
2016 SEMI-ANNUAL REPORT TO SHAREHOLDERS

MANAGEMENT'S REPORT ON FUND PERFORMANCE

The following 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, 2015.

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 300, P.O. Box 762, Toronto, Ontario M5J 2T3 or by visiting SEDAR at 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 generates 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 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 investment portfolio and cash flows relative to its financial obligations which are denominated principally in Canadian dollars.

RESULTS OF OPERATIONS

Total assets at June 30, 2016, were \$3,428 million compared to \$3,557 million as at December 31, 2015. The decrease in total assets was the result of a decrease in the market value of the Company's Brookfield shares which at June 30, 2016, was \$3,408 million compared to \$3,481 million at December 31, 2015, based on a Brookfield share price of \$42.74 (December 31, 2015 – \$43.65). The Company's net assets as at June 30, 2016 were \$2,621 million, a decrease from \$2,699 million at December 31, 2015, which was primarily the result of the decrease in the market value of the Brookfield shares. On March 28, 2016, the Company redeemed all of its outstanding Class AA, Series 1 Preferred Shares. The total redemption amount was \$52 million plus accrued and unpaid dividends.

The Company's net assets on a per unit basis, which consists of one capital share and one preferred share, at June 30, 2016 was \$105.09 compared to \$102.53 at December 31, 2015. The increase in net assets per unit was driven primarily by the redemption of the Class AA Series 1 senior preferred shares which decreased the number of units outstanding resulting in an anti-dilution of the net assets per unit.

During the six months ended June 30, 2016, the Company declared and paid dividends in the amount of \$61 million (June 30, 2015 – \$10 million) to the holders of its capital shares. Included in this amount was a special dividend the Company paid in form of Brookfield Business Partners L.P. ("BBU") units. The BBU units were originally received as part of Brookfield's spin-off of BBU during June 2016.

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. This information is derived from the Company's audited financial statements.

	Six months ended June 30, 2016	For the years ended				
		Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013 ¹	Sep. 30, 2013	Sep. 30, 2012
Net assets per unit, beginning of period	\$ 102.53	\$ 101.23	\$ 79.08	\$ 73.93	\$ 65.03	\$ 78.15
Share issuance proceeds (net of costs)	—	2.78	6.29	—	—	—
Share redemption and retraction	(1.54)	(0.01)	(4.07)	—	—	—
Capital subscription	—	—	—	0.03	—	—
Net assets (dilution) anti-dilution ²	6.44	(12.67)	(9.02)	—	0.06	(23.60)
Increase (decrease) from operations:						
Total revenue	0.82	1.56	1.37	0.30	1.12	1.15
Total expenses ³	(0.04)	(0.06)	(0.06)	(0.01)	(0.07)	(0.08)
Realized and unrealized gains (losses)	(0.85)	12.29	30.89	5.15	11.34	10.44
Total increase from operations ⁴	(0.07)	13.79	32.20			11.51
Distributions ^{4,5}	(2.27)	(2.59)	(3.25)	(0.32)	(3.55)	(1.03)
Net assets per unit, end of period	\$ 105.09	\$ 102.53	\$ 101.23	\$ 79.08	\$ 73.93	\$ 65.03
Net asset value per unit, end of period	\$ 105.09	\$ 102.53	\$ 101.23	\$ 79.08	\$ 73.93	\$ 65.03

1 Represents the three-month transition year as a result of changing the Company's fiscal year end from September 30 to December 31.

2 Anti-dilution occurred as a result of the consolidation of capital shares following the redemption of the Series 1 senior preferred shares in March 2016. Dilution occurred as a result of the subdivision of capital shares following the issuance of the Series 7 senior preferred shares in October 2015 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. A similar dilution occurred in 2014 and 2012 following the issuance of Class AA preferred shares.

3 Total expenses net of non-cash preferred share issuance cost amortization.

4 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.

5 Includes capital dividends to holders of the Company's capital shares if and when declared. Capital dividends includes a special distribution of Brookfield Business Partners L.P. units for the six months ended June 30, 2016, a special distribution of the proceeds received on issuance of new senior preferred shares for the years ended December 31, 2015, and 2014, and a special distribution of Brookfield Property Partners L.P. units for the year ended September 30, 2013.

