PARTNERS VALUE SPLIT CORP.

2014 Annual Report

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 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 annual financial statements and notes thereto for the year ended December 31, 2014.

You can receive a copy of the Company's annual financial statements at your request and at no cost by calling (416) 363-9491, by writing to us at 181 Bay Street, Brookfield Place, Suite 300, P.O. Box 762, Toronto, Ontario M5J 2T3 or by visiting SEDAR at *www.sedar.com*. Security holders may also contact us using one of these methods to request a copy of the Company's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure when that information becomes available.

INVESTMENT OBJECTIVE AND STRATEGIES

The Company's objective is to invest in Class A Limited voting shares ("Brookfield shares") of Brookfield Asset Management Inc. ("Brookfield") which 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").

INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company adopted International Reporting Standards ("IFRS") in 2014, and as a result, certain comparative balances have been restated to conform to current presentation. Please refer to Note 3 in the Company's Annual financial statements for a summary of the IFRS transition and the impact of IFRS on its financial reporting.

YEAR-END CHANGE

In the prior year, the Company changed its fiscal year end from September 30th to December 31st. This management report on fund performance has been prepared for the new annual year of January 1, 2014 to December 31, 2014. Comparative balances presented in the report as a result of the year-end change are in accordance with the requirements of NI 81-106.

RISKS

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

(a) Interest Rate Fluctuations

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

(b) Fluctuations in Value of Brookfield Shares

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

(c) Foreign Currency Exchange Fluctuations

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

RESULTS OF OPERATIONS

Total assets at December 31, 2014 were $3,108 million compared to $2,191 million as at December 31, 2013. The increase in total assets was the result of an increase in the market value of the Company's Brookfield shares which at December 31, 2014, were equal to $3,095 million compared to $2,191 million at December 31, 2013, based on a Brookfield share price of $58.22 (December 31, 2013 - $41.22).

The Company's net assets as at December 31, 2014, were equal to $2,348 million, an increase from $1,501 million at December 31, 2013, which was primarily the result of the increase in the market value of the Brookfield shares.

The Company's net assets on a per unit basis, which consists of one capital share and one preferred share, at December 31, 2014 was $101.23 compared to $79.08 at December 31, 2013. The increase in net assets per unit was driven primarily by the increase in the market value of the Company's Brookfield shares.

The Company paid total dividends during the year ended December 31, 2014 of $26 million to the holders of the senior preferred shares, $nil to the holders of its junior preferred shares, and $69 million to the holders of the capital shares (December 31, 2013 - $7 million, $2 million, and $nil, respectively).

In July 2014, the Company completed a preferred share offering and issued $200 million of Class AA Preferred Shares, Series 6. The proceeds from the offering were used to redeem $125 million of Class AA Preferred Shares, Series 4 which also matured in July 2014.

RELATED-PARTY TRANSACTIONS

The Company's operations are managed by Brookfield who are entitled to a management fee of up to 10% of ordinary expenses of the Company. For the year ended December 31, 2014, the Company paid management fees of $30,000 (December 31, 2013 – $8 thousand) plus applicable sales taxes.

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 years and is presented in accordance with NI 81-106. This information is derived from the Company's audited financial statements.

	For the years ended					
	Dec. 31, 2014	Dec. 31, 2013[1,2]	Sept. 30, 2013[2]	Sept. 30, 2012[3]	Sept. 30, 2011[3]	Sept.30, 2010[3]
Net assets per unit, beginning of year	**$ 79.08**	$ 73.93	$ 65.03	$ 78.15	$ 104.97	$ 88.05
Share issuance proceeds (net of costs)	**6.29**	—	—	—	6.45	—
Share redemption and retraction	**(4.07)**	—	—	—	—	—
Capital subscription	**—**	0.03	—	—	—	—
Net assets (dilution) anti-dilution[4]	**(9.02)**[4]	—	0.06	(23.60)[4]	(26.62)[4]	—
Increase (decrease) from operations:						
Total revenue	**1.37**	0.30	1.12	1.15	1.46	1.96
Total expenses[5]	**(0.06)**	(0.01)	(0.07)	(0.08)	(0.02)	(0.03)
Realized and unrealized gains (losses)	**30.89**	5.15	11.34	10.44	(0.23)	16.95
Total increase from operations[6]	**32.20**	5.44	12.39	11.51	1.21	18.88
Distributions[6]:						
From interest and dividends	**(3.25)**[7]	(0.32)	(3.55)[8]	(1.03)	(7.86)[9]	(1.96)
Total distributions	**(3.25)**	(0.32)	(3.55)	(1.03)	(7.86)	(1.96)
Net assets per unit, end of year	**$ 101.23**	$ 79.08	$ 73.93	$ 65.03	$ 78.15	$ 104.97
Net asset value per unit, end of year	**$ 101.23**	$ 79.08	$ 73.93	$ 65.03	$ 78.16	$ 104.97

1 Represents the three-month transition year as a result of changing the Company's year end from September 30 to December 31.
2 IFRS presentation.
3 Canadian GAAP presentation.
4 Dilution occurred as a result of the subdivision of capital shares followng the issuance of the Series 6 senior preferred shares in July 2014 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 2012 and 2011 following the issuance of Junior preferred shares and Class AA preferred shares, respectively.
5 Total expenses net of non-cash preferred share issuance cost amortization.
6 Net assets and distributions are based on the actual number of units outstanding over the year. The increase from operations is based on the weighted average number of units outstanding over the year.
7 Includes a special distribution of the proceeds received on issuance of the Class AA Series 6 senior preferred shares to holders of the Company's capital shares.
8 Includes a special dividend of Brookfield Property Partners Limited Partnership units to holders of the Company's capital shares.
9 Includes a special distribution of the proceeds received on issuance of the Class AA Series 5 senior preferred shares to holders of the Company's capital shares.

