

To the Shareholders:

Partners Value Fund Inc. recorded an increase in its net book value during the quarter of \$203 million, or \$2.73 per share, to \$28.09 per share at March 31, 2014, primarily due to an increase in the market value of the Company's long term investment portfolio. The increase in book value is comprised of net income of \$15 million (\$0.20 per share) and other comprehensive income of \$188 million (\$2.53 per share).

Outlook and Net Asset Value

Partners Value Fund's principal investment is its 56 million Class A Shares of Brookfield Asset Management which, at March 31, 2014, had a market value of \$2,523 million based on quoted market values. The Company's capitalization consists primarily of \$538 million of retractable preferred shares and common equity with a book value of \$2,084 million as at March 31, 2014.

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

On behalf of the Board,



Edward C. Kress
President

May 23, 2014

Statement of Financial Position

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

<i>(Thousands, except per share amounts)</i>	March 31, 2014	December 31, 2013
Assets		
Cash and cash equivalents	\$ 12,902	\$ 5,102
Investments		
Brookfield Asset Management Inc. ¹	2,523,433	2,310,897
Other securities	365,849	354,180
Accounts receivable and other	3,062	2,083
	\$ 2,905,246	\$ 2,672,262
Liabilities and Shareholders' Equity		
Accounts payable and other	\$ 5,218	\$ 5,196
Retractable preferred shares ²	537,774	537,531
Deferred taxes ³	277,775	247,980
	820,767	790,707
Shareholders' Equity		
Common equity	2,084,479	1,881,555
	\$ 2,905,246	\$ 2,672,262
Net Book Value Per Common Share^{4,5}	\$ 28.09	\$ 25.36

¹ The investment in Brookfield Asset Management Inc. consists of 56 million Class A Shares with a quoted market value of \$44.88 per share as at March 31, 2014 (December 31 - \$41.10).

² Represents \$542 million of retractable preferred shares less \$4 million of unamortized issue costs (December 31, 2013 - \$542 million less \$5 million).

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 March 31, 2014, there were 74,206,510 (December 31, 2013 - 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

<i>For the three months ended March 31 (Thousands, except per share amounts)</i>	2014		2013	
	Total	Per Share	Total	Per Share
Net book value, beginning of period ¹	\$ 1,881,555	\$ 25.36	\$ 1,534,746	\$ 20.68
Net income ²	14,711	0.20	8,767	0.12
Other comprehensive income ²	188,213	2.53	52,719	0.71
Net book value, end of period ^{1,3}	\$ 2,084,479	\$ 28.09	\$ 1,596,232	\$ 21.51

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

² The weighted average number of common shares outstanding during the three months ended March 31, 2014, was 74,206,510 (March 31, 2013 - 74,206,510).

³ As at March 31, 2014, there were 74,206,510 (December 31, 2013 - 74,206,510) voting and non-voting common shares of the Company issued and outstanding on a fully diluted basis.

Management's Discussion and Analysis

OVERVIEW

Partners Value Fund Inc., (the "Company"), is a leveraged investment company whose principal investment is an ownership interest in 56 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 includes dividends from its investment in Brookfield Class A Shares as well as its other securities portfolio which 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"), 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 million were outstanding at March 31, 2014.

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; a 100% interest in Global Champions Split Corp. ("Global Champions"), which owns a diversified investment portfolio of large capitalization companies; and investments in limited partnership units of Brookfield Infrastructure Partners and Brookfield Property Partners.

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 of \$15 million (\$0.20 per common share) for the three months ended March 31, 2014 compared to \$9 million (\$0.12 per common share) in the prior year period. The increase in net income was primarily due to increases in dividend income from its Brookfield Class A Shares, its Global Champions portfolio and its other securities portfolio, and valuation gains included within equity accounted income associated with the Company's New Horizons investment.

During the first quarter, the Company's net book value increased by \$2.73 per share to \$28.09 per share, due to increases in the market value of the Company's investment portfolio, of which \$0.20 was recorded in net income and the balance of \$2.53 in other comprehensive income.

