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PARTNERS

VALUE SPLIT  
CORP.

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## CONTENTS

Management’s Report on Fund Performance	3
Management’s Responsibility for the Financial Statements	8
Independent Auditor’s Report	9
Financial Statements	12
Notes to the Financial Statements	15
Corporate Information	25

## FORWARD-LOOKING INFORMATION

This annual report contains “forward-looking information” and “forward-looking statements” within the meaning of Canadian provincial securities laws and any applicable Canadian securities regulations. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include, but are not limited to, statements which reflect management’s expectations regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Company and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and which are in turn based on our experience and perception of historical trends, current conditions and expected future developments, as well as other factors management believes are appropriate in the circumstances. The estimates, beliefs and assumptions of the Company are inherently subject to significant business, economic, competitive and other uncertainties and contingencies regarding future events and as such, are subject to change. Forward-looking statements are typically identified by words such as “expect”, “anticipate”, “believe”, “foresee”, “could”, “estimate”, “goal”, “intend”, “plan”, “seek”, “strive”, “will”, “may” and “should” and similar expressions.

Although we believe that such forward-looking statements are based upon reasonable estimates, beliefs and assumptions actual results may differ materially from the forward-looking statements.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements include, but are not limited to, (i) catastrophic events, such as earthquakes, tornadoes, floods, wildfires, pandemics/epidemics, climate change, military conflict/war or terrorism/sabotage; (ii) fluctuations in the value of the Brookfield Securities; (iii) the behavior of financial markets, including fluctuations in interest rates and foreign exchanges rate; (iv) changes to credit ratings; (v) limitations on the liquidity of the BN Class A Shares; (vi) changes to the Company’s ability to continue to be exempt from certain of the policies and rules of Canadian securities regulators applicable to conventional mutual funds; (vii) Preferred Shareholders lacking an ownership interest in the Brookfield Securities; (viii) the default by any borrowers of the Company’s Brookfield Securities; (ix) the ability of the Company to write or close out on call option positions on desirable terms, and the credit risk of any counterparty to a call option; (x) our ability to effectively use derivatives to hedge against foreign exchange rate fluctuations; (xi) changes to our qualification as a “mutual fund corporation” under the Tax Act (as defined herein) and changes in tax laws; (xii) failure of our information and technology systems; (xiii) and other risks and factors detailed from time to time in our documents filed with 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, 2023 is dated March 28, 2024.

This is a report on the performance of 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 years ended December 31, 2023 and 2022.

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 100, P.O. Box 767, Toronto, Ontario M5J 2T3 or by visiting SEDAR+ at <https://www.sedarplus.ca/>. 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 of Brookfield Corporation (the "BN Class A Shares"), which generate cash flow through dividend payments that fund quarterly fixed cumulative preferential dividends for the holders of the Company's senior preferred shares and provide the holders of the Company's capital shares the opportunity to participate in any capital appreciation in the Brookfield Shares. The Company's capital shares, and preferred shares are also referred to collectively as units, with each unit consisting of one capital share and one preferred share ("unit").

### RISKS

The risk factors relating to an investment in the Company include those disclosed below. A complete list of the risk factors relating to an investment in the Company is disclosed in the Company's most recent Annual Information Form available at <https://www.sedarplus.ca/> 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 (as defined below). 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***

The Company's Brookfield Shares are held primarily in United States dollars and Brookfield's dividends are declared in that currency. The Company pays its preferred share distributions in Canadian dollars, which are then converted to U.S. dollars for the purposes of financial reporting, 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, 2023, were \$6.0 billion and \$5.1 billion, respectively, compared to \$4.7 billion and \$3.8 billion as at December 31, 2022.

The Company's net assets on a per unit basis as at December 31, 2023 was \$124.10 compared to \$95.95 at December 31, 2022. The increase in net assets per unit was driven primarily by the appreciation in the market value of our investment in Brookfield Corporation (the "Corporation", NYSE/TSX: BN) and Brookfield Asset Management Ltd. (the "Manager", NYSE/TSX: BAM). The Corporation share price was \$40.12 as at December 31, 2023 (December 31, 2022 – \$31.46) and the Manager share price was \$40.17 as at December 31, 2023 (December 31, 2022 – \$28.67).

Income available for distribution for the year ended December 31, 2023 was \$73 million, compared to \$1.0 billion in the prior year. The decrease in income was primarily attributable to the absence of a one-time special distribution received by the Corporation. During the year ended December 31, 2023, the Company declared and paid dividends in the amount of \$50 million (December 31, 2022 – \$114 million) to the holders of its capital shares.

## 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 past five fiscal periods and is presented in accordance with NI-81-106. This information is derived from the Company's audited financial statements.

<i>(US dollars per unit)</i>	<b>Dec. 31, 2023</b>	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Net assets per unit, beginning of year	\$ 95.95	\$ 169.52	\$ 111.14	\$ 136.77	\$ 80.19
Share issuance	—	2.46	4.04	5.44	1.00
Share redemption and retraction	—	—	(5.52)	—	(4.27)
Increase (decrease) from operations:					
Total revenues	1.51	21.66	2.41	1.43	1.52
Total expenses <sup>1</sup>	(0.07)	(0.07)	(0.14)	(0.07)	(0.07)
Realized and unrealized gains (losses)	28.33	(75.14)	52.20	8.14	45.70
Total increase (decrease) from operations <sup>2</sup>	29.77	(53.55)	54.47	9.50	47.15
Foreign currency translation gain (loss) <sup>1</sup>	0.06	(19.41)	9.41	(37.12)	14.21
Distributions <sup>3</sup>	(1.68)	(3.07)	(4.02)	(3.45)	(1.51)
Net assets per unit, end of year	\$ 124.10	\$ 95.95	\$ 169.52	\$ 111.14	\$ 136.77
Net asset value per unit, end of year	\$ 124.10	\$ 95.95	\$ 169.52	\$ 111.14	\$ 136.77
Net asset value per unit, end of year (CAD)	\$ 164.44	\$ 129.98	\$ 214.23	\$ 141.43	\$ 177.65