(Thousands, except per share amounts)	Six months ended June 30, 2016	For the years ended				
		Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013 ¹	Sep. 30, 2013	Sep. 30, 2012
Total assets	\$ 3,428,124	\$ 3,557,425	\$ 3,108,228	\$ 2,191,464	\$ 2,048,844	\$ 1,802,162
Net assets	2,620,984	2,699,355	3,348,289	1,501,338	1,359,110	1,113,857
Number of units outstanding	32,620	34,694	30,705	27,708	27,711	27,713
Management expense ratio (excluding dividends on senior preferred shares and issue costs)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Management expense ratio (including dividends on senior preferred shares and issue costs)	0.6%	1.0%	1.2%	0.5%	2.0%	2.5%
Redemption price of preferred shares						
Senior Class AA Series 3 ²	\$ 25.75	\$ 26.00	\$ 26.00	\$ 26.00	\$ 26.00	N/A
Senior Class AA Series 5 ³	25.50	25.50	N/A	N/A	N/A	N/A
Senior Class AA Series 6 ⁴	N/A	N/A	N/A	N/A	N/A	N/A
Senior Class AA Series 7 ⁵	N/A	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	25.00

1 Represents the three month transition year as a result of changing the Company's year end from September 30 to December 31.

2 Redemption period commenced on January 10, 2012.

3 Redemption period commences on December 10, 2015.

4 Redemption period commences on October 8, 2019.

5 Redemption period commences on October 31, 2020.

INVESTMENT PORTFOLIO

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

As at (Thousands)	Number of Shares		Cost		Fair Value	
	Jun. 30, 2016	Dec. 31, 2015	Jun. 30, 2016	Dec. 31, 2015	Jun. 30, 2016	Dec. 31, 2015
Brookfield Asset Management Inc.	\$ 79,741	\$ 79,741	\$ 682,740	\$ 691,423	\$ 3,408,129	\$ 3,480,693

On a per share basis, the fair value of the Brookfield shares was \$42.74 on June 30, 2016 versus \$43.65 at December 31, 2015.

RELATED-PARTY TRANSACTIONS

The Company's operations are managed by Brookfield and Brookfield Investment Management (Canada) Inc., who are entitled to a management fee of up to 10% of ordinary expenses of the Company. For the period ended June 30, 2016, the Company accrued management fees of \$15,000 (June 30, 2015 – \$15,000) plus applicable taxes in relation to these services.

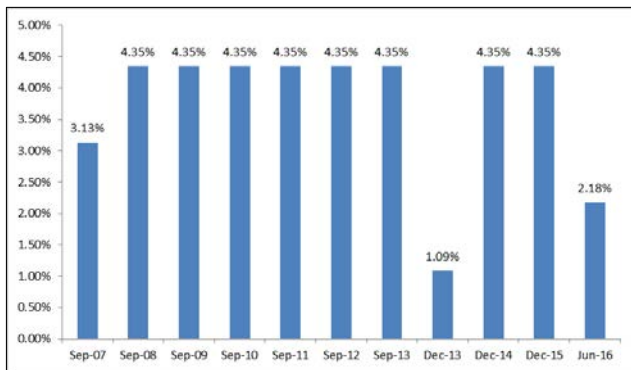
PAST PERFORMANCE

Period by Period Returns

The following charts show the performance of its outstanding senior preferred shares since issuance to the six month period June 30, 2016, 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.

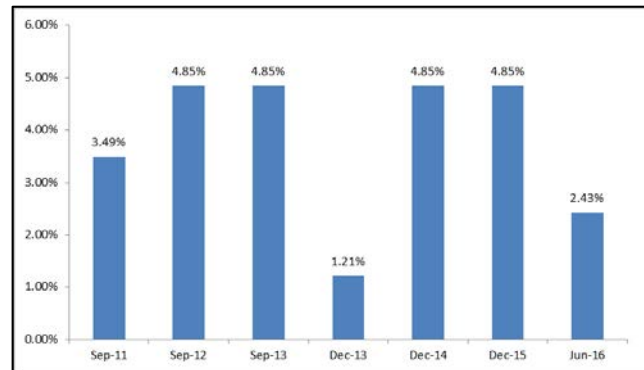
The Series 1 junior preferred shares pay a non-cumulative quarterly dividend at an annual rate of 5%.

