-U.S. currencies and the cash flows generated from these businesses, as well as our equity, are subject to changes in foreign currency exchange rates. From time to time, we utilize financial contracts to adjust these exposures. The most significant currency exchange rates that impact our business are shown in the following table:

	Year End Spot Rate			Change		Average Rate			Change	
AS AT DEC. 31	**2022**	2021	2020	2022 vs. 2021	2021 vs. 2020	**2022**	2021	2020	2022 vs. 2021	2021 vs. 2020
Australian dollar	**0.6813**	0.7262	0.7694	**(6)%**	(6)%	**0.6949**	0.7515	0.6908	**(8)%**	9 %
Brazilian real[1]	**5.2165**	5.5804	5.1975	**7 %**	(7)%	**5.1644**	5.3969	5.1546	**5 %**	(4)%
British pound	**1.2083**	1.3532	1.3670	**(11)%**	(1)%	**1.2372**	1.3759	1.2838	**(10)%**	7 %
Canadian dollar	**0.7382**	0.7913	0.7853	**(7)%**	1 %	**0.7690**	0.7979	0.7464	**(4)%**	7 %
Colombian peso[1]	**4,852.5**	4,064.9	3,428.3	**(16)%**	(16)%	**4,260.5**	3,747.7	3,695.4	**(12)%**	(1)%
Euro	**1.0705**	1.1370	1.2217	**(6)%**	(7)%	**1.0538**	1.1831	1.1416	**(11)%**	4 %

1. Using Brazilian real and Colombian peso as the price currency.

Currency exchange rates relative to the U.S. dollar at the end of the current year were lower than December 31, 2021 for all of our significant non-U.S. dollar investments with the exception of the Brazilian real. As at December 31, 2022, our common equity of $39.6 billion was invested in the following currencies: U.S. dollars – 48% (December 31, 2021 – 55%); British pounds – 15% (December 31, 2021 – 16%); Canadian dollars – 7% (December 31, 2021 – 7%); Australian dollars – 7% (December 31, 2021 – 6%); Brazilian reais – 7% (December 31, 2021 – 6%); Colombian pesos – 1% (December 31, 2021 – 1%); and other currencies – 15% (December 31, 2021 – 9%).

The following table disaggregates the impact of foreign currency translation on our equity by the most significant non-U.S. currencies:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	**2022**	2021	Change
Australian dollar	**$ (685)**	$ (495)	$ (190)
Brazilian real	**783**	(391)	1,174
British pound	**(1,613)**	(127)	(1,486)
Canadian dollar	**(1,015)**	269	(1,284)
Colombian peso	**(772)**	(815)	43
Euro	**(422)**	(430)	8
Other	**(1,129)**	(341)	(788)
Total cumulative translation adjustments	**(4,853)**	(2,330)	(2,523)
Currency hedges[1]	**2,834**	441	2,393
Total cumulative translation adjustments net of currency hedges	**$ (2,019)**	$ (1,889)	$ (130)
Attributable to:			
Shareholders	**$ (542)**	$ (318)	$ (224)
Non-controlling interests	**(1,477)**	(1,571)	94
	$ (2,019)	$ (1,889)	$ (130)

1. Includes deferred income tax expense of $87 million (2021 – recovery of $21 million).

The foreign currency translation of our equity, net of currency hedges, for the year ended December 31, 2022 lowered consolidated equity by $2.0 billion of which our share was $542 million. This was primarily attributable to the lower year-end rates across most currencies relative to the U.S. dollar.

We seek to hedge foreign currency exposure where the cost of doing so is reasonable. Due to the high historical costs associated with hedging the Brazilian real, Colombian peso and other emerging market currencies, hedge levels against those currencies were low as at December 31, 2022.

CORPORATE DIVIDENDS

The dividends paid by Brookfield on outstanding securities during 2022, 2021 and 2020, are summarized in the following table. Dividends to the Class A and B Limited Voting Shares have been adjusted to reflect a three-for-two stock split on April 1, 2020.

	Distribution per Security		
	2022	2021	2020
Class A and B[1] Limited Voting Shares ("Class A and B shares")[2]	**$ 0.56**	$ 0.52	$ 0.48
Special distribution to Class A and B shares[3,4]	**8.00**	0.36	—
Class A Preferred Shares			
Series 2	**0.51**	0.34	0.38
Series 4	**0.51**	0.34	0.38
Series 8	**0.75**	0.47	0.54
Series 9	**0.58**	0.55	0.51
Series 13	**0.51**	0.34	0.38
Series 15	**0.45**	0.12	0.24
Series 17	**0.91**	0.95	0.89
Series 18	**0.91**	0.95	0.89
Series 24	**0.62**	0.62	0.56
Series 25[5]	**—**	0.24	0.60
Series 26[6]	**0.72**	0.69	0.65
Series 28[7]	**0.70**	0.54	0.51
Series 30	**0.90**	0.93	0.87
Series 32	**0.97**	1.01	0.94
Series 34	**0.85**	0.89	0.83
Series 36	**0.93**	0.97	0.90
Series 37	**0.94**	0.98	0.91
Series 38[8]	**0.69**	0.71	0.70
Series 40	**0.77**	0.80	0.75
Series 42[9]	**0.63**	0.71	0.72
Series 44	**0.96**	1.00	0.93
Series 46[10]	**1.01**	0.96	0.90
Series 48	**0.91**	0.95	0.89

1. Class B Limited Voting Shares ("Class B shares").
2. Adjusted to reflect the three-for-two stock split effective April 1, 2020.
3. Distribution of one Class A and one Class B share of Brookfield Asset Management Ltd. for every four Corporation Class A Shares and Corporation Class B Shares held as of the close of business of December 2, 2022, valued based on the share price of $32.00 per share of Brookfield Asset Management Ltd. on the date of the special distribution of the asset management business.
4. Distribution of one Class A exchangeable limited voting share of Brookfield Asset Management Reinsurance Partners Ltd. (now Brookfield Reinsurance Ltd.) for every 145 Class A shares and Class B shares held as of the close of business of June 18, 2021.
5. Dividend rate reset commenced the last day of each quarter. All Series 25 shares were converted into Series 24 on a one-for-one basis effective June 30, 2021.
6. Dividend rate reset commenced March 31, 2022.
7. Dividend rate reset commenced June 30, 2022.
8. Dividend rate reset commenced March 31, 2020.
9. Dividend rate reset commenced June 30, 2020.
10. Dividend rate reset commenced March 31, 2022.

Dividends on the Class A and B shares are declared in U.S. dollars whereas Class A Preferred share dividends are declared in Canadian dollars.

SUMMARY OF QUARTERLY RESULTS

The quarterly variances in revenues over the past two years are due primarily to acquisitions and dispositions. Variances in net income to shareholders relate primarily to the timing and amount of non-cash fair value changes and deferred tax provisions, as well as seasonality and cyclical influences in certain businesses. Changes in ownership have resulted in the consolidation and deconsolidation of revenues from some of our assets, particularly in our Real Estate and Private Equity businesses. Other factors include the impact of foreign currency on non-U.S. revenues, net income attributable to non-controlling interests, and the global economic shutdown in 2021 and 2020.

Our Real Estate business typically generates consistent results on a quarterly basis due to the long-term nature of contractual lease arrangements subject to the intermittent recognition of disposition and lease termination gains. Our retail properties typically experience seasonally higher retail sales during the fourth quarter, and our resort hotels tend to experience higher revenues and costs as a result of increased visits during the first quarter. We fair value our real estate assets on a quarterly basis which results in variations in net income based on changes in the value.

Renewable power hydroelectric operations are seasonal in nature. Generation tends to be higher during the winter rainy season in Brazil and spring thaws in North America; however, this is mitigated to an extent by prices, which tend not to be as strong as they are in the summer and winter seasons due to the more moderate weather conditions and reductions in demand for electricity. Water and wind conditions may also vary from year to year. Our Infrastructure operations are generally stable in nature as a result of regulation or long-term sales contracts with our investors, certain of which guarantee minimum volumes.

Revenues and direct costs in our Private Equity operations vary from quarter to quarter primarily due to acquisitions and dispositions of businesses, fluctuations in foreign exchange rates, business and economic cycles, and weather and seasonality in underlying operations. Broader economic factors and commodity market volatility may have a significant impact on a number of our businesses, in particular within our industrials portfolio. Within our infrastructure services, our service provider to the power generation industry generates the majority of its revenue during the fall and spring when power plants go offline to perform maintenance and replenish their fuel. Some of our business services operations will typically have stronger performance in the latter half of the year whereas others, such as our fuel marketing and road fuel distribution businesses, will generate stronger performance in the second and third quarters. Net income is impacted by periodic gains and losses on acquisitions, monetization and impairments.

Our condensed statements of operations for the eight most recent quarters are as follows:

FOR THE PERIODS ENDED (MILLIONS, EXCEPT PER SHARE AMOUNT)	**2022**				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Revenues	**$24,213**	$23,418	$23,256	$21,882	$21,787	$19,248	$18,286	$16,410
Net income	**44**	716	1,475	2,960	3,461	2,722	2,429	3,776
Net (loss) income to shareholders	**(316)**	423	590	1,359	1,118	797	816	1,235
Per share								
– diluted	**$ (0.23)**	$ 0.24	$ 0.34	$ 0.81	$ 0.66	$ 0.47	$ 0.49	$ 0.77
– basic	**(0.23)**	0.25	0.35	0.84	0.69	0.49	0.51	0.79

The following table shows fair value changes and income taxes for the last eight quarters, as well as their combined impact on net income:

FOR THE PERIODS ENDED (MILLIONS)	2022				2021			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Fair value changes	**$ (1,811)**	$ (549)	$ (397)	$ 1,780	$ 1,980	$ 700	$ 377	$ 2,094
Income taxes	**(95)**	(525)	(141)	(708)	(516)	(717)	(547)	(544)
Net impact	**$ (1,906)**	$ (1,074)	$ (538)	$ 1,072	$ 1,464	$ (17)	$ (170)	$ 1,550

Over the last eight quarters, the factors discussed below caused variations in revenues and net income to shareholders on a quarterly basis:

- In the fourth quarter of 2022, revenues increased in comparison to the prior quarter mainly due to contributions from recent acquisitions across our operating segments, primarily in our Private Equity Segment. The lower net income in the quarter is primarily attributable to fair value decreases on our Transitional and Development properties within our Real Estate segment.
- In the third quarter of 2022, revenues increased compared to the prior quarter mainly due to contributions from recent acquisitions, primarily in our Private Equity segment. The lower net income in the quarter is primarily attributable to fair value decreases in our Transitional and Development properties in our Real Estate segment.
- In the second quarter of 2022, revenue increased compared to the prior quarter mainly due to contributions from recent acquisitions and same-store growth across our businesses. The lower net income in the quarter is primarily attributable to the one-time reduction in valuations of certain properties within our Real Estate segment.
- In the first quarter of 2022, revenues increased compared to the prior quarter mainly due to increased contributions from recent acquisitions and same-store growth across our businesses. The higher net income in the quarter is primarily attributable to increased valuations of our LP Investments within our Real Estate segment, partially offset by higher income taxes.
- In the fourth quarter of 2021, revenues increased relative to the prior quarter due to increased contributions from recent acquisitions across our operating segments as well as same-store growth in most of our businesses. The higher net income in the quarter is primarily attributable to higher fair value gains in our Real Estate segment and lower income taxes, partially offset by lower gains from asset sale activities.
- In the third quarter of 2021, revenues increased in comparison to the prior quarter due to same-store growth in most of our businesses. The higher net income in the quarter is primarily attributable to higher fair value gains in our Real Estate segment partially offset by higher income taxes.
- In the second quarter of 2021, revenues increased in comparison to the prior quarter due to same-store growth in most of our businesses. The lower net income in the quarter as compared to the first quarter of 2021, is a result of lower fair value gains partially offset by asset sale activity within our Infrastructure segment.
- In the first quarter of 2021, revenues decreased in comparison to the prior quarter primarily due to lower same-store results due in part to seasonality across certain operating segments. The higher net income in the quarter is a result of gains from asset sale activities.

PART 3

OPERATING SEGMENT RESULTS

BASIS OF PRESENTATION

HOW WE MEASURE AND REPORT OUR OPERATING SEGMENTS

Our operations are organized into our asset management business, our four primary operating businesses and our corporate activities, which collectively represent six operating segments for internal and external reporting purposes. We measure operating performance primarily using FFO generated by each operating segment and the amount of capital invested by the Corporation in each segment using common equity. Common equity relates to invested capital allocated to a particular business segment, which we use interchangeably with segment common equity. To further assess operating performance for our Asset Management segment, we also provide unrealized carried interest[1] which represents carried interest generated on unrealized changes in the fair value of our private fund investment portfolios, net of realized carried interest[1].

Our operating segments are global in scope and are as follows:

i. *Asset Management* business includes managing long-term private funds, perpetual strategies and liquid strategies on behalf of our investors and ourselves, as well as our share of the asset management activities of Oaktree. We generate contractual base management fees for these activities as well as incentive distributions[1] and performance income, including performance fees, transaction fees and carried interest.

ii. *Renewable Power and Transition* business includes the ownership, operation and development of hydroelectric, wind, utility-scale solar power generating assets and distributed energy & sustainable solutions.

iii. *Infrastructure* business includes the ownership, operation and development of utilities, transport, midstream, and data assets.

iv. *Private Equity* business includes a broad range of industries, and is mostly focused on the ownership and operation of business services, infrastructure services and industrials.

v. *Real Estate* business includes the ownership, operation and development of core investments, transitional and development investments (including residential development properties), and our share of LP investments, which sit within the private funds of our asset management business.

vi. *Corporate Activities* include the investment of cash and financial assets, our share of the investment in our insurance solutions business, as well as the management of our corporate leverage, including corporate borrowings and preferred equity, which fund a portion of the capital invested in our other operations. Certain corporate costs such as technology and operations are incurred on behalf of our operating segments and allocated to each operating segment based on an internal pricing framework.

In assessing operating performance and capital allocation, we separately identify the portion of FFO and common equity within our segments that relate to our perpetual affiliates (BEP, BIP, BBU, BPG). We believe that identifying the FFO and common equity attributable to our perpetual affiliates enables investors to understand how the results of these entities are integrated into our financial results and is helpful in analyzing variances in FFO between reporting periods. Additional information with respect to these perpetual affiliates is available in their public filings. We also separately identify the components of our asset management FFO and realized disposition gains[1] included within the FFO of each segment in order to facilitate analysis of variances in FFO between reporting periods.

1. See definition in Glossary of Terms beginning on page 129.

SUMMARY OF RESULTS BY OPERATING SEGMENT

The following table presents revenues, FFO and common equity by segment on a period-over-period basis for comparative purposes:

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Revenues[1]			FFO[2]			Common Equity		
	2022	2021	Change	**2022**	2021	Change	**2022**	2021	Change
Asset Management	**$ 4,048**	$ 3,523	$ 525	**$ 1,963**	$ 1,809	$ 154	**$ 6,884**	$ 4,905	$ 1,979
Renewable Power and Transition	**5,198**	4,580	618	**379**	244	135	**5,274**	5,264	10
Infrastructure	**14,728**	11,947	2,781	**501**	426	75	**2,784**	3,022	(238)
Private Equity	**58,432**	46,883	11,549	**945**	655	290	**4,486**	3,996	490
Real Estate	**13,835**	12,315	1,520	**953**	1,004	(51)	**31,868**	33,965	(2,097)
Corporate Activities	**125**	151	(26)	**(123)**	(377)	254	**(11,688)**	(8,942)	(2,746)
Total segments	**96,366**	79,399	16,967	**4,618**	3,761	857	**39,608**	42,210	(2,602)
Realized carried interest, net	**894**	1,713	(819)	**555**	715	(160)	**—**	—	—
Realized disposition gains	**—**	—	—	**1,121**	3,082	(1,961)	**—**	—	—
Total	**$97,260**	$81,112	$16,148	**$ 6,294**	$ 7,558	$ (1,264)	**$39,608**	$42,210	$ (2,602)

1. Revenues include inter-segment revenues which are adjusted to arrive at external revenues for IFRS purposes. Please refer to Note 3(c) of the consolidated financial statements for further details.
2. FFO includes operating FFO by segment, realized carried interest, net, and disposition gains.

Total revenues and FFO were $97.3 billion and $6.3 billion in the current year, compared to $81.1 billion and $7.6 billion in the prior year, respectively. FFO includes realized disposition gains of $1.1 billion, compared to $3.1 billion in the prior year. Excluding realized disposition gains, FFO increased by $697 million from the prior year.

Revenues increased primarily due to acquisitions, net of dispositions, within our Private Equity segment, as well as organic growth initiatives across our business.

The increase in FFO is primarily a result of:

- increased fee-related earnings driven by strong fundraising, including contributions from our latest round of flagship funds and continued capital deployment across various complementary products;
- improved performance at our dealer software and technology services, Australian residential mortgage lender and payment processing services operations within our Private Equity segment;
- higher revenues resulting from inflation indexation at our Infrastructure and Renewable Power and Transition segments;
- incremental contributions from our insurance solutions business, which benefitted from the acquisition of American National Group ("American National")[1] in May 2022 and higher yields on re-deployed assets; and
- strong performance from increased occupancy within our Real Estate segment; partially offset by
- rising interest rates during the year, predominantly associated with the impact on floating rate debt within our Real Estate segment;
- the absence of contributions from recent dispositions, primarily in our Real Estate segment, partially offset by contributions from recent acquisitions across our business segments; and
- lower volumes and activity at our nuclear technology services operations within our Private Equity business.

Common equity decreased by $2.6 billion during the year to $39.6 billion, as net income was more than offset by the impact of the special distribution of our asset management business, distributions to common and preferred equity holders, and share repurchases, net of issuances. Refer to Part 2 – Review of Consolidated Financial Results for details.

1. See definition in Glossary of Terms beginning on page 129.

ASSET MANAGEMENT

BUSINESS OVERVIEW

Our asset management business is one of the world's leading alternative asset managers, with approximately $800 billion in assets under management and operations spanning more than 30 countries on 5 continents. We have over 2,500 investment and asset management professionals that employ a disciplined investment approach to create value and deliver strong risk-adjusted returns for our clients across market cycles.

With an over 100-year heritage as a global owner and operator of real assets, we focus on investing in the backbone of the global economy across renewable power and transition, infrastructure, private equity, real estate and credit.

We put our own capital to work alongside our investors' in virtually every transaction, aligning interests and bringing the strengths of our operational expertise, global reach and large-scale capital to bear on everything we do.

We offer our clients a large and growing number of investment products to assist them in achieving their financial goals, providing a diverse set of long-term and perpetual private funds and dedicated public vehicles across each of the asset classes in which we invest and spanning various investment strategies.

As the asset manager of these investment products, we earn base management fees in addition to incentive distributions, performance fees, or carried interest depending on the product offering.

Our asset management business focuses on raising capital by establishing new investment products for our clients, identifying and acquiring high-quality assets, delivering strong underlying investment performance and executing timely monetizations or refinancings. If we execute in these areas, this should equate to growth in fee-bearing and carry eligible capital[1] and in turn higher fee revenues, fee-related earnings and realized carried interest over time.

OUTLOOK AND GROWTH INITIATIVES

Alternative assets provide an attractive investment opportunity to institutional and high net worth investors. These asset classes also provide investors with alternatives to fixed income investments by providing a strong, inflation-linked return profile. Institutional investors, in particular pension funds, must earn and generate returns to meet their long-term obligations while protecting their capital. As a result, inflows to alternative asset managers are continuing to grow and managers are focused on new product development to meet this demand.

Our business model has proven to be resilient through economic cycles, due to our strong foundation and discipline. Overall, our business is stronger and more diversified than ever and well positioned to deliver continued growth.

During 2022, we raised a record $93 billion of capital commitments across our flagship and complementary strategies, and looking forward, our business plan remains essentially unchanged. We are making good progress on our fundraising for the next round of our flagship funds. We held closes of our fifth flagship infrastructure and sixth flagship private equity fund, which stand at $22 billion and $9 billion of capital commitments, respectively. We had a final close for our flagship transition fund, with over half of our $15 billion strategy already invested or committed.

In addition to our flagship funds, we are actively progressing our growth strategies, including insurance solutions, secondaries and technology. These new initiatives, in addition to our five flagship funds and new, innovative products are expected to have a meaningful impact on our growth trajectory in the long term.

We continue to expand our investor base through existing relationships and new channels. As at December 31, 2022, we have over 2,000 clients with a strong base in North America, Asia, the Middle East and Australia and a growing proportion of third-party commitments from Europe. Our high-net-worth channel also continues to grow and over 5% of current commitments. We have a dedicated team of over 100 people that are focused on distributing and developing catered products to the private wealth channel.

1. See definition in Glossary of Terms beginning on page 129.

Long-term Private Funds – $219 billion fee-bearing capital[1]

Our asset management business manages and earns fees on a diverse range of renewable power and transition, infrastructure, private equity, real estate and credit funds. These funds have a long duration, are closed-end and include opportunistic, value-add, core and core plus investment strategies.

On long-term private fund capital, our asset management business earns:

1. Diversified and long-term base management fees on capital that is typically committed for 10 years with two one-year extension options.
2. Carried interest, which enables our business to receive a portion of overall fund profits provided that investors receive a minimum prescribed preferred return. Carried interest is recognized when a fund's cumulative returns are in excess of preferred returns and when it is highly probable that a significant reversal will not occur.
3. Transaction and advisory fees are one-time fees earned on co-investment capital related to the close of transactions, and vary based on transaction agreements.

Perpetual Strategies – $127 billion fee-bearing capital

Our asset management business manages the perpetual capital in our perpetual affiliates, as well as in its core and core plus private funds, which can continually raise new capital. From these perpetual strategies, our business earns:

1. Long-term perpetual base management fees, which are based on total capitalization or NAV of our perpetual affiliates and the NAV of its perpetual private funds.
2. Stable incentive distribution fees which are linked to cash distributions from perpetual affiliates (BEP/BEPC and BIP/BIPC) that exceed pre-determined thresholds. These cash distributions have a historical track record of growing annually and each of these perpetual affiliates target annual distribution growth rates within a range of 5-9%.
3. Performance fees based on unit price performance (BBU) and carried interest on its perpetual private funds.

Liquid Strategies – $72 billion fee-bearing capital

Our asset management business manages publicly listed funds and separately managed accounts, focused on fixed income and equity securities across real estate, infrastructure and natural resources. Our business earns base management fees, which are based on committed capital and fund NAV, and performance income based on investment returns.

FEE-BEARING CAPITAL

The following table summarizes fee-bearing capital:

AS AT DEC. 31 (MILLIONS)	Long-Term Private Funds	Perpetual Strategies	Liquid Strategies	**2022**	2021
Renewable Power and Transition	$ 26,708	$ 20,510	$ —	**$ 47,218**	$ 47,525
Infrastructure	44,512	41,375	—	**85,887**	67,736
Private Equity	31,501	7,816	—	**39,317**	34,395
Real Estate	69,473	33,552	—	**103,025**	82,282
Credit and other	46,663	23,902	71,851	**142,416**	132,195
December 31, 2022	**$ 218,857**	**$ 127,155**	**$ 71,851**	**$ 417,863**	n/a
December 31, 2021	$ 169,279	$ 114,624	$ 80,230	n/a	$ 364,133

We have approximately $40.0 billion of additional committed capital that does not currently earn fees but will generate approximately $400 million in annual fees once deployed.

1. See definition in Glossary of Terms beginning on page 129.

Fee-bearing capital increased by $53.7 billion during the year. The changes are set out in the following table:

AS AT AND FOR THE YEAR ENDED DEC 31, 2022 (MILLIONS)	Renewable Power and Transition	Infrastructure	Private Equity	Real Estate	Credit and Other	**Total**
Balance, December 31, 2021	$ 47,525	$ 67,736	$ 34,395	$ 82,282	$ 132,195	**$ 364,133**
Inflows	6,823	26,974	9,135	18,850	45,887	**107,669**
Outflows	—	—	—	(394)	(21,648)	**(22,042)**
Distributions	(1,428)	(3,794)	(810)	(4,556)	(1,573)	**(12,161)**
Market valuation	(5,873)	(5,053)	(2,534)	1,645	(8,432)	**(20,247)**
Other	171	24	(869)	5,198	(4,013)	**511**
Change	(307)	18,151	4,922	20,743	10,221	**53,730**
Balance, December 31, 2022	**$ 47,218**	**$ 85,887**	**$ 39,317**	**$ 103,025**	**$ 142,416**	**$ 417,863**

Renewable Power and Transition fee-bearing capital decreased by $307 million, due to:

- $6.8 billion of inflows largely driven by additional capital raised for our flagship fund; more than offset by
- $5.9 billion decrease as a result of the lower market capitalization of BEP; and
- $1.4 billion of distributions, including quarterly distributions paid to BEP's unitholders.

Infrastructure fee-bearing capital increased by $18.2 billion, due to:

- $27.0 billion of inflows mainly relate to capital raised for our fifth flagship infrastructure fund; partially offset by
- $5.1 billion decrease in market valuations as a result of the lower market valuations of BIP; and
- $3.8 billion of distributions, including quarterly distributions paid to BIP's unitholders.

Private Equity fee-bearing capital increased by $4.9 billion, due to:

- $9.1 billion of inflows from capital raised for our sixth flagship private equity fund and capital raised and deployed in other strategies; partially offset by
- $2.5 billion decrease as a result of the lower market capitalization of BBU; and
- $810 million of distributions, including capital returned to investors and quarterly distributions paid to BBU's unitholders.

Real Estate fee-bearing capital increased by $20.7 billion, due to:

- $18.9 billion of inflows from capital raised for our fourth flagship real estate fund and capital deployed across various other private funds;
- $1.6 billion increase from higher valuations within our perpetual strategies in the year; partially offset by
- $4.6 billion of distributions across our perpetual strategies and capital returned to investors.

Credit and Other fee-bearing capital increased by $10.2 billion, due to:

- $45.9 billion of inflows primarily as a result of BNRE acquisition of American National and capital deployed within our credit strategies; partially offset by
- $21.6 billion of outflows due to redemptions within our liquid strategies;
- $8.4 billion of impact from lower market valuations, primarily from our liquid strategies; and
- $1.6 billion of distributions within its long-term private funds.

CARRY ELIGIBLE CAPITAL

Carry eligible capital[1] increased by $43.8 billion during the year to $218.1 billion as at December 31, 2022 (December 31, 2021 – $174.3 billion). The increase was primarily related to additional capital raised for our fifth flagship infrastructure fund, our sixth flagship private equity fund, our fourth flagship real estate fund and our flagship transition fund.

As at December 31, 2022, $149.3 billion of carry eligible capital was deployed (December 31, 2021 – $112.7 billion). This capital is either currently earning carried interest or will begin earning carried interest once its related funds have reached their preferred return threshold. There are currently $68.8 billion of uncalled fund commitments that will begin to earn carried interest once the capital is deployed and fund preferred returns are met (December 31, 2021 – $61.6 billion).

OPERATING RESULTS

FFO from our asset management business includes fee-related earnings, net of corporate costs, and realized carried interest earned by us in respect of capital managed for our investors. Fee-related earnings also include fees earned on the capital invested by us in the perpetual affiliates. This is representative of how we manage the business and measure the returns from our asset management activities.

To facilitate analysis, the following table disaggregates our Asset Management segment revenues and FFO into fee-related earnings and realized carried interest, net, as these are the measures that we use to analyze the performance of this segment. We also analyze unrealized carried interest, net, to provide insight into the value our investments have created in the period.

We have provided additional detail, where referenced, to explain significant variances from the prior period.

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Ref.	Revenues 2022	Revenues 2021	FFO 2022	FFO 2021
Operating FFO	i	**$ 4,048**	$ 3,523	**$ 1,963**	$ 1,809
Realized carried interest	ii	**894**	1,713	**555**	715
		$ 4,942	$ 5,236	**$ 2,518**	$ 2,524

Unrealized carried interest			
Generated		**$ 2,475**	$ 5,001
Foreign exchange		**(185)**	(236)
		2,290	4,765
Less: direct costs		**(743)**	(1,574)
Unrealized carried interest, net	iii	**1,547**	3,191
Less: unrealized carried interest not attributable to the Corporation		**(129)**	(419)
		$ 1,418	$ 2,772

1. See definition in Glossary of Terms beginning on page 129.

i. Operating FFO

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022	2021
Fee revenues[1]		
Base management fees	**$ 3,620**	$ 3,040
Incentive distributions	**335**	315
Performance fees	**—**	157
Transaction and advisory fees	**93**	11
	4,048	3,523
Less: direct costs	**(1,792)**	(1,540)
	2,256	1,983
Less: fee-related earnings not attributable to the Corporation	**(148)**	(156)
Fee-related earnings	**2,108**	1,827
Cash taxes	**(98)**	(58)
Other (expense) income	**(14)**	40
Amounts not attributable to the Corporation	**(33)**	—
Operating FFO	**$ 1,963**	$ 1,809

1. See definition in Glossary of Terms beginning on page 129.

Fee-related earnings increased to $2.1 billion at our share, mainly due to higher base management fees driven by increased fee-bearing capital, and higher transaction and advisory fees from co-investment capital and growth in incentive distributions from BIP and BEP, partially offset by increased direct costs and the absence of performance fees that were earned in the prior year from BBU.

Base management fees increased by $580 million to $3.6 billion, representing a 19% increase from the prior year. The increase is broken down as follows:

- $196 million increase in our Real Estate segment primarily attributable to capital raised for the fourth flagship real estate fund, deployments across other fund strategies and market valuation increases in perpetual strategies;
- $133 million increase from our Infrastructure segment, primarily as a result of capital raised for the fifth flagship fund and super core perpetual fund, as well as incremental fees earned on the higher average market capitalization of BIP;
- $122 million increase in our Credit and Other business due to due to capital deployed for its latest opportunistic credit flagship fund;
- $76 million increase from our Renewable Power and Transition segment due to capital raised for our flagship funds, partially offset by a lower market capitalization for BEP compared to the prior year; and
- $53 million increase from our Private Equity segment largely due to capital raised for our sixth flagship private equity fund and capital raised and deployed in other strategies.

Incentive distributions across our perpetual affiliates increased by $20 million to $335 million, due to higher distributions paid by BIP and BEP in 2022 versus the prior year.

The margin on our fee-related earnings, including our 64% share of Oaktree's fee-related earnings, increased to 58% in the current year (2021 – 56%). Our fee-related earnings margin before performance fees, including 100% of Oaktree's fee-related earnings, was 56% in the current year (2021 – 56%).

Direct costs consist primarily of employee expenses and professional fees, as well as business related technology costs and other shared services. Direct costs increased by $252 million from the prior year as we continue to scale our asset management franchise, including new product development and the broadening of our distribution capabilities.

Cash taxes and other income (expense) comprise of corporate costs of our asset management business. Amounts not attributable to the Corporation relate to non-controlling interest ("NCI") of our asset management business.

ii. Realized Carried Interest

We realize carried interest when a fund's cumulative returns are in excess of preferred returns and are no longer subject to future investment performance (e.g., subject to "clawback"). During the year, we realized $555 million of carried interest, net of direct costs (2021 – $715 million), which were primarily driven by distribution and monetization activities across our businesses.

We provide supplemental information and analysis below on the estimated amount of unrealized carried interest (see Section iii) that has accumulated based on fund performance up to the date of the consolidated financial statements.

iii. Unrealized Carried Interest

The amounts of accumulated unrealized carried interest[1] and associated costs are not included in our Consolidated Balance Sheets or Consolidated Statements of Operations as they are still subject to clawback. These amounts are shown in the following table:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	**2022** Carried Interest	**2022** Direct Costs	**2022** Net	2021 Carried Interest	2021 Direct Costs	2021 Net
Accumulated unrealized, beginning of year	**$ 7,747**	**$ (2,562)**	**$ 5,185**	$ 4,695	$ (1,774)	$ 2,921
In-period change						
Unrealized in period	**2,475**	**(783)**	**1,692**	5,001	(1,631)	3,370
Foreign currency revaluation	**(185)**	**40**	**(145)**	(236)	57	(179)
	2,290	**(743)**	**1,547**	4,765	(1,574)	3,191
Less: realized	**(894)**	**284**	**(610)**	(1,713)	786	(927)
	1,396	**(459)**	**937**	3,052	(788)	2,264
Accumulated unrealized, end of year	**9,143**	**(3,021)**	**6,122**	7,747	(2,562)	5,185
Carried interest not attributable to the Corporation	**(1,060)**	**547**	**(513)**	(962)	496	(466)
Accumulated unrealized, end of year, net	**$ 8,083**	**$ (2,474)**	**$ 5,609**	$ 6,785	$ (2,066)	$ 4,719

Unrealized carried interest generated in the current year before foreign exchange and associated costs was $2.5 billion lower than the prior year primarily due to lower increases in the valuations of infrastructure, real estate and credit and other funds versus 2021.

Accumulated unrealized carried interest, net[1], totaled $8.1 billion as at December 31, 2022. We estimate approximately $2.5 billion in associated costs related to the future realization of the accumulated amounts to date, predominantly related to employee long-term incentive plans and taxes that will be incurred. We expect to recognize $4.5 billion of this carry at our share, before costs, within the next three years; however, realization of this carried interest is dependent on future investment performance and the timing of monetizations.

1. See definition in Glossary of Terms beginning on page 129.

RENEWABLE POWER AND TRANSITION

BUSINESS OVERVIEW

- We own and operate renewable power, sustainable solutions and transition assets primarily through our 48% economic ownership interest[1] in BEP, which is listed on the NYSE and TSX and had a market capitalization of $16.8 billion as at December 31, 2022.
- BEP owns one of the world's largest publicly traded renewable power portfolios.
- We also enter into energy contracts, which are our contractual arrangement with BEP to purchase power generated by certain North American hydro assets at a fixed price that is then resold on a contracted or uncontracted basis.

OPERATIONS

Hydroelectric

- We operate and invest in 229 hydroelectric generating stations on 87 river systems in North America, Brazil and Colombia. Our hydroelectric operations have 8,159 megawatts ("MW") of installed capacity and annualized long-term average ("LTA")[1] generation of 20,085 gigawatt hours ("GWh") on a proportionate basis[1].

Wind

- Our wind operations include 125 wind facilities globally with 6,935 MW of installed capacity and annualized LTA generation of 7,141 GWh on a proportionate basis.

Solar

- Our solar operations include 149 solar facilities globally with 3,957 MW of installed capacity and 2,756 GWh of annualized LTA generation on a proportionate basis.

Energy Transition

- Our distributed generation operation includes 6,238 facilities with 2,055 MW of installed capacity and 912 GWh of annualized LTA generation on a proportionate basis.
- Our storage operations have 4,271 MW of installed capacity at our 23 facilities and two river systems in North America and Europe.

Energy Contracts

- Based on LTA, we purchase approximately 3,600 GWh of power from BEP each year pursuant to a long-term contract at a predetermined price, which represents 12% of BEP's power generation.
- The fixed price that we are required to pay BEP began gradually stepping down in 2022 by $3/MWh a year. This will continue until 2025, followed by a $5/MWh reduction in 2026 resulting in an approximate $20/MWh total reduction. The contract expires in 2046. Refer to Part 5 – Accounting Policies and Internal Controls for additional information.
- We sell the power into the open market and also earn ancillary revenues, such as capacity fees and renewable power credits. This provides us with increased participation in future increases or decreases in power prices.

1. See definition in Glossary of Terms beginning on page 129.

OUTLOOK AND GROWTH INITIATIVES

SAME-STORE GROWTH	DEVELOPMENT	CAPITAL ALLOCATION
Inflation/Margin Expansion	Development Pipeline	Acquisitions

Revenues in our Renewable Power and Transition segment are 92% contracted with an average contract term of 14 years, on a proportionate basis, with pricing that is inflation linked. By combining this with a stable, low cost profile, we are able to achieve consistent growth year over year within our existing business. In addition, we consistently identify capital development projects that provide an additional source of growth. Our development pipeline represents approximately 110,000 MW of potential capacity globally, of which 13,071 MW are currently under construction or are construction-ready. We expect this pipeline to contribute an incremental approximately $175 million to BEP's FFO when commissioned. We also have a strong track record of expanding our business through accretive acquisitions and will continue to seek out these opportunities.

We believe that the growing global demand for low-carbon energy, especially amongst corporate off takers, will lead to continued growth opportunities for us in the future. In 2023, we intend to remain focused on progressing our key priorities, which include surfacing margin expansion opportunities, progressing our development pipeline and assessing select contracting opportunities across the portfolio. We believe the investment environment for renewable power remains favorable and we expect to continue to advance our pipeline of acquisition opportunities.

SUMMARY OF OPERATING RESULTS

The following table disaggregates segment revenues and our share of FFO and common equity of entities in our Renewable Power and Transition segment. We have provided additional detail, where referenced, to explain significant movements from the prior period.

		Revenues		FFO		Common Equity	
AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Ref.	**2022**	2021	**2022**	2021	**2022**	2021
Brookfield Renewable[1]	i	**$ 5,116**	$ 4,641	**$ 432**	$ 350	**$ 4,635**	$ 4,641
Energy contracts	ii	**82**	(61)	**(53)**	(106)	**639**	623
Realized disposition gains	iii	**—**	—	**22**	800	**—**	—
		$ 5,198	$ 4,580	**$ 401**	$ 1,044	**$ 5,274**	$ 5,264

1. Brookfield's interest in BEP consists of 194.5 million redemption-exchange units, 68.8 million Class A limited partnership units, 4.0 million general partnership units, as well as 44.8 million Class A shares in Brookfield Renewable Corporation ("BEPC"), together representing an economic interest of 48% of BEP.

Revenues and FFO, excluding realized disposition gains, increased by $618 million and $135 million, respectively, compared to the prior year, primarily driven by contributions from organic growth initiatives, higher realized prices across most markets on the back of inflation-linked revenues, favorable hydroelectric generation across all regions and strong asset availability. This was partially offset by the impact of foreign exchange movement, recently completed asset sales and increased interest expense.

i. *Brookfield Renewable*

The following table disaggregates BEP's generation and FFO by business line to facilitate analysis of the year-over-year variances:

FOR THE YEARS ENDED DEC. 31 (GIGAWATT HOURS AND MILLIONS)	Actual Generation (GWh)[1]		Long-Term Average (GWh)[1]		FFO	
	2022	2021	**2022**	2021	**2022**	2021
Hydroelectric	**19,524**	18,046	**20,023**	19,726	**$ 667**	$ 668
Wind	**5,959**	6,096	**6,804**	7,249	**326**	396
Utility-scale solar	**1,882**	1,777	**2,410**	2,016	**253**	185
Distributed energy & sustainable solutions	**1,304**	1,231	**889**	861	**154**	133
Corporate	**—**	—	**—**	—	**(395)**	(448)
Attributable to unitholders	**28,669**	27,150	**30,126**	29,852	**1,005**	934
Non-controlling interests and other[2]					**(565)**	(524)
Segment reallocation[3]					**(8)**	(60)
Brookfield's interest					**$ 432**	$ 350

1. Proportionate to BEP; see "Proportionate basis generation" in Glossary of Terms beginning on page 129.
2. Includes incentive distributions paid to Brookfield of $96 million (2021 – $80 million) as the general partner of BEP.
3. Segment reallocation refers to realized disposition gains, net of NCI, included in BEP's operating FFO that we reclassify to realized disposition gains. This allows us to present FFO attributable to unitholders on the same basis as BEP in the table above.

BEP's FFO for 2022 was $1.0 billion, of which our share was $432 million compared to $350 million in the prior year. Generation for the year totaled 28,669 GWh, a 6% increase compared to the prior year, and relatively consistent with the LTA. Key variances for our operations are described below.

Hydroelectric

FFO remained stable relative to the prior year mainly due to:

- benefits from higher generation and strong pricing environment in North and South America; and
- inflation indexation of cash flows globally and recontracting initiatives in Colombia; offset by
- overall weakening of the Brazilian real and Colombian peso versus the U.S. dollar and increased financing expenses.

Wind

FFO in the current year increased by $34 million relative to the prior year, when excluding the impact of a $104 million gain on the sale of certain development assets in Europe and the U.S. The FFO increase was driven by:

- growth from an increased ownership in TerraForm Power and other acquisitions; and
- a combination of favorable resources and higher power prices as a result of inflation indexation and generation mix within North and South America, Europe and Asia; partially offset by
- the absence of contribution from North American and Irish wind business assets sold in the prior year.

Utility-Scale Solar

FFO in the current year increased by $68 million relative to the prior year primarily due to a gain on sale of a solar development project in North America, higher market prices in Spain and newly acquired and commissioned facilities, partially offset by lower resources.

Distributed Energy & Sustainable Solutions

FFO from our distributed energy and sustainable solutions operation increased by $21 million relative to the prior year. The increase is mainly attributable to the growth of our distributed generation portfolio and transition investments, and higher pricing for grid stability services provided by our pumped storage facilities on the back of higher power prices.

Corporate

The corporate FFO deficit decreased by $53 million due to higher other income and lower management fees, partially offset by higher interest expense.

ii. Energy Contracts

During the year, we purchased 3,241 GWh (2021 – 3,283 GWh) from BEP at $64 per MWh (2021 – $77 per MWh) and sold the purchased generation at an average selling price of $55 per MWh (2021 – $46 per MWh). As a result, we incurred an FFO deficit of $53 million, a decrease of $53 million compared to $106 million in the prior year.

iii. Realized Disposition Gains

Realized disposition gains of $22 million for the year are attributable to the sale of hydro assets in Brazil and solar assets in Mexico.

Realized disposition gains of $800 million for the prior year largely relate to the sale of BEPC shares through a secondary offering, as well as the sale of certain wind assets.

COMMON EQUITY

Common equity in our Renewable Power and Transition segment remained flat at $5.3 billion as at December 31, 2022 as net income was offset by distributions paid during the year.

1. See definition in Glossary of Terms beginning on page 129.

INFRASTRUCTURE

BUSINESS OVERVIEW

- We own and operate infrastructure assets primarily through our 27% economic ownership interest in BIP, which is listed on the NYSE and TSX and had a market capitalization of $24.8 billion as at December 31, 2022.
- BIP is one of the largest globally diversified owners and operators of infrastructure in the world.
- During the year, we sold our direct investments in sustainable resource operations.

PRINCIPAL OPERATIONS

Utilities

- Our regulated transmission business includes approximately 60,000 km of operational electricity transmission and distribution lines in Australia, approximately 4,200 km of natural gas pipelines in North America, South America and India, and approximately 2,900 km of transmission lines in Brazil, of which approximately 2,000 km are operational.
- Our commercial and residential distribution business provides residential energy infrastructure services to approximately 2.3 million customers annually in the U.S., Canada, Germany, and U.K., and approximately 540,000 long-term contracted sub-metering services within Canada and the United States. We own and operate approximately 7.8 million connections, predominantly electricity and natural gas and have approximately 1.7 million installed smart meters across Australia and New Zealand. We provide home repair services to approximately 8.2 million customers with 16.1 million policies in North America and EMEA.
- These businesses typically generate long-term returns on a regulated or contractual asset base which increase with capital we invest to upgrade and/or expand our systems.

Transport

- Our diversified terminals operations include 11 terminals in North America, the U.K., and Australia, and we provide approximately 30 million tonnes per annum in our liquefied natural gas export terminal in the U.S. and approximately 85 million tonnes per annum in our export facility in Australia.
- We operate approximately 22,000 km of railroad track in North America and Europe, approximately 5,500 km of railroad track in the southern half of Western Australia and approximately 4,800 km of rail in Brazil.
- Our toll road operations include approximately 3,800 km of motorways in Brazil, Peru and India.
- These operations are comprised of networks that provide transportation for freight, commodities and passengers. This includes businesses with price ceilings as a result of regulation, such as our rail and toll road operations, as well as unregulated businesses, such as our diversified terminals.

Midstream

- We own and operate approximately 15,000 km of transmission pipelines, primarily in the U.S., and approximately 600 billion cubic feet of natural gas storage in the U.S. and Canada. There are 17 natural gas and natural gas liquids processing plants with approximately 5.7 Bcf per day of gross processing capacity in Canada.
- We own and operate approximately 10,600 km of pipelines in Canada which include long-haul, conventional and natural gas gathering pipelines and a petrochemical complex.
- These operations are comprised of businesses, typically unregulated or subject to price ceilings, that provide transmission and storage services, with profitability based on the volume and price achieved for the provision of these services.

Data

- We own and operate approximately 207,000 operational telecom towers in India, France, Germany, Austria, the U.K. and New Zealand, approximately 46,600 km of fiber optic cable located in France, Brazil and New Zealand, and over 70 distributed antenna systems primarily located in the U.K. In addition, we have approximately 880,000 fiber-to-the-premise connections in France and Australia and 2 semiconductor manufacturing foundries in the United States.
- In our data storage business, we manage 50 data centers with approximately 230 MW of critical load capacity.
- These businesses provide critical infrastructure and essential services to media broadcasting and telecom sectors and are secured by long-term inflation-linked contracts.

OUTLOOK AND GROWTH INITIATIVES

SAME-STORE GROWTH	DEVELOPMENT	CAPITAL ALLOCATION
Inflation and Volumes	Capital Backlog	Active Acquisitions

Our infrastructure business owns and operates assets that are critical to the global economy. Our expertise in managing and developing such assets make us ideal partners for our stakeholders. Our goal is to continue to demonstrate our stewardship of critical infrastructure which should enable us to participate in future opportunities to acquire high-quality infrastructure businesses.

Approximately 90% of FFO is supported by regulated or long-term contracted revenues which benefit from inflationary tariff increases, GDP growth and cashflow reinvestment. As a result, we are able to achieve consistent growth year over year within our existing business. In addition, we have been able to identify capital development projects that provide an additional source of growth. At the end of 2022, total capital to be commissioned in the next two to three years is approximately $6.3 billion. Our backlog, coupled with inflation indexation and higher volumes from our GDP sensitive businesses, should result in another year of strong same-store growth. Since year end, we successfully completed two acquisitions for a total equity requirement of $1.9 billion which will contribute to our FFO per unit growth in 2023.

SUMMARY OF OPERATING RESULTS

The following table disaggregates segment revenues and our share of FFO and common equity of entities in our Infrastructure segment. We have provided additional detail, where referenced, to explain significant movements from the prior period.

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Ref.	Revenues		FFO		Common Equity	
		2022	2021	**2022**	2021	**2022**	2021
Brookfield Infrastructure[1]	i	**$ 14,664**	$ 11,709	**$ 497**	$ 411	**$ 2,524**	$ 2,696
Sustainable resources and other	ii	**64**	238	**4**	15	**260**	326
Realized disposition gains	iii	**—**	—	**139**	371	**—**	—
		$ 14,728	$ 11,947	**$ 640**	$ 797	**$ 2,784**	$ 3,022

1. Brookfield's interest consists of 193.6 million redemption-exchange units, 0.4 million limited partnership units, 2.4 million general partnership units of BIP LP, as well as 13.0 million Class A shares in Brookfield Infrastructure Corporation ("BIPC"), together representing an economic interest of 27% of BIP.

Revenues and FFO, excluding realized disposition gains, increased by $2.8 billion and $75 million, respectively, compared to the prior year. The increases were primarily as a result of contributions from recent acquisitions, capital commissioned into the rate base in the current high inflationary environment. This was partially offset by higher base management fees and higher financing costs.

i. Brookfield Infrastructure

The following table disaggregates BIP's FFO by business line to facilitate analysis of the year-over-year variances:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	**2022**	2021
Utilities	**$ 739**	$ 705
Transport	**794**	701
Midstream	**743**	492
Data	**239**	238
Corporate	**(428)**	(403)
Attributable to unitholders	**2,087**	1,733
Non-controlling interests and other[1]	**(1,574)**	(1,301)
Segment reallocation[2]	**(16)**	(21)
Brookfield's interest	**$ 497**	$ 411

1. Includes incentive distributions paid to Brookfield of $240 million (2021 – $207 million) as the general partner of BIP.
2. Segment reallocation refers to certain items, net of NCI, included in BIP's FFO that we reclassify. This allows us to present FFO attributable to unitholders on the same basis as BIP in the table above.

BIP's FFO for 2022 was $2.1 billion, of which our share was $497 million compared to $411 million in the prior year. Key variances for our operations are described below and on the following page.

Utilities

FFO in our utilities operations of $739 million was $34 million higher than the prior year. The increase is mainly attributable to:

- benefits of inflation indexation, capital commissioned into the rate base in 2022, and contributions from acquisitions of two Australian utilities; partially offset by
- higher borrowing costs from higher interest rates and incremental debt at our Brazilian assets.

Transport

FFO from our transport operations of $794 million was $93 million higher than the prior year. The increase is mainly attributable to:

- inflationary tariff increases across all of our businesses, higher volumes and the commissioning of ~$400 million in capital expansion projects during the year; partially offset by
- the absence of contributions associated with our North American container terminal sold halfway through this year and our Chilean toll road operation sold in the prior year.

Midstream

FFO in our midstream operations of $743 million was $251 million higher than the prior year. The increase is primarily due to the contributions from our acquisition of IPL in the second half of 2021 and strong performance at the base businesses from elevated commodity prices.

Data

FFO from our data operations of $239 million was consistent compared to the prior year. Results benefitted from strong underlying growth from additional points-of-presence and inflationary tariff escalators, offset by weakening of the Indian rupee exchange rate compared to the prior year.

Corporate

The Corporate FFO deficit of $428 million increased by $25 million from the prior year, largely attributable to higher base management fees resulting from a higher average unit price and unit count.

ii. Sustainable Resources and Other

FFO at our sustainable resources and other operations decreased by $11 million relative to the prior year, due to the sale of the portfolio over the prior and current year.

iii. Realized Disposition Gains

There were $139 million realized disposition gains during the year which related to the sale of our Brazilian electricity transmission operation. Prior period realized disposition gains of $371 million primarily related to the sale of our U.S. district energy operation and portfolio of smart meters in the U.K.

COMMON EQUITY

Common equity in our Infrastructure segment was $2.8 billion as at December 31, 2022 (December 31, 2021 – $3.0 billion). Contributions from earnings were more than offset by distributions to unitholders.

This equity is primarily comprised of our investments in PP&E and certain concessions, which are recorded as intangible assets. Our PP&E is recorded at fair value and revalued annually while concessions are considered as intangible assets under IFRS, and therefore recorded at historical cost and amortized over the life of the concession. Accordingly, a smaller portion of our equity is impacted by revaluation compared to our Real Estate and Renewable Power and Transition segments, where a larger portion of the balance sheet is subject to revaluation.

PRIVATE EQUITY

BUSINESS OVERVIEW

- We own and operate private equity assets primarily through our 65% economic ownership interest in BBU. BBU is listed on the NYSE and TSX and had a market capitalization of $3.8 billion as at December 31, 2022.
- BBU focuses on owning and operating high-quality businesses that benefit from barriers to entry and/or low production costs.
- We also own certain businesses directly such as our Brazilian residential development business, which includes construction, sales and marketing of a broad range of residential and commercial office units, with a focus on middle income residential units in São Paulo and Rio de Janeiro.

OPERATIONS

Business Services

- Our residential mortgage insurer is the largest private sector residential mortgage insurer in Canada, providing mortgage default insurance to Canadian residential mortgage lenders.
- Our leading healthcare services operations in Australia provides doctors and patients with access to operating theaters, nursing staff, accommodations, and other critical care and consumables.
- We provide construction operations with a focus on high-quality construction of large-scale and complex landmark buildings and social infrastructure. Construction projects are generally delivered through contracts for design and construction, including procurement for a defined price and program. We also provide services to residential real estate brokers through franchise arrangements under a number of brands in Canada.
- Our dealer software and technology services operations is a leading provider of cloud-based business operations software to dealerships and original equipment manufacturers across automotive and related industries.
- Investments also include our road fuels operations with significant import and storage infrastructure, an extensive distribution network, and long-term diversified customer relationships.

Infrastructure Services

- We are the leading supplier of infrastructure services to the power generation industry, through our investment in our nuclear technology services operations, and we generate a majority of earnings from recurring refueling and maintenance services, primarily under long-term contracts. Our nuclear technology services operations is the original equipment manufacturer or technology provider for approximately 50% of global commercial nuclear power plants, and services approximately two thirds of the world's operating fleet.
- We also provide services to the offshore oil production industry through our investment in our offshore oil services operations, operating in the North Sea, Canada and Brazil. Our offshore oil services operations provides marine transportation, offshore oil production, facility storage, long-distance towing and offshore installation, maintenance and safety services to the offshore oil production industry.
- We provide scaffolding and related services to the industrial and commercial markets, through our investment in our work access services operations, servicing over 30,000 customers in 30 countries worldwide. Our work access services operations' scale and reputation as a leader in engineering innovation and productivity are competitive advantages in a fragmented industry.
- Our modular building leasing services operations is a leading provider of modular workspaces in Europe and Asia-Pacific.

- We own lottery services operations that is a leading provider of products, services, and technology across the lottery ecosystem in over 50 countries.

Industrials

- Our industrials portfolio is comprised of capital-intensive businesses with significant barriers to entry that require technical operating expertise.
- We invest in advanced energy storage operations, which is a global market leader in automotive batteries that power both electric and internal combustion engine vehicles.
- We invest in a leading manufacturer of a broad range of high-quality graphite electrodes. This operating entity is a capital-intensive business with significant barriers to entry and requires technical expertise to build and profitably operate.
- Our waste and wastewater operations in Brazil provide water and wastewater collection, treatment and distribution services to a broad range of residential and governmental customers.
- We own a leading global manufacturer of highly engineered components primarily for industrial trailers and other towable-equipment providers.
- We also own solar power solutions operations, which is a leading distributor of solar power solutions for the distributed generation market in Brazil.

Residential

- Our Brazilian residential development business includes construction, sales and marketing of a broad range of residential and commercial office units, with a primary focus on middle income residential units in Brazil's largest markets of São Paulo and Rio de Janeiro.

OUTLOOK AND GROWTH INITIATIVES

SAME-STORE GROWTH	DEVELOPMENT	CAPITAL ALLOCATION
Expansion of Service Businesses	Turnaround Strategies	Acquisitions

Our Private Equity segment seeks to increase the cash flows from our operations through acquisitions and organic growth opportunities. We believe our global scale and industry leading operations allow us to efficiently allocate capital around the world toward those sectors and geographies where we see the greatest opportunities to realize our targeted returns. We also actively seek to monetize business interests as they mature and reinvest the proceeds into higher yielding investment strategies, further enhancing returns.

Within our business services operations, our residential mortgage insurer had a strong year. Claims on losses have remained low as a result of low Canadian unemployment rates and the ability of borrowers to self-cure mortgage delinquencies following several years of strong home price appreciation. Within our dealer software and technology services, we are focused on executing value creation plans to improve the efficiency and effectiveness of its operations and enhance its go-to-market strategy. Our Australian healthcare services face waitlists for elective surgeries that are at historic highs and we expect this to contribute to improved earnings.

Within our infrastructure services operations, our nuclear technology services generated strong performance during the year driven by increased outage and maintenance volumes, ongoing cost savings initiatives and contribution from recent add-on acquisitions. Within our modular building leasing services, utilization levels remained stable during the year as strong demand in Germany and Asia Pacific offset softer market conditions in the U.K. and other parts of Europe. Overall demand at our lottery services technology operations remained stable. Recent customer wins support an improving growth outlook and the business is executing on initiatives to offset inflationary cost headwinds.

Within our industrials operations, our advanced energy storage operation benefited from increased demand of higher margin advanced batteries and a recovery in original equipment manufacturer demand as auto production challenges eased during the year. Overall volumes were in line with the prior year, while progress on our operational improvement plans helped offset the impact of inflationary headwinds. Our engineered components manufacturing operations had a strong year in 2022. The impact of pricing actions and cost reductions contributed to performance despite volumes softening in North America and Europe. Since we acquired the business, it has completed 10 add-on acquisitions, the continued integration of which should contribute to meaningful value creation in the business.

Geographically, we continue to be committed to taking a long-term view on the regions where Brookfield has an established presence and we are focusing efforts on accelerating growth initiatives and surfacing value opportunities within our key regions.

SUMMARY OF OPERATING RESULTS

The following table disaggregates segment revenues and our share of FFO and common equity of entities in our Private Equity segment. We have provided additional detail, where referenced, to explain significant movements from the prior period.

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Ref.	Revenues 2022	Revenues 2021	FFO 2022	FFO 2021	Common Equity 2022	Common Equity 2021
Brookfield Business Partners[1]	i	**$ 57,590**	$ 46,652	**$ 820**	$ 597	**$ 2,439**	$ 2,803
Other investments	ii	**842**	231	**125**	58	**2,047**	1,193
Realized disposition gains	iii	**—**	—	**81**	1,376	**—**	—
		$ 58,432	$ 46,883	**$ 1,026**	$ 2,031	**$ 4,486**	$ 3,996

1. Brookfield's interest in BBU consists of 69.7 million redemption-exchange units, 24.8 million limited partnership units, eight general partnership units, as well as 47.2 million Class A shares in Brookfield Business Corporation ("BBUC"), together representing an economic interest of 65% of BBU.

Revenues generated from our Private Equity segment increased by $11.5 billion, as a result of contributions from recent acquisitions, including from add-on acquisitions at our operating subsidiaries. The increase was partially offset by foreign exchange movements in our road fuels operations.

Excluding realized disposition gains, FFO increased by $290 million, mainly due to the factors noted above, partially offset by increased interest expense and higher operating expenses across certain of our segments.

i. Brookfield Business Partners

The following table disaggregates BBU's FFO by business line to facilitate analysis of the year-over-year variances:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022	2021
Business services	**$ 508**	$ 397
Infrastructure services	**513**	396
Industrials	**473**	879
Corporate	**(178)**	(99)
Attributable to unitholders	**1,316**	1,573
Performance fees	**—**	(157)
Non-controlling interests	**(474)**	(515)
Segment reallocation and other[1]	**(22)**	(304)
Brookfield's interest	**$ 820**	$ 597

1. Segment reallocation and other refers to realized disposition gains, net of NCI, included in BBU's FFO that we reclassify to realized disposition gains. This allows us to present FFO attributable to unitholders on the same basis as BBU.

BBU generated $1.3 billion of FFO compared to $1.6 billion in the prior year, with our share being $820 million compared to $597 million in the prior year. Key variances are described on the following page.

Business Services

Business services' FFO increased by $111 million compared to the prior year. Contributing factors include:

- contributions from the acquisitions of a dealer software and technology services operations, an Australian residential mortgage lender operations and payment processing service operations; partially offset by
- higher interest expense related to the acquisitions during the year.

