PARTNERS | VALUE FUND INC.

2013 SECOND QUARTER
INTERIM REPORT TO SHAREHOLDERS
FOR THE PERIOD ENDED JUNE 30, 2013

To The Shareholders:

Partners Value Fund Inc. (formerly BAM Investments Corp.) recorded net income of $5.2 million ($0.07 per common share) for the three months ended June 30, 2013, versus $3.7 million ($0.05 per common share) in the prior year period. The increase in net income was primarily the result of increased dividend income and valuation gains on the Company's other securities investment portfolio.

The Company's net book value increased during the quarter by $1.34 per share to $22.85 per share at June 30, 2013, primarily due to an increase in the market value of the Company's investment portfolio.

The Company also announced today that it received approval from the TSX Venture Exchange (the "Exchange") for its proposed normal course issuer bid (the "Bid") to purchase up to 3,472,415 of its common shares, representing approximately 10% of the public float of its currently outstanding common shares. The period of the Bid will remain effective from August 30, 2013 to August 29, 2014, or such earlier date that the Company completes its purchases. Purchases pursuant to the Bid will be made through the facilities of the Exchange and all applicable exchanges in Canada, and the price which the Company will pay for any common shares purchased will be the market price of the common shares at the time of acquisition. Any common shares acquired through the Bid will be cancelled. Under its former normal course issuer bid that commenced on August 30, 2012 and expired on August 29, 2013, the Company acquired none of its common shares. As of August 29, 2013, there were 74,206,510 common shares outstanding. From time to time, when Partners Value Fund does not possess material non-public information about itself or its securities, it may enter into a pre-defined plan with its broker to allow for the repurchase of shares at times when it ordinarily would not be active in the market due to its own internal trading blackout periods, insider trading rules or otherwise. Any such plans entered into with the Company's broker will be adopted in accordance with applicable Canadian securities laws.

Outlook and Net Asset Value

Partners Value Fund's principal investment is its 56.2 million Class A Shares of Brookfield Asset Management which at June 30, 2013 had a market value of $2,125 million based on quoted market values. The Company's capitalization consists primarily of $537 million of retractable preferred shares and common equity with a book value of $1,695 million as at June 30, 2013.

The Company's objective is to provide its common shareholders with capital appreciation as opposed to income returns. Operating cash flows are dedicated principally to paying dividends on its preferred share financing obligations. The Company holds 7.6 Brookfield Class A Shares for every 10 common shares of Partners Value Fund.

On behalf of the Board,

Edward C. Kress
President
August 29, 2013

Statement of Financial Position

The information in the following table has been extracted from the consolidated financial statements of the Company:

(Thousands, except per share amounts)		**June 30, 2013**		December 31, 2012
Assets				
Cash and cash equivalents	**$**	**5,910**	$	25,882
Investments				
Brookfield Asset Management Inc.[1]		**2,125,351**		2,033,703
Other securities		**333,412**		159,706
Accounts receivable and other		**1,465**		1,269
	$	**2,466,138**	$	2,220,560
Liabilities and Shareholders' Equity				
Accounts payable and other	**$**	**12,931**	$	277
Retractable preferred shares[2]		**537,177**		488,139
Deferred taxes[3]		**220,574**		197,398
		770,682		685,814
Shareholders' Equity				
Common equity		**1,695,456**		1,534,746
	$	**2,466,138**	$	2,220,560
Net Book Value Per Common Share[4,5]	**$**	**22.85**	$	20.68

Notes:

1 The investment in Brookfield Asset Management Inc. consists of 56.2 million Class A Shares with a quoted market value of $37.80 per share as at June 30, 2013.

2 Represents $542.3 million of retractable preferred shares less $5.1 million of unamortized issue costs.

3 The deferred tax liability represents the potential future income tax liability of the Company recorded for accounting purposes based on the difference between the carrying values of the Company's assets and liabilities and their respective tax values, as well as giving effect to estimated capital and non-capital losses.

4 As at June 30, 2013, there were 74,206,510 (December 31, 2012 – 74,206,510) voting and non-voting common shares of the Company issued and outstanding on a fully diluted basis.

5 Net book value per common share is a non-IFRS measure.

Change in Net Book Value

For the period ended June 30, 2013	**Three months ended**				**Six months ended**			
(Thousands, except per share amounts)		**Total**		**Per Share**		**Total**		**Per Share**
Net book value, beginning of period[1]	**$**	**1,596,232**	**$**	**21.51**	**$**	**1,534,746**	**$**	**20.68**
Net income[2]		**5,156**		**0.07**		**13,923**		**0.19**
Other comprehensive income[2]		**94,068**		**1.27**		**146,787**		**1.98**
Net book value, end of period[1,3]	**$**	**1,695,456**	**$**	**22.85**	**$**	**1,695,456**	**$**	**22.85**

Notes:

1 Net book value per common share is non-IFRS measure.

2 The weighted average number of common shares outstanding during the six months ended June 30, 2013, was 74,206.510 (June 30, 2012 – 74,206,510).

