PARTNERS VALUE SPLIT CORP.

2017 ANNUAL REPORT TO SHAREHOLDERS

CONTENTS

FORWARD-LOOKING INFORMATION

This 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.

MANAGEMENT'S REPORT ON FUND PERFORMANCE

The following Management's Report on Fund Performance for the year ended December 31, 2017 is dated March 19, 2018.

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, 2017.

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*. 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 cash flows relative to its financial obligations which are denominated principally in Canadian dollars.

RESULTS OF OPERATIONS

Total assets and net assets at December 31, 2017, were $3.5 billion and 2.8 billion, respectively, compared to $2.6 billion and $2.0 billion as at December 31, 2016. The Company's net assets on a per unit basis, which consists of one capital share and one preferred share, at December 31, 2017 was $103.76 compared to $80.90 at December 31, 2016. The increase in net assets per unit was driven primarily by appreciation in the market value of our investment in Brookfield shares.

During the year ended December 31, 2017, the Company declared and paid dividends in the amount of $40 million (December 31, 2016 – $60 million) to the holders of its capital shares. Included in this amount was a special dividend the Company paid in the form of Trisura Group Ltd. ("TSU") units. The TSU units were originally received as part of Brookfield's spin-off of TSU during June 2017. In the prior year, there was a special dividend resulting from Brookfield's spin-off of Brookfield Business Partners L.P. ("BBU").

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.

	For the years ended					
(US dollars per unit)	**Dec 31, 2017**	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013 [1]	Sep. 30, 2013
Net assets per unit, beginning of period	**$** 80.90	$ 74.09	$ 87.11	$ 74.44	$ 71.71	$ 66.11
Share issuance	3.50	—	2.01	5.41	—	—
Share redemption and retraction	(2.94)	(1.19)	(0.01)	(3.50)	—	—
Capital subscription	—	—	—	—	0.03	—
Net assets anti-dilution (dilution)[2]	(0.90)	5.34	(12.82)	(8.96)	(0.65)	(0.98)
Increase (decrease) from operations:						
Total revenue	1.56	1.26	1.13	1.18	0.28	1.09
Total expenses[3]	(0.06)	(0.05)	(0.04)	(0.05)	(0.01)	(0.07)
Realized and unrealized gains (losses)	24.78	2.18	8.88	26.58	4.85	11.00
Total increase (decrease) from operations[4]	26.28	3.39	9.96	27.71	5.12	12.02
Foreign currency translation gain (loss) [3]	(1.20)	1.76	(9.93)	(5.19)	(1.47)	(2.00)
Distributions[4, 5]	(1.88)	(2.49)	(2.23)	(2.80)	(0.30)	(3.44)
Net assets per unit, end of period	**$** 103.76	$ 80.90	$ 74.09	$ 87.11	$ 74.44	$ 71.71
Net asset value per unit, end of period	**$** 103.76	$ 80.90	$ 74.09	$ 87.11	$ 74.44	$ 71.71
Net asset value per unit, end of period (CAD)	129.97	108.73	102.53	101.23	79.08	73.93

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 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. A similar dilution occurred in 2015, 2014, and 2013 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 paid to holders of the Company's capital shares, if and when declared. Capital dividends includes a special distribution of Trisura Group Ltd. units for the year ended December 31, 2017, a special distribution of Brookfield Business Partners L.P. units for the year ended December 31, 2016, a special distribution of the proceeds received on issuance of new senior preferred shares for the years ended December 31, 2017, and 2015, and a special distribution of Brookfield Property Partners L.P. units for the year ended September 30, 2013. Total dividend income recognized on the spin-off of Trisura Group Ltd. in 2017 was $8,134,127.64.*

(Thousands, except per share amounts)		Dec. 31, 2017		Dec. 31, 2016		Dec. 31, 2015		Dec. 31, 2014		Dec. 31, 2013 [1]		Sep. 30, 2013
Total assets	**$**	**3,488,309**	$	2,638,973	$	2,570,580	$	2,674,665	$	2,062,943	$	1,987,432
Net assets		**2,827,774**		2,037,732		1,950,542		2,020,729		1,413,290		1,318,372
Number of units outstanding		**33,621**		32,620		34,694		30,705		27,708		27,711
Management expense ratio[2]		**0.1%**		0.1%		0.1%		0.1%		0.0%		0.1%
Redemption price of preferred shares (CAD)												
Senior Class AA Series 3[3]	**$**	**25.50**	$	25.75	$	26.00	$	26.00	$	26.00		26.00
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
Senior Class AA Series 8[6]		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

For the years ended

1 *Represents the three month transition year as a result of changing the Company's year end from September 30 to December 31.*
2 *Management expense ratio is calculated from dividing the aggregate of total expenses and amortization of share issuance costs by average net assets over the reporting period.*
3 *Redemption period commenced on January 10, 2012.*
4 *Redemption period commences on October 8, 2019.*
5 *Redemption period commences on October 31, 2020.*
6 *Redemption period commences on September 30, 2022.*

INVESTMENT PORTFOLIO

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

As at (Thousands)	Number of Shares Dec. 31, 2017	Number of Shares Dec. 31, 2016	Cost Dec. 31, 2017	Cost Dec. 31, 2016	Fair Value Dec. 31, 2017	Fair Value Dec. 31, 2016
Brookfield Asset Management Inc.	**79,741**	79,741	**$ 507,953**	$ 507,953	**$ 3,471,922**	$ 2,628,171

On a per share basis, the fair value of the Brookfield shares was $43.54 on December 31, 2017 versus $32.96 at December 31, 2016.