The following table presents the details of the Company's net income for the three months ended March 31:

<i>(Thousands)</i>	2014	2013	Increase/ (Decrease)
Investment Income			
Dividend and interest	\$ 15,416	\$ 9,221	\$ 6,195
Other investment income	490	2,445	(1,955)
	15,906	11,666	4,240
Less:			
Operating expenses	491	253	238
Retractable preferred share dividends	6,989	6,494	495
	8,426	4,919	3,507
Other items:			
Equity accounted income	8,013	5,358	2,655
Amortization of deferred financing costs	(447)	(372)	(75)
Income tax expense	(1,281)	(1,138)	(143)
Net income	\$ 14,711	\$ 8,767	\$ 5,944

Investment Income

Investment income for the three months ended March 31, consists of the following:

<i>(Thousands)</i>	2014	2013
Dividends:		
Brookfield Asset Management Inc.	\$ 12,455	\$ 7,861
Other securities	2,915	1,282
Interest and other investment income	536	2,523
	\$ 15,906	\$ 11,666

The Company received dividend income of \$12 million (2013 – \$8 million) from its investment in Brookfield. Brookfield paid a \$0.20 per share (2013 - \$0.14 per share) during the quarter which reflected a four month period as a result of a change in dividend policy. The dividend per share is expected to normalize to a three month period after the policy change. The increase also reflects an increase in the Canadian dollar value of the dividends, which are declared in U.S. dollars.

Interest and other investment income includes valuation gains and realized and unrealized foreign exchange gains incurred in the period, primarily related to our Global Champions portfolio. The decrease in interest and other investment income is a result of a decrease in valuation gains on the Global Champions portfolio, relative to the prior year period.

Retractable Preferred Share Dividends

The Company paid \$7 million (2013 – \$7 million) of dividends on the retractable preferred shares during the three months ended March 31, 2014.

Equity Accounted Investments

The Company recorded \$8 million (2013 – \$5 million) of equity accounted income during the quarter representing its proportionate share of the net income earned by New Horizons. This consisted of \$1 million (2013 – \$1 million) of distributions received, and a \$7 million (2013 – \$4 million) in valuation gains associated with 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 (2013 – \$0.4 million) during the three months ended March 31, 2014.

Income Taxes

The Company recorded an income tax expense of \$1.3 million (2013 – \$1.1 million) during the three months ended March 31, 2014. The increase in the current period is primarily the result of the potential liability derived from the excess of the carrying value of the New Horizons investment and the Global Champions portfolio over their respective tax values.

FINANCIAL POSITION

The Company's total assets were \$2,905 million at March 31, 2014 and consist primarily of its 56 million Brookfield Class A shares investment which was recorded at its fair market value of \$2,523 million. The market price of a Brookfield Class A share increased from \$41.10 per share at December 31, 2013 to \$44.88 at March 31, 2014.

Investment Portfolio

<i>(Thousands)</i>	Number of Shares		Fair Value	
	Mar. 31, 2014	Dec. 31, 2013	Mar. 31, 2014	Dec. 31, 2013
Brookfield Asset Management Inc.	56,226	56,226	\$ 2,523,433	\$ 2,310,897
Other securities:				
Brookfield Infrastructure Partners L.P.	2,219	2,219	96,511	92,432
Brookfield Property Partners L.P.	3,613	3,613	74,328	76,606
Brookfield New Horizons Income Fund	6,100	6,100	84,133	77,340
Global Champions portfolio	various	various	110,877	107,802
			\$ 365,849	\$ 354,180

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 of 2.2 million (December 31, 2013 – 2.2 million) limited partnership units with a fair value of \$97 million at March 31, 2014 (December 31, 2013 – \$92 million). The Company has classified its investment in the Brookfield Infrastructure Partners units as available-for-sale financial instruments and, accordingly, changes in their fair value are recorded in other comprehensive income.

Brookfield Infrastructure Partners owns and operates utility, transport and energy businesses in North and South America, Australasia, and Europe and is inter-listed on the New York and Toronto stock exchanges. Further information on Brookfield Infrastructure Partners can be found on their web site at www.brookfieldinfrastructure.com.

The Company holds an investment in Brookfield Property Partners of 3.6 million (December 31, 2013 - 3.6 million) limited partnership units with a fair value of \$74 million at March 31, 2014 (December 31, 2013 - \$77 million). The Company has classified its investment in the Brookfield Property Partners units as available-for-sale financial instruments and, accordingly, changes in their fair value are recorded in other comprehensive income.

Brookfield Property Partners is a global commercial property company that owns, operates and invests in best-in-class office, retail, multifamily and industrial assets and is inter-listed on the New York and Toronto stock exchanges. Further information on Brookfield Property Partners can be found on their web site at www.brookfieldpropertypartners.com.

The Company holds an investment in New Horizons of 6.1 million fund units (December 31, 2013 – 6.1 million) with market value of \$84 million as at March 31, 2014 (December 31, 2013 – \$77 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 held by 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 \$111 million as at March 31, 2014 (December 31, 2013 - \$108 million). Global Champions has issued \$50 million of preferred shares as discussed below within the Liquidity and Capital Resources - Retractable Preferred Shares section.

