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## 2021 SEMI-ANNUAL REPORT TO SHAREHOLDERS

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### MANAGEMENT'S REPORT ON FUND PERFORMANCE

The following Management's Discussion and Analysis for the interim period ended June 30, 2021 is dated August 26, 2021.

This is a report on the performance of Partners Value Split Corp. (the "Company") and contains financial highlights but does not contain the complete financial statements of the Company. This report follows the disclosure obligations under National Instrument 81-106 Investment Fund Continuous Disclosure ("NI-81-106" or the "Instrument") and should be read in conjunction with the financial statements and notes thereto for the year ended December 31, 2020.

You can receive a copy of the Company's annual financial statements at your request and at no cost by calling (416) 363-9491, by writing to us at 181 Bay Street, Brookfield Place, Suite 210, P.O. Box 767, Toronto, Ontario M5J 2T3 or by visiting SEDAR at [www.sedar.com](http://www.sedar.com). Security holders may also contact us using one of these methods to request a copy of the Company's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure when that information becomes available.

### INVESTMENT OBJECTIVE AND STRATEGIES

The Company's objective is to invest in Class A Limited Voting Shares ("Brookfield shares") of Brookfield Asset Management Inc. ("Brookfield") which generate cash flow through dividend payments that fund quarterly fixed cumulative preferential dividends for the holders of the Company's senior preferred shares, and provide the holders of the Company's capital shares the opportunity to participate in any capital appreciation in the Brookfield shares. The Company's capital shares and preferred shares are also referred to collectively as units, with each unit consisting of one capital share and one preferred share ("unit").

### RISKS

The risk factors relating to an investment in the Company include those disclosed below. A complete list of the risk factors relating to an investment in the Company is disclosed in the Company's most recent Annual Information Form available at [www.sedar.com](http://www.sedar.com) or by contacting the Company by the means described above.

#### ***(a) Interest Rate Fluctuations***

The market value of a unit may, at any given time, be affected by the level of interest rates prevailing at such time. An increase (decrease) in interest rates will, on its own, likely reduce (increase) the value of a preferred share, given that the dividends on such preferred shares are fixed.

#### ***(b) Fluctuations in Value of Brookfield Shares***

The value of a unit will vary according to the value of the Brookfield shares. The value of the investment may be influenced by factors not within the control of the Company, including: the financial performance of Brookfield which may result in a decline in value of the investment portfolio and/or in dividend income from the investment, interest rates, general economic conditions, availability of equity and debt financing and financial market conditions.

#### ***(c) Foreign Currency Exchange Fluctuations***

Brookfield's functional currency is the United States dollar and it declares dividends in that currency. Accordingly, changes in the exchange rate between the Canadian and United States currencies may impact the value of the Company's cash flows relative to its financial obligations which are denominated principally in Canadian dollars.

## RESULTS OF OPERATIONS

Total assets and net assets at June 30, 2021, were \$6.2 billion and \$5.3 billion, respectively, compared to \$5.1 billion and \$4.2 billion, as at December 31, 2020.

The Company's net assets on a per unit basis, which consists of one capital share and one preferred share, at June 30, 2021 was \$145.06 compared to \$111.14 at December 31, 2020. The increase in net assets per unit was driven primarily by appreciation in the market value of our investment in Brookfield shares.

During the six months ended June 30, 2021, the Company declared and paid dividends in the amount of \$46.7 million (\$113 million) to the holders of its capital shares. Included in this amount was a special dividend the Company paid in form of Brookfield Asset Management Reinsurance Partners Ltd. ("BAMR") shares. The BAMR shares valued at \$42.6 million were received as a dividend-in-kind from Brookfield Asset Management Inc.

## FINANCIAL HIGHLIGHTS

The following table shows selected key financial information about the Company and is intended to facilitate an understanding of the Company's financial performance over the last five fiscal periods and is presented in accordance with NI-81-106. The prior year information is derived from the Company's annual financial statements.