Infrastructure Services

Within our infrastructure services operations, we generated $513 million of FFO, an increase of $117 million compared to the prior year, largely driven by:

- a full year of contributions from the 2021 acquisition of our modular building leasing services operations and contributions from the 2022 acquisition of our lottery service operations; partially offset by
- higher interest expense as a result of acquisitions during the year and a full year of interest from 2021 acquisitions, and higher tax expense.

Industrials

Industrials' FFO decreased by $406 million as the prior year included gains of $476 million on the partial disposition of our investment in graphite electrode operations and the sale of our investment in public securities. The current year's FFO included a gain of $18 million on the partial disposition of our investment in public securities. Excluding the impact of disposition gains, FFO increased by $52 million compared to the prior year, primarily due to:

- contributions from the acquisition of our engineered components manufacturing operations; and
- improved margin performance as a result of cost reductions, commercial initiatives, and cost savings; partially offset by
- inflationary headwinds and reduced volumes.

Corporate

The Corporate FFO deficit increased by $79 million due to increased management fees due to a higher average market capitalization of BBU relative to the prior period.

ii. Other Investments

FFO from other investments increased by $67 million to $125 million, mainly related to contributions from the acquisition of our roofing products manufacturer in the prior year, and higher gross margin earned on projects at our Brazilian residential operations.

iii. Realized Disposition Gains

Realized disposition gains of $81 million in the year is primarily attributable to the partial sale of our interests in certain public equities. Realized disposition gains of $1.4 billion in the prior year were due to the sale of our interests in West Fraser Timber Co.

COMMON EQUITY

Common equity in our Private Equity segment was $4.5 billion as at December 31, 2022 (December 31, 2021 – $4.0 billion). The increase was mainly attributable to contributions from FFO that were partially offset by the impact of depreciation.

REAL ESTATE

BUSINESS OVERVIEW

- We own and operate real estate assets through our 100% economic ownership interest in BPG.
- BPG owns real estate assets directly as well as through private funds that are managed by our asset management business. Included in directly held assets is our North American residential development business, which is conducted through Brookfield Residential Properties ULC.
- We present the operating results of our Real Estate segment within three sub-segments. The sub-segments are based on our strategy to maintain an irreplaceable portfolio of trophy mixed-use precincts in global gateway cities ("Core"), maximize returns through a development or buy-fix-sell strategy ("Transitional and Development"), or recycle capital from vintage funds ("LP Investments").

OPERATIONS

Core

- We own interests in and operate some of the most iconic office assets globally, including One Manhattan West in New York and Canary Wharf in London. We focus on high-quality real estate assets in some of the best locations around the world because we have found that these outperform over very long periods of time and through economic cycles. These 64 properties are located primarily in the world's leading commercial markets such as New York City, London, Toronto, Berlin, and Dubai, covering 33 million square feet.
- We also own interests in and operate 19 irreplaceable malls totaling 24 million square feet of retail space. We intend to retain long-term ownership interests in these trophy assets, such as Ala Moana in Hawaii and Fashion Show in Las Vegas.
- We develop properties on a selective basis; active development and redevelopment projects consist of three office sites, several multifamily sites and two hotel sites, totaling approximately 4 million square feet.

Transitional and Development

- We own interests in and operate office assets in gateway markets around the globe, consisting of 68 properties totaling 59 million square feet of space. These assets represent properties with transitional operational uplift and realization potential. They earn attractive short-term rates of return, as we acquire underperforming assets and improve their operations. We add significant value during this transitional period before ultimately monetizing them and reinvesting the proceeds.
- The office properties are located primarily in the world's leading commercial markets such as New York City, London, Toronto, Sydney and Rio de Janeiro.
- We also own 90 retail properties covering 86 million square feet of space, where we seek to maximize return through leasing, redevelopment of existing retail, or in some cases through the addition of a mixed-use component like multifamily or office. We add significant value during this transitional period before ultimately monetizing them.
- Our North American business is conducted through Brookfield Residential Properties ULC, which is active in 18 principal markets in Canada and the U.S. and controls approximately 81,000 lots.

LP Investments

- We own and operate global portfolios of real estate investments through our real estate funds, which are targeted to achieve higher returns than our office and retail portfolios within our Core and Transitional and Development operations.
- Our LP Investments business strategy is to acquire high quality assets at a discount to replacement cost or

intrinsic value, to execute clearly defined strategies for operational improvement and to achieve opportunistic returns through net operating income ("NOI") growth and realized gains on exit.

- Our LP Investments portfolio consists of high-quality assets with operational upside across the multifamily, triple net lease, hospitality, office, retail, mixed-use, logistics, life science, senior living, manufactured housing and student housing sectors.

OUTLOOK AND GROWTH INITIATIVES

SAME-STORE GROWTH	DEVELOPMENT	CAPITAL ALLOCATION
Rent to Market/Occupancy	Active Development	Capital Recycling

Our real estate group remains focused on increasing the value of our properties through proactive leasing and select redevelopment initiatives, as well as recycling capital from mature properties, primarily from our transitional and development assets, to fund new higher yielding investments, particularly in our LP Investments. We deploy additional capital throughout our portfolio for planned capital expansion that should continue to increase earnings for the next several years as these projects are completed. Our development track record reflects on-time and on-budget completions. This includes development projects in progress across our premier office buildings, retail malls and mixed-use complexes located primarily in North America and Europe.

We have a positive outlook for our North American residential business, reflecting strong housing demand in North America and the significant progress we have made on strategic initiatives in recent years to scale and reposition the business to enhance our returns over the long-term.

Within our LP Investments, we will continue to acquire high-quality properties through the global private funds of our asset management business as these generally produce higher returns relative to core strategies. These funds have a wide scope in terms of real estate asset classes and geographic reach. We target to earn opportunistic returns in our portfolio. These investments have a defined hold period and typically generate the majority of profits from gains recognized from realization events, including the sale of an asset or portfolio of assets, or exit of the entire investment. Funding for these transactions will continue to include proceeds from asset sales as part of our capital recycling program.

SUMMARY OF OPERATING RESULTS

The following table disaggregates segment revenues and our share of FFO and common equity of entities in our Real Estate segment. We have provided additional detail, where referenced, to explain significant movements from the prior period. We present the operating results of our Real Estate segment, which include our investment in Brookfield Property Partners L.P. ("BPY")[1] and in other directly held real estate investments, within three sub-segments—Core, Transitional and Development, and LP Investments. We also separately manage certain corporate activities for these underlying investments.

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Ref.	Revenues		FFO		Common Equity	
		2022	2021	**2022**	2021	**2022**	2021
Brookfield Property Group[1]	i	**$ 13,835**	$ 12,315	**$ 953**	$ 1,004	**$ 31,868**	$ 33,965
Realized disposition gains	ii	**—**	—	**791**	438	**—**	—
		$ 13,835	$ 12,315	**$ 1,744**	$ 1,442	**$ 31,868**	$ 33,965

Revenues and FFO from our Real Estate business increased by $1.5 billion and $302 million, respectively, compared to the prior year.

1. See definition in Glossary of Terms beginning on page 129.

Excluding realized disposition gains, FFO decreased by $51 million, primarily due to increased interest expense, foreign exchange losses and the absence of FFO from assets sold over the last year. This was partially offset by continued recovery in our hospitality, retail and office portfolios.

i. Brookfield Property Group

The following table disaggregates BPG's FFO by business line to facilitate analysis of the year-over-year variances:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	**2022**	2021
Core	**$ 471**	$ 558
Transitional and Development	**820**	868
LP Investments	**200**	234
Corporate	**(494)**	(439)
Attributable to BPG	**997**	1,221
Non-controlling interests	**—**	(138)
Segment reallocation and other[1]	**(44)**	(79)
Brookfield's interest	**$ 953**	$ 1,004

1. Reflects preferred dividend distributions as well as fee-related earnings, net carried interest and associated asset management expenses not included in FFO reclassified to the Asset Management segment.

BPG's FFO for 2022 was $953 million compared to $1.0 billion in the prior year. Key variances for our operations are described below.

Core

FFO of $471 million was $87 million lower than the prior year. The main contributors are:

- continued recovery from the pandemic in our retail assets; more than offset by
- higher interest expense due to increased floating interest rates on variable debt obligations coupled with an increase in debt obligations as a result of financing activity; and
- impact of foreign currency translation.

Transitional and Development

FFO of $820 million was $48 million lower than the prior year mainly attributable to:

- increased earnings from equity accounted investments; and
- continued recovery of retail businesses from the prior year, resulting in improving occupancy rates.

LP Investments

FFO of $200 million was $34 million lower than the prior year, mainly attributable to:

- increased performance driven by growth in all asset classes resulting from increased occupancy and higher daily rates earned at certain of our hospitality assets; more than offset by
- the impact of foreign currency translation and higher interest expense.

Corporate

Corporate expenses within our Real Estate segment increased by $55 million to $494 million, driven by increased asset management fees partially offset by lower interest expense due to the maturity of certain preferred shares.

ii. Realized Disposition Gains

Realized disposition gains were $791 million and $438 million in the current and the prior year, respectively. Current year realized disposition gains primarily related to dispositions of our U.K. student housing portfolio and other holdings within our LP Investments portfolio.

COMMON EQUITY

Common equity in our Real Estate segment decreased to $31.9 billion as at December 31, 2022 compared to $34.0 billion as at December 31, 2021. The decrease is mainly attributable to contributions from FFO and valuation increases, which were more than offset by the aforementioned dispositions across the segment during 2022.

CORPORATE ACTIVITIES

BUSINESS OVERVIEW

- Our corporate activities support the overall business with a focus on prudent capital allocation that will compound value for our shareholders over the long-term.
- Corporate activities include, but are not limited to, supporting the growth in our asset management business and perpetual affiliates, and providing capital throughout the organization, when needed. In addition, we will make direct investments on an opportunistic basis.
- We also hold cash and financial assets as part of our liquidity management operations and enter into financial contracts to manage residual foreign exchange and other risks, as appropriate.

SUMMARY OF OPERATING RESULTS

The following table disaggregates segment revenues, FFO and common equity into the principal assets and liabilities within our corporate operations and associated FFO to facilitate analysis:

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Revenues		FFO		Common Equity	
	2022	2021	**2022**	2021	**2022**	2021
Insurance solutions	**$ —**	$ —	**$ 388**	$ 30	**$ 3,996**	$ 988
Corporate cash and financial assets, net	**125**	70	**77**	42	**477**	3,522
Other corporate investments	**—**	81	**30**	53	**548**	1,099
Corporate costs and taxes/ net working capital	**—**	—	**(114)**	(64)	**(944)**	699
Corporate borrowings	**—**	—	**(504)**	(438)	**(11,390)**	(10,875)
Preferred equity[1,2]	**—**	—	**—**	—	**(4,375)**	(4,375)
Realized disposition gains	**—**	—	**88**	97	**—**	—
	$ 125	$ 151	**$ (35)**	$ (280)	**$ (11,688)**	$ (8,942)

1. FFO excludes preferred share distributions of $160 million (2021 – $157 million).
2. Includes $230 million of perpetual subordinated notes issued in November 2020 by a wholly owned subsidiary of Brookfield, included within non-controlling interest.

Our insurance solutions business generated FFO of $388 million for the year with the growth in earnings primarily driven by strong performance of its investment portfolio and the acquisition of American National in May 2022, as well as the re-deployment of its highly liquid and short-duration portfolio into higher yielding investments.

Our portfolio of corporate cash and financial assets is generally recorded at fair value with changes recognized through net income, unless the underlying financial investments are classified as fair value through other comprehensive income, in which case changes in value are recognized in other comprehensive income. Loans and receivables are typically carried at amortized cost. As at December 31, 2022, our portfolio of corporate cash and financial assets included $1.3 billion of cash and cash equivalents (December 31, 2021 – $1.9 billion). The decrease from December 31, 2021 is largely attributable to cash deployed to fund BNRE's acquisition of American National, dividends paid to shareholders, funding of capital calls and investments, net repayment of commercial paper and the repurchase of 17.2 million Class A shares, partially offset by $5.2 billion of distributable earnings[1].

Our corporate cash and financial assets generated FFO of $77 million compared to FFO of $42 million in the prior year primarily due to gains on our financial asset portfolio in the current year.

Other corporate investments include our share of the corporate cash and financial assets of Oaktree that were not transferred to our asset management business. The decrease in FFO from the prior year is primarily due to lower returns on Oaktree's balance sheet investments.

1. See definition in Glossary of Terms beginning on page 129.

Corporate costs, taxes and net working capital were collectively in a liability position of $944 million as at December 31, 2022, compared to the prior year asset position of $699 million. Included within this balance are net deferred income tax assets of $363 million (December 31, 2021 – $1.8 billion). The decline in our deferred tax assets was primarily due to the special distribution of our asset management business in which certain subsidiaries and their respective deferred tax balances were transferred at book value to our asset management business. The FFO deficit of $114 million includes corporate costs and cash taxes, which were higher compared to the prior year primarily due to higher tax expense.

Corporate borrowings are generally issued with fixed interest rates. Some of these borrowings are denominated in Canadian dollars and therefore the carrying value fluctuates with changes in the foreign exchange rate. A number of these borrowings have been designated as hedges of our Canadian dollar net investments within our other segments, resulting in the majority of the currency revaluation being recognized in other comprehensive income. The $504 million FFO deficit reported through corporate borrowings reflects the interest expense on all of our corporate borrowings. The increase from the prior year was primarily attributable to corporate debt issuances completed over the last twelve months.

Preferred equity is not revalued under IFRS and is consistent with year-end.

Realized disposition gains of $88 million were primarily due to the sale of a financial asset during the year.

We describe cash and financial assets, corporate borrowings and preferred equity in more detail within Part 4 – Capitalization and Liquidity.

PART 4

CAPITALIZATION AND LIQUIDITY

CAPITALIZATION

We review key components of our capitalization in the following sections. In several instances we have disaggregated the balances into the amounts attributable to our operating segments in order to facilitate discussion and analysis.

Corporate Capitalization[1] – reflects the amount of debt held in the Corporate Activities segment and our issued and outstanding common and preferred shares. Corporate debt includes unsecured bonds and excludes draws on revolving credit facilities and the issuance of short-term commercial paper. As at December 31, 2022, our corporate capitalization was $61.5 billion (December 31, 2021 – $62.9 billion) with a debt to capitalization[1] of 19% (December 31, 2021 – 17%).

Consolidated Capitalization[1] – reflects the aggregate capitalization of wholly owned, partially owned, and managed entities that we consolidate in our financial statements. As at December 31, 2022, consolidated capitalization increased compared to the prior year largely due to acquisitions, which resulted in additional associated borrowings, working capital balances and non-controlling interests. Much of the borrowings issued within our managed entities are included in our consolidated balance sheet notwithstanding that virtually none of this debt has any recourse to the Corporation.

The following table presents our capitalization on a corporate and consolidated basis:

AS AT DEC. 31 (MILLIONS)	Ref.	Corporate		Consolidated	
		2022	2021	**2022**	2021
Corporate borrowings	i	**$ 11,390**	$ 10,875	**$ 11,390**	$ 10,875
Non-recourse borrowings					
Subsidiary borrowings	i	**—**	—	**15,140**	12,876
Property-specific borrowings	i	**—**	—	**187,544**	152,181
		11,390	10,875	**214,074**	175,932
Accounts payable and other		**5,985**	5,104	**57,065**	52,546
Deferred income tax liabilities		**112**	299	**23,190**	20,328
Subsidiary equity obligations		**—**	—	**4,188**	4,308
Liabilities associated with assets classified as held for sale		**—**	—	**876**	3,148
Equity					
Non-controlling interests		**230**	230	**98,138**	88,386
Preferred equity	ii	**4,145**	4,145	**4,145**	4,145
Common equity	iii	**39,608**	42,210	**39,608**	42,210
		43,983	46,585	**141,891**	134,741
Total capitalization		**$ 61,470**	$ 62,863	**$441,284**	$391,003
Debt to capitalization		**19%**	17%	**49%**	45%

1. See definition in Glossary of Terms beginning on page 129.

i. Borrowings

Corporate Borrowings

AS AT DEC. 31 ($ MILLIONS)	Average Rate		Average Term (Years)		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021
Term debt	**4.2%**	4.2%	**13**	13	**$ 11,467**	$ 10,039
Commercial paper	**n/a**	0.4%	**n/a**	<1	**—**	462
Revolving facilities	**n/a**	1.1%	**n/a**	4	**—**	450
Deferred financing costs	**n/a**	n/a	**n/a**	n/a	**(77)**	(76)
Total					**$ 11,390**	$ 10,875

As at December 31, 2022, corporate borrowings included term debt of $11.5 billion (December 31, 2021 – $10.0 billion) which had an average term to maturity of 13 years (December 31, 2021 – 13 years). Term debt consists of public and private bonds, all of which are fixed rate and have maturities ranging from 2024 to 2080. These financings provide an important source of long-term capital and are appropriately matched to our long-term asset profile.

The increase in term debt compared to the prior year is mainly driven by the issuance of $400 million of 2052 green notes and a $400 million re-opening of our 2028 notes in the first quarter of 2022, along with the issuance of C$1 billion notes in the fourth quarter of 2022.

We had no commercial paper outstanding and no draws on our revolving facility as at December 31, 2022 (December 31, 2021 – $912 million of commercial paper and revolving facility draws outstanding). As at December 31, 2022, $50 million of the facilities were utilized for letters of credit (December 31, 2021 – $61 million).

Subsidiary Borrowings

We endeavor to capitalize our perpetual affiliates to enable continuous access to debt capital markets, usually on an investment-grade basis, thereby reducing the demand for capital from the Corporation. Subsidiary borrowings include perpetual affiliates' recourse term debt and credit facility draws. These borrowings have no recourse to the Corporation.

AS AT DEC. 31 ($ MILLIONS)	Average Rate		Average Term (Years)		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021
Renewable Power and Transition	**3.7%**	3.9%	**10**	12	**$ 2,546**	$ 2,147
Infrastructure	**4.4%**	3.2%	**10**	10	**3,666**	2,719
Private Equity	**6.8%**	2.6%	**4**	4	**2,226**	1,745
Real Estate	**5.6%**	3.1%	**4**	5	**6,702**	6,265
Total	**5.2%**	3.5%	**6**	6	**$ 15,140**	$ 12,876

Property-Specific Borrowings

As part of our financing strategy, the majority of our debt capital is in the form of property-specific borrowings and project financings and is denominated in local currencies that have recourse only to the assets being financed and have no recourse to the Corporation or the relevant perpetual affiliate.

AS AT DEC. 31 ($ MILLIONS)	Average Rate		Average Term (Years)		Consolidated	
	2022	2021	**2022**	2021	**2022**	2021
Renewable Power and Transition	**5.3%**	4.5%	**9**	10	**$ 22,826**	$ 19,893
Infrastructure	**6.5%**	4.3%	**6**	7	**29,881**	28,515
Private Equity	**7.3%**	4.7%	**6**	5	**48,787**	27,966
Real Estate	**6.1%**	3.6%	**3**	3	**86,050**	75,807
Total	**6.4%**	4.0%	**5**	5	**$187,544**	$152,181

Property-specific borrowings have increased by $35.4 billion since December 31, 2021, which is largely attributable to:

- the acquisitions of a technology services provider, an Australian residential mortgage lender, and a technology and global lottery services business within our Private Equity segment; and
- new investments across multiple European office REITs and mixed-use properties within our Real Estate segment.

Fixed and Floating Interest Rate Exposure

Many of our borrowings, including all corporate borrowings recourse to the Corporation, are fixed rate, long-term financings. The remainder of our borrowings are at floating rates; however, from time to time, we enter into interest rate contracts to swap our floating rate exposure to fixed rates.

As at December 31, 2022, 65% of our share of debt outstanding, including the effect of swaps, was fixed rate. Accordingly, changes in interest rates are typically limited to the impact of refinancing borrowings at prevailing market rates or changes in the level of debt as a result of acquisitions and dispositions.

The following table presents the fixed and floating rates of interest expense:

AS AT DEC. 31 ($ MILLIONS)	Fixed Rate				Floating Rate			
	2022		2021		**2022**		2021	
	Average Rate	**Consolidated**	Average Rate	Consolidated	**Average Rate**	**Consolidated**	Average Rate	Consolidated
Corporate borrowings	**4.2%**	**$ 11,390**	4.2%	$ 10,875	**—%**	**$ —**	—%	$ —
Subsidiary borrowings	**4.5%**	**9,346**	4.0%	8,619	**6.3%**	**5,794**	2.4%	4,430
Property-specific borrowings	**4.9%**	**57,908**	4.8%	58,392	**7.1%**	**129,637**	3.6%	93,616
Total	**4.7%**	**$ 78,644**	4.7%	$ 77,886	**7.0%**	**$ 135,431**	3.5%	$ 98,046

ii. Preferred Equity

Preferred equity represents permanent non-participating preferred shares that provide leverage to our common equity. The shares are categorized by their principal characteristics in the following table:

AS AT DEC. 31 ($ MILLIONS)	Term	Average Rate 2022	Average Rate 2021	Amount 2022	Amount 2021
Fixed rate-reset	Perpetual	**4.3%**	4.1%	**$ 2,901**	$ 2,901
Fixed rate	Perpetual	**4.8%**	4.8%	**739**	739
Floating rate	Perpetual	**4.3%**	2.3%	**505**	505
Total		**4.4%**	4.0%	**$ 4,145**	$ 4,145

Fixed rate-reset preferred shares are issued with an initial fixed rate coupon that is reset after an initial period, typically five years, at a predetermined spread over the Canadian five-year government bond yield. The average reset spread as at December 31, 2022 was 279 basis points.

iii. Common Equity

Issued and Outstanding Shares

Changes in the number of issued and outstanding Class A and Class B shares during the years are as follows:

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022	2021
Outstanding at beginning of year	**1,568.8**	1,510.7
Issued (repurchased)		
Issuances	**1.4**	61.3
Repurchases	**(17.2)**	(9.7)
Long-term share ownership plans[1]	**19.1**	6.4
Dividend reinvestment plan and others	**1.3**	0.1
Outstanding at end of period	**1,573.4**	1,568.8
Unexercised options and other share-based plans[1] and exchangeable shares of affiliate	**55.5**	82.8
Total diluted shares at end of period	**1,628.9**	1,651.6

1. Includes management share option plan and restricted stock plan.

The company holds 62.9 million Class A shares (December 31, 2021 – 69.7 million) purchased by consolidated entities in respect of long-term share ownership programs, which have been deducted from the total amount of shares outstanding at the date acquired. Diluted shares outstanding include nil (December 31, 2021 – 25.1 million) shares issuable in respect of these plans based on the market value of the Class A shares as at December 31, 2022 and December 31, 2021, resulting in a net reduction of 62.9 million (December 31, 2021 – 44.6 million) diluted shares outstanding.

During 2022, 3.3 million options were exercised, of which 1.2 million and 0.2 million were issued on a net-settled and gross basis, respectively, resulting in the cancellation of 1.8 million vested options.

The cash value of unexercised options was $1.1 billion as at December 31, 2022 (December 31, 2021 – $1.2 billion) based on the proceeds that would be paid on exercise of the options.

As at March 21, 2023, the Corporation had outstanding 1,566,105 Class A shares and 85,120 Class B shares. Refer to Note 21 of the consolidated financial statements for additional information on equity.

LIQUIDITY

CORPORATE LIQUIDITY

We maintain significant liquidity at the corporate level. Our primary sources of liquidity, which we refer to as core liquidity, consist of:

- cash and financial assets, net of other associated liabilities; and
- undrawn committed credit facilities.

We further assess overall liquidity inclusive of our perpetual affiliates BEP, BIP, BBU, BPG and our insurance solutions business because of their role in funding acquisitions both directly and through funds managed by our asset management business. On a group basis, we had $37 billion of core liquidity, including liquidity from corporate and perpetual affiliates, and $124 billion of total liquidity, including third-party commitments available for drawdown in the private funds of our asset management business, as at December 31, 2022.

CAPITAL REQUIREMENTS

The Corporation has very few non-discretionary capital requirements. Our largest normal course capital requirement are our debt maturities and there are no corporate debt maturities until March 2024 when approximately $1 billion is due. Periodically, we will fund acquisitions and seed new investment strategies.

At the perpetual affiliate level, the largest normal course capital requirements are debt maturities and the pro-rata share of private fund capital calls. New acquisitions are primarily funded through the private funds or perpetual affiliates that are managed by our asset management business. We endeavor to structure these entities so that they are self-funding, preferably on an investment-grade basis, and in almost all circumstances do not rely on financial support from the Corporation.

In the case of private funds, the necessary equity capital is obtained by calling on commitments made by the limited partners in each fund, which include commitments made by our perpetual affiliates as well as the Corporation. As at December 31, 2022, the Corporation has funded $1.8 billion of our $2.75 billion commitment to our third flagship real estate fund alongside BPG's $1 billion commitment. The Corporation has committed $3.5 billion to our fourth flagship real estate fund of which $690 million has been funded. The Corporation has committed $750 million to our latest opportunistic credit fund of which $375 million has been funded. In the case of perpetual affiliates, capital requirements are funded through their own resources and access to capital markets, which may be supported by us from time to time through participation in equity offerings or bridge financings.

At the asset level, we schedule ongoing capital expenditure programs to maintain the operating capacity of our assets at existing levels. We refer to this as sustaining capital expenditures. The sustaining capital expenditure programs are typically funded by, and represent a relatively small proportion of, the operating cash flows within each business. The timing of these expenditures is discretionary; however, we believe it is important to maintain the productivity of our assets in order to optimize cash flows and value accretion.

CORE AND TOTAL LIQUIDITY

The following table presents core liquidity of the Corporation, perpetual affiliates and managed funds:

AS AT DEC. 31 (MILLIONS)	Corporate Liquidity[1]		Group Liquidity	
	2022	2021	**2022**	2021
Cash and financial assets, net	**$ 2,893**	$ 3,522	**$ 27,440**	$ 6,233
Undrawn committed credit facilities	**2,540**	1,618	**9,284**	8,778
Core liquidity[2]	**5,433**	5,140	**36,724**	15,011
Uncalled private fund commitments	**—**	—	**87,364**	77,079
Total liquidity[3]	**$ 5,433**	$ 5,140	**$124,088**	$ 92,090

1. Corporate cash and financial assets in 2022 includes our proportionate share of the asset management business's cash and financial assets ($2.4 billion).
2. See definition in Glossary of Terms beginning on page 129.
3. Includes $22 billion of liquidity held through our insurance portfolio.

As at December 31, 2022, the Corporation's core liquidity was $5.4 billion, consisting of $2.9 billion in cash and financial assets, inclusive of our proportionate share of our asset management business's cash and financial assets, and $2.5 billion in undrawn credit facilities. The Corporation's liquidity is readily available for use without any material tax consequences. We utilize this liquidity to support the activities of our perpetual affiliates and funding strategic transactions.

The Corporation has the ability to raise additional liquidity through the issuance of securities and the sale of holdings of listed investments within our perpetual affiliates and other investments on the following page. However, this is not included in our core liquidity as we are generally able to finance our operations and capital requirements through other means.

During 2022, we generated $5.2 billion of distributable earnings, inclusive of:

- $2.1 billion of distributions from our asset management business;
- $388 million of operating earnings from our insurance solutions business;
- $2.6 billion of distributions from our perpetual affiliates and other principal investments, and yield earned on corporate cash and financial assets; and
- realizations, including $555 million of net realized carried interest and $360 million of realized disposition gains from principal investments; partially offset by
- corporate costs, interest expense, and preferred share dividends, net of equity-based compensation costs, of $693 million.

The Corporation paid a non-cash special distribution of $2.4 billion as part of the listing and special distribution of a 25% interest in our asset management business, as well as $879 million in cash dividends on its common equity during the year ended December 31, 2022 (2021 – $538 million of non-cash dividends for the BNRE spin-off and $800 million cash dividends).

The following table presents distributable earnings generated by the Corporation:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022	2021
Distributions from asset management business[1]	**$ 2,061**	$ 1,892
Insurance solutions operating earnings	**388**	30
Perpetual affiliates	**2,434**	2,127
Corporate cash and financial assets	**77**	42
Other principal investments	**47**	(41)
Distributions from investments	**2,558**	2,128
Corporate borrowings	**(504)**	(438)
Corporate costs and taxes	**(91)**	(24)
	(595)	(462)
Preferred share dividends[2]	**(160)**	(157)
Add back: equity-based compensation costs	**62**	36
	(693)	(583)
Distributable earnings before realizations	**4,314**	3,467
Realizations		
Realized carried interest, net[3]	**555**	715
Disposition gains from principal investments	**360**	2,100
Distributable earnings	**$ 5,229**	$ 6,282

1. Includes $258 million (2021 - $250 million) of fee-related earnings from Oaktree at our share.
2. Includes $10 million (2021 - $9 million) of dividends paid on perpetual subordinated notes.
3. Includes our share of Oaktree's distributable earnings attributable to realized carried interest.

The following table shows the quoted market value of the company's listed securities and annual cash distributions of the company's invested capital based on current distribution policies for each entity:

AS AT DEC. 31, 2022 (MILLIONS, EXCEPT PER UNIT AMOUNTS)	Ownership %	Brookfield Owned Units	Distributions Per Unit[1]	Quoted Value[2]	Current Distributions (Current Rate)[3]	YTD Distributions (Actual)
Distributions from investments						
Brookfield Renewable[4]	48%	312.0	$ 1.28	$ 8,005	$ 400	$ 400
Brookfield Infrastructure[5]	27%	209.4	1.44	6,591	302	300
Brookfield Business Partners[6]	65%	141.7	0.25	2,491	35	33
Brookfield Property Group[7]	100%	n/a	n/a	n/a	1,644	1,701
					2,381	2,434
Corporate cash and financial assets[8,9]	various	various	various	477	38	78
Total					$ 2,419	$ 2,512

1. Based on current distribution policies.
2. Quoted value represents the value of Brookfield owned units as at market close on December 31, 2022.
3. Distributions (current rate) are calculated by multiplying units held as at December 31, 2022 by distributions per unit. Actual dividends may differ due to timing of dividend increases and payment of special dividends, which are not factored into the current rate calculation. See definition in Glossary of Terms beginning on page 129.
4. Brookfield owned units represent the combined units held in BEP and BEPC.
5. Brookfield owned units represent the combined units held in BIP and BIPC.
6. Brookfield owned units represent the combined units held in BBU and BBUC.
7. BPG's distributions include $64 million of preferred share dividends received by the Corporation for the year ended December 31, 2022 (2021 – nominal amounts)
8. Includes cash and cash equivalents and financial assets net of deposits.
9. YTD distributions relate to a decrease in valuations of certain of our corporate financial assets.

REVIEW OF CONSOLIDATED STATEMENTS OF CASH FLOWS

The following table summarizes the consolidated statements of cash flows within our consolidated financial statements:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	**2022**	2021
Operating activities	**$ 8,751**	$ 7,874
Financing activities	**32,460**	16,261
Investing activities	**(39,650)**	(21,045)
Change in cash and cash equivalents	**$ 1,561**	$ 3,090

This statement reflects activities within our consolidated operations and therefore excludes activities within non-consolidated entities.

Operating Activities

Cash flows from operating activities totaled $8.8 billion in 2022, a $877 million increase from the prior year. Excluding the net change in non-cash working capital, cash flow from operating activities increased by $920 million versus the prior year period due to contributions from assets acquired, net of dispositions, and same-store growth across our business in 2022.

Financing Activities

Net cash flows from financing activities totaled $32.5 billion in 2022 versus $16.3 billion in the prior year, and primarily related to:

- non-recourse borrowings arranged by our subsidiaries, net of repayments, of $28.4 billion;
- capital provided from non-controlling interests, net of capital repaid, of $10.8 billion; and
- non-recourse credit facilities drawn, net, of $6.9 billion; partially offset by
- cash distributions to non-controlling interests and shareholders of $12.1 billion.

Investing Activities

Net cash flows used by investing activities were $39.7 billion in 2022 versus $21.0 billion in the prior year, and mainly related to:

- acquisitions of subsidiaries, net of dispositions, of $20.0 billion primarily associated with acquisitions in our Private Equity segment;
- acquisitions and additions to PP&E, net of dispositions, of $6.6 billion;
- acquisitions and additions to investment properties, net of dispositions, of $5.8 billion; and
- acquisitions of financial assets and other, net of dispositions, of $4.0 billion mainly as a result of investments in debt and equity securities across our operating segments as well as financial assets acquired in our Private Equity segment.

Refer to Note 5 Acquisitions of Consolidated Entities and Note 10 Equity Accounted Investments in the consolidated financial statements for further details.

CONTRACTUAL OBLIGATIONS

The following table presents the contractual obligations of the company by payment periods:

AS AT DEC. 31, 2022 (MILLIONS)	Payments Due by Period Less than 1 Year	1 – 3 Years	4 – 5 Years	After 5 Years	Total
Recourse Obligations					
Corporate borrowings	$ —	$ 1,608	$ 1,486	$ 8,296	**$ 11,390**
Accounts payable and other[1]	3,011	114	52	2,808	**5,985**
Interest expense[2]					
Corporate borrowings	484	863	728	3,916	**5,991**
Non-recourse Obligations					
Principal repayments					
Non-recourse borrowings of managed entities					
Property-specific borrowings	41,421	56,633	37,470	52,020	**187,544**
Subsidiary borrowings	1,462	2,093	6,649	4,936	**15,140**
Subsidiary equity obligations	1,187	746	553	1,702	**4,188**
Accounts payable and other					
Lease obligations	1,186	1,855	1,540	13,192	**17,773**
Accounts payable and other[1]	28,428	4,840	1,231	4,485	**38,984**
Commitments	1,737	540	192	308	**2,777**
Interest expense[2,3]					
Non-recourse borrowings	10,597	16,016	11,432	18,320	**56,365**
Subsidiary equity obligations	152	273	182	563	**1,170**

1. Excludes lease obligations and provisions.
2. Represents the aggregate interest expense expected to be paid over the term of the obligations.
3. Variable interest rate payments have been calculated based on current rates.

The recourse obligations, those amounts that have recourse to the Corporation, which are due in less than one year totaled $3.5 billion (2021 – $2.9 billion).

In 2014, BPY issued $1.8 billion of exchangeable preferred equity units in three $600 million tranches redeemable in 2021, 2024 and 2026, respectively. The preferred equity units were originally exchangeable into equity units of BPY at $25.70 per unit, at the option of the holder, at any time up to and including the maturity date. Following the privatization of BPY ("BPY privatization"), the preferred equity units became exchangeable into cash equal to the value of the consideration that would have been received upon the BPY privatization (a combination of cash, BN shares and New LP Preferred Units), based on the value of that consideration on the date of exchange. BPY also has the option of delivering the actual consideration (a combination of cash, BN shares and New LP Preferred Units). Following the BPY privatization, we have agreed with the holder to grant the company the right to purchase all or any portion of the preferred equity units of the holder at maturity, and to grant the holder the right to sell all or any portion of the preferred equity units of the holder at maturity, in each case at a price equal to the issue price for such preferred equity units plus accrued and unpaid distributions. On December 30, 2021, the company acquired the tranche redeemable in 2021 from the holder and subsequently exchanged such units for Redemption-Exchange Units. The preferred equity units were subsequently cancelled.

Commitments of $2.8 billion (2021 – $3.7 billion) represent various contractual obligations assumed in the normal course of business by our various operating subsidiaries. These included commitments to provide bridge financing and letters of credit and guarantees provided in respect of power sales contracts and reinsurance obligations. These commitments shall be funded through the cash flows of the company's subsidiaries.

The company and its consolidated subsidiaries execute agreements that provide for indemnifications and guarantees to third parties in transactions or dealings such as business dispositions, business acquisitions, sales of assets, provision of services, securitization agreements and underwriting and agency agreements. The company has also agreed to indemnify its directors and certain of its officers and employees. The nature of substantially all of the indemnification undertakings prevents the company from making a reasonable estimate of the maximum potential amount the company could be required to pay third parties, as in most cases the agreements do not specify a maximum amount, and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Neither the company nor its consolidated subsidiaries have made significant payments in the past, nor do they expect at this time to make any significant payments under such indemnification agreements in the future.

The company periodically enters into joint venture, consortium or other arrangements that have contingent liquidity rights in favor of the company or its counterparties. These include buy sell arrangements, registration rights and other customary arrangements. These agreements generally have embedded protective terms that mitigate the risk to us. The amount, timing and likelihood of any payments by the company under these arrangements is, in most cases, dependent on either future contingent events or circumstances applicable to the counterparty and therefore cannot be determined at this time.

We have also committed to purchase power produced by certain of BEP's hydroelectric assets as previously described on page 67.

EXPOSURES TO SELECTED FINANCIAL INSTRUMENTS

As discussed elsewhere in this MD&A, we utilize various financial instruments in our business to manage risk and make better use of our capital. The fair values of these instruments that are reflected on our balance sheets are disclosed in Note 6 to our consolidated financial statements.

PART 5

ACCOUNTING POLICIES AND INTERNAL CONTROLS

ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

OVERVIEW

We are a publicly held Canadian corporation and, as such, we prepare our consolidated financial statements in accordance with IFRS.

We present our consolidated balance sheets on a non-classified basis, meaning that we do not distinguish between current and long-term assets or liabilities. We believe this classification is appropriate given the nature of our business strategy.

The preparation of the consolidated financial statements requires management to select appropriate accounting policies and to make judgments and estimates that affect the carrying amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from those estimates.

In making judgments and estimates, management relies on external information and observable conditions, where possible, supplemented by internal analysis, as required. These estimates have been applied in a manner consistent with the prior year and there are no known trends, commitments, events or uncertainties that we believe will materially affect the methodology or assumptions utilized in this report. As we update the fair values of our investment property portfolios quarterly, with gains reflected in net income, we discuss judgments and estimates relating to the key valuation metrics in Note 11 of the 2022 audited consolidated financial statements and below.

For further reference on accounting policies, including new and revised standards issued by the IASB and judgments and estimates, see our significant accounting policies contained in Note 2 of the 2022 audited consolidated financial statements.

CONSOLIDATED FINANCIAL INFORMATION

i. Investment Properties

We classify the majority of the property assets within our Real Estate segment as investment properties. Our valuations are prepared at the individual property level by internal investment professionals with the appropriate expertise in the respective industry, geography and asset type. These valuations are updated at each balance sheet date with gains or losses recognized in net income.

The majority of underlying cash flows in the models are comprised of contracted leases, many of which are long term, with our office assets within our Core and Transitional and Development portfolios having a combined 87% occupancy level and an average 8 year lease life, while our retail assets within our Core and Transitional and Development portfolios have a combined occupancy rate of 95%. The models also include property-level assumptions for renewal probabilities, future leasing rates and capital expenditures. These are reviewed as part of the business planning process and external market data is utilized when determining the cash flows associated with lease renewals.

We test the outcome of our process by having a number of our properties externally appraised each year, including appraisals for core office properties, at least on a three-year rotating basis. We compare the results of the external appraisals to our internally prepared values and reconcile significant differences when they arise. In the current year, 80 of our properties were externally appraised, representing a gross property value of $31 billion of assets; external appraisals were within 1% of management's valuations.

The valuations are most sensitive to changes in cash flows, which include assumptions relating to lease renewal probabilities, downtime, capital expenditures, future leasing rates and associated leasing costs, discount rates and terminal capitalization rates. The key valuation metrics of our real estate assets as at December 31, 2022 and December 31, 2021 are summarized below.

	Core		Transitional and Development		LP Investments		Weighted Average	
AS AT DEC. 31	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Discount rate	**6.2%**	5.9%	**7.6%**	7.3%	**8.4%**	9.1%	**7.7%**	7.7%
Terminal capitalization rate	**4.6%**	4.6%	**5.9%**	5.8%	**5.7%**	5.9%	**5.5%**	5.5%
Investment horizon (years)	**11**	11	**10**	10	**13**	13	**12**	12

The following table presents the impact on the fair value of our consolidated investment properties as at December 31, 2022 from a 25-basis point change to the relevant unobservable inputs. For properties valued using the discounted cash flow method, the basis point change in valuation metrics relates to a change in discount and terminal capitalization rates. For properties valued using the direct capitalization approach, the basis point change in valuation metrics relates to a change in the overall capitalization rate. These amounts represent the effect on all consolidated investment property assets within our consolidated financial statements on a pre-tax basis, including amounts attributed to non-controlling interests in our perpetual affiliates and private fund investments. The amounts attributable to shareholders may be significantly less than shown depending on ownership levels in the individual assets.

AS AT DEC. 31, 2022 (MILLIONS)	Fair Value	Sensitivity
Core	$ 19,267	$ 1,142
Transitional and Development	25,434	1,100
LP Investments	69,501	3,957
Other investment properties	898	23
Total	**$ 115,100**	**$ 6,222**

ii. Revaluation Method for PP&E

We revalue PP&E within our Renewable Power and Transition segment using the discounted cash flow ("DCF") method and our Infrastructure segment using DCF and the depreciated replacement cost ("DRC") methods. Our Real Estate hospitality assets are valued using the DRC method. PP&E within our Private Equity segment is recorded at cost less accumulated depreciation and impairment losses.

Assets subject to the revaluation approach are revalued annually using a bottom-up approach, starting at the operating level with local professionals, and involving multiple levels of review, including by senior management. Changes in fair value are reported through other comprehensive income as revaluation surplus. Underlying cash flows used in DCF models are subject to detailed reviews as part of business planning, with discount rates and other key variable inputs reviewed for reasonability and the models reviewed for mathematical accuracy. Key inputs are frequently compared to third-party reports commissioned by the respective entities to assess reasonability. In addition, comparable market transactions are analyzed to consider for benchmarking. Additional information about the revaluation methodology and current year results is provided below.

When determining the carrying value of PP&E using the revaluation method, the company uses the following assumptions and estimates: the timing of forecasted revenues; future sales prices and associated expenses; future sales volumes; future regulatory rates; maintenance and other capital expenditures; discount rates; terminal capitalization rates; terminal valuation dates; useful lives; and residual values. Determination of the fair value of PP&E under development includes estimates in respect of the timing and cost to complete the development. This process is further discussed in Part 2 – Review of Consolidated Financial Results.

Renewable Power and Transition

Perpetual renewable power assets, such as many of our hydroelectric facilities, are revalued using 20-year discounted cash flow models with a terminal value that is determined, where appropriate, using the Gordon Growth Model. For assets with finite lives, such as wind and solar farms, the cash flow model is based on the estimated remaining service life and the residual asset value is used to represent the terminal value.

Key inputs into the models, which include forward merchant power prices, energy generation estimates, operating and capital expenditures, tax rates, terminal capitalization rates and discount rates are assessed on an asset-by-asset basis as part of the bottom-up preparation and review process.

The key inputs that affect cash flow projections are outlined below:

- Pricing forecasts consist of the following inputs:
    - Where power purchase agreements are in place, contracted power prices are utilized for the remaining term of these agreements.
    - Thereafter, or to the extent that the underlying renewable power asset is not contracted, we estimate merchant pricing based on a mix of external data and our own estimates. Short-term merchant pricing is based on four years of externally sourced broker quotes in North America, regulated market operator pricing in Europe, and local market pricing in South America. We ensure to link our short-term pricing by linear extrapolation to our view of long-term power pricing below.
    - Long term pricing is driven by the economics required to support new entrants into the various power markets in which we operate. The year of new entry is viewed as the point when generators must build additional capacity to maintain system reliability and provide an adequate level of reserve generation with the retirement of older coal-fired plants and rising environmental compliance costs in North America and Europe, and overall increasing demand in Colombia and Brazil. Once the year of new entrant is determined, data from industry sources, as well as inputs from our development teams, is used to model the all-in cost of the expected technology mix of new construction, and the resulting market price required to support its development. Our long-term pricing view is anchored to the cost of securing new energy from renewable sources to meet future demand growth by the years 2026 to 2035 in North America, by 2029 in Colombia and by 2026 in Brazil. For the North American businesses, we have estimated our renewable power assets will contract at a discount to new-build wind, solar and battery prices (the most likely source of new renewable generation in those regions). In Brazil and Colombia, the estimate of future electricity prices is based on a similar approach as applied in North America using a forecast of the all-in cost of development.
- Energy generation forecasts are based on LTA for which we have significant historical data. LTA for hydroelectric facilities is based on third-party engineering reports commissioned during asset acquisitions and financing activities. These studies are based on statistical models supported by decades of historical river flow data. Similarly, LTA for wind facilities is based on third-party wind resource studies completed prior to construction or acquisition. LTA for solar facilities is based on third-party irradiance level studies at the location of our project sites during construction or acquisition.
- Capital expenditure forecasts rely on independent engineering reports commissioned from reputable third-party firms during underwriting or financings.

Our discount rates, which are adjusted based on asset level and regional considerations, are compared to implied rates from recent market transitions where possible for reasonability.

Review of our models also includes assessing comparable market transactions. We compare EBITDA multiples and value per megawatt at the asset level to recent market transactions, and on a portfolio basis, we compare the valuation multiples to our most comparable competitors in the market and the resulting book value of our equity after revaluation to our share price in the market. Specifically, we have noted from reviews of market transactions in the U.S. northeast that the multiples paid for the asset indicate that market participants likely share our view on escalating power prices in the region.

In 2022, the fair value of the PP&E in our Renewable Power and Transition segment increased by $3.9 billion, primarily attributable to higher power prices across most markets and the expected growth in demand for renewable power. Valuations also benefited from our continued cost savings and revenue enhancing initiatives.

The key valuation metrics of our hydroelectric, wind and solar generating facilities at the end of 2022 and 2021 are summarized below:

	North America		Brazil		Colombia		Europe	
AS AT DEC. 31	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Discount rate								
Contracted	**4.9 – 5.4%**	4.1 – 4.4%	**8.2%**	7.2%	**8.5%**	7.9%	**4.4%**	3.9%
Uncontracted	**6.2 – 6.7%**	5.4 – 5.6%	**9.5%**	8.5%	**9.7%**	9.2%	**4.4%**	3.9%
Terminal capitalization rate[1]	**4.3 – 4.9%**	4.8 – 5.1%	**n/a**	n/a	**7.7%**	8.0%	**n/a**	n/a
Investment horizon	**2044**	2042	**2051**	2048	**2042**	2041	**2036**	2036

1. The terminal capitalization rate applies only to hydroelectric assets in North America and Colombia.

The following table presents the impact on fair value of PP&E in our Renewable Power and Transition segment as at December 31, 2022 from a 25-basis point change in discount and terminal capitalization rates, as well as a 5% change in electricity prices. These amounts represent the effect on all consolidated PP&E assets within the consolidated financial statements of BN on a pre-tax basis, including amounts attributed to non-controlling interests in our listed affiliates and private fund investments. The amounts attributable to shareholders may be significantly less than shown depending on ownership levels in the individual assets.

AS AT DEC. 31, 2022 (MILLIONS)	Fair Value	Sensitivity
25 bps change in discount and terminal capitalization rates[1]		
North America	$ 37,016	$ 2,155
Colombia	8,264	361
Brazil	4,708	112
Europe	3,396	49
5% change in electricity prices		
North America	37,016	1,480
Colombia	8,264	444
Brazil	4,708	122
Europe	3,396	—

1. The terminal capitalization rate applies only to hydroelectric assets in North America and Colombia.

Terminal values are included in the valuation of hydroelectric assets in the U.S. and Canada. For the hydroelectric assets in Brazil, cash flows have been included based on the duration of the authorization or useful life of a concession asset plus a one-time 30-year renewal term for the majority of the hydroelectric assets. The weighted-average remaining duration as at December 31, 2022, including a one-time 30-year renewal for applicable hydroelectric assets, is 35 years (2021 – 31 years). Consequently, there is no terminal value attributed to the hydroelectric assets in Brazil.

Energy Contracts

The New York power contract is the only power contract that remains in place between the Corporation and BEP. Under the contract, we are required to purchase power that BEP generates at certain of its New York assets at a fixed price. Based on LTA, we purchase approximately 3,600 GWh of power each year. The fixed price that BN is required to pay BEP began gradually stepping down in 2021 by $3/MWh a year. This will continue until 2025, followed by a $5/MWh reduction in 2026 resulting in an approximate $20/MWh total reduction. The contract expires in 2046.

The contract is valued annually based on price curves as at year end incorporating revised discount rates as required. As at December 31, 2022, the contract was valued using weighted-average forward power price estimates of approximately $80/MWh in years 1-10 and $165/MWh in years 11-20, using a discount rate of approximately 6.9%.

Infrastructure

Our infrastructure assets, revalued using DCF models, are generally subject to contractual and regulatory frameworks that underpin the cash flows. We also include the benefits of development projects for existing in-place assets to the extent that they have been determined to be feasible, typically by external parties, and have received the appropriate approvals. We are unable to include the benefits of development projects within our business that are not considered improvements to existing PP&E.

The underlying cash flow models supporting the revaluation process include a number of different inputs and variables with risks mitigated through controls incorporated in the bottom-up preparation and review process. Inputs are reviewed for qualitative and quantitative considerations and the mechanical accuracy is tested by appropriate finance and investment professionals.

As part of our process, we analyze comparable market transactions and comparable public company multiples that we can consider for the purposes of benchmarking our analysis. Metrics such as the implied current year or forward-looking EBITDA multiples are reviewed against market transactions and public companies to assess whether our valuations are appropriate. On an overall segment level, we also assess whether the inputs used in the models are consistent amongst asset classes and geographies, where applicable, or that asset specific differences are supportable considering transactions in a given asset class or market.

We obtain third-party appraisals on the assets that are held through private funds on a three-year rotating basis. These appraisals are not directly utilized in the financial statements, rather they are used to confirm that management's assumptions in determining fair value are within a reasonable range.

On an aggregate basis, the value of the appraised assets is greater than the book value because a significant portion of our infrastructure operations assets such as public service concessions are classified as intangible assets. These intangible assets are carried at amortized cost, subject to impairment tests, and are amortized over their useful lives. In addition, we have contracted growth projects within our businesses that cannot be included in IFRS fair value unless these relate to improvements on existing PP&E.

Within our Infrastructure segment, we reported valuation gains of $406 million in 2022. The gain was primarily due to revaluation gains reflecting growing cash flows and strong underlying performance at a number of businesses.

The key valuation metrics of our utilities, transport and midstream operations are summarized below:

	Utilities		Transport		Midstream	
AS AT DEC. 31	**2022**	2021	**2022**	2021	**2022**	2021
Discount rate	**7% – 11%**	7% – 11%	**8% – 14%**	7% – 14%	**15%**	15%
Terminal capitalization multiples	**18x**	20x	**9x – 15x**	9x – 15x	**10x**	10x
Investment horizon (years)	**10 – 20**	10 – 20	**10**	10	**5 – 10**	5 – 10

Real Estate

Fair values of our hospitality properties, primarily hotel and resort operations, are assessed annually using the depreciated replacement cost method, which factors in age, physical condition and construction costs of the properties. Fair values of hospitality properties are also reviewed in reference to each asset's enterprise value which is determined using a discounted cash flow model. These valuations are generally prepared by external valuation professionals using information provided by management of the operating business. The fair value estimates for hospitality properties represent the estimated fair value of the PP&E of the hospitality business only and do not include, for example, any associated intangible assets.

Revaluation of our PP&E in our Real Estate segment increased the fair value of our hospitality assets by $1.0 billion. The gain was due to improved cash flows to reflect higher occupancy at our hospitality assets, as a result of continued recovery as mandated closures and restrictions are lifted and demand for leisure travel has increased.

i. Financial Instruments

Financial assets, financial contracts and other contractual arrangements that are treated as derivatives are recorded at fair value in our financial statements and changes in their value are recorded in net income or other comprehensive income, depending on their nature and business purpose. The more significant and more common financial contracts and contractual arrangements employed in our business that are fair valued include: interest rate contracts, foreign exchange contracts and agreements for the sale of electricity. Financial assets and liabilities may be classified as Level 1, 2 or 3 in the fair value hierarchy. Refer to Note 6 Fair Value of Financial Instruments within the notes to the consolidated financial statements for additional information.

Estimates and assumptions used in determining the fair value of financial instruments are: equity and commodity prices; future interest rates; the credit worthiness of the company relative to its counterparties; the credit risk of the company's counterparties; estimated future cash flows; the amount of the liability and equity components of compound financial instruments; discount rates and volatility utilized in option valuations.

ii. Inventory

The company estimates the net realizable value of its inventory using estimates and assumptions about future selling prices and future development costs.

iii. Other

Other estimates and assumptions utilized in the preparation of the company's consolidated financial statements are: the assessment or determination of net recoverable amount; oil and gas reserves; depreciation and amortization rates and useful lives; estimation of recoverable amounts of cash-generating units for impairment assessments of goodwill and intangible assets; ability to utilize tax losses and other tax measurements; fair value of assets held as collateral and the percentage of completion for construction contracts. Equity accounted investments, which follow the same accounting principles as our consolidated operations, include amounts recorded at fair value and amounts recorded at amortized cost or cost, depending on the nature of the underlying assets.

ACCOUNTING JUDGMENTS

Management is required to make critical judgments when applying its accounting policies. The following judgments have the most significant effect on the consolidated financial statements:

i. Control or Level of Influence

When determining the appropriate basis of accounting for the company's investees, the company makes judgments about the degree of influence that it exerts directly or through an arrangement over the investees' relevant activities. This may include the ability to elect investee directors or appoint management. Control is obtained when the company has the power to direct the relevant investing, financing and operating decisions of an entity and does so in its capacity as principal of the operations, rather than as an agent for other investors. Operating as a principal includes having sufficient capital at risk in any investee and exposure to the variability of the returns generated as a result of the decisions of the company as principal. Judgment is used in determining the sufficiency of the capital at risk or variability of returns. In making these judgments, the company considers the ability of other investors to remove the company as a manager or general partner in a controlled partnership. Refer to Part 2 – Review of Consolidated Financial Results for additional information.

ii. Investment Properties

When applying the company's accounting policy for investment properties, judgment is applied in determining whether certain costs are additions to the carrying amount of the property and, for properties under development, identifying the point at which practical completion of the property occurs and identifying the directly attributable borrowing costs to be included in the carrying value of the development property.

iii. Property, Plant and Equipment

The company's accounting policy for its PP&E requires critical judgments over the assessment of carrying value, whether certain costs are additions to the carrying amount of the PP&E as opposed to repairs and maintenance, and for assets under development the identification of when the asset is capable of being used as intended and identifying the directly attributable borrowing costs to be included in the asset's carrying value.

For assets that are measured using the revaluation method, judgment is required when estimating future prices, volumes, discount and capitalization rates. Judgment is applied when determining future electricity prices considering broker quotes for the years in which there is a liquid market available and, for the subsequent years, our best estimate of electricity prices from renewable sources that would allow new entrants into the market.

iv. Identifying Performance Obligations for Revenue Recognition

Management is required to identify performance obligations relating to contracts with customers at the inception of each contract. IFRS 15 requires a contract's transaction price to be allocated to each distinct performance obligation when, or as, the performance obligation is satisfied. Judgment is used when assessing the pattern of delivery of the product or service to determine if revenue should be recognized at a point in time or over time. For certain service contracts recognized over time, judgment is required to determine if revenue from variable consideration such as incentives, claims and variations from contract modifications has met the required probability threshold to be recognized.

Management also uses judgment to determine whether contracts for the sale of products and services have distinct performance obligations that should be accounted for separately or as a single performance obligation. Goods and services are considered distinct if: (1) a customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer; and (2) the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

Additional details about revenue recognition policies across our operating segments are included in Note 3 of the consolidated financial statements.

v. Common Control Transactions

The purchase and sale of businesses or subsidiaries between entities under common control are not specifically addressed in IFRS and accordingly, management uses judgment when determining a policy to account for such transactions taking into consideration other guidance in the IFRS framework and pronouncements of other standard-setting bodies. The company's policy is to record assets and liabilities recognized as a result of transfers of businesses or subsidiaries between entities under common control at carrying value. Differences between the carrying amount of the consideration given or received and the carrying amount of the assets and liabilities transferred are recorded directly in equity.

vi. Indicators of Impairment

Judgment is applied when determining whether indicators of impairment exist when assessing the carrying values of the company's assets, including: the determination of the company's ability to hold financial assets; the estimation of a cash-generating unit's future revenues and direct costs; the determination of discount and capitalization rates; and when an asset's carrying value is above the value derived using publicly traded prices which are quoted in a liquid market.

vii. Income Taxes

The company makes judgments when determining the future tax rates applicable to subsidiaries and identifying the temporary differences that relate to each subsidiary. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply during the period when the assets are realized or the liabilities settled, using the tax rates and laws enacted or substantively enacted at the consolidated balance sheet dates. The company measures deferred income taxes associated with its investment properties based on its specific intention with respect to each asset at the end of the reporting period. Where the company has a specific intention to sell a property in the foreseeable future, deferred taxes on the building portion of an investment property are measured based on the tax consequences that would follow the disposition of the property. Otherwise, deferred taxes are measured on the basis that the carrying value of the investment property will be recovered substantially through use.

viii. Classification of Non-Controlling Interests in Limited-Life Funds

Non-controlling interests in limited-life funds are classified as liabilities (subsidiary equity obligations) or equity (non-controlling interests) depending on whether an obligation exists to distribute residual net assets to non-controlling interests on liquidation in the form of cash or another financial asset or assets delivered in kind. Judgment is required to determine what the governing documents of each entity require or permit in this regard.

ix. Other

Other critical judgments include the determination of effectiveness of financial hedges for accounting purposes, the likelihood and timing of anticipated transactions for hedge accounting and the determination of functional currency.

CONSOLIDATION UNDER IFRS

As a Canadian domiciled public corporation, we report under IFRS, while other issuers that may be considered peers report under U.S. GAAP. These GAAPs are aligned in many areas, but as it relates to asset management and investment companies, there is a significant difference between IFRS and U.S. GAAP. Under IFRS, while investment companies can account for their investments at fair value and report them on one line in their balance sheet on a net basis, a parent of an investment company cannot maintain that accounting and must look to whether it controls the underlying investments individually. For issuers under U.S. GAAP, investment companies can use the same treatment as in IFRS but the parent of an investment company would keep the same reporting as the subsidiary investment company. Therefore, the same investment could be fully consolidated under IFRS or shown as one line on a net basis under U.S. GAAP.