1. Total expenses net of non-cash preferred share issuance cost amortization. Foreign currency translation includes the change in value of the preferred shares from foreign currency.
2. Net assets and distributions are based on the actual number of units outstanding at the end of the year. The increase from operations is based on the weighted average number of units outstanding over the year.
3. Includes capital dividends paid to holders of the Company's capital shares, if and when declared.

	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
<i>(Thousands of US dollars, except per share amounts)</i>					
Total assets	\$ 6,043,739	\$ 4,672,564	\$ 7,237,937	\$ 5,088,918	\$ 4,623,297
Net assets	5,134,266	3,786,246	6,406,112	4,202,278	3,978,210
Number of units outstanding	48,696	48,696	42,696	45,786	33,786
Management expense ratio <sup>1</sup>	0.1%	0.1%	0.1%	0.1%	0.1%
Redemption price of preferred shares (CAD)					
Senior Class AA Series 8 <sup>2</sup>	N/A	N/A	N/A	N/A	N/A
Senior Class AA Series 9 <sup>3</sup>	N/A	N/A	N/A	N/A	N/A
Senior Class AA Series 10 <sup>4</sup>	N/A	N/A	N/A	N/A	N/A
Senior Class AA Series 11 <sup>5</sup>	N/A	N/A	N/A	N/A	N/A
Senior Class AA Series 12 <sup>6</sup>	N/A	N/A	N/A	N/A	N/A
Senior Class AA Series 13 <sup>7</sup>	N/A	N/A	N/A	N/A	N/A
Junior Class AA Series 1	25.00	25.00	25.00	25.00	25.00
Junior Class AA Series 2	25.00	25.00	25.00	25.00	25.00
Junior Class AA Series 3	25.00	25.00	25.00	N/A	N/A

1. Management expense ratio is calculated by dividing the aggregate of total expenses and amortization of share issuance costs by average net assets over the reporting period.
2. Redemption period commences on September 30, 2024.
3. Redemption period commences on February 28, 2026.
4. Redemption period commences on February 28, 2027.
5. Redemption period commences on October 31, 2025.
6. Redemption period commences on February 29, 2028.
7. Redemption period commences on May 31, 2029.

## INVESTMENT PORTFOLIO

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

<i>As at</i> <i>(Thousands of US dollars)</i>	Number of Shares		Fair Value	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Brookfield Corporation	119,611,449	119,611,449	\$ 4,798,811	\$ 3,762,976
Brookfield Asset Management Ltd.	29,902,862	29,902,862	1,201,198	857,315
Total	<u>149,514,311</u>	<u>149,514,311</u>	<u>\$ 6,000,009</u>	<u>\$ 4,620,291</u>

The Corporation share price was \$40.12 as at December 31, 2023 (December 31, 2022 – \$31.46) and the Manager share price was \$40.17 as at December 31, 2023 (December 31, 2022 – \$28.67). As at March 27, 2024, the market price of a Corporation and Manager share were \$41.58 and \$41.80, respectively.

## RELATED-PARTY TRANSACTIONS

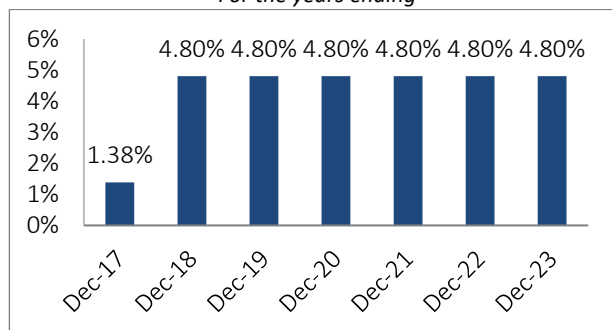
The Company's operations are managed by Brookfield Public Securities Group LLC., who is entitled to a management fee of up to 8.33% of ordinary expenses (December 31, 2022 – 8.33%) of the Company. For the year ended December 31, 2023, the Company expensed management fees of \$19 thousand (December 31, 2022 – \$20 thousand) plus applicable taxes in relation to these services. For the year ended December 31, 2023, the Company recognized dividend income of \$33.5 million from Corporation shares (December 31, 2022 – \$1,024 million) and \$38.3 million from Manager shares. Dividend income in the prior year includes a special non-cash distribution of Manager shares valued at \$957 million that was received from the Corporation as part of the spin-off of their asset management business on December 9, 2022.

## PAST PERFORMANCE

The following charts show the performance of the Company's outstanding senior preferred shares since issuance to the year ended December 31, 2023, assuming the senior preferred shares are sold at their final redemption price. The charts are not reflective of the current yield to maturity and past performance is not an indication of how the senior preferred shares will perform in the future.