Class AA, Series 3 Preferred Shares
For the years ending



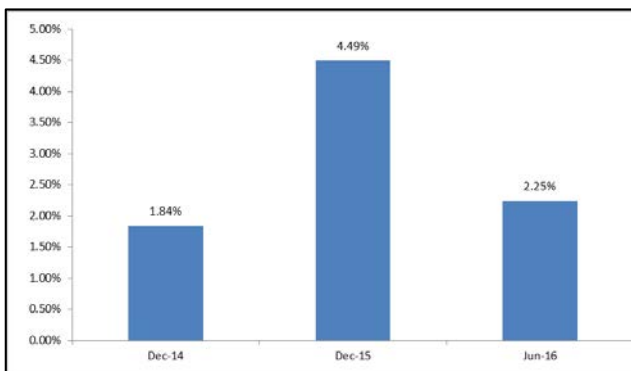
- 1 September 2007 reflects the period from January 10, 2007 to September 30, 2007.
- 2 December 2013 reflects the period from October 1, 2013 to December 31, 2013.

Class AA, Series 5 Preferred Shares
For the years ending



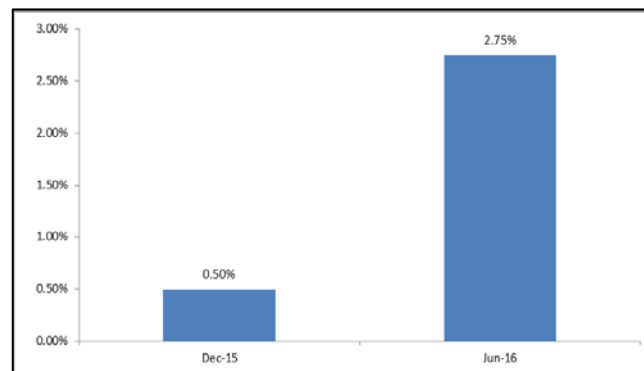
- 3 September 2011 reflects the period from December 10, 2010 to September 30, 2011.
- 4 December 2013 reflects the period from October 1, 2013 to December 31, 2013.

Class AA, Series 6 Preferred Shares
For the years ending



- 5 December 2014 reflects the period from July 4, 2014 to December 31, 2014.

Class AA, Series 7 Preferred Shares
For the years ending



- 6 December 2015 reflects the period from October 29, 2015 to December 31, 2015.

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.

	Since Inception	Ten Year	Five Year	Three Year	One Year
Preferred Shares Class AA, Series 3 – January 10, 2019 ¹	4.35%	N/A	4.35%	4.35%	4.35%
Ten-year Government of Canada Bonds – June 1, 2018	4.25%	N/A	4.25%	4.25%	4.25%
Preferred Shares Class AA Series 5 – December 10, 2017 ²	4.85%	N/A	4.85%	4.85%	4.85%
Seven-year Government of Canada Bonds – June 1, 2017	4.00%	N/A	4.00%	4.00%	4.00%
Preferred Shares Class AA, Series 6 – October 8, 2021 ³	4.50%	N/A	N/A	N/A	4.50%
Seven-Year Government of Canada Bonds – June 1, 2021	3.25%	N/A	N/A	N/A	3.25%
Preferred Shares Class AA, Series 7 – October 31, 2022 ⁴	3.25%	N/A	N/A	N/A	N/A
Seven-Year Government of Canada Bonds – June 1, 2022	<u>1.83%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

1 The Class AA, Series 3 preferred shares were issued on January 10, 2007.

2 The Class AA, Series 5 preferred shares were issued on December 10, 2010.

3 The Class AA, Series 6 preferred shares were issued on July 4, 2014.

4 The Class AA, Series 7 preferred shares were issued on October 29, 2015.

CONTRACTUAL OBLIGATIONS

The Company's contractual obligations related to its senior preferred shares as at June 30, 2016, are:

