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PARTNERS

VALUE SPLIT  
CORP.

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## 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 Corporation (formerly known as Brookfield Asset Management Inc.), 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 Corporation, fluctuations in the market value of units of the Company due to interest rate levels and the value of Brookfield Corporation, fluctuations in the value of the Company’s investment portfolio and cash flows due to foreign currency exchange rates, future classification of the Company’s investment portfolio, potential exposure to liquidity risk to fund dividend obligations, the Company’s ability to fund retraction obligations and obligations of the Company under potential indemnification and guarantee agreements.

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

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

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

## MANAGEMENT'S REPORT ON FUND PERFORMANCE

The following Management's Report on Fund Performance for the year ended December 31, 2022 is dated March 30, 2023.

This is a report on the performance of Partners Value Split Corp. (the "Company") and contains financial highlights but does not contain the complete financial statements of the Company. This report follows the disclosure obligations under National Instrument 81-106 Investment Fund Continuous Disclosure ("NI-81-106" or the "Instrument") and should be read in conjunction with the financial statements and notes thereto for the year ended December 31, 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 [www.sedar.com](http://www.sedar.com). Security holders may also contact us using one of these methods to request a copy of the Company's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure when that information becomes available.

### INVESTMENT OBJECTIVE AND STRATEGIES

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

### RISKS

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

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

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

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

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

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

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 as at December 31, 2022, were \$4.7 billion and \$3.8 billion, respectively, compared to \$7.2 billion and \$6.4 billion as at December 31, 2021.

The Company's net assets on a per unit basis, which consists of one capital share and one preferred share as at December 31, 2022 was \$95.95, compared to \$169.52 as at December 31, 2021. The decrease in net assets per unit was primarily driven by depreciation in the market value of our investment in Brookfield shares. On a per share basis, the fair value of a Brookfield Corporation (formerly known as Brookfield Asset Management Inc.) share decreased during the year and was \$31.46 as at December 31, 2022. On a per share basis, the fair value of a Brookfield Asset Management Ltd. share was \$28.67 as at December 31, 2022.

Income available for distribution for the year ended December 31, 2022 was \$1.0 billion compared to \$103 million in the prior year. Income was higher in the current period primarily due to a special non-cash distribution received from Brookfield Corporation. On December 9, 2022, the Corporation completed the distribution of a 25% interest in its asset management business through the Manager, which was incorporated and publicly listed for the purpose of holding an interest in this business. As part of this distribution, the Company received one share of the Manager for every four shares held of the Corporation. As a result, the Company recognized non-cash dividend income of \$957 million from the Corporation in its Statements of Comprehensive Income.

## FINANCIAL HIGHLIGHTS

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

<i>(US dollars per unit)</i>	<b>Dec. 31, 2022</b>	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Net assets per unit, beginning of year	<b>\$ 169.52</b>	\$ 111.14	\$ 136.77	\$ 80.19	\$ 103.76
Share issuance	<b>2.46</b>	4.04	5.44	1.00	3.21
Share redemption and retraction	—	(5.52)	—	(4.27)	—
(Decrease) increase from operations:					
Total revenue	<b>21.66</b>	2.41	1.43	1.52	1.41
Total expenses <sup>1</sup>	<b>(0.07)</b>	(0.14)	(0.07)	(0.07)	(0.06)
Realized and unrealized (losses) gains	<b>(75.14)</b>	52.20	8.14	45.7	(12.10)
Total (decrease) increase from operations <sup>2</sup>	<b>(53.55)</b>	54.47	9.5	47.15	(10.75)
Foreign currency translation (loss) gain	<b>(19.41)</b>	9.41	(37.12)	14.21	(14.52)
Distributions <sup>3</sup>	<b>(3.07)</b>	(4.02)	(3.45)	(1.51)	(1.51)
Net assets per unit, end of year	<b>\$ 95.95</b>	\$ 169.52	\$ 111.14	\$ 136.77	\$ 80.19
Net asset value per unit, end of year	<b>\$ 95.95</b>	\$ 169.52	\$ 111.14	\$ 136.77	\$ 80.19
Net asset value per unit, end of year (CAD)	<b>\$ 129.98</b>	\$ 214.23	\$ 141.53	\$ 177.65	\$ 108.98

- 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 over the period. The decrease from operations is based on the weighted average number of units outstanding over the period.
- 3 Includes capital dividends paid to holders of the Company's capital shares, if and when declared.

