



## Brookfield Asset Management Inc. Isn't Done Wheeling and Dealing

### Description

Last week was a busy one for Canada's **Brookfield Asset Management Inc.** (TSX:BAM.A)([NYSE:BAM](#)), but it was likely only the beginning. The real estate, infrastructure, and renewable energy giant issued more than US\$1 billion in equity capital, something it hardly ever does, and that capital raise could signal something big is on the horizon. This is even after the company announced a US\$2.5 billion deal for **Associated Estates Realty Corporation** just a few days later.

### Location, location, location

In the press release detailing the Associated Estates Realty Corporation's US\$2.5 billion buyout, it specifically stated that the deal was made with a real estate fund that is managed by Brookfield. This suggests that the cash portion of the deal, estimated at US\$1.66 billion, won't be fully funded by Brookfield's corporate account. Instead, that cash will come from an unspecified real estate fund that the company manages.

What's also interesting is that the deal isn't being made through Brookfield's publicly traded real estate arm **Brookfield Property Partners**. That's despite the fact that Brookfield Property Partners has been growing its multi-family segment, which is what Associated Estates operates.

Instead, for the time being at least, the company is using one of its funds to make the buyout. However, that could be just a temporary home for the assets as the company could move the acquired assets around at a later date to a better long-term home, which could include Brookfield Property Partners.

### More to come

Because of where that deal is being made, it's likely Brookfield is eyeing even bigger deals with its \$1 billion equity infusion. According to a recent article in the *Globe & Mail*, that deal could be an \$8.5 billion portfolio of Australian real estate that's being sold by **Morgan Stanley** and Brookfield and private equity giant **Blackstone Group** are the two leading bidders for the portfolio. If Brookfield emerges as the winning bidder, it will likely use some of the cash it recently raised to fund part of the buyout, which could also include cash from one of its real estate funds or even Brookfield Property

Partners.

However, that's likely not the only use Brookfield has for that cash. It recently participated in an equity issuance by its infrastructure affiliate **Brookfield Infrastructure Partners**. Under that deal, which closed earlier this month, Brookfield Infrastructure Partners raised US\$890 million in equity; however, Brookfield and some related entities participated in that deal and acquired \$350 million of the equity that was issued.

That deal gave Brookfield Infrastructure Partners quite a war chest for new deals and it [sees plenty on the horizon](#). In fact, the company has the opportunity for "step change growth"; it sees the potential for several needle-moving acquisition targets that could become available this year. Brookfield's decision to raise cash now is likely due to the fact that it will probably need to provide some assistance to its infrastructure arm so that it can take advantage of the opportunities it has.

### Investor takeaway

Brookfield likely has a couple of really compelling acquisition opportunities on the horizon, which is why it's building a cash war chest. From the looks of things it has its eyes on a very large Australian property portfolio as well as several compelling infrastructure assets. This suggests that there's a lot more acquisition news on the horizon for investors in the Brookfield family.

### CATEGORY

1. Dividend Stocks
2. Investing

### TICKERS GLOBAL

1. NYSE:BN (Brookfield Corporation)
2. TSX:BN (Brookfield)

### Category

1. Dividend Stocks
2. Investing

### Date

2025/08/03

### Date Created

2015/04/28

### Author

mdilallo

default watermark