RELATED-PARTY TRANSACTIONS

The Company’s operations are managed by 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 December 31, 2017, the Company accrued management fees of $22 thousand (December 31, 2016 – $26 thousand) plus applicable taxes in relation to these services.

PAST PERFORMANCE

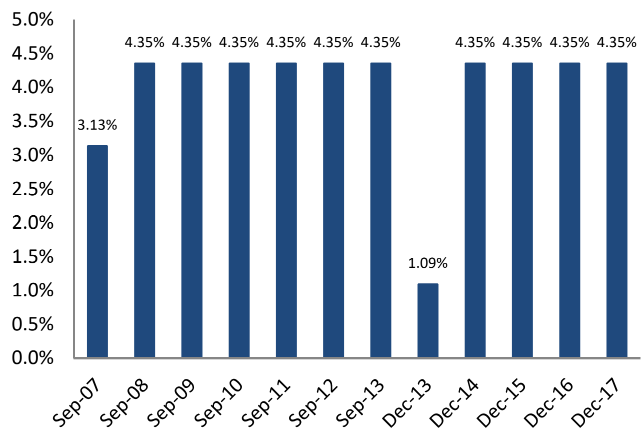
Period by Period Returns

The following charts show the performance of its outstanding senior preferred shares since issuance to the year ended December 31, 2017, 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

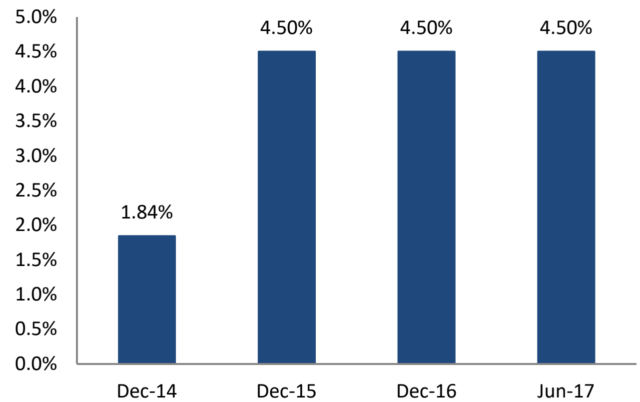


1 *September 2007 reflects the period from January 10, 2007 to September 30, 2007.*

2 *December 2013 reflects the period from October 1, 2013 to December 31, 2013.*

Class AA, Series 6 Preferred Shares

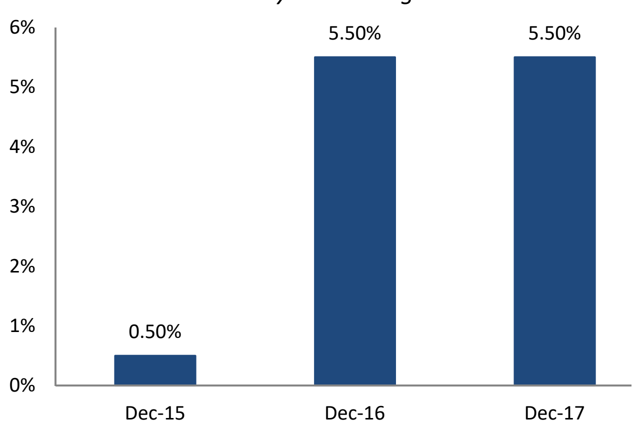
For the years ending



1 *December 2014 reflects the period from July 4, 2014 to December 31, 2014.*

Class AA, Series 7 Preferred Shares

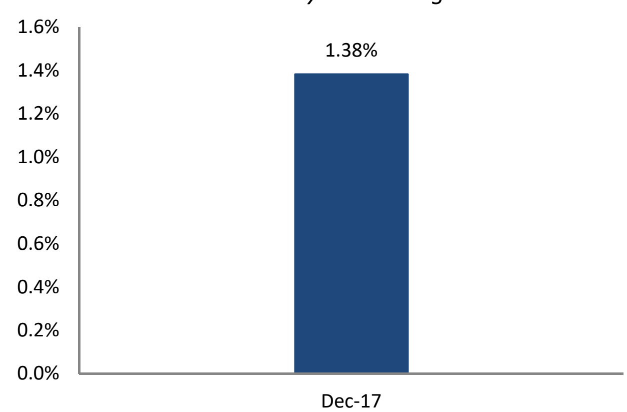
For the years ending



1 *December 2015 reflects the period from October 29, 2015 to December 31, 2015.*

Class AA, Series 8 Preferred Shares

For the years ending



1 *December 2017 reflects the period from September 18, 2017 to December 31, 2017.*