(Thousands)	Payment Due by Period ¹				
	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Preferred shares					
Partners Value Split Class AA, Series 3	\$ 190,777	\$ —	\$ 190,777	\$ —	\$ —
Partners Value Split Class AA, Series 5	124,975	—	124,975	—	—
Partners Value Split Class AA, Series 6	199,750	—	—	—	199,750
Partners Value Split Class AA, Series 7	100,000	—	—	—	100,000
Interest Expense					
Partners Value Split Class AA, Series 3	21,680	8,299	13,381	—	—
Partners Value Split Class AA, Series 5	9,258	6,061	3,197	—	—
Partners Value Split Class AA, Series 6	48,128	8,989	17,978	17,978	3,183
Partners Value Split Class AA, Series 7	<u>35,294</u>	<u>5,500</u>	<u>11,000</u>	<u>11,000</u>	<u>7,794</u>

1 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures due 2019, 2017, 2021 and 2022 for the Series 3, 5, 6 and 7, respectively.

REVIEW OF SEMI-ANNUAL FINANCIAL STATEMENTS

The accompanying unaudited semi-annual financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not reviewed these financial statements.

On behalf of the Board of Directors,

A handwritten signature in black ink, appearing to read 'G. Myhal', written in a cursive style.

George E. Myhal
Director, President and Chairman
August 26, 2016

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 semi-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, 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

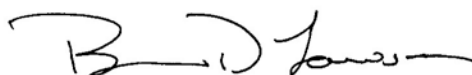
<i>As at</i> <i>(Thousands, except per unit amounts)</i>	Note	<i>(unaudited)</i> June 30, 2016	<i>(audited)</i> December 31, 2015
Assets			
Cash and cash equivalents		\$ 19,948	\$ 76,561
Investment portfolio	3	3,408,129	3,480,693
Accounts receivable and other assets		47	171
Total assets		\$ 3,428,124	\$ 3,557,425
Liabilities			
Accounts payable		\$ 37	\$ 72
Preferred shares	4	807,103	857,998
Total liabilities		807,140	858,070
Net assets		\$ 2,620,984	\$ 2,699,355
Equity			
Capital share	5	181,091	181,091
Retained earnings		2,439,893	2,518,264
Total equity		\$ 2,620,984	\$ 2,699,355
Number of units outstanding		32,620	34,694
Net assets per capital share		\$ 80.35	\$ 77.80
Book value per preferred share		24.74	24.73
Net assets per unit		\$ 105.09	\$ 102.53

The accompanying notes are an integral part of the financial statements

On behalf of the Board,



George E. Myhal
Director, President and Chairman



Brian D. Lawson
Director

STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

For the six months ended June 30

(Thousands)

	Note	2016	2015
Income			
Dividend income		\$ 27,537	\$ 23,232
Other investment income		144	51
		<u>27,681</u>	<u>23,283</u>
Expenses			
Listing fees		108	107
Transfer agent fees		34	24
Directors fees		20	20
Legal and audit fees		54	22
Management fees	6	17	17
Rating fees		17	8
Custodial fees		6	6
Administrative and other		11	11
		<u>267</u>	<u>215</u>
Income available for distribution		27,414	23,068
Distributions paid on senior preferred shares and debentures		(15,256)	(12,964)
Income available for distribution to junior preferred and capital shares		12,158	10,104
Amortization of share issuance costs		(965)	(739)
Income available for distribution to capital shares		11,193	9,365
Change in unrealized and realized value of investment		(28,643)	384,883
Comprehensive income		<u>\$ (17,450)</u>	<u>\$ 394,248</u>
Comprehensive income per unit		<u>\$ (0.52)</u>	<u>\$ 12.84</u>

The accompanying notes are an integral part of the financial statements

STATEMENTS OF CHANGES IN EQUITY

(unaudited)

For the six months ended June 30

(Thousands)

