
PARTNERS

**VALUE SPLIT
CORP.**

2022 SEMI-ANNUAL REPORT TO SHAREHOLDERS

MANAGEMENT'S REPORT ON FUND PERFORMANCE

The following Management's Report on Fund Performance for the period ended June 30, 2022 is dated August 23, 2022.

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 period ended June 30, 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 300, P.O. Box 767, Toronto, Ontario M5J 2T3 or by visiting SEDAR at www.sedar.com. Security holders may also contact us using one of these methods to request a copy of the Company's proxy voting policies and procedures, proxy voting disclosure record or quarterly portfolio disclosure when that information becomes available.

INVESTMENT OBJECTIVE AND STRATEGIES

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

RISKS

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

(a) Interest Rate Fluctuations

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

(b) Fluctuations in Value of Brookfield Shares

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

(c) Foreign Currency Exchange Fluctuations

The Company's Brookfield shares are held primarily in United States dollars and Brookfield's dividends are declared in that currency. Accordingly, changes in the exchange rate between the Canadian and United States currencies may impact the value of the Company's cash flows relative to its financial obligations which are denominated principally in Canadian dollars.

d) COVID-19

The coronavirus ("COVID-19") began spreading globally in the first quarter of 2020 and was recognized by the World Health Organization as a global pandemic on March 11, 2020. The spread of COVID-19 has impacted equity markets moderately on the Company's investment portfolio valuations as observed up to the end of June 2022. The continued volatility and ultimate impact on markets cannot be predicted. While it is difficult to project the magnitude the COVID-19 impact will have, the Company's investments remain largely unchanged, holding its major investments in the medium to long term.

RESULTS OF OPERATIONS

Total assets and net assets at June 30, 2022, were \$5.5 billion and \$4.4 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, at June 30, 2022 was \$109.92 compared to \$169.52 at December 31, 2021. The decrease in net assets per unit was driven primarily by depreciation in the market value of our investment in Brookfield shares. On a per share basis, the fair value of a Brookfield share was \$44.47 on June 30, 2022 (December 31, 2021 - \$60.38). The market price of a Brookfield share was \$51.02 on August 22, 2022.

Income available for distribution for the six-month period ended June 30, 2022 was \$34 million, compared to \$72 million in the prior year period. Dividend income was lower in the current period due to the receipt of Brookfield Asset Management Reinsurance Partners Ltd. shares valued at \$46 million as a dividend-in-kind from Brookfield Asset Management in the prior year period.

FINANCIAL HIGHLIGHTS

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

<i>(per unit, US dollars)</i>	Six months ended				
	Jun. 30, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018
Net assets per unit, beginning of period	\$ 169.52	\$ 111.14	\$ 136.77	\$ 80.19	\$ 103.76
Share issuance	2.54	4.04	5.44	1.00	3.21
Share redemption and retraction	—	(5.52)	—	(4.27)	—
Net assets anti-dilution (dilution) ¹	—	—	—	—	—
Increase (decrease) from operations:	—	—	—	—	—
Total revenues	0.74	2.41	1.43	1.52	1.41
Total expenses ²	(0.04)	(0.14)	(0.07)	(0.07)	(0.06)
Realized and unrealized gains (losses)	(41.40)	52.20	8.14	45.70	(12.10)
Total increase (decrease) from operations ³	(40.70)	54.47	9.50	47.15	(10.75)
Foreign currency translation (loss) gain ²	(18.63)	9.41	(37.12)	14.21	(14.52)
Distributions ^{3, 4}	(2.81)	(4.02)	(3.45)	(1.51)	(1.51)
Net assets per unit, end of period	\$ 109.92	\$ 169.52	\$ 111.14	\$ 136.77	\$ 80.19
Net asset value per unit, end of period	\$ 109.92	\$ 169.52	\$ 111.14	\$ 136.77	\$ 80.19
Net asset value per unit, end of period (CAD)	\$ 141.50	\$ 214.23	\$ 141.43	\$ 177.65	\$ 108.98

1. Dilution occurred as a result of the subdivision of capital shares following the issuance of the Series 8 senior preferred shares in September 2017 so that the number of capital shares issued and outstanding was equal to the number of preferred shares issued and outstanding as required by the articles of the Company.
2. 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.
3. Net assets and distributions are based on the actual number of units outstanding over the period. The increase from operations is based on the weighted average number of units outstanding over the period.
4. Includes capital dividends paid to holders of the Company's capital shares, if and when declared. Capital dividends includes a special distribution of Brookfield Asset Management Reinsurance Partners Ltd shares for year ended December 31, 2021.

