Omaha CEO Dinner
May 4, 2018
University of Nebraska at Omaha
College of Business Administration, Mammel Hall

Keynote Speaker, Bruce Flatt
CEO, Brookfield Asset Mgmt (Canada)
“REAL ASSETS: The Place to Be”
Real Assets: The Place to Be

BRUCE FLATT

UNIVERSITY OF NEBRASKA OMAHA – MAY-4-2018

Brookfield
We are one of the largest global real asset investors

~$285B
ASSETS UNDER MANAGEMENT

80,000
OPERATING EMPLOYEES

750
INVESTMENT PROFESSIONALS

30+
COUNTRIES

UNITED STATES
$148B AUM

SOUTH AMERICA
$42B AUM

CANADA
$29B AUM

EUROPE & MIDDLE EAST
$40B AUM

ASIA PACIFIC
$24B AUM
Our advantages are scale, global platform and our operating people.

- **Real Estate**: $155 billion AUM
- **Infrastructure**: $43 billion AUM
- **Renewable Power**: $40 billion AUM
- **Private Equity**: $27 billion AUM
Passive investing has provided decent returns over the past 20 years...

1) Compound, dividends reinvested
...but returns from value investments in real assets have been better.
Real asset performance has been strong as these assets are ideal long-term real return investments

- They earn good cash-on-cash yields
- They can be contracted for long durations
- Cash flows adjust with inflation or by other means
- As cities urbanize, the values increase adding appreciation upside to returns
- The private nature ensures low volatility
- Returns are far greater than other options available to institutions
A part of the reason for real asset manager growth is institutional capital increases.
The most important piece has been increasing percentages allocated to real assets.
This should continue, as we believe we are in for a continued period of low-ish rates

U.S. 10-Year Treasury Rate
The last part of the story is that bank sponsored real asset investors went out of business

<table>
<thead>
<tr>
<th>($billions)</th>
<th>2007</th>
<th>2017</th>
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</thead>
<tbody>
<tr>
<td>Blackstone</td>
<td>$ 80</td>
<td>$ 350</td>
</tr>
<tr>
<td>Brookfield</td>
<td>30</td>
<td>290</td>
</tr>
<tr>
<td>Apollo</td>
<td>70</td>
<td>200</td>
</tr>
<tr>
<td>KKR</td>
<td>60</td>
<td>150</td>
</tr>
<tr>
<td>Starwood</td>
<td>10</td>
<td>75</td>
</tr>
<tr>
<td>GIP</td>
<td>5</td>
<td>60</td>
</tr>
<tr>
<td>Bank 1</td>
<td>100</td>
<td>20</td>
</tr>
<tr>
<td>Bank 2</td>
<td>80</td>
<td>gone</td>
</tr>
<tr>
<td>Bank 3</td>
<td>60</td>
<td>gone</td>
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<tr>
<td>Bank 4</td>
<td>60</td>
<td>gone</td>
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<tr>
<td>Bank 5</td>
<td>50</td>
<td>gone</td>
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<tr>
<td>Bank 6</td>
<td>50</td>
<td>gone</td>
</tr>
</tbody>
</table>
This led to **substantial growth in AUM** for those that survived.
Which has led to large fee growth

Annualized fee revenues and carry now exceed $2.5 billion at BAM

Annualized Fee Revenues & Target Carried Interests
(as at December 31, $millions)

2013 2014 2015 2016 2017

Fee Revenues  Target Carried Interests

[VALUE]  [VALUE]  [VALUE]  [VALUE]  [VALUE]  [VALUE]  [VALUE]
But can investors invest the scale of capital?

$17 billion in 2017

- Private Equity: 19%
- Renewable Power: 14%
- Real Estate: 21%
- Infrastructure: 46%

1) LTM as at June 30, 2017
We find value in **three ways**

- **We move capital globally to where we can find value**

- **We participate in recapitalization / bankruptcy transactions that are hard work but where competition is limited**

- **Once we are in a business, we almost always find add-on opportunities**
But our business is not immune to disruptions and challenges

- Distributed power on transmission grids
- Amazon effect on retail
- 3G/4G/5G on telecom towers
- Solar generation on power prices
- The natural gas revolution
Although the **good news** is…

- Alternatives cannot be replaced by ETF’s
- Most backbone infrastructure is unchallenged
- Urban centres continue to be the future
More importantly, change brings opportunity
To sum up

- Interest rates look like they will stay in a low-ish band
- Sovereign / pension funds need real assets to augment returns
- Pools of capital are heading to exceed to $75 trillion
- There are only a few global managers, and operations are highly scalable
- Some institutional clients can compete but most do not have resources
- Large global managers with capital have a distinct advantage
- Disruptions are everywhere, but also present opportunity
Q & A
Important Cautionary Notes

All amounts are in U.S. dollars unless otherwise specified. Unless otherwise indicated, the statistical and financial data in this presentation is presented as of December 31, 2017.

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This presentation 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. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, and include statements regarding Brookfield Asset Management and its subsidiaries’ operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include, but are not limited to, statements regarding our asset management. In some cases, forward-looking statements can be identified by terms 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.”

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