	June 30, 2016			June 30, 2015		
	Capital Shares	Retained Earnings	Total	Capital Shares	Retained Earnings	Total
Balance, beginning of period	\$ 181,091	\$ 2,518,264	\$ 2,699,355	\$ 181,091	\$ 2,167,198	\$ 2,348,289
Comprehensive income	—	(17,450)	(17,450)	—	394,248	394,248
Dividends paid on capital shares	—	(60,921)	(60,921)	—	(10,000)	(10,000)
Balance, end of period	<u>\$ 181,091</u>	<u>\$ 2,439,893</u>	<u>\$ 2,620,984</u>	<u>\$ 181,091</u>	<u>\$ 2,551,446</u>	<u>\$ 2,732,537</u>

STATEMENTS OF CASH FLOWS

(Unaudited)

For the six months ended June 30

(Thousands)

	2016	2015
Cash flow from operating activities		
Income available for distribution	\$ 27,414	\$ 23,068
Add (deduct) non-cash items:		
Net change in working capital and other	90	(28)
	<u>27,504</u>	<u>23,040</u>
Cash flow used in financing activities		
Distributions paid on preferred shares and debentures	(15,256)	(12,964)
Dividends paid on capital shares	(17,000)	(10,000)
Redemption of preferred shares and debentures	(51,861)	—
	<u>(84,117)</u>	<u>(22,964)</u>
Cash and cash equivalents		
Increase in cash and cash equivalents	(56,613)	76
Cash and cash equivalents balance, beginning of period	76,561	13,198
Cash and cash equivalents balance, end of period	<u>\$ 19,948</u>	<u>\$ 13,274</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

(a) Statement of Compliance

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, 2015, 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 25, 2016.

(b) Adoption of Accounting Standards

Presentation of Financial Statements

In December 2014, Disclosure Initiative was issued, which amends IAS 1, *Presentation of Financial Statements* ("IAS 1"). The amendments are designed to encourage entities to use professional judgment to determine what information to disclose in the financial statements and accompanying notes by clarifying the guidance on materiality, presentation, and note structure. The amendments also require separate disclosure of other comprehensive income attributable to joint ventures and associates, classified by nature. These amendments are effective for annual periods beginning on or after January 1, 2016. The Company's adoption of the IAS 1 amendments did not result in any material impact on its financial statements.

(c) Future Changes in Accounting Standards

Financial Instruments

In July 2014, the IASB issued the final publication of IFRS 9, *Financial Instruments* ("IFRS 9"), superseding IAS 39, *Financial Instruments*. IFRS 9 establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard also includes a new general hedge accounting standard which will align hedge accounting more closely with risk management. It does not fully change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. The standard has a mandatorily effective date for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Company has not yet determined the impact of IFRS 9 on its financial statements.

3. INVESTMENT PORTFOLIO

	Number of Shares		Cost		Fair Value	
	Jun. 30, 2016	Dec. 31, 2015	Jun. 30, 2016	Dec. 31, 2015	Jun. 30, 2016	Dec. 31, 2015
As at (Thousands)						
Brookfield Asset Management Inc.	\$ 79,741	\$ 79,741	\$ 682,741	\$ 691,423	\$ 3,408,129	\$ 3,480,693

On a per share basis, the fair value of the Brookfield shares was \$42.74 on June 30, 2016 versus \$43.65 at December 31, 2015.

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, 2016, the following preferred shares were issued and outstanding and have been included in liabilities, net of associated financing costs which are amortized using the effective interest rate method of amortization.

	Shares Outstanding		Book Value	
	Jun. 30, 2016	Dec. 31, 2015	Jun. 30, 2016	Dec. 31, 2015
As at (Thousands)				
Senior preferred shares				
4.95% Series 1 – March 25, 2016	—	2,074	\$ —	\$ 51,864
4.35% Series 3 – January 10, 2019	7,631	7,631	190,777	190,777
4.85% Series 5 – December 10, 2017	4,999	4,999	124,975	124,975
4.50% Series 6 – October 8, 2021	7,990	7,990	199,750	199,750
5.50% Series 7 – October 31, 2022	4,000	4,000	100,000	100,000
	24,620	26,694	615,499	667,363
Junior preferred shares, Series 1	8,000	8,000	200,000	200,000
	32,620	34,694	815,499	867,363
Deferred financing costs			(8,399)	(9,365)
			\$ 807,100	\$ 857,998

The fair values of the Class AA Series 3, Series 5, Series 6 and Series 7 senior preferred shares based on quoted market prices as at June 30, 2016, were \$24.89, \$25.06, \$23.99, and \$24.99 per share, respectively (December 31, 2015, were \$24.26, \$24.99, \$23.00 and \$24.45, respectively).