<i>(per unit, US dollars)</i>	Six months ended				
	June 30, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Net assets per unit, beginning of period	\$ 111.14	\$ 136.77	\$ 80.19	\$ 103.76	\$ 80.90
Share issuance	7.76	5.44	1.00	3.21	3.50
Share redemption and retraction	(10.86)	—	(4.27)	—	(2.94)
Net assets anti-dilution (dilution) <sup>1</sup>	—	—	—	—	(0.90)
Increase (decrease) from operations:					
Total revenues	3.33	1.43	1.52	1.41	1.56
Total expenses <sup>2</sup>	(0.20)	(0.07)	(0.07)	(0.06)	(0.06)
Realized and unrealized gains (losses)	52.15	8.14	45.70	(12.10)	24.78
Total increase (decrease) from operations <sup>3</sup>	55.28	9.50	47.15	(10.75)	26.28
Foreign currency translation (loss) gain <sup>2</sup>	(15.31)	(37.12)	14.21	(14.52)	(1.20)
Distributions <sup>3, 4</sup>	(2.96)	(3.45)	(1.51)	(1.51)	(1.88)
Net assets per unit, end of period	\$ 145.05	\$ 111.14	\$ 136.77	\$ 80.19	\$ 103.76
Net asset value per unit, end of period	\$ 145.05	\$ 111.14	\$ 136.77	\$ 80.19	\$ 103.76
Net asset value per unit, end of period (CAD)	\$ 179.83	\$ 141.53	\$ 177.65	\$ 108.98	\$ 129.97

1 Dilution occurred as a result of the subdivision of capital shares following the issuance of the Series 8 senior preferred shares in September 2017 so that the number of capital shares issued and outstanding was equal to the number of preferred shares issued and outstanding as required by the articles of the Company.

2 Total expenses net of non-cash preferred share issuance cost amortization. Foreign currency translation includes the change in value of the preferred shares from foreign currency.

3 Net assets and distributions are based on the actual number of units outstanding over the period. The increase from operations is based on the weighted average number of units outstanding over the period.

4 Includes capital dividends paid to holders of the Company's capital shares, if and when declared. Capital dividends includes a special distribution of Brookfield Asset Management Reinsurance Partners Ltd shares for the six months ended June 30 2021, and a special distribution of Trisura Group Ltd. units for the year ended December 31, 2017.

<i>(Thousands of US dollars, except per share amounts)</i>	Six months ended June 30, 2021	Dec. 31,	Dec. 31,	Dec. 31,	Dec. 31,
		2020	2019	2018	2017
Total assets	\$ 6,193,460	\$ 5,088,918	\$ 4,623,297	\$ 3,177,173	\$ 3,488,309
Net assets	5,347,026	4,202,278	3,978,210	2,460,080	2,827,774
Number of units outstanding	42,696	45,786	33,786	39,620	33,621
Management expense ratio <sup>1</sup>	0.1%	0.1%	0.1%	0.1%	0.1%
Redemption price of preferred shares (CAD)					
Senior Class AA Series 8 <sup>2</sup>	N/A	N/A	N/A	N/A	N/A
Senior Class AA Series 9 <sup>3</sup>	N/A	N/A	N/A	N/A	N/A
Senior Class AA Series 10 <sup>4</sup>	N/A	N/A	N/A	N/A	N/A
Senior Class AA Series 11 <sup>5</sup>	N/A	N/A	N/A	N/A	N/A
Senior Class AA Series 12 <sup>6</sup>	N/A	N/A	N/A	N/A	N/A
Junior Class AA Series 1	25.00	25.00	25.00	25.00	25.00
Junior Class AA Series 2	25.00	25.00	25.00	N/A	N/A
Junior Class AA Series 3	25.00	N/A	N/A	N/A	N/A

1 Management expense ratio is calculated by dividing the aggregate of total expenses and amortization of share issuance costs by average net assets over the reporting period.

2 Redemption period commences on September 30, 2024.

3 Redemption period commences on February 28, 2026.

4 Redemption period commences on February 28, 2027.

5 Redemption period commences on October 31, 2025.

6 Redemption period commences on February 29, 2028.

## INVESTMENT PORTFOLIO

The investment in the Brookfield shares, the associated costs and the fair values are as follows:

<i>As at</i> <i>(Thousands of US dollars)</i>	Number of Shares		Cost		Fair Value	
	June 30, 2021	Dec. 31, 2020	June 30, 2021	Dec. 31, 2020	June 30, 2021	Dec. 31, 2020
Brookfield Asset Management Inc. <sup>1</sup>	<u>119,611</u>	<u>119,611</u>	<u>\$ 507,953</u>	<u>\$ 507,953</u>	<u>\$ 6,097,792</u>	<u>\$ 4,936,365</u>

On a per share basis, the fair value of the Brookfield shares was \$50.98 on June 30, 2021 (December 31, 2020 - \$41.27).