Deferred Taxes

The deferred tax liability represents the potential tax liability derived from 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 \$13 million and investments of \$2,889 million as at March 31, 2014 (December 31, 2013 - \$5 million and \$2,665 million). The company has operating cash requirements of \$22 million in scheduled dividend payments on its \$538 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. The Company also has \$125 million of preferred shares maturing in July 2014. 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:

<i>(Thousands, except shares outstanding)</i>		Latest Redemption Date	Mar. 31, 2014	Dec. 31, 2013
Partners Value Split				
2,055,420	4.95% Class AA, Series I	March 25, 2016	\$ 51,386	\$ 51,386
7,634,500	4.35% Class AA, Series III	January 10, 2019	190,863	190,920
4,994,850	7.25% Class AA, Series IV	July 9, 2014	124,871	124,946
4,999,000	4.85% Class AA, Series V	December 10, 2017	124,975	124,975
Global Champions				
2,000,000	4.00% Class A, Series I	July 31, 2019	50,000	50,000
			542,095	542,227
Deferred financing costs ¹			(4,321)	(4,696)
			\$ 537,774	\$ 537,531

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

Shareholders' equity

As at March 31, 2014 shareholders' equity consisted of 74,206,510 (December 31, 2013 - 74,206,510) voting and non-voting common shares and had a book value of \$2,084 million compared to \$1,882 million at the end of 2013. The increase is primarily the result of a higher market value of the Class A Shares of Brookfield, whose share price increased from \$41.10 at December 31, 2013 to \$44.88 at March 31, 2014.

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 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 issued by either Partners Value Split or Global Champions 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 March 31, 2014 are as follows:

(Thousands)	Total	Payment Due By Period			
		Less than 1 year	2-3 years	4-5 years	After 5 years
Retractable preferred shares					
Partners Value Split:					
Class AA, Series I ¹	\$ 51,386	\$ —	\$ 51,386	\$ —	\$ —
Class AA, Series III ²	190,863	—	—	—	190,863
Class AA, Series IV ³	124,871	124,871	—	—	—
Class AA, Series V ⁴	124,975	—	—	124,975	—
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	\$ 5,309	\$ 2,543	\$ 2,766	\$ —	\$ —
Class AA, Series III	40,554	8,303	16,606	15,645	—
Class AA, Series IV	3,474	3,474	—	—	—
Class AA, Series V	21,512	6,061	12,122	3,329	—
Global Champions:					
Class A, Series I ⁵	10,670	2,000	4,000	4,000	670

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 three months ended March 31, 2014 and 2013 and for the years ended December 31, 2011, 2012, 2013:

	Three months ended			Years Ended	
	March 31			December 31	
<i>(Thousands, except per share amounts)</i>	2014	2013	2013	2012	2011
Net income	14,711	8,767	32,554	19,120	2,085
Net income per common share	0.20	0.12	0.44	0.26	0.03
Total assets	2,905,246	2,344,834	2,672,262	2,220,560	1,722,646
Total long-term liabilities	815,549	734,379	785,511	685,537	619,309

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

	2014	2013				2012		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
<i>(Thousands, except per share amounts)</i>								
Net income	14,711	15,480	3,151	5,156	8,767	5,089	4,828	3,658
Net income per common share	0.20	0.21	0.04	0.07	0.12	0.07	0.07	0.05

Net income includes dividends and interest on the Company's investment portfolio, in addition to valuation gains relating to the Global Champions portfolio, and fluctuates accordingly with changes in the U.S. dollar relative to the Canadian dollar on dividends earned on U.S. dollar and other foreign currencies investments in addition to changes in equity markets. Also included in net income are gains and losses on the disposition of investments. The variance in net income on the last eight quarters is primarily the result of valuation gains on certain of the Company's investments and increases in the dividend income earned from its investments.

RELATED PARTY TRANSACTIONS

Brookfield provided management and financial services to the Company during 2014 and 2013 and recovered costs of \$10,000 for the period ended March 31, 2014 (March 31, 2013 – \$10,000) in respect of those services.

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 March 31, 2014, 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 March 31, 2014 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.