IFRS uses a control-based model to determine if consolidation is required. Therefore, we are deemed to control an investment if we: (1) exercise power over the investee; (2) are exposed to variable returns from our involvement with the investee; and (3) have the ability to use our power to affect the amount of the returns. Due to the ownership structure of many of our subsidiaries, we control entities in which we hold only a minority economic interest. Please refer to Part 2 – Review of Consolidated Financial Results for additional information. Our consolidation conclusions may differ from certain other issuers who report under U.S. GAAP as they are required to evaluate consolidation requirements using a voting interest model or a variable interest model depending on the circumstances.

MANAGEMENT REPRESENTATIONS AND INTERNAL CONTROLS

ASSESSMENTS AND CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Management has evaluated the effectiveness of the company's internal control over financial reporting (as defined in the applicable U.S. and Canadian securities laws) as of December 31, 2022 and based on that assessment concluded that, as of December 31, 2022, our internal control over financial reporting was effective. Refer to Management's Report on Internal Control Over Financial Reporting. There have been no changes in our internal control over financial reporting during the quarter or year ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES

Management, including the Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures (as defined in the applicable U.S. and Canadian securities laws) as of December 31, 2022. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that such disclosure controls and procedures were effective as of December 31, 2022.

RELATED PARTY TRANSACTIONS

In the normal course of operations, we enter into transactions on market terms with related parties, including consolidated and equity accounted entities, which have been measured at the exchange value and are recognized in the consolidated financial statements, including, but not limited to: manager or partnership agreements; base management fees, performance fees and incentive distributions; loans, interest and non-interest bearing deposits; power purchase and sale agreements; capital commitments to private funds; the acquisition and disposition of assets and businesses; derivative contracts; and the construction and development of assets.

Refer to Note 27 Related Party Transactions in the consolidated financial statements for further details.

PART 6

BUSINESS ENVIRONMENT AND RISKS

For purposes of Part 6 of this Report, references to the “company”, “we”, “us” or “our” refers to Brookfield Corporation, its consolidated subsidiaries (including our asset management business), and Oaktree.

This section contains a review of certain aspects of the business environment and risks that could materially adversely impact our business, performance, financial condition, results of operations, cash flows and the value of our securities. Additional risks and uncertainties not previously known to the company, or that the company currently deems immaterial, may also impact our operations and financial results.

a) Volatility in the Trading Price of Our Class A Shares

The trading price of our Class A shares is subject to volatility due to market conditions and other factors and cannot be predicted.

Our shareholders may not be able to sell their Class A shares at or above the price at which they purchased such shares due to trading price fluctuations in the capital markets. The trading price could fluctuate significantly in response to factors both related and unrelated to our operating performance and/or future prospects, including, but not limited to: (i) variations in our operating results and financial condition; (ii) actual or prospective changes in government laws, rules or regulations affecting our businesses; (iii) material announcements by us, our affiliates or our competitors; (iv) the general state of the securities markets; (v) market conditions and events specific to the industries in which we operate; (vi) changes and developments in general economic, political, or social conditions, including as a result of COVID-19 or other pandemics and related economic disruptions; (vii) changes in the values of our investments (including in the market price of our listed affiliates) or changes in the amount of distributions, dividends or interest paid in respect of investments; (viii) differences between our actual financial and operating results and those expected by investors and analysts; (ix) changes in analysts’ recommendations or earnings projections; (x) changes in the extent of analysts’ interest in covering the Corporation and its listed affiliates; (xi) the depth and liquidity of the market for our Class A shares; (xii) dilution from the issuance of additional equity, including as a result of exchanges or additional issuances of shares exchangeable for Class A Shares such as exchanges of class A exchangeable limited voting shares of Brookfield Reinsurance; (xiii) investor perception of our businesses and the industries in which we operate; (xiv) investment restrictions; (xv) our dividend policy; (xvi) the departure of key executives; (xvii) sales of Class A shares by senior management or significant shareholders; and (xviii) the materialization of other risks described in this section.

b) Reputation

Actions or conduct that have a negative impact on investors’ or stakeholders’ perception of us could adversely impact our ability to attract and/or retain investor capital and generate fee revenue.

The growth of our asset management business relies on continuous fundraising for various private and public investment products, and retention of capital raised from third-party investors. We depend on our business relationships and our global reputation for integrity and high-caliber asset management services to attract and retain investors and advisory clients, and to pursue investment opportunities for us and the public and private entities managed by our asset management business. Our business relationships and reputation could be negatively impacted by a number of factors including poor performance; actual, potential or perceived conflicts of interest that are not adequately addressed; misconduct or alleged misconduct by employees; rumors or innuendos; or failed or ineffective implementation of new investments or strategies. If we are unable to continue to raise and retain capital from third-party investors, either privately, publicly or both, or otherwise are unable to pursue our investment opportunities, this could materially reduce our revenue and cash flows and adversely affect our financial condition.

Poor performance of any kind could damage our reputation with current and potential investors in managed entities, making it more difficult to raise new capital. Investors may decline to invest in current and future managed entities and may withdraw their investments from managed entities as a result of poor performance in the entity in which they are invested, and investors in private funds may demand lower fees for new or existing funds, all of which would decrease our revenue.

Our asset management business, as a global alternative asset manager with various lines of business and investment products, some of which have overlapping mandates, may be subject to a number of actual, potential or perceived conflicts of interest. These conflicts may be magnified for an asset manager that has many different capital sources available to pursue investment opportunities, including investor capital and the Corporation's own capital. In addition, the senior management team of the Corporation and its affiliates have their own capital invested in Class A shares, directly and indirectly, and may have financial exposures with respect to their own investments which could lead to potential conflicts if such investments are similar to those made by the Corporation or on behalf of investors in entities managed by our asset management business.

In addressing these conflicts, we have implemented a variety of policies and procedures; however, there can be no assurances that these will be effective at mitigating actual, potential or perceived conflicts of interest in all circumstances, or will not reduce the positive synergies that we seek to cultivate across our businesses. It is also possible that actual, potential or perceived conflicts of interest, if not properly addressed, could give rise to investor dissatisfaction, litigation, regulatory enforcement actions or other detrimental outcomes.

Appropriately dealing with conflicts of interest for an asset manager is a priority and our reputation could be damaged if we fail, or appear to fail, to deal appropriately with actual, potential or perceived conflicts of interest. Asset manager conflicts are subject to enhanced regulatory scrutiny in the markets in which we operate and in the U.S. in particular. Such regulatory scrutiny can lead to fines, penalties and other negative consequences. Regulatory scrutiny of, or litigation in connection with, conflicts of interest could have a material adverse effect on our reputation, business, financial condition or results of operations in a number of ways, including an inability to adequately capitalize existing managed entities or raise new managed entities, including private funds, and a reluctance of counterparties to do business with us. For information regarding conflicts of interests between the businesses within our asset management operations that operate on opposite sides of an information barrier, see Item (v) herein.

Our reputation could also be negatively impacted if there is misconduct or alleged misconduct by our personnel, the personnel of our asset management business or those of our listed affiliates or portfolio companies in which we and managed entities invest, including historical misconduct prior to the investment. Risks associated with misconduct at our portfolio companies is heightened in cases where we do not have legal control or significant influence over a particular portfolio company or are not otherwise involved in actively managing a portfolio company. In such situations, given our ownership position and affiliation with the portfolio company, we may still be negatively impacted from a reputational perspective through this association. In addition, even where we have control over a portfolio company, if it is a newly acquired portfolio company that we are in the process of integrating then we may face reputational risks related to historical or current misconduct or alleged misconduct at such portfolio company for a period of time. We may also face increased risk of misconduct to the extent our capital allocated to emerging markets and distressed companies increases. If we face allegations of improper conduct by private litigants or regulators, whether the allegations are valid or invalid or whether the ultimate outcome is favorable or unfavorable to us, such allegations may result in negative publicity and press speculation about us, our investment activities or the asset management industry in general, which could harm our reputation and may be more damaging to our business than to other types of businesses.

We are subject to a number of obligations and standards arising from our asset management business and our authority over the assets we manage. The violation of these obligations and standards by any of our employees may adversely affect our partners and our business and reputation. Our business often requires that we deal with confidential matters of great significance to the companies in which we may invest and to other third parties. If our employees were to improperly use or disclose confidential information, or a security breach results in an inadvertent disclosure of such information, we could suffer serious harm to our reputation, financial position and current and future business relationships. It is not always possible to detect or deter employee misconduct or security breaches, and the precautions we take in this regard may not be effective.

Implementation of new investment and growth strategies involves a number of risks that could result in losses and harm to our professional reputation, including the risk that the expected results are not achieved, that new strategies are not appropriately planned for or integrated, that new strategies may conflict with, detract from or compete against our existing businesses, and that the investment process, controls and procedures that we have developed will prove insufficient or inadequate. Furthermore, our strategic initiatives may include joint ventures, in which case we will be subject to additional risks and uncertainties in that we may be dependent upon and subject to liability, losses or reputational damage relating to systems, controls and personnel that are not under our complete control or under the control of another.

In addition to impacting the ability of our asset management business to raise and retain third-party capital and pursue investment opportunities, certain of the risks identified herein that may have a negative impact on our reputation also could, in extreme cases, result in the removal of our asset manager as general partner or an acceleration of the liquidation date of the private funds that are managed by it. The governing agreements of the private funds provide that, subject to certain conditions (which may, particularly in the case of a removal as general partner, include final legal adjudications of the merits of the particular issue), third-party investors in these funds will have the right to remove the asset manager as the general partner or to accelerate the liquidation date of the fund. Additionally, at any time, investors may terminate a fund and accelerate the liquidation date upon the vote of a super-majority of investors in such fund. A significant negative impact to our reputation would be expected to increase the likelihood that investors could seek to terminate a private fund. This effect would be magnified if, as is often the case, an investor is invested in more than one fund. Such an event, were it to occur, would result in a reduction in the fees earned from such fund, particularly if our asset management business is unable to maximize the value of the fund's investments during the liquidation process or in the event of the triggering of a "clawback" for fees already paid out to it as general partner.

c) Asset Management

Growth in fee-bearing capital could be adversely impacted by poor product development or marketing efforts. In addition, investment returns could be lower than target returns due to inappropriate allocation of capital or ineffective investment management.

Our asset management business depends on its ability to fundraise third-party capital, deploy that capital effectively, and produce targeted investment returns.

The ability to raise third-party capital depends on a number of factors, including many that are outside the control of the asset manager, such as the general economic environment and the number of other investment funds being raised at the same time by competitors. Investors may reduce (or even eliminate) their investment allocations to alternative investments, including closed-ended private funds. Investors that are required to maintain specific asset class allocations within their portfolio may be required to reduce their investment allocations to alternative investments, particularly during periods when other asset classes such as public securities are decreasing in value. In addition, investors may prefer to insource and make direct investments; therefore, becoming competitors and ceasing to be clients and/or make new capital commitments.

Competition from other asset managers for raising public and private capital is intense, with competition based on a variety of factors, including investment performance, the quality of service provided to investors, the quality and availability of investment products, marketing efforts, investor liquidity and willingness to invest, and reputation. Poor investment performance could hamper the ability of our asset management business to compete for these sources of capital or force it to reduce management fees. Existing investors and potential investors continually assess investment performance and the ability to raise capital for existing and future funds depends on the relative and absolute performance of funds managed by our asset management business. If poor investment returns or changes in investment mandates prevent our asset manager from raising further capital from existing partners, it may need to identify and attract new investors in order to maintain or increase the size of private funds, and there are no assurances that it will be able to find new investors. Further, as competition and disintermediation in the asset management industry increases, our asset management business may face pressure to reduce or modify asset management fees, including base management fees and/or carried interest, or modify other terms governing its current asset management fee structure, in order to attract and retain investors.

The successful execution of our investing strategy is uncertain as it requires suitable opportunities, careful timing and business judgment, as well as the resources to complete asset purchases and restructure them, if required, notwithstanding difficulties experienced in a particular industry.

There is no certainty that we will be able to identify suitable or sufficient opportunities that meet our investment criteria and be able to acquire additional high-quality assets at attractive prices to supplement our growth in a timely manner, or at all. In pursuing investment opportunities and returns, we and the entities managed by our asset manager face competition from other investment managers and investors worldwide. Each of our businesses is subject to competition in varying degrees and our competitors may have certain competitive advantages over us when pursuing investment opportunities. Some of our competitors may have higher risk tolerances, different risk assessments, lower return thresholds, a lower cost of capital, or a lower effective tax rate (or no tax rate at all), all of which could allow them to consider a wider variety of investments and to bid more aggressively than us for investments. We may lose investment opportunities in the future if we do not match investment prices, structures and terms offered by our competitors, some of whom may have synergistic businesses which allow them to consider bidding a higher price than we can reasonably offer. While we attempt to deal with competitive pressures by leveraging our asset management strengths and operating capabilities and compete on more than just price, there is no guarantee these measures will be successful, and we may have difficulty competing for investment opportunities, particularly those offered through auction or other competitive processes. If our asset management business is unable to successfully raise, retain, and deploy third-party capital into investments, it may be unable to collect management fees, carried interest or transaction fees, which would materially reduce our revenue and cash flows and adversely affect our financial condition.

Our approach to investing often entails adding assets to our existing businesses when the competition for assets is weakest; typically, when depressed economic conditions exist in the market relating to a particular entity or industry. Such an investing style carries with it inherent risks when investments are made in either markets or industries that are undergoing some form of dislocation. We may fail to value opportunities accurately or to consider all relevant factors that may be necessary or helpful in evaluating an opportunity, may underestimate the costs necessary to bring an acquisition up to standards established for its intended market position, may be exposed to unexpected risks and costs associated with our investments, including risks arising from alternative technologies that could impair or eliminate the competitive advantage of our business in a particular industry, and/or may be unable to quickly and effectively integrate new acquisitions into existing operations or exit from the investment on favorable terms. In addition, liabilities may exist that we or managed entities do not discover in due diligence prior to the consummation of an acquisition, or circumstances may exist with respect to the entities or assets acquired that could lead to future liabilities and, in each case, we or the managed entities may not be entitled to sufficient, or any, recourse against the contractual counterparties to an acquisition.

The credit strategies of our asset management business, the majority of which are managed through Oaktree, offer a broad diverse range of long-term fund and perpetual strategies to investors. Similar to other long-term private funds, our asset manager earns base management fees and carried interest on Oaktree's fund capital in its credit strategies. Cyclicality is important to credit strategies and weak economic environments have tended to afford the best investment opportunities and best relative investment performance to such strategies. Any prolonged economic expansion or recession could have an adverse impact on certain credit strategies and materially affect the ability to deliver superior investment returns for clients or generate incentive or other income in respect of those strategies.

We generally pursue investment opportunities that involve business, regulatory, legal and other complexities. Our tolerance for complexity presents risks, as such transactions can be more difficult, expensive and time consuming to finance and execute, and have a higher risk of execution failure. It can also be more difficult to manage or realize value from the assets acquired in such transactions and such transactions sometimes entail a higher level of regulatory scrutiny or a greater risk of contingent liabilities.

At times, our asset manager makes investments (for one or more of funds or managed entities) in companies that we do not control. These investments are subject to the risk that the company in which the investment is made may make business, financial or management decisions with which we do not agree or that the majority stakeholders or the management of the company may take risks or otherwise act in a manner that does not serve our interests.

Certain investments may be concentrated in particular asset types or geographic regions, which could exacerbate any negative performance of one or more managed entities to the extent those concentrated investments are in assets or regions that experience market dislocation. In addition, certain funds hold publicly traded securities the price of which will be volatile and are likely to fluctuate due to a number of factors beyond our asset manager's control, including actual or anticipated changes in the profitability of the issuers of such securities; general economic, social, or political developments; changes in industry conditions; changes in governance regulation; inflation; the general state of the securities markets; and other material events.

The failure of a newly acquired business to perform according to expectations could have a material adverse effect on our assets, liabilities, business, financial condition, results of operations and cash flows. Alternatively, we may be required to sell a business before it has realized our expected level of returns for such business.

If any of the investments managed by our asset manager perform poorly or experience prolonged periods of volatility, or if the capital is not deployed effectively, its fee-based revenue, cash available for distribution and/or carried interest would decline, negatively impacting our earnings. Moreover, we could experience losses on our capital invested in funds managed by our asset manager. Accordingly, our expected returns on these investments may be less than we have assumed in forecasting the value of our business.

d) Laws, Rules and Regulations

We are subject to numerous laws, rules, and regulatory requirements which may impact our business, including resulting in financial penalties, loss of business, and/or damage to our reputation in instances of non-compliance.

There are many laws, governmental rules and regulations and listing exchange rules that apply to us, our affiliates, our assets and our businesses. Changes in these laws, rules and regulations, or their interpretation by governmental agencies or the courts, could adversely affect our business, assets or prospects, or those of our affiliates, customers, clients or partners. The failure of the company, our listed affiliates, or entities managed by our asset management company to comply with these laws, rules and regulations, or with the rules and registration requirements of the respective stock exchanges on which we and they are listed, could adversely affect our reputation and financial condition.

Our asset management business, including our investment advisory and broker-dealer business, is subject to substantial and increasing regulatory compliance obligations and oversight, and this higher level of scrutiny may lead to more regulatory enforcement actions. There continues to be uncertainty regarding the appropriate level of regulation and oversight of asset management businesses in a number of jurisdictions in which we operate. The financial services industry has been the subject of heightened scrutiny, and the SEC has specifically focused on asset managers in recent enforcement actions. Regulatory investigations and/or enforcement actions by regulators could have a material adverse effect on our business and/or reputation. In addition, the introduction of new legislation and increased regulation may result in increased compliance costs and could materially affect the manner in which we conduct our business and adversely affect our profitability. Although there may be some areas where governments in certain jurisdictions propose deregulation, it is difficult to predict the timing and impact of any such deregulation, and we may not materially benefit from any such changes.

Our asset management business is not only regulated in the U.S., but also in other jurisdictions where we conduct operations including the E.U., the U.K., Canada, Brazil, Australia, India, South Korea and China. Similar to the environment in the U.S., the current environment in jurisdictions outside the U.S. in which we operate has become subject to further regulation. Governmental agencies around the world have proposed or implemented a number of initiatives and additional rules and regulations that could adversely affect our asset management business, and governmental agencies may propose or implement further rules and regulations in the future. These rules and regulations may impact how managed entities are marketed in these jurisdictions and introduce compliance obligations with respect to disclosure and transparency, as well as restrictions on investor participation and distributions. Such regulations may also prescribe certain capital requirements on managed entities, and conditions on the leverage managed entities may employ and the liquidity these managed entities must have. Compliance with additional regulatory requirements will impose additional restrictions and expenses for us and could reduce our operating flexibility and fundraising opportunities.

Our broker-dealer business is regulated by the SEC, the various Canadian provincial securities commissions, as well as self-regulatory organizations, including the Financial Industry Regulatory Authority in the U.S. These regulatory bodies may conduct administrative or enforcement proceedings that can result in censure, fine, suspension or expulsion of a broker-dealer, its directors, officers or employees. Such proceedings, whether or not resulting in adverse findings, can require substantial expenditures and can have an adverse impact on the reputation of a broker dealer.

The advisors of certain managed entities are registered as investment advisers with the SEC. Registered investment advisers are subject to the requirements and regulations of the Investment Advisers Act of 1940, which grants U.S. supervisory agencies broad administrative powers, including the power to limit or restrict the carrying on of business for failure to comply with laws or regulations. If such powers are exercised, the possible sanctions that may be imposed include the suspension of individual employees, limitations on the activities in which the investment adviser may engage, suspension or revocation of the investment adviser's registration, censure and fines. Compliance with these requirements and regulations results in the expenditure of resources, and a failure to comply could result in investigations, financial or other sanctions, and reputational damage.

The Investment Company Act of 1940 (the "40 Act") and the rules promulgated thereunder provide certain protections to investors and impose certain restrictions on entities that are deemed "investment companies" under the 40 Act. We are not currently, nor do we intend to become, an investment company under the 40 Act. To ensure that we are not deemed to be an investment company, we may be required to materially restrict or limit the scope of our operations or plans and the types of acquisitions that we may make, and we may need to modify our organizational structure or dispose of assets that we would not otherwise dispose of. If we were required to register as an investment company, we would face severe limitations on the operation of our business. Among other things, we would be prohibited from engaging in certain business activities (or have conditions placed on our business activities), face restrictions on engaging in transactions with affiliated entities and issuing certain securities or engaging in certain types of financings, be restricted with respect to the amount and types of borrowings we are permitted to obtain, be required to limit the amount of investments that we make as principal, and face other limitations on our activities.

Our asset management business has and may become subject to additional regulatory and compliance requirements as it expands its product offerings and investment platform which likely will carry additional legal and compliance costs, as well as additional operating requirements that may also increase costs.

We acquire and develop primarily real estate, renewable power, infrastructure, business services and industrial assets. In doing so, we must comply with extensive and complex municipal, state or provincial, national and international laws and regulations. These laws and regulations can result in uncertainty and delays, and impose additional costs, which may adversely affect our results of operations. Changes in these laws and regulations may negatively impact us and our businesses or may benefit our competitors and their businesses.

Additionally, liability under such laws, rules and regulations may occur without our fault. In certain cases, parties can pursue legal actions against us to enforce compliance as well as seek damages for non-compliance or for personal injury or property damage. Our insurance may not provide sufficient coverage in the event that a successful claim is made against us.

e) Governmental Investigations and Anti-Bribery and Corruption

Our policies and procedures designed to ensure compliance with applicable laws, including anti-bribery and corruption laws, may not be effective in all instances to prevent violations and as a result we may be subject to related governmental investigations.

We are from time to time subject to various governmental investigations, audits and inquiries, both formal and informal. These investigations, regardless of their outcome, can be costly, divert management attention and damage our reputation. The unfavorable resolution of such investigations could result in criminal liability, fines, penalties or other monetary or non-monetary sanctions and could materially affect our business or results of operations.

There is a continued global focus on the enforcement of anti-bribery and corruption legislation, and this focus has heightened the risks that we face in this area, particularly as we continue to expand our operations globally. We are subject to a number of laws and regulations governing payments and contributions to public officials or other third parties, including restrictions imposed by the U.S. Foreign Corrupt Practices Act and similar laws in non-U.S. jurisdictions, such as the U.K. Bribery Act, the Canadian Corruption of Foreign Public Officials Act and the Brazilian Clean Company Act. This global focus on anti-bribery and corruption enforcement may also lead to more investigations, both formal and informal, in this area, the results of which cannot be predicted.

Different laws and regulations that are applicable to us may contain conflicting provisions, making our compliance more difficult. If we fail to comply with such laws and regulations, we could be exposed to claims for damages, financial penalties, reputational harm, incarceration of our employees, restrictions on our operations and other liabilities, which could negatively affect our operating results and financial condition. In addition, we may be subject to successor liability for violations under these laws and regulations or other acts of bribery committed by entities in which we or managed entities invest.

Instances of bribery, fraud, accounting irregularities and other improper, illegal or corrupt practices can be difficult to detect, in particular when conducting due diligence in connection with acquisitions, and fraud and other deceptive practices can be widespread in certain jurisdictions. We invest in emerging market countries that may not have established stringent anti-bribery and corruption laws and regulations, where existing laws and regulations may not be consistently enforced, or that are perceived to have materially higher levels of corruption according to international rating standards. Due diligence on investment opportunities in these jurisdictions is frequently more challenging because consistent and uniform commercial practices in such locations may not have developed or do not meet international standards. Bribery, fraud, accounting irregularities and corrupt practices can be especially difficult to detect in such locations. When acquiring assets in distress, the quality of financial information of the target may also make it difficult to identify irregularities.

f) Financial Obligations and Liquidity

Cash must be available to meet our financial obligations when due and enable us to capitalize on investment opportunities when they arise.

We employ debt and other forms of leverage in the ordinary course of business to enhance returns to our investors and finance our operations. We are therefore subject to the risks associated with debt financing and refinancing, including but not limited to the following: (i) our cash flow may be insufficient to meet required payments of principal and interest; (ii) payments of principal and interest on borrowings may leave us with insufficient cash resources to pay operating expenses and dividends; (iii) if we are unable to obtain committed debt financing for potential acquisitions or can only obtain debt at high interest rates or on other unfavorable terms, we may have difficulty completing acquisitions or may generate profits that are lower than would otherwise be the case; (iv) we may not be able to refinance indebtedness at maturity due to company and market factors such as the estimated cash flow produced by our assets, the value of our assets, liquidity in the debt markets, and/or financial, competitive, business and other factors; and (v) if we are able to refinance our indebtedness, the terms of a refinancing may not be as favorable as the original terms for such indebtedness. If we are unable to refinance our indebtedness on acceptable terms, or at all, we may need to utilize available liquidity, which would reduce our ability to pursue new investment opportunities, or we may need to dispose of one or more of our assets on disadvantageous terms, or raise equity, thereby causing dilution to existing shareholders. Regulatory changes may also result in higher borrowing costs and reduced access to credit.

The terms of our various credit agreements and other financing documents require us to comply with a number of customary financial and other covenants, such as maintaining debt service coverage and leverage ratios, adequate insurance coverage and certain credit ratings. These covenants may limit our flexibility in conducting our operations and breaches of these covenants could result in defaults under the instruments governing the applicable indebtedness, even if we have satisfied and continue to satisfy our payment obligations.

A large proportion of our capital is invested in physical assets and securities that can be hard to sell, especially if market conditions are poor. Further, because our investment strategy can entail our having representation on public portfolio company boards, we may be restricted in our ability to effect sales during certain time periods. A lack of liquidity could limit our ability to vary our portfolio or assets promptly in response to changing economic or investment conditions. Additionally, if financial or operating difficulties of other owners result in distress sales, such sales could depress asset values in the markets in which we operate. The restrictions inherent in owning physical assets could reduce our ability to respond to changes in market conditions and could adversely affect the performance of our investments, our financial condition and results of operations.

Because there is significant uncertainty in the valuation of, or in the stability of the value of illiquid or non-public investments, the fair values of such investments do not necessarily reflect the prices that would actually be obtained when such investments are realized. Realizations at values significantly lower than the values at which investments have been recorded would result in losses, a decline in asset management fees and the potential loss of carried interest and incentive fees.

We enter into financing commitments in the normal course of business, which we may be required to fund. Additionally, from time to time, we may guarantee the obligations of entities managed by our asset management business or that we invest in. If we are required to fund these commitments and are unable to do so, this could result in damages being pursued against us or a loss of opportunity through default under contracts that are otherwise to our benefit.

g) Foreign Exchange and Other Financial Exposures

Foreign exchange rate fluctuations could adversely impact our aggregate foreign currency exposure and hedging strategies may not be effective.

We have pursued and intend to continue to pursue growth opportunities in international markets, and often invest in countries where the U.S. dollar is not the local currency. As a result, we are subject to foreign currency risk due to potential fluctuations in exchange rates between foreign currencies and the U.S. dollar. A significant depreciation in the value of the currency utilized in one or more countries where we have a significant presence may have a material adverse effect on the results of our operations and financial position. In addition, we are active in certain markets where economic growth is dependent on the price of commodities and the currencies in these markets can be more volatile as a result.

Our businesses are impacted by changes in currency rates, interest rates, commodity prices and other financial exposures. We selectively utilize financial instruments to manage these exposures, including credit default swaps and other derivatives to hedge certain of our financial positions. However, a significant portion of these risks may remain unhedged. We may also choose to establish unhedged positions in the ordinary course of business.

There is no assurance that hedging strategies, to the extent they are used, will fully mitigate the risks they are intended to offset. Additionally, derivatives that we use are also subject to their own unique set of risks, including counterparty risk with respect to the financial well-being of the party on the other side of these transactions and a potential requirement to fund mark-to-market adjustments. Our financial risk management policies may not ultimately be effective at managing these risks.

The Dodd-Frank Act and similar laws in other jurisdictions impose rules and regulations governing oversight of the over-the-counter derivatives market and its participants. These regulations may impose additional costs and regulatory scrutiny on us. If our derivative transactions are required to be executed through exchanges or regulated facilities, we will face incremental collateral requirements in the form of initial margin and require variation margin to be cash settled on a daily basis. Such an increase in margin requirements (relative to bilateral agreements) or a more restricted list of securities that qualify as eligible collateral, would require us to hold larger positions in cash and treasuries, which could reduce income. We cannot predict the effect of changing derivatives legislation on our hedging costs, our hedging strategy or its implementation, or the risks that we hedge. Regulation of derivatives may increase the cost of derivative contracts, reduce the availability of derivatives to protect against operational risk and reduce the liquidity of the derivatives market, all of which may reduce our use of derivatives and result in the increased volatility and decreased predictability of our cash flows.

h) Temporary Investments and Backstop Commitments

We may be unable to syndicate, assign or transfer financial commitments entered into in support of our asset management business.

We periodically enter into agreements that commit us to acquire or stand in place of another entity to acquire assets or securities in order to support our asset management franchise with the expectation that our commitment is temporary. For example, we may acquire an asset suitable for a particular managed entity that is fundraising and warehouse that asset through the fundraising period before transferring the asset to the managed entity for which it was intended. As another example, we may commit capital for a particular acquisition transaction as part of a consortium alongside certain of managed entities with the expectation that we will syndicate or assign all or a portion of our own commitment to other investors prior to, at the same time as, or subsequent to, the anticipated closing of the transaction. In all of these cases, our support is intended to be of a temporary nature and we engage in this activity in order to further the growth and development of our asset management business. By leveraging the Corporation's financial position to make temporary investments and backstop commitments, we can execute on investment opportunities prior to obtaining all third-party equity financing that we seek, and these opportunities may otherwise not be available without the Corporation's initial equity participation.

While it is often our intention in these arrangements that the Corporation's direct participation be of a temporary nature, we may be unable to syndicate, assign or transfer our interest or commitment as we intended and therefore may be required to take or keep ownership of assets or securities for an extended period. This would increase the amount of our own capital deployed to certain assets and could have an adverse impact on our liquidity, which may alter our asset concentration outside of our desired parameters, may reduce our ability to pursue further acquisitions, or negatively impact our ability to meet other financial commitments.

i) Interest Rates

Rising interest rates could increase our interest costs and adversely affect our financial performance.

A number of our long-life assets are interest rate sensitive. Increases in interest rates will, other things being equal, decrease the value of an asset by reducing the present value of the cash flows expected to be produced by such asset. As the value of an asset declines as a result of interest rate increases, certain financial and other covenants under credit agreements governing such asset could be breached, even if we have satisfied and continue to satisfy our payment obligations thereunder. Such a breach could result in negative consequences on our financial performance and results of operations.

Additionally, any of our debt or preferred shares that are subject to variable interest rates, either as an obligation with a variable interest rate or as an obligation with a fixed interest rate that resets into a variable interest rate in the future, are subject to interest rate risk. Further, the value of any debt or preferred share that is subject to a fixed interest rate will be determined based on the prevailing interest rates and, accordingly, this type of debt or preferred share is also subject to interest rate risk.

Although interest rates have remained at relatively low levels on a historical basis, in many jurisdictions in which we operate, a period of sharply rising interest rates may cause certain market dislocations that could negatively impact our financial performance, increase the cost and availability of debt financing and thereby negatively impact the ability of our businesses to obtain attractive financing or refinancing and could increase the cost of such financing if obtained. Interest rate increases also increase the amount of cash required to service our obligations and our earnings could be adversely impacted as a result.

The Financial Conduct Authority (the "FCA") in the United Kingdom ceased compelling banks to submit rates for the calculation of LIBOR in 2021. In response, the Federal Reserve Board and the Federal Reserve Bank of New York organized the Alternative Reference Rates Committee which identified the Secured Overnight Financing Rate ("SOFR") as its preferred alternative to USD-LIBOR in derivatives and other financial contracts. In November 2020, the ICE Benchmark Administration Limited, the benchmark administrator for USD LIBOR rates, proposed extending the publication of certain commonly-used USD LIBOR settings until June 30, 2023 and the FCA issued a statement supporting such proposal. It is not possible to predict the effect of these changes, including when LIBOR will cease to be available or when there will be sufficient liquidity in the SOFR markets.

We have outstanding debt and derivatives with variable rates that are indexed to LIBOR. The discontinuance of, or changes to, benchmark interest rates may require adjustments to agreements to which we and other market participants are parties, as well as to related systems and processes. In the transition from the use of LIBOR to SOFR or other alternatives, uncertainty exists as to the extent and manner of which future changes may result in interest rates and/or payments that are higher than or lower than or that do not otherwise correlate over time with the interest rates and/or payments that would have been made on our obligations if LIBOR was available in its current form. Use of alternative interest rates or other LIBOR reforms could result in increased volatility or a tightening of credit markets which could adversely affect our ability to obtain cost-effective financing. In addition, the transition of our existing LIBOR financing agreements to alternative benchmarks may result in unanticipated changes to the overall interest rate paid on our liabilities.

j) Human Capital

Ineffective maintenance of our culture, or ineffective management of human capital could adversely impact our asset management business and financial performance.

Our ability to compete effectively in our businesses will depend upon our ability to attract new employees and retain and motivate our existing employees, across our and our affiliates' businesses. The senior management team across our businesses has a significant role in our success and oversees the execution of our business and investment strategies. If we are unable to attract and retain qualified employees this could limit our ability to compete successfully and achieve our business objectives, which could negatively impact our business, financial condition and results of operations.

Our ability to retain and motivate our management team, attract suitable replacements should any members of our management team leave, or attract new investment professionals as our business grows, is dependent on, among other things, the competitive nature of the employment market and the career opportunities and compensation that we can offer. In all of our markets, we face intense competition in connection with the attraction and retention of qualified employees.

We may experience departures of key professionals in the future. We cannot predict the impact that any such departures will have on our ability to achieve our objectives. Our senior management team possesses substantial experience and expertise and has strong business relationships with investors in managed entities and other members of the business communities and industries in which we operate. As a result, the loss of these personnel could jeopardize our relationships with investors in managed entities and other members of the business communities and industries in which we operate and result in the reduction of our AUM or fewer investment opportunities. Accordingly, the loss of services from key professionals or a limitation in their availability could adversely impact our financial condition and cash flow. Furthermore, such a loss could be negatively perceived in the capital markets.

Additionally, the departure of certain individuals could trigger certain "key person" provisions in the documentation governing certain of the private funds managed by our asset manager, which would permit the limited partners of those funds to suspend or terminate the funds' investment periods or withdraw their capital prior to the expiration of the applicable lock-up date. Key person provisions vary by both strategy and fund and, with respect to each strategy and fund, are typically tied to multiple individuals, meaning that it would require the departure of more than one individual to trigger the key person provisions. Our human capital risks may be exacerbated by the fact that we do not maintain any key person insurance.

The conduct of our businesses and the execution of our strategy rely heavily on the synergies across our businesses and teamwork. Our continued ability to respond promptly to opportunities and challenges as they arise depends on co-operation and co-ordination across our organization and our team-oriented management structure, which may not materialize in the way we expect.

A portion of the workforce in some of our businesses is unionized. If we are unable to negotiate acceptable collective bargaining agreements with any of our unions as existing agreements expire we could experience a work stoppage, which could result in a significant disruption to the affected operations, higher ongoing labor costs and restrictions on our ability to maximize the efficiency of our operations, all of which could have an adverse effect on our financial results.

k) Geopolitical

Political instability, changes in government policy, or unfamiliar cultural factors could adversely impact the value of our investments.

We are subject to geopolitical uncertainties in all jurisdictions in which we operate. We make investments in businesses that are based outside of North America and we may pursue investments in unfamiliar markets, which may expose us to additional risks not typically associated with investing in North America. We may not properly adjust to the local culture and business practices in such markets, and there is the prospect that we may hire personnel or partner with local persons who might not comply with our culture and ethical business practices; either scenario could result in the failure of our initiatives in new or existing markets and lead to financial losses for us and managed entities. There are risks of political instability in several of our major markets and in other parts of the world in which we conduct business from factors such as political conflict, income inequality, refugee migration, terrorism, the potential break-up of political-economic unions and political corruption; the materialization of one or more of these risks could negatively affect our financial performance.

For example, recent military tensions and conflict in Eastern Europe could contribute to global economic uncertainty and could significantly disrupt the free movement of goods, services and people, have a destabilizing effect on energy markets and result in potential higher costs of conducting business in Europe. Similarly, an inability of local and national governments to effectively manage ongoing political disputes could result in local, regional and/or global instability. The materialization of one or more of these risks could negatively affect our financial performance and adversely impact our business.

The transition period following the U.K.'s formal departure from the E.U. ended on December 31, 2020, and E.U. law no longer applies in the U.K. There remains uncertainty related to the relationship between the U.K. and the E.U. following the U.K.'s formal departure from the E.U. ("Brexit") and it is difficult to predict what the future economic, tax, fiscal, legal, regulatory and other implications of Brexit will be for the asset management industry and the broader European and global financial markets generally. While we have not experienced any material financial impact from Brexit on our business to date, future impacts could include increased legal and regulatory complexities, as well as potentially higher costs of conducting business in Europe, which could have an adverse effect on our business.

Any existing or new operations may be subject to significant political, economic and financial risks, which vary by country, and may include: (i) changes in government policies and regulations, including protectionist policies, or personnel; (ii) changes in general economic or social conditions; (iii) restrictions on currency transfer or convertibility; (iv) changes in labor relations; (v) military conflict, political instability and civil unrest; (vi) less developed or efficient financial markets than in North America; (vii) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements; (viii) less government supervision and regulation; (ix) a less developed legal or regulatory environment; (x) heightened exposure to corruption risk; (xi) political hostility to investments by foreign investors; (xii) less publicly available information in respect of companies in non-North American markets; (xiii) adversely higher or lower rates of inflation; (xiv) higher transaction costs; (xv) difficulty in enforcing contractual obligations and expropriation or confiscation of assets; and (xvi) fewer investor protections.

In addition to the risks noted above, as a result of the rapid spread of COVID-19, many governments imposed restrictions on business activity and travel. Refer to Catastrophic Event/Loss, Pandemics, Climate Change, War and Terrorism on pages 115 and 116.

Unforeseen political events in markets where we have significant investors and/or where we own and operate assets or may look to for further growth of our businesses, such as the U.S., Canadian, Brazilian, Australian, European, Middle Eastern and Asian markets, may create economic uncertainty that has a negative impact on our financial performance. Such uncertainty could cause disruptions to our businesses, including affecting the business of and/or our relationships with investors, customers and suppliers, as well as altering the relationship among tariffs and currencies, including the value of the British pound and the Euro relative to the U.S. dollar. Disruptions and uncertainties could adversely affect our financial condition, operating results and cash flows. In addition, political outcomes in the markets in which we operate may also result in legal uncertainty and potentially divergent national laws and regulations, which can contribute to general economic uncertainty. Economic uncertainty impacting us and managed entities could be exacerbated by supply chain disruptions, trade policy and geopolitical tensions.

l) Economic Conditions

Unfavorable economic conditions or changes in the industries in which we operate could adversely impact our financial performance.

We are exposed to local, regional, national and international economic conditions and other events and occurrences beyond our control, including, but not limited to, the following: short-term and long-term interest rates; inflation; credit and capital market volatility; business investment levels; government spending levels; sovereign debt risks; consumer spending levels; changes in laws, rules or regulations; trade barriers; supply chain disruptions; commodity prices; currency exchange rates and controls; national and international political circumstances (including wars, terrorist acts or security operations); catastrophic events (including pandemics/epidemics such as COVID-19, earthquakes, tornadoes or floods); the rate and direction of economic growth; and general economic uncertainty. On a global basis, certain industries and sectors have created capacity that anticipated higher growth, which has caused volatility across all markets, including commodity markets, which may have a negative impact on our financial performance. Unfavorable economic conditions could affect the jurisdictions in which our entities are formed and where we own assets and operate businesses, and may cause a reduction in: (i) securities prices; (ii) the liquidity of investments; (iii) the value or performance of the investments; and (iv) the ability to raise or deploy capital, each of which could adversely impact our financial condition.

In general, a decline in economic conditions, either in the markets or industries in which we participate, or both, will result in downward pressure on our operating margins and asset values as a result of lower demand and increased price competition for the services and products that we provide. In particular, given the importance of the U.S. to our operations, an economic downturn in this market could have a significant adverse effect on our operating margins and asset values.

Many of the private funds of our asset manager have a finite life that may require an investment exit to be made at an inopportune time. Volatility in the exit markets for these investments, increasing levels of capital required to finance companies to exit and rising enterprise value thresholds to go public or complete a strategic sale can all contribute to the risk that a private fund investment cannot be exited successfully. Our asset manager cannot always control the timing of private fund investment exits or realizations upon exit.

If global economic conditions deteriorate, our investment performance could suffer, resulting in, for example, the payment of less or no carried interest to us. The payment of less or no carried interest to us could cause our cash flow from operations to decrease, which could materially adversely affect our liquidity position and the amount of cash we have on hand to conduct our operations. A reduction in our cash flow from operations could, in turn, require us to rely on other sources of cash such as the capital markets, which may not be available to us on acceptable terms, or debt and other forms of leverage.

In addition, in an economic downturn, there is an increased risk of default by counterparties to our investments and other transactions. In these circumstances, it is more likely that such transactions will fail or perform poorly, which may in turn have a material adverse effect on our business, results of operation and financial condition.

m) Catastrophic Event/Loss, Pandemics, Climate Change, War and Terrorism

Catastrophic events (or combination of events), such as earthquakes, tornadoes, floods, fires, pandemics/epidemics such as COVID-19, climate change, military conflict/war or terrorism/sabotage, could adversely impact our financial performance.

Our AUM could be exposed to effects of catastrophic events, such as severe weather conditions, natural disasters, major accidents, pandemics/epidemics such as COVID-19 (including the emergence and progression of new variants), acts of malicious destruction, climate change, war/military conflict or terrorism, which could materially adversely impact our operations.

A local, regional, national or international outbreak of a contagious disease, such as COVID-19, which spread across the globe at a rapid pace impacting global commercial activity and travel, or future public health crises, epidemics or pandemics, could materially and adversely affect our results of operations and financial condition due to disruptions to commerce, reduced economic activity and other unforeseen consequences that are beyond our control.

The ongoing prevalence of COVID-19, the emergence and progression of new variants and the actions taken in response to COVID-19 by government authorities across various geographies in which the company owns and operates investments have interrupted business activities and supply chains, disrupted travel, contributed to significant volatility in the financial markets, impacted social conditions and adversely affected local, regional, national and international economic conditions as well as the labor market. There can be no assurance that strategies that we employ to address potential disruptions in operations will mitigate the adverse impacts of any of these factors.

The longer-term economic impacts of COVID-19 will depend on future developments, which are highly uncertain, constantly evolving and difficult to predict. These developments may include the risk of new and potentially more severe variant strains of COVID-19, additional actions that may be taken to contain COVID-19, such as reimposing previously lifted measures or putting in place additional restrictions and the pace, availability, distribution, acceptance and effectiveness of vaccines. Such developments, depending on their nature, duration and intensity, could have a material adverse effect on our business, financial position, results of operations or cash flows.

In addition, the potential effects of COVID-19 on our employees, the employees of our subsidiaries, reinsurers, if any, or the employees of other companies with which we and they do business could disrupt our business operations. The effectiveness of external parties, including governmental and non-governmental organizations, in combating the spread and severity of the pandemic could have a material impact on the adverse effects we experience. These events, which are beyond our control, could cause a material adverse effect on our results of operations in any period and, depending on their severity, could also materially and adversely affect our financial condition.

Natural disasters and ongoing changes to the physical climate in which we operate may have an adverse impact on our business, financial position, results of operations or cash flows. Changes in weather patterns or extreme weather (such as floods, droughts, hurricanes and other storms) may negatively affect our businesses' operations or damage assets that we may own or develop. Further, rising sea levels could, in the future, affect the value of any low-lying coastal real assets that we may own or develop. Climate change may increase the frequency and severity of severe weather conditions and may change existing weather patterns in ways that are difficult to anticipate. Responses to these changes could result in higher costs, such as the imposition of new property taxes, increases in insurance rates or additional capital expenditures.

Our commercial office portfolio is concentrated in large metropolitan areas, some of which have been or may be perceived to be threatened by terrorist attacks or acts of war. Furthermore, many of our properties consist of high-rise buildings that may also be subject to this actual or perceived threat. The perceived threat of a terrorist attack or outbreak of war could negatively impact our ability to lease office space in our real estate portfolio. Renewable power and infrastructure assets such as roads, railways, power generation facilities and ports, may also be targeted by terrorist organizations or in acts of war. Any damage or business interruption costs as a result of uninsured or underinsured acts of terrorism or war could result in a material cost to us and could adversely affect our business, financial condition or results of operation. Adequate terrorism insurance may not be available at rates we believe to be reasonable in the future. These risks could be heightened by foreign policy decisions of the U.S. (where we have significant operations) and other influential countries or general geopolitical conditions.

Additionally, our businesses rely on free movement of goods, services, and capital from around the globe. Any slowdown in international investment, business or trade as a result of catastrophic events could also have a material adverse effect on our business, financial position, results of operations or cash flows.

n) Tax

Reassessments by tax authorities or changes in tax laws could create additional tax costs for us.

Our structure is based on prevailing taxation law and practice in the local jurisdictions in which we operate. Any change in tax policy, tax legislation (including in relation to taxation rates), the interpretation of tax policy or legislation or practice in these jurisdictions could adversely affect the return we earn on our investments, the level of capital available to be invested by us or managed entities and the willingness of investors to invest in them. This risk would include any reassessments by tax authorities on our tax returns if we were to incorrectly interpret or apply any tax policy, legislation or practice.

Taxes and other constraints that would apply to our operating entities in such jurisdictions may not apply to local institutions or other parties such as state-owned enterprises, and such parties may therefore have a significantly lower effective cost of capital and a corresponding competitive advantage in pursuing acquisitions. There are a number of factors that could increase our effective tax rates, which would have a negative impact on our net income, including, but not limited to, changes in the valuation of our deferred tax assets and liabilities and any reassessment of taxes by a taxation authority.

Governments around the world are increasingly seeking to regulate multinational companies and their use of differential tax rates between jurisdictions. This effort includes a greater emphasis by various nations to co-ordinate and share information regarding companies and the taxes they pay. Governmental taxation policies and practices could adversely affect us and, depending on the nature of such policies and practices, could have a greater impact on us than on other companies. As a result of this increased focus on the use of tax planning by multinational companies, our tax planning could be subject to negative media coverage which may adversely impact our reputation.

The Corporation endeavors to be considered a “qualified foreign corporation” for U.S. federal income tax purposes and for the Corporation’s dividends to therefore be considered generally eligible for “qualified dividend” treatment in the U.S. Whether dividends paid by the Corporation will in fact be treated as “qualified dividends” for U.S. federal income tax purposes for a particular shareholder of the Corporation will depend on that shareholder’s specific circumstances, including, but not limited to, the shareholder’s holding period for shares of the Corporation on which dividends are received. The Corporation provides no assurances that any or all of its dividends paid to shareholders will be treated as “qualified dividends” for U.S. federal income tax purposes.

To preserve the intended Canadian federal income tax treatment of the arrangement undertaken to implement the special distribution of the asset management business (“Arrangement”), the company agreed to certain restrictions that may significantly reduce its strategic and operating flexibility.

The company engaged in various restructuring transactions in connection with the Arrangement (the “Pre-Arrangement Reorganization”). To preserve the intended Canadian federal income tax treatment of these transactions as generally tax deferred under the *Income Tax Act* (Canada), the company, the asset manager and its subsidiaries are prohibited for a period of two years following the effective date of the Arrangement, except in specific circumstances, from taking any action, omitting to take any action or entering into any transaction that could cause the Pre-Arrangement Reorganization, the Arrangement or certain other transactions occurring in conjunction therewith to be taxed in a manner that is inconsistent with that provided for in an opinion of counsel addressed to the board of directors of the company and the board of directors of the asset manager confirming the Canadian federal income tax consequences of certain aspects of the Pre-Arrangement Reorganization and the Arrangement to the parties thereto. The foregoing restrictions may limit for a period of time the company’s ability to pursue certain strategic transactions or other transactions that it believes to be in the best interests of our shareholders or that might increase the value of our business.

o) Financial Reporting and Disclosures

Deficiencies in our public company financial reporting and disclosures could adversely impact our reputation.

As we expand the size and scope of our business, there is a greater susceptibility that our financial reporting and other public disclosure documents may contain material misstatements and that the controls we maintain to attempt to ensure the complete accuracy of our public disclosures may fail to operate as intended. The occurrence of such events could adversely impact our reputation and financial condition. In addition, we disclose certain metrics that do not have standardized meaning, are based on our own methodologies and assumptions and may not properly convey the information they purport to reflect.

Management is responsible for establishing and maintaining adequate internal controls over financial reporting to give our stakeholders assurance regarding the reliability of our financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. However, the process for establishing and maintaining adequate internal controls over financial reporting has inherent limitations, including the possibility of human error. In addition, we may exclude recently acquired companies from our evaluation of internal controls. Our internal controls over financial reporting may not prevent or detect misstatements in our financial disclosures on a timely basis, or at all. Some of these processes may be new for certain subsidiaries in our structure and in the case of acquisitions may take time to be fully implemented.

Our disclosure controls and procedures are designed to provide assurance that information required to be disclosed by us in reports filed or submitted under Canadian and U.S. securities laws is recorded, processed, summarized and reported within the time periods specified. Our policies and procedures governing disclosures may not ensure that all material information regarding us is disclosed in a proper and timely fashion, or that we will be successful in preventing the disclosure of material information to a single person or a limited group of people before such information is generally disseminated.

p) Environment, Social and Governance Management

Ineffective management of environmental and sustainability issues, including climate change, and inadequate or ineffective health and safety programs could damage our reputation, adversely impact our financial performance and lead to regulatory action.

There is increasing stakeholder interest in environment, social and governance ("ESG") considerations and how they are managed. ESG considerations include climate change, human capital and labor management, corporate governance, diversity and privacy and data security, among others. Increasingly, investors and lenders are incorporating ESG considerations into their investment or lending process, respectively, alongside traditional financial considerations. Investors or potential investors in managed entities or in Brookfield may not invest in all products given certain industries in which we operate. If we are unable to successfully integrate ESG considerations into our practices, we may incur a higher cost of capital, lower interest in our debt securities and/or equity securities or otherwise face a negative impact on our business, operating results and cash flows and result in reputational damage.

Certain of our subsidiaries and affiliates may be subject to compliance with laws, regulations, regulatory rules and/or guidance relating to ESG, and any failure to comply with these laws, regulations, regulatory rules or guidance could expose us to material adverse consequences, including loss, limitations on our ability to undertake licensable business, legal liabilities, financial and non-financial sanctions and penalties, and/or reputational damage. New ESG requirements imposed by jurisdictions in which we do business, such as the EU Sustainable Finance Disclosure Regulation (2019/2088), could (a) result in additional compliance costs, disclosure obligations or other implications or restrictions; and/or (b) impact our established business practices, cost base and, by extension, our profitability. ESG-related requirements and market practices differ by region, industry and issue and are evolving dynamically, and the sustainability requirements applicable to us, our investments, or our assessment of such requirements or practices may change over time. Under emerging sustainability requirements, we may be required to classify our businesses against, or determine the alignment of underlying investments under, ESG-related legislative and regulatory criteria and taxonomies, some of which can be open to subjective interpretation. Our view on the appropriate classifications may develop over time, including in response to statutory or regulatory guidance or changes in industry approach to classification. A change to the relevant classification may require further actions to be taken, for example it may require further disclosures, or it may require new processes to be set up to capture data, which may lead to additional cost, disclosure obligations or other implications or restrictions.

The transition to a lower-carbon economy has the potential to be disruptive to traditional business models and investment strategies. Efforts to limit global warming may give rise to changes in regulations, reporting and consumer sentiment that could have a negative impact on our existing operations by increasing the costs of operating our business or reducing demand for our products and services. The adverse effects of climate change and related regulation at state, provincial, federal or international levels could have a material adverse effect on our business, financial position, results of operations or cash flows.

The ownership and operation of some of the assets held in our portfolio companies carry varying degrees of inherent risk or liability related to worker health and safety and the environment, including the risk of government-imposed orders to remedy unsafe conditions and contaminated lands and potential civil liability. Compliance with health, safety and environmental standards and the requirements set out in the relevant licenses, permits and other approvals obtained by the portfolio companies is crucial.

Our portfolio companies have incurred and will continue to incur significant capital and operating expenditures to comply with ESG requirements, including health and safety standards, to obtain and comply with licenses, permits and other approvals, and to assess and manage potential liability exposure. Nevertheless, they may be unsuccessful in obtaining or maintaining an important license, permit or other approval or become subject to government orders, investigations, inquiries or other proceedings (including civil claims) relating to health, safety and environmental matters, any of which could have a material adverse effect on us.

Health, safety and environmental laws and regulations can change rapidly and significantly, and we and/or our portfolio companies may become subject to more stringent laws and regulations in the future. The occurrence of any adverse health, safety or environmental event, or any changes, additions to, or more rigorous enforcement of, health, safety and environmental standards, licenses, permits or other approvals could have a significant impact on operations and/or result in material expenditures.

Owners and operators of real assets may become liable for the costs of removal and remediation of certain hazardous substances released or deposited on or in their properties, or at other locations regardless of whether the owner and operator caused the release or deposit of such hazardous materials. These costs could be significant and could reduce cash available for our businesses. The failure to remove or remediate such substances, if any, could adversely affect our ability to sell our assets or to borrow using these assets as collateral, and could potentially result in claims or other proceedings.

Certain of our businesses are involved in using, handling or transporting substances that are toxic, combustible or otherwise hazardous to the environment and may be in close proximity to environmentally sensitive areas or densely populated communities. If a leak, spill or other environmental incident occurred, it could result in substantial fines or penalties being imposed by regulatory authorities, revocation of licenses or permits required to operate the business, the imposition of more stringent conditions in those licenses or permits or legal claims for compensation (including punitive damages) by affected stakeholders.

Global ESG challenges, such as carbon emissions, privacy and data security, demographic shifts and regulatory pressures are introducing new risk factors for us that we may not have dealt with previously. If we are unable to successfully manage our ESG compliance, this could have a negative impact on our reputation and our ability to raise future public and private capital and could be detrimental to our economic value and the value of managed entities.

q) Data Security, Privacy, and Cyber-Terrorism

Failure to maintain the security of our information and technology systems could have a material adverse effect on us.

We rely on certain information and technology systems, including the systems of others with whom we do business, which may be subject to security breaches or cyber-terrorism intended to obtain unauthorized access to proprietary information or personally identifiable information, destroy data or disable, degrade or sabotage these systems, through the introduction of computer viruses, fraudulent emails, cyber-attacks or other means. Such acts of cyber-terrorism could originate from a variety of sources including our own employees or unknown third parties. In the ordinary course of our business, we collect and store sensitive data, including personally identifiable information of our employees and clients of our asset management business. Data protection and privacy rules have become a focus for regulators globally. For instance, the European General Data Protection Regulation ("GDPR") amended data protection rules for individuals that are residents of the E.U. GDPR imposes stringent rules and penalties for non-compliance, which could have an adverse effect on our business.

Although we take various measures to ensure the integrity of our systems and to safeguard against failures or security breaches, there can be no assurance that these measures will provide adequate protection, and a compromise in these systems could go undetected for a significant period of time. If these information and technology systems are compromised, we could suffer a disruption in one or more of our businesses and experience, among other things, financial loss; a loss of business opportunities; misappropriation or unauthorized release of confidential or personal information; damage to our systems and those with whom we do business; violations of privacy and other laws, litigation, regulatory penalties or remediation and restoration costs (particularly in light of increased regulatory focus on cyber-security by regulators around the world); as well as increased costs to maintain our systems. This could have a negative impact on our operating results and cash flows and result in reputational damage.

r) Dependence on Information Technology Systems

The failure of our information technology systems, or those of our third-party service providers, could adversely impact our reputation and financial performance.

We operate in businesses that are dependent on information systems and technology, and we rely on third-party service providers to manage certain aspects of our businesses, including for certain information systems and technology, data processing systems, and the secure processing, storage and transmission of information. In particular, our financial, accounting and communications processes are all conducted through data processing systems. Our information technology and communications systems and those of our third-party service providers are vulnerable to damages or disruption from fire, power loss, telecommunications failure, system malfunctions, natural disasters, acts of war or terrorism, employee errors or malfeasance, computer viruses, cyber-attacks or other events that are beyond our control.

Our information systems and technology and those of our third-party vendors may not continue to be able to accommodate our growth and the cost of maintaining such systems may increase from its current level, either of which could have a material adverse effect on us.

Any interruption or deterioration in the performance or failures of the information systems and technology that are necessary for our businesses, including for business continuity purposes, could impair the quality of our operations and could adversely affect our business, financial condition and reputation.

s) Litigation

We and our affiliates may become involved in legal disputes in Canada, the U.S. and internationally that could adversely impact our financial performance and reputation.

In the normal course of our operations, we become involved in various legal actions, including claims relating to personal injury, property damage, property taxes, land rights and contract and other commercial disputes. The investment decisions we make in our asset management business and the activities of our investment professionals on behalf of portfolio companies and managed entities may subject us, managed entities and our portfolio companies to the risk of third-party litigation. Further, we have significant operations in the U.S. which may, as a result of the prevalence of litigation in the U.S., be more susceptible to legal action than certain of our other competitors.

Management of our litigation matters is generally handled by legal counsel in the business unit most directly impacted by the litigation, and not by a centralized legal department. As a result, the management of litigation that we face may not always be appropriate or effective.

The final outcome with respect to outstanding, pending or future litigation cannot be predicted with certainty, and the resolution of such actions may have an adverse effect on our financial position or results of our operations in a particular quarter or fiscal year. Any litigation may consume substantial amounts of our management's time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation. Even if ultimately unsuccessful against us, any litigation has the potential to adversely affect our business, including by damaging our reputation.

t) Insurance

Losses not covered by insurance may be large, which could adversely impact our financial performance.

We carry various insurance policies in relation to our assets and business activities. These policies contain policy specifications, limits and deductibles that may mean that such policies do not provide coverage or sufficient coverage against all potential material losses. We may also self-insure a portion of certain of these risks, and therefore the company may not be able to recover from a third-party insurer in the event that the company, if it had asset insurance coverage from a third party, could make a claim for recovery. There are certain types of risk (generally of a catastrophic nature such as war or environmental contamination) that are either uninsurable or not economically insurable. Further, there are certain types of risk for which insurance coverage is not equal to the full replacement cost of the insured assets. Should any uninsured or underinsured loss occur, we could lose our investment in, and anticipated profits and cash flows from, one or more of our assets or operations.