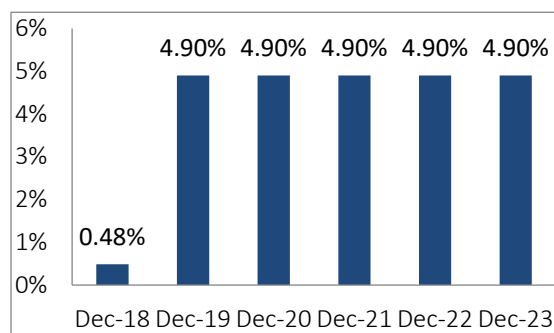
The Series 1, Series 2 and Series 3 junior preferred shares pay a non-cumulative quarterly dividend at an annual rate of 5%.

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



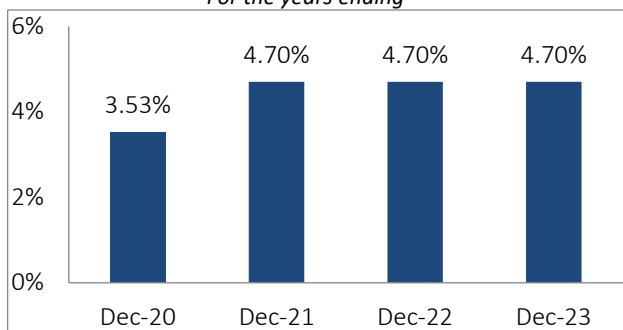
1. December 2017 reflects the period from September 18, 2017 to December 31, 2017. The annualized yield as at December 31, 2023 is 4.80%.

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



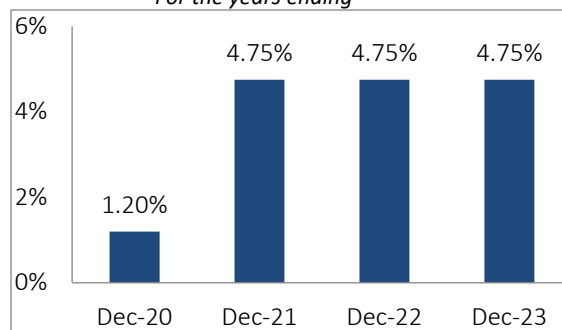
2. December 2018 reflects the period from November 26, 2018 to December 31, 2018. The annualized yield as at December 31, 2023 is 4.90%.

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



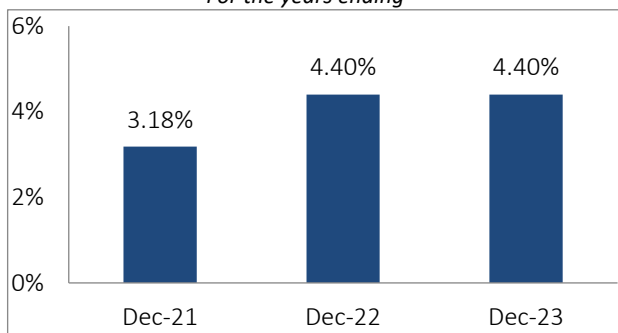
3. December 2020 reflects the period from March 2, 2020 to December 31, 2020. The annualized yield as at December 31, 2023 is 4.70%.

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



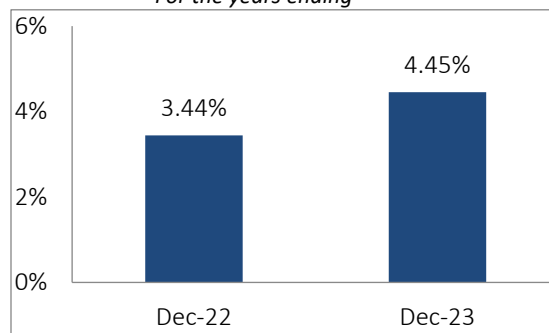
4. December 2020 reflects the period from October 6, 2020 to December 31, 2020. The annualized yield as at December 31, 2023 is 4.75%.

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



5. December 2021 reflects the period from April 12, 2021 to December 31, 2021. The annualized yield as at December 31, 2023 is 4.40%.

**Class AA, Series 13 Preferred Shares**  
For the years ending



6. December 2022 reflects the period from March 25, 2022 to December 31, 2022. The annualized yield as at December 31, 2023 is 4.45%.

## ANNUAL COMPOUND RETURNS

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

	Issue Date	Yield Since Inception	Ten Year	Five Year	Three Year	One Year
Preferred Shares Class AA, Series 8 – September 30, 2024	Sep 18, 2017	4.80%	N/A	4.80%	4.80%	4.80%
Seven-Year Government of Canada Bonds – June 1, 2024		1.91%	N/A	1.91%	1.91%	1.91%
Preferred Shares Class AA, Series 9 – February 28, 2026	Nov 26, 2018	4.90%	N/A	4.90%	4.90%	4.90%
Seven-Year Government of Canada Bonds – June 1, 2026		2.25%	N/A	2.25%	2.25%	2.25%
Preferred Shares Class AA, Series 10 - February 28, 2027	Mar 2, 2020	4.70%	N/A	N/A	4.70%	4.70%
Seven-Year Government of Canada Bonds – June 1, 2027		1.09%	N/A	N/A	1.09%	1.09%
Preferred shares Class AA, Series 11 - October 31, 2025	Oct 6, 2020	4.75%	N/A	N/A	4.75%	4.75%
Five-Year Government of Canada Bonds – September 1, 2025		0.35%	N/A	N/A	0.35%	0.35%
Preferred shares Class AA, Series 12 – February 29, 2028	Apr 12, 2021	4.40%	N/A	N/A	N/A	4.40%
Seven-Year Government of Canada Bonds – June 1, 2028		1.23%	N/A	N/A	N/A	1.23%
Preferred shares Class AA, Series 13 – May 31, 2029	Mar 25, 2022	4.45%	N/A	N/A	N/A	4.45%
Seven-Year Government of Canada Bonds – June 1, 2029		2.48%	N/A	N/A	N/A	2.48%