<i>(Thousands of US dollars, except per share amounts)</i>	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Total assets	\$ 4,672,564	\$ 7,237,937	\$ 5,088,918	\$ 4,623,297	\$ 3,177,173
Net assets	\$ 3,786,246	\$ 6,406,112	\$ 4,202,278	\$ 3,978,210	\$ 2,460,080
Number of units outstanding	48,696	42,696	45,786	33,786	39,620
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	N/A
Junior Class AA Series 3	25.00	25.00	N/A	N/A	N/A

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

2 Redemption period commences on September 30, 2024.

3 Redemption period commences on February 28, 2026.

4 Redemption period commences on February 28, 2027.

5 Redemption period commences on October 31, 2025.

6 Redemption period commences on February 29, 2028.

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, 2022	Dec. 31, 2021	Dec 31, 2022	Dec. 31, 2021
Brookfield Corporation	119,611	119,611	\$ 3,762,976	\$ 7,222,139
Brookfield Asset Management Ltd.	29,903	N/A	857,315	N/A
Total	149,514	119,611	\$ 4,620,291	\$ 7,222,139

On December 9, 2022, the Corporation completed the 25% special distribution of its asset management business. As part of this distribution, the Company received one share of the Manager for every four shares held of the Corporation. Following the special distribution, the combined dividend rate from the Corporation and the Manager are expected to be equal to the total dividend rate of a Brookfield Corporation share prior to the special distribution.

Brookfield Asset Management Ltd. is a leading global alternative asset manager with approximately \$800 billion of assets under management across real estate, infrastructure, renewable power and transition, private equity and credit as of December 31, 2022. Brookfield Corporation ("BN") is focused on deploying its capital on a value basis and compounding it over the long term. This capital is allocated across its three core pillars of asset management, insurance solutions and its operating businesses. BAM and BN are listed on the New York and Toronto stock exchanges.

On a per share basis, the fair value of a Corporation share was \$31.46 on December 31, 2022. On a per share basis, the fair value of a Manager share was \$28.67 on December 31, 2022.

## RELATED-PARTY TRANSACTIONS

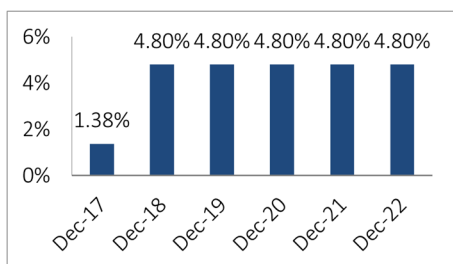
The Company's operations are managed by Brookfield Public Securities Group LLC, who is entitled to a management fee of up to 10% of ordinary expenses of the Company. For the year ended December 31, 2022, the Company recorded management fees of \$20 thousand (December 31, 2021 – \$40 thousand) plus applicable taxes in relation to these services. During the year ended December 31, 2022, the Company recorded dividend income of \$1,024 million from Brookfield Corporation shares, including \$957 million related to the special distribution of BAM (December 31, 2021 – \$105 Million).

## PAST PERFORMANCE

The following charts show the performance of the Company's outstanding senior preferred shares since issuance to the year ended December 31, 2022, 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.

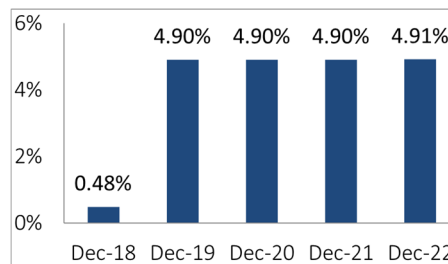
The Series 1, Series 2 and Series 3 junior preferred shares pay a non-cumulative quarterly dividend at an annual rate of 5%.