3 As at June 30, 2013, there were 74,206,510 (December 31, 2012 – 74,206,510) voting and non-voting common shares of the Company issued and outstanding on a fully diluted basis.

Overview

Partners Value Fund Inc., (the "Company") formerly BAM Investments Corp., is a leveraged investment company whose principal investment is a direct and indirect ownership interest in 56.2 million Class A Limited Voting Shares ("Class A Shares") of Brookfield Asset Management Inc. ("Brookfield").

The Company's objective is to provide its common shareholders with capital appreciation as opposed to income returns. Investment income, which consists principally of dividends from its investment in Brookfield Class A Shares, is dedicated to paying dividends on its financing obligations.

The Company's investment in Brookfield is owned directly and indirectly through Partners Value Split Corp. ("Partners Value Split"), formerly BAM Split Corp., a public subsidiary in which the Company owns 100% of the common equity. Partners Value Split has publicly listed retractable preferred shares of which $492.4 million were outstanding at June 30, 2013.

The Company also holds a portfolio of other securities including: a 47% interest in the New Horizons Income Fund ("New Horizons"), a publicly listed fund which invests in high yield securities ("New Horizons"); a 100% interest in Global Champions Split Corp. ("Global Champions"), which owns a diversified investment portfolio of large capitalization companies; and investments in Brookfield Infrastructure Partners ("BIP") and Brookfield Property Partners ("BPY") common equity.

Additional information on the Company, Partners Value Split and Global Champions including the Company's annual information form, is available on SEDAR's web site at www.sedar.com.

Results of Operations

Overview

The Company recorded net income from operations of $3.9 million for the three months ended June 30, 2013 compared to $3.3 million in the prior year period. The increase in income from operations was driven by increases in dividend income from its Brookfield Class A Shares and its other securities portfolio.

Net income was $5.2 million ($0.07 per common share) for the three months ended June 30, 2013 compared to $3.7 million ($0.05 per common share) in the prior year period. The increase in net income was primarily the result of increased valuation gains and an increase in dividend income.

The Company's net book value increased by $1.34 per share to $22.85 per share at June 30, 2013, primarily as a result of changes in the market value of the Company's investment portfolio.

The following table reconciles the Company's income from operations and net income for the three and six months ended June 30:

	Three months ended		Six months ended	
Thousands	**2013**	2012	**2013**	2012
Investment Income				
Dividend and interest	**$ 10,999**	$ 8,724	**$ 20,220**	$ 16,974
Cash portion of equity accounted income[1]	**1,220**	1,220	**2,440**	2,440
Other investment income (loss)	**(1,336)**	—	**1,109**	—
	10,883	9,944	**23,769**	19,414
Less:				
Operating expenses	**385**	122	**638**	449
Retractable preferred share dividends	**6,627**	6,494	**13,121**	12,988
Income from operations[2]	**3,871**	3,328	**10,010**	5,977
Adjust for other items:				
Non-cash portion of equity accounted income[1]	**2,345**	1,075	**6,483**	5,007
Amortization of deferred financing costs	**(423)**	(356)	**(795)**	(711)
Income tax expense	**(637)**	(389)	**(1,775)**	(1,070)
Net income	**$ 5,156**	$ 3,658	**$ 13,923**	$ 9,203

Notes:

1. *Equity accounted income is bifurcated into the Company's proportionate share of cash distributions and non-cash changes in value to better reflect the amount of investment income generated by the investment portfolio.*
2. *Income from operations is a non-IFRS measure used by the Company to better reflect the operating performance during the period. The measure is defined as investment income less expenses, as shown on the Consolidated Statements of Operations, and then adjusted for cash distributions received from the Company's equity accounted investment.*

Investment Income

Investment income for the three and six months ended June 30 consists of the following:

Thousands	Three months ended 2013	Three months ended 2012	Six months ended 2013	Six months ended 2012
Dividends:				
Brookfield	**$ 8,506**	$ 7,745	**$ 16,367**	$ 15,033
Other	**2,429**	842	**3,711**	1,676
Cash portion of equity accounted income	**1,220**	1,220	**2,440**	2,440
Interest and other investment income	**(1,272)**	137	**1,251**	265
	$ 10,883	$ 9,944	**$ 23,769**	$ 19,414

The Company received dividend income of $8.5 million (2012 – $7.7 million) from its investment in Brookfield. The increase was due to an increase in the dividend rate as well as an increase in the Canadian dollar value of the dividends, which are declared in U.S. dollars.

Interest and other investment income decreased in the current period primarily as a result of the investment income recorded on the Global Champions investment portfolio, which was acquired subsequent to the 2012 quarter.