## CONTRACTUAL OBLIGATIONS

The Company's contractual obligations related to its senior preferred shares as at December 31, 2023 are:

(Thousands of US dollars)	Payment Due by Period <sup>1</sup>				
	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
<b>Preferred shares</b>					
Partners Value Split Class AA, Series 8	\$ 113,192	\$ 113,192	\$ —	\$ —	\$ —
Partners Value Split Class AA, Series 9	113,145	—	113,145	—	—
Partners Value Split Class AA, Series 10	113,205	—	—	113,205	—
Partners Value Split Class AA, Series 11	113,205	—	113,205	—	—
Partners Value Split Class AA, Series 12	130,186	—	—	130,186	—
Partners Value Split Class AA, Series 13	113,205	—	—	—	113,205
	<u>\$ 696,138</u>	<u>\$ 113,192</u>	<u>\$ 226,350</u>	<u>\$ 243,391</u>	<u>\$ 113,205</u>
<b>Interest Expense</b>					
Partners Value Split Class AA, Series 8	\$ 4,064	\$ 4,064	\$ —	\$ —	\$ —
Partners Value Split Class AA, Series 9	11,969	5,544	6,425	—	—
Partners Value Split Class AA, Series 10	16,809	5,321	10,642	846	—
Partners Value Split Class AA, Series 11	9,841	5,377	4,464	—	—
Partners Value Split Class AA, Series 12	23,838	5,728	11,456	6,654	—
Partners Value Split Class AA, Series 13	27,260	5,038	10,076	10,076	2,070
	<u>\$ 93,781</u>	<u>\$ 31,072</u>	<u>\$ 43,063</u>	<u>\$ 17,576</u>	<u>\$ 2,070</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 2024, 2026, 2027, 2025, 2028 and 2029 for the Series 8, 9, 10, 11, 12 and 13, 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 accordance with the International Financial Reporting Standards ("IFRS"), 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.



Brian D. Lawson  
*Director and Chairman*  
March 28, 2024



## Independent Auditor's Report

To the Shareholders of  
Partners Value Split Corp.

### Opinion

We have audited the financial statements of Partners Value Split Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

Management is responsible for the other information. The other information comprises:

- Management's Report on Fund Performance
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Report on Fund Performance and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Robert Rourke.

/s/ Deloitte LLP

Chartered Professional Accountants  
Licensed Public Accountants  
March 28, 2024

## STATEMENTS OF FINANCIAL POSITION

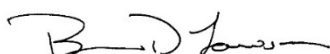
As at

(Thousands of US dollars, except per unit amounts)

	Note	December 31, 2023	December 31, 2022
<b>Assets</b>			
Cash and cash equivalents		\$ 43,730	\$ 35,527
Investment portfolio	3	6,000,009	4,620,291
Accounts receivable and other assets		—	16,746
<b>Total assets</b>		<b>\$ 6,043,739</b>	<b>\$ 4,672,564</b>
<b>Liabilities</b>			
Accounts payable		\$ 254	\$ 197
Preferred shares	4	909,219	886,121
<b>Total liabilities</b>		<b>909,473</b>	<b>886,318</b>
<b>Net assets</b>		<b>\$ 5,134,266</b>	<b>\$ 3,786,246</b>
<b>Equity</b>			
Capital shares	5	118,088	118,088
Retained earnings		5,301,497	3,953,477
Accumulated other comprehensive loss		(285,319)	(285,319)
<b>Total Equity</b>		<b>\$ 5,134,266</b>	<b>\$ 3,786,246</b>
Number of units outstanding		48,696,100	48,696,100
Net assets per capital share		\$ 105.43	\$ 77.75
Book value per preferred share		18.67	18.20
<b>Net assets per unit</b>		<b>\$ 124.10</b>	<b>\$ 95.95</b>

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

On behalf of the Board,



Brian D. Lawson  
Director and Chairman



Frank N.C. Lochan  
Director

## STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the years ended December 31

(Thousands of US dollars, except per unit amounts)

	Note	2023	2022
<b>Income</b>			
Dividend income	11	\$ 71,767	\$ 1,023,874
Other investment income		1,817	1,350
		<u>73,584</u>	<u>1,025,224</u>
<b>Expenses</b>			
Management fees	6	(19)	(20)
Audit fees		(21)	(38)
Administrative and other		(278)	(238)
		<u>(318)</u>	<u>(296)</u>
Income available for distribution		73,266	1,024,928
Distributions paid on senior preferred shares and debentures		(31,859)	(31,405)
Income available for distribution to junior preferred and capital shares		<u>41,407</u>	<u>993,523</u>
Change in unrealized and realized value of investment		1,379,718	(3,556,736)
Amortization of share issuance costs		(3,233)	(3,216)
Unrealized foreign exchange (loss) gain		(19,872)	60,548
<b>Net income (loss)</b>		<u>1,398,020</u>	<u>(2,505,881)</u>
<b>Comprehensive income (loss)</b>		\$ <u>1,398,020</u>	\$ <u>(2,505,881)</u>
<b>Comprehensive income (loss) per unit</b>		\$ <u>28.71</u>	\$ <u>(52.94)</u>

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

## STATEMENTS OF CHANGES IN EQUITY

For the year ended

December 31, 2023

(Thousands of US dollars)