We also carry directors' and officers' liability insurance ("D&O insurance") for losses or advancement of defense costs in the event a legal action is brought against the company's directors, officers or employees for alleged wrongful acts in their capacity as directors, officers or employees. Our D&O insurance contains certain customary exclusions that may make it unavailable for the company in the event it is needed; and in any case our D&O insurance may not be adequate to fully protect the company against liability for the conduct of its directors, officers or employees. We may also self-insure a portion of our D&O insurance, and therefore the company may not be able to recover from a third-party insurer in the event that the company, if it had D&O insurance from a third-party insurer, could make a claim for recovery.

For economic efficiency and other reasons, the Corporation and its affiliates may enter into insurance policies as a group that are intended to provide coverage for the entire group. Where group policies are in place, any payments under such policy could have a negative impact on other entities covered under the policy as they may not be able to access adequate insurance in the event it is needed. While management attempts to design coverage limits under group policies to ensure that all entities covered under a policy have access to sufficient insurance coverage, there are no guarantees that these efforts will be effective in obtaining this result.

u) Credit and Counterparty Risk

Inability to collect amounts owing to us could adversely impact financial performance.

Third parties may not fulfill their payment obligations to us, which could include money, securities or other assets, thereby impacting our operations and financial results. These parties include deal and trading counterparties, governmental agencies, portfolio company customers and financial intermediaries. Third parties may default on their obligations to us due to bankruptcy, lack of liquidity, operational failure, general economic conditions or other reasons.

We have business lines that loan money to distressed companies, either privately or via an investment in publicly traded debt securities. As a result, we actively take heightened credit risk in other entities from time to time and whether we realize satisfactory investment returns on these loans is uncertain and may be beyond our control. If some of these debt investments fail, our financial performance could be negatively impacted.

Investors in private funds make capital commitments to these vehicles through the execution of subscription agreements. When a private fund makes an investment, these capital commitments are then satisfied by such investors via capital contributions. These investors may default on their capital commitment obligations, which could have an adverse impact on our asset management business and in turn our earnings or result in other negative implications to our businesses such as the requirement to redeploy our own capital to cover such obligations. This impact would be magnified if the investor that does so is in multiple funds.

v) Information Barriers

Information barriers may give rise to certain conflicts and risks and investment teams managing the activities of businesses that operate on opposite sides of an information barrier will not be aware of, and will not have the ability to manage, such conflicts and risks.

Certain businesses within our asset management operations operate largely independently of one another pursuant to an information barrier. The information barrier restricts businesses on opposite sides from coordinating or consulting with one another with respect to investment activities and/or decisions. Accordingly, these businesses manage their investment operations independently of each other. The investment activities and decisions made by a business on one side of an information barrier are not expected to be subject to any internal approvals by any person who would have knowledge and/or decision-making control of the investment activities and decisions made by a business on the other side of the information barrier. This absence of coordination and consultation will give rise to certain conflicts and risks in connection with the activities of the businesses within our asset management operations and their portfolio companies, and make it more difficult to mitigate, ameliorate or avoid such situations. These conflicts (and potential conflicts) of interests may include: (i) competing from time to time for the same investment opportunities, (ii) the pursuit by a business on one side of the information barrier of investment opportunities suitable for a business on the other side of the information barrier, without making such opportunities available to such business, and (iii) the formation or establishment of new strategies or products that could compete or otherwise conduct their affairs without regard as to whether or not they adversely impact the strategies or products of our businesses operating on the other side of the information barrier. Investment teams managing the activities of businesses that operate on opposite sides of an information barrier are not expected to be aware of, and will not have the need or ability to manage, such conflicts which may impact the investment strategy, performance and investment returns of certain businesses within our asset management operations and their portfolio companies.

The asset management businesses that operate on opposite sides of an information barrier are likely to be deemed affiliates for purposes of certain laws and regulations notwithstanding that such businesses may be operationally independent from one another. The information barrier does not eliminate the requirement that such businesses aggregate certain investment holdings for certain securities laws and other regulatory purposes. This may result in, among other things, earlier public disclosure of investments; restrictions on transactions (including the ability to make or dispose of certain investments at certain times); potential short-swing profit disgorgement; penalties and/or regulatory remedies; or adverse effects on the prices of investments for our asset management businesses that operate on the other side of such information barrier.

Although these information barriers were implemented to address the potential conflicts of interests and regulatory, legal and contractual requirements applicable to our asset management business, we may decide, at any time and without notice to our company or our shareholders, to remove or modify the information barriers within our asset management business. In addition, there may be breaches (including inadvertent breaches) of the information barriers and related internal controls. In the event that the information barrier is removed or modified, it would be expected that we will adopt certain protocols designed to address potential conflicts and other considerations relating to the management of the investment activities of those businesses that previously operated on opposite sides of an information barrier.

The breach or failure of such information barriers could result in the sharing of material non-public information between businesses that operate on opposite sides of an information barrier, which may restrict the acquisition or disposition activities of one of our businesses and ultimately impact the returns generated for our investors. In addition, any such breach or failure could also result in potential regulatory investigations and claims for securities laws violations in connection with our direct and/or indirect investment activities. Any inadvertent trading on material non-public information, or perception of trading on material non-public information by one of our businesses or our personnel, could have a significant adverse effect on our reputation, result in the imposition of regulatory or financial sanctions and negatively impact our ability to raise third-party capital and provide investment management services to clients, all of which could result in negative financial impact to our investment activities.

w) Renewable Power and Transition

We face risks specific to our renewable power and transition activities.

Our renewable power and transition operations are subject to changes in the weather, hydrology and price, but also include risks related to equipment or dam failure, counterparty performance, water rental costs, land rental costs, changes in regulatory requirements and other material disruptions.

The revenues generated by our power facilities are correlated to the amount of electricity generated, which in turn is dependent upon available water flows, wind, irradiance and other elements beyond our control. Hydrology, wind and irradiance levels vary naturally from year to year and may also change permanently because of climate change or other factors. It is therefore possible that low water, wind and irradiance levels at certain of our power generating operations could occur at any time and potentially continue for indefinite periods.

A portion of our renewable power and transition revenue is tied, either directly or indirectly, to the wholesale market price for electricity, which is impacted by a number of external factors beyond our control. Additionally, a portion of the power we generate is sold under long-term power purchase agreements, shorter-term financial instruments and physical electricity contracts which are intended to mitigate the impact of fluctuations in wholesale electricity prices; however, they may not be effective in achieving this outcome. Certain of our power purchase agreements will be subject to re-contracting in the future. If the price of electricity in power markets is declining at the time of such re-contracting, it may impact our ability to re-negotiate or replace these contracts on terms that are acceptable to us. Conversely, what appears to be an attractive price at the time of recontracting could, if power prices rise over the power purchase agreement's term, result in us having committed to sell power in the future at below market rate. If we are unable to re-negotiate or replace these contracts, or unable to secure prices at least equal to the current prices we receive, our business, financial condition, results of operation and prospects could be adversely affected.

In our renewable power and transition operations, there is a risk of equipment failure due to wear and tear, latent defect, design error or operator error, among other things. The occurrence of such failures could result in a loss of generating capacity and repairing such failures could require the expenditure of significant capital and other resources. Failures could also result in exposure to significant liability for damages due to harm to the environment, to the public generally or to specific third parties. Equipment that our renewable power and transition operations need, including spare parts and components required for project development, may become unavailable or difficult to procure, inhibiting our ability to maintain full availability of existing plants and also our ability to complete development projects on scope, schedule and budget.

In certain cases, some catastrophic events may not excuse us from performing our obligations pursuant to agreements with third parties and we may be liable for damages or suffer further losses as a result.

Our ability to develop greenfield renewable power projects in our development pipeline may be affected by a number of factors, including the ability to secure approvals, licenses and permits and the ability to secure a long-term power purchase agreement or other sales contracts on reasonable terms. The development of our pipeline of greenfield renewable power projects is also subject to environmental, engineering and construction risks that could result in cost-overruns, delays and reduced performance.

New regulatory initiatives related to ESG could adversely impact our business. While we believe that regulatory initiatives and market trends towards an increased focus on ESG are generally beneficial to our renewable power and transition group, any such regulatory initiatives also have the potential to adversely impact us. For example, regulatory initiatives seeking to reorient investment toward sustainability by regulating green financial products could have the effect of increasing burdensome disclosure requirements around ESG and prescribing approaches to ESG policies that are inconsistent with our current practices. If regulators disagree with the ESG disclosures that we make, or with the categorization of our financial products, we may face regulatory enforcement action, and our business or reputation could be adversely affected.

x) Infrastructure

We face risks specific to our infrastructure activities.

Our infrastructure operations include utilities, transport, midstream, data, timberlands and agriculture operations. Our infrastructure assets include toll roads, telecommunication towers, electricity transmission systems, terminal operations, electricity and gas distribution companies, rail networks, ports and data centers. The principal risks facing the regulated and unregulated businesses comprising our infrastructure operations relate to government regulation, general economic conditions and other material disruptions, counterparty performance, capital expenditure requirements and land use.

Many of our infrastructure operations are subject to forms of economic regulation, including with respect to revenues. If any of the respective regulators in the jurisdictions in which we operate decides to change the tolls or rates we are allowed to charge, or the amounts of the provisions we are allowed to collect, we may not be able to earn the rate of return on our investments that we had planned, or we may not be able to recover our initial cost.

General economic conditions affect international demand for the commodities handled and services provided by our infrastructure operations and the goods produced and sold by our timberlands and agriculture businesses. A downturn in the economy generally or specific to any of our infrastructure businesses, may lead to a reduction in volumes, bankruptcies or liquidations of one or more large customers, which could reduce our revenues, increase our bad debt expense, reduce our ability to make capital expenditures or have other adverse effects on us.

Some of our infrastructure operations have customer contracts as well as concession agreements in place with public and private sector clients. Our operations with customer contracts could be adversely affected by any material change in the assets, financial condition or results of operations of such customers. Protecting the quality of our revenue streams through the inclusion of take-or-pay or guaranteed minimum volume provisions into our contracts is not always possible or fully effective.

Our infrastructure operations may require substantial capital expenditures to maintain our asset base. Any failure to make necessary expenditures to maintain our operations could impair our ability to serve existing customers or accommodate increased volumes. In addition, we may not be able to recover investments in capital expenditures based upon the rates our operations are able to charge.

y) Private Equity

We face risks specific to our private equity activities.

The principal risks for our private equity businesses are potential loss of invested capital as well as insufficient investment or fee income to cover operating expenses and cost of capital. Our private equity platform is exposed to industrial, business services and infrastructure services businesses, many of which can be cyclical and/or illiquid and therefore may be difficult to monetize at our discretion, limiting our flexibility to react to changing economic or investment conditions. In addition, increasingly we have certain private equity businesses that provide goods and services directly to consumers across a variety of industries. These businesses are prone to greater liabilities, as well as reputational, litigation and other risks by virtue of being more public-facing and reliant on their ability to develop and preserve consumer relationships and achieve consumer satisfaction.

Unfavorable economic conditions could negatively impact the ability of investee companies to repay debt. Even with our support, such adverse economic conditions facing our investee companies may adversely impact the value of our investments or deplete our financial or management resources. These investments are also subject to the risks inherent in the underlying businesses, some of which are facing difficult business conditions and may continue to do so for the foreseeable future. These risks are compounded by recent growth, as new acquisitions have increased the scale and scope of our operations, including in new geographic areas and industry sectors, and we may have difficulty managing these additional operations.

We may invest in companies that are experiencing significant financial or business difficulties, including companies involved in work-outs, liquidations, spin-outs, reorganizations, bankruptcies and similar transactions. Such an investment entails the risk that the transaction will be unsuccessful, will take considerable time or will result in a distribution of cash or new securities, the value of which may be less than the purchase price of the securities in respect of which such distribution is received. In addition, if an anticipated transaction does not occur, we may be required to sell our investment at a loss. Investments in businesses we target may become subject to legal and/or regulatory proceedings and our investment may be adversely affected by external events beyond our control, leading to legal, indemnification or other expenses.

We have several companies that operate in the highly competitive service industry. A wide variety of micro and macroeconomic factors affecting our clients and over which we have no control can impact how these companies operate. For example, our Canadian residential mortgage insurance services business is subject to significant regulation and may be adversely affected by changes in government policy. In addition, the majority of the revenue from our healthcare services business is derived from private health insurance funds, which may be affected by a deterioration in the economic climate, a change in economic incentives, increases in private health insurance premiums and other factors. In addition, alternative technologies in the health care industry could impact the demand for, or use of, our services and could impair or eliminate the competitive advantage of our businesses in this industry.

Our infrastructure services operations include companies in nuclear technology services, marine transportation and scaffolding services. The nuclear fuel and power industries are heavily regulated and could be significantly impacted by changes in government policies and priorities such as increased regulation and/or more onerous operating requirements that negatively impact our nuclear technology services. A future accident at a nuclear reactor could result in the shutdown of existing plants or impact the continued acceptance by the public and regulatory authorities of nuclear energy and the future prospects for nuclear generators. Accidents, terrorism, natural disasters or other incidents occurring at nuclear facilities or involving shipments of nuclear materials could reduce the demand for nuclear technology services. Marine transportation and oil production is inherently risky, particularly in the extreme conditions in which many of our vessels operate. An incident involving significant loss of product or environmental contamination by any of our vessels could harm our reputation and business. Our scaffolding services business is subject to the risks inherent to construction operations, including risks relating to seasonal fluctuations in the demand for our services, a dependence on labor and performance being materially impacted by a lack of availability of labor force or increases in the cost of labor available, and operational hazards that could result in personal injury or death, work stoppage or serious property and equipment damage.

z) Real Estate

We face risks specific to our real estate activities.

We invest in commercial properties and are therefore exposed to certain risks inherent in the commercial real estate business. Commercial real estate investments are subject to varying degrees of risk depending on the nature of the property. These risks include changes in general economic conditions (such as the availability and cost of mortgage capital), local conditions (such as an oversupply of space or a reduction in demand for real estate in the markets in which we operate), the attractiveness of the properties to tenants, competition from other landlords and our ability to provide adequate maintenance at an economical cost.

Certain expenditures, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges, must be made whether or not a property is producing sufficient income to service these expenses. Our commercial properties are typically subject to mortgages that require debt service payments. If we become unable or unwilling to meet mortgage payments on any property, losses could be sustained as a result of the mortgagee's exercise of its rights of foreclosure or of sale.

Continuation of rental income is dependent on favorable leasing markets to ensure expiring leases are renewed and new tenants are found promptly to fill vacancies. It is possible that we may face a disproportionate amount of space expiring in any one year. Additionally, rental rates could decline, tenant bankruptcies could increase and tenant renewals may not be achieved, particularly in the event of an economic slowdown.

Our real estate business operates in industries or geographies impacted by COVID-19. Many of these are facing financial and operational hardships due to COVID-19 and responses to it. Adverse impacts on our business may include:

- a complete or partial closure of, or other operational issues at, one or more of our properties resulting from government or tenant action;
- a slowdown in business activity may severely impact our tenants' businesses, financial condition and liquidity and may cause one or more of our tenants to be unable to fund their business operations, meet their obligations to us in full, or at all, or to otherwise seek modifications of such obligations;
- an increase in re-leasing timelines, potential delays in lease-up of vacant space and the market rates at which such lease will be executed;
- reduced economic activity could result in a prolonged recession, which could negatively impact consumer discretionary spending; and
- expected completion dates for our development and redevelopment projects may be subject to delay as a result of local economic conditions that may continue to be disrupted as a result of the COVID-19 pandemic.

Our retail real estate operations are susceptible to any economic factors that have a negative impact on consumer spending. Lower consumer spending would have an unfavorable effect on the sales of our retail tenants, which could result in their inability or unwillingness to make all payments owing to us, and on our ability to keep existing tenants and attract new tenants. Significant expenditures associated with each equity investment in real estate assets, such as mortgage payments, property taxes and maintenance costs, are generally not reduced when there is a reduction in income from the investment, so our income and cash flow would be adversely affected by a decline in income from our retail properties. In addition, low occupancy or sales at our retail properties, as a result of competition or otherwise, could result in termination of or reduced rent payable under certain of our retail leases, which could adversely affect our retail property revenues.

Our hospitality and multifamily businesses are subject to a range of operating risks common to these industries, many of which are outside our control, and the profitability of our investments in these industries may be adversely affected by these factors. For example, our hospitality business faces risks relating to climate change hurricanes, earthquakes, tsunamis and other natural and man-made disasters; the potential spread of contagious diseases such as COVID-19; and insect infestations more common to rental accommodations. Such factors could limit or reduce the demand for or the prices our hospitality properties are able to obtain for their accommodations or could increase our costs and therefore reduce the profitability of our hospitality businesses. There are numerous housing alternatives that compete with our multifamily properties, including other multifamily properties as well as condominiums and single-family homes. This competitive environment could have a material adverse effect on our ability to lease apartment homes at our present properties or any newly developed or acquired real estate, as well as on the rents realized.

We face risks specific to our residential development and mixed-use activities.

Our residential homebuilding and land development operations are cyclical and significantly affected by changes in general and local economic, political and industry conditions, such as consumer confidence, employment levels, inflation levels, availability of financing for homebuyers, household debt, levels of new and existing homes for sale, demographic trends and housing demand. Competition from rental properties and resale homes, including homes held for sale by investors and foreclosed homes, may reduce our ability to sell new homes, depress prices and reduce margins for the sale of new homes.

COVID-19 has also resulted in a lack of availability or increased costs of required materials, utilities and resources which could delay or increase the cost of home construction and which could adversely affect our business and results of operations. For example, in 2020 and 2021 there was extreme volatility in the price of lumber as a result of curtailed production from lumber mill closures due to COVID-19, forest fires in California and the Pacific Northwest followed by a surge in demand for single family homes in the latter half of 2021. Similar events in the future could result in construction delays and increased costs which may not be fully passed on to our buyers.

Virtually all of our homebuilding customers finance their home acquisitions through mortgages. Even if potential customers do not need financing, changes in interest rates or the unavailability of mortgage capital could make it harder for them to sell their homes to potential buyers who need financing, resulting in a reduced demand for new homes. Rising mortgage rates or reduced mortgage availability could adversely affect our ability to sell new homes and the prices at which we can sell them. Notwithstanding relatively low interest rates, our Canadian markets continue to be impacted by changes to mortgage qualification rules that introduced stress tests for homebuyers and government policies relating to the Ontario real estate market and the Alberta energy sector surrounding pipeline approval. In the U.S., significant expenses incurred for purposes of owning a home, including mortgage interest expense and real estate taxes, generally are deductible expenses for an individual's U.S. federal and, in some cases, state income taxes.

COVID-19 and the current economic environment also continues to impact the industry for retail and office properties in our mixed-use projects. As we depend on office, retail, and apartment tenants to generate income from these mixed-use projects, our results of operations and cash flows may be adversely affected by vacancies and tenant defaults or bankruptcy in our mixed-use properties, and we may be unable to renew leases or re-lease space in our mixed-use properties as leases expire.

We hold land for future development and may in the future acquire additional land holdings. The risks inherent in purchasing, owning and developing land increase as the demand for new homes decreases. Real estate markets are highly uncertain, and the value of undeveloped land has fluctuated significantly and may continue to fluctuate. In addition, land carrying costs can be significant and can result in losses or reduced profitability. As a result, we hold certain land, and may acquire additional land, in our development pipeline at a cost we may not be able to fully recover or at a cost which precludes profitable development.

Our residential development and mixed-use business is susceptible to adverse weather conditions, other environmental conditions, and natural disasters, as well as pandemics/epidemics such as COVID-19, each of which could adversely affect our business and results of operations. For example, while none of our U.S. properties were materially adversely affected by the recent significant wildfires throughout Southern California, we could experience labor shortages, construction delays, or utility company delays, which in turn could impact our results.

aa) Reinsurance

We face risks specific to Brookfield Reinsurance and its reinsurance activities.

We completed the spin-out of Brookfield Reinsurance in 2021 to own and operate a leading reinsurance business focused on providing capital-based and annuity solutions to insurance and reinsurance companies and pension risk transfer (PRT) products for pension plan sponsors and we continue to hold a significant economic interest in Brookfield Reinsurance.

Brookfield Reinsurance class A exchangeable shares have been structured with the intention of providing an economic return equivalent to our Class A shares. Each Brookfield Reinsurance class A exchangeable share is exchangeable on a one-for-one basis at the option of the holder for our Class A shares (or its cash equivalent) and distributions on Brookfield Reinsurance class A exchangeable shares are expected to be paid at the same time and in the same amount as cash dividends are paid on our Class A shares. In addition, we have entered into a number of important agreements with Brookfield Reinsurance to support the economic equivalence between our Class A shares and Brookfield Reinsurance class A exchangeable shares, including: (i) a support agreement pursuant to which we have agreed to, among other things, take all actions reasonably necessary to enable Brookfield Reinsurance to pay quarterly distributions and the liquidation amount or amount payable on a redemption of Brookfield Reinsurance class A exchangeable shares; and (ii) the provision of certain equity capital and debt financing to Brookfield Reinsurance on an as-needed basis to fund the growth of and maximize flexibility for Brookfield Reinsurance. While Brookfield Reinsurance and its operating businesses will generally be required to satisfy their own working capital requirements and service any debt obligations, in the event Brookfield Reinsurance is unable to meet its financial obligations, it will be required to rely on us for support pursuant to the support agreement and our equity capital and debt financing. Further, we or Brookfield Reinsurance may issue additional shares in the future in the public markets, including to fund future growth of Brookfield Reinsurance or in lieu of incurring indebtedness, which could depress the market price or dilute the percentage interest of existing holders of our Class A Shares and Brookfield Reinsurance class A exchangeable shares in aggregate. Additionally, any

Brookfield Reinsurance class A exchangeable shares issued by Brookfield Reinsurance in the future will be exchangeable on the same terms as the Brookfield Reinsurance class A exchangeable shares and any future exchanges satisfied by the delivery of our Class A Shares would dilute the percentage interest of existing holders of our Class A Shares.

Brookfield Reinsurance's business is presently conducted under three operating segments, which it refers to as its reinsurance business, PRT business and direct insurance business. Going forward, Brookfield Reinsurance plans to grow these businesses; however, there is no guarantee that it will be successful in doing so. A key part of Brookfield Reinsurance's growth strategy will involve executing new PRT arrangements and reinsurance contracts and may also include the acquisition of, or material investments in, existing reinsurance and insurance platforms. Such initiatives, if successful, would significantly increase the scale, scope and diversity of Brookfield Reinsurance. While Brookfield Reinsurance has reviewed and has successfully executed transactions in the past to facilitate its growth, competition exists in the market for profitable reinsurance and PRT arrangements and businesses and Brookfield Reinsurance may not be successful in executing on future opportunities.

Brookfield Reinsurance makes and relies on certain assumptions and estimates in order to make decisions regarding pricing, target returns, reserve levels and other factors affecting its business operations. Its underwriting results depend upon the extent to which actual claims experience and benefit payments under its reinsurance contracts are consistent with the assumptions used in setting prices and establishing liabilities for such contracts. Such amounts are established based on actuarial estimates of how much Brookfield Reinsurance will need to pay for future benefits and claims based on data and models that include many assumptions and projections, which are inherently uncertain and involve significant judgment, including assumptions as to the levels and/or timing of receipt or payment of premiums, benefits, claims, expenses, interest credits and investment results (including equity and other market returns). If the assumptions and estimates of Brookfield Reinsurance differ significantly from the actual outcomes and results, its business, financial condition, results of operations, liquidity and cash flows may be materially and adversely affected, which in turn may negatively impact the value of our interest in the business.

Brookfield Reinsurance's business prospects must be considered in light of the risks and uncertainties encountered by an early-stage company. Some of these risks relate to the potential inability of Brookfield Reinsurance to effectively manage its business and operations, recruit and retain key personnel, contain costs with expansion in the scale of the business, navigate a complex regulatory environment, manage growth in personnel and operations, develop new products that complement its existing business and successfully address the other risks faced by Brookfield Reinsurance.

GLOSSARY OF TERMS

The below summarizes certain terms relating to our business that are made throughout the MD&A and it defines IFRS performance measures, non-IFRS performance measures and key operating measures that we use to analyze and discuss our results.

REFERENCES

"Brookfield," the "company," "we," "us" or "our" refers to Brookfield Corporation and its consolidated subsidiaries. The "Corporation" refers to our business which is comprised of our asset management, insurance solutions and operating businesses.

We refer to investors in the Corporation as **shareholders** and we refer to investors in the private funds of our asset management business and perpetual affiliates as **investors**.

We use **asset manager** to refer to our Asset Management segment which offers a variety of investment products to our investors:

- We have over 40 active funds across major asset classes: renewable power and transition, infrastructure, private equity, real estate and credit. These funds include core, credit, value-add and opportunistic closed-end funds and core long-life funds. We refer to these funds as the private funds of our asset management business.
- We refer to BEP, BEPC, BIP, BIPC, BBU, BBUC and BPG, as our perpetual affiliates.
- We refer to our public securities group as liquid strategies. This group manages fee-bearing capital through numerous funds and separately managed accounts, focused on fixed income and equity securities.

Throughout the MD&A and consolidated financial statements, the following operating companies, joint ventures and associates, and their respective subsidiaries, will be referenced as follows:

- **American National** – American National Group
- **BAM** – Brookfield Asset Management ULC
- **BBU** – Brookfield Business Partners L.P.
- **BBUC** – Brookfield Business Corporation
- **BEP** – Brookfield Renewable Partners L.P.
- **BEPC** – Brookfield Renewable Corporation
- **BIP** – Brookfield Infrastructure Partners L.P.
- **BIPC** – Brookfield Infrastructure Corporation
- **BPG** – Brookfield Property Group
- **BPY** – Brookfield Property Partners L.P.
- **BNRE** – Brookfield Reinsurance Ltd.
- **BSREP IV** – Brookfield Strategic Real Estate Partners IV
- **IPL** – Inter Pipeline Ltd.
- **Norbord** – Norbord Inc.
- **Oaktree** – Oaktree Capital Management

PERFORMANCE MEASURES

Definitions of performance measures, including IFRS, non-IFRS and operating measures, are presented below in alphabetical order. We have specifically identified those measures which are IFRS or non-IFRS measures; the remainder are operating measures.

Assets under management ("AUM") refers to the total fair value of assets that our asset management business manages, on a gross asset value basis, including assets for which this business earns management fees and those for which they do not. AUM is calculated as follows: (i) for investments that Brookfield consolidates for accounting purposes or actively manages, including investments in which Brookfield or a controlled investment vehicle is the largest shareholder or the primary operator or manager, at 100% of the investment's total assets on a fair value basis; and (ii) for all other investments, at Brookfield's or its controlled investment vehicle's, as applicable, proportionate share of the investment's total assets on a fair value basis. Our asset management business's methodology for determining AUM may differ from the methodology employed by other alternative asset managers and Brookfield's AUM presented herein may differ from our AUM reflected in other public filings and/or our Form ADV and Form PF.

Base management fees, which are determined by contractual arrangements, are typically equal to a percentage of fee-bearing capital and are accrued quarterly. Base management fees, including private fund base fees and perpetual affiliate base fees, are IFRS measures.

Private fund base fees are typically earned on fee-bearing capital from third-party investors only and are earned on invested and/or uninvested fund capital, depending on the stage of the fund life.

Perpetual affiliate base fees are earned on the total capitalization or net asset value of our perpetual affiliates, which includes our investment. Base fees for BEP include a quarterly fixed fee amount of $5 million, with additional fees of 1.25% on the increase in capitalization above their initial capitalization of $8 billion. Base fees for BIP and BBU are 1.25% of total capitalization. Base fees for BPG are 1.05% of net asset value, excluding its interests in private funds and investments which were held directly by Brookfield prior to the BPY privatization. Perpetual affiliate capitalization as at December 31, 2022, was as follows: BEP/BEPC – $20.5 billion; BIP/BIPC – $29.2 billion; BBU/BBUC – $7.8 billion; and BPG – $20.8 billion.

Carried interest is a contractual arrangement whereby we receive a fixed percentage of investment gains generated within a private fund provided that the investors receive a pre-determined minimum return. Carried interest is typically paid towards the end of the life of a fund after the capital has been returned to investors and may be subject to "clawback" until all investments have been monetized and minimum investment returns are sufficiently assured.

Realized carried interest is an IFRS measure and represents our share of investment returns based on realized gains within a private fund. Realized carried interest earned is recognized when an underlying investment is profitably disposed of and the fund's cumulative returns are in excess of preferred returns, in accordance with the respective terms set out in the fund's governing agreements, and when the probability of clawback is remote. We include realized carried interest when determining our Asset Management segment results within our consolidated financial statements.

Realized carried interest, net is a non-IFRS measure and represents realized carried interest after direct costs, which include employee expenses and cash taxes. A reconciliation of realized carried interest to realized carried interest, net, is shown below:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022	2021
Realized carried interest[1]	$ 894	$ 1,713
Less: direct costs associated with realized carried interest	(284)	(786)
	610	927
Less: realized carried interest not attributable to Corporation	(55)	(212)
Realized carried interest, net	$ 555	$ 715

1. Includes $316 million of realized carried interest related to Oaktree (2021 – $1.2 billion). For segment reporting, Oaktree's revenue is shown on a 100% basis.

Carry eligible capital represents the capital committed, pledged or invested in the private funds that we manage and which entitle us to earn carried interest. Carry eligible capital includes both invested and uninvested (i.e., uncalled) private fund amounts as well as those amounts invested directly by investors (co-investments) if those entitle us to earn carried interest. We believe this measure is useful to investors as it provides additional insight into the capital base upon which we have potential to earn carried interest once minimum investment returns are sufficiently assured.

Consolidated capitalization reflects the full capitalization of wholly owned and partially owned entities that we consolidate in our financial statements. Our consolidated capitalization includes 100% of the debt of the consolidated entities even though in many cases we only own a portion of the entity and therefore our pro-rata exposure to this debt is much lower. In other cases, this basis of presentation excludes the debt of partially owned entities that are accounted for following the equity method.

Core liquidity represents the amount of cash, financial assets and undrawn credit lines at the Corporation, perpetual affiliates and directly held investments. We use core liquidity as a key measure of our ability to fund future transactions and capitalize on opportunities as they arise. Our core liquidity also allows us to backstop the transactions of our various businesses as necessary and fund the development of new activities that are not yet suitable for our investors.

Total liquidity represents the sum of core liquidity and uncalled private fund commitments and is used to pursue new transactions.

Corporate capitalization represents the amount of debt issued by the Corporation, accounts payable and deferred tax liability in our Corporate Activities segment as well as our issued and outstanding common and preferred shares.

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

Distributions (current rate) represents the distributions that we would receive during the next twelve months based on the current distribution rates of the investments that we currently hold. The dividends from our listed investments are calculated by multiplying the number of shares held by the most recently announced distribution policy. The yield on cash and financial assets portfolio is equal to an estimated 8% on the ending balance as of the end of the current year. Distributions on our unlisted investments are calculated based on the distributions received in the most recent fiscal year.

Distributable earnings (“DE”) is a non-IFRS measure that provides insight into earnings received by the Corporation that are available for distribution to common shareholders or to be reinvested into the business. It is calculated as the sum of distributions from our Asset Management business, operating earnings from our insurance solutions business, distributions received from our ownership of investments, realized carried interest and disposition gains from principal investments, net of Corporate Activities FFO, preferred share dividends and equity-based compensation costs.

Economic ownership interest represents the company’s proportionate equity interest in our listed partnerships which can include redemption-exchange units (“REUs”), Class A limited partnership units, special limited partnership units and general partnership units in each subsidiary, where applicable, as well as any units or shares issued in subsidiaries that are exchangeable for units in our listed partnerships (“exchange units”). REUs and exchange units share the same economic attributes as the Class A limited partnership units in all respects except for our redemption right, which the listed partnership can satisfy through the issuance of Class A limited partnership units. The REUs, general partnership units and exchange units participate in earnings and distributions on a per unit basis equivalent to the per unit participation of the Class A limited partnership units of the subsidiary.

Fee-bearing capital represents the capital committed, pledged or invested in the perpetual affiliates, private funds and liquid strategies that are managed by our asset management business which entitles that business to earn fee revenues. Fee-bearing capital includes both called ("invested") and uncalled ("pledged" or "committed") amounts. When reconciling period amounts, we utilize the following definitions:

- **Inflows** include capital commitments and contributions to our private and liquid strategies funds and equity issuances in our perpetual affiliates.
- **Outflows** represent distributions and redemptions of capital from within the liquid strategies capital.
- **Distributions** represent quarterly distributions from perpetual affiliates as well as returns of committed capital (excluding market valuation adjustments), redemptions and expiry of uncalled commitments within the private funds of our asset management business.
- **Market valuation** includes gains (losses) on portfolio investments, perpetual affiliates and liquid strategies based on market prices.
- **Other** includes changes in net non-recourse leverage included in the determination of perpetual affiliate capitalization and the impact of foreign exchange fluctuations on non-U.S. dollar commitments.

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

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

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

Fee-related earnings is a non-IFRS measure and is comprised of fee revenues less direct costs associated with earning those fees, which include employee expenses and professional fees as well as business related technology costs, other shared services and taxes. We use this measure to provide additional insight into the operating profitability of our asset management activities. See below for a table which reconciles fee-related earnings and total FFO to net income, the most comparable IFRS measure.

Fee revenues is a non-IFRS measure and includes base management fees, incentive distributions, performance fees and transaction fees presented within our Asset Management segment. Many of these items do not appear in consolidated revenues because they are earned from consolidated entities and are eliminated on consolidation. The following table reconciles fee revenues to revenue, the most comparable IFRS measure:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022	2021
Revenue	**$ 92,769**	$ 75,731
Add: revenues from Oaktree	**1,165**	1,062
Add: inter-segment and other revenues	**2,230**	2,155
Less: external revenues from consolidated subsidiaries of other segments	**(92,116)**	(75,425)
Fee Revenues	**$ 4,048**	$ 3,523

Funds from operations ("FFO") is a key measure of our financial performance. We use FFO to assess operating results and the performance of our businesses on a segmented basis. While we use segment FFO as our segment measure of profit and loss (see Note 3 to our consolidated audited financial statements), the sum of FFO for all our segments, or total FFO, is a non-IFRS measure.

The following table reconciles total FFO, fee-related earnings, and distributable earnings to net income:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Total 2022	Total 2021
Net income	**$ 5,195**	$ 12,388
Financial statement components not included in FFO:		
Equity accounted fair value changes and other non-FFO items[1]	**1,840**	1,355
Fair value changes	**977**	(5,151)
Depreciation and amortization	**7,683**	6,437
Deferred income taxes	**191**	1,210
Realized disposition gains in fair value changes or equity	**903**	2,861
Non-controlling interests in FFO[2]	**(10,495)**	(11,542)
Total FFO	**6,294**	7,558
Less: total disposition gains	**(1,121)**	(3,082)
Less: net invested capital FFO	**(2,655)**	(1,952)
Less: FFO from asset management business	**(1,963)**	(1,809)
Less: realized carried interest, net	**(555)**	(715)
Corporate activities	**(595)**	(462)
Insurance solutions operating earnings	**388**	30
Distributions from investments	**2,558**	2,128
Distributions from asset management business	**2,061**	1,892
Add back: equity-based compensation costs	**62**	36
Preferred share dividends	**(160)**	(157)
Distributable earnings before realizations	**4,314**	3,467
Realized carried interest, net	**555**	715
Disposition gains from principal investments	**360**	2,100
Distributable earnings	**$ 5,229**	$ 6,282

1. Other non-FFO items correspond to amounts that are not directly related to revenue earning activities and are not normal or recurring items necessary for business operations. In addition, this adjustment is to back out non-FFO expenses (income) that are included in consolidated equity accounted income including depreciation and amortization, deferred taxes and fair value changes from equity accounted investments.
2. Amounts attributable to non-controlling interests are calculated based on the economic ownership interests held by non-controlling interests in consolidated subsidiaries. By adjusting FFO attributable to non-controlling interests, we are able to remove the portion of FFO earned at non-wholly owned subsidiaries that is not attributable to Brookfield.

We use FFO to assess our performance. FFO includes the fees that we earn from our asset management business managing capital as well as our share of revenues earned and costs incurred within our operations, which include interest expense and other costs. Specifically, FFO includes the impact of contracts that we enter into to generate revenue, including asset management agreements, power sales agreements, contracts that our operating businesses enter into such as leases and take or pay contracts and sales of inventory. FFO also includes the impact of changes in borrowings or the cost of borrowings as well as other costs incurred to operate our business.

We use realized disposition gains and losses within FFO in order to provide additional insight regarding the performance of investments on a cumulative realized basis, including any unrealized fair value adjustments that were recorded in equity and not otherwise reflected in current period FFO, and believe it is useful to investors to better understand variances between reporting periods. We exclude depreciation and amortization from FFO as we believe that the value of most of our assets typically increases over time, provided we make the necessary maintenance expenditures, the timing and magnitude of which may differ from the amount of depreciation recorded in any given period. In addition, the depreciated cost base of our assets is reflected in the ultimate realized disposition gain or loss on disposal. As noted above, unrealized fair value changes are excluded from FFO until the period in which the asset is sold. We also exclude deferred income taxes from FFO because the vast majority of the company's deferred income tax assets and liabilities are a result of the revaluation of our assets under IFRS.

Our definition of FFO differs from the definition used by other organizations, as well as the definition of FFO used by the Real Property Association of Canada ("REALPAC") and the National Association of Real Estate Investment Trusts, Inc. ("NAREIT"), in part because the NAREIT definition is based on U.S. GAAP, as opposed to IFRS. The key difference between our definition of FFO and the determination of FFO by REALPAC and/or NAREIT is that we include the following: realized disposition gains or losses and cash taxes payable or receivable on those gains or losses, if any; foreign exchange gains or losses on monetary items not forming part of our net investment in foreign operations; and foreign exchange gains or losses on the sale of an investment in a foreign operation. We do not use FFO as a measure of cash generated from our operations.

Incentive distributions is an IFRS measure and is determined by contractual arrangements; incentive distributions are paid to our asset management business by BEP and BIP and represent a portion of distributions paid by perpetual affiliates above a predetermined hurdle. Incentive distributions are accrued on the record date of the associated distributions of the entity.

A summary of our distribution hurdles and current distribution rates is as follows:

AS AT DEC. 31, 2022	Current Distribution Rate[1]	Distribution Hurdles (per unit)[2]	Incentive Distributions
Brookfield Infrastructure (BIP)[3]	$ 1.44	$ 0.49 / $ 0.53	15% / 25%
Brookfield Renewable (BEP)[4]	1.35	0.80 / 0.90	15% / 25%

1. Current rate based on most recently announced distribution rates.
2. Incentive distributions equate to 18% and 33% of limited partner distribution increases over the first and second hurdles, respectively.
3. Incentive distributions from Brookfield Infrastructure are earned on distributions made by BIP and BIPC.
4. Incentive distributions from Brookfield Renewable are earned on distributions made by BEP and BEPC.

Invested capital consists of our perpetual investments, which include our interests in BAM and perpetual affiliates, other investments and corporate activities. Our invested capital provides us with FFO and cash distributions.

Invested capital, net consists of invested capital and leverage.

Leverage represents the amount of corporate borrowings and perpetual preferred shares held by the company.

Long-term average ("LTA") generation is used in our Renewable Power and Transition segment and is determined based on expected electrical generation from its assets in commercial operation during the year. For assets acquired or reaching commercial operation during the year, LTA generation is calculated from the acquisition or commercial operation date. In Brazil, assured generation levels are used as a proxy for LTA. We compare LTA generation to actual generation levels to assess the impact on revenues and FFO of hydrology, wind generation levels and irradiance, which vary from one period to the next.

Performance fees is an IFRS measure. Performance fees are paid to our asset management business when it exceeds predetermined investment returns within BBU and BBUC and on certain liquid strategies portfolios. BBU and BBUC performance fees are accrued quarterly based on the volume-weighted average increase in BBU unit price over the previous threshold, whereas performance fees within liquid strategies funds are typically determined on an annual basis. Performance fees are not subject to clawback.

Proportionate basis generation is used in our Renewable Power and Transition segment to describe the total amount of power generated by facilities held by BEP, at BEP's respective economic ownership interest percentage.

Realized disposition gains/losses is a component of FFO and includes gains or losses arising from transactions during the reporting period together with any fair value changes and revaluation surplus recorded in prior periods, presented net of cash taxes payable or receivable. Realized disposition gains include amounts that are recorded in net income, other comprehensive income and as ownership changes in our consolidated statements of equity, and exclude amounts attributable to non-controlling interests unless otherwise noted. We use realized disposition gains/losses to provide additional insight regarding the performance of investments on a cumulative realized basis, including any unrealized fair value adjustments that were recorded in prior periods and not otherwise reflected in current period FFO, and believe it is useful to investors to better understand variances between reporting periods.

Same-store or same-property represents the earnings contribution from assets or investments held throughout both the current and prior reporting period on a constant ownership basis. We utilize same-store analysis to illustrate the growth in earnings excluding the impact of acquisitions or dispositions.

Unrealized carried interest is the change in accumulated unrealized carried interest from prior period and represents the amount of carried interest generated during the period. We use this measure to provide insight into the value our investments have created in the period.

Accumulated unrealized carried interest is based on carried interest that would be receivable under the contractual formula at the period end date as if a fund was liquidated and all investments had been monetized at the values recorded on that date. We use this measure to provide insight into our potential to realize carried interest in the future. Details of components of our accumulated unrealized carried interest are included in the definition of unrealized carried interest below.

Accumulated unrealized carried interest, net is accumulated unrealized carried interest after direct costs, which include employee expenses and taxes.

The following table summarizes the accumulated unrealized carried interest in the current and prior years:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Accumulated Unrealized Carried Interest			Change	
	2022	2021	2020	2022 vs. 2021	2021 vs. 2020
Real Estate	**$ 2,573**	$ 2,147	$ 855	$ 426	$ 1,292
Infrastructure	**2,777**	2,064	1,492	713	572
Private Equity	**851**	1,027	599	(176)	428
Credit and other	**1,882**	1,547	1,078	335	469
Accumulated unrealized carried interest	**8,083**	6,785	4,024	1,298	2,761
Less: associated expenses[1]	**(2,474)**	(2,066)	(1,423)	(408)	(643)
Accumulated unrealized carried interest, net	**$ 5,609**	$ 4,719	$ 2,601	$ 890	$ 2,118

1. Carried interest generated is subject to taxes and long-term incentive expenses to investment professionals. These expenses are typically 30-35% of carried interest generated.

Internal Control Over Financial Reporting

MANAGEMENT’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of Brookfield Corporation (Brookfield) is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed by, or under the supervision of, the Chief Executive Officer and the Chief Financial Officer and effected by the Board of Directors, management and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board as defined in Regulation 240.13a-15(f) or 240.15d-15(f).

Management assessed the effectiveness of Brookfield’s internal control over financial reporting as of December 31, 2022, based on the criteria set forth in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, management concludes that, as of December 31, 2022, Brookfield’s internal control over financial reporting is effective. Management excluded from its assessment the internal control over financial reporting at Scientific Games, LLC, La Trobe Financial Services Pty Limited, CDK Global, Inc., Magnati - Sole Proprietorship LLC, Unidas Locadora S.A., BHI Energy, Inc., TexTrail Inc., Cupa Finance SL, CNC Consolidated Limited, the German office portfolio, the Belgian office portfolio, the Irish real estate investment trust, Watermark Lodging Trust, the 20 GW portfolio of utility-scale solar and energy storage development assets in the United States, the integrated distributed generation developer with approximately 500 MW of contracted operating and under construction assets and 1.8 GW of development pipeline in the United States, and the renewable developer with a portfolio of over 800 MW of operating wind assets and pipeline of over 22 GW in the United States, which were acquired during 2022, and whose total assets, net assets, revenues and net income constitute approximately 11%, 11%, 4% and -7%, respectively, of the consolidated financial statement amounts as of and for the year ended December 31, 2022.

Brookfield’s internal control over financial reporting as of December 31, 2022, has been audited by Deloitte LLP, the Independent Registered Public Accounting Firm, who also audited Brookfield’s consolidated financial statements for the year ended December 31, 2022. As stated in the Report of Independent Registered Public Accounting Firm, Deloitte LLP expressed an unqualified opinion on the effectiveness of Brookfield’s internal control over financial reporting as of December 31, 2022.

Bruce Flatt Chief Executive Officer	Nicholas Goodman President and Chief Financial Officer

March 24, 2023

Toronto, Canada

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Brookfield Corporation

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Brookfield Corporation and subsidiaries (the "Corporation") as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Corporation maintained, in all material respects, effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2022 of the Corporation and our report dated March 24, 2023, expressed an unqualified opinion on those financial statements.

As described in Management's Report on Internal Control Over Financial Reporting, management excluded from its assessment the internal control over financial reporting at Scientific Games, LLC, La Trobe Financial Services Pty Limited, CDK Global, Inc., Magnati - Sole Proprietorship LLC, Unidas Locadora S.A., BHI Energy, Inc., TexTrail Inc., Cupa Finance SL, CNC Consolidated Limited, the German office portfolio, the Belgian office portfolio, the Irish real estate investment trust, Watermark Lodging Trust, the 20 GW portfolio of utility-scale solar and energy storage development assets in the United States, the integrated distributed generation developer with approximately 500 MW of contracted operating and under construction assets and 1.8 GW of development pipeline in the United States, and the renewable developer with a portfolio of over 800 MW of operating wind assets and pipeline of over 22 GW in the United States, which were acquired during 2022, and whose financial statements constitute, in aggregate, 11% of total assets, 11% of net assets, 4% of revenues, and -7% of net income of the consolidated financial statement amounts as of and for the year ended December 31, 2022. Accordingly, our audit did not include the internal control over financial reporting at Scientific Games, LLC, La Trobe Financial Services Pty Limited, CDK Global, Inc., Magnati - Sole Proprietorship LLC, Unidas Locadora S.A., BHI Energy, Inc., TexTrail Inc., Cupa Finance SL, CNC Consolidated Limited, the German office portfolio, the Belgian office portfolio, the Irish real estate investment trust, Watermark Lodging Trust, the 20 GW portfolio of utility-scale solar and energy storage development assets in the United States, the integrated distributed generation developer with approximately 500 MW of contracted operating and under construction assets and 1.8 GW of development pipeline in the United States, and the renewable developer with a portfolio of over 800 MW of operating wind assets and pipeline of over 22 GW in the United States.

Basis for Opinion

The Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Corporation's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Corporation in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 24, 2023

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying consolidated financial statements and other financial information in this Annual Report have been prepared by the company's management which is responsible for their integrity, consistency, objectivity and reliability. To fulfill this responsibility, the company maintains policies, procedures and systems of internal control to ensure that its reporting practices and accounting and administrative procedures are appropriate to provide a high degree of assurance that is relevant and reliable financial information is produced and assets are safeguarded. These controls include the careful selection and training of employees, the establishment of well-defined areas of responsibility and accountability for performance, and the communication of policies and code of conduct throughout the company. In addition, the company maintains an internal audit group that conducts periodic audits of the company's operations. The Chief Internal Auditor has full access to the Audit Committee.

These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board and, where appropriate, reflect estimates based on management's judgment. The financial information presented throughout this Annual Report is consistent with the information contained in the accompanying consolidated financial statements.

Deloitte LLP, the Independent Registered Public Accounting Firm appointed by the shareholders, have audited the consolidated financial statements set out on pages 142 through 227 in accordance with the standards of the Public Company Accounting Oversight Board (United States) to enable them to express to the shareholders and the board of directors their opinion on the consolidated financial statements. Their report is set out on the following page.

The consolidated financial statements have been further reviewed and approved by the Board of Directors acting through its Audit Committee, which is comprised of directors who are neither officers nor employees of the company. The Audit Committee, which meets with the auditors and management to review the activities of each and reports to the Board of Directors, oversees management's responsibilities for the financial reporting and internal control systems. The auditors have full and direct access to the Audit Committee and meet periodically with the committee both with and without management present to discuss their audit and related findings.

Bruce Flatt Chief Executive Officer	Nicholas Goodman President and Chief Financial Officer

March 24, 2023

Toronto, Canada

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and the Board of Directors of Brookfield Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Brookfield Corporation and subsidiaries (the "Corporation") as of December 31, 2022 and 2021, the related consolidated statements of operations, comprehensive income, changes in equity, and cash flows, for each of the two years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Corporation as of December 31, 2022 and 2021, and its financial performance and its cash flows for each of the two years in the period ended December 31, 2022, in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Corporation's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 24, 2023, expressed an unqualified opinion on the Corporation's internal control over financial reporting.

Basis for Opinion

These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on the Corporation's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Corporation in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current-period audit of the financial statements that was communicated or required to be communicated to the audit committee and that (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Fair Value of Investment Properties and Property, Plant and Equipment – Refer to Notes 2(h)(i), 2(h)(ii), 11, and 12 to the financial statements

Critical Audit Matter Description

The Corporation has elected the fair value model for investment properties and the revaluation model for certain classes of property, plant and equipment, namely the Corporation's renewable power generating, utilities, transport, midstream, data, and hospitality operating assets. The Corporation measures these assets at fair value or revalued amount subsequent to initial recognition on the balance sheet.

The investment properties and certain classes of property, plant and equipment have limited observable market activity, which requires management to make significant estimates and assumptions in the determination of fair value. The estimates and assumptions with the highest degree of subjectivity and impact on fair values are future expected market rents and revenues, operating margins, terminal value multiples, terminal capitalization rates, and discount rates. Auditing these estimates and assumptions required a high degree of auditor judgment as the estimations made by management contains significant measurement uncertainty. This resulted in an increased extent of audit effort, including the need to involve fair value specialists.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to future expected market rents and revenues, operating margins, terminal value multiples, terminal capitalization rates, and discount rates of investment properties and certain classes of property, plant and equipment included the following, among others:

- Evaluated the effectiveness of controls, including those related to management's process for determining investment properties and certain classes of property, plant and equipment fair values including those over determining future expected market rents and revenues, operating margins, terminal value multiples, terminal capitalization rates, and discount rates.
- Tested management's future expected market rents and revenues, operating margins, terminal value multiples, terminal capitalization rates, and discount rates through independent analysis and comparison to external sources including objective contractual information, and observable economic indicators, where applicable.
- Evaluated management's ability to accurately estimate fair value and future expected market rents and revenues and operating margins by comparing management's historical fair value estimates to market transactions and forecasts to actual results.
- Evaluated the impact of current market events and conditions, including relevant comparable transactions, on the assumptions used by management.
- With the assistance of fair value specialists, evaluated the reasonableness of management's determination of terminal value multiples, terminal capitalization rates, and discount rates by (1) testing the source information underlying the determination of terminal value multiples, terminal capitalization rates, and discount rates; (2) developing a range of independent estimates and comparing those to the terminal value multiples, terminal capitalization rates, and discount rates selected by management; and (3) considering recent market transactions and industry surveys.

/s/ Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
March 24, 2023

We have served as the Corporation's auditor since 1971.

Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

AS AT DEC. 31 (MILLIONS)	Note	2022	2021
Assets			
Cash and cash equivalents	6	**$ 14,396**	$ 12,694
Other financial assets	6	**26,899**	16,546
Accounts receivable and other	7	**27,378**	21,760
Inventory	8	**12,843**	11,415
Assets classified as held for sale	9	**2,830**	11,958
Equity accounted investments	10	**47,094**	46,100
Investment properties	11	**115,100**	100,865
Property, plant and equipment	12	**124,268**	115,489
Intangible assets	13	**38,411**	30,609
Goodwill	14	**28,662**	20,227
Deferred income tax assets	15	**3,403**	3,340
Total assets		**$ 441,284**	$ 391,003
Liabilities and equity			
Corporate borrowings	16	**$ 11,390**	$ 10,875
Accounts payable and other	17	**57,065**	52,546
Liabilities associated with assets classified as held for sale	9	**876**	3,148
Non-recourse borrowings of managed entities	18	**202,684**	165,057
Deferred income tax liabilities	15	**23,190**	20,328
Subsidiary equity obligations	19	**4,188**	4,308
Equity			
Preferred equity	21	**4,145**	4,145
Non-controlling interests	21	**98,138**	88,386
Common equity	21	**39,608**	42,210
Total equity		**141,891**	134,741
Total liabilities and equity		**$ 441,284**	$ 391,003

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DEC. 31 (MILLIONS, EXCEPT PER SHARE AMOUNTS)	Note	2022	2021
Revenues	22	**$ 92,769**	$ 75,731
Direct costs	23	**(78,511)**	(64,000)
Other income and gains		**1,594**	3,099
Equity accounted income	10	**2,613**	2,451
Expenses			
Interest		**(10,702)**	(7,604)
Corporate costs		**(122)**	(116)
Fair value changes	24	**(977)**	5,151
Income taxes	15	**(1,469)**	(2,324)
Net income		**$ 5,195**	$ 12,388
Net income attributable to:			
Shareholders		**$ 2,056**	$ 3,966
Non-controlling interests		**3,139**	8,422
		$ 5,195	$ 12,388
Net income per share:			
Diluted	21	**$ 1.19**	$ 2.39
Basic	21	**1.22**	2.47

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Note	2022	2021
Net income		**$ 5,195**	$ 12,388
Other comprehensive income			
Items that may be reclassified to net income			
Financial contracts and power sale agreements		**1,917**	517
Marketable securities		**(773)**	214
Equity accounted investments	10	**(508)**	43
Foreign currency translation		**(1,932)**	(1,910)
Income taxes	15	**(310)**	(64)
		(1,606)	(1,200)
Items that will not be reclassified to net income			
Revaluation of property, plant and equipment	12	**5,387**	6,135
Revaluation of pension obligations	17	**308**	545
Equity accounted investments	10	**360**	893
Marketable securities		**(207)**	568
Income taxes	15	**(1,213)**	(1,707)
		4,635	6,434
Other comprehensive income		**3,029**	5,234
Comprehensive income		**$ 8,224**	$ 17,622
Attributable to:			
Shareholders			
Net income		**$ 2,056**	$ 3,966
Other comprehensive (loss) income		**(263)**	1,844
Comprehensive income		**$ 1,793**	$ 5,810
Non-controlling interests			
Net income		**$ 3,139**	$ 8,422
Other comprehensive income		**3,292**	3,390
Comprehensive income		**$ 6,431**	$ 11,812

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

AS AT AND FOR THE YEAR ENDED DEC. 31, 2022 (MILLIONS)	Common Share Capital	Contributed Surplus	Retained Earnings	Ownership Changes[2]	Accumulated Other Comprehensive Income (Loss) Revaluation Surplus	Currency Translation	Other Reserves[3]	**Total Common Equity**	Preferred Equity	Non-controlling Interests	**Total Equity**
Balance as at December 31, 2021	**$ 10,538**	**$ 320**	**$ 17,705**	**$ 6,243**	**$ 8,281**	**$ (2,287)**	**$ 1,410**	**$ 42,210**	**$ 4,145**	**$ 88,386**	**$ 134,741**
Changes in period:											
Net income	—	—	2,056	—	—	—	—	**2,056**	—	3,139	**5,195**
Other comprehensive income (loss)	—	—	—	—	884	(542)	(605)	**(263)**	—	3,292	**3,029**
Comprehensive income (loss)	**—**	**—**	**2,056**	**—**	**884**	**(542)**	**(605)**	**1,793**	**—**	**6,431**	**8,224**
Shareholder distributions											
Common equity	—	—	(879)	—	—	—	—	**(879)**	—	—	**(879)**
Preferred equity	—	—	(150)	—	—	—	—	**(150)**	—	—	**(150)**
Non-controlling interests	—	—	—	—	—	—	—	**—**	—	(11,102)	**(11,102)**
Other items											
Equity issuances, net of redemptions	363	(287)	(641)	—	—	—	—	**(565)**	—	10,786	**10,221**
Share-based compensation	—	115	(157)	—	—	—	—	**(42)**	—	—	**(42)**
Ownership changes[1]	—	—	72	(3,284)	357	3	93	**(2,759)**	—	3,637	**878**
Total change in year	**363**	**(172)**	**301**	**(3,284)**	**1,241**	**(539)**	**(512)**	**(2,602)**	**—**	**9,752**	**7,150**
Balance as at December 31, 2022	**$ 10,901**	**$ 148**	**$ 18,006**	**$ 2,959**	**$ 9,522**	**$ (2,826)**	**$ 898**	**$ 39,608**	**$ 4,145**	**$ 98,138**	**$ 141,891**

1. Includes a non-cash distribution of $2.4 billion made on December 9, 2022 relating to the special distribution of a 25% interest in our asset management business.
2. Includes gains or losses on changes in ownership interests of consolidated subsidiaries.
3. Includes changes in fair value of marketable securities, cash flow hedges, actuarial changes on pension plans and equity accounted other comprehensive income, net of associated income taxes.