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



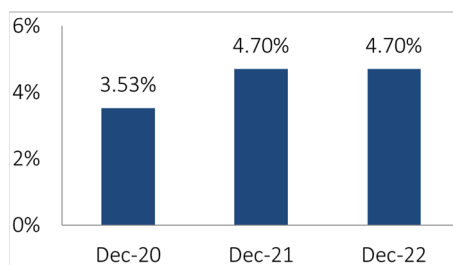
1. December 2017 reflects the period from Sept. 18, 2017 to Dec. 31, 2017.

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



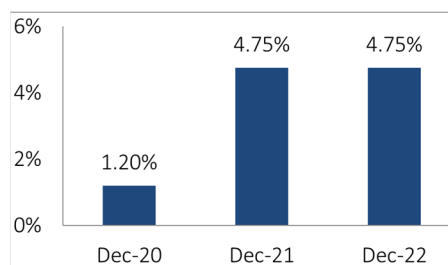
2. December 2018 reflects the period from Nov 26, 2018 to Dec 31, 2018.

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



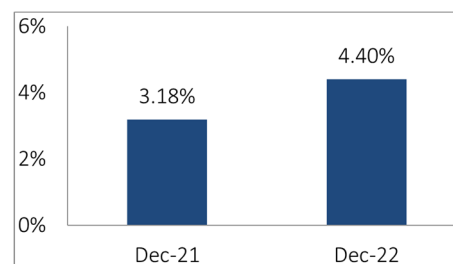
3. December 2020 reflects the period from Mar. 2, 2020 to Dec. 31, 2020.

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



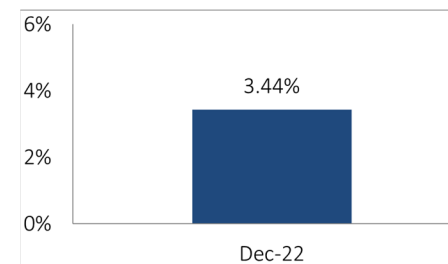
1. December 2020 reflects the period from Oct. 6, 2020 to Dec. 31, 2020.

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



5. December 2021 reflects the period from Apr 12, 2021 to Dec. 31, 2021.

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



6. December 2022 reflects the period from Mar. 25, 2022 to Dec. 31, 2022.

## Annual Compound Returns

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

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

<sup>1</sup> 4.45% is the annual yield on the Series 13 Preferred Shares. This series was issued on March 25, 2022.

## CONTRACTUAL OBLIGATIONS

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

	Payments Due by Period <sup>1</sup>				
	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
<i>(Thousands of US dollars)</i>					
Preferred shares					
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>
Interest Expense					
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>

<sup>1</sup> Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures due 2024, 2026, 2027, 2025, 2028 and 2029 for the Series 8, 9, 10, 11, 12 and 13, respectively.

The maturity date of other accounts payable balances are less than one year.

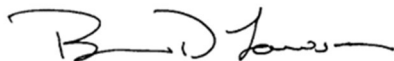
## MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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 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 30, 2023



## 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, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (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, 2022 and 2021, 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 of 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 of 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.

*Deloitte LLP*

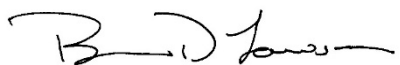
Chartered Professional Accountants  
Licensed Public Accountants  
March 30, 2023