<i>(Thousands of US dollars, except per share amounts)</i>	Six months ended June 30, 2022	Dec. 31,	Dec. 31,	Dec. 31,	Dec. 31,
		2021	2020	2019	2018
Total assets	\$ 5,466,051	\$ 7,237,937	\$ 5,088,918	\$ 4,623,297	\$ 3,177,173
Net assets	4,422,102	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 ¹	0.1%	0.1%	0.1%	0.1%	0.1%
Redemption price of preferred shares (CAD)					
Senior Class AA Series 8 ²	N/A	N/A	N/A	N/A	N/A
Senior Class AA Series 9 ³	N/A	N/A	N/A	N/A	N/A
Senior Class AA Series 10 ⁴	N/A	N/A	N/A	N/A	N/A
Senior Class AA Series 11 ⁵	N/A	N/A	N/A	N/A	N/A
Senior Class AA Series 12 ⁶	N/A	N/A	N/A	N/A	N/A
Senior Class AA Series 13 ⁷	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		Cost		Fair Value	
	June 30, 2022	Dec. 31, 2021	June 30, 2022	Dec. 31, 2021	June 30, 2022	Dec. 31, 2021
Brookfield Asset Management Inc. ¹	119,611	119,611	\$ 507,953	\$ 507,953	\$ 5,319,121	\$ 7,222,139

On a per share basis, the fair value of a Brookfield share was \$44.47 on June 30, 2022 (December 31, 2021 - \$60.38). The market price of a Brookfield share was \$51.02 on August 22, 2022.

RELATED-PARTY TRANSACTIONS

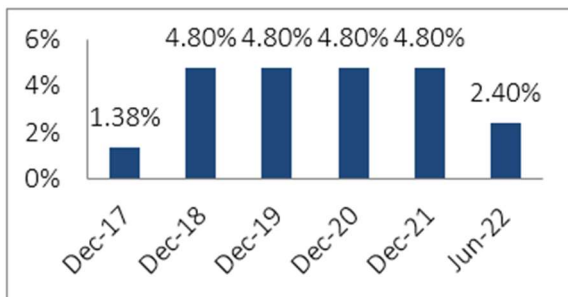
The Company's operations are managed by Brookfield Public Securities Group LLC., who is entitled to a management fee of up to 10% of ordinary expenses of the Company. For the period ended June 30, 2022, the Company expensed management fees of \$19 thousand (June 30, 2021 – \$23 thousand) plus applicable taxes in relation to these services. For the six months ended June 30, 2022, the Company recognized dividend income of \$33.5 million from Brookfield shares.

PAST PERFORMANCE

The following charts show the performance of the Company's outstanding senior preferred shares since issuance to the period ended June 30, 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.

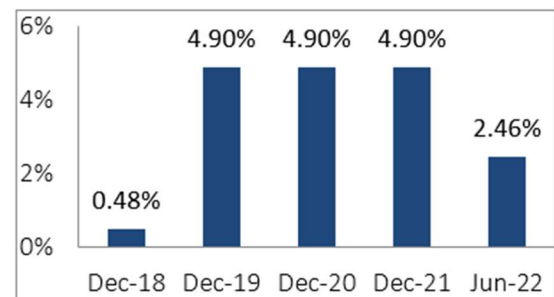
The Series 1, Series 2 and Series 3 junior preferred shares pay a non-cumulative quarterly dividend at an annual rate of 5%.