(Thousands, except per share amounts)	**Dec. 31, 2014**	Dec. 31, 2013[1,2]	Sept. 30, 2013[2]	Sept. 30, 2012[3]	Sept. 30, 2011[3]	Sept. 30, 2010[3]
	As at and for the years ended					
Total assets	**$ 3,108,228**	$ 2,191,464	$ 2,048,844	$ 1,802,162	$ 1,540,706	$ 1,547,354
Net assets	**$ 2,348,289**	$ 1,501,338	$ 1,359,110	$ 1,113,857	$ 1,054,072	$ 1,181,011
Number of units outstanding	**30,705**	27,708	27,711	27,713	19,713	14,713
Management expense ratio (excluding dividends on senior preferred shares and issue costs)	**0.0%**	0.0%	0.0%	0.0%	0.0%	0.0%
Management expense ratio (including dividends on senior preferred shares and issue costs)	**1.2%**	0.5%	2.0%	2.5%	2.6%	1.9%
Redemption price of senior preferred shares						
Class AA Series 1[4]	**25.50**	25.75	25.75	26.00	26.00	26.00
Class AA Series 3[5]	**26.00**	26.00	26.00	26.00	N/A	N/A
Class AA Series 5[6]	**N/A**	N/A	N/A	N/A	N/A	N/A
Class AA Series 6[7]	**N/A**	N/A	N/A	N/A	N/A	N/A
Redemption price of junior preferred shares						
Class AA Series 1	**25.00**	25.00	25.00	25.00	N/A	N/A

1 Represents the three month transition year as a result of changing the Company's year end from September 30 to December 31.
2 IFRS presentation.
3 Canadian GAAP presentation.
4 Redemption period commenced on March 25, 2009.
5 Redemption period commenced on January 10, 2012.
6 Redemption period commences on December 10, 2015.
7 Redemption period commences on October 8, 2021.

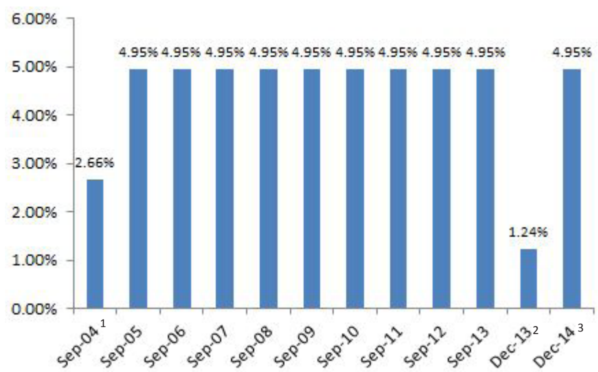
PAST PERFORMANCE

Period by Period Returns

The following charts show the Company's annual performance of its Class AA Series 1, Series 3, Series 5, and Series 6 senior preferred shares since issuance for the year ended December 31, 2014, 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.

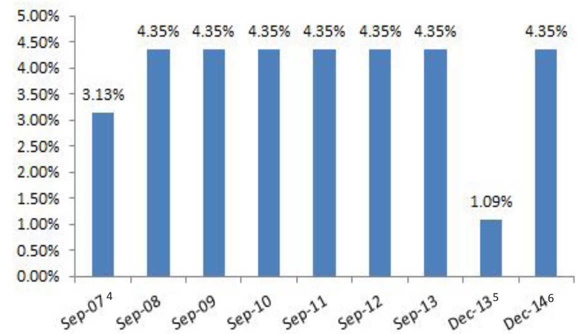
The Series 1 junior preferred shares, pay a non-cumulative quarterly dividend at an annual rate of 5%.

Class AA Series 1 Preferred Shares
For the years ending



1. Reflects the period from March 25, 2004 to September 30, 2004.
2. Reflects the period from October 1, 2013 to December 31, 2013.
3. Reflects the period from January 1, 2014 to December 31, 2014.

Class AA Series 3 Preferred Shares
For the years ending

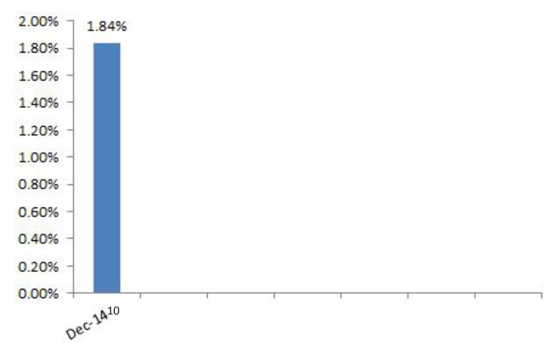


4. Reflects the period from January 10, 2007 to September 30, 2007.
5. Reflects the period from October 1, 2013 to December 31, 2013.
6. Reflects the period from January 1, 2014 to December 31, 2014.

Class AA Series 5 Preferred Shares
For the years ending

7. Reflects the period from December 10, 2010 to September 30, 2011.
8. Reflects the period from October 1, 2013 to December 31, 2013.
9. Reflects the period from January 1, 2014 to December 31, 2014.