Retractable Preferred Share Dividends

The Company paid $6.6 million (2012 – $6.5 million) of dividends on the retractable preferred shares during the period ended June 30, 2013.

Equity Accounted Investments

The Company recorded $3.6 million (2012 – $2.3 million) of equity accounted income during the quarter representing its proportionate share of the net income earned by New Horizons. This consisted of $1.2 million (2012 – $1.2 million) of distributions received, which we present as the cash portion of equity accounted income in the MD&A, and a $2.4 million (2012 – $1.1 million) unrealized gain on the mark-to-market of the fund's investment portfolio.

Amortization of Deferred Financing Costs

The amortization of deferred financing costs associated with preferred shares issued by Partners Value Split and Global Champions resulted in a charge against income of $0.4 million (2012 – $0.4 million).

Income Taxes

The Company recorded an income tax expense of $0.6 million (2012 – $0.4 million) during the three months ended June 30, 2013. The increased expense in the current period is primarily the result of the increase in investment income from the Company's other securities portfolio.

Financial Position

The Company's total assets were $2,466 million at June 30, 2013 and consist primarily of its $2,125 million investment in 56.2 million Brookfield Class A shares. The market price of a Brookfield Class A share increased from $36.17 per share at December 31, 2012 to $37.80 at June 30, 2013.

Investment Portfolio

Investment in Brookfield Asset Management Inc.

The Company has classified the Brookfield Class A Shares as available-for-sale financial instruments, and accordingly recognizes changes in the market value of these shares through other comprehensive income.

Brookfield is a global alternative asset manager focused on real estate, infrastructure, power and private equity with over $175 billion of assets under management and is inter-listed on the New York, Toronto and NYSE Euronext stock exchanges. Further information on Brookfield can be found on Brookfield's web site at www.brookfield.com.

Other Securities

The Company holds an investment in Brookfield Infrastructure Partners consisting of 2.2 million (December 31, 2012 – 2.2 million) Limited Partnership Units with a market value of $85.1 million at June 30, 2013 (December 31, 2012 - $77.3). The Company also has an investment in Brookfield Property Partners consisting of 3.6 million Limited Partnership Units with a market value of $77.0 million at June 30, 2013. BPY was spun-off from Brookfield in April 2013 and, accordingly, this quarter represents the first period of the Company owning these units. These investments are classified as available-for-sale financial instruments and, accordingly, changes in their market value are recorded in other comprehensive income.

The Company holds an investment in New Horizons consisting of 6.1 million fund unit (December 31, 2012 - 6.1 million) with market value of $71.8 million as at June 30, 2013 (December 31, 2012 - $65.3 million). The Company exercises significant influence over the fund and accounts for the fund using the equity method. As such, the Company records its proportionate share of the investee's income as equity accounted income in the consolidated statement of operations.

Also included in the other securities portfolio are the securities from the Company's investment in Global Champions, a public subsidiary which invests in a diversified portfolio of large capitalization companies and in which the Company owns 100% of the common equity. The market value of these securities was $99.5 million as at June 30, 2013.

Deferred Taxes

The deferred tax liability represents the potential tax liability based on the excess of the carrying value of net assets over the respective tax values, less available loss carry forwards. The potential tax liability increased during the period principally due to the increase in the market value of the Brookfield Class A Shares.

Liquidity and Capital Resources

The Company holds cash and cash equivalents totalling $5.9 million and marketable securities of $333.4 million as at June 30, 2013. The Company has drawn $10.7 million on its credit facility at June 30, 2013 and there are no mandatory preferred share redemptions prior to July 2014. The operating cash requirements for 2013 include $28.0 million of scheduled dividend payments on the $542.3 million preferred shares issued by Partners Value Split and Global Champions which are less than the expected regular distributions expected to be received on the Brookfield and other securities held by the Company. Accordingly, the Company believes it has sufficient liquid assets, operating cash flow and financing alternatives to meet its obligations.

Retractable Preferred Shares

Retractable preferred shares issued by Partners Value Split and Global Champions are comprised of the following:

Thousands, except shares outstanding		Latest Redemption Date	**Jun. 30, 2013**	Mar. 31, 2013	Dec. 31, 2012
Partners Value Split					
2,057,200	4.95% Class AA, Series I	March 25, 2016	**$ 51,430**	$ 51,430	$ 51,430
7,636,800	4.35% Class AA, Series III	January 10, 2019	**190,920**	190,920	190,920
5,000,000	7.25% Class AA, Series IV	July 9, 2014	**124,946**	124,946	125,000
5,000,000	4.85% Class AA, Series V	December 10, 2017	**125,000**	125,000	125,000
Global Champions					
2,000,000	4.00% Class A, Series I	July 31, 2019	**50,000**	50,000	—
			542,296	542,296	492,350
Deferred financing costs[1]			**(5,119)**	(5,339)	(4,211)
			$ 537,177	$ 536,957	$ 488,139

Notes:

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

Shareholders' equity

As at June 30, 2013 shareholders' equity consisted of 74,206,510 voting and non-voting common shares and had a book value of $1,695 million compared to $1,535 million at the end of 2012. The increase is primarily the result of a higher market value of the Class A Shares of Brookfield, whose share price increased from $36.17 at December 31, 2012 to $37.80 at June 30, 2013.