Class AA, Series 8 Preferred Shares
For the years and period ending



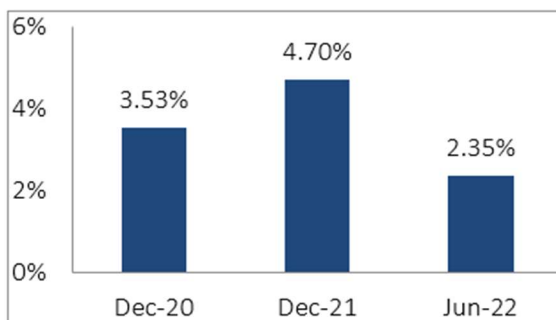
1. December 2017 reflects the period from Sept 18, 2017 to Dec 31, 2017. The annualized yield as at June 30, 2022 is 4.80%.

Class AA, Series 9 Preferred Shares
For the years and period ending



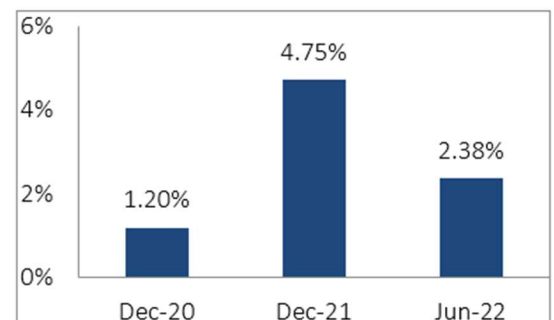
2. December 2018 reflects the period from Nov 26, 2018 to Dec 31, 2018. The annualized yield as at June 30, 2022 is 4.90%.

Class AA, Series 10 Preferred Shares
For the years and period ending



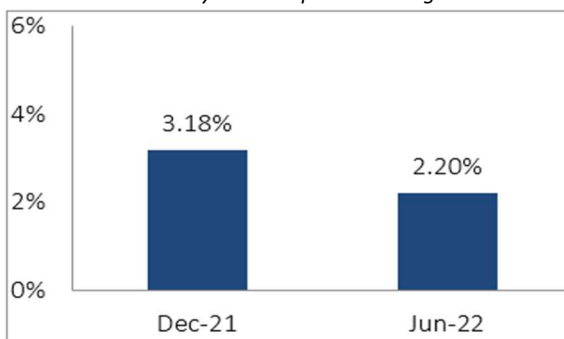
3. December 2020 reflects the period from Mar 2, 2020 to Dec 31, 2020. The annualized yield as at June 30, 2022 is 4.70%.

Class AA, Series 11 Preferred Shares
For the years and period ending



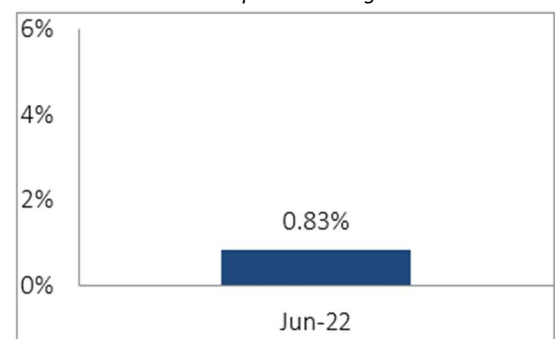
4. December 2020 reflects the period from Oct 6, 2020 to Dec 31, 2020. The annualized yield as at June 30, 2022 is 4.75%.

Class AA, Series 12 Preferred Shares
For the years and period ending



5. December 2021 reflects the period from Apr 12, 2021 to Dec 31, 2021. The annualized yield as at June 30, 2022 is 4.40%.

Class AA, Series 13 Preferred Shares
For the period ending



6. June 2022 reflects the period from Mar 25, 2022 to Jun 30, 2022. The annualized yield as at June 30, 2022 is 4.45%.

Annual Compound Returns

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

	Issue Date	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 ¹	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 ¹	Mar 25, 2022	4.45% ¹	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%

¹ 4.45% is the annual yield on the Series 13 Preferred Shares. The series was issued on March 25, 2022.