AS AT AND FOR THE YEAR ENDED DEC. 31, 2021 (MILLIONS)	Common Share Capital	Contributed Surplus	Retained Earnings	Ownership Changes[1]	Accumulated Other Comprehensive Income (Loss) Revaluation Surplus	Currency Translation	Other Reserves[2]	**Total Common Equity**	Preferred Equity	Non-controlling Interests	**Total Equity**
Balance as at December 31, 2020	**$ 7,368**	**$ 285**	**$ 15,178**	**$ 2,691**	**$ 7,530**	**$ (2,133)**	**$ 774**	**$ 31,693**	**$ 4,145**	**$ 86,804**	**$ 122,642**
Changes in period:											
Net income	—	—	3,966	—	—	—	—	**3,966**	—	8,422	**12,388**
Other comprehensive income (loss)	—	—	—	—	1,502	(318)	660	**1,844**	—	3,390	**5,234**
Comprehensive income (loss)	**—**	**—**	**3,966**	**—**	**1,502**	**(318)**	**660**	**5,810**	**—**	**11,812**	**17,622**
Shareholder distributions											
Common equity	—	—	(1,338)	—	—	—	—	**(1,338)**	—	—	**(1,338)**
Preferred equity	—	—	(148)	—	—	—	—	**(148)**	—	—	**(148)**
Non-controlling interests	—	—	—	—	—	—	—	**—**	—	(8,163)	**(8,163)**
Other items											
Equity issuances, net of redemptions	3,170	(32)	(325)	—	—	—	—	**2,813**	—	2,468	**5,281**
Share-based compensation	—	67	(21)	—	—	—	—	**46**	—	—	**46**
Ownership changes	—	—	393	3,552	(751)	164	(24)	**3,334**	—	(4,535)	**(1,201)**
Total change in year	**3,170**	**35**	**2,527**	**3,552**	**751**	**(154)**	**636**	**10,517**	**—**	**1,582**	**12,099**
Balance as at December 31, 2021	**$ 10,538**	**$ 320**	**$ 17,705**	**$ 6,243**	**$ 8,281**	**$ (2,287)**	**$ 1,410**	**$ 42,210**	**$ 4,145**	**$ 88,386**	**$ 134,741**

1. Includes gains or losses on changes in ownership interests of consolidated subsidiaries.
2. Includes changes in fair value of marketable securities, cash flow hedges, actuarial changes on pension plans and equity accounted other comprehensive income, net of associated income taxes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Note	2022	2021
Operating activities			
Net income		**$ 5,195**	$ 12,388
Other income and gains		**(1,594)**	(3,099)
Share of undistributed equity accounted earnings		**(355)**	(693)
Fair value changes	24	**977**	(5,151)
Depreciation and amortization	23	**7,683**	6,437
Deferred income taxes	15	**191**	1,210
Investments in residential inventory		**(119)**	(34)
Net change in non-cash working capital balances		**(3,227)**	(3,184)
		8,751	7,874
Financing activities			
Corporate borrowings arranged		**1,567**	1,350
Corporate borrowings repaid		**—**	(526)
Commercial paper and bank borrowings, net		**(912)**	912
Non-recourse borrowings arranged		**89,459**	80,376
Non-recourse borrowings repaid		**(61,067)**	(61,923)
Non-recourse credit facilities, net		**6,869**	6,222
Subsidiary equity obligations issued		**75**	450
Subsidiary equity obligations redeemed		**(563)**	(1,314)
Deposits from related parties	27	**1,563**	806
Deposits provided to related parties	27	**(35)**	(1,155)
Capital provided from non-controlling interests		**15,263**	14,190
Capital repaid to non-controlling interests		**(4,477)**	(11,722)
Repayment of lease liabilities		**(773)**	(1,411)
Settlement of deferred consideration		**(1,706)**	—
Common shares issued		**14**	23
Common shares repurchased		**(686)**	(368)
Distributions to non-controlling interests		**(11,102)**	(8,163)
Distributions to shareholders		**(1,029)**	(1,486)
		32,460	16,261
Investing activities			
Acquisitions			
Investment properties		**(9,664)**	(11,286)
Property, plant and equipment		**(7,236)**	(6,881)
Equity accounted investments		**(5,142)**	(3,708)
Financial assets and other		**(67,974)**	(35,058)
Acquisition of subsidiaries		**(26,306)**	(14,559)
Dispositions			
Investment properties		**3,874**	6,219
Property, plant and equipment		**595**	723
Equity accounted investments		**1,645**	1,711
Financial assets and other		**63,953**	35,622
Disposition of subsidiaries		**6,325**	5,952
Restricted cash and deposits		**280**	220
		(39,650)	(21,045)
Cash and cash equivalents			
Change in cash and cash equivalents		**1,561**	3,090
Net change in cash classified within assets held for sale		**158**	(207)
Foreign exchange revaluation		**(17)**	(122)
Balance, beginning of year		**12,694**	9,933
Balance, end of year		**$ 14,396**	$ 12,694
Supplemental cash flow disclosures			
Income taxes paid		**$ 1,079**	$ 1,116
Interest paid		**$ 9,009**	$ 7,001

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION AND CAPITAL MANAGEMENT

Brookfield Corporation (the "Corporation", formerly known as Brookfield Asset Management Inc.) is focused on deploying its capital on a value basis and compounding it over the long term. Employing a disciplined investment approach, we leverage our deep expertise as an owner and operator of real assets, as well as the scale and flexibility of our capital, to create value and deliver strong risk-adjusted returns across market cycles. References in these financial statements to "Brookfield," "us," "we," "our" or "the company" refer to the Corporation and its direct and indirect subsidiaries and consolidated entities. The Corporation is listed on the New York and Toronto stock exchanges under the symbol BN. The Corporation was formed by articles of amalgamation under the Business Corporations Act (Ontario) and is registered in Ontario, Canada. On December 9, 2022, the Corporation filed the articles of arrangement and articles of amendment by arrangement to change its name from Brookfield Asset Management Inc. to Brookfield Corporation. The registered office of the Corporation is Brookfield Place, 181 Bay Street, Suite 100, Toronto, Ontario, M5J 2T3.

Capital Management

The company utilizes the Corporation's Capital to manage the business in a number of ways, including operating performance, value creation, credit metrics and capital efficiency. The performance of the Corporation's Capital is closely tracked and monitored by the company's key management personnel and evaluated relative to management's objectives. The primary goal of the company is to earn a 15%+ return compounded over the long term while always maintaining excess capital to support ongoing operations.

The Corporation's Capital consists of the capital invested in its asset management business, including investments in entities that it manages, its corporate investments that are held outside of managed entities and its net working capital. The Corporation's Capital is funded with common equity, preferred equity and corporate borrowings issued by the Corporation.

As at December 31, 2022, the Corporation's Capital totaled \$57.8 billion (December 31, 2021 – \$57.5 billion), and is computed as follows:

AS AT DEC.31 (MILLIONS)	**2022**	2021
Cash and cash equivalents	**$ 1,564**	$ 1,197
Other financial assets	**6,959**	3,430
Common equity in managed investments	**44,413**	46,248
Other assets and liabilities of the Corporation	**4,895**	6,585
Corporation's Capital	**$ 57,831**	$ 57,460
Corporation's Capital is comprised of the following:		
Common equity	**$ 39,608**	$ 42,210
Preferred equity	**4,145**	4,145
Non-controlling interest	**2,688**	230
Corporate borrowings	**11,390**	10,875
	$ 57,831	$ 57,460

The Corporation generates returns on its capital through management fees and performance revenues earned through its asset management business, distributions or dividends earned from its capital invested in managed entities, and through performance of the Corporation's financial assets. Prudent levels of corporate borrowings and preferred equity are utilized to enhance returns to shareholders' common equity.

A reconciliation of the Corporation's Capital to the company's consolidated balance sheet as at December 31, 2022 is as follows:

AS AT DEC. 31, 2022 (MILLIONS)	The Corporation	Managed Investments	Elimination[1]	Total Consolidated
Cash and cash equivalents	$ 1,564	$ 12,832	$ —	$ 14,396
Other financial assets	6,959	19,940	—	26,899
Accounts receivable and other[1]	3,317	24,310	(249)	27,378
Inventory	2	12,841	—	12,843
Assets classified as held for sale	—	2,830	—	2,830
Equity accounted investments	7,151	39,943	—	47,094
Investment properties	27	115,073	—	115,100
Property, plant and equipment	214	124,054	—	124,268
Intangible assets	206	38,205	—	38,411
Goodwill	354	28,308	—	28,662
Deferred income tax assets	1,769	1,634	—	3,403
Accounts payable and other[1]	(7,123)	(50,191)	249	(57,065)
Liabilities associated with assets classified as held for sale	—	(876)	—	(876)
Deferred income tax liabilities	(581)	(22,609)	—	(23,190)
Subsidiary equity obligations	(441)	(3,747)	—	(4,188)
Total	13,418	342,547	—	355,965
Common equity in managed investments[2]	44,413	—	(44,413)	—
Corporation's Capital	57,831	342,547	(44,413)	355,965
Less:				
Corporate borrowings	11,390	—	—	11,390
Non-recourse borrowings of managed entities	—	202,684	—	202,684
Amounts attributable to preferred equity	4,145	—	—	4,145
Amounts attributable to non-controlling interests	2,688	95,450	—	98,138
Common equity	$ 39,608	$ 44,413	$ (44,413)	$ 39,608

1. Contains the gross up of intercompany balances, including accounts receivable and other, and accounts payable and other of $249 million and $249 million, respectively, between entities within the Corporation and its managed investments.
2. Represents the value of the Corporation's managed investments.

Common equity in managed investments is a measure routinely evaluated by our company's key management personnel and represents the net equity in our consolidated financial statements outside of our Corporate Activities and Asset Management segments. This measure is equal to the sum of the common equity in our Renewable Power and Transition, Infrastructure, Private Equity, and Real Estate operating segments.

A reconciliation of the Corporation's Capital to the company's consolidated balance sheet as at December 31, 2021 is as follows:

AS AT DEC. 31, 2021 (MILLIONS)	The Corporation	Managed Investments	Elimination[1]	Total Consolidated
Cash and cash equivalents	$ 1,197	$ 11,497	$ —	$ 12,694
Other financial assets	3,430	13,116	—	16,546
Accounts receivable and other[1]	2,697	19,694	(631)	21,760
Inventory	2	11,413	—	11,415
Assets classified as held for sale	—	11,958	—	11,958
Equity accounted investments	6,553	39,547	—	46,100
Investment properties	16	100,849	—	100,865
Property, plant and equipment	215	115,274	—	115,489
Intangible assets	215	30,394	—	30,609
Goodwill	361	19,866	—	20,227
Deferred income tax assets	2,064	1,276	—	3,340
Accounts payable and other[1]	(5,104)	(48,073)	631	(52,546)
Liabilities associated with assets classified as held for sale	—	(3,148)	—	(3,148)
Deferred income tax liabilities	(299)	(20,029)	—	(20,328)
Subsidiary equity obligations	(135)	(4,173)	—	(4,308)
Total	11,212	299,461	—	310,673
Common equity in managed investments[2]	46,248	—	(46,248)	—
Corporation's Capital	57,460	299,461	(46,248)	310,673
Less:				
Corporate borrowings	10,875	—	—	10,875
Non-recourse borrowings of managed entities	—	165,057	—	165,057
Amounts attributable to preferred equity	4,145	—	—	4,145
Amounts attributable to non-controlling interests	230	88,156	—	88,386
Common equity	$ 42,210	$ 46,248	$ (46,248)	$ 42,210

1. Contains the gross up of intercompany balances, including accounts receivable and other, and accounts payable and other of $631 million and $631 million, respectively, between entities within the Corporation and its managed investments.
2. Represents the value of the Corporation's managed investments.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”) (“IFRS”).

These consolidated financial statements were authorized for issuance by the Board of Directors of the company on March 24, 2023.

b) Adoption of Accounting Standards

The company has applied new and revised standards issued by the IASB that are effective for the period beginning on or after January 1, 2022. The new standards were applied as follows:

i. Amendments to IFRS 3 – Business Combinations (“IFRS 3”) - Reference to Conceptual Framework

The amendments add an exception to the recognition principle of IFRS 3 to avoid the issue of potential ‘day 2’ gains or losses arising from liabilities and contingent liabilities that would be within the scope of IAS 37, *Provisions, Contingent Liabilities and Contingent Assets* (“IAS 37”), or IFRIC 21, *Levies* (“IFRIC 21”), if incurred separately. The exception requires entities to apply the criteria in IAS 37 or IFRIC 21, respectively, instead of the Conceptual Framework for Financial Reporting issued by the International Accounting Standards Board ("Conceptual Framework"), to determine whether a present obligation exists at the acquisition date. At the same time, the amendments add a new paragraph to IFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date. The amendments apply to annual reporting periods beginning on or after January 1, 2022.

The adoption did not have a significant impact on our company’s financial reporting.

c) Future Changes in Accounting Standards

i. Insurance Contracts

In May 2017, the IASB published IFRS 17, *Insurance Contracts* (“IFRS 17”), which establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts. IFRS 17 will replace IFRS 4, *Insurance Contracts*, and will be applied retrospectively. In June 2020, the IASB proposed an amendment to IFRS 17 providing a one-year deferral on the effective date of the standard to January 1, 2023. IFRS 17 requires insurance contract liabilities to be measured at a current fulfillment value and provides a more uniform measurement and presentation approach for all insurance contracts.

The company is currently assessing the impact of IFRS 17 on its operations.

ii. Amendments to IAS 1 – Presentation of Financial Statements (“IAS 1”)

The amendments clarify how to classify debt and other liabilities as current or non-current. The amendments to IAS 1 apply to annual reporting periods beginning on or after January 1, 2024.

The company is currently assessing the impact of these amendments.

d Basis of Presentation

The consolidated financial statements are prepared on a going concern basis.

i. Subsidiaries

The consolidated financial statements include the accounts of the company and its subsidiaries, which are the entities over which the company exercises control. Control exists when the company is able to exercise power over the investee, is exposed to variable returns from its involvement with the investee and has the ability to use its power over the investee to affect the amount of its returns. Subsidiaries are consolidated from the date control is obtained and continue to be consolidated until the date when control is lost. The company includes 100% of its subsidiaries’ revenues and expenses in the Consolidated Statements of Operations and 100% of its subsidiaries’ assets and liabilities on the Consolidated Balance Sheets, with non-controlling interests in the equity of the company’s subsidiaries included within the company’s equity. All intercompany balances, transactions, unrealized gains and losses are eliminated in full.

The company continually reassesses whether or not it controls an investee, particularly if facts and circumstances indicate there is a change to one or more of the control criteria previously mentioned. In certain circumstances when the company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The company considers all relevant facts and circumstances in assessing whether or not the company's voting rights are sufficient to give it control of an investee.

Certain of the company's subsidiaries are subject to profit sharing arrangements, such as carried interest, between the company and the non-controlling equity holders, whereby the company is entitled to a participation in profits, as determined under the agreements. The attribution of net income amongst equity holders in these subsidiaries reflects the impact of these profit-sharing arrangements when the attribution of profits as determined in the agreement is no longer subject to adjustment based on future events and correspondingly reduces non-controlling interests' attributable share of those profits.

Gains or losses resulting from changes in the company's ownership interest of a subsidiary that do not result in a loss of control are accounted for as equity transactions and are recorded within ownership changes as a component of equity. When we dispose of all or part of a subsidiary resulting in a loss of control, the difference between the carrying value of what is sold and the proceeds from disposition is recognized within other income and gains in the Consolidated Statements of Operations.

Refer to Note 2(r) for an explanation of the company's accounting policy for business combinations and to Note 4 for additional information on subsidiaries of the company with significant non-controlling interests.

ii. Associates and Joint Ventures

Associates are entities over which the company exercises significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without control or joint control over those policies. Joint ventures are joint arrangements whereby the parties that have joint control of the arrangement have the rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control over an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The company accounts for associates and joint ventures using the equity method of accounting within equity accounted investments on the Consolidated Balance Sheets.

Interests in associates and joint ventures accounted for using the equity method are initially recognized at cost. At the time of initial recognition, if the cost of the associate or joint venture is lower than the proportionate share of the investment's underlying fair value, the company records a gain on the difference between the cost and the underlying fair value of the investment in net income. If the cost of the associate or joint venture is greater than the company's proportionate share of the underlying fair value, goodwill relating to the associate or joint venture is included in the carrying amount of the investment. Subsequent to initial recognition, the carrying value of the company's interest in an associate or joint venture is adjusted for the company's share of comprehensive income and distributions of the investee. Profit and losses resulting from transactions with an associate or joint venture are recognized in the consolidated financial statements based on the interests of unrelated investors in the investee. The carrying value of associates or joint ventures is assessed for indicators of impairment at each balance sheet date. Impairment losses on equity accounted investments may be subsequently reversed in net income. Further information on the impairment of long-lived assets is available in Note 2(m).

iii. Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, related to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement that exists only when decisions about the relevant activities require unanimous consent of parties sharing control. The company recognizes only its assets, liabilities and share of the results of operations of the joint operation. The assets, liabilities and results of joint operations are included within the respective line items of the Consolidated Balance Sheets, Consolidated Statements of Operations and Consolidated Statements of Comprehensive Income.

e) Foreign Currency Translation

The U.S. dollar is the functional and presentation currency of the company. Each of the company's subsidiaries, associates, joint ventures and joint operations determines its own functional currency and items included in the consolidated financial statements of each subsidiary, associate, joint venture and joint operation are measured using that functional currency.

Assets and liabilities of foreign operations having a functional currency other than the U.S. dollar are translated at the rate of exchange prevailing at the reporting date and revenues and expenses at average rates during the period. Gains or losses on translation are accumulated as a component of equity. On the disposal of a foreign operation, or the loss of control, joint control or significant influence, the component of accumulated other comprehensive income relating to that foreign operation is reclassified to net income. Gains or losses on foreign currency-denominated balances and transactions that are designated as hedges of net investments in these operations are reported in the same manner.

Foreign currency-denominated monetary assets and liabilities of the company are translated using the rate of exchange prevailing at the reporting date, and non-monetary assets and liabilities measured at fair value are translated at the rate of exchange prevailing at the date when the fair value was determined. Revenues and expenses are measured at average rates during the period. Gains or losses on translation of these items are included in net income. Gains or losses on transactions that hedge these items are also included in net income. Foreign currency denominated non-monetary assets and liabilities, measured at historic cost, are translated at the rate of exchange at the transaction date.

f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and highly liquid short-term investments with original maturities of three months or less.

g) Related Party Transactions

In the normal course of operations, the company enters into various transactions on market terms with related parties. The majority of transactions with related parties are between consolidated entities and eliminate on consolidation. The company and its subsidiaries may also transact with entities over which the company has significant influence or joint control. Amounts owed to and by associates and joint ventures are not eliminated on consolidation. The company's subsidiaries with significant non-controlling interests are described in Note 4 and its associates and joint ventures are described in Note 10.

In addition to our subsidiaries and equity accounted investments, we consider key management personnel, the Board of Directors and material shareholders to be related parties. See Note 27 for additional details.

h) Operating Assets

i. Investment Properties

The company uses the fair value method to account for real estate classified as investment properties. A property is determined to be an investment property when it is principally held either to earn rental income or for capital appreciation, or both. Investment properties also include properties that are under development or redevelopment for future use as investment property. Investment properties are initially measured at cost including transaction costs, or at fair value if acquired in a business combination. Subsequent to initial recognition, investment properties are carried at fair value. Gains or losses arising from changes in fair value are included in net income during the period in which they arise.

Fair values are completed by undertaking one of two accepted approaches: (i) discounting the expected future cash flows, generally over a term of 10 years including a terminal value based on the application of a capitalization rate to estimated year 11 net operating income, typically used for our office, retail and logistics assets; or (ii) undertaking a direct capitalization approach for certain of our LP investments and directly held multifamily assets whereby a capitalization rate is applied to estimated stabilized annual net operating income. The future cash flows of each property are based upon, among other things, rental income from current leases and assumptions about rental income from future leases reflecting current conditions, less future cash outflows relating to such current and future leases.

Commercial developments are also measured using a discounted cash flow model, net of costs to complete, as of the balance sheet date. Development sites in the planning phases are measured using comparable market values for similar assets.

ii. Property, Plant and Equipment

The company uses the revaluation method of accounting for certain classes of property, plant and equipment ("PP&E") as well as certain assets which are under development for future use as PP&E. PP&E measured using the revaluation method is initially measured at cost, or at fair value if acquired in a business combination, and subsequently carried at its revalued amount, being the fair value at the date of the revaluation less any subsequent accumulated depreciation and any accumulated impairment losses. Revaluations are performed on an annual basis at the end of each fiscal year, commencing in the first year subsequent to the date of acquisition, unless there is an indication that assets are impaired. Where the carrying amount of an asset increases as a result of a revaluation, the increase is recognized in other comprehensive income and accumulated in equity in revaluation surplus, unless the increase reverses a previously recognized revaluation loss recorded through net income, in which case that portion of the increase is recognized in net income.

Where the carrying amount of an asset decreases, the decrease is recognized in other comprehensive income to the extent there is any balance existing in revaluation surplus in respect of the asset, with the remainder of the decrease recognized in net income. Depreciation of an asset commences when it is available for use. On loss of control or partial disposition of an asset measured using the revaluation method, all accumulated revaluation surplus or the portion disposed of, respectively, is transferred into retained earnings or ownership changes, respectively.

PP&E held in our Private Equity segment, which include right-of-use assets, are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Land is carried at cost whereas finite-life assets such as buildings and equipment are carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a systematic basis over the assets' useful life.

Depreciation methods and useful lives are reassessed at least annually regardless of the measurement method used.

Renewable Power and Transition

Renewable Power and Transition generally determines the fair value of its PP&E by using a 20-year discounted cash flow model for the majority of its assets. This model incorporates future cash flows from long-term power purchase agreements that are in place where it is determined that the power purchase agreements are linked specifically to the related power generating assets. The model also includes estimates of future electricity prices, anticipated long-term average generation, estimated operating and capital expenditures, and assumptions about future inflation rates and discount rates by geographical location.

Depreciation on renewable power assets is calculated on a straight-line basis over the estimated service lives of the assets, which are as follows:

(YEARS)	Useful Lives
Dams	Up to 115
Penstocks	Up to 60
Powerhouses	Up to 115
Hydroelectric generating units	Up to 115
Wind generating units	Up to 30
Solar generating units	Up to 35
Gas-fired cogenerating ("Cogeneration") units	Up to 40
Other assets	Up to 60

Cost is allocated to the significant components of power generating assets and each component is depreciated separately.

The depreciation of PP&E in our Brazilian Renewable Power and Transition operations is based on the duration of the authorization or the useful life of a concession. The weighted-average remaining duration as at December 31, 2022 is 35 years (2021 – 31 years). Land rights are included as part of the concession or authorization and are subject to depreciation.

Infrastructure

Utilities, transport, midstream and data assets within our Infrastructure segment as well as assets under development classified as PP&E on the Consolidated Balance Sheet are accounted for using the revaluation method. The company determines the fair value of its utilities, transport, midstream and data assets using both the discounted cash flow and depreciated replacement cost methods, which include estimates of forecasted revenue, operating costs, maintenance and other capital expenditures. Valuations are performed internally on an annual basis. Discount rates are selected for each asset, giving consideration to the volatility and geography of its revenue streams.

Depreciation on utilities, transport, midstream and data assets is calculated on a straight-line or declining balance basis over the estimated service lives of the components of the assets, which are as follows:

(YEARS)	Useful Lives
Buildings	Up to 75
Transmission stations, towers and related fixtures	Up to 40
Leasehold improvements	Up to 50
Plant and equipment	Up to 40
Network systems	Up to 65
Track	Up to 40
District energy systems	Up to 50
Pipelines	Up to 20
Gas storage assets	Up to 50

Public service concessions that provide the right to charge users for a service in which the service and fee is regulated by the grantor are accounted for as intangible assets.

Private Equity

The company accounts for its Private Equity PP&E using the cost model. Costs include expenditures that are directly attributable to the acquisition of the asset. Depreciation of an asset commences when it is available for use. PP&E is depreciated for each component of the following asset classes as follows:

(YEARS, UNLESS OTHERWISE NOTED)	Useful Lives
Buildings	Up to 50
Right-of-use assets	Up to 40 but not exceeding the term of the lease
Machinery and equipment	Up to 30
Vessels	Up to 35
Oil and gas related equipment and mining property	Units of production

Real Estate

Hospitality operating assets within our Real Estate segment are classified as PP&E and are accounted for using the revaluation method. The company determines the fair value for these assets by using a depreciated replacement cost method based on the age, physical condition and the construction costs of the assets. Fair values of hospitality properties are determined using a depreciated replacement cost method based on the age, physical condition and the construction costs of the assets.

Depreciation on hospitality assets is calculated on a straight-line basis over the estimated useful lives of each component of the asset as follows:

(YEARS)	Useful Lives
Building and building improvements	2 to 50+
Land improvements	15
Furniture, fixtures and equipment	1 to 20

iii. Inventory

Private Equity

Fuel inventories within our Private Equity segment are traded in active markets and are purchased with the view to resell in the near future, generating a profit from fluctuations in prices or margins. As a result, fuel inventories are carried at market value by reference to prices in a quoted active market, in accordance with the commodity broker-trader exemption granted by IAS 2, Inventories. Changes in fair value less costs to sell are recognized in the Consolidated Statements of Operations through direct costs. Fuel products that are held for extended periods in order to benefit from future anticipated increases in fuel prices or located in territories where no active market exists are recognized at the lower of cost and net realizable value. Products and chemicals used in the production of biofuels and renewable transport fuel obligations ("RTFO") certificates are valued at the lower of cost and net realizable value.

Real Estate

Develop-for-sale multifamily projects, residential development lots, homes and residential condominium projects are recorded in inventory. Residential development lots are recorded at the lower of cost, which includes pre-development expenditures and capitalized borrowing costs and net realizable value, which the company determines as the estimated selling price of the inventory in the ordinary course of business in its completed state, less estimated expenses, including holding costs, costs to complete and costs to sell.

Inventories consist of land held for development, land under development, homes under construction, completed homes and model homes. In addition to direct land acquisitions, land development and improvement costs and home construction costs, costs also include interest, real estate taxes and direct overhead related to development and construction, which are capitalized to inventory during the period beginning with the commencement of development and ending with the completion of construction or development. Indirect costs are allocated to homes or lots based on the number of units in a community.

Land and housing assets are recorded at the lower of cost and net realizable value, which the company determines as the estimated selling price of the inventory in the ordinary course of business in its completed state, less estimated expenses, including holding costs, costs to complete and costs to sell.

i) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value measurement is disaggregated into three hierarchical levels: Level 1, 2 or 3. Fair value hierarchical levels are directly based on the degree to which the inputs to the fair value measurement are observable. The levels are as follows:

Level 1: Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2: Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the asset or liability's anticipated life.

Level 3: Inputs are unobservable and reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs in determining the estimate.

Refer to the investment properties and revaluation of PP&E explanations for the approach taken to determine the fair value of these operating assets.

Further information on fair value measurements is available in Notes 6, 7, 11 and 12.

j) Accounts Receivable

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less an allowance for expected credit losses for uncollectability.

k) Intangible Assets

Finite life intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses and are amortized on a straight-line basis over their estimated useful lives. Amortization is recorded within direct costs in the Consolidated Statements of Operations.

Certain of the company's intangible assets have an indefinite life as there is no foreseeable limit to the period over which the asset is expected to generate cash flows. Indefinite life intangible assets are recorded at cost unless an impairment is identified which requires a write-down to its recoverable amount.

Indefinite life intangible assets are evaluated for impairment annually or more often if events or circumstances indicate there may be an impairment. Any impairment of the company's indefinite life intangible assets is recorded in net income in the period in which the impairment is identified. Impairment losses on intangible assets may be subsequently reversed in net income.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds, if any, and the carrying amount of the asset and are recognized in the Consolidated Statements of Operations in other income and gains when the asset is derecognized.

Infrastructure

Intangible assets within our Infrastructure segment primarily consist of conservancy rights, service concession arrangements, customer order backlogs, track access rights, operating network agreements and customer contracts and relationships. Concession arrangements, accounted for as intangible assets under IFRIC 12, Service Concession Arrangements ("IFRIC 12"), were mostly acquired through acquisitions of gas transmission, electricity transmission and toll road businesses and are amortized on a straight-line basis over the term of the arrangement.

The intangible assets at the Brazilian regulated gas transmission operation and Brazilian electricity transmission operation relate to concession contracts. For our Brazilian regulated gas transmission operation, the concession arrangement provides the operation with the right to operate the asset perpetually. As a result, the intangible asset is amortized over its estimated useful life. For our Brazilian electricity transmission operation, the intangible asset is amortized on a straight-line basis over the life of the contractual arrangement. The intangible assets at the Indian and Peruvian toll roads relate to the right to operate a road and charge users a specified tariff for a contractual length of time and is amortized over the life of the contractual arrangement with an average of 15 and 21 years remaining, respectively.

Refer to Note 13 of the 2022 audited consolidated financial statements for additional information on these concession arrangements.

The intangible assets at our residential infrastructure operation are comprised of contractual customer relationships, customer contracts, proprietary technology and brands. The contractual customer relationships and customer contracts represent ongoing economic benefits from leasing customers and annuity-based management agreements. Proprietary technology is recognized for the development of new metering technology, which allows the business to generate revenue through its sub-metering business. Brands represent the intrinsic value customers place on the operation's various brand names.

Private Equity

Our Private Equity segment includes intangible assets across a number of operating companies. The majority are finite life intangible assets that are amortized on a straight-line basis over the following useful lives:

(YEARS)	Useful Lives
Water and sewage concession agreements	Up to 40
Brand names and trademarks	Up to 40
Computer software	Up to 10
Customer relationships	Up to 30
Proprietary technology	Up to 20

Real Estate

Intangible assets in our Real Estate segment are primarily of trademarks and licensing agreements. Subsequent to initial recognition, intangible assets with a finite life are measured at cost less accumulated amortization and impairment losses. Amortization is calculated on a straight-line basis over the estimated useful life of the intangible asset and is recognized in net income for the respective reporting period. Indefinite life intangible assets are recorded at cost unless an impairment is identified which requires a write-down to its recoverable amount.

l) Goodwill

Goodwill represents the excess of the price paid for the acquisition of an entity over the fair value of the net identifiable tangible and intangible assets and liabilities acquired. Goodwill is allocated to the cash-generating unit to which it relates. The company identifies cash-generating units as identifiable groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Goodwill is evaluated for impairment annually or more often if events or circumstances indicate there may be an impairment. Impairment is determined for goodwill by assessing if the carrying value of a cash-generating unit, including the allocated goodwill, exceeds its recoverable amount determined as the greater of the estimated fair value less costs to sell and the value in use. Impairment losses recognized in respect of a cash-generating unit are first allocated to the carrying value of goodwill and any excess is allocated to the carrying amount of assets in the cash-generating unit. Any goodwill impairment is recorded in income in the period in which the impairment is identified. Impairment losses on goodwill are not subsequently reversed. On disposal of a subsidiary, any attributable amount of goodwill is included in determination of the gain or loss on disposal.

m) Impairment of Long-Lived Assets

At each balance sheet date or more often if events or circumstances indicate there may be impairment, the company assesses whether its assets, other than those measured at fair value with changes in value recorded in net income, have any indication of impairment. An impairment is recognized if the recoverable amount, determined as the higher of the estimated fair value less costs of disposal and the discounted future cash flows generated from use and eventual disposal from an asset or cash-generating unit, is less than their carrying value. Impairment losses are recorded as fair value changes within the Consolidated Statements of Operations. The projections of future cash flows take into account the relevant operating plans and management's best estimate of the most probable set of conditions anticipated to prevail. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the lesser of the revised estimate of its recoverable amount and the carrying amount that would have been recorded had no impairment loss been recognized previously.

n) Subsidiary Equity Obligations

Subsidiary equity obligations include subsidiary preferred equity units, subsidiary preferred shares and capital securities as well as limited-life funds and redeemable fund units.

Subsidiary preferred equity units and capital securities are preferred shares that may be settled by a variable number of common equity units upon their conversion by the holders or the company. These instruments, as well as the related accrued distributions, are classified as liabilities at amortized cost on the Consolidated Balance Sheets. Dividends or yield distributions on these instruments are recorded as interest expense. To the extent conversion features are not closely related to the underlying liability the instruments are bifurcated into debt and equity components.

Limited-life funds represent the interests of others in the company's consolidated funds that have a defined maximum fixed life where the company has an obligation to distribute the residual interests of the fund to fund partners based on their proportionate share of the fund's equity in the form of cash or other financial assets at cessation of the fund's life.

Redeemable fund units represent interests of others in consolidated subsidiaries that have a redemption feature that requires the company to deliver cash or other financial assets to the holders of the units upon receiving a redemption notice.

Limited-life funds and redeemable fund units are classified as liabilities and recorded at fair value within subsidiary equity obligations on the Consolidated Balance Sheets. Changes in fair value are recorded in net income in the period of the change.

o) Revenue from Contracts with Customers

IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15"), specifies how and when revenue should be recognized and requires disclosures about the nature, amount, timing and uncertainty of revenues and cash flows arising from customer contracts.

Where available, the company has elected the practical expedient available under IFRS 15 for measuring progress toward complete satisfaction of performance obligation and for disclosure requirements of remaining performance obligations. This permits the company to recognize revenue in the amount to which we have the right to invoice such that the company has a right to the consideration in an amount that corresponds directly with the value to the customer for performance completed to date.

Revenue Recognition Policies by Segment

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. A performance obligation is a promise in a contract to transfer a distinct good or service (or a bundle of goods and services) to the customer and is the unit of account in IFRS 15. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue, as, or when, the performance obligation is satisfied. The company recognizes revenue when it transfers control of a product or service to a customer.

The company recognizes revenue from the following major sources:

Asset Management

The company's primary asset management revenue streams, which include base management fees, incentive fees (including incentive distributions and performance fees) and realized carried interest, are satisfied over time. A significant portion of our asset management revenue is inter-segment in nature and thus eliminated on consolidation; that which survives is recorded as revenue in the Consolidated Statements of Operations.

The company earns base management fees in accordance with contractual arrangements with our long-term private funds, perpetual strategies and liquid securities' investment vehicles. Fees are typically equal to a percentage of fee-bearing capital within the respective fund or entity and are accrued quarterly. These fees are earned over the period of time that the management services are provided and are allocated to the distinct services provided by the company during the reporting period.

Incentive distributions and performance fees are incentive payments to reward the company for meeting or exceeding certain performance thresholds of managed entities. Incentive distributions, paid to us by certain of our perpetual affiliates, are determined by contractual arrangements and represent a portion of distributions paid by the perpetual affiliates above a predetermined hurdle. They are accrued as revenue on the respective affiliates' distribution record dates if that hurdle has been achieved. Brookfield Business Partners L.P. ("BBU") pays performance fees if the growth in its unit price exceeds a predetermined threshold, with the unit price based on the quarterly volume-weighted average price of publicly traded units. These fees are accrued on a quarterly basis subject to the performance of the respective listed vehicle.

Carried interest is a performance fee arrangement in which we receive a percentage of investment returns, generated within a private fund on carry eligible capital, based on a contractual formula. We are eligible to earn carried interest from a fund once returns exceed the fund's contractually defined performance hurdles at which point we earn an accelerated percentage of the additional fund profit until we have earned the percentage of total fund profit, net of fees and expenses, to which we are entitled. We recognize this carried interest when a fund's cumulative returns are in excess of preferred returns and when it is highly probable that a significant reversal will not occur, which are generally met when an underlying fund investment is profitably disposed of. Typically carried interest is not recognized as revenue until the fund is near the end of its life.

Renewable Power and Transition

The majority of revenue is derived from the sale of power and power related ancillary services both under contract and in the open market, sourced from their own power generating facilities. It is derived from the output delivered and capacity provided at rates specified under contract terms or at prevailing market rates if the sale is uncontracted. Performance obligations are satisfied over time as the customer simultaneously receives and consumes benefits as we deliver electricity and related products.

We also sell power and related products under bundled arrangements. Energy, capacity and renewable credits within power purchase agreements ("PPA") are considered to be distinct performance obligations. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue over time as the performance obligation is satisfied. The sale of energy and capacity are distinct goods that are substantially the same and have the same pattern of transfer as measured by the output method. Renewable credits are performance obligations satisfied at a point in time. Measurement of satisfaction and transfer of control to the customer of renewable credits in a bundled arrangement coincides with the pattern of revenue recognition of the underlying energy generation.

Infrastructure

Our infrastructure revenue is predominantly recognized over time as services are rendered. Performance obligations are satisfied based on actual usage or throughput depending on the terms of the arrangement. Contract progress is determined using a cost-to-cost input method. Any upfront payments that are separable from the recurring revenue are recognized over time for the period the services are provided.

In addition, we have certain contracts where we earn revenue at a point in time when control of the product ultimately transfers to the customer, which for our sustainable resources operations coincides with product delivery.

Private Equity

Revenue from our Private Equity segment primarily consists of: (i) sale of goods or products which is recognized as revenue when the product is shipped and title passes to the customer; (ii) the provision of services which are recognized as revenue over the period of time that they are provided; and (iii) leasing and other product offerings which is recognized under the requirements of IFRS 16, Leases ("IFRS 16"), whereas the other revenue streams are recognized under IFRS 15.

Revenue recognized over a period of time is determined using the cost-to-cost input method to measure progress towards complete satisfaction of the performance obligations as the work performed on the contracts creates or enhances an asset that is controlled by the customer. As work is performed, a contract asset in the form of contracts-in-progress is recognized, which is reclassified to accounts receivable when invoiced to the customer. If payment is received in advance of work being completed, a contract liability is recognized. Variable consideration, such as claims, incentives and variations resulting from contract modifications, is only recognized in the transaction price to the extent that it is highly probable that a significant reversal in the amount of revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Real Estate

Revenue from hospitality operations is generated by providing accommodation, food and beverage and leisure facilities to hotel guests. Revenue from accommodation is recognized over the period that the guest stays at the hotel; food and beverage revenue as well as revenue from leisure activities is recognized when goods and services are provided.

Real estate rental income is recognized in accordance with IFRS 16, Leases. As the company retains substantially all the risks and benefits of ownership of its investment properties, it accounts for leases with its tenants as operating leases and begins recognizing revenue when the tenant has a right to use the leased asset. The total amount of contractual rent to be received from operating leases is recognized on a straight-line basis over the term of the lease; a straight-line or free rent receivable, as applicable, is recorded as a component of investment property representing the difference between rental revenue recorded and the contractual amount received. Percentage participating rents are recognized when tenants' specified sales targets have been met.

Revenue from residential land sales, sales of homes and the completion of residential condominium projects is recognized at the point in time when our performance obligations are met. Performance obligations are satisfied when we transfer title of a product to a customer and all material conditions of the sales contract have been met. If title of a property transfers but material future development is required, revenue will be delayed until the point in time at which the remaining performance obligations are satisfied.

Corporate Activities and Other

Dividend and interest income from other financial assets are recognized as revenue when declared or on an accrual basis using the effective interest method, in accordance with IFRS 9 *Financial Instruments* ("IFRS 9").

Interest revenue from loans and notes receivable, less a provision for uncollectable amounts, is recorded on the accrual basis using the effective interest method, in accordance with IFRS 9.

p) Financial Instruments

Classification of Financial Instruments

The company classifies its financial assets as fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") and amortized cost according to the company's business objectives for managing the financial assets and based on the contractual cash flow characteristics of the financial asset. The company classifies its financial liabilities as amortized cost or FVTPL.

- Financial instruments that are not held for the sole purpose of collecting contractual cash flows are classified as FVTPL and are initially recognized at their fair value and are subsequently measured at fair value at each reporting date. Gains and losses recorded on each revaluation date are recognized within profit or loss. Transaction costs of financial assets classified as FVTPL are expensed in profit or loss.

- Financial assets classified as FVTOCI are initially recognized at their fair value and are subsequently measured at fair value at each reporting date. The cumulative gains or losses related to FVTOCI equity instruments are not reclassified to profit or loss on disposal, whereas the cumulative gains or losses on all other FVTOCI assets are reclassified to profit or loss on disposal, when there is a significant or prolonged decline in fair value or when the company acquires a controlling or significant interest in the underlying investment and commences equity accounting or consolidating the investment. The cumulative gains or losses on all FVTOCI liabilities are reclassified to profit or loss on disposal.

- Financial instruments that are held for the purpose of collecting contractual cash flows that are solely payments of principal and interest are classified as amortized cost and are initially recognized at their fair value and are subsequently measured at amortized cost using the effective interest rate method. Transaction costs of financial instruments classified as amortized cost are capitalized and amortized in profit or loss on the same basis as the financial instrument.

Expected credit losses associated with debt instruments carried at amortized cost and FVTOCI are assessed on a forward-looking basis. The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. Impairment charges are recognized in profit or loss based on the expected credit loss model.

The following table presents the types of financial instruments held by the company within each financial instrument classification:

Financial Instrument Type	Measurement
Financial Assets	
Cash and cash equivalents	Amortized cost
Other financial assets	
Government bonds	FVTOCI
Corporate bonds	FVTPL, FVTOCI, Amortized cost
Fixed income securities and other	FVTPL, FVTOCI, Amortized cost
Common shares and warrants	FVTPL, FVTOCI
Loan and notes receivable	FVTPL, Amortized cost
Accounts receivable and other[1]	FVTPL, Amortized cost
Financial Liabilities	
Corporate borrowings	Amortized cost
Non-recourse borrowings of managed entities	
Property-specific borrowings	Amortized cost
Subsidiary borrowings	Amortized cost
Accounts payable and other[1]	FVTPL, Amortized cost
Subsidiary equity obligations	FVTPL, Amortized cost

1. Includes derivative instruments.

Other Financial Assets

Other financial assets are recognized on their trade date and initially recorded at fair value with changes in fair value recorded in net income or other comprehensive income in accordance with their classification. Fair values of financial instruments are determined by reference to quoted bid or ask prices, as appropriate. Where bid and ask prices are unavailable, the closing price of the most recent transaction of that instrument is used.

Other financial assets also include loans and notes receivable which are recorded initially at fair value and, with the exception of loans and notes receivable designated as FVTPL, are subsequently measured at amortized cost using the effective interest method, less any applicable provision for impairment. A provision for impairment is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Loans and receivables designated as FVTPL are recorded at fair value, with changes in fair value recorded in net income in the period in which they arise.

Allowance for Credit Losses

For financial assets classified as amortized cost or debt instruments as FVTOCI and undrawn loan commitments, at each reporting period, the company assesses if there has been a significant increase in credit risk since the asset was originated to determine if a 12-month expected credit loss or a life-time expected credit loss should be recorded regardless of whether there has been an actual loss event. The company uses probability-weighted loss scenarios which consider multiple loss scenarios based on reasonable and supportable forecasts in order to calculate the expected credit losses.

The company assesses the carrying value of FVTOCI and amortized cost securities for impairment when there is objective evidence that the asset is impaired such as when an asset is in default. Impaired financial assets continue to record life-time expected credit losses; however interest revenue is calculated based on the net amortized carrying amount after deducting the loss allowance. When objective evidence of impairment exists, losses arising from impairment are reclassified from accumulated other comprehensive income to net income.

Derivative Financial Instruments and Hedge Accounting

The company selectively utilizes derivative financial instruments primarily to manage financial risks, including interest rate, commodity and foreign exchange risks. Derivative financial instruments are recorded at fair value within the company's consolidated financial statements. Hedge accounting is applied when the derivative is designated as a hedge of a specific exposure and there is assurance that it will continue to be effective as a hedge based on an expectation of offsetting cash flows or fair values. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as a hedge or the hedging relationship is terminated. Once discontinued, the cumulative change in fair value of a derivative that was previously recorded in other comprehensive income by the application of hedge accounting is recognized in net income over the remaining term of the original hedging relationship. The assets or liabilities relating to unrealized mark-to-market gains and losses on derivative financial instruments are recorded in accounts receivable and other or accounts payable and other, respectively.

Items Classified as Hedges

Realized and unrealized gains and losses on foreign exchange contracts designated as hedges of currency risks relating to a net investment in a subsidiary or an associate are included in equity. Gains or losses are reclassified into net income in the period in which the subsidiary or associate is disposed of or to the extent that the hedges are ineffective. Where a subsidiary is partially disposed, and control is retained, any associated gains or costs are reclassified within equity as ownership changes. Derivative financial instruments that are designated as hedges to offset corresponding changes in the fair value of assets and liabilities and cash flows are measured at their estimated fair value with changes in fair value recorded in net income or as a component of equity, as applicable. Unrealized gains and losses on interest rate contracts designated as hedges of future variable interest payments are included in equity as a cash flow hedge when the interest rate risk relates to an anticipated variable interest payment. The periodic exchanges of payments on interest rate swap contracts designated as hedges of debt are recorded on an accrual basis as an adjustment to interest expense. The periodic exchanges of payments on interest rate contracts designated as hedges of future interest payments are amortized into net income over the term of the corresponding interest payments. Unrealized gains and losses on electricity contracts designated as cash flow hedges of future power generation revenue are included in equity as a cash flow hedge. The periodic exchanges of payments on power generation commodity swap contracts designated as hedges are recorded on a settlement basis as an adjustment to power generation revenue.

Items Not Classified as Hedges

Derivative financial instruments that are not designated as hedges are carried at their estimated fair value, and gains and losses arising from changes in fair value are recognized in net income in the period in which the change occurs. Realized and unrealized gains and losses on equity derivatives used to offset changes in share prices in respect of vested deferred share units and restricted share units are recorded together with the corresponding compensation expense. Realized and unrealized gains on other derivatives not designated as hedges are recorded in revenues, direct costs or corporate costs, as applicable. Realized and unrealized gains and losses on derivatives which are considered economic hedges, and where hedge accounting is not able to be elected, are recorded in fair value changes in the Consolidated Statements of Operations.

q) Income Taxes

Current income tax assets and liabilities are measured at the amount expected to be paid to tax authorities, net of recoveries, based on the tax rates and laws enacted or substantively enacted at the balance sheet date. Current and deferred income tax relating to items recognized directly in equity are also recognized in equity. Deferred income tax liabilities are provided for using the liability method on temporary differences between the tax bases and carrying amounts of assets and liabilities. Deferred income tax assets are recognized for all deductible temporary differences and for the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that deductions, tax credits and tax losses can be utilized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent it is no longer probable that the income tax assets will be recovered. Deferred income tax assets and liabilities are measured using the tax rates that are expected to apply to the year when the asset is realized or the liability settled, based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

r) Business Combinations

Business combinations are accounted for using the acquisition method. The cost of a business acquisition is measured at the aggregate of the fair values at the date of exchange of assets given, liabilities incurred or assumed, and equity instruments issued in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities are recognized at their fair values at the acquisition date, except for non-current assets that are classified as held for sale which are recognized and measured at fair value less costs to sell. The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' proportion of the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

To the extent the fair value of consideration paid exceeds the fair value of the net identifiable tangible and intangible assets, the excess is recorded as goodwill. To the extent the fair value of consideration paid is less than the fair value of net identifiable tangible and intangible assets, the excess is recognized in net income.

When a business combination is achieved in stages, previously held interests in the acquired entity are re-measured to fair value at the acquisition date, which is the date control is obtained, and the resulting gain or loss, if any, is recognized in net income, other than amounts transferred directly to retained earnings. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to net income. Transaction costs are recorded as an expense within fair value changes in the Consolidated Statements of Operations.

s) Leases

The company accounts for leases under IFRS 16 *Leases* ("IFRS 16"). Under IFRS 16, the company must assess whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control exists if a customer can make the important decisions governing the use of an asset specified in a contract similar to decisions made over assets owned by the business. The company has elected to not allocate contract consideration between lease and non-lease components, but rather account for each lease and non-lease component as a single lease component. This election is made by asset class.

For lessors, a lease shall be classified as either a finance or operating lease on commencement of the lease contract. If the contract represents a finance lease in which the risk and rewards of ownership have transferred to the lessee, a lessor shall recognize a finance lease receivable at an amount equal to the net investment in the lease discounted using the interest rate implicit in the lease. Subsequently, finance income is recognized at a constant rate on the net investment of the finance lease. Lease payments received from operating leases are recognized into income on a straight-line or other systematic basis.

For lessees, the company recognizes a right-of-use ("ROU") asset and lease liability at the lease commencement date. The ROU asset is initially measured based on the calculated lease liability plus initial direct costs incurred by the lessee, estimates to dismantle and restore the underlying asset at the end of the lease term and lease payments made net of incentives received at or before the lease commencement date. It is classified as either investment in PP&E, or inventory depending on the nature of the asset and is subsequently accounted for consistently with owned assets within the respective asset classes with the exception of PP&E. Unlike most of the company's owned assets within PP&E, lease assets classified within PP&E are subsequently measured applying the cost method rather than the revaluation method. The ROU asset is depreciated applying a straight-line method or other systematic basis over the shorter of the useful life of the underlying asset or the term of the lease. Lease contracts often include an option to extend the term of the lease and such extensions are factored into the lease term if the company is reasonably certain to exercise that option. ROU assets are tested for impairment in accordance with IAS 36, *Impairment of Assets*. Refer to Note 2(h) for additional details of our accounting policies governing investment properties, PP&E and inventory.

Lease liabilities are classified within accounts payable and other and are recognized at the commencement of the lease, initially measured at the present value of future lease payments not paid as at the commencement date, discounted using the interest rate implicit in the lease, or the lessee's incremental borrowing rate if the implicit rate cannot be readily determined. Lease liabilities are subsequently measured at amortized cost by applying the effective interest method. Lease liabilities are remeasured if there is reassessment of the timing or amount of future lease payments arising from a change in an index or rate, revisions to estimates of the lease term or residual value guarantee, or a change in the assessment of an option to purchase the underlying asset. Such remeasurements of the lease liability are generally recognized as an adjustment to the ROU asset unless further reduction in the measurement of the lease liability would reduce a ROU asset below zero, in which case it is recorded in the Consolidated Statements of Operations.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the ROU asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are classified within direct costs in the Consolidated Statements of Operations.

We are applying certain practical expedients as permitted by the standard; specifically, we have elected to apply practical expedients associated with short-term and low-value leases that allow the company to record operating expenses on such leases on a straight-line basis without having to capitalize the lease arrangement.

We have also applied a number of critical judgments in applying this standard, including: i) identifying whether a contract (or part of a contract) includes a lease; ii) determining whether it is reasonably certain that lease extension or termination options will be exercised in determining the lease term; and iii) determining whether variable payments are in-substance fixed. Critical estimates used in the application of IFRS 16 include estimating the lease term and determining the appropriate rate at which to discount the lease payments.

t) Other Items

i. Capitalized Costs

Capitalized costs related to assets under development and redevelopment include all eligible expenditures incurred in connection with the acquisition, development and construction of the asset until it is available for its intended use. These expenditures consist of costs that are directly attributable to these assets.

Borrowing costs are capitalized when such costs are directly attributable to the acquisition, construction or production of a qualifying asset. A qualifying asset is an asset that takes a substantial period of time to prepare for its intended use.

ii. Share-based Payments

The company issues share-based awards to certain employees and non-employee directors. The cost of equity-settled share-based transactions, comprised of share options, restricted shares and escrowed shares, is determined as the fair value of the award on the grant date using a fair value model. The cost of equity-settled share-based transactions is recognized as each tranche vests and is recorded in contributed surplus as a component of equity. The cost of cash-settled share-based transactions, comprised of Deferred Share Units ("DSUs") and Restricted Share Units ("RSUs"), is measured as the fair value at the grant date, and expensed on a proportionate basis consistent with the vesting features over the vesting period with the recognition of a corresponding liability. The liability is recorded as a provision within accounts payable and other on the Consolidated Balance Sheets and measured at each reporting date at fair value with changes in fair value recognized in net income.

iii. Provisions

A provision is a liability of uncertain timing that is recognized when the company has a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The company's significant provisions consist of pensions and other long-term and post-employment benefits, warranties on some products or services, obligations to retire or decommission tangible long-lived assets and the cost of legal claims arising in the normal course of operations.

a. Pensions and Other Post-Employment Benefits

The company offers pension and other post-employment benefit plans to employees of certain of its subsidiaries, with certain of these subsidiaries offering defined benefit plans. Defined benefit pension expenses, which include the current year's service cost, are included in direct costs. For each defined benefit plan, we recognize the present value of our defined benefit obligations less the fair value of the plan assets as a defined benefit liability reported within accounts payable and other on the Consolidated Balance Sheets. The company's obligations under its defined benefit pension plans are determined periodically through the preparation of actuarial valuations.

b. Other Long-Term Incentive Plans

The company provides long-term incentive plans to certain employees whereby the company allocates a portion of the amounts realized through subsidiary profit-sharing agreements to its employees. The cost of these plans is recognized over the requisite service period, provided it is probable that the vesting conditions will be achieved, based on the underlying subsidiary profit sharing arrangement. The liability is recorded within accounts payable and other and measured at each reporting date with the corresponding expense recognized in direct costs in the Consolidated Statements of Operations.

c. Warranties, Asset Retirement, Legal and Other

Certain consolidated entities offer warranties on the sale of products or services. A provision is recorded to provide for future warranty costs based on management's best estimate of probable warranty claims.

Certain consolidated entities have legal obligations to retire tangible long-lived assets. A provision is recorded at each reporting date to provide for the estimated fair value of the asset retirement obligation upon decommissioning of the asset period.

In the normal course of operations, the company may become involved in legal proceedings. Management analyzes information about these legal matters and provides provisions for probable contingent losses, including estimated legal expenses to resolve the matters. Internal and external legal counsel are used in order to estimate the probability of an unfavorable outcome and the amount of loss.

u) Critical Estimates and Judgments

The preparation of financial statements requires management to make estimates and judgments that affect the carried amounts of certain assets and liabilities, disclosures of contingent assets and liabilities and the reported amounts of revenues and expenses recorded during the period. Actual results could differ from those estimates.

In making estimates and judgments, management relies on external information and observable conditions, where possible, supplemented by internal analysis as required. These estimates and judgments have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties that the company believes will materially affect the methodology or assumptions utilized in making estimates and judgments in these consolidated financial statements.

i. Critical Estimates

The significant estimates used in determining the recorded amount for assets and liabilities in the consolidated financial statements include the following:

a. Investment Properties

The critical assumptions and estimates used when determining the fair value of commercial properties are: discount rates and terminal capitalization rates for properties valued using a discounted cash flow model and capitalization rates for properties valued using a direct capitalization approach. Management also uses assumptions and estimates in determining expected future cash flows in discounted cash flow models and stabilized net operating income used in values determined using the direct capitalization approach. Properties under development are recorded at fair value using a discounted cash flow model which includes estimates in respect of the timing and cost to complete the development.

Further information on investment property estimates on fair value is provided in Note 11.

b. Revaluation Method for Property, Plant and Equipment

When determining the carrying value of PP&E using the revaluation method, the company uses the following critical assumptions and estimates: the timing of forecasted revenues; future sales prices and associated expenses; future sales volumes; future regulatory rates; maintenance and other capital expenditures; discount rates; terminal capitalization rates; terminal valuation dates; useful lives; and residual values. Determination of the fair value of PP&E under development includes estimates in respect of the timing and cost to complete the development.

Further information on estimates used in the revaluation method for PP&E is provided in Note 12.

c. Financial Instruments

Estimates and assumptions used in determining the fair value of financial instruments are: equity and commodity prices; future interest rates; the credit worthiness of the company relative to its counterparties; the credit risk of the company's counterparties; estimated future cash flows; the amount of the liability and equity components of compound financial instruments; discount rates and volatility utilized in option valuations.

Further information on estimates used in determining the carrying value of financial instruments is provided in Notes 6 and 25.

d. Inventory

The company estimates the net realizable value of its inventory using estimates and assumptions about future development costs, costs to hold and future selling costs.

e. Other

Other estimates and assumptions utilized in the preparation of the company's consolidated financial statements are: the assessment or determination of net recoverable amount; oil and gas reserves; depreciation and amortization rates and useful lives; estimation of recoverable amounts of cash-generating units for impairment assessments of goodwill and intangible assets; ability to utilize tax losses and other tax measurements; fair value of assets held as collateral and the percentage of completion for construction contracts.

ii. Critical Judgments

Management is required to make critical judgments when applying its accounting policies. The following judgments have the most significant effect on the consolidated financial statements:

a. Control or Level of Influence

When determining the appropriate basis of accounting for the company's investees, the company makes judgments about the degree of influence that it exerts directly or through an arrangement over the investees' relevant activities. This may include the ability to elect investee directors or appoint management. Control is obtained when the company has the power to direct the relevant investing, financing and operating decisions of an entity and does so in its capacity as principal of the operations, rather than as an agent for other investors. Operating as a principal includes having sufficient capital at risk in any investee and exposure to the variability of the returns generated as a result of the decisions of the company as principal. Judgment is used in determining the sufficiency of the capital at risk or variability of returns. In making these judgments, the company considers the ability of other investors to remove the company as a manager or general partner in a controlled partnership.

b. Investment Properties

When applying the company's accounting policy for investment properties, judgment is applied in determining whether certain costs are additions to the carrying amount of the property and, for properties under development, identifying the point at which practical completion of the property occurs and identifying the directly attributable borrowing costs to be included in the carrying value of the development property.

c. Property, Plant and Equipment

The company's accounting policy for its PP&E requires critical judgments over the assessment of carrying value, whether certain costs are additions to the carrying amount of the PP&E as opposed to repairs and maintenance, and for assets under development. the identification of when the asset is capable of being used as intended and identifying the directly attributable borrowing costs to be included in the asset's carrying value.

For assets that are measured using the revaluation method, judgment is required when estimating future prices, volumes, discount and capitalization rates. Judgment is applied when determining future electricity prices considering broker quotes for the years in which there is a liquid market available and, for the subsequent years, our best estimate of electricity prices from renewable sources that would allow new entrants into the market.

d. Identifying Performance Obligations for Revenue Recognition

Management is required to identify performance obligations relating to contracts with customers at the inception of each contract. IFRS 15 requires a contract's transaction price to be allocated to each distinct performance obligation and subsequently recognized into income when, or as, the performance obligation is satisfied. Judgment is used when assessing the pattern of delivery of the product or service to determine if revenue should be recognized at a point in time or over time. For certain service contracts recognized over time, judgment is required to determine if revenue from variable consideration such as incentives, claims and variations from contract modifications has met the required probability threshold to be recognized.

Management also uses judgment to determine whether contracts for the sale of products and services have distinct performance obligations that should be accounted for separately or as a single performance obligation. Goods and services are considered distinct if: (1) a customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer; and (2) the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

Additional details about revenue recognition policies across our operating segments are included in Note 2(o) of the consolidated financial statements.

e. Common Control Transactions

The purchase and sale of businesses or subsidiaries between entities under common control are not specifically addressed in IFRS and accordingly, management uses judgment when determining a policy to account for such transactions taking into consideration other guidance in the IFRS framework and pronouncements of other standard-setting bodies. The company's policy is to record assets and liabilities recognized as a result of transfers of businesses or subsidiaries between entities under common control at carrying value. Differences between the carrying amount of the consideration given or received and the carrying amount of the assets and liabilities transferred are recorded directly in equity.

f. Indicators of Impairment

Judgment is applied when determining whether indicators of impairment exist when assessing the carrying values of the company's assets, including: the determination of the company's ability to hold financial assets; the estimation of a cash-generating unit's future revenues and direct costs; the determination of discount and capitalization rates; and when an asset's carrying value is above the value derived using publicly traded prices which are quoted in a liquid market.

g. Income Taxes

The company makes judgments when determining the future tax rates applicable to subsidiaries and identifying the temporary differences that relate to each subsidiary. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply during the period when the assets are realized or the liabilities settled, using the tax rates and laws enacted or substantively enacted at the consolidated balance sheet dates. The company measures deferred income taxes associated with its investment properties based on its specific intention with respect to each asset at the end of the reporting period. Where the company has a specific intention to sell a property in the foreseeable future, deferred taxes on the building portion of an investment property are measured based on the tax consequences that would follow the disposition of the property. Otherwise, deferred taxes are measured on the basis the carrying value of the investment property will be recovered substantially through use.

h. *Classification of Non-Controlling Interests in Limited-Life Funds*

Non-controlling interests in limited-life funds are classified as liabilities (subsidiary equity obligations) or equity (non-controlling interests) depending on whether an obligation exists to distribute residual net assets to non-controlling interests on liquidation in the form of cash or another financial asset or assets delivered in kind. Judgment is required to determine what the governing documents of each entity require or permit.

i. *Other*

Other critical judgments include the determination of effectiveness of financial hedges for accounting purposes; the likelihood and timing of anticipated transactions for hedge accounting; and the determination of functional currency.