Class AA Series 6 Preferred Shares
For the years ending



10. Reflects the period from July 4, 2014 to December 31, 2014.

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 1 – March 25, 2016[1]	4.95%	4.95%	4.95%	4.95%	4.95%
Ten-year Government of Canada Bonds – June 1, 2015	4.50%	4.50%	4.50%	4.50%	4.50%
Preferred Shares Class AA Series 3 – January 10, 2019[2]	4.35%	N/A	4.35%	4.35%	4.35%
Ten-year Government of Canada Bonds – June 1, 2018	4.25%	N/A	4.25%	4.25%	4.25%
Preferred Shares Class AA Series 5 – December 10, 2017[3]	4.85%	N/A	N/A	4.85%	4.85%
Seven-year Government of Canada Bonds – June 1, 2017	4.00%	N/A	N/A	4.00%	4.00%
Preferred Shares Class AA Series 6 – October 8, 2021[4]	1.84%	N/A	N/A	N/A	N/A
Seven-Year Government of Canada Bonds – June 1, 2021	1.61%	N/A	N/A	N/A	N/A

1 The Class AA Series 1 preferred shares were issued on March 25, 2004.
2 The Class AA Series 3 preferred shares were issued on January 10, 2007.
3 The Class AA Series 5 preferred shares were issued on December 10, 2010.
4. The Class AA Series 6 preferred shares were issued on July 4, 2014.

Contractual Obligations

The Company's contractual obligations related to its senior preferred shares as of December 31, 2014 are:

		Payment Due By Period			
(Thousands)	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Class AA, Series 1[1]	$ 51,861	$ —	$ 51,861	$ —	$ —
Class AA, Series 3[2]	190,777	—	—	190,777	—
Class AA, Series 5[3]	124,975	—	124,975		—
Class AA, Series 6[4]	200,000	—	—	—	200,000
Dividend expense related to:					
Class AA, Series 1	$ 3,392	$ 2,567	$ 825	$ —	$ —
Class AA, Series 3	34,128	8,299	16,598	9,231	—
Class AA, Series 5	18,349	6,061	12,288	—	—
Class AA, Series 6	61,687	9,000	18,000	18,000	16,687

1 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in cash.
2 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures of the Company due 2019.
3 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures of the Company due 2017.
4 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures of the Company due 2021.

INVESTMENT PORTFOLIO

The investment in the Brookfield shares, the associated costs and the fair values as at December 31, 2014 and December 31, 2013, are as follows:

	Number of Shares		Cost		Fair Value	
(Thousands)	**Dec. 31, 2014**	Dec. 31, 2013	**Dec. 31, 2014**	Dec. 31, 2013	**Dec. 31, 2014**	Dec. 31, 2013
Brookfield Class A Limited voting shares	**53,161**	53,161	**$ 691,423**	$ 691,423	**$ 3,095,013**	$ 2,191,281

On a per share basis, the fair value of the Brookfield shares was $58.22 on December 31, 2014 versus $41.22 on December 31, 2013.

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 pages 9 through 22 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.

Toronto, Canada
March 27, 2015

Edward C. Kress
President

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, 2014, December 31, 2013, September 30, 2013, and October 1, 2012 and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2014 and September 30, 2013 and the three months ended December 31, 2013 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, 2014, December 31, 2013, September 30, 2013 and October 1, 2012, and its financial performance and its cash flows for the years ended December 31, 2014 and September 30, 2013 and the three months ended December 31, 2013 in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

Toronto, Canada
March 27, 2015

Statements of Financial Position

As at *(Thousands, except per unit amounts)*	Note	**December 31, 2014**	December 31, 2013[1]	September 30, 2013[1]	October 1, 2012[1]
Assets					
Cash and cash equivalents		**$ 13,198**	$ 53	$ 33	$ 16
Investment portfolio	4	**3,095,013**	2,191,281	2,048,811	1,802,146
Accounts receivable and other		**17**	130	—	—
Total assets		**$ 3,108,228**	$ 2,191,464	$ 2,048,844	$ 1,802,162
Liabilities					
Accounts payable		**77**	135	53	46
Debentures	5	**—**	79	54	—
Preferred shares	5	**759,862**	689,912	689,627	688,259
Total liabilities		**759,939**	690,126	689,734	688,305
Net assets		**$ 2,348,289**	$ 1,501,338	$ 1,359,110	$ 1,113,857
Shareholder's equity					
Capital shares	6	**$ 181,091**	$ 181,091	$ 180,244	$ 180,244
Retained earnings		**2,167,198**	1,320,247	1,178,866	933,613
Total shareholder's equity		**$ 2,348,289**	$ 1,501,338	$ 1,359,110	$ 1,113,857
Number of units outstanding		**30,705**	27,708	27,711	27,713
Net assets value per capital share		**$ 76.48**	$ 54.18	$ 49.04	$ 40.19
Book value per preferred share		**24.75**	24.90	24.89	24.84
Net assets per unit		**$ 101.23**	$ 79.08	$ 73.93	$ 65.03

1 See Note 3.

On behalf of the Board,

Edward C. Kress
Director and President

Brian D. Lawson
Director

Statements of Comprehensive Income

For the years ended (Thousands, except per share amounts)	Note	**December 31, 2014**	December 31, 2013[1,2]	September 30, 2013[1]
Income				
Dividend income		**$ 39,984**	$ 8,327	$ 31,140
Interest and other income		**158**	10	21
		40,142	8,337	31,161
Expenses				
Listing fees		**(121)**	(45)	(101)
Transfer agent fees		**(71)**	(11)	(58)
Directors fees		**(37)**	(9)	(38)
Legal and audit fees		**(65)**	(44)	(54)
Management fees	7	**(34)**	(8)	(30)
Rating fees		**(17)**	(17)	(15)
Custodial fees		**(16)**	—	(16)
Income tax		**—**	—	(72)
Administrative fees and other		**(21)**	(3)	(19)
		(382)	(137)	(403)
Income available for distribution		**39,760**	8,200	30,758
Dividends and interest paid on senior preferred shares and debentures		**(26,097)**	(6,500)	(26,000)
Income available for distribution to junior preferred and capital shares		**13,663**	1,700	4,758
Amortization of share issuance costs		**(1,443)**	(354)	(1,421)
Dividends paid on junior preferred shares		**—**	(2,435)	(4,750)
Income available for distribution to capital shares		**12,220**	(1,089)	(1,413)
Change in realized and unrealized value of investment		**903,731**	142,470	314,163
Comprehensive income		**$ 915,951**	$ 141,381	$ 312,750
Comprehensive income per share[3]		**$ 29.83**	$ 5.10	$ 11.29

1 See Note 3.
2 Represents the three-month transition year as a result of changing the Company's year end from September 30 to December 31.
3 Based on weighted average number of capital shares outstanding disclosed in Note 11.