CONTRACTUAL OBLIGATIONS

The Company's contractual obligations related to its senior preferred shares as at June 30, 2022 are:

(Thousands of US dollars)	Payment Due by Period ¹				
	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Preferred shares					
Partners Value Split Class AA, Series 8	116,506	—	116,506	—	—
Partners Value Split Class AA, Series 9	116,458	—	—	116,458	—
Partners Value Split Class AA, Series 10	116,520	—	—	116,520	—
Partners Value Split Class AA, Series 11	116,520	—	116,520	—	—
Partners Value Split Class AA, Series 12	133,998	—	—	—	133,998
Partners Value Split Class AA, Series 13	116,520	—	—	—	116,520
	<u>716,522</u>	<u>—</u>	<u>233,026</u>	<u>232,978</u>	<u>250,518</u>
Interest Expense					
Partners Value Split Class AA, Series 8	9,775	5,592	4,183	—	—
Partners Value Split Class AA, Series 9	18,025	5,706	11,412	907	—
Partners Value Split Class AA, Series 10	22,774	5,476	10,952	6,346	—
Partners Value Split Class AA, Series 11	15,665	5,535	10,130	—	—
Partners Value Split Class AA, Series 12	30,433	5,896	11,792	11,792	953
Partners Value Split Class AA, Series 13	33,241	5,185	10,370	10,370	7,316
	<u>\$ 129,913</u>	<u>\$ 33,390</u>	<u>\$ 58,839</u>	<u>\$ 29,415</u>	<u>\$ 8,269</u>

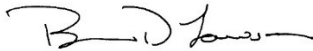
¹ Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures due 2024, 2026, 2027, 2025, 2028 and 2029 for the Series 8, 9, 10, 11, 12 and 13 respectively.

REVIEW OF SEMI-ANNUAL FINANCIAL STATEMENTS

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

The Company's independent auditor has not reviewed these financial statements.

On behalf of the Board of Directors,

A handwritten signature in black ink, appearing to read "B D Lawson", with a horizontal line extending to the right.

Brian D. Lawson
Director and Chairman
August 23, 2022

FORWARD-LOOKING INFORMATION

This semi-annual report to shareholders contains forward-looking information within the meaning of Canadian provincial securities laws concerning the Company's business and operations. The words "intend," "believe," "principally," "primarily," "likely," "often," "generally" and other expressions of similar import, or the negative variations thereof, and similar expressions of future or conditional verbs such as "could," "should," "would," "may" or "will," are predictions of or indicate future events, trends or prospects or identify forward-looking information. Forward-looking information in this 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.

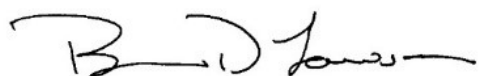
We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking information to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential 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.

STATEMENTS OF FINANCIAL POSITION

<i>As at</i> <i>(Thousands of US dollars, except per unit amounts)</i>	Note	<i>(Unaudited)</i> June 30, 2022	<i>(Audited)</i> December 31, 2021
Assets			
Cash and cash equivalents		\$ 130,184	\$ 248
Investment portfolio	3	5,319,121	7,222,139
Accounts receivable and other assets		16,746	15,550
Total assets		\$ 5,466,051	\$ 7,237,937
Liabilities			
Accounts and dividends payable		\$ 113,127	\$ 76
Debentures		-	77
Preferred shares	4	930,822	831,672
Total liabilities		1,043,949	831,825
Net assets		\$ 4,422,102	\$ 6,406,112
Equity			
Capital shares	5	118,088	118,088
Retained earnings		4,589,333	6,573,343
Accumulated Other Comprehensive Income (loss)		(285,319)	(285,319)
Total Equity		\$ 4,422,102	\$ 6,406,112
Number of units outstanding		48,696	42,696
Net assets per capital share		\$ 90.81	\$ 150.04
Book value per preferred share		19.11	19.48
Net assets per unit		\$ 109.92	\$ 169.52

The accompanying notes are an integral part of the financial statements

On behalf of the Board,



Brian D. Lawson
Director and Chairman



Frank N.C. Lochan
Director

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

For the six months ended June 30

(Thousands of US dollars, except per unit amounts)