## RELATED-PARTY TRANSACTIONS

The Company's operations are managed by Brookfield Public Securities Group LLC., who is entitled to a management fee of up to 10% of ordinary expenses of the Company. For the period ended June 30, 2021 the Company expensed management fees of \$23 thousand (June 30, 2020 – \$20 thousand) plus applicable taxes in relation to these services.

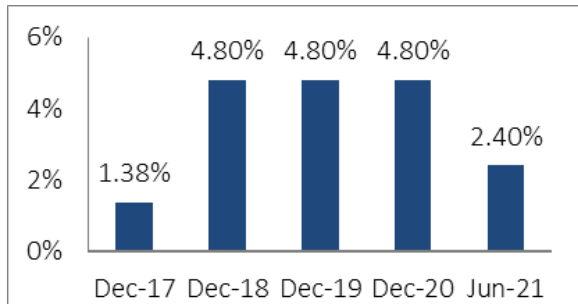
## PAST PERFORMANCE

### Period by Period Returns

The following charts show the performance of the Company's outstanding senior preferred shares since issuance to the six-month period June 30, 2021, assuming the senior preferred shares are sold at their final redemption price. The charts are not reflective of the current yield to maturity and past performance is not an indication of how the senior preferred shares will perform in the future.

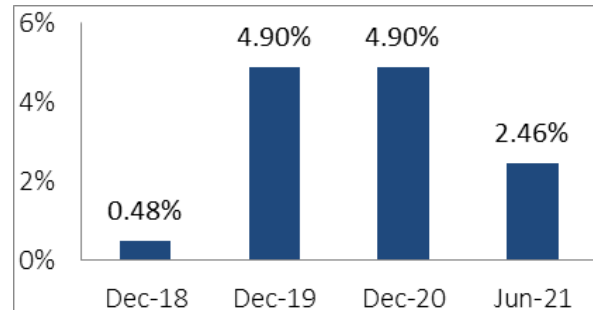
The Series 1, Series 2 and Series 3 junior preferred shares pay a non-cumulative quarterly dividend at an annual rate of 5%.

**Class AA, Series 8 Preferred Shares**  
For the years and period ending



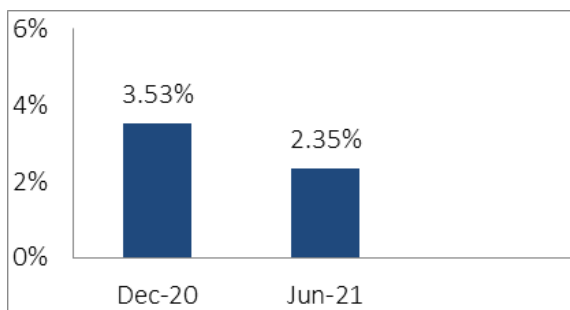
1 December 2017 reflects the period from Sept 18, 2017 to Dec 31, 2017.

**Class AA, Series 9 Preferred Shares**  
For the years and period ending



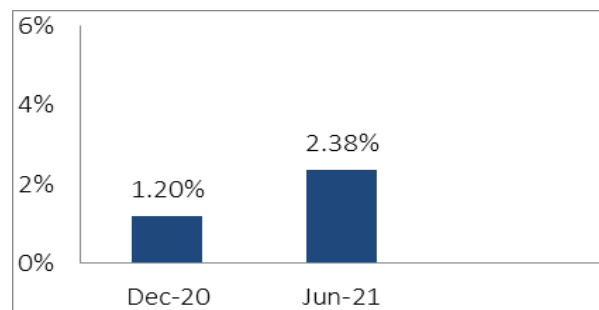
2 December 2018 reflects the period from Nov 26, 2018 to Dec 31, 2018.

**Class AA, Series 10 Preferred Shares**  
For the years and period ending



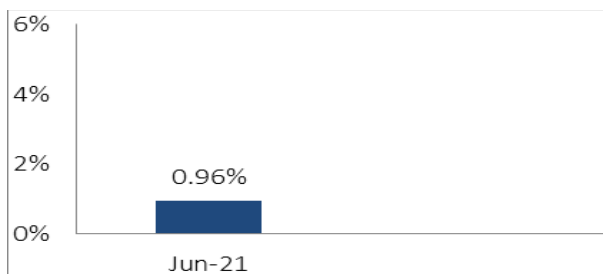
3 June 2020 reflects the period from Mar 02, 2020 to June 30, 2020.