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 6 – October 8, 2021[2]	4.50%	N/A	N/A	4.50%	4.50%
Seven-Year Government of Canada Bonds – June 1, 2021	3.25%	N/A	N/A	3.25%	3.25%
Preferred Shares Class AA, Series 7 – October 31, 2022[3]	5.50%	N/A	N/A	N/A	5.50%
Seven-Year Government of Canada Bonds – June 1, 2022	1.83%	N/A	N/A	N/A	1.83%
Preferred Shares Class AA, Series 8 – September 30, 2024[4]	4.80%	N/A	N/A	N/A	4.80%
Seven-Year Government of Canada Bonds – June 1, 2024	1.90%	N/A	N/A	N/A	1.90%

1 *The Class AA, Series 3 preferred shares were issued on January 10, 2007.*
2 *The Class AA, Series 6 preferred shares were issued on July 4, 2014.*
3 *The Class AA, Series 7 preferred shares were issued on October 29, 2016.*
4 *The Class AA, Series 8 preferred shares were issued on September 18, 2017.*

CONTRACTUAL OBLIGATIONS

The Company’s contractual obligations related to its senior preferred shares as at December 31, 2017, are:

	Payment Due by Period[1]				
(Thousands)	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Preferred shares					
Partners Value Split Class AA, Series 3	$ 151,725	$ —	$ 151,725	$ —	$ —
Partners Value Split Class AA, Series 6	158,861	—	—	158,861	—
Partners Value Split Class AA, Series 7	79,530	—	—	79,530	—
Partners Value Split Class AA, Series 8	119,295	—	—	—	119,295
	509,411	—	151,725	238,391	119,295
Interest Expense					
Partners Value Split Class AA, Series 3	7,480	6,601	879	—	—
Partners Value Split Class AA, Series 6	26,809	7,149	14,298	5,362	—
Partners Value Split Class AA, Series 7	20,777	4,374	8,748	7,655	—
Partners Value Split Class AA, Series 8	38,651	5,726	11,452	11,452	10,021
	93,717	23,850	35,377	24,469	10,021

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, 2021, 2022 and 2024 for the Series 3, 6, 7 and 8, respectively.*

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

These financial statements have been prepared in conformity with Canadian generally accepted accounting principles, and where appropriate, reflect estimates based on management's judgment. The financial information presented throughout this Annual Report is generally consistent with the information contained in the accompanying financial statements.

Deloitte LLP, the independent auditors appointed by the shareholders, have examined the financial statements set out on the following page in accordance with auditing standards generally accepted in Canada to enable them to express to the shareholders their opinion on the financial statements. Their report is set out on the following page.

The 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 not officers or 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, and meet periodically with, the Audit Committee both with and without management present to discuss their audit and related findings.

George E. Myhal
Director, President and Chairman
March 19, 2018

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Independent Auditor's Report

To the Shareholders of
Partners Value Split Corp.

We have audited the accompanying financial statements of Partners Value Split Corp., which comprise the statements of financial position as at December 31, 2017 and December 31, 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Partners Value Split Corp. as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 19, 2018

STATEMENTS OF FINANCIAL POSITION

As at *(Thousands of US dollars, except per unit amounts)*	Note	**December 31, 2017**	December 31, 2016
Assets			
Cash and cash equivalents		**$ 16,339**	$ 515
Investment in Brookfield Asset Management Inc.	3	**3,471,922**	2,628,171
Accounts receivable and other assets		**48**	10,287
Total assets		**$ 3,488,309**	$ 2,638,973
Liabilities			
Accounts payable	6	**$ —**	$ 44
Preferred shares	4	**660,535**	601,197
Total liabilities		**660,535**	601,241
Net assets		**2,827,774**	$ 2,037,732
Equity			
Capital shares	5	**118,088**	118,088
Retained earnings		**2,995,005**	2,204,963
Accumulated other comprehensive income		**(285,319)**	(285,319)
Total Equity		**$ 2,827,774**	$ 2,037,732
Number of units outstanding		**33,621**	32,620
Net assets per capital share		**$ 84.11**	$ 62.47
Book value per preferred share		**19.65**	18.43
Net assets per unit		**$ 103.76**	$ 80.90

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

On behalf of the Board,

George E. Myhal
Director, President and Chairman

Frank N.C. Lochan
Director

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31 *(Thousands of US dollars, except per unit amounts)*	Note	**2017**	2016
Income			
Dividend income		**$ 52,789**	$ 41,560
Other investment income		**473**	133
		53,262	41,693
Expenses			
Management fees	6	**(22)**	(26)
Administrative and other		**(244)**	(274)
		(266)	(300)
Income available for distribution		**52,996**	41,393
Distributions paid on senior preferred shares and debentures		**(23,591)**	(22,404)
Income available for distribution to junior preferred and capital shares		**29,405**	18,989
Amortization of share issuance costs		**(1,835)**	(1,457)
Change in unrealized and realized value of investment		**843,751**	72,275
Unrealized foreign exchange loss		**(40,807)**	—
Net Income		**830,514**	89,807
Other comprehensive income			
Foreign exchange translation gain		**—**	57,332
Other comprehensive income		**—**	57,332
Comprehensive income		**$ 830,514**	$ 147,139
Comprehensive income per unit	5	**$ 24.39**	$ 4.44