Business Environment and Risks

The Company's activities expose it to a variety of financial risks, including market risk (i.e. currency risk, interest rate risk, and other price risk), credit risk and liquidity risk. The following are risk factors relating to an investment in the common shares of the Company.

Fluctuations in Value of Investments

The value of common shares may vary according to the value of the Class A Shares and other securities owned by the Company. The value of these investments may be influenced by factors not within the control of the Company, including the financial performance of Brookfield and other investees, interest rates and other financial market conditions. As a result, the net asset value of the Company may vary from time to time.

The future value of the common shares will be largely dependent on the value of the Class A Shares. A material adverse change in the business, financial conditions or results of operations of Brookfield and other investees of the Company will have a material adverse effect on the common shares of the Company. In addition, the Company may incur additional financial leverage in order to acquire, directly or indirectly, additional securities issued by Brookfield, which would increase both the financial leverage of the Company and the dependency of the future value of the common shares on the value of the Class A Shares.

Foreign Currency Exposure

The Company's investment in Brookfield and certain of its other investments are functionally United States dollar investments. Accordingly, the value of the these assets may vary from time to time with fluctuations in the exchange rate between Canadian and United States dollars. In addition, these investments pay distributions and interest in United States dollars. Strengthening of the Canadian dollar relative to the United States dollar could decrease the amount of cash available to the Company.

Leverage

The Company's assets are financed in part with the retractable preferred shares issued by Partners Value Split and Global Champions. This results in financial leverage that will increase the sensitivity of the value of the common shares to changes in the values of the assets owned by the Company. A decrease in the value of the Company's investments may have a material adverse effect on the Company's business and financial conditions.

Liquidity

The Company's liquidity requirements are typically limited to funding interest and dividend obligations on outstanding financial obligations.

Holders of the Company's retractable preferred shares have the ability to retract their shares. The Class AA, Series I Preferred shares are retractable for cash, whereas the Company has the right to issue debentures, as opposed to cash, to settle retractions of the Class AA, Series III; Class AA, Series IV; Class AA, Series V; and Class A Series I preferred shares, respectively.

The Company maintains financial assets and credit facilities to fund liquidity requirements in the normal course, in addition to its investment in Brookfield. The Company's policy is to hold the Class A Shares and not engage in trading, however shares are available to be sold to fund retractions and redemptions of preferred shares or common shares. The Company's ability to sell a substantial portion of the Class A Shares may be limited by resale restrictions under applicable securities laws that will affect when or to whom the Class A Shares may be sold. Accordingly, if and when the Company is required to sell Class A Shares, the liquidity of such shares may be limited. This could affect the time it takes to sell the Class A Shares and the price obtained by the Company for the Class A Shares sold.

No Ownership Interest

A direct investment in common shares does not constitute a direct investment in the Class A Shares of Brookfield or other securities held by the Company. Holders of common shares do not own the Class A Shares or other securities held by the Company or have any voting rights in respect of such securities.

Contractual Obligations

The Company's contractual obligations as of June 30, 2013 are as follows:

		Payment Due By Period			
Thousands	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Retractable preferred shares					
Partners Value Split:					
Class AA, Series I[1]	$ 51,430	$ —	$ —	$ 51,430	$ —
Class AA, Series III[2]	190,920	—	—	—	190,920
Class AA, Series IV[3]	124,926	—	124,926	—	—
Class AA, Series V[4]	125,000	—	—	—	125,000
Global Champions:					
Class A, Series I[5]	50,000	—	—	—	50,000
Interest expense related to:					
Retractable preferred shares					
Partners Value Split:					
Class AA, Series I	$ 7,194	$ 2,546	$ 4,628	$ —	$ —
Class AA, Series III	46,793	8,305	16,610	16,610	5,268
Class AA, Series IV	10,256	9,059	1,197	—	—
Class AA, Series V	26,066	6,063	12,125	7,878	—
Global Champions:					
Class A, Series I[5]	12,660	2,000	4,000	4,000	2,660

Notes:

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

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

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

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

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

Summary of Financial Information

The following table summarizes selected consolidated financial information of the Company for the six months ended June 30, 2013 and 2012 and for the years ended December 31, 2010, 2011, 2012:

	Six months ended June 30		Years Ended December 31		
Thousands, except per share amounts	**2013**	2012	2012	2011	2010
Income from operations[1]	**$ 10,010**	$ 5,977	$ 13,069	$ 11,694	$ 18,349
Net income	**13,923**	9,203	19,120	2,085	13,127
Net income per common share	**0.19**	0.12	0.26	0.03	0.17
Total assets	**2,466,138**	2,066,085	2,220,560	1,722,646	2,076,347
Total long-term liabilities	**757,751**	665,090	685,537	619,309	667,115

Notes:

1 *Income from operations is a non-IFRS measure used by the Company to better reflect the operating performance during the period. The measure is defined as investment income less expenses, as shown on the Consolidated Statements of Operations, and then adjusted for cash distributions received from the Company's equity accounted investment.*

A summary of the eight recently completed quarters is as follows:

	2013		2012				2011	
Thousands, except per share amounts	**Q2**	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Income from operations[1]	**$ 3,871**	$ 6,139	$ 3,638	$ 3,454	$ 3,328	$ 2,649	$ 2,919	$ 2,527
Net income (loss)	**5,156**	8,767	5,089	4,828	3,658	5,545	3,275	(2,786)
Net income (loss) per common share	**0.07**	0.12	0.07	0.07	0.05	0.07	0.05	(0.04)

Notes:

1 *Income from operations is a non-IFRS measure used by the Company to better reflect the operating performance during the period. The measure is defined as investment income less expenses, as shown on the Consolidated Statements of Operations, and then adjusted for cash distributions received from the Company's equity accounted investment.*

Income from operations includes dividends and interest on the Company's investment portfolio and is partially offset by the Company's operating costs, which primarily consists of dividends paid on the retractable preferred shares. Income from operations fluctuates from changes in the U.S. dollar relative to the Canadian dollar on dividends earned on U.S. dollar investments. Also included in income from operations are gains and losses on the disposition of investments. The variance in net income on the last eight quarters is primarily the result of mark-to-market adjustments on certain of the Company's investments.

Related Party Transactions

Brookfield provided management and financial services to the Company during 2013 and 2012 and recovered costs of $20,000 to June 30, 2013 (2012 – $20,000) in respect of those services.

At June 30, 2013 the Company had $nil (2012 – $29.1 million) of its cash on short-term deposit with Brookfield.

Critical Accounting Estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are required in the determination of future cash flows and probabilities in assessing net recoverable amounts and net realizable values; tax and other provisions; and fair values for disclosure purposes. In the normal course of operations, the Company may execute agreements that provide for indemnification and guarantees to third parties in transactions such as business dispositions, business acquisitions and the sale of assets. The nature of substantially all of the indemnification undertakings precludes the possibility of making a reasonable estimate of the maximum potential amount that the Company could be required to pay to third parties as the agreements often do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, the Company has not made any payments under such indemnification agreements and guarantees.

Disclosure Controls And Procedures

We maintain appropriate information systems, procedures and controls to ensure that new information disclosed externally is complete, reliable and timely. The President and the Vice President, Finance of the Company evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in "National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings") as at June 30, 2013 and have concluded that the disclosure controls and procedures are operating effectively.

Internal Controls Over Financial Reporting

We maintain appropriate internal controls over financial reporting (as defined in "National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings") and the Chief Executive Officer and the Chief Financial Officer have concluded that the internal controls have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management has evaluated whether there were changes in our internal controls over financial reporting during the period ended June 30, 2013 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting and has determined that there have been no such changes.

Review of Interim Financial Statements

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not reviewed these financial statements.

Re-Branding

During the quarter the Company changed its name from BAM Investments Corp. to Partners Value Fund Inc. as part of our re-branding initiative. Historically the Company's sole investment had been in Brookfield Class A Shares however more recently the Company has made investments in, and will continue to make investments in, securities unrelated to Brookfield. Therefore the Board of Directors recommended this change and it became effective following a successful vote at the Company's annual general meeting in May 2013.

Edward C. Kress
President
August 29, 2012

Forward-Looking Information

This interim report contains forward-looking information concerning the Company's business and operations. The words "objective", "expect", "potential", "believes" and other expressions of similar import, or the negative variations thereof, and similar expressions of future or conditional verbs such as "may", "should", "could", "would" or "will", are predictions of or indicate future events, trends or prospects or identify forward-looking information. Forward-looking information in this interim report includes, among others, statements with respect to the Company's objective of providing capital appreciation to its common shareholders, potential tax liability, expected future results, the Company's liquidity and its ability to finance its obligations and other statements with respect to the Company's beliefs, outlooks, plans, expectations and intentions.

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 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.

Cautionary Statement Regarding Use of Non-IFRS Accounting Measures

This interim report makes reference to net income for common shareholders and net book value per common share, and provides a full reconciliation between these measures and net income and total assets, respectively, which the Company considers to be the most directly comparable measures calculated in accordance with IFRS.