**Class AA, Series 11 Preferred Shares**  
For the years and period ending



4 December 2020 reflects the period from Oct 06, 2020 to Dec 31, 2021.

**Class AA, Series 12 Preferred Shares**  
For the years and period ending



5 June 2021 reflects the period from Apr 12, 2021 to June 30, 2021.

## Annual Compound Returns

The following table compares the yield on issuance of the Company's senior preferred shares against the yield provided by a Government of Canada bond that matures during a similar period. Returns are based on the par value of a preferred share.

	Issue Date	Since Inception	Ten Year	Five Year	Three Year	One Year
Preferred Shares Class AA, Series 8 – September 30, 2024	Sep 18, 2017	4.80%	N/A	N/A	4.80%	4.80%
Seven-Year Government of Canada Bonds – June 1, 2024		1.91%	N/A	N/A	1.91%	1.91%
Preferred Shares Class AA, Series 9 – February 28, 2026	Nov 26, 2018	4.90%	N/A	N/A	N/A	4.90%
Seven-Year Government of Canada Bonds – June 1, 2026		2.25%	N/A	N/A	N/A	2.25%
Preferred Shares Class AA, Series 10 - February 28, 2027	Mar 2, 2020	4.70%	N/A	N/A	N/A	4.70%
Seven-Year Government of Canada Bonds – June 1, 2027		1.09%	N/A	N/A	N/A	1.09%
Preferred shares Class AA, Series 11 - October 31, 2025	Oct 6, 2020	4.75%	N/A	N/A	N/A	4.75%
Five-Year Government of Canada Bonds – September 1, 2025		0.35%	N/A	N/A	N/A	0.35%
Preferred shares Class AA, Series 12 – February 29, 2028	April 12, 2021	4.40% <sup>1</sup>	N/A	N/A	N/A	4.40%
Seven-Year Government of Canada Bonds – June 1, 2028		1.23%	N/A	N/A	N/A	1.23%

<sup>1</sup> 4.40% is the annual yield on the Series 12 Preferred Shares. The series was issued on April 12, 2021.

## CONTRACTUAL OBLIGATIONS

The Company's contractual obligations related to its senior preferred shares as at June 30, 2021 are:

(Thousands of US dollars)	Payment Due by Period <sup>1</sup>				
	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
<b>Preferred shares</b>					
Partners Value Split Class AA, Series 8	120,976	—	—	120,976	—
Partners Value Split Class AA, Series 9	120,925	—	—	—	120,925
Partners Value Split Class AA, Series 10	120,990	—	—	—	120,990
Partners Value Split Class AA, Series 11	120,990	—	—	120,990	—
Partners Value Split Class AA, Series 12	139,139	—	—	—	139,139
	<u>623,020</u>	<u>—</u>	<u>—</u>	<u>241,966</u>	<u>381,054</u>
<b>Interest Expense</b>					
Partners Value Split Class AA, Series 8	21,764	5,807	11,614	4,343	—
Partners Value Split Class AA, Series 9	30,567	5,925	11,850	11,850	942
Partners Value Split Class AA, Series 10	35,026	5,687	11,374	11,374	6,591
Partners Value Split Class AA, Series 11	27,759	5,747	11,494	10,518	—
Partners Value Split Class AA, Series 12	42,124	4,403	12,244	12,244	13,234
	<u>\$ 157,240</u>	<u>\$ 27,569</u>	<u>\$ 58,576</u>	<u>\$ 50,329</u>	<u>\$ 20,767</u>

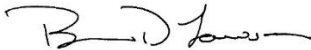
<sup>1</sup> Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures due 2024, 2026, 2027, 2025 and 2028 for the Series 8, 9, 10, 11 and 12 respectively.

## REVIEW OF SEMI-ANNUAL FINANCIAL STATEMENTS

The accompanying financial statements and other financial information in this semi-annual Report have been prepared by the Company's management who are 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 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.

The Company's independent auditor has not reviewed these financial statements.