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

STATEMENTS OF CHANGES IN EQUITY

For the year ended December 31, 2017 (Thousands, US dollars)	**Capital Shares**	**Retained Earnings**	**Accumulated Other Comprehensive Income**	**Common Equity**
Balance, beginning of period	**$ 118,088**	**$ 2,204,963**	**$ (285,319)**	**$ 2,037,732**
Net income	**—**	**830,514**	**—**	**830,514**
Other comprehensive income	**—**	**—**	**—**	**—**
Distributions paid on capital shares	**—**	**(40,472)**	**—**	**(40,472)**
Balance, end of period	**$ 118,088**	**$ 2,995,005**	**$ (285,319)**	**$ 2,827,774**

For the year ended December 31, 2016 (Thousands, US dollars)	Capital Shares	Retained Earnings	Accumulated Other Comprehensive Income	Common Equity
Balance, beginning of period	$ 118,088	$ 2,175,103	$ (342,651)	$ 1,950,540
Net income	—	89,807	—	89,807
Other comprehensive income	—	—	57,332	57,332
Distributions paid on capital shares	—	(59,947)	—	(59,947)
Balance, end of period	$ 118,088	$ 2,204,963	$ (285,319)	$ 2,037,732

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

STATEMENTS OF CASH FLOWS

For the years ended December 31 *(Thousands, US dollars)*	**2017**	2016
Cash flow from operating activities		
Income available for distribution	**$ 52,996**	$ 41,393
Add (deduct) non-cash items:		
Non-cash dividend income	**(8,134)**	—
Net change in working capital and foreign exchange	**2,426**	(8,057)
	47,288	33,336
Cash flow used in financing activities		
Distributions paid on preferred shares and debentures	**(23,591)**	(22,404)
Distributions paid on capital shares	**(26,951)**	(26,412)
Preferred share issuance	**119,295**	—
Preferred share and debenture redemption	**(100,217)**	(39,328)
	(31,464)	(88,144)
Cash and cash equivalents		
Increase (decrease) in cash and cash equivalents	**15,824**	(54,808)
Cash and cash equivalents balance, beginning of year	**515**	55,323
Cash and cash equivalents balance, end of year	**$ 16,339**	$ 515

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

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"). 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 210, Toronto, Ontario, M5J 2T3.

Brookfield Investment Management (Canada) Inc. ("BIM Canada") is the Manager of the Company and provides management and administration services to the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The annual financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The annual financial statements are prepared on a going concern basis. These annual financial statements were authorized for issuance by the Board of Directors of the Company on March 19, 2018.

(b) Accounting Policies

The following is a summary of significant accounting policies followed by the Company:

1) Cash and Cash Equivalents

Cash and cash equivalents include cash held by the Company in addition to any deposit instruments held with an initial maturity of less than 90 days. There were no deposit instruments held at December 31, 2017 (December 31, 2016 - $nil).

2) Investment in Brookfield

The Company's Brookfield shares are recorded at their fair value upon initial recognition and are designated as fair value through profit or loss ("FVTPL") financial assets with subsequent adjustments to fair value recorded as a change in the unrealized value of investment in the Statements of Comprehensive Income. The Brookfield shares are valued at their quoted market price in accordance with IFRS 13 Fair Value Measurement ("IFRS 13").

3) Preferred Shares

The Company's issued preferred shares are measured at amortized cost and are classified as other liabilities.

4) Deferred Financing Costs

Deferred issue costs incurred in connection with the issuance of the retractable preferred shares are amortized using the effective interest rate method over the life of the related series of preferred shares issued by the Company.

5) Revenue Recognition

Dividend income is recognized on the ex-dividend date and interest income is recognized as earned.

6) Other Assets and Liabilities, and Debentures

Accounts receivable and dividends receivable are classified as loans and receivables and are accounted for at amortized cost. Accounts payables are classified as other liabilities and are accounted for at amortized cost.

7) Voting and Capital Shares

The Company's issued voting shares are classified as financial liabilities whereas the Company's capital shares are classified as equity in accordance with IAS 32.

8) Recognition/Derecognition of Financial Assets and Financial Liabilities

The Company recognizes financial assets and financial liabilities designated as trading securities on the trade date. The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or expired.

9) Foreign Currency Translation

The functional currency of the Company is measured using the currency of the primary economic environment in which that entity operates. The functional currency of the Company is the United States dollar. The presentation currency is the U.S. dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

10) Accounting Estimates

The preparation of the financial statements requires the Company to make critical judgments, estimates and assumptions that affect the carried amounts of certain assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses recorded during the year. 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 these estimates and judgments in these financial statements. The estimates and judgments used in determining the recorded amount for assets and liabilities in the financial statements include the following:

(c) Adoption of Accounting Standards

i. Income Tax

The amendments to IAS 12, Income Taxes clarifies the following aspects: (i) unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; (ii) the carrying amount of an asset does not limit the estimation of probable future taxable profits; (iii) estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences; (iv) an entity assesses a deferred tax asset in combination with other deferred tax assets. The Company adopted the amendments on January 1, 2017, on a prospective basis; the adoption did not have a significant impact on the Company's financial statements.

ii. Statement of Cash Flows

In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows ("IAS 7"), effective for annual periods beginning January 1, 2017. The IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. Since the amendments are being issued less than one year before the effective date, the Company is not required to provide comparative information when it first applies the amendments. The Company has determined that there are no material impacts on its financial statements as the existing disclosures already include information required by the amendments.

