PARTNERS | VALUE FUND INC.

2014 THIRD QUARTER
INTERIM REPORT TO SHAREHOLDERS
FOR THE PERIOD ENDED SEPTEMBER 30, 2014

To the Shareholders:

Partners Value Fund Inc. recorded an increase in net book value during the third quarter of $164 million, or $2.21 per share, to $32.02 per share at September 30, 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 $1 million ($0.01 per share) and other comprehensive income of $163 million ($2.20 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 September 30, 2014, had a market value of $2,827 million based on quoted market values. The Company's capitalization consists primarily of $607 million of retractable preferred shares and common equity with a book value of $2,376 million as at September 30, 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

November 25, 2014

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)	**September 30, 2014**	December 31, 2013
Assets		
Cash and cash equivalents	**$ 97,426**	$ 5,102
Investments		
Brookfield Asset Management Inc.[1]	**2,827,055**	2,310,897
Other securities	**380,652**	354,180
Accounts receivable and other	**1,951**	2,083
	$ 3,307,084	$ 2,672,262
Liabilities and Shareholders' Equity		
Accounts payable and other	**$ 4,690**	$ 5,196
Retractable preferred shares[2]	**607,323**	537,531
Deferred taxes[3]	**319,281**	247,980
	931,294	790,707
Shareholders' Equity		
Common equity	**2,375,790**	1,881,555
	$ 3,307,084	$ 2,672,262
Net Book Value Per Common Share[4,5]	**$ 32.02**	$ 25.36

1 The investment in Brookfield Asset Management Inc. consists of 56 million Class A Shares with a quoted market value of $50.28 per share as at September 30, 2014 (December 31, 2013 – $ 41.10).

2 Represents $617 million of retractable preferred shares less $10 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 September 30, 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

For the period ended September 30, 2014 (Thousands, except per share amounts)	**Three months ended**		**Nine months ended**	
	Total	**Per Share**	**Total**	**Per Share**
Net book value, beginning of period[1]	**$ 2,211,950**	**$ 29.81**	**$ 1,881,555**	**$ 25.36**
Net income[2]	**1,222**	**0.01**	**34,152**	**0.46**
Other comprehensive income[2]	**162,618**	**2.20**	**460,083**	**6.20**
Net book value, end of period[1,3]	**$ 2,375,790**	**$ 32.02**	**$ 2,375,790**	**$ 32.02**

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

2 The weighted average number of common shares outstanding during the nine months ended September 30, 2014, was 74,206,510 (September 30, 2013 – 74,206,510).

3 As at September 30, 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.

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, which includes dividends from its investment in Brookfield Class A Shares as well as its other securities portfolio, 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 $567 million were outstanding at September 30, 2014.

The Company also holds a portfolio of other securities including: a 47% interest in the Brookfield 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. Global Champions has publicly listed retractable preferred shares of which $50 million were outstanding at September 30, 2014.

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

Partners Value Fund recorded net income of $1 million ($0.01 per common share) for the three months ended September 30, 2014 compared to $3 million ($0.04 per common share) in the prior year period. The decrease in net income was primarily due to market-to-market valuation losses within the Global Champions portfolio and equity accounted losses driven by a decline in the net asset value of the Company's New Horizons investment which more than offset the increases in dividend income.

During the third quarter, the Company's net book value increased by $2.21 per share to $32.02 per share due to increases in the overall market value of the Company's long-term investment portfolio.

The following table presents the details of the Company's net income for the three and six months ended September 30:

For the period ended September 30	Three months ended		Nine months ended	
(Thousands)	**2014**	2013	**2014**	2013
Investment Income:				
Dividends and interest	**$ 13,085**	$ 11,604	**$ 41,792**	$ 31,824
Other investment (loss) income	**(2,200)**	(1,639)	**5,633**	(530)
	10,885	9,965	**47,425**	31,294
Less:				
Operating expenses	**227**	133	**903**	771
Retractable preferred share dividends	**7,102**	7,493	**21,092**	20,614
	3,556	2,339	**25,430**	9,909
Other items:				
Equity accounted (loss) income	**(2,707)**	2,152	**12,060**	11,075
Amortization of deferred financing costs	**(446)**	(437)	**(1,333)**	(1,232)
Income tax recovery (expense)	**819**	(903)	**(2,005)**	(2,678)
Net income	**$ 1,222**	$ 3,151	**$ 34,152**	$ 17,074