	Capital Shares	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
Balance, beginning of year	\$ 118,088	\$ 3,953,477	\$ (285,319)	\$ 3,786,246
Net income	–	1,398,020	–	1,398,020
Distributions paid on capital shares	–	(50,000)	–	(50,000)
Balance, end of year	<u>\$ 118,088</u>	<u>\$ 5,301,497</u>	<u>\$ (285,319)</u>	<u>\$ 5,134,266</u>

For the year ended

December 31, 2022

(Thousands of US dollars)

	Capital Shares	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
Balance, beginning of year	\$ 118,088	\$ 6,573,343	\$ (285,319)	\$ 6,406,112
Net loss	–	(2,505,881)	–	(2,505,881)
Distributions paid on capital shares	–	(113,985)	–	(113,985)
Balance, end of year	<u>\$ 118,088</u>	<u>\$ 3,953,477</u>	<u>\$ (285,319)</u>	<u>\$ 3,786,246</u>

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

## STATEMENTS OF CASH FLOWS

For the years ended December 31  
(Thousands of US dollars)

	Note	2023	2022
<b>Cash flow from operating activities</b>			
Income available for distribution		\$ 73,266	\$ 1,024,928
Add (deduct) non-cash items:			
Non-cash dividend income	11	—	(956,892)
Net change in working capital and foreign exchange		16,796	(3,985)
		<u>90,062</u>	<u>64,051</u>
<b>Cash flow used in financing activities</b>			
Distributions paid on senior preferred shares and debentures		(31,859)	(31,405)
Distributions paid on capital shares	5	(50,000)	(113,985)
Preferred share issuance		—	116,618
		<u>(81,859)</u>	<u>(28,772)</u>
<b>Cash and cash equivalents</b>			
Increase in cash and cash equivalents		8,203	35,279
Cash and cash equivalents balance, beginning of year		35,527	248
Cash and cash equivalents balance, end of year		<u>\$ 43,730</u>	<u>\$ 35,527</u>

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 investments in Class A Limited Voting Shares of Brookfield Corporation and Brookfield Asset Management Ltd. (collectively the "Brookfield Shares"). Brookfield Corporation 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 100, Toronto, Ontario, M5J 2T3.

## 2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

### a) *Statement of Compliance*

The annual financial statements of the Company have been prepared in accordance with the 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 28, 2024.

### b) *Accounting Policies*

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

#### i) *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.

#### ii) *Investment in Portfolio*

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 shares are valued at their quoted market price in accordance with IFRS 13 *Fair Value Measurement* ("IFRS 13").

#### iii) *Preferred Shares*

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

#### iv) *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.

#### v) *Investment Income*

Dividend income is recognized on the ex-dividend date and interest income is recognized as earned. Dividends on these investments in equity instruments are recognized in profit and loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

#### vi) *Other Assets and Liabilities, and Debentures*

Accounts receivable and dividends receivable are measured and classified at amortized cost and recorded in other assets. Accounts payables and debentures are measured and classified at amortized cost.

#### vii) *Capital Shares*

The Company's capital shares are classified as equity in accordance with International Accounting Standards 32 – *Financial Instruments: Presentation* ("IAS 32").

#### viii) *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.

*ix) Foreign Currency Translation*

The functional currency of the Company is the currency of the primary economic environment in which that entity operates. The functional and presentational currency of the Company is the United States 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.

**c) Critical Judgments and Estimates**

The preparation of 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:

*Level of Control*

When determining the appropriate basis of accounting for the Company's investments, the Company uses the following critical assumptions and estimates: the degree of control or influence that the Company exerts over the investment and the amount of benefit that the Company receives relative to other investors.

**d) Recently Adopted Accounting Standards**

The Company has applied new and revised standards issued by IASB that are effective for the period beginning on or after January 1, 2023. The new standards were applied as follows:

*i. Amendments to IAS 1 – Presentation of Financial Statements (“IAS 1”)*

The amendments clarify the requirement for companies to identify and disclose their material accounting policies instead of their significant accounting policies. The amendments to IAS 1 apply to annual reporting periods beginning on or after January 1, 2023.

The adoption did not have a significant impact on the Company's financial reporting.

*ii. International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12)*

In May 2023, the IASB issued amendments to IAS 12 “Income Taxes” to give entities temporary mandatory relief from accounting for deferred taxes arising from Organization for Economic Co-operation and Development's (“OECD”) international tax reform. The amendments are effective immediately upon their issue and retrospectively in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” except for some targeted disclosure requirements which become effective for annual reporting periods beginning on or after January 1, 2023. The Company has applied the temporary exception to recognizing and disclosing information about deferred tax assets and liabilities related to Global AntiBase Erosion (“Pillar Two”) income taxes.

**e) Future Changes in Accounting Standards**

*Amendments to IAS 1 – Classification of Liabilities as Current or Non-current (“IAS 1”)*

The amendments clarify how to classify debt and other liabilities as current or non-current. The amendments to IAS 1 apply to annual reporting periods beginning on or after January 1, 2024. The Company is currently assessing the impact of these amendments.



### 3. INVESTMENT PORTFOLIO

On December 9, 2022, Brookfield Corporation (formerly known as Brookfield Asset Management Inc.) completed the 25% special distribution of its asset management business. As a result of the special distribution, shareholders of Brookfield Corporation received one Class A Brookfield Asset Management Ltd. (“BAM”) per every four Class A Brookfield Corporation shares held.

As at (Thousands of US dollars)	Number of Shares		Fair Value	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Brookfield Corporation <sup>1</sup>	119,611,449	119,611,449	\$ 4,798,811	\$ 3,762,976
Brookfield Asset Management Ltd. <sup>2</sup>	29,902,862	29,902,862	1,201,198	857,315
<b>Total</b>	<b>149,514,311</b>	<b>149,514,311</b>	<b>\$ 6,000,009</b>	<b>\$ 4,620,291</b>

1. On a per share basis, the fair value of the Brookfield Corporation shares was \$40.12 on December 31, 2023 (December 31, 2022 – \$31.46).