	Note	2022	2021
Income			
Dividend income		\$ 33,491	\$ 73,735
Other investment income		314	423
		33,805	74,158
Expenses			
Management fees	6	(19)	(23)
Administrative and other		(206)	(1,878)
		(225)	(1,901)
Income available for distribution		33,580	72,257
Distributions paid on senior preferred shares and debentures		(15,255)	(19,220)
Income available for distribution to junior preferred and capital shares		18,325	53,037
Change in unrealized and realized value of investments		(1,902,057)	1,161,467
Amortization of share issuance costs		(1,577)	(2,494)
Unrealized foreign exchange gain (loss)		15,284	(20,554)
Net income (loss)		(1,870,025)	1,191,456
Comprehensive income (loss)		\$ (1,870,025)	\$ 1,191,456
Comprehensive income per unit (loss)		\$ (40.70)	\$ 26.53

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

STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

For the six months ended June 30, 2022

(Thousands, US dollars)

	Capital Shares	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Common Equity
Balance, beginning of period	\$ 118,088	\$ 6,573,343	\$ (285,319)	\$ 6,406,112
Net income	—	(1,870,025)	—	(1,870,025)
Distributions paid on capital shares	—	(113,985)	—	(113,985)
Balance, end of period	<u>\$ 118,088</u>	<u>\$ 4,589,333</u>	<u>\$ (285,319)</u>	<u>\$ 4,422,102</u>

(Unaudited)

For the six months ended June 30, 2021

(Thousands of US dollars)

	Capital Shares	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Common Equity
Balance, beginning of period	\$ 118,088	\$ 4,369,509	\$ (285,319)	\$ 4,202,278
Net income	—	1,191,456	—	1,191,456
Distributions paid on capital shares	—	(46,708)	—	(46,708)
Balance, end of period	<u>\$ 118,088</u>	<u>\$ 5,514,257</u>	<u>\$ (285,319)</u>	<u>\$ 5,347,026</u>

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

STATEMENTS OF CASH FLOWS

For the periods ended June 30
(Thousands, US dollars)

	2022	2021
Cash flow from operating activities		
Income available for distribution	\$ 33,580	\$ 72,257
Add (deduct) non-cash items:		
Non-cash dividend income	-	(15,549)
Net change in working capital and foreign exchange	(5,007)	20,176
	28,573	76,884
Cash flow from financing activities		
Distributions paid on preferred shares and debentures	(15,255)	(19,220)
Distributions paid on capital shares	-	(46,708)
Preferred share issuance	116,618	172,913
Preferred share and debenture redemption	-	(241,951)
	101,363	(134,966)
Cash and cash equivalents		
Increase (decrease) in cash and cash equivalents	129,936	(58,082)
Cash and cash equivalents balance, beginning of period	248	138,200
Cash and cash equivalents balance, end of period	\$ 130,184	\$ 80,118

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

NOTES TO THE FINANCIAL STATEMENTS

1. BUSINESS OPERATIONS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) *Statement of Compliance*

The semi-annual financial statements of the Company have been prepared in accordance with IFRS. The semi-annual financial statements are prepared on a going concern basis. These semi-annual financial statements were authorized for issuance by the Board of Directors of the Company on August 23, 2022.

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 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").

iii) *Preferred Shares*

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

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) *Revenue Recognition*

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

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 and recorded as other liabilities.

vii) *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.

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

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

3. INVESTMENT PORTFOLIO

As at (Thousands of US dollars)	Number of Shares		Cost		Fair Value	
	Jun. 30, 2022	Dec. 31, 2021	Jun. 30, 2022	Dec. 31, 2021	Jun. 30, 2022	Dec. 31, 2021
Brookfield Asset Management Inc. ¹	119,611	119,611	\$ 507,953	\$ 507,953	\$ 5,319,121	\$ 7,222,139

On a per share basis, the fair value of the Brookfield shares was \$44.47 on June 30, 2022 (December 31, 2021 – \$60.38).