## STATEMENTS OF FINANCIAL POSITION

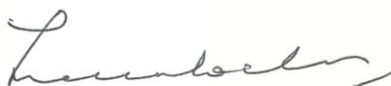
<i>As at</i> <i>(Thousands of US dollars, except per unit amounts)</i>	Note	December 31, 2022	December 31, 2021
<b>Assets</b>			
Cash and cash equivalents		\$ 35,527	\$ 248
Investment portfolio	3	4,620,291	7,222,139
Accounts receivable and other assets		16,746	15,550
<b>Total assets</b>		<b>\$ 4,672,564</b>	<b>\$ 7,237,937</b>
<b>Liabilities</b>			
Accounts payable		\$ 197	\$ 76
Debentures		—	77
Preferred shares	4	886,121	831,672
<b>Total liabilities</b>		<b>886,318</b>	<b>831,825</b>
<b>Net assets</b>		<b>\$ 3,786,246</b>	<b>\$ 6,406,112</b>
<b>Equity</b>			
Capital shares	5	118,088	118,088
Retained earnings		3,953,477	6,573,343
Accumulated Other Comprehensive Income		(285,319)	(285,319)
<b>Total Equity</b>		<b>\$ 3,786,246</b>	<b>\$ 6,406,112</b>
Number of units outstanding		48,696	42,696
Net assets per capital share		\$ 77.75	\$ 150.04
Book value per preferred share		18.20	19.48
<b>Net assets per unit</b>		<b>\$ 95.95</b>	<b>\$ 169.52</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

For the years ended December 31

(Thousands of US dollars, except per unit amounts)

	Note	2022	2021
<b>Income</b>			
Dividend income	11	\$ 1,023,874	\$ 104,834
Other investment income		1,350	645
		<u>1,025,224</u>	<u>105,479</u>
<b>Expenses</b>			
Management fees	6	(20)	(40)
Audit fees		(38)	(24)
Administrative and other		(238)	(1,972)
		<u>(296)</u>	<u>(2,036)</u>
Income available for distribution		1,024,928	103,443
Distributions paid on senior preferred shares and debentures		(31,405)	(33,632)
Income available for distribution to junior preferred and capital shares		993,523	69,811
Change in unrealized and realized value of investment		(3,556,736)	2,286,232
Amortization of share issuance costs		(3,216)	(3,958)
Unrealized foreign exchange gain (loss)		60,548	(5,930)
<b>Net (loss) income</b>		<u>(2,505,881)</u>	<u>2,346,155</u>
<b>Comprehensive (loss) income</b>		<u>\$ (2,505,881)</u>	<u>\$ 2,346,155</u>
<b>Comprehensive (loss) income per unit</b>		<u>\$ (52.94)</u>	<u>\$ 53.57</u>

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

## STATEMENTS OF CHANGES IN EQUITY

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>

For the year ended  
December 31, 2021

(Thousands of US dollars)

	Capital Shares	Retained Earnings	Accumulated Other Comprehensive Loss	Total Equity
Balance, beginning of year	\$ 118,088	\$ 4,369,509	\$ (285,319)	\$ 4,202,278
Net income	—	2,346,155	—	2,346,155
Distributions paid on capital shares	—	(142,321)	—	(142,321)
Balance, end of year	<u>\$ 118,088</u>	<u>\$ 6,573,343</u>	<u>\$ (285,319)</u>	<u>\$ 6,406,112</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	2022	2021
<b>Cash flow from operating activities</b>			
Income available for distribution		\$ 1,024,928	\$ 103,443
Add (deduct) non-cash items:			
Non-cash dividend income	11	(956,892)	(42,637)
Net change in working capital and foreign exchange		(3,985)	(510)
		<u>64,051</u>	<u>60,296</u>
<b>Cash flow used in financing activities</b>			
Distributions paid on senior preferred shares and debentures		(31,405)	(33,632)
Distributions paid on capital shares		(113,985)	(99,684)
Preferred share issuance		116,618	177,019
Preferred share and debenture redemption		—	(241,951)
		<u>(28,772)</u>	<u>(198,248)</u>
<b>Cash and cash equivalents</b>			
Increase (decrease) in cash and cash equivalents		35,279	(137,952)
Cash and cash equivalents balance, beginning of year		248	138,200
Cash and cash equivalents balance, end of year		<u>\$ 35,527</u>	<u>\$ 248</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 in Brookfield Corporation and Brookfield Asset Management Ltd. 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 100, Toronto, Ontario, M5J 2T3.

## 2. SUMMARY OF SIGNIFICANT 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, 2023.

### **b) Accounting Policies**

The following is a summary of significant 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 Corporation and Brookfield Asset Management Ltd. 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 the Company operates. The functional currency of the Company is the United States Dollar, as the Company's Brookfield Shares are held in U.S. Dollars. The presentation currency of the Company is the U.S. Dollar.