Statements of Changes in Equity

For the year ended December 31, 2014 *(Thousands)*	Capital Shares	Retained Earnings	Total
Balance, beginning of period	$ 181,091	$ 1,320,247	$ 1,501,338
Comprehensive income	—	915,951	915,951
Capital transactions			
Dividends paid to Capital shareholders	—	(69,000)	(69,000)
Balance, end of period	$ 181,091	$ 2,167,198	$ 2,348,289

For the year ended December 31, 2013[1,2] *(Thousands)*	Capital Shares	Retained Earnings	Total
Balance, beginning of period	$ 180,244	$ 1,178,866	$ 1,359,110
Comprehensive income	—	141,381	141,381
Capital transactions			
Capital subscription	847	—	847
Balance, end of period	$ 181,091	$ 1,320,247	$ 1,501,338

For the year ended September, 2013[1] *(Thousands)*	Capital Shares	Retained Earnings	Total
Balance, beginning of period	$ 180,244	$ 933,613	$ 1,113,857
Comprehensive income	—	312,750	312,750
Capital transactions			
Dividend paid to Capital shareholders	—	(67,497)	(67,497)
Balance, end of period	$ 180,244	$ 1,178,866	$ 1,359,110

1 See Note 3.
2 Represents the three-month transition year as a result of changing the Company's year end from September 30 to December 31.

Statements of Cash Flows

For the years ended (Thousands)	**December 31, 2014**	December 31, 2013[1,2]	September 30, 2013[1]
Cash flow from operating activities			
Income available for distribution	**$ 39,760**	$ 8,200	$ 30,758
Add (deduct) non-cash items:			
Net change in working capital	**56**	(92)	9
	39,816	8,108	30,767
Cash flow used in financing activities			
Dividends and interest paid on preferred shares and debentures	**(26,097)**	(8,935)	(30,750)
Dividends paid on capital shares	**(69,000)**	—	—
Redemption of preferred shares and debentures	**(125,169)**	—	—
Preferred share issuance	**193,595**	—	—
Capital subscription	—	847	—
	(26,671)	(8,088)	(30,750)
Cash and cash equivalents			
Increase in cash and cash equivalents	**13,145**	20	17
Cash and cash equivalents balance, beginning of period	**53**	33	16
Cash and cash equivalents balance, end of period	**$ 13,198**	$ 53	$ 33

Supplemental Cash Flow Information

For the years ended (Thousands)	**December 31, 2014**	December 31, 2013[1,2]	September 30, 2013[1]
Cash interest and dividends received	**$ 40,142**	$ 8,337	$ 31,161
Retractable preferred share dividends paid	**(26,097)**	(8,935)	(30,750)

1 See Note 3.
2 Represents the three-month transition year as a result of changing the Company's year end from September 30 to December 31.

Notes to the Financial Statements

1. BUSINESS OPERATIONS

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

2. SIGNIFICANT ACCOUNTING POLICIES

(I) Statement of Compliance and Basis of Presentation

These annual financial statements of the Company represent the first annual financial statements prepared in compliance with International Financial Reporting Standards ("IFRS") and IFRS 1 First-Time Adoption ("IFRS 1"), as issued by the International Accounting Standards Board ("IASB").

As these annual financial statements are the Company's first financial statements prepared using IFRS, certain disclosures that were not included in the Company's most recent annual financial statements prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP") have been included in these financial statements for the comparative annual period.

The Company changed its year end from September 30th to December 31st in the prior year. As a result, comparative periods for the years ended December 31, 2013 and September 30, 2013 are presented in accordance with the requirements of National Instrument 81-106 and IFRS for entities who have changed their fiscal year end.

These financial statements were authorized for issuance by the Board of Directors of the Company on March 26, 2015.

(II) Adoption of IFRS

The Company adopted IFRS in 2014 and is effective as of October 1, 2012. Previously, the Company prepared its financial statements in accordance with Part V of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook. Further details regarding the Company's transition to IFRS can be found in Note 3.

(III) Accounting Policies

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

(a) 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.

(b) 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").

(c) Preferred Shares
The Company's issued preferred shares are measured at amortized cost and are classified as other liabilities.

(d) Deferred Financing Costs
Deferred issue costs were incurred in connection with the issuance of the retractable preferred shares and are amortized using the effective interest rate method.

(e) Revenue Recognition
Dividend income is recognized on the ex-dividend date and interest income is recognized as earned.

(f) Other Assets and Liabilities

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

(g) 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.

(h) 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.

(i) Foreign Currency Translation

The Company considers the Canadian dollar to be its functional currency as it is the currency of the primary economic environment in which the Company operates. Accordingly, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates in effect at the end of the reporting period and non-monetary assets and liabilities at the exchange rates in effect at the time of acquisition or issue. Revenues and expenses are translated at rates approximating the exchange rates in effect at the time of the transactions.

(j) 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:

Financial Instruments

The critical assumptions and estimates used in determining the fair value of financial instruments are: equity prices, future interest rates and estimated future cash flows.