2. On a per share basis, the fair value of the Brookfield Asset Management Ltd. shares was \$40.17 on December 31, 2023 (December 31, 2022 – \$28.67).

### 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 December 31, 2023, 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.

As at (Thousands of US dollars)	Shares Outstanding		Book Value	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Senior preferred shares				
4.80% Series 8 – September 30, 2024	5,999,300	5,999,300	\$ 113,192	\$ 110,717
4.90% Series 9 – February 28, 2026	5,996,800	5,996,800	113,145	110,671
4.70% Series 10 – February 28, 2027	6,000,000	6,000,000	113,205	110,730
4.75% Series 11 – October 31, 2025	6,000,000	6,000,000	113,205	110,730
4.40% Series 12 – February 29, 2028	6,900,000	6,900,000	130,186	127,340
4.45% Series 13 – May 31, 2029	6,000,000	6,000,000	113,205	110,730
	<b>36,896,100</b>	<b>36,896,100</b>	<b>696,138</b>	<b>680,918</b>
Junior preferred shares, Series 1	8,000,000	8,000,000	150,940	147,640
Junior preferred shares, Series 2	1,800,000	1,800,000	33,962	33,219
Junior preferred shares, Series 3	2,000,000	2,000,000	37,735	36,910
	<b>48,696,100</b>	<b>48,696,100</b>	<b>918,775</b>	<b>898,687</b>
Deferred financing costs <sup>1</sup>	—	—	(9,556)	(12,566)
	<b>48,696,100</b>	<b>48,696,100</b>	<b>\$ 909,219</b>	<b>\$ 886,121</b>

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 the Company’s publicly traded senior preferred shares:

As at (C\$)	Dec. 31, 2023	Dec. 31, 2022
Senior preferred shares		
4.80% Series 8 – September 30, 2024	\$ 24.70	\$ 24.49
4.90% Series 9 – February 28, 2026	\$ 24.09	\$ 23.30
4.70% Series 10 – February 28, 2027	\$ 23.51	\$ 22.10
4.75% Series 11 – October 31, 2025	\$ 24.37	\$ 23.30
4.40% Series 12 – February 29, 2028	\$ 22.59	\$ 21.02
4.45% Series 13 – May 31, 2029	\$ 22.45	\$ 21.25

### **Net Asset Value**

The “net assets per unit” is defined as the fair value of the Brookfield 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 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 8, Series 9, Series 10, Series 11, Series 12 and Series 13 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 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.
- Series 9 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 7 debentures determined by dividing the holder’s aggregate preferred share retraction price by \$25.00.
- Series 10 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 8 debentures determined by dividing the holder’s aggregate preferred share retraction price by \$25.00.
- Series 11 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 9 debentures determined by dividing the holder’s aggregate preferred share retraction price by \$25.00.
- Series 12 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 10 debentures determined by dividing the holder’s aggregate preferred share retraction price by \$25.00.
- Series 13 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 11 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.
- Series 2 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.
- 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 cash.

During the year ended December 31, 2023, there were no senior preferred shares or junior preferred shares retracted.

### **Debentures**

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

- Series 8 The Series 6 debenture will have a principal amount of CAD\$25.00 per debenture and will mature on September 30, 2024. 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.

- Series 9 The Series 7 debenture will have a principal amount of CAD\$25.00 per debenture and will mature on February 28, 2026. Holders of the Series 7 debentures will be entitled to receive quarterly fixed interest payments at a rate of 5.00% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 7 debentures can be redeemed by the Company at any time. The Series 7 debentures may not be retracted.
- Series 10 The Series 8 debenture will have a principal amount of CAD \$25.00 per debenture and will mature on February 28, 2027. Holders of the Series 8 debentures will be entitled to receive quarterly fixed interest payments at a rate of 4.80% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 8 debentures can be redeemed by the Company at any time. The Series 8 debentures may not be retracted.
- Series 11 The Series 9 debenture will have a principal amount of CAD \$25.00 per debenture and will mature on October 31, 2025. Holders of the Series 9 debentures will be entitled to receive quarterly fixed interest payments at a rate of 4.85% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 9 debentures can be redeemed by the Company at any time. The Series 9 debentures may not be retracted.
- Series 12 The Series 10 debenture will have a principal amount of CAD \$25.00 per debenture and will mature on February 29, 2028. Holders of the Series 10 debentures will be entitled to receive quarterly fixed interest payments at a rate of 4.50% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 10 debentures can be redeemed by the Company at any time. The Series 10 debentures may not be retracted.
- Series 13 The Series 11 debenture will have a principal amount of CAD \$25.00 per debenture and will mature on May 31, 2029. Holders of the Series 11 debentures will be entitled to receive quarterly fixed interest payments at a rate of 4.50% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 11 debentures can be redeemed by the Company at any time. The Series 11 debentures may not be retracted.

As at December 31, 2023, there were no debentures outstanding (December 31, 2022 – no debentures outstanding).

### **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 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 \$0.50 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.

- Series 9 May be redeemed by the Company at any time on or after February 28, 2024 and prior to February 28, 2026 (the "Series 9 Redemption Date") at a price which until February 28, 2025 will equal \$25.50 per share plus accrued and unpaid dividends and which will decline by \$0.50 on February 28, 2025. All Series 9 preferred shares outstanding on the Series 9 Redemption Date will be redeemed for a cash amount equal to the lesser of \$25.00 plus any accrued and unpaid dividends, and the Net Asset Value per Unit.