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

**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) Future Changes in Accounting Standards**

*Amendments to IAS 1 – Presentation of Financial Statements ("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**

As at (Thousands of US dollars)	Number of Shares		Fair Value	
	Dec 31, 2022	Dec. 31, 2021	Dec 31, 2022	Dec. 31, 2021
Brookfield Corporation <sup>1</sup>	119,611	119,611	\$ 3,762,976	\$ 7,222,139
Brookfield Asset Management Ltd. <sup>2</sup>	29,903	N/A	857,315	N/A
<b>Total</b>	<b>149,514</b>	<b>119,611</b>	<b>\$ 4,620,291</b>	<b>\$ 7,222,139</b>

<sup>1</sup> On a per share basis, the fair value of the Brookfield Corporation shares was \$31.46 on December 31, 2022.

<sup>2</sup> On a per share basis, the fair value of the Brookfield Asset Management Ltd. shares was \$28.67 on December 31, 2022.

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") share per every four Class A Brookfield Corporation shares held.



#### 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, 2022, 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, 2022	Dec. 31, 2021	Dec.31, 2022	Dec. 31, 2021
Senior preferred shares				
4.80% Series 8 – September 30, 2024	5,999	5,999	\$ 110,717	\$ 118,681
4.90% Series 9 – February 28, 2026	5,997	5,997	110,671	118,632
4.70% Series 10 – February 28, 2027	6,000	6,000	110,730	118,695
4.75% Series 11 – October 31, 2025	6,000	6,000	110,730	118,695
4.40% Series 12 – February 29, 2028	6,900	6,900	127,340	136,499
4.45% Series 13 – May 31, 2029	6,000	—	110,730	—
	<b>36,896</b>	30,896	<b>680,918</b>	611,202
Junior preferred shares, Series 1	8,000	8,000	147,640	158,260
Junior preferred shares, Series 2	1,800	1,800	33,219	35,609
Junior preferred shares, Series 3	2,000	2,000	36,910	39,565
	<b>48,696</b>	42,696	<b>898,687</b>	844,636
Deferred financing costs <sup>1</sup>	—	—	(12,566)	(12,964)
	<b>48,696</b>	42,696	<b>\$ 886,121</b>	\$ 831,672

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

The following table shows the quoted market prices of the Company's publicly traded senior preferred shares:

As at (C\$)	Dec 31, 2022	Dec. 31, 2021
Senior preferred shares		
4.80% Series 8 – September 30, 2024	\$ 24.49	\$ 25.45
4.90% Series 9 – February 28, 2026	\$ 23.30	\$ 25.73
4.70% Series 10 – February 28, 2027	\$ 22.10	\$ 25.73
4.75% Series 11 – October 31, 2025	\$ 23.30	\$ 25.50
4.40% Series 12 – February 29, 2028	\$ 21.02	\$ 25.54
4.45% Series 13 – May 31, 2029	\$ 21.25	\$ N/A

#### Net Asset Value

The "net assets per unit" is defined as the fair value of the portfolio shares held by the Company plus (minus) the amount by which the value of the other assets of the Company exceed (are less than) the liabilities 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, 2022, 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, 2022, there were no debentures outstanding (December 31, 2021 – \$77.2 thousand).

### **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, except share amounts)	Shares Outstanding		Book Value	
	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2022	Dec. 31, 2021
Capital shares	48,696,000	42,696,000	\$ 118,088	\$ 118,088
Class A voting shares <sup>1</sup>	100	100	\$ —	\$ —

<sup>1</sup> As at December 31, 2022, the Class A voting shares have a book value of \$8 (December 31, 2021 – \$8).

During the year, the capital shares were consolidated to match the number of preferred shares outstanding as a result of the redemption of Class AA Series 6 and 7 preferred shares and the issuance of the Class AA Series 13 preferred shares.