3. SEGMENTED INFORMATION

a) Operating Segments

Our operations are organized into five operating business groups in addition to our corporate activities, which collectively represent six operating segments for internal and external reporting purposes. We measure performance using funds from operations ("FFO") generated by each operating segment and the amount of capital invested by the Corporation in each segment using common equity by segment.

Our operating segments are as follows:

The Corporation:

i. *Corporate Activities* include the investment of cash and financial assets, our share of the investment in our insurance solutions business, as well as the management of our corporate leverage, including corporate borrowings and preferred equity, which fund a portion of the capital invested in our other operations. Certain corporate costs such as technology and operations are incurred on behalf of our operating segments and allocated to each operating segment based on an internal pricing framework.

ii. *Asset Management* business includes managing the long-term private funds, perpetual strategies and liquid strategies of our asset management business on behalf of our investors and ourselves, as well as our share of the asset management activities of Oaktree Capital Management ("Oaktree"). We generate contractual base management fees for these activities as well as incentive distributions and performance income, including performance fees, transaction fees and carried interest.

Managed investments:

i. *Renewable Power and Transition* business includes the ownership, operation and development of hydroelectric, wind, utility-scale solar power generating assets and distributed energy & sustainable solutions.

ii. *Infrastructure* business includes the ownership, operation and development of utilities, transport, midstream, and data assets.

iii. *Private Equity* business includes a broad range of industries, and is mostly focused on the ownership and operation of business services, infrastructure services and industrials.

iv. *Real Estate* business includes the ownership, operation and development of core investments, transitional and development investments (including residential development properties), and our share of LP investments, which sit within the private funds of our asset management business.

Beginning in the fourth quarter of 2022, the company no longer presented a Residential Development operating segment for internal or external reporting purposes. Our North American and Australian residential development operations are now presented within the Real Estate segment and the Brazilian residential development operations are now presented within the Private Equity segment. This presentation aligns our operating segments with how our Chief Operating Decision Maker assesses the operating results and performance of our businesses on a segmented basis.

Subsequent to the special distribution of our asset management business described in Note 21 (b), our Asset Management segment includes our investment in Brookfield Asset Management ULC ("BAM") and certain corporate costs and tax items that were previously presented in our Corporate Activities segment. The company has retrospectively applied these presentation changes for all periods presented.

b) Segment Financial Measures

FFO is a key measure of our financial performance and our segment measure of profit and loss. It is utilized by our Chief Operating Decision Maker in assessing operating results and the performance of our businesses on a segmented basis. We define FFO as net income excluding fair value changes, depreciation and amortization and deferred income taxes, net of non-controlling interests. When determining FFO, we include our proportionate share of the FFO from equity accounted investments on a fully diluted basis. FFO also includes realized disposition gains and losses, which are gains or losses arising from transactions during the reporting period, adjusted to include associated fair value changes and revaluation surplus recorded in prior periods, taxes payable or receivable in connection with those transactions and amounts that are recorded directly in equity, such as ownership changes.

FFO from our Asset Management segment includes fees, net of the associated costs, that we earn from managing capital in our perpetual affiliates, private funds and liquid strategies accounts. We are also eligible to earn incentive payments in the form of incentive distributions, performance fees or carried interest. In all other businesses, our FFO represents the company's share of revenues less costs incurred within our operations, which include interest expenses and other costs. Specifically, it includes the impact of contracts that we enter into to generate revenues, including power sales agreements, contracts that our operating businesses enter into such as leases and take or pay contracts and sales of inventory. FFO includes the impact of changes in leverage or the cost of that financial leverage and other costs incurred to operate our business.

We use realized disposition gains and losses within FFO in order to provide additional insight regarding the performance of investments on a cumulative realized basis, including any unrealized fair value adjustments that were recorded in equity and not otherwise reflected in current period FFO, and believe it is useful to investors to better understand variances between reporting periods. We exclude depreciation and amortization from FFO as we believe that the value of most of our assets typically increases over time, provided we make the necessary maintenance expenditures, the timing and magnitude of which may differ from the amount of depreciation recorded in any given period. In addition, the depreciated cost base of our assets is reflected in the ultimate realized disposition gain or loss on disposal. As noted above, unrealized fair value changes are excluded from FFO until the period in which the asset is sold. We also exclude deferred income taxes from FFO because the vast majority of the company's deferred income tax assets and liabilities are a result of the revaluation of our assets under IFRS.

Our definition of FFO differs from the definition used by other organizations, as well as the definition of FFO used by the Real Property Association of Canada ("REALPAC") and the National Association of Real Estate Investment Trusts, Inc. ("NAREIT"), in part because the NAREIT definition is based on U.S. GAAP, as opposed to IFRS. The key differences between our definition of FFO and the determination of FFO by REALPAC and/or NAREIT are that we include the following: realized disposition gains or losses and cash taxes payable or receivable on those gains or losses, if any; foreign exchange gains or losses on monetary items not forming part of our net investment in foreign operations; and foreign exchange gains or losses on the sale of an investment in a foreign operation. We do not use FFO as a measure of cash generated from our operations.

We illustrate how we derive FFO for each operating segment and reconcile total FFO to net income in Note 3(c)(v) of the consolidated financial statements.

Segment Balance Sheet Information

We use common equity by segment as our measure of segment assets when reviewing our deconsolidated balance sheet because it is utilized by our Chief Operating Decision Maker for capital allocation decisions.

Segment Allocation and Measurement

Segment measures include amounts earned from consolidated entities that are eliminated on consolidation. The principal adjustment is to include asset management revenues charged to consolidated entities as revenues within the company's Asset Management segment with the corresponding expenses recorded as corporate costs within the relevant segment. These amounts are based on the in-place terms of the asset management contracts between the consolidated entities. Inter-segment revenues are determined under terms that approximate market value.

The company allocates the costs of shared functions that would otherwise be included within its Corporate Activities segment, such as information technology and internal audit, pursuant to formal policies.

c) Reportable Segment Measures

AS AT AND FOR THE YEAR ENDED DEC. 31, 2022 (MILLIONS)	Asset Management	Renewable Power and Transition	Infrastructure	Private Equity	Real Estate	Corporate Activities	Total Segments	Note
External revenues	$ 653	$ 5,198	$ 14,724	$ 58,225	$ 13,803	$ 166	$ 92,769	
Inter-segment and other revenues[1]	4,289	—	4	207	32	(41)	4,491	i
Segmented revenues	4,942	5,198	14,728	58,432	13,835	125	97,260	
FFO from equity accounted investments[1]	346	271	1,893	567	958	418	4,453	ii
Interest expense	—	(1,127)	(1,895)	(2,702)	(4,460)	(518)	(10,702)	iii
Current income taxes	(98)	(148)	(481)	(473)	(74)	(4)	(1,278)	iv
FFO[1]	2,518	401	640	1,026	1,744	(35)	6,294	v
Common equity	6,884	5,274	2,784	4,486	31,868	(11,688)	39,608	
Equity accounted investments	4,664	2,261	11,844	3,574	22,264	2,487	47,094	
Additions to non-current assets[2]	193	6,710	6,604	24,418	27,096	1,021	66,042	

1. We equity account for our investment in Oaktree and include our share of the FFO at our ownership of 64%. For segment reporting, Oaktree's revenue is shown on a 100% basis. For the year ended December 31, 2022, $1.5 billion of Oaktree's revenue was included in our Asset Management segment revenue.
2. Includes additions to equity accounted investments, investment properties, PP&E, intangible assets and goodwill.

AS AT AND FOR THE YEAR ENDED DEC. 31, 2021 (MILLIONS)	Asset Management	Renewable Power and Transition	Infrastructure	Private Equity	Real Estate	Corporate Activities	Total Segments	Note
External revenues	$ 306	$ 4,580	$ 11,941	$ 46,452	$ 12,283	$ 169	$ 75,731	
Inter-segment and other revenues[1]	4,930	—	6	431	32	(18)	5,381	i
Segmented revenues	5,236	4,580	11,947	46,883	12,315	151	81,112	
FFO from equity accounted investments[1]	558	187	1,697	459	842	63	3,806	ii
Interest expense	—	(892)	(1,502)	(1,515)	(3,281)	(414)	(7,604)	iii
Current income taxes	(58)	(43)	(402)	(542)	(89)	20	(1,114)	iv
FFO[1]	2,524	1,044	797	2,031	1,442	(280)	7,558	v
Common equity	4,905	5,264	3,022	3,996	33,965	(8,942)	42,210	
Equity accounted investments	4,496	1,801	9,569	2,992	25,186	2,056	46,100	
Additions to non-current assets[2]	—	5,001	18,248	14,169	22,081	1,332	60,831	

1. We equity account for our investment in Oaktree and include our share of the FFO at 62%. For segment reporting, Oaktree's revenue is shown on a 100% basis. For the year ended December 31, 2021, $2.3 billion of Oaktree's revenue was included in our Asset Management segment revenue.
2. Includes additions to equity accounted investments, investment properties, PP&E, sustainable resources, intangible assets and goodwill.

i. Inter-Segment Revenues

For the year ended December 31, 2022, the adjustment to external revenues when determining segmented revenues consists of asset management revenues earned from consolidated entities and asset management revenues earned by Oaktree totaling $4.3 billion (2021 – $4.9 billion), revenues earned on construction projects between consolidated entities totaling $220 million (2021 – $418 million), and other revenues totaling a net loss of $18 million (2021 – income of $33 million), which were eliminated on consolidation to arrive at the company's consolidated revenues.

ii. FFO from Equity Accounted Investments

The company determines FFO from its equity accounted investments by applying the same methodology utilized in adjusting net income of consolidated entities. The following table reconciles the company's consolidated equity accounted income to FFO from equity accounted investments:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	**2022**	2021
Consolidated equity accounted income	**$ 2,613**	$ 2,451
Non-FFO items from equity accounted investments[1]	**1,840**	1,355
FFO from equity accounted investments	**$ 4,453**	$ 3,806

1. Adjustment to back out non-FFO expenses (income) that are included in consolidated equity accounted income including depreciation and amortization, deferred taxes and fair value changes from equity accounted investments.

iii. Interest Expense

For the year ended December 31, 2022, the adjustment to interest expense consists of interest on loans between consolidated entities totaling $6 million (2021 – $28 million) that is eliminated on consolidation, along with the associated revenue.

iv. Current Income Taxes

Current income taxes are included in FFO but are aggregated with deferred income taxes in income tax expense on the company's Consolidated Statements of Operations. The following table reconciles consolidated income taxes to current and deferred income taxes:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	**2022**	2021
Current income tax expense	**$ (1,278)**	$ (1,114)
Deferred income tax expense	**(191)**	(1,210)
Income tax expense	**$ (1,469)**	$ (2,324)

v. Reconciliation of Net Income to Total FFO

The following table reconciles net income to total FFO:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Note	**2022**	2021
Net income		**$ 5,195**	$ 12,388
Financial statement components not included in FFO			
Equity accounted fair value changes and other non-FFO items		**1,840**	1,355
Fair value changes		**977**	(5,151)
Depreciation and amortization		**7,683**	6,437
Deferred income taxes		**191**	1,210
Realized disposition gains in fair value changes or equity	vi	**903**	2,861
Non-controlling interests in FFO		**(10,495)**	(11,542)
Total FFO		**$ 6,294**	$ 7,558

vi. Realized Disposition Gains

Realized disposition gains include gains and losses recorded in net income arising from transactions during the current period, adjusted to include fair value changes and revaluation surplus recorded in prior periods in connection with the assets sold. Realized disposition gains also include amounts that are recorded directly in equity as changes in ownership, as opposed to net income, because they result from a change in ownership of an entity which was consolidated before and after the respective transaction.

The realized disposition gains recorded in fair value changes, revaluation surplus or directly in equity were $903 million for the year ended December 31, 2022 (2021 – $2.9 billion), of which $794 million relates to prior periods (2021 – $2.0 billion), $nil has been recorded directly in equity as changes in ownership (2021 – $751 million) and a gain of $109 million has been recorded in fair value changes (2021 – $136 million).

d) Geographic Allocation

The company's revenues by location of operations are as follows:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022	2021
U.S.	**$ 24,724**	$ 19,694
Canada	**10,752**	7,548
U.K.	**25,090**	21,497
Australia	**6,041**	5,892
Brazil	**5,294**	3,730
India	**2,743**	2,520
Germany	**1,909**	1,567
Colombia	**2,135**	1,890
Other Europe	**9,084**	6,924
Other Asia	**3,042**	2,708
Other	**1,955**	1,761
	$ 92,769	$ 75,731

The company's consolidated assets by location are as follows:

AS AT DEC. 31 (MILLIONS)	2022	2021
U.S.	**$ 206,714**	$ 172,952
Canada	**50,894**	52,989
U.K.	**31,940**	36,740
Australia	**27,068**	20,767
Brazil	**25,500**	22,052
India	**19,521**	20,935
Germany	**12,262**	7,663
Colombia	**10,567**	11,065
Other Europe	**31,713**	24,402
Other Asia	**14,655**	12,866
Other	**10,450**	8,572
	$ 441,284	$ 391,003

4. SUBSIDIARIES

The following table presents the details of the company's subsidiaries with significant non-controlling interests:

AS AT DEC. 31	Jurisdiction of Formation	Ownership Interest Held by Non-Controlling Interests[1,2] 2022	2021
Brookfield Asset Management ULC ("BAM")[3]	British Columbia	**25.0%**	n/a
Brookfield Renewable Partners L.P. ("BEP")[4]	Bermuda	**51.7%**	51.7%
Brookfield Infrastructure Partners L.P. ("BIP")[5]	Bermuda	**72.9%**	72.8%
Brookfield Business Partners L.P. ("BBU")[6]	Bermuda	**34.8%**	35.6%

1. Control and associated voting rights of the limited partnerships (BEP, BIP and BBU) reside with their respective general partners which are wholly owned subsidiaries of the company. The company's general partner interest is entitled to earn base management fees and incentive payments in the form of incentive distribution rights or performance fees.
2. The company's ownership interest in BEP, BIP and BBU includes a combination of redemption-exchange units (REUs), Class A limited partnership units, special limited partnership units, general partnership units and units or shares that are exchangeable for units in our listed partnerships, in each subsidiary, where applicable. Each of BEP, BIP and BBU's partnership capital includes its Class A limited partnership units whereas REUs and general partnership units are considered non-controlling interests for the respective partnerships. REUs share the same economic attributes in all respects except for the redemption right attached thereto. The REUs and general partnership units participate in earnings and distributions on a per unit basis equivalent to the per unit participation of the Class A limited partnership units of the subsidiary.
3. On December 9, 2022, the company made a $2.4 billion special distribution of a 25% interest in Brookfield Asset Management ULC, our asset management business, which was previously wholly-owned by the company.
4. Ownership interest held by non-controlling interests represents the combined units not held in BEP and Brookfield Renewable Corporation ("BEPC").
5. Ownership interest held by non-controlling interests represents the combined units not held in BIP and Brookfield Infrastructure Corporation ("BIPC").
6. Ownership interest held by non-controlling interests represents the combined units not held in BBU and Brookfield Business Corporation ("BBUC").

The table below presents the exchanges on which the company's subsidiaries with significant non-controlling interests were publicly listed as of December 31, 2022:

	TSX	NYSE
BEP	BEP.UN	BEP
BIP	BIP.UN	BIP
BBU	BBU.UN	BBU

The following table outlines the composition of accumulated non-controlling interests presented within the company's consolidated financial statements:

AS AT DEC. 31 (MILLIONS)	2022	2021
BAM[1]	**$ 2,377**	$ —
BEP	**21,651**	19,355
BIP	**23,030**	23,695
BBU	**16,026**	10,197
BPG[2]	**29,321**	28,115
Individually immaterial subsidiaries with non-controlling interests	**5,733**	7,024
	$ 98,138	$ 88,386

1. On December 9, 2022, the company made a $2.4 billion special distribution of a 25% interest in Brookfield Asset Management ULC, our asset management business, which was previously wholly-owned by the company.
2. This balance represents non-controlling interests within the consolidated funds of BPG.

All publicly listed subsidiaries are subject to independent governance. Accordingly, the company has no direct access to the assets of these subsidiaries. Summarized financial information with respect to the company's subsidiaries with significant non-controlling interests is set out below. The summarized financial information represents amounts before intra-group eliminations:

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	BAM[1]		BEP		BIP		BBU		BPG	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Current assets	**$ 5,690**	$ —	**$ 4,183**	$ 2,889	**$ 6,686**	$ 4,896	**$ 18,312**	$ 15,418	**$ 15,626**	$ 25,866
Non-current assets	**6,820**	—	**59,928**	52,978	**66,283**	69,065	**71,186**	48,801	**162,198**	143,383
Current liabilities	**(2,093)**	—	**(4,943)**	(3,222)	**(8,377)**	(8,661)	**(16,954)**	(13,912)	**(41,653)**	(35,006)
Non-current liabilities	**(915)**	—	**(32,882)**	(28,649)	**(39,038)**	(38,909)	**(54,079)**	(37,307)	**(74,982)**	(72,163)
Non-controlling interests	**(2,377)**	—	**(21,651)**	(19,355)	**(23,030)**	(23,695)	**(16,026)**	(10,197)	**(29,321)**	(28,115)
Equity attributable to Brookfield	**$ 7,125**	$ —	**$ 4,635**	$ 4,641	**$ 2,524**	$ 2,696	**$ 2,439**	$ 2,803	**$ 31,868**	$ 33,965
Revenues	**$ 3,375**	$ —	**$ 4,711**	$ 4,096	**$ 14,427**	$ 11,537	**$ 57,545**	$ 46,587	**$ 13,835**	$ 12,314
Net income (loss) attributable to:										
Non-controlling interests	**$ 442**	$ —	**$ 327**	$ 151	**$ 1,350**	$ 2,489	**$ 275**	$ 1,846	**$ 2,639**	$ 3,836
Shareholders	**2,276**	—	**(189)**	(217)	**25**	230	**80**	307	**496**	1,927
	$ 2,718	$ —	**$ 138**	$ (66)	**$ 1,375**	$ 2,719	**$ 355**	$ 2,153	**$ 3,135**	$ 5,763
Other comprehensive income (loss) attributable to:										
Non-controlling interests	**$ (8)**	$ —	**$ 1,868**	$ 1,835	**$ 39**	$ 197	**$ (297)**	$ 218	**$ 356**	$ 857
Shareholders	**(24)**	—	**622**	931	**109**	63	**(97)**	65	**13**	451
	$ (32)	$ —	**$ 2,490**	$ 2,766	**$ 148**	$ 260	**$ (394)**	$ 283	**$ 369**	$ 1,308

1. On December 9, 2022, the company made a $2.4 billion special distribution of a 25% interest in Brookfield Asset Management ULC, our asset management business, which was previously wholly-owned by the company. BAM results are presented as at and for the year ended December 31, 2022.

The summarized cash flows of the company's subsidiaries with significant non-controlling interests are as follows:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	BAM[1]		BEP		BIP		BBU		BPG	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Cash flows from (used in):										
Operating activities	**$ (2,329)**	$ —	**$ 1,711**	$ 734	**$ 3,131**	$ 2,772	**$ 1,011**	$ 1,693	**$ (1,657)**	$ 4,041
Financing activities	**(3,467)**	—	**3,489**	2,143	**56**	(995)	**18,070**	7,063	**6,871**	7,504
Investing activities	**6,848**	—	**(5,066)**	(2,544)	**(3,365)**	(1,173)	**(18,721)**	(8,926)	**(3,756)**	(10,260)
Distributions paid to non-controlling interests in common equity	**$ —**	$ —	**$ 477**	$ 456	**$ 810**	$ 715	**$ 28**	$ 13	**$ —**	$ 120

1. On December 9, 2022, the company made a $2.4 billion special distribution of a 25% interest in Brookfield Asset Management ULC, our asset management business, which was previously wholly-owned by the company. BAM results are presented as at and for the year ended December 31, 2022.

5. ACQUISITIONS OF CONSOLIDATED ENTITIES

a) Completed During 2022

The following table summarizes the balance sheet impact as a result of business combinations that occurred in the year ended December 31, 2022. The valuations of the assets acquired are still under evaluation and as such the business combinations have been accounted for on a provisional basis:

(MILLIONS)	Private Equity	Real Estate	Renewable Power and Transition	Infrastructure and Other	Total
Cash and cash equivalents	$ 953	$ 605	$ 85	$ 7	**$ 1,650**
Accounts receivable and other	1,446	302	379	10	**2,137**
Other financial assets	4,558	188	12	11	**4,769**
Inventory	485	5	31	2	**523**
Equity accounted investments	461	222	—	—	**683**
Investment properties	—	9,805	—	—	**9,805**
Property, plant and equipment	1,502	3,224	3,087	160	**7,973**
Intangible assets	11,594	82	—	302	**11,978**
Goodwill	8,155	456	691	279	**9,581**
Deferred income tax assets	62	—	10	1	**73**
Total assets	29,216	14,889	4,295	772	**49,172**
Less:					
Accounts payable and other	(2,300)	(795)	(1,201)	(55)	**(4,351)**
Non-recourse borrowings	(4,924)	(3,707)	(424)	(52)	**(9,107)**
Deferred income tax liabilities	(1,911)	(878)	(50)	(18)	**(2,857)**
Non-controlling interests[1]	(96)	(1,788)	(32)	(64)	**(1,980)**
	(9,231)	(7,168)	(1,707)	(189)	**(18,295)**
Net assets acquired	$ 19,985	$ 7,721	$ 2,588	$ 583	**$ 30,877**
Bargain purchase gain	—	370	—	—	**370**
Consideration[2]	$ 19,985	$ 7,351	$ 2,588	$ 583	**$ 30,507**

1. Includes non-controlling interests recognized on business combinations measured as the proportionate share of fair value of the identifiable assets and liabilities on the date of acquisition.
2. Total consideration, including amounts paid by non-controlling interests that participated in the acquisition as investors in Brookfield-sponsored private funds or as co-investors.

Brookfield recorded $4.0 billion of revenue and $528 million of net loss in 2022 from the acquired operations as a result of the acquisitions made during the year. If the acquisitions had occurred at the beginning of the year, they would have contributed $8.1 billion and $344 million to total revenues and net loss, respectively.

The following table summarizes the balance sheet impact as a result of significant business combinations that occurred in 2022. The valuations of the assets acquired are still under evaluation and as such the business combinations have been accounted for on a provisional basis.

	Private Equity			Real Estate			Renewable Power and Transition	
(MILLIONS)	CDK	Scientific Games	La Trobe	Watermark Lodging	German Office Portfolio	Irish Office	U.S. Wind Portfolio	U.S. Utility-Scale Solar
Cash and cash equivalents	$ 301	$ 61	$ 155	$ 172	$ 357	$ 74	$ 26	$ 22
Accounts receivable and other	544	272	37	144	93	1	280	58
Other financial assets	32	4	4,511	—	105	4	2	—
Inventory	15	169	—	5	—	—	—	—
Equity accounted investments	175	277	—	222	—	—	—	—
Investment properties	—	—	—	—	5,429	1,359	—	—
Property, plant and equipment	82	313	4	3,161	35	8	1,796	561
Intangible assets	4,827	3,983	646	77	—	—	—	—
Goodwill	4,580	1,235	392	—	453	3	9	287
Deferred income tax assets	2	4	9	—	—	—	—	—
Total assets	10,558	6,318	5,754	3,781	6,472	1,449	2,113	928
Less:								
Accounts payable and other	(995)	(333)	(39)	(327)	(243)	(42)	(970)	(77)
Non-recourse borrowings	(72)	—	(4,471)	(317)	(1,965)	(209)	(25)	(48)
Deferred income tax liabilities	(1,098)	(206)	(194)	—	(760)	(84)	—	(43)
Non-controlling interests[1]	(81)	—	—	—	(1,509)	—	(26)	—
	(2,246)	(539)	(4,704)	(644)	(4,477)	(335)	(1,021)	(168)
Net assets acquired	$ 8,312	$ 5,779	$ 1,050	$ 3,137	$ 1,995	$ 1,114	$ 1,092	$ 760
Consideration[2]	$ 8,312	$ 5,779	$ 1,050	$ 3,137	$ 1,995	$ 1,114	$ 1,092	$ 760

1. Includes non-controlling interests recognized on business combinations measured as the proportionate share of fair value of the identifiable assets and liabilities on the date of acquisition.
2. Total consideration, including amounts paid by non-controlling interests that participated in the acquisition as investors in Brookfield-sponsored private funds or as co-investors.

Private Equity

On April 4, 2022, a subsidiary of the company, alongside institutional partners, acquired a 100% interest in Scientific Games, LLC ("Scientific Games"), a service provider to government-sponsored lottery programs with capabilities in game design, distribution, systems and terminals and turnkey technology solutions. The total consideration paid for the business was $5.8 billion, funded with debt and equity. Goodwill of $1.2 billion was recognized, which is not deductible for income tax purposes. Total revenues and net loss that would have been recorded if the transaction had occurred at the beginning of the year are $1.1 billion and $83 million, respectively.

On May 31, 2022, a subsidiary of the company, alongside institutional partners, acquired a 100% interest in La Trobe Financial Services Pty Limited ("La Trobe"), an Australian non-bank residential mortgage lender. The total consideration paid for the business was $1.1 billion, funded with debt, equity, non-cash and contingent consideration. Goodwill of $392 million was recognized, which is not deductible for income tax purposes. Total revenues and net income that would have been recorded if the transaction had occurred at the beginning of the year are $402 million and $90 million, respectively.

On July 6, 2022, a subsidiary of the company, alongside institutional partners, acquired a 100% interest in CDK Global, Inc. ("CDK Global"), a provider of technology services and software solutions to automotive dealers. The total consideration paid for the business was $8.3 billion, funded with debt and equity. Goodwill of $4.6 billion was recognized, which is not deductible for income tax purposes. Total revenues and net loss that would have been recorded if the transaction had occurred at the beginning of the year are $1.8 billion and $338 million, respectively.

Real Estate

A subsidiary of the company, alongside institutional partners, acquired a 95% interest in a German office portfolio. The transaction was acquired in stages and was accounted for as a business combination as of the date in which control was attained on January 11, 2022. The total consideration paid for the portfolio was $2.0 billion, comprising of $188 million of debt and an existing 46% interest valued at $1.8 billion. Goodwill of $453 million was recognized, which is not deductible for income tax purposes. Total revenues and net loss that would have been recorded if the transaction had occurred if the transaction had occurred at the beginning of the year are $238 million and $17 million, respectively.

On June 15, 2022, a subsidiary of the company, alongside institutional partners, acquired a 100% interest in a real estate investment trust comprised of primarily office properties in Ireland. The total consideration paid for the business was $1.1 billion. Goodwill of $3 million was recognized. Total revenues and net loss that would have been recorded if the transaction had occurred at the beginning of the year are $61 million and $49 million, respectively.

On October 21, 2022, a subsidiary of the company, alongside institutional partners, acquired a 100% interest in Watermark Lodging Trust. The total consideration paid for the portfolio was $3.1 billion. No goodwill was recognized on acquisition. Total revenues and net income that would have been recorded if the transaction had occurred at the beginning of the year are $760 million and $5 million, respectively.

Renewable Power and Transition

On January 24, 2022, a subsidiary of the company, alongside institutional partners, completed the acquisition of 100% of a utility scale development business in the U.S. The total consideration paid for the portfolio was $760 million. Goodwill of $287 million was recognized, which is not deductible for income tax purposes. Total revenues and net loss that would have been recorded if the transaction had occurred at the beginning of the year are $11 million and $68 million, respectively.

On December 16, 2022, a subsidiary of the company, alongside institutional partners, completed the acquisition of 100% of a renewable developer in the U.S. The total consideration paid for the business was $1.1 billion. Goodwill of $9 million was recognized, which is not deductible for income tax purposes. Total revenues and net loss that would have been recorded if the transaction had occurred at the beginning of the year are $82 million and $7 million, respectively.

b) Completed During 2021

The following table summarizes the balance sheet impact as a result of business combinations that occurred in the year ended December 31, 2021. No material changes were made to those allocations disclosed in the 2021 consolidated financial statements:

(MILLIONS)	Private Equity	Infrastructure	Real Estate	Renewable Power and Transition and Other	Total
Cash and cash equivalents	$ 288	$ 217	$ 78	$ 3	**$ 586**
Accounts receivable and other	826	455	104	100	**1,485**
Inventory	690	23	2	6	**721**
Equity accounted investments	20	—	7	45	**72**
Investment properties	—	—	988	—	**988**
Property, plant and equipment	2,518	10,179	2,172	2,366	**17,235**
Intangible assets	4,535	3,734	67	—	**8,336**
Goodwill	3,960	2,400	113	118	**6,591**
Deferred income tax assets	6	9	—	—	**15**
Total assets	12,843	17,017	3,531	2,638	**36,029**
Less:					
Accounts payable and other	(1,811)	(3,271)	(131)	(188)	**(5,401)**
Non-recourse borrowings	(132)	(6,698)	(1,452)	(975)	**(9,257)**
Deferred income tax liabilities	(1,215)	(1,430)	(113)	—	**(2,758)**
Non-controlling interests[1]	(22)	(156)	(3)	(2)	**(183)**
	(3,180)	(11,555)	(1,699)	(1,165)	**(17,599)**
Net assets acquired	$ 9,663	$ 5,462	$ 1,832	$ 1,473	**$ 18,430**
Consideration[2]	$ 9,663	$ 5,462	$ 1,832	$ 1,473	**$ 18,430**

1. Includes non-controlling interests recognized on business combinations measured as the proportionate share of fair value of the identifiable assets and liabilities on the date of acquisition.
2. Total consideration, including amounts paid by non-controlling interests that participated in the acquisition as investors in Brookfield-sponsored private funds or as co-investors.

Brookfield recorded $2.8 billion of revenue and $3 million of net income in 2021 from the acquired operations as a result of the acquisitions made in 2021 If the acquisitions had occurred at the beginning of 2021, they would have contributed $8.6 billion and $351 million to total revenue and net income, respectively.

The following table summarizes the balance sheet impact as a result of significant business combinations that occurred in 2021. No material changes were made to those allocations disclosed in the 2021 consolidated financial statements.

	Private Equity			Infrastructure	Real Estate	Renewable Power and Transition	
(MILLIONS)	Modulaire	DexKo	Aldo	IPL	Life Sciences Assets	U.S. Wind	U.S. Distributed Generation
Cash and cash equivalents	$ 100	$ 106	$ 59	$ 121	$ 6	$ 1	$ 1
Accounts receivable and other	418	278	31	420	1	71	28
Inventory	104	436	48	20	—	6	—
Equity accounted investments	—	19	—	—	—	—	—
Investment properties	—	—	—	—	988	—	—
Property, plant and equipment	1,963	462	5	9,865	—	1,643	723
Intangible assets	1,941	2,212	295	2,569	2	—	—
Goodwill	1,667	1,408	421	2,096	36	—	117
Deferred income tax assets	—	6	—	—	—	—	—
Total assets	6,193	4,927	859	15,091	1,033	1,721	869
Less:							
Accounts payable and other	(817)	(637)	(136)	(3,012)	(7)	(142)	(45)
Non-recourse borrowings	(27)	(2)	—	(6,185)	—	(835)	(140)
Deferred income tax liabilities	(590)	(504)	(100)	(1,229)	(36)	—	—
Non-controlling interests[1]	—	(10)	—	—	—	—	—
	(1,434)	(1,153)	(236)	(10,426)	(43)	(977)	(185)
Net assets acquired	$ 4,759	$ 3,774	$ 623	$ 4,665	$ 990	$ 744	$ 684
Consideration[2]	$ 4,759	$ 3,774	$ 623	$ 4,665	$ 990	$ 744	$ 684

1. Includes non-controlling interests recognized on business combinations measured as the proportionate share of fair value of the identifiable assets and liabilities on the date of acquisition.
2. Total consideration, including amounts paid by non-controlling interests that participated in the acquisition as investors in Brookfield-sponsored private funds or as co-investors.

Private Equity

On August 31, 2021, a subsidiary of the company, alongside institutional partners, acquired a 100% interest in Aldo Componentes Eletrônicos LTDA ("Aldo"), a leading distributor of solar power solutions for the distributed generation market in Brazil. The total consideration paid for the business was $623 million, comprising of $295 million of cash consideration and $328 million of contingent consideration payable to the former shareholder if certain performance targets are met. Goodwill of $421 million was recognized, which is not deductible for income tax purposes. Total revenues and net income that would have been recorded if the transaction had occurred at the beginning of 2021 are $553 million and $68 million, respectively.

On October 4, 2021, a subsidiary of the company, alongside institutional partners, acquired a 100% interest in DexKo Global Inc. ("DexKo"), a leading global manufacturer of highly engineered components primarily for industrial trailers and other towable-equipment providers. The total consideration paid for the business was $3.8 billion, comprising of $1.1 billion of cash, $2.6 billion of debt raised for the acquisition and $30 million of contingent consideration. Goodwill of $1.4 billion was recognized, which is not deductible for income tax purposes. Total revenues and net loss that would have been recorded if the transaction had occurred at the beginning of 2021 are $2.5 billion and $139 million, respectively.

On December 15, 2021, a subsidiary of the company, alongside institutional partners, acquired a 100% interest in Modulaire Investments 2 S.à.r.l. ("Modulaire"), a provider of modular building leasing services in Europe and Asia-Pacific. The total consideration paid for the business was $4.8 billion, comprising of $1.6 billion of cash and $3.2 billion of debt raised for the acquisition. Goodwill of $1.7 billion was recognized, which is not deductible for income tax purposes. Total revenues and net income that would have been recorded if the transaction had occurred at the beginning of 2021 are $1.7 billion and $135 million, respectively.

Infrastructure

During 2021, a subsidiary of the company, alongside institutional partners, acquired a 100% interest in Inter Pipeline Ltd. ("IPL"). The transaction was accounted for as a business combination as of the initial acquisition on August 20, 2021. The total consideration paid for the business was $4.7 billion, comprising of $1.9 billion of cash, $0.2 billion of BIPC exchangeable LP units, $1.1 billion of BIPC exchangeable shares, $0.9 billion of debt raised on closing, and an existing 10% interest valued at $0.6 billion on the initial acquisition date. Goodwill of $2.1 billion was recognized, which is not deductible for income tax purposes. Total revenues and net income that would have been recorded if the transaction had occurred at the beginning of 2021 are $2.5 billion and $274 million, respectively.

Real Estate

On June 16, 2021, a subsidiary of the company, alongside institutional partners, acquired a portfolio of life sciences assets in the U.K., through our Brookfield Strategic Real Estate Partners III fund. The total consideration paid for the portfolio was $990 million, comprising of $352 million of cash with the remainder funded through non-recourse borrowings raised concurrently on closing. Total revenues and net income that would have been recorded if the transaction had occurred at the beginning of 2021 are $34 million and $86 million, respectively.

Renewable Powder and Transition

On March 24, 2021, a subsidiary of the company, alongside institutional partners, completed the acquisition of 100% of a portfolio of three wind generation facilities and development projects located in the U.S. The total consideration paid for the portfolio was $744 million. Total revenues and net income that would have been recorded if the transaction had occurred at the beginning of 2021 are $183 million and $12 million, respectively.

On March 31, 2021, a subsidiary of the company, alongside institutional partners, completed the acquisition of 100% of a distributed generation business in the U.S. The total consideration paid for the business was $684 million. Total revenues and net income that would have been recorded if the transaction had occurred at the beginning of 2021 are $79 million and $6 million, respectively.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

a) Financial Instruments Classification

The following tables list the company's financial instruments by their respective classification as at December 31, 2022 and 2021:

AS AT DEC. 31, 2022 (MILLIONS)	Fair Value Through Profit or Loss	Fair Value Through OCI	Amortized Cost	Total
Financial assets[1]				
Cash and cash equivalents	$ —	$ —	$ 14,396	**$ 14,396**
Other financial assets				
Government bonds	—	1,566	—	**1,566**
Corporate bonds	426	1,717	4	**2,147**
Fixed income securities and other	4,170	1,798	2,794	**8,762**
Common shares and warrants	4,953	1,519	—	**6,472**
Loans and notes receivable	53	—	7,899	**7,952**
	9,602	6,600	10,697	**26,899**
Accounts receivable and other[2]	3,749	—	16,131	**19,880**
	$ 13,351	$ 6,600	$ 41,224	**$ 61,175**
Financial liabilities				
Corporate borrowings	$ —	$ —	$ 11,390	**$ 11,390**
Non-recourse borrowings of managed entities				
Property-specific borrowings	—	—	187,544	**187,544**
Subsidiary borrowings	—	—	15,140	**15,140**
	—	—	202,684	**202,684**
Accounts payable and other[2]	6,895		41,664	**48,559**
Subsidiary equity obligations	1,114	—	3,074	**4,188**
	$ 8,009	$ —	$ 258,812	**$ 266,821**

1. Financial assets include $14.0 billion of assets pledged as collateral.
2. Includes derivative instruments which are elected for hedge accounting, totaling $3.0 billion included in accounts receivable and other and $2.1 billion included in accounts payable and other, for which changes in fair value are recorded in other comprehensive income.

AS AT DEC. 31, 2021 (MILLIONS)	Fair Value Through Profit or Loss	Fair Value Through OCI	Amortized Cost	Total
Financial assets[1]				
Cash and cash equivalents	$ —	$ —	$ 12,694	$ 12,694
Other financial assets				
Government bonds	—	2,020	—	2,020
Corporate bonds	514	2,004	3	2,521
Fixed income securities and other	1,484	1,637	120	3,241
Common shares and warrants	3,492	2,435	—	5,927
Loans and notes receivable	5	—	2,832	2,837
	5,495	8,096	2,955	16,546
Accounts receivable and other[2]	2,345	—	12,973	15,318
	$ 7,840	$ 8,096	$ 28,622	$ 44,558
Financial liabilities				
Corporate borrowings	$ —	$ —	$ 10,875	$ 10,875
Non-recourse borrowings of managed entities				
Property-specific borrowings	—	—	152,181	152,181
Subsidiary borrowings	—	—	12,876	12,876
	—	—	165,057	165,057
Accounts payable and other[2]	5,490	—	38,014	43,504
Subsidiary equity obligations	1,538	—	2,770	4,308
	$ 7,028	$ —	$ 216,716	$ 223,744

1. Financial assets include $10.1 billion of assets pledged as collateral.
2. Includes derivative instruments which are elected for hedge accounting, totaling $1.1 billion included in accounts receivable and other and $1.5 billion included in accounts payable and other, for which changes in fair value are recorded in other comprehensive income.

Gains or losses arising from changes in fair value through profit or loss (“FVTPL”) financial assets are presented in the Consolidated Statements of Operations in the period in which they arise. Dividends from FVTPL and fair value through other comprehensive income (“FVTOCI”) financial assets are recognized in the Consolidated Statements of Operations when the company’s right to receive payment is established. Interest on FVTOCI financial assets is calculated using the effective interest method and reported in the Consolidated Statements of Operations.

FVTOCI debt and equity securities are recorded on the balance sheet at fair value with changes in FVTOCI. As at December 31, 2022, the unrealized gains and losses relating to the fair value of FVTOCI securities amounted to $78 million (2021 – $996 million) and $1.1 billion (2021 – $213 million), respectively.

During the year ended December 31, 2022, net deferred income of $10 million (2021 – $1 million) previously recognized in accumulated other comprehensive income was reclassified to net income as a result of the disposition or impairment of certain of our FVTOCI financial assets that are not equity instruments.

Included in cash and cash equivalents is cash of $12.0 billion (2021 – $10.8 billion) and short-term deposits of $2.4 billion (2021 – $1.9 billion) as at December 31, 2022.

b) Carrying and Fair Value

The following table lists the company's financial instruments by their respective classification as at December 31, 2022 and 2021:

AS AT DEC. 31 (MILLIONS)	2022 Carrying Value	2022 Fair Value	2021 Carrying Value	2021 Fair Value
Financial assets				
Cash and cash equivalents	**$ 14,396**	**$ 14,396**	$ 12,694	$ 12,694
Other financial assets				
Government bonds	**1,566**	**1,566**	2,020	2,020
Corporate bonds	**2,147**	**2,147**	2,521	2,521
Fixed income securities and other	**8,762**	**8,762**	3,241	3,241
Common shares and warrants	**6,472**	**6,472**	5,927	5,927
Loans and notes receivable	**7,952**	**7,952**	2,837	2,837
	26,899	**26,899**	16,546	16,546
Accounts receivable and other	**19,880**	**19,880**	15,318	15,318
	$ 61,175	**$ 61,175**	$ 44,558	$ 44,558
Financial liabilities				
Corporate borrowings	**$ 11,390**	**$ 9,599**	$ 10,875	$ 11,993
Non-recourse borrowings of managed entities				
Property-specific borrowings	**187,544**	**184,254**	152,181	153,844
Subsidiary borrowings	**15,140**	**14,708**	12,876	13,415
	202,684	**198,962**	165,057	167,259
Accounts payable and other	**48,559**	**48,559**	43,504	43,504
Subsidiary equity obligations	**4,188**	**4,188**	4,308	4,308
	$ 266,821	**$ 261,308**	$ 223,744	$ 227,064

The current and non-current balances of other financial assets are as follows:

AS AT DEC. 31 (MILLIONS)	2022	2021
Current	**$ 7,565**	$ 6,963
Non-current	**19,334**	9,583
Total	**$ 26,899**	$ 16,546

c) Fair Value Hierarchy Levels

The following table categorizes financial assets and liabilities, which are carried at fair value, based upon the fair value hierarchy levels:

AS AT DEC. 31 (MILLIONS)	2022			2021		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Financial assets						
Other financial assets						
Government bonds	**$ 91**	**$ 1,475**	**$ —**	$ 48	$ 1,972	$ —
Corporate bonds	**65**	**1,754**	**324**	85	2,050	383
Fixed income securities and other	**493**	**2,099**	**3,376**	762	1,908	451
Common shares and warrants	**3,975**	**377**	**2,120**	4,063	548	1,316
Loans and notes receivables	**22**	**26**	**5**	—	—	5
	4,646	**5,731**	**5,825**	4,958	6,478	2,155
Accounts receivable and other	**12**	**3,731**	**6**	3	2,265	77
	$ 4,658	**$ 9,462**	**$ 5,831**	$ 4,961	$ 8,743	$ 2,232
Financial liabilities						
Accounts payable and other	**$ 7**	**$ 4,469**	**$ 2,419**	$ 29	$ 4,150	$ 1,311
Subsidiary equity obligations	**—**	**441**	**673**	—	135	1,403
	$ 7	**$ 4,910**	**$ 3,092**	$ 29	$ 4,285	$ 2,714

During the year ended December 31, 2022 there was a transfer of $460 million to Level 3 of the fair value hierarchy, reflecting a change in valuation technique to a discounted cash flow approach driven by assumptions concerning the amount and timing of estimated future cash flows and discount rates. No other transfers were made between Levels 1, 2, or 3 during the years ended December 31, 2022 and 2021.

Fair values of financial instruments are determined by reference to quoted bid or ask prices, as appropriate. If bid and ask prices are unavailable, the closing price of the most recent transaction of that instrument is used. In the absence of an active market, fair values are determined based on prevailing market rates for instruments with similar characteristics and risk profiles or internal or external valuation models, such as option pricing models and discounted cash flow analysis, using observable market inputs.

The following table summarizes the valuation techniques and key inputs used in the fair value measurement of Level 2 financial instruments:

(MILLIONS) **Type of Asset/Liability**	**Carrying Value Dec. 31, 2022**	**Valuation Techniques and Key Inputs**
Other financial assets	$ 5,731	Valuation models based on observable market data
Derivative assets/Derivative liabilities (accounts receivable/ accounts payable)	3,731 / (4,469)	Foreign currency forward contracts – discounted cash flow model – forward exchange rates (from observable forward exchange rates at the end of the reporting period) and discounted at credit adjusted rate Interest rate contracts – discounted cash flow model – forward interest rates (from observable yield curves) and applicable credit spreads discounted at a credit adjusted rate Energy derivatives – quoted market prices, or in their absence internal valuation models, corroborated with observable market data
Redeemable fund units (subsidiary equity obligations)	(441)	Aggregated market prices of underlying investments

Fair values determined using valuation models requiring the use of unobservable inputs (Level 3 financial assets and liabilities) include assumptions concerning the amount and timing of estimated future cash flows and discount rates. In determining those unobservable inputs, the company uses observable external market inputs such as interest rate yield curves, currency rates and price and rate volatilities, as applicable, to develop assumptions regarding those unobservable inputs.

The following table summarizes the valuation techniques and significant unobservable inputs used in the fair value measurement of Level 3 financial instruments:

(MILLIONS) **Type of Asset/Liability**	**Carrying Value Dec. 31, 2022**	**Valuation Techniques**	**Significant Unobservable Inputs**	**Relationship of Unobservable Inputs to Fair Value**
Corporate bonds	$ 324	Discounted cash flows	• Future cash flows	• Increases (decreases) in future cash flows increase (decrease) fair value
			• Discount rate	• Increases (decreases) in discount rate decrease (increase) fair value
Fixed income securities and other	3,376	Discounted cash flows	• Future cash flows	• Increases (decreases) in future cash flows increase (decrease) fair value
			• Discount rate	• Increases (decreases) in discount rate decrease (increase) fair value
Common shares and warrants	2,120	Discounted cash flows	• Future cash flows	• Increases (decreases) in future cash flows increase (decrease) fair value
			• Discount rate	• Increases (decreases) in discount rate decrease (increase) fair value
		Black-Scholes model	• Volatility	• Increases (decreases) in volatility increase (decreases) fair value
			• Term to maturity	• Increases (decreases) in term to maturity increase (decrease) fair value
Derivative assets/Derivative liabilities (accounts receivable/ payable)	6 / (2,419)	Discounted cash flows	• Future cash flows	• Increases (decreases) in future cash flows increase (decrease) fair value
			• Discount rate	• Increases (decreases) in discount rate decrease (increase) fair value
Limited-life funds (subsidiary equity obligations)	(673)	Discounted cash flows	• Future cash flows	• Increases (decreases) in future cash flows increase (decrease) fair value
			• Discount rate	• Increases (decreases) in discount rate decrease (increase) fair value
			• Terminal capitalization rate	• Increases (decreases) in terminal capitalization rate decrease (increase) fair
			• Investment horizon	• Increases (decreases) in the investment horizon decrease (increase) fair value

The following table presents the changes in the balance of financial assets and liabilities classified as Level 3 for the years ended December 31, 2022 and 2021:

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	**2022** **Financial Assets**	**2022** **Financial Liabilities**	2021 Financial Assets	2021 Financial Liabilities
Balance, beginning of year	**$ 2,232**	**$ 2,714**	$ 2,369	$ 2,104
Fair value changes in net income	**95**	**(394)**	160	96
Fair value changes in other comprehensive income[1]	**(13)**	**(3)**	(8)	94
Additions, net of disposals	**3,517**	**775**	(289)	420
Balance, end of year	**$ 5,831**	**$ 3,092**	$ 2,232	$ 2,714

1. Includes foreign currency translation.

The following table categorizes financial liabilities measured at amortized cost, but for which fair values are disclosed based upon the fair value hierarchy levels:

AS AT DEC. 31 (MILLIONS)	2022			2021		
	Level 1	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Corporate borrowings	**$ 9,524**	**$ 75**	**$ —**	$ 11,906	$ 87	$ —
Property-specific borrowings	**6,742**	**87,764**	**89,748**	12,163	65,234	76,620
Subsidiary borrowings	**7,547**	**2,100**	**5,061**	6,831	—	6,411
Subsidiary equity obligations	**—**	**689**	**2,385**	—	544	2,226

Fair values of Level 2 and Level 3 liabilities measured at amortized cost but for which fair values are disclosed are determined using valuation techniques such as adjusted public pricing and discounted cash flows.

d) Hedging Activities

The company uses derivatives and non-derivative financial instruments to manage or maintain exposures to interest, currency, credit and other market risks. Derivative financial instruments are recorded at fair value. For certain derivatives which are used to manage exposures, the company determines whether hedge accounting can be applied. Hedge accounting is applied when the derivative is designated as a hedge of a specific exposure and there is assurance that it will continue to be highly effective as a hedge based on an expectation of offsetting cash flows or fair value. Hedge accounting is discontinued prospectively when the derivative no longer qualifies as a hedge or the hedging relationship is terminated. Once discontinued, the cumulative change in fair value of a derivative that was previously recorded in other comprehensive income by the application of hedge accounting is recognized in profit or loss over the remaining term of the original hedging relationship as amounts related to the hedged item are recognized in profit or loss. The assets or liabilities relating to unrealized mark-to-market gains and losses on derivative financial instruments are recorded in financial assets and liabilities, respectively.

i. Cash Flow Hedges

The company uses the following cash flow hedges: energy derivative contracts to hedge the sale of power; interest rate swaps to hedge the variability in cash flows or future cash flows related to a variable rate asset or liability; and equity derivatives to hedge long-term compensation arrangements. For the year ended December 31, 2022, pre-tax net unrealized gains of $2.1 billion (2021 – $582 million) were recorded in other comprehensive income for the effective portion of the cash flow hedges. As at December 31, 2022, there was an unrealized derivative liability balance of $1.6 billion relating to derivative contracts designated as cash flow hedges (2021 – $232 million).

ii. Net Investment Hedges

The company uses foreign exchange contracts and foreign currency denominated debt instruments to manage its foreign currency exposures arising from net investments in foreign operations. For the year ended December 31, 2022, unrealized pre-tax net gains of $3.0 billion (2021 – $407 million) were recorded in other comprehensive income for the effective portion of hedges of net investments in foreign operations. As at December 31, 2022, there was an unrealized derivative liability balance of $756 million relating to derivative contracts designated as net investment hedges (2021 – $163 million).

e) Netting of Financial Instruments

Financial assets and liabilities are offset with the net amount reported in the Consolidated Balance Sheets, where the company currently has a legally enforceable right to offset and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

The company enters into derivative transactions under International Swaps and Derivatives Association ("ISDA") master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day are aggregated into a single net amount that is payable by one party to the other. The agreements provide the company with the legal and enforceable right to offset these amounts and accordingly the following balances are presented net in the consolidated financial statements:

AS AT DEC. 31 (MILLIONS)	Accounts Receivable and Other 2022	2021	Accounts Payable and Other 2022	2021
Gross amounts of financial instruments before netting	**$ 4,638**	$ 4,814	**$ 4,703**	$ 5,037
Gross amounts of financial instruments set-off in the Consolidated Balance Sheets	**(889)**	(2,469)	**(861)**	(2,452)
Net amounts of financial instruments in the Consolidated Balance Sheets	**$ 3,749**	$ 2,345	**$ 3,842**	$ 2,585

7. ACCOUNTS RECEIVABLE AND OTHER

AS AT DEC. 31 (MILLIONS)	Note	2022	2021
Accounts receivable	(a)	**$ 14,155**	$ 11,332
Prepaid expenses and other assets		**10,557**	8,162
Restricted cash	(b)	**2,666**	2,266
Total		**$ 27,378**	$ 21,760

The current and non-current balances of accounts receivable and other are as follows:

AS AT DEC. 31 (MILLIONS)	2022	2021
Current	**$ 19,489**	$ 16,098
Non-current	**7,889**	5,662
Total	**$ 27,378**	$ 21,760

a) Accounts Receivable

Accounts receivable includes contract assets of $703 million (2021 – $651 million). Contract assets primarily relate to work-in-progress on our long-term construction services contracts for which customers have not yet been billed.

b) Restricted Cash

Restricted cash primarily relates to the financing arrangements including defeasement of debt obligations, debt service accounts and deposits held by the company's insurance operations across our segments.

8. INVENTORY

The following table presents the components of inventory:

AS AT DEC. 31 (MILLIONS)	2022	2021
Residential properties under development	**$ 1,558**	$ 2,135
Land held for development	**1,895**	1,802
Completed residential properties	**2,342**	1,869
Industrial products	**2,911**	3,113
Other[1]	**4,137**	2,496
Total	**$ 12,843**	$ 11,415

1. As at December 31, 2022, the significant components of other inventory are fuel inventory of $850 million and logistics buildings of $575 million. As at December 31, 2021, the significant components of other inventory were fuel inventory of $731 million and office developments of $213 million.

The current and non-current balances of inventory are as follows:

AS AT DEC. 31 (MILLIONS)	2022	2021
Current	**$ 9,108**	$ 8,557
Non-current	**3,735**	2,858
Total	**$ 12,843**	$ 11,415

During the year ended December 31, 2022, the company recognized $44.1 billion of inventory relating to cost of goods sold (2021 – $35.7 billion) and a $110 million expense for impaired inventory (2021 – $96 million). The carrying amount of inventory pledged as collateral as at December 31, 2022 was $7.1 billion (2021 – $6.8 billion).

9. HELD FOR SALE

The following is a summary of the assets and liabilities classified as held for sale as at December 31, 2022 and 2021:

AS AT DEC. 31 (MILLIONS)	Real Estate	Renewable Power and Transition	Infrastructure	Private Equity and Other	2022 Total	2021 Total
Assets						
Cash and cash equivalents	$ —	$ 9	$ 37	$ —	**$ 46**	$ 213
Accounts receivable and other	2	12	33	107	**154**	298
Equity accounted investments	277	—	138	(8)	**407**	276
Investment properties	388	—	—	—	**388**	9,053
Property, plant and equipment	6	910	4	107	**1,027**	1,874
Intangible assets	—	—	582	130	**712**	—
Goodwill	—	—	21	11	**32**	220
Other long-term assets	14	6	41	—	**61**	—
Deferred income tax assets	—	—	—	3	**3**	24
Assets classified as held for sale	$ 687	$ 937	$ 856	$ 350	**$ 2,830**	$ 11,958
Liabilities						
Accounts payable and other	$ 4	$ 181	$ 81	$ 38	**$ 304**	$ 139
Non-recourse borrowings of managed entities	—	171	394	4	**569**	3,009
Deferred income tax liabilities	—	—	3	—	**3**	—
Liabilities associated with assets classified as held for sale	$ 4	$ 352	$ 478	$ 42	**$ 876**	$ 3,148

As at December 31, 2022, assets held for sale within our Real Estate segment include three malls in the U.S., two hospitality assets in the U.S., and one office asset in the U.S. Assets held for sale within our Renewable Power segment include a 378 MW operating hydroelectric portfolio in the U.S., as well as wind assets in the U.S. that were acquired as part of the acquisition of a renewables developer. Assets held for sale within our Infrastructure segment include the agreement to sell our Indian toll road operations, as well as the agreement from one of our subsidiaries to sell its 50% interest in a freeland port in Victoria, Australia.

For the year ended December 31, 2022, we disposed of $13.5 billion and $3.7 billion of assets and liabilities, respectively. The majority of disposals relate to the sales of a student housing portfolio in the U.K., a triple-net lease portfolio, a hospitality portfolio, eleven malls and an office asset in the U.S, within our Real Estate segment.

10. EQUITY ACCOUNTED INVESTMENTS

The following table presents the ownership interests and carrying values of the company's investments in associates and joint ventures, all of which are accounted for using the equity method:

AS AT DEC. 31 (MILLIONS)	Ownership Interest[1] 2022	Ownership Interest[1] 2021	Carrying Value 2022	Carrying Value 2021
Oaktree	**64%**	62%	**$ 5,927**	$ 5,596
Real Estate				
Associates				
Transitional and Development	**26 – 50%**	n/a	**485**	—
LP Investments and other	**16 – 31%**	13 – 31%	**41**	251
Joint ventures				
Core	**25 – 56%**	15 – 56%	**7,324**	9,819
Transitional and Development	**9 – 68%**	22 – 70%	**11,095**	10,303
LP Investments and other	**6 – 98%**	8 – 91%	**3,319**	4,813
			22,264	25,186
Infrastructure				
Associates				
Utilities	**8 – 38%**	11 – 50%	**1,244**	946
Transport	**26 – 58%**	21 – 58%	**1,772**	4,724
Data	**3%**	45 – 50%	**1,719**	3,076
Other	**22 – 50%**	22 – 50%	**297**	106
Joint ventures				
Utilities	**15 – 49%**	n/a	**1,117**	—
Transport	**6 – 31%**	50%	**2,367**	64
Midstream	**20 – 38%**	50%	**757**	653
Data	**12 – 50%**	n/a	**2,571**	—
			11,844	9,569
Private Equity				
Associates				
Industrial operations	**9 – 54%**	24 – 54%	**932**	787
Other	**14 – 50%**	14 – 70%	**2,642**	2,205
			3,574	2,992
Renewable Power and Transition and other				
Renewable Power and Transition associates	**3 – 65%**	3 – 65%	**2,261**	1,801
Other equity accounted investments	**35 – 82%**	22 – 70%	**1,224**	956
			3,485	2,757
Total			**$ 47,094**	$ 46,100

1. Joint ventures or associates in which the ownership interest is greater than 50% represent investments for which control is either shared or does not exist resulting in the investment being equity accounted.

The following table presents the change in the balance of investments in associates and joint ventures:

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Oaktree	Real Estate	Infrastructure	Private Equity	Renewable Power and Other	**2022 Total**	2021 Total
Balance, beginning of year	$ 5,596	$ 25,186	$ 9,569	$ 2,992	$ 2,757	**$ 46,100**	$ 41,327
Additions, net of disposals[1]	446	(3,063)	2,602	74	1,225	**1,284**	4,013
Acquisitions through business combinations	—	222	—	461	(1)	**682**	72
Share of comprehensive income (loss)	235	1,492	894	232	(388)	**2,465**	3,387
Distributions received	(350)	(550)	(1,178)	(170)	(86)	**(2,334)**	(1,758)
Return of capital	—	(430)	—	(2)	—	**(432)**	(273)
Foreign currency translation and other	—	(593)	(43)	(13)	(22)	**(671)**	(668)
Balance, end of year	**$ 5,927**	**$ 22,264**	**$ 11,844**	**$ 3,574**	**$ 3,485**	**$ 47,094**	$ 46,100

1. Includes assets sold and amounts reclassified to held for sale.

Additions, net of disposals, of $1.3 billion during the year primarily relate to the acquisitions of equity accounted investments in AusNet Services Ltd, an Australian regulated utility business in Australia and a smart meter business in New Zealand within our Infrastructure segment. Our equity accounted investments balance also increased due to the joint venture partnership with Intel Corporation within our Infrastructure segment and capital contributions to Brookfield Reinsurance Ltd. These additions were partially offset by the reclassification of our German office portfolio within our Real Estate segment from equity accounted investment to a consolidated subsidiary when control of the portfolio was obtained during 2022.