(IV) Future Changes in Accounting Standards

IFRS 9, *Financial Instruments* ("IFRS 9") was issued by the IASB on November 12, 2009 (with the final IFRS 9 issued in July 2014) and will replace IAS 39, Financial *Instruments: Recognition and Measurement* ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company has not yet determined the impact of IFRS 9 on its financial statements.

3. IFRS TRANSITION

The Company adopted IFRS in 2014 and is effective as of October 1, 2012. The Company prepared its opening IFRS statement of financial position as of that date.

The Company previously prepared its financial statements in accordance with Canadian GAAP for all periods up to and including December 31, 2013. These annual financial statements for the year ending December 31, 2014 are the Company's first annual financial statements that have been prepared in accordance with IFRS. This note explains the impact of the Company's transition to IFRS.

(I) Elected Exemptions from Full Retrospective Application

These annual financial statements have been prepared in accordance with IFRS 1. IFRS 1 permits certain optional exemptions from full retrospective application of IFRS. The Company has elected to use the optional exemption that permits it to designate a financial asset or liability as FVTPL at the date of transition. The Company has designated its investment in Brookfield shares as FVTPL. There was no impact to the value of the Brookfield shares in prior periods as a result of the exemption.

(II) Mandatory Exceptions to Retrospective Application

In preparing these financial statements in accordance with IFRS 1, the Company has applied certain mandatory exceptions from full retrospective application of IFRS. The mandatory exceptions applied from full retrospective application of IFRS are described below:

Estimates
The estimates previously made by the Company under Canadian GAAP are consistent with their application under IFRS.

(III) Significant Differences Between IFRS and Canadian GAAP

IFRS are premised on a conceptual framework similar to Canadian GAAP, however, significant differences exist in certain matters of recognition, measurement and disclosure. The adoption of IFRS has no impact on the cash flows generated by the Company, however, the adoption of IFRS resulted in the following changes to the reported financial position and results of operations:

Fair Value of FVTPL Securities
Under Canadian GAAP, the fair value of the Company's Brookfield shares were required to be determined with reference to a Bid or Ask price, as appropriate. Under IFRS, the Company has elected to determine the fair value of the Brookfield shares with reference to the quoted market price at the close of trading on the reporting date. This resulted in certain restatements of comparative balances.

Voting Shares and Capital Shares
Under Canadian GAAP, the Company's issued voting shares and capital shares were classified as equity. Under IFRS, the Company's issued voting shares are classified as financial liabilities due to their redemption features whereas the Company's capital shares are classified as equity due to their claim on the net assets of the Company. This resulted in certain presentation differences in the financial statements.

(IV) Reconciliation of Equity as Reported Under Canadian GAAP to IFRS

The following is a reconciliation of the Company's equity reported in accordance with Canadian GAAP to its equity in accordance with IFRS:

As at *(Thousands)*	Dec. 31, 2013	Sep. 30, 2013	Oct. 1, 2012
Equity as reported under Canadian GAAP	$ 1,494,959	$ 1,359,110	$ 1,113,857
Fair value adjustment of FVTPL investments	6,379	—	—
Equity as reported under IFRS	$ 1,501,338	$ 1,359,110	$ 1,113,857

(V) Reconciliation of Comprehensive Income as Reported Under Canadian GAAP to IFRS

The following is a reconciliation of the Company's results of investment operations reported in accordance with Canadian GAAP to its comprehensive income in accordance with IFRS:

For the years ended *(Thousands)*	Dec. 31, 2013	Sept. 30, 2013
Results of investment operations as reported under Canadian GAAP	$ 135,002	$ 312,750
Fair value adjustment of FVTPL investments	6,379	—
Comprehensive income as reported under IFRS	$ 141,381	$ 312,750

4. INVESTMENT PORTFOLIO

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

	Number of Shares				Cost				Fair Value			
As at (Thousands)	**Dec. 31, 2014**	Dec. 31, 2013	Sep. 30, 2013	Oct. 1, 2012	**Dec. 31, 2014**	Dec. 31, 2013	Sep. 30, 2013	Oct. 1, 2012	**Dec. 31, 2014**	Dec. 31, 2013	Sep. 30, 2013	Oct. 1, 2012
Brookfield shares	**53,161**	53,161	53,161	53,161	**$ 691,423**	$ 691,423	$ 691,423	$ 715,234	**$ 3,095,013**	$ 2,191,281	$ 2,048,811	$ 1,802,146

On a per share basis, the fair value of the Brookfield shares was $58.22 on December 31, 2014 (December 31, 2013 – $41.22; September 30, 2013 - $38.54; October 1, 2012 – $33.90).

5. PREFERRED SHARES

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

Holders of the senior and junior preferred shares are not entitled to vote at meetings of shareholders of the Company other than meetings of holders of the senior or junior preferred shares.

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

	Issued and Outstanding							
As at (Thousands)	**Dec. 31, 2014**	Dec. 31, 2013	Sep. 30, 2013	Oct. 1, 2012	**Dec. 31, 2014**	Dec. 31, 2013	Sep. 30, 2013	Oct. 1, 2012
Senior preferred shares								
4.95% Class AA, Series 1	**2,074**	2,074	2,076	2,076	**$ 51,861**	$ 51,861	$ 51,905	$ 51,905
4.35% Class AA, Series 3	**7,631**	7,637	7,637	7,637	**190,777**	190,920	190,920	190,920
7.25% Class AA, Series 4	—	4,998	4,998	5,000	—	124,946	124,946	125,000
4.85% Class AA, Series 5	**4,999**	4,999	5,000	5,000	**124,975**	124,975	125,000	125,000
4.50% Class AA, Series 6	**8,000**	—	—	—	**200,000**	—	—	—
	22,704	19,708	19,711	19,713	**567,613**	492,702	492,771	492,825
Junior preferred shares, Series 1	**8,000**	8,000	8,000	8,000	**200,000**	200,000	200,000	200,000
	30,704	27,708	27,711	27,713	**767,613**	692,702	692,771	692,825
Deferred financing costs					**(7,751)**	(2,790)	(3,144)	(4,566)
					$ 759,862	$ 689,912	$ 689,627	$ 688,259