Consolidated Balance Sheets

Thousands	Note	*(unaudited)* **June 30, 2013**	December 31, 2012
Assets			
Cash and cash equivalents		**$ 5,910**	$ 25,882
Accounts receivable and other		**1,465**	1,269
Brookfield Asset Management Inc.	3	**2,125,351**	2,033,703
Other securities	3	**333,412**	159,706
		$ 2,466,138	$ 2,220,560
Liabilities			
Accounts payable and other	4	**$ 12,931**	$ 277
Retractable preferred shares	5	**537,177**	488,139
Deferred taxes		**220,574**	197,398
		770,682	685,814
Shareholders' Equity			
Common equity	6	**1,695,456**	1,534,746
		$ 2,466,138	$ 2,220,560

See accompanying notes to financial statements.

Consolidated Statements of Operations

(unaudited) Thousands, except per share amounts	Three months ended June 30 **2013**	2012	Six months ended June 30 **2013**	2012
Investment Income				
Dividends, interest and other	**$ 9,663**	$ 8,724	**$ 21,329**	$ 16,974
	9,663	8,724	**21,329**	16,974
Expenses				
Operating	**385**	122	**638**	449
Retractable preferred share dividends	**6,627**	6,494	**13,121**	12,988
	7,012	6,616	**13,759**	13,437
	2,651	2,108	**7,570**	3,537
Equity accounted income	**3,565**	2,295	**8,923**	7,447
Amortization of deferred financing costs	**(423)**	(356)	**(795)**	(711)
Current tax (expense)	**(623)**	(110)	**(893)**	(187)
Deferred tax (expense)	**(14)**	(279)	**(882)**	(883)
Net income	**$ 5,156**	$ 3,658	**$ 13,923**	$ 9,203
Net income per common share (Note 6)	**$ 0.07**	$ 0.05	**$ 0.19**	$ 0.12

See accompanying notes to financial statements.

Consolidated Statements of Comprehensive Income (Loss)

(unaudited) Thousands	Three months ended June 30 **2013**	2012	Six months ended June 30 **2013**	2012
Net income	**$ 5,156**	$ 3,658	**$ 13,923**	$ 9,203
Unrealized gain (loss) on available-for-sale securities	**107,143**	129,492	**167,964**	332,877
Foreign Exchange translation	**1,117**	—	**1,117**	—
Deferred income taxes	**(14,192)**	(22,733)	**(22,294)**	(43,962)
Other comprehensive income (loss)	**94,068**	106,759	**146,787**	288,915
Comprehensive income (loss)	**$ 99,224**	$ 110,417	**$ 160,710**	$ 298,118

See accompanying notes to financial statements.

Consolidated Statements of Changes in Equity

(unaudited) *For the three months ended June 30, 2013* *(Thousands)*	Note	Common Shares	Accumulated Other Comprehensive Income	Retained Earnings	Common Equity
Balance, beginning of period		$ 79,450	$ 1,486,574	$ 30,208	$1,596,232
Net income		—	—	5,156	5,156
Other comprehensive income		—	94,068	—	94,068
Balance, end of period	6	$ 79,450	$ 1,580,642	$ 35,364	$1,695,456

(unaudited) *For the six months ended June 30, 2013* *(Thousands)*	Note	Common Shares	Accumulated Other Comprehensive Income	Retained Earnings	Common Equity
Balance, beginning of period		$ 79,450	$ 1,433,855	$ 21,441	$ 1,534,746
Net income		—	—	13,923	13,923
Other comprehensive income		—	146,787	—	146,787
Balance, end of period	6	$ 79,450	$ 1,580,642	$ 35,364	$ 1,695,456

See accompanying notes to financial statements.

(unaudited) *For the three months ended June 30, 2012* *(Thousands)*	Common Shares	Accumulated Other Comprehensive Income	Retained Earnings	Common Equity
Balance, beginning of period	$ 79,450	$ 1,203,200	$ 7,866	$ 1,290,516
Net income	—	—	3,658	3,658
Other comprehensive income	—	106,759	—	106,759
Balance, end of period	$ 79,450	$ 1,309,959	$ 11,524	$ 1,400,933

(unaudited) *For the six months ended June 30, 2012* *(Thousands)*	Common Shares	Accumulated Other Comprehensive Income	Retained Earnings	Common Equity
Balance, beginning of period	$ 79,450	$ 1,021,044	$ 2,321	$ 1,102,815
Net income	—	—	9,203	9,203
Other comprehensive loss	—	288,915	—	288,915
Balance, end of period	$ 79,450	$ 1,309,959	$ 11,524	$ 1,400,933

See accompanying notes to financial statements.