On behalf of the Board of Directors,



Brian D. Lawson  
*Director and Chairman*  
August 26, 2021

## FORWARD-LOOKING INFORMATION

*This semi-annual report to shareholders contains forward-looking information within the meaning of Canadian provincial securities laws concerning the Company's business and operations. The words "intend," "believe," "principally," "primarily," "likely," "often," "generally" and other expressions of similar import, or the negative variations thereof, and similar expressions of future or conditional verbs such as "could," "should," "would," "may" or "will," are predictions of or indicate future events, trends or prospects or identify forward-looking information. Forward-looking information in this annual report includes, among others, statements with respect to the Company's objective of investing in Class A Limited voting shares of Brookfield Asset Management Inc. ("Brookfield shares") to generate cash dividends to fund quarterly fixed cumulative preferential dividends for the holders of the Company's preferred shares and to enable holders of its capital shares to participate in any capital appreciation of the Brookfield shares, fluctuations in the market value of units of the Company due to interest rate levels and the value of Brookfield shares, fluctuations in the value of the Company's investment portfolio and cash flows due to foreign currency exchange rates, the impact of the adoption of IFRS on the Company's reported financial position and results of operations, future classification of the Company's investment portfolio, potential exposure to liquidity risk to fund dividend obligations, the Company's ability to fund retraction obligations and obligations of the Company under potential indemnification and guarantee agreements.*

*Although the Company believes that the anticipated future results or achievements expressed or implied by the forward-looking information and statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on the forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking information and statements.*

*Factors that could cause actual results to differ materially from those contemplated or implied by the forward-looking information include: the behavior of financial markets, including fluctuations in the value of Brookfield shares and interest and exchange rates, availability of equity and debt financing and other risks and factors detailed from time to time in the Company's other documents filed with the Canadian securities regulators.*

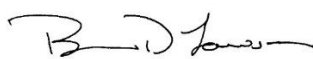
*We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking information to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as may be required by law, the Company undertakes no obligation to publicly update or revise any forward-looking information or statements, whether written or oral, that may be as a result of new information, future events or otherwise. Reference should be made to the Company's most recent Annual Information Form for a description of the major risk factors.*

## STATEMENTS OF FINANCIAL POSITION

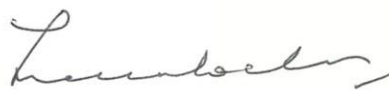
<i>As at</i> <i>(Thousands of US dollars, except per unit amounts)</i>	Note	<i>(Unaudited)</i> <b>June 30, 2021</b>	<i>(Audited)</i> December 31, 2020
<b>Assets</b>			
Cash and cash equivalents		\$ 80,118	\$ 138,200
Investment portfolio	3	6,097,792	4,936,365
Accounts receivable and other assets		15,550	14,353
<b>Total assets</b>		<b>\$ 6,193,460</b>	<b>\$ 5,088,918</b>
<b>Liabilities</b>			
Accounts payable		\$ 72	\$ 17
Debentures		79	77
Preferred shares	4	846,283	886,546
<b>Total liabilities</b>		<b>846,434</b>	<b>886,640</b>
<b>Net assets</b>		<b>\$ 5,347,026</b>	<b>\$ 4,202,278</b>
<b>Equity</b>			
Capital shares	5	118,088	118,088
Retained earnings		5,514,257	4,369,509
Accumulated Other Comprehensive Income		(285,319)	(285,319)
<b>Total Equity</b>		<b>\$ 5,347,026</b>	<b>\$ 4,202,278</b>
Number of units outstanding		42,696	45,786
Net assets per capital share		\$ 125.23	\$ 91.78
Book value per preferred share		19.82	19.36
<b>Net assets per unit</b>		<b>\$ 145.05</b>	<b>\$ 111.14</b>

*The accompanying notes are an integral part of the financial statements*

On behalf of the Board,



Brian D. Lawson  
Director and Chairman



Frank N.C. Lochan  
Director



## STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

For the six months ended June 30

(Thousands of US dollars)