The fair values of the Class AA Series 1, Series 3, Series 4, Series 5 and Series 6 senior preferred shares based on quoted market prices as at December 31, 2014 were $25.43, $25.30, $nil, $25.85 and $24.71 per share (December 31, 2013, were $25.31, $24.25, $25.30, $25.32 and $nil; September 30, 2013 were $25.11, $24.05, $25.51, $25.00 and $nil; October 1, 2012, were $25.45, $24.10, $26.51, $25.05 and $nil), respectively.

As at December 31, 2014, there were $nil debentures outstanding (December 31, 2013 - $54 thousand Series 2 debentures and $25 thousand Series 5 debentures; September 30, 2013 - $54 thousand Series 2 debentures; October 1, 2012 – $nil).

In July 4, 2014, the Company issued 8,000,000 Class AA Preferred Shares, Series 6. The net proceeds of the offering were used to redeem the Company's 4,994,850 Class AA Preferred Shares, Series 4 on July 9, 2014.

In April 2014, 3,400 Class AA Series 3 senior preferred shares were retracted for Series 1 Debentures.

In January 2014, 2,300 Class AA Series 3 senior preferred shares were retracted for Series 1 debentures and 3,000 Class AA Series 4 senior preferred shares were retracted for Series 2 debentures.

In November 2013, 1,780 Class AA Series 1 senior preferred shares were retracted for cash and 1,000 Class AA Series 5 senior preferred shares were retracted for Series 3 debentures.

In February 2013, 2,150 Class AA Series 4 senior preferred shares were retracted for Series 2 debentures

Redemption and Retraction

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 1, Series 3, Series 5, and Series 6 senior preferred shares will not be treated as liabilities for purposes of determining net assets per unit.

Class AA Series 1 Senior Preferred Shares

Class AA Series 1 senior preferred shares may be surrendered for retraction at any time. The Class AA Series 1 preferred share Retraction Price will be equal to the lesser of: (i) 95% of net assets per unit; and (ii) $25.00 less 5% of the net assets per unit, in either case less $1.00.

Class AA Series 1 senior preferred shares may be redeemed by the Company at any time prior to March 25, 2016 (the “Series 1 Redemption Date”) at a price which until March 25, 2013 will equal $26.00 per share plus accrued and unpaid dividends and which will decline by $0.25 each year thereafter to be equal to $25.00 on the Series 1 Redemption Date. All Class AA Series 1 preferred shares outstanding on the Series 1 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 assets per unit.

Class AA Series 3 Senior Preferred Shares

Class AA Series 3 senior preferred shares may be surrendered for retraction at any time. The Class AA Series 3 Retraction Price will be 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 Retraction Price by $25.00.

Class AA Series 3 senior preferred shares 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 $26.00 per share plus accrued and unpaid dividends and which will decline by $0.25 each year thereafter to be equal to $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 $25.00 plus accrued and unpaid dividends, and the net assets per unit.

Class AA Series 5 Senior Preferred Shares

Class AA Series 5 senior preferred shares may be surrendered for retraction any time. The Class AA Series 5 Retraction Price will be equal to the lesser of: (i) net assets per unit; and (ii) $25.00. Retraction consideration will be a number of Series 3 debentures determined by dividing the holder’s aggregate preferred share Retraction Price by $25.00.

Class AA Series 5 senior preferred shares may be redeemed by the Company at any time on or after December 10, 2015 and prior to December 10, 2017 (the “Series 5 Redemption Date”) at a price which until December 10, 2016 will equal $25.50 per share plus accrued and unpaid dividends and which will decline by $0.25 each year thereafter to be equal to $25.00 on the Series 5 Redemption Date. All Class AA Series 5 senior preferred shares outstanding on the Series 5 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 assets per unit.

The Company may redeem Class AA Series 5 senior preferred shares prior to December 10, 2015 for $26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA Series 5 senior preferred shares prior to the Series 5 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.

Class AA Series 6 Senior Preferred Shares

Class AA Series 6 preferred shares may be surrendered for retraction at any time. The Class AA Series 6 Retraction price will be 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.

Class AA Series 6 senior preferred shares 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 December 8, 2020 will equal $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 $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 $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 1 Junior Preferred Shares

The Series 1 junior preferred shares may be surrendered for retraction at any time. The Series 1 junior preferred share Retraction Price will be equal to the lessor of: (i) net assets per unit; and (ii) $25.00.

The Series 1 junior preferred shares may be redeemed by the Company at any time for $25.00 per share plus all dividends declared and unpaid up to the redemption date.

Series 1 Debentures

The Series 1 debentures will have a principal amount of $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 3 Debentures

The Series 3 debenture will have a principal amount of $25.00 per debenture and will mature on December 10, 2017. Holders of the Series 3 debentures will be entitled to receive quarterly fixed interest payments at a rate of 4.95% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 3 debentures can be redeemed by the Company at any time. The Series 3 debentures may not be retracted.

Series 4 Debentures

The Series 4 debenture will have a principal amount of $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.

6. SHARE CAPITAL

The Company is authorized to issue an unlimited number of capital shares.