4. PREFERRED SHARES

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

As at June 30, 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	
	Jun. 30, 2022	Dec. 31, 2021	Jun. 30, 2022	Dec. 31, 2021
Senior preferred shares				
4.80% Series 8 – September 30, 2024	5,999	5,999	116,506	118,681
4.90% Series 9 – February 28, 2026	5,997	5,997	116,458	118,632
4.70% Series 10 – February 28, 2027	6,000	6,000	116,520	118,695
4.75% Series 11 – October 31, 2025	6,000	6,000	116,520	118,695
4.40% Series 12 – February 29, 2028	6,900	6,900	133,998	136,499
4.45% Series 13 – May 31, 2029	6,000	—	116,520	—
	36,896	30,896	716,522	611,202
Junior preferred shares, Series 1	8,000	8,000	155,360	158,260
Junior preferred shares, Series 2	1,800	1,800	34,956	35,609
Junior preferred shares, Series 3	2,000	2,000	38,840	39,565
	48,696	42,696	945,678	844,636
Deferred financing costs ¹	—	—	(14,856)	(12,964)
	48,696	42,696	\$ 930,822	\$ 831,672

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

The following table shows the quoted market prices of our publicly traded senior preferred shares:

As at (C\$)	June 30, 2022	Dec 31, 2021
Senior preferred shares		
4.80% Series 8 – September 30, 2024	25.00	\$ 25.45
4.90% Series 9 – February 28, 2026	24.30	25.73
4.70% Series 10 – February 28, 2027	23.84	25.73
4.75% Series 11 – October 31, 2025	24.15	25.50
4.40% Series 12 – February 29, 2028	23.25	25.54
4.45% Series 13 – May 31, 2029	23.35	—

5. SHARE CAPITAL

The Company is authorized to issue an unlimited number of capital shares. Holders of the capital shares are not entitled to vote at meetings of shareholders of the Company other than meetings of holders of the capital shares. The issued and outstanding share capital consists of:

As at (Thousands of US dollars)	Shares Outstanding		Book Value	
	Jun. 30, 2022	Dec. 31, 2021	Jun. 30, 2022	Dec. 31, 2021
Equity				
Capital shares	48,696	42,696	\$ 118,088	\$ 118,088
Liability				
Class A voting shares ¹	100	100	\$ —	\$ —

¹ As at June 30, 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 June 30, 2022 was \$45.9 million (December 31, 2021 – \$43.8 million).

6. MANAGEMENT FEES

The Company's operations are managed by Brookfield Public Securities Group LLC., who is entitled to a total management fee of up to 10% of ordinary expenses of the Company. For the period ended June 30, 2022, the Company accrued management fees of \$19 thousand (June 30, 2021 – \$23 thousand) plus applicable taxes in relation to these services.

7. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair value of the Company's investments are determined by reference to the closing price of the last day of trade at each financial reporting period.

Fair value hierarchical levels are directly determined by the amount of subjectivity associated with the valuation of these assets and liabilities and are as follows:

- Level 1 Inputs are unadjusted, quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 Inputs (other than quoted prices included in Level 1) are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the instrument's anticipated life.
- Level 3 Inputs reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date. Consideration is given to the risk inherent in the valuation technique and the risk inherent in the inputs used in determining the estimate.

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)	June 30, 2022			December 31, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Brookfield Asset Management Inc.	\$ 5,319,121	\$ —	\$ —	\$ 7,222,139	\$ —	\$ —
	<u>\$ 5,319,121</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 7,222,139</u>	<u>\$ —</u>	<u>\$ —</u>

8. RELATED-PARTY DISCLOSURE

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

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

As at June 30, 2022 and December 31, 2021, Brookfield and its affiliates did not own any interest in the Company. For the period ended June 30, 2022, the Company recognized dividend income of \$33.5 million from Brookfield shares. There were no other transactions conducted with related parties during the presented periods.

CORPORATE INFORMATION

OFFICERS AND DIRECTORS

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

Danesh Varma^{1,2}
Director

Ralph J. Zarboni,^{1,2}
Director

Brian D. Lawson
Director and Chairman

Bahir Manios
President

Rachel Powell
Chief Financial Officer

Bryan Sinclair
Senior Associate

Loretta M. Corso
Corporate Secretary

1. Member of the Audit Committee

2. Member of the Corporate Governance Committee

LEGAL COUNSEL

Torys LLP

STOCK EXCHANGE LISTING

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

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

YEAR END

December 31

CONTACT INFORMATION

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

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181 Bay Street, Suite 300
P.O. Box 767
Toronto, Ontario
M5J 2T3

Telephone: (416) 956-5141
Email: Rachel.Powell@brookfield.com
Website: 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/>

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CORP.