Edward C. Kress
President

May 23, 2014

Forward-Looking Information

This interim report contains “forward-looking information” and “forward-looking statements” within the meaning of Canadian provincial securities laws and any applicable Canadian securities regulations. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of the Company and its subsidiaries, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as “expects,” “anticipates,” “plans,” “believes,” “estimates,” “seeks,” “intends,” “targets,” “projects,” “forecasts” or negative versions thereof and other similar expressions, or future or conditional verbs such as “may,” “will,” “should,” “would” and “could”.

Although we believe that our anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information are based upon reasonable assumptions and expectations, the reader should not place undue reliance on forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, 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 statements and information.

Factors that could cause actual results to differ materially from those contemplated or implied by forward-looking statements and information include, but are not limited to: the financial performance of Brookfield Asset Management Inc. and its affiliated entities, general economic conditions; the behavior of financial markets, including fluctuations in interest and foreign exchanges rates; limitations on the liquidity of our investments; the state of global equity and capital markets and the availability of equity and debt financing and refinancing within these markets; strategic actions including dispositions; changes in accounting policies and methods used to report financial condition (including uncertainties associated with critical accounting assumptions and estimates); the effect of applying future accounting changes; business competition; operational and reputational risks; technological change; changes in government regulation and legislation; changes in tax laws; risks associated with the use of financial leverage and other risks and factors detailed from time to time in our documents filed with the securities regulators in Canada.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking statements and information, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as required by law, the Company undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.

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

<i>(Thousands)</i>	Note	<i>(unaudited)</i> March 31, 2014	December 31, 2013
Assets			
Cash and cash equivalents		\$ 12,902	\$ 5,102
Accounts receivable and other		3,062	2,083
Brookfield Asset Management Inc.	3	2,523,433	2,310,897
Other securities	3	365,849	354,180
		\$ 2,905,246	\$ 2,672,262
Liabilities			
Accounts payable and other		\$ 5,218	\$ 5,196
Retractable preferred shares	4	537,774	537,531
Deferred taxes		277,775	247,980
		820,767	790,707
Shareholders' Equity			
Common equity	5	2,084,479	1,881,555
		\$ 2,905,246	\$ 2,672,262

See accompanying notes to financial statements.

Consolidated Statements of Operations

(unaudited)

For the three months ended March 31

(Thousands, except per share amounts)

		2014		2013
Investment Income				
Dividends, interest and other	\$	15,906	\$	11,666
		15,906		11,666
Expenses				
Operating		491		253
Retractable preferred share dividends		6,989		6,494
		7,480		6,747
		8,426		4,919
Equity accounted income		8,013		5,358
Amortization of deferred financing costs		(447)		(372)
Current tax recovery (expense)		113		(270)
Deferred tax expense		(1,394)		(868)
Net income	\$	14,711	\$	8,767
Net income per common share (Note 6)	\$	0.20	\$	0.12

See accompanying notes to financial statements.

Consolidated Statements of Comprehensive Income

(unaudited)

For the three months ended March 31

(Thousands)

		2014		2013
Net income	\$	14,711	\$	8,767
Items that may be reclassified to net income:				
Unrealized gain on available-for-sale securities		214,342		60,821
Foreign exchange translation gain		2,271		—
Deferred income taxes		(28,400)		(8,102)
Other comprehensive income	\$	188,213	\$	52,719
Comprehensive income	\$	202,924	\$	61,486
Comprehensive income per common share	\$	2.73	\$	0.83

See accompanying notes to financial statements.

Consolidated Statements of Changes in Equity

<i>(unaudited)</i> For the three months ended March 31, 2014 (Thousands)	Note	Common Shares	Accumulated Other Comprehensive Income	Retained Earnings	Common Equity
Balance, beginning of period		\$ 79,450	\$ 1,748,110	\$ 53,995	\$ 1,881,555
Net income		—	—	14,711	14,711
Other comprehensive income		—	188,213	—	188,213
Balance, end of period	5	\$ 79,450	\$ 1,936,323	\$ 68,706	\$ 2,084,479

<i>(unaudited)</i> For the three months ended March 31, 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		—	—	8,767	8,767
Other comprehensive income		—	52,719	—	52,719
Balance, end of period	5	\$ 79,450	\$ 1,486,574	\$ 30,208	\$ 1,596,232

See accompanying notes to financial statements.