The following table presents current and non-current assets, as well as current and non-current liabilities of the company's investments in associates and joint ventures:

AS AT DEC. 31 (MILLIONS)	2022 Current Assets	2022 Non-Current Assets	2022 Current Liabilities	2022 Non-Current Liabilities	2021 Current Assets	2021 Non-Current Assets	2021 Current Liabilities	2021 Non-Current Liabilities
Oaktree	**$ 1,999**	**$ 19,038**	**$ 1,441**	**$ 10,332**	$ 2,136	$ 20,351	$ 1,936	$ 9,229
Real Estate								
Associates								
Transitional and Development	**50**	**2,792**	**77**	**1,143**	—	—	—	—
LP Investments and other	**71**	**109**	**54**	**—**	17	1,070	19	757
Joint ventures								
Core	**1,297**	**27,599**	**1,464**	**12,785**	1,985	39,322	2,272	17,787
Transitional and Development	**1,646**	**42,733**	**4,846**	**14,482**	1,723	35,099	927	14,091
LP Investments and other	**1,875**	**11,309**	**1,464**	**5,605**	1,854	19,622	1,214	9,164
Infrastructure								
Associates								
Utilities	**363**	**15,744**	**364**	**8,588**	359	5,723	444	3,738
Transport	**1,318**	**12,033**	**2,259**	**5,919**	1,325	24,322	2,160	12,981
Data	**438**	**8,659**	**564**	**4,793**	1,054	13,394	1,727	6,284
Other	**118**	**1,362**	**92**	**357**	30	321	20	84
Joint ventures								
Utilities	**372**	**6,167**	**366**	**4,088**	—	—	—	—
Transport	**237**	**10,054**	**118**	**6,029**	32	115	12	63
Midstream	**232**	**6,279**	**226**	**4,067**	197	6,097	215	4,003
Data	**1,009**	**6,640**	**647**	**3,640**	—	—	—	—
Private Equity								
Associates								
Industrial operations	**1,682**	**2,352**	**789**	**566**	1,421	1,169	640	330
Other	**2,911**	**8,015**	**1,831**	**5,773**	1,949	9,163	1,208	7,220
Renewable Power and Transition and other								
Renewable Power and Transition associates	**4,163**	**14,878**	**3,375**	**8,125**	2,763	12,675	2,546	6,811
Other equity accounted investments	**3,558**	**40,355**	**5,327**	**36,721**	2,075	9,419	1,593	8,465
	$23,339	**$ 236,118**	**$ 25,304**	**$ 133,013**	$18,920	$ 197,862	$ 16,933	$ 101,007

Certain of the company's investments in associates are subject to restrictions on the extent to which they can remit funds to the company in the form of cash dividends or repay loans and advances as a result of borrowing arrangements, regulatory restrictions and other contractual requirements.

The following table presents total revenues, net income and other comprehensive income ("OCI") of the company's investments in associates and joint ventures:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022 Revenue	2022 Net Income	2022 OCI	2021 Revenue	2021 Net Income	2021 OCI
Oaktree	**$ 1,489**	**$ 579**	**$ 15**	$ 2,308	$ 1,355	$ 7
Real Estate						
Associates						
Transitional and Development	**(12)**	**128**	**—**	—	—	—
LP Investments and other	**230**	**(6)**	**69**	84	(133)	949
Joint ventures						
Core	**1,192**	**1,234**	**143**	1,917	1,404	100
Transitional and Development	**3,468**	**718**	**94**	2,602	1,215	—
LP Investments and other	**1,362**	**350**	**312**	1,114	457	321
Infrastructure						
Associates						
Utilities	**1,306**	**32**	**(112)**	1,336	521	28
Transport	**2,561**	**(132)**	**307**	11,685	1,570	(433)
Data	**815**	**(23)**	**247**	2,460	70	73
Other	**173**	**(349)**	**600**	50	(66)	56
Joint ventures						
Utilities	**869**	**183**	**171**	—	—	—
Transport	**14,372**	**1,580**	**93**	123	4	(2)
Midstream	**918**	**220**	**67**	783	137	—
Data	**1,571**	**337**	**522**	—	—	—
Private Equity						
Associates						
Industrial operations	**3,462**	**456**	**9**	3,082	424	(4)
Other	**6,077**	**320**	**(28)**	5,215	(233)	(113)
Renewable Power and Transition and other						
Renewable Power and Transition associates	**3,487**	**359**	**(583)**	2,891	(208)	(15)
Other equity accounted investments	**5,100**	**492**	**(870)**	7,344	(46)	(15)
	$ 48,440	**$ 6,478**	**$ 1,056**	$ 42,994	$ 6,471	$ 952

Certain of the company's investments are publicly listed entities with active pricing in a liquid market.

11. INVESTMENT PROPERTIES

The following table presents the change in the fair value of the company's investment properties:

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	**2022**	2021
Fair value, beginning of year	**$ 100,865**	$ 96,782
Additions	**11,580**	13,558
Acquisitions through business combinations	**9,805**	988
Changes in basis of accounting	**(274)**	599
Dispositions[1]	**(4,430)**	(15,017)
Fair value changes	**629**	5,073
Foreign currency translation and other	**(3,075)**	(1,118)
Fair value, end of year[2]	**$ 115,100**	$ 100,865

1. Includes amounts reclassified to held for sale.
2. As at December 31, 2022, the ending balance includes $108.2 billion (December 31, 2021 – $94.9 billion) of investment properties leased to third parties and $4.4 billion of Right-of-use ("ROU") investment properties (December 31, 2021 – $4.1 billion).

Investment properties include the company's office, retail, multifamily and other properties. Additions and acquisitions of $21.4 billion (2021 - $14.5 billion) primarily relate to the purchases of investment properties within our real estate funds and enhancement of existing assets during the period.

Dispositions of $4.4 billion (2021 – $15.0 billion) included the sale of multiple triple net lease investment properties, multifamily and retail assets in the U.S, office assets in the U.K. and Canada, and a portfolio of student housing assets in the U.K. In addition, the current period includes the reclassification of certain assets held within our real estate funds to assets held for sale.

Investment properties generated $6.2 billion (2021 – $5.7 billion) in rental income and incurred $2.9 billion (2021 – $2.6 billion) in direct operating expenses. Most of our investment properties are pledged as collateral for the non-recourse borrowings at their respective properties.

The following table presents our investment properties measured at fair value:

AS AT DEC. 31 (MILLIONS)	**2022**	2021
Core	**$ 19,267**	$ 19,384
Transitional and Development	**25,434**	28,334
LP Investments	**69,501**	51,620
Other investment properties	**898**	1,527
	$ 115,100	$ 100,865

Significant unobservable inputs (Level 3) are utilized when determining the fair value of investment properties. The significant Level 3 inputs include:

Valuation Technique	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value	Mitigating Factors
Discounted cash flow analysis[1]	• Future cash flows – primarily driven by net operating income	• Increases (decreases) in future cash flows increase (decrease) fair value	• Increases (decreases) in cash flows tend to be accompanied by increases (decreases) in discount rates that may offset changes in fair value from cash flows
	• Discount rate	• Increases (decreases) in discount rate decrease (increase) fair value	• Increases (decreases) in discount rates tend to be accompanied by increases (decreases) in cash flows that may offset changes in fair value from discount rates
	• Terminal capitalization rate	• Increases (decreases) in terminal capitalization rate decrease (increase) fair value	• Increases (decreases) in terminal capitalization rates tend to be accompanied by increases (decreases) in cash flows that may offset changes in fair value from terminal capitalization rates
	• Investment horizon	• Increases (decreases) in the investment horizon decrease (increase) fair value	• Increases (decreases) in the investment horizon tend to be the result of changing cash flow profiles that may result in higher (lower) growth in cash flows prior to stabilizing in the terminal year

1. Certain investment properties are valued using the direct capitalization method instead of a discounted cash flow model. Under the direct capitalization method, a capitalization rate is applied to estimated current year cash flows.

The company's investment properties are diversified by asset type, asset class, geography and market. Therefore, there may be mitigating factors in addition to those noted above, such as changes to assumptions that vary in direction and magnitude across different geographies and markets.

The following table summarizes the key valuation metrics of the company's investment properties:

	2022			2021		
AS AT DEC. 31	**Discount Rate**	**Terminal Capitalization Rate**	**Investment Horizon (years)**	Discount Rate	Terminal Capitalization Rate	Investment Horizon (years)
Core	**6.2%**	**4.6%**	**11**	5.9%	4.6%	11
Transitional and Development[1]	**7.6%**	**5.9%**	**10**	7.3%	5.8%	10
LP Investments[1]	**8.4%**	**5.7%**	**13**	9.1%	5.9%	13
Other investment properties[2]	**7.5%**	**n/a**	**n/a**	8.7%	n/a	n/a

1. The rates presented are for investment properties valued using the discounted cash flow method. These rates exclude multifamily, triple net lease, student housing, manufactured housing and other investment properties valued using the direct capitalization method.
2. Other investment properties include investment properties held in our Infrastructure and Private Equity segments.

12. PROPERTY, PLANT AND EQUIPMENT

The company's PP&E relates to the operating segments as shown below:

	Renewable Power and Transition (a)		Infrastructure (b)		Real Estate (c)		Private Equity and Other (d)		Total	
AS AT DEC. 31 (MILLIONS)	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Costs	**$34,483**	$30,588	**$39,440**	$39,769	**$15,367**	$11,568	**$23,024**	$21,083	**$112,314**	$103,008
Accumulated fair value changes	**30,726**	28,138	**3,251**	3,077	**1,794**	881	**(841)**	(1,022)	**34,930**	31,074
Accumulated depreciation	**(9,966)**	(8,409)	**(5,398)**	(4,191)	**(1,799)**	(1,481)	**(5,813)**	(4,512)	**(22,976)**	(18,593)
Total[1]	**$55,243**	$50,317	**$37,293**	$38,655	**$15,362**	$10,968	**$16,370**	$15,549	**$124,268**	$115,489

1. As at December 31, 2022, the total includes $5.6 billion (2021 – $5.8 billion) of PP&E leased to third parties as operating leases. Our ROU PP&E assets include $435 million (2021 – $415 million) in our Renewable Power and Transition segment, $3.5 billion (2021 – $4.0 billion) in our Infrastructure segment, $1.0 billion (2021 – $986 million) in our Real Estate segment, and $1.7 billion (2021 – $1.6 billion) in our Private Equity and other segments, totaling $6.6 billion (2021 – $7.0 billion) of ROU assets.

Renewable Power and Transition, Infrastructure and Real Estate segments primarily carry PP&E assets at fair value, classified as Level 3 in the fair value hierarchy due to the use of significant unobservable inputs when determining fair value. The carrying amount that would have been recognized had our assets been accounted for under the cost model is $75.4 billion (2021 – $72.0 billion). Private Equity and other segments carry PP&E assets at amortized cost. As at December 31, 2022, $88.2 billion (2021 – $66.2 billion) of PP&E, at cost, were pledged as collateral for the property debt at their respective properties.

a) Renewable Power and Transition

Our renewable power and transition PP&E consists of the following:

	Hydroelectric		Wind		Solar and Other		Total	
AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Cost, beginning of year	**$ 13,871**	$ 13,899	**$ 9,033**	$ 8,398	**$ 7,684**	$ 6,541	**$ 30,588**	$ 28,838
Additions, net of disposals and assets reclassified as held for sale	**(542)**	734	**950**	(907)	**1,267**	648	**1,675**	475
Acquisitions through business combinations	**—**	—	**1,765**	1,643	**1,321**	723	**3,086**	2,366
Foreign currency translation	**(849)**	(762)	**156**	(101)	**(173)**	(228)	**(866)**	(1,091)
Cost, end of year	**12,480**	13,871	**11,904**	9,033	**10,099**	7,684	**34,483**	30,588
Accumulated fair value changes, beginning of year	**23,973**	19,865	**2,461**	2,908	**1,704**	1,465	**28,138**	24,238
Fair value changes	**2,681**	4,581	**1,060**	(44)	**162**	282	**3,903**	4,819
Dispositions and assets reclassified as held for sale	**—**	—	**(135)**	(354)	**—**	—	**(135)**	(354)
Foreign currency translation	**(1,012)**	(473)	**(133)**	(49)	**(35)**	(43)	**(1,180)**	(565)
Accumulated fair value changes, end of year	**25,642**	23,973	**3,253**	2,461	**1,831**	1,704	**30,726**	28,138
Accumulated depreciation, beginning of year	**(5,151)**	(4,731)	**(2,086)**	(2,293)	**(1,172)**	(846)	**(8,409)**	(7,870)
Depreciation expenses	**(624)**	(556)	**(557)**	(599)	**(413)**	(355)	**(1,594)**	(1,510)
Dispositions and assets reclassified as held for sale	**86**	22	**4**	792	**7**	1	**97**	815
Foreign currency translation	**125**	114	**(222)**	14	**37**	28	**(60)**	156
Accumulated depreciation, end of year	**(5,564)**	(5,151)	**(2,861)**	(2,086)	**(1,541)**	(1,172)	**(9,966)**	(8,409)
Balance, end of year	**$ 32,558**	$ 32,693	**$ 12,296**	$ 9,408	**$ 10,389**	$ 8,216	**$ 55,243**	$ 50,317

The following table presents our renewable power and transition PP&E measured at fair value by geography:

AS AT DEC. 31 (MILLIONS)	**2022**	2021
North America	**$ 37,016**	$ 32,629
Colombia	**8,264**	8,497
Brazil	**4,708**	3,547
Europe	**3,396**	3,935
Other[1]	**1,859**	1,709
	$ 55,243	$ 50,317

1. Other refers primarily to China, India and Chile.

Renewable power and transition assets are accounted for under the revaluation model and the most recent date of revaluation was December 31, 2022. Valuations utilize significant unobservable inputs (Level 3) when determining the fair value of renewable power and transition assets. The significant Level 3 inputs include:

Valuation Technique	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value	Mitigating Factors
Discounted cash flow analysis	• Future cash flows – primarily impacted by future electricity price assumptions	• Increases (decreases) in future cash flows increase (decrease) fair value	• Increases (decreases) in cash flows tend to be accompanied by increases (decreases) in discount rates that may offset changes in fair value from cash flows
	• Discount rate	• Increases (decreases) in discount rate decrease (increase) fair value	• Increases (decreases) in discount rates tend to be accompanied by increases (decreases) in cash flows that may offset changes in fair value from discount rates
	• Terminal capitalization rate	• Increases (decreases) in terminal capitalization rate decrease (increase) fair value	• Increases (decreases) in terminal capitalization rates tend to be accompanied by increases (decreases) in cash flows that may offset changes in fair value from terminal capitalization rates
	• Terminal year	• Increases (decreases) in the terminal year decrease (increase) fair value	• Increases (decreases) in the terminal year tend to be the result of changing cash flow profiles that may result in higher (lower) growth in cash flows prior to stabilizing in the terminal year

Key valuation metrics of the company's hydroelectric, wind and solar generating facilities at the end of 2022 and 2021 are summarized below.

	North America		Brazil		Colombia		Europe	
AS AT DEC. 31	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Discount rate								
Contracted	**4.9 – 5.4%**	4.1 – 4.4%	**8.2%**	7.2%	**8.5%**	7.9%	**4.4%**	3.9%
Uncontracted	**6.2 – 6.7%**	5.4 – 5.6%	**9.5%**	8.5%	**9.7%**	9.2%	**4.4%**	3.9%
Terminal capitalization rate[1]	**4.3 – 4.9%**	4.8 – 5.1%	**n/a**	n/a	**7.7%**	8.0%	**n/a**	n/a
Terminal year	**2044**	2042	**2051**	2048	**2042**	2041	**2036**	2036

1. Terminal capitalization rate applies only to hydroelectric assets in North America and Colombia.

Terminal values are included in the valuation of hydroelectric assets in the U.S., Canada and Colombia. For the hydroelectric assets in Brazil, cash flows have been included based on the duration of the authorization or useful life of a concession asset without consideration of potential renewal value. The weighted-average remaining duration as at December 31, 2022, which includes a one-time 30-year renewal for applicable hydroelectric assets completed in the current year, is 35 years (2021 – 31 years). Consequently, there is no terminal value attributed to the hydroelectric assets in Brazil.

Key assumptions on contracted generation and future power pricing are summarized below:

AS AT DEC. 31, 2022	Total Generation Contracted under Power Purchase Agreements		Power Prices from Long-Term Power Purchase Agreements (weighted average)		Estimates of Future Electricity Prices (weighted average)	
	1 – 10 years	11 – 20 years	1 – 10 years	11 – 20 years	1 – 10 years	11 – 20 years
North America (prices in US$/MWh)	**54%**	**16%**	**88**	**74**	**93**	**135**
Brazil (prices in R$/MWh)	**75%**	**43%**	**336**	**387**	**290**	**387**
Colombia (prices in COP$/MWh)	**32%**	**2%**	**293**	**352**	**376**	**554**
Europe (prices in €/MWh)	**90%**	**65%**	**72**	**66**	**62**	**74**

The company's estimate of future renewable power pricing is based on management's estimate of the cost of securing new energy from renewable sources to meet future demand between 2026 and 2035 (2021 – between 2025 and 2035), which will maintain system reliability and provide adequate levels of reserve generation.

b) Infrastructure

Our infrastructure PP&E consists of the following:

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Utilities		Transport		Midstream		Data		Sustainable Resources and Other		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Cost, beginning of year	**$ 7,582**	$ 9,306	**$ 8,999**	$ 8,698	**$14,862**	$ 4,321	**$ 8,324**	$ 8,593	**$ 2**	$ 294	**$39,769**	$31,212
Additions, net of disposals and assets reclassified as held for sale	**345**	(1,788)	**642**	312	**780**	511	**561**	(103)	**—**	(294)	**2,328**	(1,362)
Acquisitions through business combinations	**108**	180	**—**	134	**—**	9,865	**53**	—	**—**	—	**161**	10,179
Foreign currency translation	**(743)**	(116)	**(356)**	(145)	**(963)**	165	**(754)**	(166)	**(2)**	2	**(2,818)**	(260)
Cost, end of year	**7,292**	7,582	**9,285**	8,999	**14,679**	14,862	**8,184**	8,324	**—**	2	**39,440**	39,769
Accumulated fair value changes, beginning of year	**1,626**	2,917	**1,045**	1,047	**408**	338	**—**	—	**(2)**	324	**3,077**	4,626
Disposition and assets reclassified as held for sale	**—**	(1,399)	**—**	—	**—**	—	**—**	—	**—**	(244)	**—**	(1,643)
Fair value changes	**176**	134	**112**	48	**118**	70	**—**	—	**—**	(80)	**406**	172
Foreign currency translation	**(178)**	(26)	**(53)**	(50)	**(3)**	—	**—**	—	**2**	(2)	**(232)**	(78)
Accumulated fair value changes, end of year	**1,624**	1,626	**1,104**	1,045	**523**	408	**—**	—	**—**	(2)	**3,251**	3,077
Accumulated depreciation, beginning of year	**(1,272)**	(1,613)	**(1,668)**	(1,404)	**(622)**	(356)	**(629)**	(263)	**—**	(35)	**(4,191)**	(3,671)
Depreciation expenses	**(326)**	(352)	**(468)**	(481)	**(418)**	(270)	**(384)**	(419)	**—**	(4)	**(1,596)**	(1,526)
Dispositions and assets reclassified as held for sale	**21**	682	**9**	161	**11**	20	**41**	45	**—**	38	**82**	946
Foreign currency translation	**121**	11	**87**	56	**47**	(16)	**52**	8	**—**	1	**307**	60
Accumulated depreciation, end of year	**(1,456)**	(1,272)	**(2,040)**	(1,668)	**(982)**	(622)	**(920)**	(629)	**—**	—	**(5,398)**	(4,191)
Balance, end of year	**$ 7,460**	$ 7,936	**$ 8,349**	$ 8,376	**$14,220**	$14,648	**$ 7,264**	$ 7,695	**$ —**	$ —	**$37,293**	$38,655

Infrastructure's PP&E assets are accounted for under the revaluation model, and the most recent date of revaluation was December 31, 2022. The utilities assets consist of regulated transmission and regulated distribution networks, which are operated primarily under regulated rate base arrangements. In the transport operations, the PP&E assets consist of railroads, toll roads and ports. PP&E assets in the midstream operations are comprised of energy transmission, distribution and storage. Data PP&E include mainly telecommunications towers, fiber optic networks and data storage assets.

Valuations utilize significant unobservable inputs (Level 3) when determining the fair value of infrastructure's utilities, transport, midstream and data assets. The significant Level 3 inputs include:

Valuation Technique	Significant Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value	Mitigating Factors
Discounted cash flow analysis	• Future cash flows	• Increases (decreases) in future cash flows increase (decrease) fair value	• Increases (decreases) in cash flows tend to be accompanied by increases (decreases) in discount rates that may offset changes in fair value from cash flows
	• Discount rate	• Increases (decreases) in discount rate decrease (increase) fair value	• Increases (decreases) in discount rates tend to be accompanied by increases (decreases) in cash flows that may offset changes in fair value from discount rates
	• Terminal capitalization multiple	• Increases (decreases) in terminal capitalization multiple increases (decreases) fair value	• Increases (decreases) in terminal capitalization multiple tend to be accompanied by increases (decreases) in cash flows that may offset changes in fair value from terminal capitalization multiple
	• Investment horizon	• Increases (decreases) in the investment horizon decrease (increase) fair value	• Increases (decreases) in the investment horizon tend to be the result of changing cash flow profiles that may result in higher (lower) growth in cash flows prior to stabilizing in the terminal year

Key valuation metrics of the company's utilities, transport, and midstream assets at the end of 2022 and 2021 are summarized below.

	Utilities		Transport		Midstream	
AS AT DEC. 31	**2022**	2021	**2022**	2021	**2022**	2021
Discount rates	**7 – 11%**	7 – 11%	**8 – 14%**	7 – 14%	**15%**	15%
Terminal capitalization multiples	**18x**	20x	**9x – 15x**	9x – 15x	**10x**	10x
Investment horizon	**10 – 20**	10 – 20	**10**	10	**5 – 10**	5 – 10

c) Real Estate

	Cost		Accumulated Fair Value Changes		Accumulated Depreciation		Total	
AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	**2022**	2021	**2022**	2021	**2022**	2021	**2022**	2021
Balance, beginning of year	**$ 11,568**	$ 9,420	**$ 881**	$ 393	**$ (1,481)**	$ (1,274)	**$ 10,968**	$ 8,539
Changes in basis of accounting	**11**	(38)	**1**	8	**31**	1	**43**	(29)
Additions/(dispositions)[1], net of assets reclassified as held for sale	**1,202**	207	**28**	(657)	**59**	268	**1,289**	(182)
Acquisitions through business combinations	**3,224**	2,172	**—**	—	**—**	—	**3,224**	2,172
Foreign currency translation	**(638)**	(193)	**(35)**	(2)	**115**	37	**(558)**	(158)
Fair value changes	**—**	—	**1,039**	1,113	**—**	—	**1,039**	1,113
Depreciation expenses	**—**	—	**—**	—	**(523)**	(513)	**(523)**	(513)
Impairment charges	**—**	—	**(120)**	26	**—**	—	**(120)**	26
Balance, end of year	**$ 15,367**	$11,568	**$ 1,794**	$ 881	**$ (1,799)**	$ (1,481)	**$ 15,362**	$ 10,968

1. For accumulated depreciation, (additions)/dispositions.

The company's real estate PP&E assets include hospitality assets accounted for under the revaluation model, with the most recent revaluation as at December 31, 2022. The company determined fair value for these assets by using the depreciated replacement cost method. Valuations utilize significant unobservable inputs (Level 3) when determining the fair value of real estate assets. The significant Level 3 inputs include estimates of assets' replacement cost and remaining economic life.

d) Private Equity and Other

Private equity and other PP&E primarily includes assets owned by the company's private equity and residential development businesses. These assets are accounted for under the cost model, which requires the assets to be carried at cost less accumulated depreciation and any accumulated impairment losses. The following table presents the changes to the carrying value of the company's PP&E assets included in these businesses:

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Cost		Accumulated Impairment		Accumulated Depreciation		Total	
	2022	2021	**2022**	2021	**2022**	2021	**2022**	2021
Balance, beginning of year	**$ 21,083**	$ 18,601	**$ (1,022)**	$ (873)	**$ (4,512)**	$ (3,631)	**$ 15,549**	$ 14,097
Changes in basis of accounting	**(37)**	(820)	**(8)**	(3)	**5**	301	**(40)**	(522)
Additions/(dispositions)[1], net of assets reclassified as held for sale	**1,443**	1,120	**41**	97	**372**	271	**1,856**	1,488
Acquisitions through business combinations	**1,502**	2,518	**—**	—	**—**	—	**1,502**	2,518
Foreign currency translation	**(967)**	(336)	**11**	(3)	**170**	34	**(786)**	(305)
Depreciation expenses	**—**	—	**—**	—	**(1,848)**	(1,501)	**(1,848)**	(1,501)
Impairment charges	**—**	—	**137**	(240)	**—**	14	**137**	(226)
Balance, end of year	**$ 23,024**	$ 21,083	**$ (841)**	$ (1,022)	**$ (5,813)**	$ (4,512)	**$ 16,370**	$ 15,549

1. For accumulated depreciation, (additions)/dispositions.

13. INTANGIBLE ASSETS

The following table presents a continuity of the company's intangible assets:

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Cost		Accumulated Amortization and Impairment		Total	
	2022	2021	**2022**	2021	**2022**	2021
Balance, beginning of year	**$ 34,810**	$ 27,946	**$ (4,201)**	$ (3,288)	**$ 30,609**	$ 24,658
Additions	**746**	251	**—**	—	**746**	251
Disposals[1]	**(2,434)**	(972)	**259**	383	**(2,175)**	(589)
Acquisitions through business combinations	**12,011**	8,639	**2**	—	**12,013**	8,639
Amortization	**—**	—	**(2,138)**	(1,477)	**(2,138)**	(1,477)
Foreign currency translation	**(724)**	(1,054)	**80**	181	**(644)**	(873)
Balance, end of year	**$ 44,409**	$ 34,810	**$ (5,998)**	$ (4,201)	**$ 38,411**	$ 30,609

1. Includes assets sold and amounts reclassified to held for sale.

Intangible assets are allocated to the following operating segments:

AS AT DEC. 31 (MILLIONS)	Note	**2022**	2021
Private Equity	(a)	**$ 25,032**	$ 14,806
Infrastructure	(b)	**11,822**	14,214
Real Estate	(c)	**1,202**	1,226
Renewable Power and Transition and other		**355**	363
		$ 38,411	$ 30,609

a) Private Equity

The intangible assets in our Private Equity segment are primarily related to:

- Customer relationships of $13.8 billion (2021 – $7.5 billion), which increased from the prior year primarily due to the acquisitions of nuclear technology services operations, modular building leasing services operations, lottery services operations, advanced energy storage operations, dealer software and technology services operations and engineered components manufacturing operations. The customer relationships acquired have a useful life of 6 to 30 years.
- Computer software and proprietary technology of $3.7 billion (2021 – $3.0 billion), which increased from the prior year mainly due to acquisitions completed in 2022. The proprietary technology pertains to the combination of processes, tools, techniques and developed systems for exclusive use and benefit within the operations and has a useful life of 10 to 20 years.
- Water and sewage concession agreements, the majority of which are arrangements with municipal governments across Brazil, of $2.1 billion (2021 – $1.8 billion). The concession agreements provide the company the right to charge fees to users over the terms of the agreements in exchange for water treatment services, ongoing and regular maintenance work on water distribution assets and improvements to the water treatment and distribution systems. The concession agreements have expiration dates that range from 2037 to 2056, which is the basis for the company's determination of the assets' remaining useful life. Upon expiry of the agreements, the assets will be returned to various grantors.
- Brands and trademarks of $3.3 billion (2021 – $1.9 billion), which increased from the prior year mainly due to the acquisition of the aforementioned nuclear technology services operations, dealer software and technology services operations, modular building leasing services operations, advanced energy storage operations, engineered components manufacturing operations, fleet management and car rental services, and lottery services operations, have a useful life of 11 to 40 years.

b) Infrastructure

The intangible assets in our Infrastructure segment are primarily related to:

- Concession arrangements of $2.8 billion (2021 – $2.6 billion) at our Brazilian regulated transmission operation that provide the right to charge a tariff over the term of the agreements. On April 8, 2021, new legislation was passed in Brazil which extended these finite authorizations in perpetuity. These assets are amortized on a straight-line basis of the underlying infrastructure.
- Customer relationships and shipping agreements of $2.2 billion (2021 – $2.5 billion) at our Canadian diversified midstream operation, relating to long-term take-or-pay and fee-for-service contractual arrangements. These agreements are with investment grade counterparties. These assets are amortized on a straight-line basis over the estimated useful life.
- Customer relationships, operating network agreements and track access rights of $1.6 billion (2021 – $1.7 billion) at our North American rail operations. These intangible assets include long-term leases.
- Concession arrangements totaling $1.0 billion (2021 – $1.6 billion) relating to our Peruvian and Indian toll roads, which provide the right to charge a tariff to users of the roads over the terms of the concessions. The decrease from 2021 is primarily due to the disposition of our Indian toll roads. The Peruvian concessions have a useful life of 21 years. The company uses these expiration dates as a basis for determining the assets' remaining useful lives.
- Contractual customer relationships, customer contracts and proprietary technology of $1.3 billion (2021 – $1.3 billion) at our North American residential energy infrastructure operations. This business generates revenue under long-term contracts with a diversified customer base across North America.
- Indefinite life intangible assets of $867 million (2021 – $899 million).

c) Real Estate

The intangible assets in our Real Estate segment are primarily attributable to indefinite life trademarks associated with the hospitality assets, which include Center Parcs U.K. properties ("Center Parcs"). The Center Parcs trademark assets have been determined to have an indefinite useful life as the company has the legal right to operate these trademarks exclusively in certain territories and in perpetuity.

Inputs Used to Determine Recoverable Amounts of Intangible Assets

We test finite life intangible assets for impairment when an impairment indicator is identified. Indefinite life intangible assets are tested for impairment annually. We use a discounted cash flow valuation to determine the recoverable amount and consider the following significant unobservable inputs as part of our valuation:

Valuation Technique	Significant Unobservable Input(s)	Relationship of Unobservable Input(s) to Fair Value	Mitigating Factor(s)
Discounted cash flow models	• Future cash flows	• Increases (decreases) in future cash flows increase (decrease) the recoverable amount	• Increases (decreases) in cash flows tend to be accompanied by increases (decreases) in discount rates that may offset changes in recoverable amounts from cash flows
	• Discount rate	• Increases (decreases) in discount rate decrease (increase) the recoverable amount	• Increases (decreases) in discount rates tend to be accompanied by increases (decreases) in cash flows that may offset changes in recoverable amounts from discount rates
	• Terminal capitalization rate	• Increases (decreases) in terminal capitalization rate decrease (increase) the recoverable amount	• Increases (decreases) in terminal capitalization rates tend to be accompanied by increases (decreases) in cash flows that may offset changes in recoverable amounts from terminal capitalization rates
	• Investment horizon	• Increases (decreases) in the investment horizon decrease (increase) the recoverable amount	• Increases (decreases) in the investment horizon tend to be the result of changing cash flow profiles that may result in higher (lower) growth in cash flows prior to stabilizing in the terminal year

14. GOODWILL

The following table presents the balance and nature of the changes in goodwill:

AS AT AND FOR THE YEARS ENDED DEC. 31 (MILLIONS)	Cost		Accumulated Impairment		Total	
	2022	2021	**2022**	2021	**2022**	2021
Balance, beginning of year	**$ 21,216**	$ 15,539	**$ (989)**	$ (825)	**$ 20,227**	$ 14,714
Acquisitions through business combinations	**9,581**	6,591	**—**	—	**9,581**	6,591
Impairment losses	**—**	—	**(121)**	(177)	**(121)**	(177)
Foreign currency translation and other[1]	**(1,030)**	(914)	**5**	13	**(1,025)**	(901)
Balance, end of year	**$ 29,767**	$ 21,216	**$ (1,105)**	$ (989)	**$ 28,662**	$ 20,227

1. Includes adjustment to goodwill based on final purchase price allocation.

Goodwill is allocated to the following operating segments:

AS AT DEC. 31 (MILLIONS)	Note	**2022**	2021
Private Equity	(a)	**$ 16,264**	$ 8,657
Infrastructure	(b)	**8,789**	8,979
Real Estate	(c)	**1,756**	1,264
Renewable Power and Transition	(d)	**1,500**	966
Asset Management		**353**	361
Total		**$ 28,662**	$ 20,227

a) Private Equity

Goodwill in our Private Equity segment increased from the prior year largely due to the acquisitions of a dealer software and technology services operations and a lottery services operations. These acquisitions were partially offset by the adverse impact of foreign currency translation and an impairment loss in our offshore oil services operations. The most significant assumptions used in this determination are discount rates and perpetuity growth rates which individually range from 7.8% to 13.1%, and 0.8% to 3.3%, respectively. These assumptions and inputs are forecasted over a period of 5 years except for specific cases.

b) Infrastructure

Goodwill in our Infrastructure segment decreased from the prior year primarily due to foreign currency translation and other, partially offset by goodwill from acquisitions completed in 2022 attributable to our Indian telecommunications business, North American residential infrastructure business and U.K. telecom tower portfolio.

The valuation assumptions used to determine the recoverable amount of goodwill has been determined using a discounted cash flow model. The key inputs are discount rates ranging from 11% – 14%, terminal capitalization multiples of 8x – 20x and cash flow periods from 6 – 19 years. The recoverable amounts for the years ended 2022 and 2021 were determined to be in excess of their carrying values.

c) Real Estate

Goodwill in our Real Estate segment is primarily attributable to Center Parcs U.K. and IFC Seoul. The increase for the year is largely due to acquisition of our German office portfolio and reclassification of certain real estate assets from assets held for sale into commercial properties. The recoverable amounts for the years ended 2022 and 2021 were determined to be in excess of their carrying values.

The valuation assumptions used to determine the recoverable amount for Center Parcs U.K. were a discount rate of 10.3% based on a market-based-weighted-average cost of capital, terminal capitalization rate of 6.2% and a long-term growth rate of 3.0%.

d) Renewable Power and Transition

Goodwill in our Renewable Power and Transition segment is primarily attributable to a hydroelectric portfolio and the distributed generation and utility-scale solar portfolios. The increase in goodwill is due to acquisitions completed during the year. The goodwill on the hydroelectric portfolio arose from the inclusion of a deferred tax liability as the tax bases of the net assets acquired were lower than their fair values. The goodwill is recoverable as long as the tax circumstances that gave rise to the goodwill do not change. To date, no such changes have occurred. For the remaining goodwill balance, the recoverable amounts for the years ended 2022 and 2021 were determined to be in excess of their carrying values. The key inputs are discount rates ranging from 9% to 15%, terminal capitalization rate of 3x to 5x, cashflow periods from 4 to 5 years and future leverage assumptions of the operating segment.

Inputs used to Determine Recoverable Amounts of Goodwill

The recoverable amounts used in goodwill impairment testing are calculated using discounted cash flow models based on the following significant unobservable inputs:

Valuation Technique	Significant Unobservable Input(s)	Relationship of Unobservable Input(s) to Fair Value	Mitigating Factor(s)
Discounted cash flow models	• Future cash flows	• Increases (decreases) in future cash flows increase (decrease) the recoverable amount	• Increases (decreases) in cash flows tend to be accompanied by increases (decreases) in discount rates that may offset changes in recoverable amounts from cash flows
	• Discount rate	• Increases (decreases) in discount rate decrease (increase) the recoverable amount	• Increases (decreases) in discount rates tend to be accompanied by increases (decreases) in cash flows that may offset changes in recoverable amounts from discount rates
	• Terminal capitalization rate/multiple	• Increases (decreases) in terminal capitalization rate/multiple decrease (increase) the recoverable amount	• Increases (decreases) in terminal capitalization rates/multiple tend to be accompanied by increases (decreases) in cash flows that may offset changes in recoverable amounts from terminal capitalization rates
	• Investment horizon/ terminal year of cash flows	• Increases (decreases) in the investment horizon/terminal year of cash flows decrease (increase) the recoverable amount	• Increases (decreases) in the investment horizon/terminal year of cash flows tend to be the result of changing cash flow profiles that may result in higher (lower) growth in cash flows prior to stabilizing in the terminal year

15. INCOME TAXES

The major components of income tax expense for the years ended December 31, 2022 and 2021 are set out below:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022	2021
Current income tax expense	**$ 1,278**	$ 1,114
Deferred income tax expense / (recovery)		
Origination and reversal of temporary differences	**690**	1,044
Recovery arising from previously unrecognized tax assets	**(447)**	(251)
Change of tax rates and new legislation	**(52)**	417
Total deferred income tax expense	**191**	1,210
Income tax expense	**$ 1,469**	$ 2,324

The company's Canadian domestic statutory income tax rate has remained consistent at 26% throughout both of 2022 and 2021. The company's effective income tax rate is different from the company's domestic statutory income tax rate due to the following differences set out below:

FOR THE YEARS ENDED DEC. 31	**2022**	2021
Statutory income tax rate	**26%**	26%
(Reduction) increase in rate resulting from:		
Change in tax rates and new legislation	**(1)**	3
International operations subject to different tax rates	**3**	(1)
Taxable income attributable to non-controlling interests	**(3)**	(10)
Portion of gains subject to different tax rates	**(2)**	(3)
Recognition of deferred tax assets	**(6)**	(2)
Non-recognition of the benefit of current year's tax losses	**3**	2
Other	**2**	1
Effective income tax rate	**22%**	16%

Deferred income tax assets and liabilities as at December 31, 2022 and 2021 relate to the following:

AS AT DEC. 31 (MILLIONS)	**2022**	2021
Non-capital losses (Canada)	**$ 1,666**	$ 1,339
Capital losses (Canada)	**77**	53
Losses (U.S.)	**3,959**	3,561
Losses (International)	**1,814**	1,474
Difference in basis	**(27,303)**	(23,415)
Total net deferred tax liabilities	**$ (19,787)**	$ (16,988)

The aggregate amount of temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized as at December 31, 2022 is approximately $9 billion (2021 – approximately $9 billion).

The company regularly assesses the status of open tax examinations and its historical tax filing positions for the potential for adverse outcomes to determine the adequacy of the provision for income and other taxes. The company believes that it has adequately provided for any tax adjustments that are more likely than not to occur as a result of ongoing tax examinations or historical filing positions.

The dividend payment on certain preferred shares of the company results in the payment of cash taxes in Canada and the company obtaining a deduction based on the amount of these taxes.

The following table details the expiry date, if applicable, of the unrecognized deferred tax assets:

AS AT DEC. 31 (MILLIONS)	**2022**	2021
One year from reporting date	**$ 29**	$ 8
Two years from reporting date	**11**	30
Three years from reporting date	**12**	15
After three years from reporting date	**672**	487
Do not expire	**1,833**	1,891
Total	**$ 2,557**	$ 2,431

The components of the income taxes in other comprehensive income for the years ended December 31, 2022 and 2021 are set out below:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022	2021
Revaluation of property, plant and equipment	**$ 1,187**	$ 1,549
Financial contracts and power sale agreements	**315**	89
Fair value through OCI securities	**(127)**	83
Foreign currency translation	**87**	(21)
Revaluation of pension obligation	**61**	71
Total deferred tax in other comprehensive income	**$ 1,523**	$ 1,771

16. CORPORATE BORROWINGS

AS AT DEC. 31 (MILLIONS)	Maturity	Annual Rate	Currency	2022	2021
Term debt					
Public – Canadian	Mar. 8, 2024	5.04 %	C$	**$ 369**	$ 396
Public – U.S.	Apr. 1 , 2024	4.00 %	US$	**749**	749
Public – U.S.	Jan. 15, 2025	4.00 %	US$	**500**	500
Public – Canadian	Jan. 28, 2026	4.82 %	C$	**632**	679
Public – U.S.	Jun. 2, 2026	4.25 %	US$	**497**	497
Public – Canadian	Mar. 16, 2027	3.80 %	C$	**369**	396
Public – U.S.	Jan. 25, 2028	3.90 %	US$	**1,073**	649
Public – U.S.	Mar. 29, 2029	4.85 %	US$	**999**	999
Public – U.S.	Apr. 15, 2030	4.35 %	US$	**749**	749
Public – U.S.	Apr. 15, 2031	2.72 %	US$	**500**	500
Public – U.S.	Jan. 30, 2032	2.34 %	US$	**600**	600
Public – Canadian	Dec. 14, 2032	5.43 %	C$	**738**	—
Public – U.S.	Mar. 1, 2033	7.38 %	US$	**250**	250
Public – Canadian	Jun. 14, 2035	5.95 %	C$	**312**	334
Private – Japanese	Dec. 1, 2038	1.42 %	JPY	**76**	87
Public – U.S.	Sep. 20, 2047	4.70 %	US$	**902**	902
Public – U.S.	Apr. 15, 2050	3.45%	US$	**594**	594
Public – U.S.	Mar. 30, 2051	3.50%	US$	**758**	758
Public – U.S.	Feb. 15, 2052	3.63%	US$	**400**	—
Public – U.S.	Oct. 16, 2080	4.63%	US$	**400**	400
				11,467	10,039
Revolving facilities[1]				**—**	912
Deferred financing costs[2]				**(77)**	(76)
Total				**$ 11,390**	$ 10,875

1. Reflects commercial paper and credit facility draws outstanding as at December 31, 2022.
2. Deferred financing costs are amortized to interest expense over the term of the borrowing using the effective interest method.

Corporate borrowings, excluding revolving facilities, have a weighted-average interest rate of 4.2% (2021 – 4.2%). A portion of corporate borrowings are denominated in foreign currencies, which include C$3.3 billion (2021 – C$2.3 billion) payable in Canadian dollars or $2.4 billion (2021 – $1.8 billion) and ¥10 billion (2021 – ¥10 billion) payable in Japanese Yen or $76 million (2021 – $87 million).

17. ACCOUNTS PAYABLE AND OTHER

AS AT DEC. 31 (MILLIONS)	2022	2021
Accounts payable	**$ 12,743**	$ 11,258
Provisions	**3,591**	4,244
Lease liabilities	**8,506**	9,041
Other liabilities	**32,225**	28,003
Total	**$ 57,065**	$ 52,546

The current and non-current balances of accounts payable, provisions and other liabilities are as follows:

AS AT DEC. 31 (MILLIONS)	2022	2021
Current	**$ 33,574**	$ 29,136
Non-current	**23,491**	23,410
Total	**$ 57,065**	$ 52,546

Post-Employment Benefits

The company offers pension and other post-employment benefit plans to employees of certain of its subsidiaries. The company's obligations under its defined benefit pension plans are determined periodically through the preparation of actuarial valuations. The benefit plans' valuation change during the year was an increase of $308 million (2021 – $545 million). The discount rate used was 5% (2021 – 3%) with an increase in the rate of compensation of 1% (2021 – 1%), and an investment rate of 4% (2021 – 4%).

AS AT DEC. 31 (MILLIONS)	2022	2021
Plan assets	**$ 2,560**	$ 3,503
Less accrued benefit obligation:		
Defined benefit pension plan	**(3,141)**	(4,352)
Other post-employment benefits	**(128)**	(163)
Net liability	**(709)**	(1,012)
Less: net actuarial losses and other	**(11)**	(29)
Accrued benefit liability	**$ (720)**	$ (1,041)

18. NON-RECOURSE BORROWINGS OF MANAGED ENTITIES

AS AT DEC. 31 (MILLIONS)	Note	2022	2021
Subsidiary borrowings	(a)	**$ 15,140**	$ 12,876
Property-specific borrowings	(b)	**187,544**	152,181
Total		**$ 202,684**	$ 165,057

a) Subsidiary Borrowings

Principal repayments on subsidiary borrowings due over the next five calendar years and thereafter are as follows:

(MILLIONS)	Real Estate	Renewable Power and Transition	Infrastructure	Private Equity	Total
2023	$ 725	$ 249	$ 464	$ 31	**$ 1,469**
2024	826	—	517	45	**1,388**
2025	369	295	—	51	**715**
2026	369	—	—		**369**
2027	3,412	369	428	2,100	**6,309**
Thereafter	1,034	1,642	2,279	—	**4,955**
Total Principal repayments	6,735	2,555	3,688	2,227	**15,205**
Deferred financing costs and other	(33)	(9)	(22)	(1)	**(65)**
Total – Dec. 31, 2022	**$ 6,702**	**$ 2,546**	**$ 3,666**	**$ 2,226**	**$ 15,140**
Total – Dec. 31, 2021	$ 6,265	$ 2,147	$ 2,719	$ 1,745	$ 12,876

The weighted-average interest rate on subsidiary borrowings as at December 31, 2022 was 5.2% (2021 – 3.5%).

The current and non-current balances of subsidiary borrowings are as follows:

AS AT DEC. 31 (MILLIONS)	2022	2021
Current	**$ 1,469**	$ 635
Non-current	**13,671**	12,241
Total	**$ 15,140**	$ 12,876

Subsidiary borrowings by currency include the following:

AS AT DEC. 31 (MILLIONS)	2022	Local Currency		2021	Local Currency	
U.S. dollars	**$ 7,850**	**US$**	**7,850**	6,362	US$	6,362
Canadian dollars	**7,217**	**C$**	**9,776**	6,429	C$	8,130
Brazilian reais	**73**	**Rs**	**381**	85	Rs	472
Total	**$ 15,140**			$ 12,876		

b) Property-Specific Borrowings

Principal repayments on property-specific borrowings due over the next five calendar years and thereafter are as follows:

(MILLIONS)	Real Estate	Renewable Power and Transition	Infrastructure	Private Equity	Total
2023	$ 31,016	$ 2,092	$ 4,446	$ 4,274	**$ 41,828**
2024	20,400	3,657	3,048	7,933	**35,038**
2025	12,025	1,458	3,153	5,513	**22,149**
2026	6,228	2,089	4,877	9,104	**22,298**
2027	7,802	1,168	2,942	3,628	**15,540**
Thereafter	9,090	12,401	11,793	19,247	**52,531**
Total Principal repayments	86,561	22,865	30,259	49,699	**189,384**
Deferred financing costs and other	(511)	(39)	(378)	(912)	**(1,840)**
Total – Dec. 31, 2022	**$ 86,050**	**$ 22,826**	**$ 29,881**	**$ 48,787**	**$ 187,544**
Total – Dec. 31, 2021	$ 75,807	$ 19,893	$ 28,515	$ 27,966	$ 152,181

The weighted-average interest rate on property-specific borrowings as at December 31, 2022 was 6.4% (2021 – 4.0%).

The current and non-current balances of property-specific borrowings are as follows:

AS AT DEC. 31 (MILLIONS)	2022	2021
Current	**$ 41,828**	$ 31,244
Non-current	**145,716**	120,937
Total	**$ 187,544**	$ 152,181

Property-specific borrowings by currency include the following:

AS AT DEC. 31 (MILLIONS)	2022	Local Currency		2021	Local Currency	
U.S. dollars	**$ 109,555**	**US$**	**109,555**	$ 86,610	US$	86,610
British pounds	**10,660**	**£**	**8,823**	12,446	£	9,197
Indian rupees	**7,653**	**Rs**	**632,457**	8,223	Rs	613,684
Canadian dollars	**15,938**	**C$**	**21,590**	16,660	C$	21,054
Euros	**20,316**	**€**	**18,986**	12,722	€	11,204
Australian dollars	**8,650**	**A$**	**12,696**	4,392	A$	6,048
Brazilian reais	**7,572**	**R$**	**39,500**	4,919	R$	27,449
Colombian pesos	**2,524**	**COP$**	**12,157,354**	2,367	COP$	9,480,307
Korean won	**1,822**	**₩**	**2,296,121**	1,910	₩	2,271,074
Other currencies	**2,854**	**Various**	**n/a**	1,932	Various	n/a
Total	**$ 187,544**			$ 152,181		

19. SUBSIDIARY EQUITY OBLIGATIONS

Subsidiary equity obligations consist of the following:

AS AT DEC. 31 (MILLIONS)	Note	2022	2021
Subsidiary preferred equity units	(a)	**$ 1,605**	$ 1,585
Limited-life funds and redeemable fund units	(b)	**1,114**	1,538
Subsidiary preferred shares and capital	(c)	**1,469**	1,185
Total		**$ 4,188**	$ 4,308

a) Subsidiary Preferred Equity Units

In 2014, BPY issued $1.8 billion of exchangeable preferred equity units in three $600 million tranches redeemable in 2021, 2024 and 2026, respectively. The preferred equity units were originally exchangeable into equity units of BPY at $25.70 per unit, at the option of the holder, at any time up to and including the maturity date. Following the privatization of BPY ("BPY privatization"), the preferred equity units became exchangeable into cash equal to the value of the consideration that would have been received upon the BPY privatization (a combination of cash, BN shares and New LP Preferred Units), based on the value of that consideration on the date of exchange. BPY also has the option of delivering the actual consideration (a combination of cash, BN shares and New LP Preferred Units). Following the BPY privatization, we have agreed with the holder to grant the company the right to purchase all or any portion of the preferred equity units of the holder at maturity, and to grant the holder the right to sell all or any portion of the preferred equity units of the holder at maturity, in each case at a price equal to the issue price for such preferred equity units plus accrued and unpaid distributions. On December 30, 2021, the company acquired the tranche redeemable in 2021 from the holder and exchanged such units for Redemption-Exchange Units. The preferred equity units were subsequently cancelled.

Subsidiary preferred equity units include $474 million as at December 31, 2022 (2021 – $474 million) of preferred equity interests issued in connection with the BPY privatization which have been classified as a liability due to the fact the holders of such interests can demand cash payment upon maturity on July 26, 2081, for the liquidation preference of $25.00 per unit and any accumulated unpaid dividends.

AS AT DEC. 31 (MILLIONS, EXCEPT PER SHARE INFORMATION)	Shares Outstanding	Cumulative Dividend Rate	Local Currency	2022	2021
Series 2	24,000,000	6.50%	US$	**$ 575**	$ 565
Series 3	24,000,000	6.75%	US$	**556**	546
New LP Preferred Units	19,273,654	6.25%	US$	**474**	474
Total				**$ 1,605**	$ 1,585

b) Limited-Life Funds and Redeemable Fund Units

Limited-life funds and redeemable fund units represent interests held in our consolidated funds by third-party investors that have been classified as a liability, as holders of these interests can cause our funds to redeem their interest in the fund for cash equivalents at a specified time. As at December 31, 2022, we have $1.1 billion (2021 – $1.5 billion) of subsidiary equity obligations arising from limited-life funds and redeemable fund units.

In our Real Estate business, limited-life fund obligations include $577 million (2021 – $859 million) of equity interests held by third-party investors in two consolidated funds that have been classified as a liability, as holders of these interests can cause the funds to redeem their interests in the fund for cash equivalents at the fair value of the interest at a set date.

As at December 31, 2022, we have $96 million (2021 – $545 million) of subsidiary equity obligations arising from limited-life fund units in our Infrastructure business. These obligations are primarily composed of the portion of the equity interest held by third-party investors in our timberland funds that are attributed to the value of the land held in the fund. The value of this equity interest has been classified as a liability, as we are obligated to purchase the land from the third-party investors on maturity of the fund.

We also have $441 million of redeemable fund units (2021 – $134 million) in certain funds managed by our public securities business.

c) Subsidiary Preferred Shares and Capital

Preferred shares are classified as liabilities if the holders of the preferred shares have the right, after a fixed date, to convert the shares into common equity of the issuer based on the market price of the common equity of the issuer at that time unless they are previously redeemed by the issuer. The dividends paid on these securities are recorded in interest expense. As at December 31, 2022 and 2021, the balances consist of the following:

AS AT DEC. 31 (MILLIONS, EXCEPT PER SHARE INFORMATION)	Shares Outstanding	Cumulative Dividend Rate	Local Currency	2022	2021
Brookfield Property Split Corp. (“BOP Split”) senior preferred shares					
Series 1	829,334	5.25%	US$	**$ 21**	$ 21
Series 2	555,146	5.75%	C$	**10**	11
Series 3	668,228	5.00%	C$	**12**	15
Series 4	541,892	5.20%	C$	**10**	12
Rouse Series A preferred shares	5,600,000	5.00%	US$	**142**	142
Brookfield India Real Estate Trust (“BIRET”)	155,003,656	See footnote[1]	US$	**456**	440
Alstria Office Prime Portfolio GmbH & Co. KG	19,472,214	n/a	EUR€	**129**	—
India Infrastructure Investment Trusts	479,400,000	See footnote[1]	INR	**616**	471
BIP Investment Corporation Series 1 Senior preferred shares	4,000,000	5.85%	C$	**73**	73
Total				**$ 1,469**	$ 1,185

1. The dividend rate pertaining to BIRET and India Infrastructure Investment Trusts is equal to a minimum of 90% of net distributable cash flows.

Each series of the BOP Split senior preferred shares are redeemable at the option of either the issuer or the holder as the redemption and conversion option dates have passed.

Subsidiary preferred shares include $142 million as at December 31, 2022 (2021 – $142 million) of preferred equity interests held by a third-party investor in Rouse Properties, L.P., which have been classified as a liability, due to the fact that the interests are mandatorily redeemable on or after November 12, 2025 for a set price per unit plus any accrued but unpaid distributions; distributions are capped and accrue regardless of available cash generated.

Subsidiary preferred capital includes $456 million as at December 31, 2022 (2021 – $440 million) of preferred equity interests held by third-party investors in BIRET, which have been classified as a liability, due to the fact BIRET has a contractual obligation to make distributions to unitholders every six months at an amount no less than 90% of net distributable cash flows.

Subsidiary preferred capital also includes $616 million as at December 31, 2022 (2021 – $471 million) of preferred equity interests held by third-party investors in India Infrastructure Investment Trusts, which have been classified as liabilities, as a result of contractual obligations to make distributions at an amount no less than 90% of net distributable cash flows.

20. SUBSIDIARY PUBLIC ISSUERS AND FINANCE SUBSIDIARY

Brookfield Finance Inc. ("BFI") was incorporated on March 31, 2015 under the *Business Corporations Act* (Ontario) and is a subsidiary of the Corporation. Historically, we have also issued debt securities through other subsidiaries, including Brookfield Finance LLC ("BFL") and Brookfield Finance I (UK) PLC ("BF U.K."). BFI is the issuer of the following series of notes (together with BFL and BF U.K. as co-obligors, as noted below):

- $500 million of 4.25% notes due in 2026;
- $550 million of 4.70% notes due in 2047;
- $350 million of 4.70% notes due in 2047;
- $650 million of 3.90% notes due in 2028;
- $750 million of 4.00% notes due in 2024 (BFL co-obligor);
- $1.0 billion of 4.85% notes due in 2029;
- $600 million of 4.35% notes due in 2030;
- $150 million of 4.35% notes due in 2030;
- $500 million of 3.50% notes due in 2051;
- $400 million of 4.625% subordinated notes due in 2080;
- $500 million of 2.724% notes due in 2031;
- $250 million of 3.50% notes due in 2051;
- $400 million of 3.90% notes due in 2028;
- $400 million of 3.625% notes due in 2052;
- $600 million of 3.45% notes due in 2050 (BFL co-obligor); and
- $600 million of 2.34% notes due in 2032 (BF U.K. co-obligor).

In addition, Brookfield Finance II Inc. ("BFI II") is the issuer of C$1.0 billion of 5.431% notes due in 2032 and BF U.K. is the issuer of $230 million of 4.50% perpetual subordinated notes.

BFL is a Delaware limited liability company formed on February 6, 2017 and is a subsidiary of the Corporation. Brookfield Capital Finance LLC (the "US LLC Issuer") is a Delaware limited liability company formed on August 12, 2022 and a subsidiary of the Corporation. BFI II was incorporated on September 24, 2020 under the Business Corporations Act (Ontario) and is a subsidiary of the Corporation. Brookfield Finance (Australia) Pty Ltd ("BF AUS") was incorporated on September 24, 2020 under the Corporations Act 2001 (Commonwealth of Australia) and is a subsidiary of the Corporation. BF U.K. (collectively with BFI, BFI II, BFL, BF AUS, and the US LLC Issuer, the "Debt Issuers") was incorporated on September 25, 2020 under the U.K. Companies Act 2006 and is a subsidiary of the Corporation. Brookfield Finance II LLC ("BFL II") was formed on September 24, 2020 under the Delaware Limited Liability Company Act and is a subsidiary of the Corporation. The Debt Issuers are consolidated subsidiaries of the Corporation that may offer and sell debt securities. BFL II is a consolidated subsidiary of the Corporation that may offer and sell preferred shares representing limited liability company interests. Any debt securities issued by the Debt Issuers are, or will be, fully and unconditionally guaranteed as to payment of principal, premium (if any), interest and certain other amounts by the Corporation. Any preferred shares representing limited liability company interests issued by BFL II will be fully and unconditionally guaranteed as to payment of principal, premium (if any), interest and certain other amounts by the Corporation.

The US LLC Issuer, BFI II, BFL, BFL II, BF AUS and BF U.K. have no independent activities, assets or operations other than in connection with any securities that they may issue.

Brookfield Investments Corporation ("BIC") is an investment company that holds investments in the real estate, renewable power and infrastructure sectors, as well as a portfolio of preferred shares issued by the Corporation's subsidiaries. The Corporation provided a full and unconditional guarantee of the Class 1 Senior Preferred Shares, Series A issued by BIC. As at December 31, 2022, C$34 million of these senior preferred shares were held by third-party shareholders and are retractable at the option of the holder.