The Company may redeem Class AA, Series 9 senior preferred shares prior to February 28, 2024 for \$26.00 per share plus accrued and unpaid dividends if, and will not redeem Series 9 preferred shares prior to February 28, 2024 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 bid is in the best interest of the holders of the capital shares.

Series 10 May be redeemed by the Company at any time on or after February 28, 2025, and prior to February 28, 2027, (the "Series 10 Redemption Date") at a price which until February 28, 2026, will equal CAD \$25.50 per share plus accrued and unpaid dividends and which will decline by \$0.50 on February 28, 2026. All Class AA Series 10 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 10 senior preferred shares prior to February 28, 2025 for CAD \$26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA, Series 10 senior preferred shares prior to the Series 10 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 11 May be redeemed by the Company at any time on or after October 31, 2023, and prior to October 31, 2025, (the "Series 11 Redemption Date") at a price which until October 31, 2024, will equal CAD \$25.50 per share plus accrued and unpaid dividends and which will decline by \$0.50 on October 31, 2024. All Class AA Series 11 senior preferred shares outstanding on the Series 11 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 11 senior preferred shares prior to October 31, 2023 for CAD \$26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA, Series 11 senior preferred shares prior to the Series 11 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 12 May be redeemed by the Company at any time on or after February 28, 2026, and prior to February 29, 2028, (the "Series 12 Redemption Date") at a price which until February 28, 2027, will equal CAD \$25.50 per share plus accrued and unpaid dividends and which will decline by \$0.50 on February 28, 2027. All Class AA Series 12 senior preferred shares outstanding on the Series 12 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 12 senior preferred shares prior to February 28, 2026 for CAD \$26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA, Series 12 senior preferred shares prior to the Series 12 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 13 May be redeemed by the Company at any time on or after May 31, 2027, and prior to May 31, 2029, (the "Series 13 Redemption Date") at a price which until May 31, 2028, will equal CAD \$25.50 per share plus accrued and unpaid dividends and which will decline by \$0.50 on March 25, 2028. All Class AA Series 13 senior preferred shares outstanding on the Series 13 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 13 senior preferred shares prior to May 31, 2027 for CAD \$26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA, Series 13 senior preferred shares prior to the Series 13 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.
- Series 2 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.
- Series 3 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 of US dollars)	Shares Outstanding		Book Value	
	Dec. 31, 2023	Dec. 31, 2022	Dec. 31, 2023	Dec. 31, 2022
Equity				
Capital shares	<b>48,696,100</b>	48,696,100	<b>\$ 118,088</b>	\$ 118,088
Liability				
Class A voting shares <sup>1</sup>	<b>100</b>	100	<b>\$ —</b>	\$ —

1. As at December 31, 2023, the Class A voting shares have a book value of \$8 (December 31, 2022 – \$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 dividends.

On May 19, 2023, the Company declared and paid a \$50 million dividend distribution on its capital shares (December 31, 2022 – \$114M).

The weighted average number of capital shares/units outstanding during the year ended December 31, 2023 was 48.7 million (December 31, 2022 – 47.3 million).

## 6. MANAGEMENT FEES

The Company's operations are managed by Brookfield Public Securities Group LLC. (the "Investment Manager"), who is entitled to a total management fee of up to 8.33% of ordinary expenses (December 31, 2022 – 8.33%) of the Company. For the year ended December 31, 2023, the Company accrued management fees of \$19 thousand (December 31, 2022 – \$20 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 38-1/3% under Part IV 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 \$31 million (December 31, 2022 – \$28 million) of non-capital losses which expire between 2030 and 2043, and \$5 million (December 31, 2022 – \$9 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 \$5.6 billion (December 31, 2022 – \$4.2 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 Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.

Level 3 Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs used in determining the estimate.

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

As at (Thousands of US dollars)	December 31, 2023			December 31, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Brookfield Corporation	\$ 4,798,811	\$ —	\$ —	\$ 3,762,976	\$ —	\$ —
Brookfield Asset Management Ltd.	1,201,198	—	—	857,315	—	—
	<u>\$ 6,000,009</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 4,620,291</u>	<u>\$ —</u>	<u>\$ —</u>

## 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, 2023 and 2022, due to all counterparties being large financial institutions dealing with the Company's prime brokerage accounts.

### **Market Risk**

#### **a) Foreign Currency Risk**

The Company pays its 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, 2023, 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 \$0.3 million (December 31, 2022 – \$0.3 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 \$60 million (December 31, 2022 – \$46 million), on a pre-tax basis, and will increase or decrease the net assets per unit by \$1.23 (December 31, 2022 – \$0.95).