The issued and outstanding share capital consists of:

	Issued and Outstanding			
As at	**Dec. 31, 2014**	Dec. 31, 2013	Sep. 30, 2013	Oct. 1, 2012
Equity[1]				
Capital shares	**30,704,520**	27,708,070	27,710,850	27,713,000
Liability[1]				
Class A voting shares	**100**	100	100	100

1 Presentation and classification of share capital in accordance with IAS 32.

	Issued and Outstanding			
As at	**Dec. 31, 2014**	Dec. 31, 2013	Sep. 30, 2013	Oct. 1, 2012
Equity[1]				
Capital shares	**$ 181,091,363**	$ 181,091,363	$ 180,244,098	$ 180,244,098
Liability[1]				
Class A voting shares	**100**	100	100	100
	$ 181,091,463	$ 181,091,463	$ 180,244,198	$ 180,244,198

1 Presentation and classification of share capital in accordance with IAS 32.

In July 2014, 4,994,850 Class AA Series 4 senior preferred shares were redeemed and accordingly, the capital shares were consolidated to match the number of preferred shares outstanding.

In July 2014, 8,000,000 Class AA Series 6 senior preferred shares were issued and, accordingly captial shares were subdivided to match the number of preferred shares outstanding.

In April 2014, 3,400 Class AA Series 3 senior preferred shares were retracted and, accordingly, the capital shares were consolidated to match the number of preferred shares outstanding.

In January 2014, 2,300 Class AA Series 3 and 3,000 Class AA Series 4 senior preferred shares were retracted and, accordingly, the capital shares were consolidated to match the number of preferred shares outstanding.

On December 31, 2013, the holder of the Company's Class A voting shares and capital shares, Partners Value Fund Inc., subscribed for additional capital shares in the Company for $847 thousand. The number of capital shares were then consolidated to match the number of preferred shares outstanding.

In November 2013, 1,780 Class AA Series 1 and 1,000 Class AA Series 5 senior preferred shares were retracted and, accordingly, the capital shares were consolidated to match the number of preferred shares outstanding.

In February 2013, 2,150 Class AA Series 4 senior preferred shares were retracted and, accordingly, the capital shares were consolidated to match the number of preferred shares outstanding.

Holders of capital shares are entitled to receive dividends as declared by the Board of Directors of the Company. The Board of Directors of the Company has indicated that its policy is to pay dividends, if and to the extent that the dividends received on the portfolio shares, less the administrative and operating expenses of the Company, exceed the preferred share dividends. During the fiscal year ended December 31, 2014, the Company declared and paid dividends in the amount of $69 million (December 31, 2013 – $nil; September 30, 2013 - $67.5 million) to the holders of its capital shares.

If the Company undertakes any future issuance 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.

Capital shares may be surrendered for retraction at any time upon delivery of a retraction notice. The capital share retraction price is equal to the amount by which 95% of the net assets per unit calculated as at the applicable valuation date, less $1.00, exceeds the preferred share redemption price on such date.

If any capital shares are retracted, the Company will, as necessary and subject to applicable laws, redeem or purchase for cancellation in the open market preferred shares in order to ensure that the number of preferred shares or any classes or series outstanding equals the number of capital shares outstanding.

Capital shares may be redeemed by the Company at any time at a price equal to the amount, if any, by which the net assets per unit exceeds the preferred share redemption price of all outstanding classes and series.

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.

7. RELATED-PARTY TRANSACTIONS

The Company's operations are managed by Brookfield and its subsidiary, which is entitled to a management fee of up to 10% of ordinary expenses of the Company. For the fiscal year ended December 31, 2013, the Company paid management fees of $30 thousands (December 31, 2013 - $8 thousands; September 30, 2013 - $30 thousands) plus applicable taxes.

8. INCOME TAXES

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 $12 million (December 30, 2013 - $9 million; September 30, 2013 - $9 million) of non-capital losses which expire between 2030 and 2034, and $7 million (December 31, 2013 - $2 million; September 30, 2013 - $3 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 $2,579 million (December 31, 2013 - $1,675 million; September 30, 2013 - $1,533 million).

9. FINANCIAL INSTRUMENTS

The Company's investment portfolio in Brookfield shares is carried at their fair values. Cash and cash equivalents, accounts receivable, accounts payable and the Company's preferred shares are classified as other financial assets and liabilities which are accounted for at amortized cost using the effective interest method and approximate fair value.

All financial instruments measured at fair value are classified into one of three levels that distinguish fair value measurements by the significance of the inputs used for valuation.

Level I – quoted prices available in active markets for identical investments as of the reporting date.

Level II – 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 III – 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.

The Company's investment in the Brookfield shares has been classified as a Level I financial instrument and, as such, fair value has been determined by reference to the quoted close price as of the valuation date.

There were no changes made to the financial instrument classifications and no transfers in and out of levels during the fiscal year ended December 31, 2014; December 31, 2013; and September 30, 2013.

10. RISK MANAGEMENT

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

Foreign Currency Risk

Brookfield declares dividends in U.S. dollars, which are then converted to Canadian dollars for distribution to Canadian shareholders, including the Company. During the fiscal period ended December 31, 2014, a $0.01 appreciation or depreciation in the U.S. dollar relative to the Canadian dollar, all else being equal, would have increased or decreased income available for distribution by $0.4 million (December 31, 2013 – $0.1 million; September 30, 2013 - $0.3 million) related to the Brookfield shares dividends.

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 $31 million (December 31, 2013 – $22 million; September 30, 2013 - $21 million; October 1, 2012 - $18 million), on a pre-tax basis, and will increase or decrease the net assets per unit by $1.01 (December 31, 2013 – $0.79; September 30, 2013 - $0.74; October 1, 2012 - $0.65).

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.

Credit Risk

The Company has no material counterparty risk as at December 31, 2014; December 31, 2013; September 30, 2013; or October 1, 2012.