The following tables contain summarized financial information of the Corporation, BFI, BFI II, BFL, BFL II, BF AUS, BF U.K., the US LLC Issuer, BIC and non-guarantor subsidiaries:

AS AT AND FOR THE YEAR ENDED DEC. 31, 2022 (MILLIONS)	The Corporation[1]	BFI	BFI II	BFL	BFL II	BF AUS	BF U.K.	US LLC Issuer	BIC	Other Subsidiaries of the Corporation[2]	Consolidating Adjustments[3]	The Company Consolidated
Revenues	**$ 2,491**	**$ 284**	**$ 2**	**$ 30**	**$ —**	**$ —**	**$ 35**	**$ —**	**$ 507**	**$ 111,633**	**$ (22,213)**	**$ 92,769**
Net income (loss) attributable to shareholders	**2,056**	**(8)**	**—**	**—**	**—**	**—**	**11**	**—**	**487**	**18,598**	**(19,088)**	**2,056**
Total assets	**71,514**	**9,769**	**740**	**16**	**—**	**—**	**232**	**—**	**4,170**	**492,799**	**(137,956)**	**441,284**
Total liabilities	**27,761**	**8,544**	**737**	**6**	**—**	**—**	**4**	**—**	**3,520**	**297,397**	**(38,576)**	**299,393**
Non-controlling interest – preferred equity	**—**	**—**	**—**	**—**	**—**	**—**	**230**	**—**	**—**	**—**	**—**	**230**

AS AT AND FOR THE YEAR ENDED DEC. 31, 2021 (MILLIONS)	The Corporation[1]	BFI	BFI II	BFL	BFL II	BF AUS	BF U.K.	US LLC Issuer	BIC	Other Subsidiaries of the Corporation[2]	Consolidating Adjustments[3]	The Company Consolidated
Revenues	$ 1,373	$ 250	$ —	$ 33	$ —	$ —	$ 9	$ —	$ 121	$ 82,663	$ (8,718)	$ 75,731
Net income (loss) attributable to shareholders	3,966	(8)	—	—	—	—	5	—	(251)	6,100	(5,846)	3,966
Total assets	84,793	8,256	—	607	—	—	843	—	5,433	400,288	(109,217)	391,003
Total liabilities	38,438	6,387	—	597	—	—	603	—	3,734	237,100	(30,597)	256,262
Non-controlling interest – preferred equity	—	—	—	—	—	—	230	—	—	—	—	230

1. This column accounts for investments in all subsidiaries of the Corporation under the equity method.
2. This column accounts for investments in all subsidiaries of the Corporation other than BFI, BFL, BIC, BFI II, BF AUS, BF U.K., US LLC Issuer and BFL II on a combined basis.
3. This column includes the necessary amounts to present the company on a consolidated basis.

21. EQUITY

Equity consists of the following:

AS AT DEC. 31 (MILLIONS)	Note	2022	2021
Preferred equity	(a)	**$ 4,145**	$ 4,145
Non-controlling interests	(b)	**98,138**	88,386
Common equity	(c)	**39,608**	42,210
		$ 141,891	$ 134,741

a) Preferred Equity

Preferred equity includes perpetual preferred shares and rate-reset preferred shares and consists of the following:

AS AT DEC. 31 (MILLIONS)	Average Rate 2022	Average Rate 2021	2022	2021
Perpetual preferred shares				
Floating rate	**4.26%**	2.32%	**$ 505**	$ 505
Fixed rate	**4.82%**	4.82%	**739**	739
	4.59%	3.81%	**1,244**	1,244
Fixed rate-reset preferred shares	**4.31%**	4.07%	**2,901**	2,901
	4.40%	4.00%	**$ 4,145**	$ 4,145

Further details on each series of preferred shares are as follows:

AS AT DEC. 31 (MILLIONS, EXCEPT PER SHARE INFORMATION)	Rate	Issued and Outstanding 2022	Issued and Outstanding 2021	2022	2021
Class A preferred shares					
Perpetual preferred shares					
Series 2	70% P	**10,220,175**	10,457,685	**$ 169**	$ 169
Series 4	70% P	**3,983,910**	2,795,910	**45**	45
Series 8[1]	Variable up to P	**—**	3,321,486	**—**	54
Series 13	70% P	**8,792,596**	9,290,096	**195**	195
Series 15	B.A. + 40 b.p.[2]	**2,000,000**	2,000,000	**42**	42
Series 17	4.75%	**7,840,204**	7,840,204	**171**	171
Series 18	4.75%	**7,681,088**	7,866,749	**178**	178
Series 36	4.85%	**7,842,909**	7,842,909	**197**	197
Series 37	4.90%	**7,830,091**	7,830,091	**193**	193
Series 51[1]	Variable up to P	**3,320,486**	—	**54**	—
				1,244	1,244
Rate-reset preferred shares[3]					
Series 9[4]	2.75%	**—**	670,680	**—**	9
Series 24	3.24%	**10,808,027**	10,808,027	**265**	265
Series 26[5]	3.85%	**9,770,928**	9,770,928	**240**	240
Series 28[6]	4.61%	**9,233,927**	9,233,927	**232**	232
Series 30	4.69%	**9,787,090**	9,787,090	**241**	241
Series 32	5.06%	**11,750,299**	11,750,299	**297**	297
Series 34	4.44%	**9,876,735**	9,876,735	**253**	253
Series 38	3.57%	**7,906,132**	7,906,132	**179**	179
Series 40	4.03%	**11,841,025**	11,841,025	**271**	271
Series 42	3.25%	**11,887,500**	11,887,500	**266**	266
Series 44	5.00%	**9,831,929**	9,831,929	**187**	187
Series 46[7]	5.39%	**11,740,797**	11,740,797	**217**	217
Series 48	4.75%	**11,885,972**	11,885,972	**244**	244
Series 52[4]	2.75%	**1,177,580**	—	**9**	—
				2,901	2,901
Total				**$ 4,145**	$ 4,145

1. As part of the special distribution of the asset management business, Series 8 shares were converted to Series 51 shares.
2. Rate determined quarterly.
3. Dividend rates are fixed for 5 to 6 years from the quarter end dates after issuance, June 30, 2011, March 31, 2012, June 30, 2012, December 31, 2012, September 30, 2013, March 31, 2014, June 30, 2014, December 31, 2014, December 31, 2015, December 31, 2016 and December 31, 2017, respectively and reset after 5 to 6 years to the 5-year Government of Canada bond rate plus between 180 and 417 basis points.
4. As part of the special distribution of the asset management business, Series 9 shares were converted to Series 52 shares.
5. Dividend rate reset commenced March 31, 2022.
6. Dividend rate reset commenced June 30, 2022.
7. Dividend rate reset commenced March 31, 2022.

P – Prime Rate, B.A. – Bankers' Acceptance Rate, b.p. – Basis Points.

The company is authorized to issue an unlimited number of Class A preferred shares and an unlimited number of Class AA preferred shares, issuable in series. No Class AA preferred shares have been issued.

The Class A preferred shares are entitled to preference over the Class A and Class B Limited Voting Shares ("Class A and B shares") on the declaration of dividends and other distributions to shareholders. All series of the outstanding preferred shares have a par value of C$25.00 per share, except for Series 51 and Series 52, which have a par value of C$22.44 and C$22.00 respectively.

b) Non-controlling Interests

Non-controlling interests represent the common and preferred equity in consolidated entities that are owned by other shareholders.

AS AT DEC. 31 (MILLIONS)	2022	2021
Common equity	$ 92,991	$ 82,898
Preferred equity	5,147	5,488
Total	$ 98,138	$ 88,386

On December 9, 2022, the company completed the distribution of a 25% interest in Brookfield Asset Management ULC ("BAM"), our leading global alternative asset management business, through Brookfield Asset Management Ltd. (the "Manager"), which was incorporated and publicly listed for the purpose of holding an interest in BAM ("special distribution"). As part of the special distribution, the company distributed approximately 410 million shares of the Manager, substantially all of which were distributed to holders of the company's Class A and Class B shares, representing one share of Manager for every 4 Class A or Class B shares of the company held on the date of the special distribution. In addition, Series 8 and 9 preferred shareholders participated in the special distribution. As the special distribution represented a common control transaction, the $2.4 billion carrying value of the 25% interest in our asset management business that was distributed to the company's shareholders was recorded as an increase in non-controlling interest with a corresponding reduction in common equity via ownership changes.

Further information on non-controlling interests is provided in Note 4 – Subsidiaries.

c) Common Equity

The company's common equity is comprised of the following:

AS AT DEC. 31 (MILLIONS)	2022	2021
Common shares	$ 10,901	$ 10,538
Contributed surplus	148	320
Retained earnings	18,006	17,705
Ownership changes	2,959	6,243
Accumulated other comprehensive income	7,594	7,404
Common equity	$ 39,608	$ 42,210

The company is authorized to issue an unlimited number of Class A Limited Voting Shares ("Class A shares") and 85,120 Class B Limited Voting Shares ("Class B shares"). The company's Class A shares and Class B shares have no stated par value. The holders of Class A shares and Class B shares rank on par with each other with respect to the payment of dividends and the return of capital on the liquidation, dissolution or winding up of the company or any other distribution of the assets of the company among its shareholders for the purpose of winding up its affairs. Holders of the Class A shares are entitled to elect half of the Board of Directors of the company and holders of the Class B shares are entitled to elect the other half of the Board of Directors. With respect to the Class A and Class B shares, there are no dilutive factors, material or otherwise, that would result in different diluted earnings per share between the classes. This relationship holds true irrespective of the number of dilutive instruments issued in either one of the respective classes of Class A and Class B shares, as both classes of shares participate equally, on a pro rata basis, in the dividends, earnings and net assets of the company, whether taken before or after dilutive instruments, regardless of which class of shares is diluted.

On June 28, 2021, the company completed the spin-out of BNRE by paying a special dividend to the holders of the company's Class A shares and Class B shares. The special dividend of $538 million recorded in equity was based on the fair value of the assets distributed.

On July 26, 2021, the company issued 60.9 million Class A shares in connection with the privatization of Brookfield Property Partners L.P. ("BPY").

The holders of the company's Class A shares and Class B shares received cash dividends during 2022 of $0.56 per share (2021 – $0.52 per share).

The number of issued and outstanding Class A and Class B shares and unexercised options are as follows:

AS AT DEC. 31	2022	2021
Class A shares[1]	**1,573,286,748**	1,568,743,821
Class B shares	**85,120**	85,120
Shares outstanding[1]	**1,573,371,868**	1,568,828,941
Unexercised options, other share-based plans[2] and exchangeable shares of affiliate	**55,500,881**	82,825,207
Total diluted shares	**1,628,872,749**	1,651,654,148

1. Net of 62,910,220 Class A shares held by the company in respect of long-term compensation agreements as at December 31, 2022 (December 31, 2021 – 69,663,192).
2. Includes management share option plan and escrowed stock plan.

The authorized common share capital consists of an unlimited number of Class A shares and 85,120 Class B shares. Shares issued and outstanding changed as follows:

FOR THE YEARS ENDED DEC. 31	2022	2021
Outstanding, beginning of year[1]	**1,568,828,941**	1,510,720,411
Issued (Repurchased)		
Issuances	**1,406,586**	61,276,716
Repurchases	**(17,247,660)**	(9,662,117)
Long-term share ownership plans[2]	**19,138,775**	6,369,972
Dividend reinvestment plan and other	**1,245,226**	123,959
Outstanding, end of year[3]	**1,573,371,868**	1,568,828,941

1. Net of 69,663,192 Class A shares held by the company in respect of long-term compensation agreements as at December 31, 2021 (December 31, 2020 – 64,197,815).
2. Includes management share option plan and restricted stock plan.
3. Net of 62,910,220 Class A shares held by the company in respect of long-term compensation agreements as at December 31, 2022 (December 31, 2021 – 69,663,192).

Earnings Per Share

The components of basic and diluted earnings per share are summarized in the following table:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022	2021
Net income attributable to shareholders	**$ 2,056**	$ 3,966
Preferred share dividends	**(150)**	(148)
Dilutive effect of conversion of subsidiary preferred shares	**—**	(26)
Net income available to shareholders	**1,906**	3,792
Dilutive impact of exchangeable shares	**5**	2
Net income available to shareholders including dilutive impact of exchangeable shares	**$ 1,911**	$ 3,794

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022	2021
Weighted average – Class A and Class B shares	**1,567.5**	1,536.5
Dilutive effect of conversion of options and escrowed shares using treasury stock method and exchangeable shares of affiliate	**40.7**	50.4
Class A and Class B shares and share equivalents	**1,608.2**	1,586.9

Share-Based Compensation

The expense recognized for share-based compensation is summarized in the following table:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022	2021
Expense arising from equity-settled share-based payment transactions	**$ 159**	$ 110
(Recovery) expense arising from cash-settled share-based payment transactions	**(621)**	681
Total (recovery) expense arising from share-based payment transactions	**(462)**	791
Effect of hedging program	**629**	(670)
Total expense included in consolidated income	**$ 167**	$ 121

The company's share-based payment plans are described below.

In conjunction with the special distribution of our asset management business, the company modified its share-based payment plans to ensure that participants were treated in a manner equivalent to the company's shareholders and were in substantially the same economic position before and after the special distribution occurred so as to ensure alignment with the company's compensation philosophy with respect to long term incentive plans.

The modification of these plans, which in certain instances resulted in the extinguishment of existing awards and concurrent issuance of new awards, were substantially accounted for as modifications in accordance with *IFRS 2 - Share-based Payments*, with any resultant impact to compensation expense associated with respect to these modifications recorded prospectively on the Consolidated Statements of Operations.

All share count and per share disclosures presented for each of the share-based payment plans below reflect the impact of the special distribution.

Equity-settled Share-based Awards

Management Share Option Plan

Options issued under the company's Management Share Option Plan ("MSOP") vest over a period of up to five years, expire ten years after the grant date and are settled through issuance of Class A shares. The exercise price is equal to the market price at the grant date. For the year ended December 31, 2022, the total expense incurred with respect to MSOP totaled $30 million (2021 – $25 million).

The changes in the number of options during 2022 and 2021 were as follows:

	NYSE	
	Number of Options (000's)[1]	Weighted- Average Exercise Price
Outstanding as at January 1, 2022	**43,794**	**US$ 22.59**
Granted	**3,956**	**46.62**
Exercised	**(3,258)**	**15.35**
Cancelled	**(399)**	**35.70**
Outstanding as at December 31, 2022	**44,093**	**US$ 25.16**

1. Options to acquire NYSE listed Class A shares.

	NYSE	
	Number of Options (000's)[1]	Weighted- Average Exercise Price
Outstanding as at January 1, 2021	47,367	US$ 20.54
Granted	4,185	35.56
Exercised	(7,388)	16.50
Cancelled	(370)	28.24
Outstanding as at December 31, 2021	43,794	US$ 22.59

1. Options to acquire NYSE listed Class A shares.

The weighted-average fair value of options granted for the year ended December 31, 2022 was $8.82 (2021 – $5.71), and was determined using the Black-Scholes valuation model, with inputs to the model as follows:

FOR THE YEARS ENDED DEC. 31	Unit	2022	2021
Weighted-average share price	US$	**46.62**	35.56
Average term to exercise	Years	**7.5**	7.5
Share price volatility[1]	%	**24.8**	24.4
Liquidity discount	%	**25.0**	25.0
Weighted-average annual dividend yield	%	**1.4**	1.7
Risk-free rate	%	**1.9**	1.0

1. Share price volatility was determined based on historical share prices over a similar period to the average term to exercise.

As at December 31, 2022, the following options to purchase Class A shares were outstanding:

		Options Outstanding (000's)		
Exercise Price	Weighted-Average Remaining Life	Vested	Unvested	Total
US$13.77 – US$16.70	2.1 years	**8,376**	—	**8,376**
US$18.43 – US$22.05	4.0 years	**16,569**	**1,094**	**17,663**
US$24.15 – US$31.64	6.2 years	**4,381**	**2,700**	**7,081**
US$35.56 – US$46.62	8.2 years	**2,099**	**8,874**	**10,973**
		31,425	**12,668**	**44,093**

As at December 31, 2021, the following options to purchase Class A shares were outstanding:

		Options Outstanding (000's)		
Exercise Price	Weighted-Average Remaining Life	Vested	Unvested	Total
US$8.43 – US$12.57	0.2 years	629	—	629
US$13.77 – US$16.70	2.8 years	10,238	—	10,238
US$18.43 – US$22.05	5.0 years	14,473	3,856	18,329
US$24.15 – US$31.64	7.2 years	3,083	4,173	7,256
US$35.56 – US$37.02	8.7 years	646	6,696	7,342
		29,069	14,725	43,794

Escrowed Stock Plan

The Escrowed Stock Plan (the "ES Plan") provides executives with indirect ownership of Class A shares. Under the ES Plan, executives are granted common shares (the "ES Shares") in one or more private companies that own Class A shares. The Class A shares are purchased on the open market with the purchase cost funded by the company. The ES shares generally vest over five years and must be held to the fifth anniversary of the grant date. At a date no more than ten years from the grant date, all outstanding ES shares will be exchanged for Class A shares issued by the company based on the market value of Class A shares at the time of the exchange. The number of Class A shares issued on exchange will be less than the Class A shares purchased under the ES Plan resulting in a net reduction in the number of Class A shares issued by the company.

During 2022, 5.1 million Class A shares were purchased in respect of ES shares granted to executives under the ES Plan (2021 – 5.3 million Class A shares) during the year. For the year ended December 31, 2022, the total expense incurred with respect to the ES Plan totaled $51 million (2021 – $41 million).

The weighted-average fair value of escrowed shares granted for the year ended December 31, 2022 was $7.66 (2021 – $5.72), and was determined using the Black-Scholes model of valuation with inputs to the model as follows:

FOR THE YEARS ENDED DEC. 31	Unit	**2022**	2021
Weighted-average share price	US$	**36.25**	35.64
Average term to exercise	Years	**7.2**	7.5
Share price volatility[1]	%	**26.7**	24.4
Liquidity discount	%	**25.0**	25.0
Weighted-average annual dividend yield	%	**1.0**	1.6
Risk-free rate	%	**3.7**	1.0

1. Share price volatility was determined based on historical share prices over a similar period to the average term to exercise.

The change in the number of ES shares during 2022 and 2021 was as follows:

	Number of Units (000's)	Weighted-Average Exercise Price
Outstanding as at January 1, 2022	**50,378**	**$ 25.14**
Granted	**43,650**	**36.25**
Exercised	**(54,600)**	**26.94**
Cancelled	**(3)**	**41.06**
Outstanding as at December 31, 2022	**39,425**	**$ 35.00**

	Number of Units (000's)	Weighted-Average Exercise Price
Outstanding as at January 1, 2021	46,716	$ 23.65
Granted	5,300	35.64
Exercised	(1,621)	16.39
Cancelled	(17)	36.32
Outstanding as at December 31, 2021	50,378	$ 25.14

Restricted Stock Plan

The Restricted Stock Plan awards executives with Class A shares purchased on the open market ("Restricted Shares"). Under the Restricted Stock Plan, Restricted Shares awarded vest over a period of up to five years, except for Restricted Shares awarded in lieu of a cash bonus, which may vest immediately. Vested and unvested Restricted Shares are subject to a hold period of up to five years. Holders of Restricted Shares are entitled to vote Restricted Shares and to receive associated dividends. Employee compensation expense for the Restricted Stock Plan is charged against income over the vesting period.

During 2022, Brookfield granted 1.9 million Class A shares (2021 – 3.1 million) pursuant to the terms and conditions of the Restricted Stock Plan, in which 1.5 million were converted from BPY units in connection with the BPY privatization, resulting in the recognition of $78 million (2021 – $43 million) of compensation expense.

Cash-settled Share-based Awards

Deferred Share Unit Plan and Restricted Share Unit Plan

The Deferred Share Unit Plan and Restricted Share Unit Plan provide for the issuance of DSUs and RSUs, respectively. Under these plans, qualifying employees and directors receive varying percentages of their annual incentive bonus or directors' fees in the form of DSUs and RSUs. The DSUs and RSUs vest over periods of up to five years, and DSUs accumulate additional DSUs at the same rate as dividends on common shares based on the market value of the common shares at the time of the dividend. Participants are not allowed to convert DSUs and RSUs into cash until retirement or cessation of employment.

The value of the DSUs, when converted to cash, will be equivalent to the market value of the common shares at the time the conversion takes place. The value of the RSUs, when converted into cash, will be equivalent to the difference between the market price of equivalent number of common shares at the time the conversion takes place and the market price on the date the RSUs are granted. The company uses equity derivative contracts to offset its exposure to the change in share prices in respect of vested and unvested DSUs and RSUs. The fair value of the vested DSUs and RSUs as at December 31, 2022 was $1.2 billion (2021 –$1.9 billion).

Employee compensation expense for these plans is charged against income over the vesting period of the DSUs and RSUs. The amount payable by the company in respect of vested DSUs and RSUs changes as a result of dividends and share price movements. All of the amounts attributable to changes in the amounts payable by the company are recorded as employee compensation expense in the period of the change. For the year ended December 31, 2022, employee compensation expense totaled $8 million (2021 – $11 million), net of the impact of hedging arrangements.

The change in the number of DSUs and RSUs during 2022 and 2021 was as follows:

	DSUs	RSUs		
	Number of Units (000's)	Number of Units (000's)		Weighted-Average Exercise Price
Outstanding as at January 1, 2022	**18,286**	**13,679**	**C$**	**6.10**
Granted and reinvested	**3,415**	—		—
Exercised and cancelled	**(53)**	—		—
Outstanding as at December 31, 2022	**21,648**	**13,679**	**C$**	**6.10**

	DSUs	RSUs		
	Number of Units (000's)	Number of Units (000's)		Weighted-Average Exercise Price
Outstanding as at January 1, 2021	18,721	13,679	C$	6.10
Granted and reinvested	1,929	—		—
Exercised and cancelled	(2,364)	—		—
Outstanding as at December 31, 2021	18,286	13,679	C$	6.10

The fair value of each DSU is equal to the traded price of the company's common shares.

	Unit	**Dec. 31, 2022**	Dec. 31, 2021
Share price on date of measurement	C$	**42.58**	76.39
Share price on date of measurement	US$	**31.46**	60.38

The fair value of RSUs was determined primarily using the following inputs:

	Unit	**Dec. 31, 2022**	Dec. 31, 2021
Share price on date of measurement	C$	**42.58**	76.39
Weighted-average fair value of a unit	C$	**36.48**	70.29

22. REVENUES

We perform a disaggregated analysis of revenues considering the nature, amount, timing and uncertainty of revenues. This includes disclosure of our revenues by segment and type, as well as a breakdown of whether revenues from goods or services are recognized at a point in time or delivered over a period of time.

a) Revenue by Type

FOR THE YEAR ENDED DEC. 31, 2022 (MILLIONS)	Asset Management	Renewable Power and Transition	Infrastructure	Private Equity	Real Estate	Corporate Activities	Total Revenues
Revenue from contracts with customers	$ 653	$ 4,959	$ 13,971	$ 55,318	$ 6,535	$ —	$ 81,436
Other revenue	—	239	753	2,907	7,268	166	11,333
	$ 653	$ 5,198	$ 14,724	$ 58,225	$ 13,803	$ 166	$ 92,769

FOR THE YEAR ENDED DEC. 31, 2021 (MILLIONS)	Asset Management	Renewable Power and Transition	Infrastructure	Private Equity	Real Estate	Corporate Activities	Total Revenues
Revenue from contracts with customers	$ 306	$ 4,041	$ 11,204	$ 44,748	$ 5,532	$ —	$ 65,831
Other revenue	—	539	737	1,704	6,751	169	9,900
	$ 306	$ 4,580	$ 11,941	$ 46,452	$ 12,283	$ 169	$ 75,731

b) Timing of Recognition of Revenue from Contracts with Customers

FOR THE YEAR ENDED DEC. 31, 2022 (MILLIONS)	Asset Management	Renewable Power and Transition	Infrastructure	Private Equity	Real Estate	Corporate Activities	Total Revenues
Goods and services provided at a point in time	$ —	$ 274	$ 41	$ 46,190	$ 3,123	$ —	$ 49,628
Services transferred over a period of time	653	4,685	13,930	9,128	3,412	—	31,808
	$ 653	$ 4,959	$ 13,971	$ 55,318	$ 6,535	$ —	$ 81,436

FOR THE YEAR ENDED DEC. 31, 2021 (MILLIONS)	Asset Management	Renewable Power and Transition	Infrastructure	Private Equity	Real Estate	Corporate Activities	Total Revenues
Goods and services provided at a point in time	$ —	$ 137	$ 137	$ 37,866	$ 2,897	$ —	$ 41,037
Services transferred over a period of time	306	3,904	11,067	6,882	2,635	—	24,794
	$ 306	$ 4,041	$ 11,204	$ 44,748	$ 5,532	$ —	$ 65,831

Remaining Performance Obligation

Private Equity

In our construction services business, backlog is defined as revenue yet to be delivered (i.e. remaining performance obligations) on construction projects that have been secured via an executed contract or work order. As at December 31, 2022, our backlog of construction projects was approximately $5.7 billion (2021 – $7.5 billion).

In our nuclear power generation business, backlog includes an estimate of expected future performance obligations related to long-term arrangements to provide fuel assemblies and associated components. As at December 31, 2022, our backlog of construction projects was approximately $9.2 billion (2021 – $9.3 billion).

In our Brazilian water and wastewater services business, our long-term, inflation-adjusted concession service contracts with various municipalities have an average remaining contract duration of 23 years as at December 31, 2022 (2021 – 24 years), and the remaining performance obligations were approximately $10.4 billion (2021 – $8.9 billion).

Others

In our Asset Management, Infrastructure and Renewable Power and Transition businesses, revenue is generally recognized as invoiced for contracts recognized over a period of time as the amounts invoiced are commensurate with the value provided to the customers.

c) Lease Income

Our leases in which the company is a lessor are primarily operating in nature. Total lease income from our assets leased out on operating leases totaled $8.2 billion (2021 – $6.7 billion) including $182 million (2021 – $147 million) of income related to variable lease income that is not dependent on an index or rate.

The following table presents the undiscounted contractual earnings receivable of the company's leases by expected period of receipt:

	Payments Receivable by Period				
AS AT DEC. 31, 2022 (MILLIONS)	Less than 1 Year	1 – 3 Years	4 – 5 Years	After 5 Years	Total
Receivables from lease contracts	**$ 5,719**	**$ 9,072**	**$ 7,038**	**$ 15,983**	**$ 37,812**

	Payments Receivable by Period				
AS AT DEC. 31, 2021 (MILLIONS)	Less than 1 Year	1 – 3 Years	4 – 5 Years	After 5 Years	Total
Receivables from lease contracts	$ 5,072	$ 8,090	$ 6,333	$ 14,355	$ 33,850

23. DIRECT COSTS

Direct costs include all attributable expenses except interest, taxes and fair value changes, and primarily relate to cost of sales and compensation. The following table lists direct costs for 2022 and 2021 by nature:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022	2021
Cost of sales	**$ 54,044**	$ 44,149
Compensation	**9,849**	7,804
Depreciation and amortization	**7,683**	6,437
Selling, general and administrative expenses	**3,931**	3,197
Property taxes, sales taxes and other	**3,004**	2,413
	$ 78,511	$ 64,000

24. FAIR VALUE CHANGES

Fair value changes recorded in net income represent gains or losses arising from changes in the fair value of assets and liabilities, including derivative financial instruments, accounted for using the fair value method and are comprised of the following:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022	2021
Investment properties	**$ 629**	$ 5,073
Transaction related (expenses) income	**(533)**	714
Financial contracts	**(163)**	984
Impairment and provisions	**(293)**	(654)
Other fair value changes	**(617)**	(966)
	$ (977)	$ 5,151

25. DERIVATIVE FINANCIAL INSTRUMENTS

The company's activities expose it to a variety of financial risks, including market risk (i.e. currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The company selectively uses derivative financial instruments principally to manage these risks.

The aggregate notional amount of the company's derivative positions as at December 31, 2022 and 2021 is as follows:

AS AT DEC. 31 (MILLIONS)	Note	2022	2021
Foreign exchange	(a)	**$ 50,361**	$ 63,083
Interest rates	(b)	**60,600**	55,899
Equity derivatives	(c)	**1,942**	4,448
Commodity instruments	(d)		
Energy (GWh)		**69,902**	35,156
Natural gas (MMBtu – 000's)		**128,381**	246,375

a) Foreign Exchange

The company held the following foreign exchange contracts with notional amounts as at December 31, 2022 and 2021:

	Notional Amount (U.S. Dollars)		Average Exchange Rate	
(MILLIONS)	2022	2021	2022	2021
Foreign exchange contracts				
Canadian dollars	**$ 7,381**	$ 11,689	**0.76**	0.81
British pounds	**6,880**	12,089	**1.12**	1.19
European Union euros	**10,074**	9,939	**1.01**	1.14
Australian dollars	**4,088**	4,791	**0.69**	0.72
Indian rupee	**3,921**	3,281	**73.72**	78.90
Korean won[1]	**923**	756	**1,293**	1,151
Chinese yuan[1]	**4,166**	2,484	**6.07**	6.02
Japanese yen[1]	**378**	793	**116.26**	111.27
Colombian pesos[1]	**355**	740	**4,800**	3,937
Brazilian reais	**1,371**	1,291	**0.16**	0.16
Swedish krona	**—**	1,475	**—**	9.08
Other currencies	**2,765**	2,799	**Various**	Various
Cross currency interest rate swaps				
Canadian dollars	**5,673**	5,566	**0.77**	0.63
European Union euros	**—**	848	**—**	1.06
Australian dollars	**634**	1,317	**0.93**	0.98
Japanese yen[1]	**275**	750	**130.68**	113.33
British pounds	**243**	298	**1.21**	1.48
Brazilian reais[1]	**749**	—	**—**	—
Foreign exchange futures				
Brazilian reais	**—**	175	**—**	0.18
Foreign exchange options				
European Union euros	**—**	1,430	**—**	1.11
Indian rupee	**485**	572	**78.73**	74.56

1. Average rate is quoted using USD as base currency.

Included in net income are unrealized net losses on foreign currency derivative contracts amounting to $23 million (2021 – losses of $53 million) and included in the cumulative translation adjustment account in other comprehensive income are gains in respect of foreign currency contracts entered into for hedging purposes amounting to $2.8 billion (2021 – gains of $367 million).

b) Interest Rates

As at December 31, 2022, the company held interest rate swap and forward starting swap contracts having an aggregate notional amount of $37.5 billion (2021 – $28.6 billion), interest rate swaptions with an aggregate notional amount of $244 million (2021 – $248 million) and interest rate cap contracts with an aggregate notional amount of $22.8 billion (2021 – $27.1 billion).

c) Equity Derivatives

As at December 31, 2022, the company held equity derivatives with a notional amount of $1.9 billion (2021 – $4.4 billion) which includes $1.9 billion (2021 – $1.8 billion) notional amount that hedges long-term compensation arrangements. The balance represents common equity positions established in connection with the company's investment activities as well as general equity market hedges. The fair value of these instruments was reflected in the company's consolidated financial statements at year end.

d) Commodity Instruments

The company has entered into energy derivative contracts primarily to hedge the sale of generated power. The company endeavors to link forward electricity sale derivatives to specific periods in which it expects to generate electricity for sale. All energy derivative contracts are recorded at an amount equal to fair value and are reflected in the company's consolidated financial statements. The company has financial contracts outstanding on 128,381,000 MMBtu's (2021 – 246,375,000 MMBtu's) of natural gas as part of its electricity sale price risk mitigation strategy.

Other Information Regarding Derivative Financial Instruments

The following table classifies derivatives elected for hedge accounting during the years ended December 31, 2022 and 2021 as either cash flow hedges or net investment hedges. Changes in the fair value of the effective portion of the hedge are recorded in either other comprehensive income or net income, depending on the hedge classification, whereas changes in the fair value of the ineffective portion of the hedge are recorded in net income:

	2022			2021		
FOR THE YEARS ENDED DEC. 31 (MILLIONS)	**Notional**	**Effective Portion**	**Ineffective Portion**	Notional	Effective Portion	Ineffective Portion
Cash flow hedges[1]	**$ 47,860**	**$ 2,081**	**$ 13**	$ 43,776	$ 582	$ 24
Net investment hedges	**35,198**	**2,998**	**—**	43,997	407	(14)
	$ 83,058	**$ 5,079**	**$ 13**	$ 87,773	$ 989	$ 10

1. Notional amount does not include 18,133 GWh and 67,803 MMBtu – 000's – of commodity derivatives as at December 31, 2022 (2021 – 17,753 GWh, 93,623 MMBtu – 000's and 1,152 bbls – millions).

The following table presents the change in fair values of the company's derivative positions during the years ended December 31, 2022 and 2021, for derivatives that are fair valued through profit or loss, and derivatives that qualify for hedge accounting:

(MILLIONS)	Unrealized Gains During 2022	Unrealized Losses During 2022	Net Change During 2022	Net Change During 2021
Foreign exchange derivatives	**$ 192**	**$ (169)**	**$ 23**	$ (53)
Interest rate derivatives	**575**	**(156)**	**419**	183
Equity derivatives	**69**	**(365)**	**(296)**	757
Commodity derivatives	**177**	**(469)**	**(292)**	(183)
	$ 1,013	**$ (1,159)**	**$ (146)**	$ 704

The following table presents the notional amounts underlying the company's derivative instruments by term to maturity as at December 31, 2022 and 2021, for derivatives that are classified as fair value through profit or loss, and derivatives that qualify for hedge accounting:

AS AT DEC. 31 (MILLIONS)	**2022**				2021
	<1 Year	**1 to 5 Years**	**>5 Years**	**Total Notional Amount**	Total Notional Amount
Fair value through profit or loss					
Foreign exchange derivatives	**$ 4,440**	**$ 1,671**	**$ 965**	**$ 7,076**	$ 10,933
Interest rate derivatives	**10,126**	**8,578**	**1,272**	**19,976**	19,661
Equity derivatives	**866**	**1,002**	**73**	**1,941**	4,353
Commodity instruments					
Energy (GWh)	**3,456**	**21,743**	**26,571**	**51,770**	17,403
Natural gas (MMBtu – 000's)	**50,703**	**9,875**	**—**	**60,578**	152,753
Elected for hedge accounting					
Foreign exchange derivatives	**$ 12,956**	**$ 29,530**	**$ 800**	**$ 43,286**	$ 52,150
Interest rate derivatives	**5,916**	**31,597**	**3,111**	**40,624**	36,238
Equity derivatives	**—**	**—**	**—**	**—**	95
Commodity instruments					
Energy (GWh)	**6,574**	**8,868**	**2,691**	**18,133**	17,754
Natural gas (MMBtu – 000's)	**52,168**	**15,635**	**—**	**67,803**	93,623

26. MANAGEMENT OF RISKS ARISING FROM HOLDING FINANCIAL INSTRUMENTS

The company is exposed to the following risks as a result of holding financial instruments: market risk (i.e., interest rate risk, currency exchange risk and other price risk that impact the fair value of financial instruments), credit risk and liquidity risk. The following is a description of these risks and how they are managed:

a) Market Risk

Market risk is defined for these purposes as the risk that the fair value or future cash flows of a financial instrument held by the company will fluctuate because of changes in market prices. Market risk includes the risk of changes in interest rates, currency exchange rates and changes in market prices due to factors other than interest rates or currency exchange rates, such as changes in equity prices, commodity prices or credit spreads.

The company manages market risk from foreign currency assets and liabilities and the impact of changes in currency exchange rates and interest rates by funding assets with financial liabilities in the same currency and with similar interest rate characteristics, and by holding financial contracts such as interest rate and foreign exchange derivatives to minimize residual exposures.

Financial instruments held by the company that are subject to market risk include other financial assets, borrowings and derivative instruments such as interest rate, currency, equity and commodity contracts.

i. Interest Rate Risk

The observable impacts on the fair values and future cash flows of financial instruments that can be directly attributable to interest rate risk include changes in the net income from financial instruments whose cash flows are determined with reference to floating interest rates and changes in the value of financial instruments whose cash flows are fixed in nature.

The company's assets largely consist of long-duration interest-sensitive physical assets. Accordingly, the company's financial liabilities consist primarily of long-term fixed-rate debt or floating-rate debt that has been swapped with interest rate derivatives. These financial liabilities are, with few exceptions, recorded at their amortized cost. The company also holds interest rate caps to limit its exposure to increases in interest rates on floating rate debt that has not been swapped, and holds interest rate contracts to lock in fixed rates on anticipated future debt issuances and as an economic hedge against the changes in value of long duration interest sensitive physical assets that have not been otherwise matched with fixed rate debt.

The result of a 50 basis-point increase in interest rates on the company's net floating rate financial assets and liabilities would have resulted in a corresponding decrease in net income before tax of $416 million (2021 – $283 million) on a current basis.

Changes in the value of fair value through profit or loss interest rate contracts are recorded in net income and changes in the value of contracts that are elected for hedge accounting are recorded in other comprehensive income. The impact of a 50 basis-point parallel increase in the yield curve on the aforementioned financial instruments is estimated to result in a corresponding increase in net income before tax of $146 million (2021 – $101 million) and an increase in other comprehensive income of $486 million (2021 – $318 million) for the years ended December 31, 2022 and 2021, respectively.

ii. Currency Exchange Rate Risk

Changes in currency rates will impact the carrying value of financial instruments denominated in currencies other than the U.S. dollar.

The company holds financial instruments with net unmatched exposures in several currencies, changes in the translated value of which are recorded in net income. The impact of a 1% increase in the U.S. dollar against these currencies would have resulted in a $61 million (2021 – $109 million) increase in the value of these positions on a combined basis. The impact on cash flows from financial instruments would be insignificant. The company holds financial instruments to limit its exposure to the impact of foreign currencies on its net investments in foreign operations whose functional and reporting currencies are other than the U.S. dollar. A 1% increase in the U.S. dollar would increase the value of these hedging instruments by $421 million (2021 – $509 million) as at December 31, 2022, which would be recorded in other comprehensive income and offset by changes in the U.S. dollar carrying value of the net investment being hedged.

iii. Other Price Risk

Other price risk is the risk of variability in fair value due to movements in equity prices or other market prices such as commodity prices and credit spreads.

Financial instruments held by the company that are exposed to equity price risk include equity securities and equity derivatives. A 5% decrease in the market price of equity securities and equity derivatives held by the company, excluding equity derivatives that hedge compensation arrangements, would have decreased net income by $253 million (2021 – $303 million) and decreased other comprehensive income by $76 million (2021 – $122 million), prior to taxes. The company's liability in respect of equity compensation arrangements is subject to variability based on changes in the company's underlying common share price. The company holds equity derivatives to hedge almost all of the variability. A 5% change in the common equity price of the company in respect of compensation agreements would increase the compensation liability and compensation expense by $63 million (2021 – $98 million). This increase would be offset by a $74 million (2021 – $116 million) change in value of the associated equity derivatives of which $63 million (2021 – $98 million) would offset the above-mentioned increase in compensation expense and the remaining $11 million (2021 – $18 million) would be recorded in net income.

The company sells power and generation capacity under long-term agreements and financial contracts to stabilize future revenues. Certain of the contracts are considered financial instruments and are recorded at fair value in the consolidated financial statements, with changes in value being recorded in either net income or other comprehensive income as applicable. A 5% increase in energy prices would have decreased net income for the year ended December 31, 2022 by approximately $85 million (2021 – $49 million) and decreased other comprehensive income by $46 million (2021 – $27 million), prior to taxes. The corresponding increase in the value of the revenue or capacity being contracted, however, is not recorded in net income until subsequent periods.

b) Credit Risk

Credit risk is the risk of loss due to the failure of a borrower or counterparty to fulfill its contractual obligations. The company's exposure to credit risk in respect of financial instruments relates primarily to counterparty obligations regarding derivative contracts, loans receivable and credit investments such as bonds and preferred shares.

The company assesses the creditworthiness of each counterparty before entering into contracts with a view to ensuring that counterparties meet minimum credit quality requirements. Management evaluates and monitors counterparty credit risk for derivative financial instruments and endeavors to minimize counterparty credit risk through diversification, collateral arrangements, and other credit risk mitigation techniques. The credit risk of derivative financial instruments is generally limited to the positive fair value of the instruments, which, in general, tends to be a relatively small proportion of the notional value. Substantially all of the company's derivative financial instruments involve either counterparties that are banks or other financial institutions in North America, the U.K. and Australia, or arrangements that have embedded credit risk mitigation features. The company does not expect to incur credit losses in respect of any of these counterparties. The maximum exposure in respect of loans receivable and credit investments is equal to the carrying value.

c) Liquidity Risk

Liquidity risk is the risk that the company cannot meet a demand for cash or fund an obligation as it comes due. Liquidity risk also includes the risk of not being able to liquidate assets in a timely manner at a reasonable price.

To help ensure the company is able to react to contingencies and investment opportunities quickly, the company maintains sources of liquidity at the corporate and subsidiary levels. The primary source of liquidity consists of cash and other financial assets, net of deposits and other associated liabilities, and undrawn committed credit facilities.

The company is subject to the risks associated with debt financing, including the ability to refinance indebtedness at maturity. The company believes these risks are mitigated through the use of long-term debt secured by high quality assets, maintaining debt levels that are in management's opinion relatively conservative, and by diversifying maturities over an extended period of time. The company also seeks to include in its agreements terms that protect the company from liquidity issues of counterparties that might otherwise impact the company's liquidity.

The following tables present the contractual maturities of the company's financial liabilities as at December 31, 2022 and 2021.

AS AT DEC. 31, 2022 (MILLIONS)	Payments Due by Period				
	<1 Year	**1 to 3 Years**	**4 to 5 Years**	**After 5 Years**	**Total**
Principal repayments					
Corporate borrowings[1]	**$ —**	**$ 1,608**	**$ 1,486**	**$ 8,296**	**$ 11,390**
Non-recourse borrowings of managed entities	**42,883**	**58,726**	**44,119**	**56,956**	**202,684**
Subsidiary equity obligations	**1,187**	**746**	**553**	**1,702**	**4,188**
Interest expense[2]					
Corporate borrowings	**484**	**863**	**728**	**3,916**	**5,991**
Non-recourse borrowings	**10,597**	**16,016**	**11,432**	**18,320**	**56,365**
Subsidiary equity obligations	**152**	**273**	**182**	**563**	**1,170**
Lease obligations[3]	**1,186**	**1,855**	**1,540**	**13,192**	**17,773**

1. As at December 31, 2022, there was no commercial paper outstanding or draws on the revolving credit facilities.
2. Represents the aggregated interest expense expected to be paid over the term of the obligations. Variable interest rate payments have been calculated based on current rates.
3. The lease obligations as disclosed in the table above include leases that are classified as finance leases, short-term leases, low-value leases and variable lease payments not based on an index or rate, which are immaterial.

AS AT DEC. 31, 2021 (MILLIONS)	Payments Due by Period				
	<1 Year	1 to 3 Years	4 to 5 Years	After 5 Years	Total
Principal repayments					
Corporate borrowings[1]	$ 462	$ 1,138	$ 2,104	$ 7,171	$ 10,875
Non-recourse borrowings of managed entities	31,683	45,186	41,918	46,270	165,057
Subsidiary equity obligations	546	1,563	544	1,655	4,308
Interest expense[2]					
Corporate borrowings	420	802	659	3,652	5,533
Non-recourse borrowings	5,918	10,130	6,832	11,958	34,838
Subsidiary equity obligations	162	300	228	33	723
Lease obligations[3]	1,156	2,389	1,615	13,550	18,710

1. Payments due in less than 1 year represents $462 million of outstanding commercial paper as at December 31, 2021.
2. Represents the aggregated interest expense expected to be paid over the term of the obligations. Variable interest rate payments have been calculated based on current rates.
3. The lease obligations as disclosed in the table above include leases that are classified as finance leases, short-term leases, low-value leases and variable lease payments not based on an index or rate, which are immaterial.

27. RELATED PARTY TRANSACTIONS

a) Related Parties

Related parties include subsidiaries, associates, joint ventures, key management personnel, the Board of Directors (“Directors”), immediate family members of key management personnel and Directors and entities which are directly or indirectly controlled by, jointly controlled by or significantly influenced by key management personnel, Directors or their close family members.

b) Key Management Personnel and Directors

Key management personnel are those individuals who have the authority and responsibility for planning, directing and controlling the company’s activities, directly or indirectly, and consist of the company’s Senior Executives. The company’s Directors do not plan, direct or control the activities of the company directly; they provide oversight over the business.

The remuneration of key management personnel and Directors of the company during the years ended December 31, 2022 and 2021 was as follows:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022	2021
Salaries, incentives and short-term benefits[1]	$ 14	$ 16
Share-based payments[1]	38	56
	$ 52	$ 72

1. The remuneration of key management personnel and Directors of the company remaining after the special distribution of a 25% interest in our asset management business included salaries, incentives and short-term benefits of $5 million (2021 - $5 million) and share-based payments of $13 million (2021 - $13 million).

The remuneration of key management personnel and Directors is determined by the Management Resources and Compensation Committee of the Board of Directors having regard to the performance of individuals and market funds.

c) Related Party Transactions

In the normal course of operations, the company executes transactions on market terms with related parties that have been measured at exchange value and are recognized in the consolidated financial statements, including, but not limited to: base management fees, performance fees and incentive distributions; loans, interest and non-interest bearing deposits; power purchase and sale agreements; capital commitments to private funds; the acquisition and disposition of assets and businesses; derivative contracts; and the construction and development of assets. Transactions and balances between consolidated entities are fully eliminated upon consolidation. However, transactions and balances between the company and equity accounted investments do not eliminate.

The following table lists the related party balances included within the consolidated financial statements for the years ended December 31, 2022 and 2021:

FOR THE YEARS ENDED DEC. 31 (MILLIONS)	2022	2021
Management fees earned	$ 102	$ 24

The company provided BNRE with an equity commitment in the amount of $2.0 billion to fund future growth, which BNRE may draw on from time to time. As of December 31, 2022, there was no amount drawn under this equity commitment.

On May 25, 2022, BNRE issued 11,270,466 class C shares for $450 million and 98,351,547 class A junior preferred shares for $2.5 billion to the company.

During the year, subsidiaries of BNRE purchased investments of $3.3 billion from the company and its subsidiaries.

As at December 31, 2022 BNRE had $779 million of cash on deposit with wholly-owned subsidiaries of the company.

28. OTHER INFORMATION

a) Guarantees and Contingencies

In the normal course of business, the company enters into contractual obligations which include commitments to provide bridge financing, letters of credit, guarantees and reinsurance obligations. As at December 31, 2022, the company had $2.8 billion (2021 – $3.7 billion) of such commitments outstanding.

In addition, the company executes agreements that provide for indemnifications and guarantees to third parties in transactions or dealings such as business dispositions, business acquisitions, sales of assets, provision of services, securitization agreements and underwriting and agency agreements. The company has also agreed to indemnify its directors and certain of its officers and employees. The nature of substantially all of the indemnification undertakings prevents the company from making a reasonable estimate of the maximum potential amount the company could be required to pay third parties, as in most cases, the agreements do not specify a maximum amount, and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Neither the company nor its consolidated subsidiaries have made significant payments in the past nor do they expect at this time to make any significant payments under such indemnification agreements in the future.

The company periodically enters into joint ventures, consortium or other arrangements that have contingent liquidity rights in favor of the company or its counterparties. These include buy sell arrangements, registration rights and other customary arrangements that generally have embedded protective terms that mitigate the risk to us. The amount, timing and likelihood of any payments by the company under these arrangements is, in most cases, dependent on either further contingent events or circumstances applicable to the counterparty and therefore cannot be determined at this time.

The company is contingently liable with respect to litigation and claims that arise in the normal course of business. It is not reasonably possible that any of the ongoing litigation as at December 31, 2022 could result in a material settlement liability.

The company has insurance for damage and business interruption costs sustained as a result of an act of terrorism. The amount of coverage is reviewed on an individual basis and can range up to $4 billion. However, a terrorist act could have a material effect on the company’s assets to the extent damages exceed coverage.

The company, through its subsidiaries within the residential properties operations, is contingently liable for obligations of its associates in its land development joint ventures. In each case, all of the assets of the joint venture are available first for the purpose of satisfying these obligations, with the balance shared among the participants in accordance with predetermined joint venture arrangements.

As discussed in Note 19 Subsidiary Equity Obligations, in 2014, BPY issued $1.8 billion of exchangeable preferred equity units in three $600 million tranches redeemable in 2021, 2024 and 2026, respectively. The preferred equity units were originally exchangeable into equity units of BPY at $25.70 per unit, at the option of the holder, at any time up to and including the maturity date. Following the BPY privatization, the preferred equity units became exchangeable into cash equal to the value of the consideration that would have been received upon the BPY privatization (a combination of cash, BN shares and New LP Preferred Units), based on the value of that consideration on the date of exchange. BPY also has the option of delivering the actual consideration (a combination of cash, BN shares and New LP Preferred Units). Following the BPY privatization, we have agreed with the holder to grant the company the right to purchase all or any portion of the preferred equity units of the holder at maturity, and to grant the holder the right to sell all or any portion of the preferred equity units of the holder at maturity, in each case at a price equal to the issue price for such preferred equity units plus accrued and unpaid distributions. On December 30, 2021, the company acquired the tranche redeemable in 2021 from the holder and exchanged such units for Redemption-Exchange Units. The preferred equity units were subsequently cancelled.

b) Supplemental Cash Flow Information

During the year, the company capitalized $508 million (2021 – $387 million) of interest primarily to investment properties and residential inventory under development.

Shareholder Information

Shareholder Enquiries

Shareholder enquiries should be directed to our Investor Relations group at:

Brookfield Corporation
Brookfield Place, Box 762, 181 Bay Street, Suite 100
Toronto, Ontario M5J 2T3
T: 416-363-9491 or toll free in North America: 1-866-989-0311
F: 416-363-2856
E: enquiries@brookfield.com
www.bn.brookfield.com

Shareholder enquiries relating to dividends, address changes and share certificates should be directed to our Transfer Agent:

TSX Trust Company
P.O. Box 700, Station B
Montreal, Quebec H3B 3K3
T: 1-877-715-0498 (North America)
1-514-985-8843 (Outside North America)
F: 1-888-249-6189
E: shareholderinquiries@tmx.com
www.tsxtrust.com

Stock Exchange Listings

	Symbol	Stock Exchange
Class A Limited Voting Shares	BN	New York
	BN	Toronto
Class A Preference Shares		
Series 2	BN.PR.B	Toronto
Series 4	BN.PR.C	Toronto
Series 13	BN.PR.K	Toronto
Series 17	BN.PR.M	Toronto
Series 18	BN.PR.N	Toronto
Series 24	BN.PR.R	Toronto
Series 26	BN.PR.T	Toronto
Series 28	BN.PR.X	Toronto
Series 30	BN.PR.Z	Toronto
Series 32	BN.PF.A	Toronto
Series 34	BN.PF.B	Toronto
Series 36	BN.PF.C	Toronto
Series 37	BN.PF.D	Toronto
Series 38	BN.PF.E	Toronto
Series 40	BN.PF.F	Toronto
Series 42	BN.PF.G	Toronto
Series 44	BN.PF.H	Toronto
Series 46	BN.PF.I	Toronto
Series 48	BN.PF.J	Toronto
Series 51	BN.PF.K	Toronto
Series 52	BN.PF.L	Toronto

Investor Relations and Communications

We are committed to informing our shareholders of our progress through our comprehensive communications program which includes publication of materials such as our annual report, quarterly interim reports and news releases. We also maintain a website that provides ready access to these materials, as well as statutory filings, stock and dividend information and other presentations.

Meeting with shareholders is an integral part of our communications program. Directors and management meet with Brookfield's shareholders at our annual meeting and are available to respond to questions. Management is also available to investment analysts, financial advisors and media.

The text of our 2022 Annual Report is available in French on request from the company and is filed with and available through SEDAR at www.sedar.com.

Dividends

The quarterly dividend payable on Class A shares is declared in U.S. dollars. Registered shareholders who are U.S. residents receive their dividends in U.S. dollars, unless they request the Canadian dollar equivalent. Registered shareholders who are Canadian residents receive their dividends in the Canadian dollar equivalent, unless they request to receive dividends in U.S. dollars. The Canadian dollar equivalent of the quarterly dividend is based on the Bank of Canada daily average exchange rate exactly two weeks (or 14 days) prior to the payment date for the dividend.

Dividend Reinvestment Plan

The Corporation has a Dividend Reinvestment Plan which enables registered holders of Class A Shares who are resident in Canada and the U.S. to receive their dividends in the form of newly issued Class A shares.

Registered shareholders of our Class A shares who are resident in the United States may elect to receive their dividends in the form of newly issued Class A shares at a price equal to the volume-weighted average price (in U.S. dollars) at which board lots of Class A Shares have traded on the New York Stock Exchange based on the average closing price during each of the five trading days immediately preceding the relevant Investment Date[1] on which at least one board lot of Class A Shares has traded, as reported by the New York Stock Exchange (the "NYSE VWAP").

Registered shareholders of our Class A shares who are resident in Canada may also elect to receive their dividends in the form of newly issued Class A shares at a price equal to the NYSE VWAP multiplied by an exchange factor which is calculated as the average of the daily average exchange rates as reported by the Bank of Canada during each of the five trading days immediately preceding the relevant Investment Date.

Our Dividend Reinvestment Plan allows current shareholders of the Corporation who are resident in Canada and the United States to increase their investment in the Corporation free of commissions. Further details on the Dividend Reinvestment Plan and a Participation Form can be obtained from our Toronto office, our transfer agent or from our website.

[1] "Investment Date" means each dividend payment date upon which cash dividends paid on all Class A Shares registered in the name of a shareholder, net of any applicable withholding taxes, are reinvested.

Dividend Record and Payment Dates

Security[1]	Record Date[2]	Payment Date[3]
Class A and Class B shares	Last day of February, May, August and November	Last day of March, June, September and December
Class A Preference shares		
Series 2, 4, 13, 17, 18, 24, 26, 28, 30		
32, 34, 36, 37, 38, 40, 42, 44, 46 and 48	15th day of March, June, September and December	Last day of March, June, September and December
Series 51	Last day of each month	12th day of following month
Series 52	15th day of January, April, July and October	First day of February, May, August and November

1. All dividend payments are subject to declaration by the Board of Directors.
2. If the Record Date is not a business day, the Record Date will be the previous business day.
3. If the Payment Date is not a business day, the Payment Date will be the previous business day.

Board of Directors and Officers

BOARD OF DIRECTORS

M. Elyse Allan, C.M.
Former President and Chief Executive Officer, General Electric Canada Company Inc. and former Vice-President, General Electric Company

Jeffrey M. Blidner
Vice Chair,
Brookfield Corporation

Angela F. Braly
Former Chair of the Board, President and Chief Executive Officer, WellPoint, Inc. (now known as Anthem, Inc.)

Jack L. Cockwell, C.M.
Chair, Brookfield Partners Foundation

Bruce Flatt
Chief Executive Officer,
Brookfield Corporation and Brookfield Asset Management Ltd.

Janice Fukakusa, C.M., F.C.P.A., F.C.A.
Former Chief Administrative Officer and Chief Financial Officer, Royal Bank of Canada

Seek Ngee Huat
Chair, GLP IM Holdings Limited and Former Chair, Global Logistic Properties Ltd., and former President of GIC Real Estate Pte. Ltd.

Maureen Kempston Darkes, O.C., O.ONT.
Former President, Latin America, Africa and Middle East, General Motors Corporation

Brian D. Lawson
Vice Chair, and former Chief Financial Officer, Brookfield Corporation

Howard Marks
Co-chair,
Oaktree Capital Group, LLC.

Hon. Frank J. McKenna, P.C., O.C., O.N.B.
Chair, Brookfield Corporation
and Deputy Chair, TD Bank Group

Rafael Miranda
Former Chief Executive Officer,
Endesa, S.A.

Lord O'Donnell
Chair, Frontier Economics Ltd.

Hutham S. Olayan
Chair of The Olayan Group and former President and CEO of Olayan America

Diana L. Taylor
Former Superintendent of Banks for the State of New York and investment banker

Details on Brookfield's directors are provided in the Management Information Circular and on Brookfield's website at www.brookfield.com.

CORPORATE OFFICERS

Bruce Flatt, Chief Executive Officer

Nicholas Goodman, President and Chief Financial Officer

`

Brookfield incorporates sustainable development practices within our corporation.
This document was printed in Canada using vegetable-based inks on FSC® stock.

This page is intentionally left blank

BROOKFIELD CORPORATION

Brookfield.com

NYSE: BN
TSX: BN

BROOKFIELD CORPORATE OFFICES

United States

Brookfield Place
250 Vesey Street
15th Floor
New York, NY
10281-0221
+1.212.417.7000

Canada

Brookfield Place
181 Bay Street, Suite 100
Bay Wellington Tower
Toronto, ON M5J 2T3
+1.416.363.9491

United Kingdom

One Canada Square
Level 25
Canary Wharf
London E14 5AA
+44.20.7659.3500

Australia

Brookfield Place
Level 19
10 Carrington Street
Sydney, NSW 2000
+61.2.9158.5100

Brazil

Avenida das Nações Unidas, 14.261
Edifício WT Morumbi
Ala B - 20º andar
Morumbi - São Paulo - SP
CEP 04794-000
+55 (11) 2540.9150

United Arab Emirates

Level 24, ICD Brookfield Place
Al Mustaqbal Street, DIFC
P.O. Box 507234
Dubai
+971.4.597.0100

India

Unit 1
4th Floor, Godrej BKC
Bandra Kurla Complex
Mumbai 400 051
+91.22.6600.0700

China

Unit 01, 11F
Tower C, One East
No. 768 South Zhongshan 1st Road
Huangpu District, Shanghai
200023
+86.21.2306.0700

OAKTREE CORPORATE OFFICES

United States

333 South Grand Avenue
28th Floor
Los Angeles, CA 90071
+1.213.830.6300

United States

1301 Avenue of the Americas
34th Floor
New York, NY 10019
+1.212.284.1900

United Kingdom

Verde
10 Bressenden Place
London SW1E 5DH
+44.20.7201.4600

Hong Kong

Suite 2001, 20/F
Champion Tower
3 Garden Road
Central
+852.3655.6800

REGIONAL OFFICES (BROOKFIELD & OAKTREE)

North America

Bermuda
Brentwood
Calgary
Chicago
Houston
Los Angeles
Stamford
Vancouver

South America

Bogotá
Lima

Europe / UAE

Amsterdam
Dublin
Frankfurt
Helsinki
Luxembourg
Paris
Madrid
Dubai

Asia Pacific

Sydney
Beijing
Hong Kong
Shanghai
Seoul
Singapore
Tokyo