(d) Future Changes in Accounting Standards

i. Financial Instruments

In July 2014, the International Accounting Standards Board ("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 assessed the impact of IFRS 9 on its financial statements and determined that the impact would not create a material change to the financial results of the Company. Implementation of the standard will result in additional disclosures for the Company.

ii. Income Taxes

In June 2017, the IFRS Interpretations Committee issued IFRIC 23 which clarifies how the recognition and measurement requirements of IAS 12, Income Taxes, are applied where there is uncertainty over income tax treatments. This standard is effective for annual reporting periods beginning on or after January 1, 2019. The Company is currently assessing the impact of IFRIC 23 on its financial statements.

(e) Change in Functional Currency

Until December 31, 2016, the Company determined that their functional currency was the Canadian dollar. Due to a series of changes to the portfolio composition of the entity, management performed a review of the functional currency and it concluded that there has been a change in the functional currency from the Canadian dollar to the United States dollar, in accordance with IFRS. The change has been applied to the Company's results prospectively as of January 1, 2017. In 2016, the presentation currency was the United States dollar, and the functional currency was the Canadian dollar.

3. INVESTMENT PORTFOLIO

	Number of Shares		Cost		Fair Value	
As at (Thousands)	**Dec. 31, 2017**	Dec. 31, 2016	**Dec. 31, 2017**	Dec. 31, 2016	**Dec. 31, 2017**	Dec. 31, 2016
Brookfield Asset Management Inc.	**79,741**	79,741	**$ 507,953**	$ 507,953	**$ 3,471,922**	$ 2,628,171

On a per share basis, the fair value of the Brookfield shares was $43.54 on December 31, 2017 (December 31, 2016 - $32.96).

4. PREFERRED SHARES

The Company is authorized to issue an unlimited number of Class A preferred shares and Class AA preferred shares. The Board of Directors of the Company have the authority to fix the number of shares that will form each series and determine the rights, restrictions and conditions attached to each series. Any new series will be issued for a price of CAD$25.00 per share and the proceeds are to be used to finance the retraction or redemption of outstanding preferred shares without necessitating the sale of Class AA shares or facilitating the acquisition of additional Class AA shares.

The following table shows the preferred shares that have been issued and are outstanding, net of associated financing costs which are amortized using the effective interest rate method of amortization.

	Shares Outstanding		Book Value	
As at (Thousands, US dollars)	**Dec. 31, 2017**	Dec. 31, 2016	**Dec. 31, 2017**	Dec. 31, 2016
Senior preferred shares				
4.35% Series 3 – January 10, 2019	7,631	7,631	**$ 151,725**	$ 141,937
4.85% Series 5 – December 10, 2017	—	4,999	**—**	92,980
4.50% Series 6 – October 8, 2021	7,990	7,990	**158,861**	148,612
5.50% Series 7 – October 31, 2022	4,000	4,000	**79,530**	74,399
4.80% Series 8 – September 30, 2024	6,000	—	**119,295**	—
	25,621	24,620	**509,411**	457,928
Junior preferred shares, Series 1	8,000	8,000	**159,060**	148,770
	33,621	32,620	**668,471**	606,698
Deferred financing costs[1]			**(7,936)**	(5,501)
			$ 660,535	$ 601,197

1 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 *(Thousands, listed in C$)*	**Dec. 31, 2017**	Dec. 31, 2016
Senior preferred shares		
4.35% Series 3 – January 10, 2019	**25.31**	25.00
4.85% Series 5 – December 10, 2017	**—**	25.18
4.50% Series 6 – October 8, 2021	**25.36**	24.85
5.50% Series 7 – October 31, 2022	**26.70**	25.85
4.80% Series 8 – September 30, 2024	**25.51**	—

On September 18, 2017, the Company issued 6,000,000 Class AA, Series 8 preferred shares. The net proceeds of the offering were used to redeem the Company's 4,999,000 Class AA, Series 5 preferred shares on December 10, 2017.

Net Asset Value

The "net assets per unit" is defined as the fair value of the portfolio shares held by the Company plus (minus) the amount by which the value of the other assets of the Company exceed (are less than) the liabilities (including any extraordinary liabilities) of the Company and the redemption value of the preferred shares, divided by the total number of units outstanding. A "unit" is considered to consist of one capital share and one preferred share of any class or series. For greater certainty, Class AA Series 3, Series 6, Series 7 and Series 8 senior preferred shares will not be treated as liabilities for purposes of determining net assets per unit.