Consolidated Statements of Cash Flows

(unaudited) *Thousands*	Three months ended June 30 **2013**	 2012	Six months ended June 30 **2013**	 2012
Cash flow from operating activities				
Net income	**$ 5,156**	$ 3,424	**$ 13,923**	$ 8,969
Add (deduct) non-cash items:				
Non-cash portion of equity accounted income	**(2,345)**	(1,075)	**(6,483)**	(5,007)
Amortization of deferred financing costs	**423**	356	**795**	711
Deferred tax expense (recovery)	**14**	279	**882**	883
	3,248	2,984	**9,117**	5,556
Changes in working capital	**2,661**	(178)	**(3,191)**	(428)
	5,909	2,806	**5,926**	5,128
Cash flow used in investing activities				
Purchase of other securities	**(50,807)**	—	**(85,062)**	—
	(50,807)	—	**(85,062)**	—
Cash flow used in financing activities				
Preferred shares issued	**—**	—	**48,500**	—
Credit facility borrowings	**10,664**	**—**	**10,664**	
	10,664	—	**59,164**	—
Cash and cash equivalents				
Increase (decrease) during the period	**(34,234)**	2,806	**(19,972)**	5,128
Balance, beginning of period	**40,144**	33,226	**25,882**	30,904
Balance, end of period	**$ 5,910**	$ 36,032	**$ 5,910**	$ 36,032

See accompanying notes to financial statements.

Notes To The Consolidated Financial Statements

1. Business Operations

Partners Value Fund Inc. (the "Company") is an investment holding company incorporated under the laws of the province of Ontario which owns a leveraged investment in Brookfield Asset Management Inc. ("Brookfield"). Brookfield provides management and administration services to the Company. The consolidated financial statements include the accounts of the Company's wholly-owned subsidiaries, Partners Value Split Corp. ("Partners Value Split") and Global Champions Split Corp ("Global Champions"). Certain prior amounts have been reclassified to conform to the current period's presention. 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 condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended December 31, 2012.

The interim financial statements should be read in conjunction with the most recently issued Annual Report of the Company which includes information necessary or useful to understanding the Company's businesses and financial statement presentation. In particular, the Company's significant accounting policies were presented as Note 2 to the Consolidated Financial Statements for the fiscal year ended December 31, 2012 included in that report, and have been consistently applied in the preparation of these interim financial statements.

The interim financial statements are unaudited. The results reported in these interim consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

These financial statements were authorized for issuance by the Board of Directors of the Company on August 22, 2012.

(b) Adoption of accounting standards:

Consolidated Financial Statements, Joint Ventures and Disclosures

In May 2011, the IASB issued three standards: IFRS 10, Consolidated Financial Statements ("IFRS 10"), IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12"), and amended two standards: IAS 27, Separate Financial Statements ("IAS 27"), and IAS 28, Investments in Associates and Joint Ventures ("IAS 28"). Each of the new and amended standards became effective on January 1, 2013.

IFRS 10 replaces IAS 27 and SIC-12, Consolidation-Special Purpose Entities ("SIC-12"). The consolidation requirements previously included in IAS 27 have been included in IFRS 10, whereas the amended IAS 27 sets standards to be applied in accounting for investments in subsidiaries, joint ventures, and associates when an entity elects, or is required by local regulations, to present separate (non-consolidated) financial statements. There was not any impact of IFRS 10 and the amendments to IAS 27 on the Company's consolidated financial statements.

IAS 28 prescribes the accounting for investments in associates and sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. There was not any impact of the amendments to IAS 28 on the Company's consolidated financial statements.

IFRS 12 integrates the disclosure requirements on interests in other entities and requires a parent Company to disclose information about significant judgements and assumptions it has made in determining whether it has control, joint control, or significant influence over another entity and the type of joint arrangement when the arrangement has been structured through a separate vehicle. An entity should also provide these disclosures when changes in facts and circumstances affect the entity's conclusion during the reporting period. Entities are permitted to incorporate the disclosure requirements in IFRS 12 into their financial statements without early adopting IFRS 12. There was not any impact of IFRS 12 on the Company's consolidated financial statements.

Financial Instruments

IFRS 9, Financial Instruments ("IFRS 9") was issued by the IASB on November 12, 2009 and will replace IAS 39, Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company has not yet determined the impact of IFRS 9 on its financial statements.

Fair Value Measurements

In May 2011, the IASB issued IFRS 13, Fair Value Measurements ("IFRS 13"). IFRS 13 establishes a single source of fair value measurement guidance and sets out fair value measurement disclosure requirements. The standard requires that information be provided in the financial statements that enable the user to assess the methods and inputs used to develop fair value measurements, and for reoccurring fair value measurements that use significant unobservable inputs, the effect of the measurements on profit or loss or other comprehensive income. IFRS 13 became effective on January 1, 2013. The application of IFRS 13 has not materially impacted the manner in which the Campany measures its financial and non-financial assets and liabilities.