Investment Income

Investment income for the three and nine months ended September 30, consists of the following:

	Three months ended		Nine months ended	
(Thousands)	**2014**	2013	**2014**	2013
Dividends:				
Brookfield Asset Management Inc.	**$ 9,828**	$ 8,719	**$ 32,085**	$ 25,086
Other securities	**2,827**	2,828	**9,277**	6,539
Interest	**430**	57	**430**	199
Other investment (loss) gain	**(2,200)**	(1,639)	**5,633**	(530)
	$ 10,885	$ 9,965	**$ 47,425**	$ 31,294

The Company received dividend income of $9.8 million (2013 – $8.7 million) from its investment in Brookfield and $2.8 million (2013 – $2.8 million) from its other securities investments. Brookfield paid a USD $0.16 per share (2013 – USD $0.15 per share) dividend during the quarter.

Other investment income includes valuation gains and losses and realized and unrealized foreign exchange gains and losses incurred in the period, which decreased over the prior year period due to valuation losses on the Global Champions portfolio.

Retractable Preferred Share Dividends

The Company paid $7 million (2013 – $7 million) of dividends on the retractable preferred shares during the three months ended September 30, 2014.

Equity Accounted Investments

The Company recorded $3 million (2013 – $2 million gain) of equity accounted loss 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 $4 million (2013 – $1 million gain) in valuation losses 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 September 30, 2014.

Income Taxes

The Company recorded an income tax recovery of $1 million (2013 – $0.9 million expense) during the three months ended September 30, 2014. The recovery in the current period is primarily the result of the decrease in the potential gain 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 $3,307 million at September 30, 2014 and consist primarily of its 56 million Brookfield Class A shares investment which was recorded at its fair market value of $2,827 million. The market price of a Brookfield Class A share increased from $41.10 per share at December 31, 2013 to $50.28 at September 30, 2014.

Investment Portfolio

	Number of Shares		Fair Value	
(Thousands)	**Sept. 30, 2014**	Dec. 31, 2013	**Sept. 30, 2014**	Dec. 31, 2013
Brookfield Asset Management Inc.	**56,226**	56,226	**$ 2,827,055**	$ 2,310,897
Other securities:				
Brookfield Infrastructure Partners L.P.	**2,219**	2,219	**94,514**	92,432
Brookfield Property Partners L.P.	**3,613**	3,613	**85,097**	76,606
Brookfield New Horizons Income Fund	**6,100**	6,100	**85,740**	77,340
Global Champions portfolio	**various**	various	**115,301**	107,802
			$ 380,652	$ 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 approximately $200 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, 2013 – 2.2 million) limited partnership units with a fair value of $95 million at September 30, 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 consisting of 3.6 million (December 31, 2013 – 3.6 million) limited partnership units with a fair value of $85 million at September 30, 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 $86 million as at September 30, 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 $115 million as at September 30, 2014 (December 31, 2013 – $108 million). Global Champions has $50 million of preferred shares outstanding as discussed below within the Liquidity and Capital Resources – Retractable Preferred Shares section.

Deferred Taxes

The deferred tax liability represents the potential tax liability arising 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 $97 million and investments of $3,208 million as at September 30, 2014 (December 31, 2013 – $5 million and $2,665 million). The company has operating cash requirements of $28 million in scheduled dividend payments on its $607 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. In July 2014, the Company completed a preferred share offering raising $200 million in newly issued preferred shares, of which $125 million was used to redeem the existing preferred shares that matured in the same period. 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)		Latest Redemption Date		**Sept. 30, 2014**		Jun. 30, 2014		Dec. 31, 2013
Partners Value Split								
2,055,420	4.95% Class AA, Series I	March 25, 2016	**$**	**51,386**	$	51,386	$	51,386
7,631,000	4.35% Class AA, Series III	January 10, 2019		**190,777**		190,777		190,920
—	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		124,975
8,000,000	4.50% Class AA, Series VI	October 8, 2021		**200,000**		—		—
Global Champions								
2,000,000	4.00% Class A, Series I	July 31, 2019		**50,000**		50,000		50,000
				617,138		542,009		542,227
Deferred financing costs[1]				**(9,815)**		(3,880)		(4,696)
			$	**607,323**	$	538,129	$	537,531