	Note	2021	2020
<b>Income</b>			
Dividend income		\$ 73,735	\$ 28,707
Other investment income		423	101
		<u>74,158</u>	<u>28,808</u>
<b>Expenses</b>			
Management fees	6	(23)	(20)
Administrative and other		(1,878)	(274)
		<u>(1,901)</u>	<u>(294)</u>
<b>Income available for distribution</b>		<b>72,257</b>	<b>28,514</b>
Distributions paid on senior preferred shares and debentures		(19,220)	(11,919)
<b>Income available for distribution to junior preferred and capital shares</b>		<b>53,037</b>	<b>16,595</b>
Amortization of share issuance costs		(2,494)	(1,124)
Change in unrealized and realized value of investments		1,161,467	(671,510)
Unrealized foreign exchange (loss) gain		(20,554)	26,409
<b>Net income (loss)</b>		<b>1,191,456</b>	<b>(629,630)</b>
<b>Comprehensive income (loss)</b>		<b>\$ 1,191,456</b>	<b>\$ (629,630)</b>
<b>Comprehensive income (loss) per Capital Shares</b>		<b>\$ 26.53</b>	<b>\$ (19.62)</b>

The accompanying notes are an integral part of the financial statements

## STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

For the six months ended June 30, 2021

(Thousands of US dollars)

	Capital Shares	Retained Earnings	Accumulated Other Comprehensive Income	Common Equity
Balance, beginning of period	\$ 118,088	\$ 4,369,509	\$ (285,319)	\$ 4,202,278
Net income	—	1,191,456	—	1,191,456
Distributions paid on capital shares	—	(46,708)	—	(46,708)
Balance, end of period	<u>\$ 118,088</u>	<u>\$ 5,514,257</u>	<u>\$ (285,319)</u>	<u>\$ 5,347,026</u>

(Unaudited)

For the six months ended June 30, 2020

(Thousands of US dollars)

	Capital Shares	Retained Earnings	Accumulated Other Comprehensive Income	Common Equity
Balance, beginning of period	\$ 118,088	\$ 4,145,441	\$ (285,319)	\$ 3,978,210
Net (loss)	—	(629,630)	—	(629,630)
Distributions paid on capital shares	—	(113,065)	—	(113,065)
Balance, end of period	<u>\$ 118,088</u>	<u>\$ 3,402,746</u>	<u>\$ (285,319)</u>	<u>\$ 3,235,515</u>

## STATEMENTS OF CASH FLOWS

(Unaudited)

For the six months ended June 30

(Thousands of US dollars)

	2021	2020
<b>Cash flow from operating activities</b>		
Income available for distribution	\$ 72,257	\$ 28,514
Add (deduct) non-cash items:		
Non-cash dividend income	(15,549)	(14,353)
Net change in working capital, foreign exchange and other	20,176	9,183
	<u>76,884</u>	<u>23,344</u>
<b>Cash flow used in financing activities</b>		
Distributions paid on preferred shares and debentures	(19,220)	(11,919)
Dividends paid on capital shares	(46,708)	(113,065)
Preferred share issuance	172,913	109,275
Preferred share and debenture redemption	(241,951)	—
	<u>(134,966)</u>	<u>(15,709)</u>
<b>Cash and cash equivalents</b>		
(Decrease) Increase in cash and cash equivalents	(58,082)	7,635
Cash and cash equivalents balance, beginning of period	138,200	1,509
Cash and cash equivalents balance, end of period	<u>\$ 80,118</u>	<u>\$ 9,144</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. BUSINESS OPERATIONS

Partners Value Split Corp. (the "Company") is an investment fund incorporated under the laws of the province of Ontario. The Company's investment portfolio consists of an investment in the Class A Limited Voting Shares ("Brookfield shares") of Brookfield Asset Management Inc. ("Brookfield"). Brookfield provides management and administration services to the Company. The Company was formed by the articles of incorporation under the Business Corporations Act (Ontario) and is registered in Ontario, Canada. The registered office of the Company is Brookfield Place, 181 Bay Street, Suite 300, Toronto, Ontario, M5J 2T3.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These semi-annual financial statements of the Company have been prepared in accordance with International Accounting Standards 34 Interim Financial Reporting ("IAS34") issued by the International Accounting Standards Board ("IASB"). These semi-annual financial statements should be read in conjunction with the most recently issued Annual Report of the Company which includes information necessary or useful to understanding the Company's business and financial statement presentation. In particular, the Company's significant accounting policies were presented as Note 2 to the Financial Statements for the fiscal year ended December 31, 2020, included in that report, and have been consistently applied in the preparation of these semi-annual financial statements.

These semi-annual financial statements are unaudited. The results reported in these semi-annual financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year. These semi-annual financial statements were authorized for issuance by the Board of Directors of the Company on August 19, 2021.