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

The weighted average number of capital shares/units outstanding during the period ended December 31, 2022 was 47.3 million (December 31, 2021 – 43.8 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 of the Company. For the year ended December 31, 2022, the Company accrued management fees of \$20 thousand (December 31, 2021 – \$40 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 \$28 million (December 31, 2021 – \$27 million) of non-capital losses which expire between 2030 and 2042, and \$9 million (December 31, 2021– \$10 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 \$4.2 billion (December 31, 2021 – \$6.8 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, 2022			December 31, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Brookfield Corporation	\$ 3,762,976	\$ —	\$ —	\$ 7,222,139	\$ —	\$ —
Brookfield Asset Management Ltd.	857,315	—	—	—	—	—
Total	\$ 4,620,291	\$ —	\$ —	\$ 7,222,139	\$ —	\$ —

## 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, 2022 and 2021, 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, 2022, 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, 2021 – \$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 \$46 million (December 31, 2021 – \$72 million), on a pre-tax basis, and will increase or decrease the net assets per unit by \$0.95 (December 31, 2021 – \$1.69).

#### 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, 2022, are as follows:

(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	\$ 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>

## Interest Expense

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>

<sup>1</sup> Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures due 2024, 2026, 2027, 2025, 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, 2021, are as follows:

(Thousands of US dollars)	Total	Payment Due by Period <sup>1</sup>			
		Less Than 1 Year	2-3 Years	4-5 Years	After 5 Years
<b>Preferred shares</b>					
Partners Value Split Class AA, Series 8	\$ 118,681	\$ —	\$ 118,681	\$ —	\$ —
Partners Value Split Class AA, Series 9	118,632	—	—	118,632	—
Partners Value Split Class AA, Series 10	118,695	—	—	—	118,695
Partners Value Split Class AA, Series 11	118,695	—	—	118,695	—
Partners Value Split Class AA, Series 12	136,499	—	—	—	136,499
	<u>\$ 611,202</u>	<u>\$ —</u>	<u>\$ 118,681</u>	<u>\$ 237,327</u>	<u>\$ 255,194</u>
<b>Interest expense</b>					
Partners Value Split Class AA, Series 8	\$ 15,655	\$ 5,697	\$ 9,958	\$ —	\$ —
Partners Value Split Class AA, Series 9	24,176	5,813	11,626	6,737	—
Partners Value Split Class AA, Series 10	28,782	5,579	11,158	11,158	887
Partners Value Split Class AA, Series 11	21,594	5,638	11,276	4,680	—
Partners Value Split Class AA, Series 12	37,007	6,006	12,012	12,012	6,977
	<u>\$ 127,214</u>	<u>\$ 28,733</u>	<u>\$ 56,030</u>	<u>\$ 34,587</u>	<u>\$ 7,864</u>

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

## 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, 2022, the capital base managed by the Company consists of equity with a carrying value of \$3.8 billion (December 31, 2021 – \$6.4 billion), and retractable fixed rate preferred shares with a carrying value of \$886 million (December 31, 2021 – \$832 million).

## 11. RELATED-PARTY DISCLOSURE

The Investment Manager is a subsidiary of Brookfield Corporation ("Brookfield") and manages the investment and trading activities of the Company. Due to Brookfield's ability to control the Company, Brookfield, and its affiliates over which it has the ability to exercise control or significant influence, are related parties of the Company by virtue of common control or common significant influence.

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

As at December 31, 2022 and 2021, Brookfield and its affiliates did not own any interest in the Company. During the year ended December 31, 2022, the Company recorded dividend income of \$1,024 million from Brookfield Corporation shares (December 31, 2021 – \$105 Million). Included in this amount were 30 million shares of Brookfield Asset Management Ltd. valued at \$957 million the Company received as a result of the Brookfield Corporation special distribution on December 9, 2022.

## CORPORATE INFORMATION

### OFFICERS AND DIRECTORS

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

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

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

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

**Bahir Manios**  
*President*

**Rachel Powell**  
**(replaced by Jason Weckwerth, effective March 31, 2023)**  
*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:

<u>Security</u>	<u>TSX Symbol</u>
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
<u>Class AA Preferred Shares, Series 13</u>	<u>PVS.PR.K</u>

### 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

Fax: (888) 249-6189

Website: <https://www.tsxtrust.com/>

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



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CORP.