Retraction

The Company's preferred shares may be surrendered for retraction at the option of the holders of the respective preferred shares. The details of the retraction feature for each respective class of preferred shares are as follows:

Class AA senior preferred shares

Series 3 May be surrendered for retraction at any time for an amount equal to the lesser of: (i) net assets per unit; and (ii) $25.00. Retraction consideration will be a number of Series 1 debentures determined by dividing the holder's aggregate preferred share Retraction Price by $25.00.

Series 6 May be surrendered for retraction at any time for an amount equal to the lesser of: (i) net assets per unit; and (ii) $25.00. Retraction consideration will be a number of Series 4 debentures determined by dividing the holder's aggregate preferred share Retraction Price by $25.00.

Series 7 May be surrendered for retraction at any time for an amount equal to the lesser of: (i) net assets per unit; and (ii) $25.00. Retraction consideration will be a number of Series 5 debentures determined by dividing the holder's aggregate preferred share Retraction Price by $25.00.

Series 8 May be surrendered for retraction at any time for an amount equal to the lesser of: (i) net assets per unit; and (ii) $25.00. Retraction consideration will be a number of Series 6 debentures determined by dividing the holder's aggregate preferred share Retraction Price by $25.00.

Junior preferred shares

Series 1 May be surrendered for retraction at any time for an amount equal to the lesser of: (i) net assets per unit; and (ii) $25.00. Retraction consideration will be cash.

During the year ended December 31, 2017, there were no retractions (2016 – nil).

Debentures

The details of each respective class of the Company's debentures are as follows:

Series 3 The Series 1 debentures will have a principal amount of CAD $25.00 per debenture and will mature on January 10, 2019. Holders of the Series 1 debentures will be entitled to receive quarterly fixed interest payments at a rate of 4.45% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 1 debentures shall be redeemable by the company at any time. The Series 1 debentures may not be retracted.

Series 6 The Series 4 debenture will have a principal amount of CAD $25.00 per debenture and will mature on October 8, 2021. Holders of the Series 4 debentures will be entitled to receive quarterly fixed interest payments at a rate of 4.60% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 4 debentures can be redeemed by the Company at any time. The Series 4 debentures may not be retracted.

Series 7 The Series 5 debenture will have a principal amount of CAD $25.00 per debenture and will mature on October 31, 2022. Holders of the Series 5 debentures will be entitled to receive quarterly fixed interest payments at a rate of 5.60% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 5 debentures can be redeemed by the Company at any time. The Series 5 debentures may not be retracted.

Series 8 The Series 6 debenture will have a principal amount of CAD $25.00 per debenture and will mature on October 31, 2022. Holders of the Series 6 debentures will be entitled to receive quarterly fixed interest payments at a rate of 4.90% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 6 debentures can be redeemed by the Company at any time. The Series 6 debentures may not be retracted.

As at December 31, 2017, there were $nil debentures outstanding (December 31, 2016 – $nil).

Redemption
The Company's preferred shares may be redeemed at the option of the Company. The details of the redemption feature for each respective class of preferred shares are as follows:

Class AA senior preferred shares

Series 3 May be redeemed by the Company at any time on or after January 10, 2012, and prior to January 10, 2019, (the “Series 3 Redemption Date”) at a price which until January 9, 2016, will equal CAD $26.00 per share plus accrued and unpaid dividends and which will decline by $0.25 each year thereafter to be equal to CAD $25.00 on the Series 3 Redemption Date. All Class AA Series 3 preferred shares outstanding on the Class AA Series 3 Redemption Date will be redeemed for a cash amount equal to the lesser of CAD $25.00 plus accrued and unpaid dividends, and the net assets per unit.

Series 6 May be redeemed by the Company at any time on or after October 8, 2019, and prior to October 8, 2021, (the “Series 6 Redemption Date”) at a price which until October 8, 2020, will equal CAD $25.50 per share plus accrued and unpaid dividends and which will decline by $0.25 on October 8, 2020. All Class AA Series 6 senior preferred shares outstanding on the Series 6 Redemption Date will be redeemed for a cash amount equal to the lesser of CAD $25.00 plus any accrued and unpaid dividends, and the net assets per unit.

The Company may redeem Class AA, Series 6 senior preferred shares prior to October 8, 2019 for CAD $26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA Series 6 senior preferred shares prior to the Series 6 Redemption Date unless: (i) capital shares have been retracted; or (ii) there is a take-over bid for the Brookfield shares and the Board of Directors of the Company determines that such a bid is in the best interest of the holders of the capital shares.

Series 7 May be redeemed by the Company at any time on or after October 31, 2020, and prior to October 31, 2022, (the “Series 7 Redemption Date”) at a price which until October 31, 2021, will equal CAD $25.50 per share plus accrued and unpaid dividends and which will decline by $0.25 on October 31, 2021. All Class AA Series 7 senior preferred shares outstanding on the Series 7 Redemption Date will be redeemed for a cash amount equal to the lesser of CAD $25.00 plus any accrued and unpaid dividends, and the net assets per unit.