#### **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.

**d) Liquidity Risk**

The Company's preferred shares expose the Company to liquidity risk to fund dividend obligations. The Company endeavors 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, 2023, are as follows:

<i>(Thousands of US dollars)</i>	Payment Due by Period <sup>1</sup>				
	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
<b>Preferred shares</b>					
Partners Value Split Class AA, Series 8	\$ 113,192	\$ 113,192	\$ –	\$ –	\$ –
Partners Value Split Class AA, Series 9	113,145	–	113,145	–	–
Partners Value Split Class AA, Series 10	113,205	–	–	113,205	–
Partners Value Split Class AA, Series 11	113,205	–	113,205	–	–
Partners Value Split Class AA, Series 12	130,186	–	–	130,186	–
Partners Value Split Class AA, Series 13	113,205	–	–	–	113,205
	<u>\$ 696,138</u>	<u>\$ 113,192</u>	<u>\$ 226,350</u>	<u>\$ 243,391</u>	<u>\$ 113,205</u>
<b>Interest Expense</b>					
Partners Value Split Class AA, Series 8	\$ 4,064	\$ 4,064	\$ –	\$ –	\$ –
Partners Value Split Class AA, Series 9	11,969	5,544	6,425	–	–
Partners Value Split Class AA, Series 10	16,809	5,321	10,642	846	–
Partners Value Split Class AA, Series 11	9,841	5,377	4,464	–	–
Partners Value Split Class AA, Series 12	23,838	5,728	11,456	6,654	–
Partners Value Split Class AA, Series 13	27,260	5,038	10,076	10,076	2,070
	<u>\$ 93,781</u>	<u>\$ 31,072</u>	<u>\$ 43,063</u>	<u>\$ 17,576</u>	<u>\$ 2,070</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 2024, 2026, 2027, 2025, 2028 and 2029 for the Series 8, 9, 10, 11, 12 and 13, respectively.

The Company's contractual obligations related to its senior preferred shares as at December 31, 2022, are as follows:

<i>(Thousands of US dollars)</i>	Payment Due by Period <sup>1</sup>				
	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
<b>Preferred shares</b>					
Partners Value Split Class AA, Series 8	\$ 110,717	\$ –	\$ 110,717	\$ –	\$ –
Partners Value Split Class AA, Series 9	110,671	–	–	110,671	–
Partners Value Split Class AA, Series 10	110,730	–	–	110,730	–
Partners Value Split Class AA, Series 11	110,730	–	110,730	–	–
Partners Value Split Class AA, Series 12	127,340	–	–	–	127,340
Partners Value Split Class AA, Series 13	110,730	–	–	–	110,730
	<u>\$ 680,918</u>	<u>\$ –</u>	<u>\$ 221,447</u>	<u>\$ 221,401</u>	<u>\$ 238,070</u>
<b>Interest Expense</b>					
Partners Value Split Class AA, Series 8	\$ 9,289	\$ 5,314	\$ 3,975	\$ –	\$ –
Partners Value Split Class AA, Series 9	17,131	5,423	10,846	862	–
Partners Value Split Class AA, Series 10	21,643	5,204	10,408	6,031	–
Partners Value Split Class AA, Series 11	14,887	5,260	9,627	–	–
Partners Value Split Class AA, Series 12	28,921	5,603	11,206	11,206	906
Partners Value Split Class AA, Series 13	31,587	4,927	9,854	9,854	6,952
	<u>\$ 123,458</u>	<u>\$ 31,731</u>	<u>\$ 55,916</u>	<u>\$ 27,953</u>	<u>\$ 7,858</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 2024, 2026, 2027, 2025, 2028 and 2029 for the Series 8, 9, 10, 11, 12 and 13 respectively.

## **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, 2023, the capital base managed by the Company consists of equity with a carrying value of \$5.1 billion (December 31, 2022 – \$3.8 billion), and retractable fixed rate preferred shares with a carrying value of \$909 million (December 31, 2022 – \$886 million).

## **11. RELATED-PARTY DISCLOSURE**

The Investment Manager is a subsidiary of Brookfield Corporation ("the Corporation") and manages the investment and trading activities of the Company. Due to the Corporation's ability to control the Company, the Corporation, 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 Investment Manager by the Company.

As at December 31, 2023 and December 31, 2022, Brookfield and its affiliates did not own any interest in the Company. For the year ended December 31, 2023, the Company recognized dividend income of \$33.5 million from Corporation shares (December 31, 2022 – \$1,024 million) and \$38.3 million from Manager shares. Dividend income in the prior year includes a special non-cash distribution of Manager shares valued at \$957 million was received from the Corporation as part of the spin-off of their asset management business on December 9, 2022.

## **12. SUBSEQUENT EVENTS**

On January 26, 2024, the Company declared a dividend in the amount of \$30 million payable on or after January 30, 2024 to the holders of its capital shares.



## CORPORATE INFORMATION

### OFFICERS AND DIRECTORS

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

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

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

**Brian D. Lawson**  
*Director and Chairman*

**Bahir Manios**  
*President*

**Jason Weckwerth**  
*Chief Financial Officer*

**Kathy Sarpash**  
*General Counsel and Secretary*

**Kunal Dusad**  
*Senior Vice President*

1. Member of the Audit Committee
2. Member of the Corporate Governance Committee

### LEGAL COUNSEL

Torys LLP

### STOCK EXCHANGE LISTING

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

Security	TSX Symbol
Class AA Preferred Shares, Series 8	PVS.PR.F
Class AA Preferred Shares, Series 9	PVS.PR.G
Class AA Preferred Shares, Series 10	PVS.PR.H
Class AA Preferred Shares, Series 11	PVS.PR.I
Class AA Preferred Shares, Series 12	PVS.PR.J
Class AA Preferred Shares, Series 13	PVS.PR.K

### 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 100  
P.O. Box 767  
Toronto, Ontario  
M5J 2T3

Telephone: (416) 956-5141  
Email: [ir@pvii.ca](mailto:ir@pvii.ca)  
Website: [www.partnersvaluesplit.com](http://www.partnersvaluesplit.com)

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

#### TSX 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  
(888) 249-6189  
Fax: (888) 249-6189  
Website: <https://www.tsxtrust.com/>  
E-mail: [inquires@tmx.com](mailto:inquires@tmx.com)

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CORP.