### 3. INVESTMENT PORTFOLIO

<i>As at</i> <i>(Thousands)</i>	Number of Shares		Cost		Fair Value	
	Jun. 30, 2021	Dec. 31, 2020	Jun 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Brookfield Asset Management Inc.	<b>119,611</b>	119,611	<b>\$ 507,953</b>	\$ 507,953	<b>\$ 6,097,792</b>	\$ 4,936,365

On a per share basis, the fair value of the Brookfield shares was \$50.98 on June 30, 2021 (December 31, 2020 – \$41.27).

#### 4. PREFERRED SHARES

The Company is authorized to issue an unlimited number of Class A, Class AA, Class AAA preferred shares and junior preferred shares.

As at June 30, 2021, the following preferred shares were issued and outstanding and have been included in liabilities, net of associated financing costs.

As at (Thousands of US dollars)	Shares Outstanding		Book Value	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Senior preferred shares				
4.50% Series 6 – October 8, 2021	—	7,990	\$ —	\$ 156,864
5.50% Series 7 – October 31, 2022	—	4,000	—	78,530
4.80% Series 8 – September 30, 2024	5,999	5,999	120,976	117,781
4.90% Series 9 – February 28, 2026	5,997	5,997	120,925	117,732
4.70% Series 10 – February 28, 2027	6,000	6,000	120,990	117,795
4.75% Series 11 – October 31, 2025	6,000	6,000	120,990	117,795
4.40% Series 12 – February 29, 2028	6,900	—	139,139	—
	<b>30,986</b>	35,986	<b>623,020</b>	706,497
Junior preferred shares, Series 1	8,000	8,000	161,320	157,060
Junior preferred shares, Series 2	1,800	1,800	36,297	35,339
Junior preferred shares, Series 3	2,000	—	40,330	—
	<b>42,696</b>	45,786	<b>860,967</b>	898,896
Deferred financing costs <sup>1</sup>	—	—	(14,685)	(12,350)
	<b>42,696</b>	45,786	<b>\$ 846,282</b>	\$ 886,546

<sup>1</sup> Deferred financing costs are amortized over the term of the borrowing using the effective interest method.

The following table shows the quoted market prices of our publicly traded senior preferred shares:

As at (C\$)	June 30, 2021	Dec. 31, 2020
Senior preferred shares		
4.80% Series 8 – September 30, 2024	\$ 25.64	\$ 25.69
4.90% Series 9 – February 28, 2026	26.10	25.55
4.70% Series 10 – February 28, 2027	25.90	25.41
4.75% Series 11 – October 31, 2025	25.80	25.60
4.40% Series 12 – February 29, 2028	25.76	—

As at June 30, 2021, there were 700 Series 6 debentures, and 3,200 Series 7 debentures with the total value of \$78.6 thousand outstanding (December 31, 2020 – \$76.6 thousand).

#### 5. SHARE CAPITAL

The Company is authorized to issue an unlimited number of capital shares. Holders of the capital shares are not entitled to vote at meetings of shareholders of the Company other than meetings of holders of the capital shares. The issued and outstanding share capital consists of:

As at (Thousands of US dollars)	Shares Outstanding		Book Value	
	Jun. 30, 2021	Dec. 31, 2020	Jun. 30, 2021	Dec. 31, 2020
Equity				
Capital shares	42,696	45,786	\$ 118,088	\$ 118,088
Liability				
Class A voting shares <sup>1</sup>	100	100	—	—

<sup>1</sup> As at June 30, 2021, the Class A voting shares have a book value of \$8 (December 31, 2020 – \$8).

The capital shares were consolidated to match the number of preferred shares outstanding as a result of the issuance of the Class AA Series 12 preferred shares.

Holders of capital shares are entitled to receive dividends as declared by the Board of Directors of the Company. The Board of Directors of the Company has indicated that its policy is to pay dividends, if and to the extent that the dividends received on the portfolio shares, less the administrative and operating expenses of the Company, exceed the preferred share dividends.

During the six months ended June 30, 2021, the Company declared and paid dividends in the amount of \$46.7 million to the holders of its capital shares. Included in this amount was a special dividend the Company paid in form of Brookfield Asset Management Reinsurance Partners Ltd. (“BAMR”) shares. The BAMR shares valued at \$42.6 million were received as a dividend-in-kind from Brookfield Asset Management Inc.