The Company may redeem Class AA, Series 7 senior preferred shares prior to October 31, 2020 for CAD $26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA, Series 7 senior preferred shares prior to the Series 7 Redemption Date unless: (i) capital shares have been retracted; or (ii) there is a take-over bid for the Brookfield shares and the Board of Directors of the Company determines that such a bid is in the best interest of the holders of the capital shares.

Series 8 May be redeemed by the Company at any time on or after September 30, 2022, and prior to September 30, 2024, (the "Series 8 Redemption Date") at a price which until September 30, 2023, will equal CAD $25.50 per share plus accrued and unpaid dividends and which will decline by $0.25 on September 30, 2023. All Class AA Series 8 senior preferred shares outstanding on the Series 8 Redemption Date will be redeemed for a cash amount equal to the lesser of CAD $25.00 plus any accrued and unpaid dividends, and the net assets per unit.

The Company may redeem Class AA, Series 8 senior preferred shares prior to September 30, 2022 for CAD $26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA, Series 8 senior preferred shares prior to the Series 8 Redemption Date unless: (i) capital shares have been retracted; or (ii) there is a take-over bid for the Brookfield shares and the Board of Directors of the Company determines that such a bid is in the best interest of the holders of the capital shares.

Junior preferred shares

Series 1 May be redeemed by the Company at any time at a price which will equal $25.00 per share plus all dividends declared and unpaid up to the redemption date.

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, US dollars)	Shares Outstanding **Dec. 31, 2017**	Dec. 31, 2016	Book Value **Dec. 31, 2017**	Dec. 31, 2016
Equity				
Capital shares	**33,621**	32,620	**$ 118,088**	$ 118,088
Liability				
Class A voting shares[1]	**100**	100	**$ —**	$ —

1 *As at December 31 the Class A voting shares have a book value of $8 (2016 – $8)*

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 distributions. During the year ended December 31, 2017, the Company declared and paid dividends in the amount of $40 million (December 31, 2016 – $60 million) to the holders of its capital shares. Included in this amount was a special dividend the Company paid in form of Trisura Group Ltd. ("TSU") shares. In 2016, there was a special dividend paid in the form of BBU shares. The TSU shares were originally received as part of Brookfield's spin-off of TSU during June 2017, which was recorded as dividend income. In 2016, BBU shares were received as part of a spin-off from Brookfield; this was recognized as a bifurcation from the investment in Brookfield.

If the Company undertakes any issuances or redemption of preferred shares, the articles of the Company will be amended to either subdivide or consolidate, as applicable, such that the number of capital shares outstanding after such subdivision or consolidation would be equal to the number of preferred shares of all classes or series outstanding immediately after such issuance.

During the year ended December 31, 2017, capital shares were consolidated and subdivided, to match the number of preferred shares outstanding, resulting from the redemption of the Class AA Series 5 preferred shares and issuance of the Class AA Series 8 preferred shares respectively.

The weighted average number of capital shares/units outstanding during the period ended December 31, 2017 was 33.6 million (2016 – 33.1 million).

6. MANAGEMENT FEES

The Company's operations are managed by BIM Canada who is entitled to a total management fee of up to 10% of ordinary expenses of the Company. For the year ended December 31, 2017, the Company accrued management fees of $22 thousand (December 31, 2016 – $26 thousand) plus applicable taxes in relation to these services.

7. INCOME TAX

The Company qualifies and intends to continue to qualify as a mutual fund corporation under the Income Tax Act (Canada) (the "Act"), and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. The Company receives tax-free dividend income. However, the Company is generally subject to a tax of 33-1/3% under Part 4 of the Act on taxable dividends received. This tax is fully refundable upon payment of sufficient dividends. The Company has the intention and ability to qualify as a mutual fund corporation and to manage its affairs in such a way as to transfer any liability to its shareholders.

The Company has $15 million (December 31, 2016 – $12 million) of non-capital losses which expire between 2030 and 2036, and $6 million (December 31, 2016 – $4 million) of undeducted share issue expenses available to offset taxable income, if any, in future periods. The benefit of these losses and undeducted share issue expenses have not been recorded in these financial statements. The carrying value of the Company's investment in Brookfield shares exceeds its tax value by $3.1 billion (December 31, 2016 – $2.2 billion).

8. 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 Quoted prices available in active markets for identical investments as of the reporting date.

Level 2 Pricing inputs other than quoted market prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair values are determined through the use of models or other valuation methodologies.

Level 3 Pricing inputs are unobservable for the instrument and includes situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management estimation.

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

	December 31, 2017			December 31, 2016		
As at *(Thousands)*	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Brookfield Asset Management Inc.	**$ 3,471,922**	**$ —**	**$ —**	$ 2,628,171	$ —	$ —
	$ 3,471,922	**$ —**	**$ —**	$ 2,628,171	$ —	$ —

9. RISK MANAGEMENT

The Company is exposed to the following risks as a result of holding financial instruments: credit risk, market risk (comprised of foreign currency risk, market price risk, and interest rate risk), and liquidity risk.

Credit Risk

The Company has no material counterparty risk as at December 31, 2017 and 2016, due to all counterparties being large financial institutions dealing with the Company's prime brokerage accounts as well as derivative assets and liabilities.