Consolidated Statements of Cash Flows

(unaudited)

For the three months ended March 31

(Thousands)

	2014		2013
Cash flow from operating activities			
Net income	\$ 14,711	\$	8,767
Add (deduct) non-cash items:			
Non-cash portion of equity accounted income	(6,793)		(4,138)
Net realized and unrealized gains on investments	276		—
Net unrealized foreign exchange gains	(2,330)		—
Amortization of deferred financing costs	447		372
Deferred tax expense	1,394		868
	7,705		5,869
Changes in working capital and foreign exchange	(1,091)		(5,852)
	6,614		17
Cash flow used in investing activities			
Purchase of other securities	(4,593)		(34,255)
Sale of other securities	5,779		—
	1,186		(34,255)
Cash flow used in financing activities			
Preferred shares issued	—		48,500
			48,500
Cash and cash equivalents			
Increase during the period	7,800		14,262
Balance, beginning of period	5,102		25,882
Balance, end of period	\$ 12,902	\$	40,144

See accompanying notes to financial statements.

Supplemental Cash Flow Information

For the three months ended March 31

(Thousands)

	2014		2013
Cash interest and dividends received	\$ 15,416	\$	9,221
Retractable preferred share dividends paid	(6,989)		(6,494)
Income taxes paid	(1,232)		(531)

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”). 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, 2013.

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, 2013 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 May 22, 2014.

(b) Adoption of Accounting Standards:

IAS 32, *Financial Instruments: Presentation* (“IAS 32”) was amended to clarify certain aspects as a result of the application of offsetting requirements, namely focusing on the following four main areas: the interpretation of “currently has a legally enforceable right of set-off”, the application of simultaneous realization and settlement, the offsetting of collateral amounts, and the unit of account for applying the offsetting requirements. IAS 32 is effective for annual periods beginning on or after January 1, 2014. There was no impact as a result of the adoption of IAS 32 on the Company’s consolidated statements.

(c) Future Changes in Accounting Standards

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.

3. INVESTMENT PORTFOLIO

The Company’s investment portfolio consists of the following:

(Thousands)	Number of Shares		Fair Value	
	Mar. 31, 2014	Dec. 31, 2013	Mar. 31, 2014	Dec. 31, 2013
Brookfield Asset Management Inc.	56,226	56,226	\$ 2,523,433	\$ 2,310,897
Other securities:				
Brookfield Infrastructure Partners L.P.	2,219	2,219	96,511	92,432
Brookfield Property Partners L.P.	3,613	3,613	74,328	76,606
Brookfield New Horizons Income Fund	6,100	6,100	84,133	77,340
Global Champions portfolio	various	various	110,877	107,802
			\$ 365,849	\$ 354,180

The Company owns 56 million (2013 – 56 million) Class A Limited Voting Shares of Brookfield (“Class A Shares”) representing a 8.6% (2013 – 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 March 31, 2014 was \$84 million (December 31, 2013 – \$77 million).

4. RETRACTABLE PREFERRED SHARES

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

<i>(Thousands, except shares outstanding)</i>	Latest Redemption Date	Mar. 31, 2014	Dec. 31, 2013
Partners Value Split			
2,055,420 4.95% Class AA, Series I	March 25, 2016	\$ 51,386	\$ 51,386
7,634,500 4.35% Class AA, Series III	January 10, 2019	190,863	190,920
4,994,850 7.25% Class AA, Series IV	July 9, 2014	124,871	124,946
4,999,000 4.85% Class AA, Series V	December 10, 2017	124,975	124,975
Global Champions			
2,000,000 4.00% Class A, Series I	July 31, 2019	50,000	50,000
		542,095	542,227
Deferred financing costs ¹		(4,321)	(4,696)
		\$ 537,774	\$ 537,531

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

5. SHAREHOLDERS’ EQUITY

Authorized

50,000,000 preferred shares, issuable in series.

An unlimited number of voting and non-voting common shares.

Issued and outstanding

<i>(Thousands)</i>	Number Outstanding		Book Value	
	Mar. 31, 2014	Dec. 31, 2013	Mar. 31, 2014	Dec. 31, 2013
Common shares, voting and non-voting	74,207	74,207	\$ 79,450	\$ 79,450
Accumulated other comprehensive income			1,936,323	1,748,110
Retained earnings			68,706	53,995
			\$ 2,084,479	\$ 1,881,555

6. NET INCOME PER COMMON SHARE

Net income per common share is calculated based on the weighted average number of outstanding shares during the period. For the period ended March 31, 2014, the weighed average number of outstanding shares were 74,206,510 (March 31, 2013 – 74,206,510) on a fully diluted basis.

Corporate Information

DIRECTORS

John P. Barratt ^{1, 2}
Corporate Director

Edward C. Kress
Corporate Director

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

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

Ralph J. Zarboni ^{1, 2}
President
Rossiter Ventures Corporation

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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