Presentation of Items of Other Comprehensive Income

In June 2011, the IASB made amendments to IAS 1, Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income ("IAS 1"). The amendments require that items of other comprehensive income are grouped into two categories: items that will not be reclassified subsequently to profit or loss; and items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments to IAS 1 are effective for annual periods beginning on or after July 1, 2012. The Company does not expect the amendments to IAS 1 to have a material impact on the financial statements.

3. Investment Portfolio

The Company's investment portfolio consists of the following:

	Number of shares			
Thousands	**Jun. 30, 2013**	Dec. 31, 2012	**Jun. 30, 2013**	Dec. 31, 2012
Brookfield Asset Management Inc.	**56,226**	56,226	**2,125,351**	$ 2,033,703
Other securities			**333,412**	159,706
			2,458,763	$ 2,193,409

The Company owns 56.2 million (2012 – 56.2 million) Class A Limited Voting Shares of Brookfield ("Class A Shares") representing a 9.1% (2012 – 9.1%) fully diluted equity interest.

Other securities consists of 2.2 million Partnership Units of Brookfield Infrastructure Partners, ("BIP") 3.6 million Partnership Units of Brookfield Property Partners ("BPY") and 6.1 million units of Brookfield New Horizons Income Fund ("New Horizons").

Also included in other securities are the securities from the Company's investment in Global Champions Split Corp., a public subsidiary which invests in a diversified portfolio of large capitalization companies and in which the Company owns 100% of the common equity.

The Company's investments in the Brookfield Class A Shares, BIP units and BPY units are classified as available-for-sale. The Company's 6.1 million units of New Horizons represents a 47% equity interest resulting in it being equity accounted. The carrying value of New Horizons at June 30, 2013 was $72 million (2012 – $65 million).

The Company's investment in BIP and BPY is classified as current whereas the investment in Brookfield is classified as non-current.

4. Credit Facility

The Company has a $20 million revolving credit facility for which it had drawn $10.7 million at June 30, 2013 (2012-nil) and is included in accounts payable and other.

5. Retractable Preferred Shares

Retractable preferred shares issued by Partners Value Split and Global Champions are non-current liabilities and are comprised of the following:

	Issued and Outstanding			
Thousands, except shares outstanding	**June 30, 2013**	Dec. 31, 2012	**June 30, 2013**	Dec. 31, 2012
Partners Value Split:				
4.95% Class AA, Series I	**2,057**	2,057	**51,430**	51,430
4.35% Class AA, Series III	**7,637**	7,637	**190,920**	190,920
7.25% Class AA, Series IV	**4,998**	5,000	**124,946**	125,000
4.85% Class AA, Series V	**5,000**	5,000	**125,000**	125,000
Global Champions:				
Class A, Series I	**2,500**	—	**50,000**	—
			542,296	492,350
Deferred financing costs[1]			**(5,119)**	(4,211)
			$ 537,177	$ 488,139

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

6. Shareholders' Equity

Authorized

50,000,000 preferred shares, issuable in series.
An unlimited number of voting and non-voting common shares.

Issued and outstanding

	Number Outstanding		Book Value	
Thousands	**Jun. 30, 2013**	Dec. 31, 2012	**Jun. 30, 2013**	Dec. 31, 2012
Common shares, voting and non-voting	**74,207**	74,207	**$ 79,450**	$ 79,450
Accumulated other comprehensive income			**1,580,642**	1,433,855
Retained earnings			**35,364**	21,441
			$ 1,695,456	$ 1,534,746

7. Net Income Per Common Share

Net income per common share is calculated based on the weighted average number outstanding shares during the year. For the period ended June 30, 2013, the weighed average number of outstanding shares were 74,206,510 (2012 – 74,206,510) on a fully diluted basis.

8. Other Items

(i) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand and short-term deposits. The Company held $5.9 million of short-term deposits at June 30, 2013 (2012 – $29.1 million).

(ii) Supplemental Cash Flow Information

	Three months ended June 30		Six months ended June 30	
(Thousands)	**2013**	2012	**2013**	2012
Cash interest and dividends received	**$ 10,913**	$ 9,944	**$ 20,134**	$ 19,414
Retractable preferred share dividends paid	**(6,627)**	(6,494)	**(13,121)**	(12,988)

Corporate Information

Directors

Edward C. Kress
Corporate Director

Brian D. Lawson
Chief Financial Officer
Brookfield Asset Management Inc.

John P. Barratt [1, 2]
Corporate Director

Frank N.C. Lochan [1, 2]
Corporate Director

Ralph J. Zarboni [1, 2]
Chairman and Chief Executive Officer
The EM Group Inc.

[1] *Member of the Audit Committee*
[2] *Member of the Governance Committee*

Officers

Frank N.C. Lochan
Chairman

Edward C. Kress
President

Allen G. Taylor
Vice President, Finance

Loretta M. Corso
Corporate Secretary

Corporate Office

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Exchange Listing

TSX Venture Exchange

Stock Symbol: PVF

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