Market Risk

(a) Foreign Currency Risk

The Company pays it's preferred share distributions in Canadian dollars, which are then converted to U.S. dollars for the purposes of financial reporting. During the fiscal year ended December 31, 2017, a $0.01 appreciation or depreciation in the Canadian dollar relative to the U.S. dollar, all else being equal, would have increased or decreased Distribution paid on Senior Preferred Shares and debentures by $0.2 million (2016 – $0.2 million).

(b) Market Price Risk

The value of the Brookfield shares is exposed to variability in fair value due to movements in equity prices. As a result, the fair value of the Company's investment portfolio may vary from time to time. The Company records these investments at quoted market value. A 1% increase or decrease in the quoted market price will increase or decrease the fair value of the investment in Brookfield shares by $35 million (December 31, 2016 – $26 million), on a pre-tax basis, and will increase or decrease the net assets per unit by $ 1.03 (December 31, 2016 – $0.80).

(c) Interest Rate Risk

The Company's preferred shares are fixed rate and the Company has negligible floating rate assets or liabilities. Accordingly, changes in interest rates do not have an impact on income available for distribution.

Liquidity Risk

The Company's preferred shares expose the Company to liquidity risk to fund dividend obligations. The Company endeavours to maintain dividend income that exceeds the projected dividend obligations and expects to be able to continue to achieve this objective based on current circumstances. Management expects to fund any retraction obligations through a combination of ongoing cash flow, the proceeds from any new financing and proceeds from the sale of Brookfield shares.

The Company's contractual obligations related to its senior preferred shares as at December 31, 2017, are:

	Payment Due by Period[1]				
(Thousands)	**Total**	**Less than 1 year**	**2-3 years**	**4-5 years**	**After 5 years**
Preferred shares					
Partners Value Split Class AA, Series 3	**$ 151,725**	**$ —**	**$ 151,725**	**$ —**	**$ —**
Partners Value Split Class AA, Series 6	**158,861**	**—**	**—**	**158,861**	**—**
Partners Value Split Class AA, Series 7	**79,530**	**—**	**—**	**79,530**	**—**
Partners Value Split Class AA, Series 8	**119,295**	**—**	**—**	**—**	**119,295**
	509,411	**—**	**151,725**	**238,391**	**119,295**
Interest Expense					
Partners Value Split Class AA, Series 3	**$ 7,480**	**$ 6,601**	**$ 879**	**$ —**	**$ —**
Partners Value Split Class AA, Series 6	**26,809**	**7,149**	**14,298**	**5,362**	**—**
Partners Value Split Class AA, Series 7	**20,777**	**4,374**	**8,748**	**7,655**	**—**
Partners Value Split Class AA, Series 8	**38,651**	**5,726**	**11,452**	**11,452**	**10,021**
	93,717	**23,850**	**35,377**	**24,469**	**10,021**

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, 2021, 2022 and 2024 for the Series 3, 6, 7 and 8, respectively.*

The Company's contractual obligations related to its senior preferred shares as at December 31, 2016, were:

	Payment Due by Period[1]				
(Thousands)	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Preferred shares					
Partners Value Split Class AA, Series 3	$ 141,937	$ —	$ 141,937	$ —	$ —
Partners Value Split Class AA, Series 5	92,980	92,980	—	—	—
Partners Value Split Class AA, Series 6	148,612	—	—	148,612	—
Partners Value Split Class AA, Series 7	74,399	—	—	—	74,399
	457,928	92,980	141,937	148,612	74,399
Interest Expense					
Partners Value Split Class AA, Series 3	$ 13,042	$ 6,174	$ 6,868	$ —	$ —
Partners Value Split Class AA, Series 5	4,633	4,633	—	—	—
Partners Value Split Class AA, Series 6	32,463	6,688	13,375	12,400	—
Partners Value Split Class AA, Series 7	24,212	4,092	8,184	8,184	3,753
	74,350	21,587	28,427	20,584	3,753

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, other than the Series 1, which are paid in the form of cash.*

10. CAPITAL MANAGEMENT

The Company's objective is to invest in Brookfield shares that will generate cash dividends to fund fixed preferential cumulative quarterly dividends for the holders of the Company's preferred shares and enable the holders of the Company's capital shares to participate in any capital appreciation in the Brookfield shares. As at December 31, 2017, the capital base managed by the Company consists of shareholder's equity with a carrying value of $2.8 billion (December 31, 2016 – $2.0 billion), and retractable fixed rate preferred shares with a carrying value of $661 million (December 31, 2016 – $601 million).

11. 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 December 31, 2017 and December 31, 2016, Brookfield and its affiliates did not own any interest in the Company. There were no other transactions conducted with related parties during the presented years.

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

Adil Mawani
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
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 3	PVS.PR.B
Class AA Preferred Shares, Series 6	PVS.PR.D
Class AA Preferred Shares, Series 7	PVS.PR.E
Class AA Preferred Shares, Series 8	PVS.PR.F

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 210
P.O. Box 767
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:

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*

PARTNERS VALUE SPLIT CORP.