## 6. RELATED-PARTY TRANSACTIONS

The Company’s operations are managed by Brookfield Public Securities Group LLC., who is entitled to a total management fee of up to 10% of ordinary expenses of the Company. For the period ended June 30, 2021, the Company accrued management fees of \$23 thousand (June 30, 2020 – \$20 thousand) plus applicable taxes in relation to these services.

## 7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm’s-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair value of the Company’s investments are determined by reference to the closing price of the last day of trade at each financial reporting period.

Fair value hierarchical levels are directly determined by the amount of subjectivity associated with the valuation of these assets and liabilities and 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 instrument’s anticipated life.
- Level 3 Inputs 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 used in determining the estimate.

There were no changes made to the financial instrument classifications and no transfers in and out of levels during the period. The fair value hierarchical level associated with the Company’s financial assets and liabilities measured at fair value consists of the following:

As at (Thousands of US dollars)	June 30, 2021			December 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Brookfield Asset Management Inc.	\$ 6,097,792	\$ —	\$ —	\$ 4,936,365	\$ —	\$ —
	<u>\$ 6,097,792</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,936,365</u>	<u>\$ —</u>	<u>\$ —</u>

There were no changes made to the financial instrument classifications and no transfers in and out of levels during the periods.

## **8. RELATED-PARTY DISCLOSURE**

The Manager is a wholly owned subsidiary of Brookfield Asset Management Inc. (“Brookfield”) and manages the investment and trading activities of the Company. Due to Brookfield’s ability to control the Company, Brookfield, and its affiliates over which it has the ability to exercise control or significant influence, are related parties of the Company by virtue of common control or common significant influence.

Transactions with related parties, including investment transactions, are conducted in the normal course of operations and are recorded at exchange amounts, which are equivalent to normal market terms. Please refer to Note 6, which outlines the fees paid to the Manager by the Company.

As at June 30, 2021 and December 31, 2020, Brookfield and its affiliates did not own any interest in the Company. There were no other transactions conducted with related parties during the presented periods.

# CORPORATE INFORMATION

## OFFICERS AND DIRECTORS

**Frank N.C. Lochan**<sup>1,2</sup>

*Director*

**Danesh Varma**<sup>1,2</sup>

*Director*

**Ralph J. Zarboni**,<sup>1,2</sup>

*Director*

**Brian D. Lawson**

*Director and Chairman*

**Bahir Manios**

*President*

**Rachel Powell**

*Chief Financial Officer*

**Leslie Yuen**

*Director*

**Bryan Sinclair**

*Senior Associate*

**Loretta M. Corso**

*Corporate Secretary*

1. Member of the Audit Committee

2. Member of the Corporate Governance Committee

## AUDITORS

Deloitte LLP

Chartered Professional Accountants

Licensed Public Accountants

## LEGAL COUNSEL

Torys LLP

## STOCK EXCHANGE LISTING

The Company's preferred shares are listed on the Toronto Stock Exchange under the following symbols:

Security	TSX Symbol
Class AA Preferred Shares, Series 8	PVS.PR.F
Class AA Preferred Shares, Series 9	PVS.PR.G
Class AA Preferred Shares, Series 10	PVS.PR.H
Class AA Preferred Shares, Series 11	PVS.PR.I
Class AA Preferred Shares, Series 12	PVS.PR.J

## CONTACT INFORMATION

Enquiries relating to the operations of the Company should be directed to the Company's Head Office:

### Partners Value Split Corp.

Brookfield Place

181 Bay Street, Suite 300

P.O. Box 767

Toronto, Ontario

M5J 2T3

Telephone: (416) 956-5142

Email: [Leslie.Yuen@brookfield.com](mailto:Leslie.Yuen@brookfield.com)

Website: [www.partnersvaluesplit.com](http://www.partnersvaluesplit.com)

Shareholder enquiries relating to dividends, address changes and share certificates should be directed to our Transfer Agent:

### AST Trust Company (Canada)

P.O. Box 700, Station B

Montreal, Quebec

H3B 3K3

Tel: (416) 682-3860 or  
toll free within North America  
(800) 387-0825

Fax: (888) 249-6189

Website: <https://www.astfinancial.com/ca-en/>

E-mail: [inquires@astfinancial.com](mailto:inquires@astfinancial.com)

## YEAR END

December 31

**PARTNERS** | VALUE SPLIT  
CORP.