On March 28, 2016, the Company redeemed 2,074,420 Class, Series 1 preferred shares. On October 29, 2015, the Company issued 4,000,000 Class AA, Series 7 preferred shares. The net proceeds of the offering were used to redeem the Company's 2,074,420 Class AA, Series 1 preferred shares on March 28, 2016.

As at June 30, 2016, there were \$nil debentures outstanding (December 31, 2015 – \$nil). During the six months ended June 30, 2016, and 2015, there were no retractions of preferred shares.

5. SHARE CAPITAL

The Company is authorized to issue an unlimited number of capital shares. The issued and outstanding share capital consists of:

	Shares Outstanding		Book Value	
	Jun. 30, 2016	Dec. 31, 2015	Jun. 30, 2016	Dec. 31, 2015
As at				
Equity				
Capital shares	32,620	34,694	\$ 181,091,363	\$ 181,091,363
Liability				
Class A voting shares	100	100	\$ 100	\$ 100

During the six months ended June 30, 2016, capital shares were consolidated to match the number of preferred shares outstanding as a result of the redemption of the Class AA Series 1 preferred shares. During the six months ended June 30, 2015, there were no consolidation or subdivision of the capital 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, 2016, the Company declared and paid dividends in the amount of \$61 million (June 30, 2015 – \$10 million) to the holders of its capital shares. Included in this amount was a special dividend the Company paid in form of Brookfield Business Partners L.P. (“BBU”) units. The special dividend resulted in the recognition of a realized gain of \$35 million. The BBU units were originally received as part of Brookfield’s spin-off of BBU during June 2016.

6. RELATED-PARTY TRANSACTIONS

The Company’s operations are managed by Brookfield and Brookfield Investment Management (Canada) Inc., who are entitled to a total management fee of up to 10% of ordinary expenses of the Company. For the period ended June 30, 2016, the Company accrued management fees of \$15,000 (June 30, 2014 – \$15,000) 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.

The fair value hierarchical level associated with the Company’s financial assets and liabilities measured at fair value consists of the following:

<i>As at</i> <i>(Thousands)</i>	June 30, 2016			December 31, 2015		
	Level 1	Level 2	Level 3			
Brookfield Asset Management Inc.	\$ 3,408,129	\$ —	\$ —	\$ 3,480,693	\$ —	\$ —
	<u>\$ 3,408,129</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3,480,693</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.

CORPORATE INFORMATION

OFFICERS AND DIRECTORS

Frank N.C. Lochan^{1,2}
Director

John P. Barratt^{1,2}
Director

James L.R. Kelly^{1,2}
Director

Brian D. Lawson
Director

George E. Myhal
Director, President and Chairman

Vu H. Nguyen
Director and Chief Financial Officer

David J. Clare
Vice President

Loretta M. Corso
Corporate Secretary

1. Member of the Audit Committee

2. Member of the Corporate Governance Committee

AUDITORS

Deloitte LLP
Chartered Professional Accountants Chartered 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:

<u>Security</u>	<u>TSX Symbol</u>
Class AA Preferred Shares, Series 3	PVS.PR.B
Class AA Preferred Shares, Series 5	PVS.PR.C
Class AA Preferred Shares, Series 6	PVS.PR.D
Class AA Preferred Shares, Series 7	PVS.PR.E

YEAR END

December 31

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 770
Toronto, Ontario
M5J 2T3

Telephone: (416) 359-8620
Facsimile: (416) 365-9642
Website: www.partnersvaluesplit.com

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

CST Trust Company

P.O. Box 700, Station B
Montreal, Quebec
H3B 3K3

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