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.

Contractual Obligations

The Company's contractual obligations related to its senior preferred shares as at December 31, 2014 are:

		Payment Due By Period			
Thousands	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Class AA, Series 1[1]	$ 51,861	$ —	$ 51,861	$ —	$ —
Class AA, Series 3[2]	190,777	—	—	190,777	—
Class AA, Series 5[3]	124,975	—	124,975	—	—
Class AA, Series 6[4]	200,000	—	—	—	200,000
Dividend expense related to:					
Class AA, Series 1	$ 3,392	$ 2,567	$ 825	$ —	$ —
Class AA, Series 3	34,128	8,299	16,598	9,231	—
Class AA, Series 5	18,349	6,061	12,288	—	—
Class AA, Series 6	61,687	9,000	18,000	18,000	16,687

1 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in cash.

2 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures of the Company due 2019.

3 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures of the Company due 2017.

4 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures of the Company due 2021.

The Company's contractual obligations related to its senior preferred shares as at December 31, 2013 are:

		Payment Due By Period			
Thousands	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Class AA, Series 1[1]	$ 51,861	$ —	$ 51,861	$ —	$ —
Class AA, Series 3[2]	190,920	—	—	—	190,920
Class AA, Series 4[3]	124,946	124,946	—	—	—
Class AA, Series 5[4]	124,975	—	—	124,975	—
Dividend expense related to:					
Class AA, Series 1	$ 5,959	$ 2,567	$ 3,392	$ —	$ —
Class AA, Series 3	42,458	8,305	16,610	16,610	933
Class AA, Series 4	5,497	5,497	—	—	—
Class AA, Series 5	24,410	6,061	12,122	6,227	—

1 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in cash.

2 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures of the Company due 2019.

3 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures of the Company due 2014.

4 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures of the Company due 2017.

The Company’s contractual obligations related to its senior preferred shares as at September 30, 2013 are:

		Payment Due By Period			
Thousands	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Class AA, Series 1[1]	$ 51,905	$ —	$ 51,905	$ —	$ —
Class AA, Series 3[2]	190,920	—	—	—	190,920
Class AA, Series 4[3]	124,946	124,946	—	—	—
Class AA, Series 5[4]	125,000	—	—	125,000	—
Dividend expense related to:					
Class AA, Series 1	$ 6,648	$ 2,569	$ 4,079	$ —	$ —
Class AA, Series 3	44,716	8,305	16,610	16,610	3,191
Class AA, Series 4	7,986	7,986	—	—	—
Class AA, Series 5	24,551	6,063	12,126	6,362	—

1 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in cash.

2 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures of the Company due 2019.

3 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures of the Company due 2014.

4 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures of the Company due 2017.

The Company’s contractual obligations related to its senior preferred shares as at October 1, 2012 are:

		Payment Due By Period			
Thousands	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Class AA, Series 1[1]	$ 51,905	$ —	$ —	$ 51,905	$ —
Class AA, Series 3[2]	190,920	—	—	—	190,920
Class AA, Series 4[3]	125,000	—	125,000	—	—
Class AA, Series 5[4]	125,000	—	—	—	125,000
Dividend expense related to:					
Class AA, Series 1	$ 9,217	$ 2,569	$ 5,138	$ 1,510	$ —
Class AA, Series 3	53,021	8,305	16,610	16,610	11,496
Class AA, Series 4	17,039	9,053	7,986	—	—
Class AA, Series 5	30,614	6,063	12,126	12,126	299

1 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in cash.

2 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures of the Company due 2019.

3 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures of the Company due 2014.

4 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures of the Company due 2017.

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, 2014, the capital base managed by the Company consists of shareholder's equity with a carrying value of $2,348 million (December 31, 2013 – $1,501 million; September 30, 2013 - $1,359 million; October 1, 2012 - $1,114 million), and retractable fixed rate preferred shares with a carrying value of $760 million (December 31, 2013 – $690 million; September 30, 2013 - $690 million; October 1, 2012 - 688 million).

11. OTHER

The weighted average number of capital shares/units outstanding during the period ended December 31, 2014 was 29.3 million (December 31, 2013 - 27.7 million; September 30, 2013 – 27.7 million; October 1, 2012 - 25.0 million).

Corporate Information

OFFICERS AND DIRECTORS

Frank N.C. Lochan[1, 2]
Director and Chairman

Edward C. Kress
Director and President

John P. Barratt[1, 2]
Director

James L.R. Kelly[1, 2]
Director

Brian D. Lawson
Director

Allen G. Taylor
Director and Chief Financial Officer

Loretta M. Corso
Corporate Secretary

1 Member of the Audit Committee
2 Member of the Independent Review Committee

AUDITORS
Deloitte LLP
Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants

LEGAL COUNSEL
Torys LLP

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

Security	*TSX Symbol*
Class AA Preferred Shares, Series 1	**PVS.PR.A**
Class AA Preferred Shares, Series 3	**PVS.PR.B**
Class AA Preferred Shares, Series 5	**PVS.PR.C**
Class AA Preferred Shares, Series 6	**PVS.PR.D**

YEAR END
December 31

Enquiries

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

Partners Value Split Corp.
Brookfield Place, 181 Bay Street
Suite 300, P.O. Box 770
Toronto, Ontario
M5J 2T3

Tel: (416) 363-9491
Fax: (416) 365-9642
Website: *www.partnersvaluesplit.com*

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

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

Tel: (416) 682-3860 or
toll free within North America
(800) 387-0825
Fax: (888) 249-6189
Website: *www.canstockta.com*
E-mail: *inquiries@canstockta.com*

PARTNERS VALUE SPLIT CORP.

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