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

Shareholders' Equity

As at September 30, 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 $2,375 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 $50.28 at September 30, 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 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 issued by either Parners 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 V; and Class AA, Series VI; 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 September 30, 2014 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]	$ 51,386	$ —	$ 51,386	$ —	$ —
Class AA, Series III[2]	190,777	—	—	190,777	—
Class AA, Series V[3]	124,975	—	—	124,975	—
Class AA, Series VI[4]	200,000	—	—	—	200,000
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	$ 3,984	$ 2,543	$ 1,441	$ —	$ —
Class AA, Series III	36,203	8,299	16,598	11,306	—
Class AA, Series V	19,864	6,061	12,122	1,681	—
Class AA, Series VI	63,937	9,000	18,000	18,000	18,937
Global Champions:					
Class A, Series I	9,670	2,000	4,000	3,670	—

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 2017.

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

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 2021.

Summary of Financial Information

The following table summarizes selected consolidated financial information of the Company for the nine months ended September 30, 2014 and 2013 and for the years ended December 31, 2013, 2012, 2011:

	Nine months ended September 30		Years Ended December 31		
(Thousands, except per share amounts)	**2014**	2013	2013	2012	2011
Net income	**$ 34,152**	$ 17,074	$ 32,554	$ 19,120	$ 2,085
Net income per common share	**0.46**	0.23	0.44	0.26	0.03
Total assets	**3,307,084**	2,503,253	2,672,262	2,220,560	1,722,646
Total long-term liabilities	**926,604**	764,288	785,511	685,537	619,309

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

	2014			2013				2012
(Thousands, except per share amounts)	**Q3**	Q2	Q1	Q4	Q3	Q2	Q1	Q4
Net income	**$ 1,222**	$ 18,219	$ 14,711	$ 15,480	$ 3,151	$ 5,156	$ 8,767	$ 5,089
Net income per common share	**0.01**	0.25	0.20	0.21	0.04	0.07	0.12	0.07

Net income includes dividends and interest on the Company's investment portfolio, in addition to valuation gains and losses relating to the Global Champions portolio and the investment in New Horizons, 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 $30,000 for the period ended September 30, 2014 (September 30, 2013 – $30,000) plus applicable sales tax in respect of those services. At September 30, 2014, the Company had $79 million (September 30, 2013 - $nil) 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 September 30, 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 September 30, 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

November 25, 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

(Thousands)	Note	*(unaudited)* **September 30, 2014**	December 31, 2013
Assets			
Cash and cash equivalents	8	**$ 97,426**	$ 5,102
Accounts receivable and other		**1,951**	2,083
Brookfield Asset Management Inc.	3	**2,827,055**	2,310,897
Other securities	3	**380,652**	354,180
		$ 3,307,084	$ 2,672,262
Liabilities			
Accounts payable and other		**$ 4,690**	$ 5,196
Retractable preferred shares	5	**607,323**	537,531
Deferred taxes		**319,281**	247,980
		931,294	790,707
Shareholders' Equity			
Common equity	6	**2,375,790**	1,881,555
		$ 3,307,084	$ 2,672,262

Consolidated Statements of Operations

(unaudited) (Thousands, except per share amounts)	Three Months Ended September30		Nine Months Ended September 30	
	2014	2013	**2014**	2013
Investment Income				
Dividends, interest and other	**$ 10,885**	$ 9,965	**$ 47,425**	$ 31,294
	10,885	9,965	**47,425**	31,294
Expenses				
Operating	**227**	133	**903**	771
Retractable preferred share dividends	**7,102**	7,493	**21,092**	20,614
	7,329	7,626	**21,995**	21,385
	3,556	2,339	**25,430**	9,909
Equity accounted (loss) income	**(2,707)**	2,152	**12,060**	11,075
Amortization of deferred financing costs	**(446)**	(437)	**(1,333)**	(1,232)
Current tax recovery (expense)	**144**	(456)	**(544)**	(1,349)
Deferred tax recovery (expense)	**675**	(447)	**(1,461)**	(1,329)
Net income	**$ 1,222**	$ 3,151	**$ 34,152**	$ 17,074
Net income per common share (Note 7)	**$ 0.01**	$ 0.04	**$ 0.46**	$ 0.23

Consolidated Statements of Comprehensive Income

(unaudited) (Thousands, except per share amounts)	Three Months Ended September 30		Nine Months Ended September 30	
	2014	2013	**2014**	2013
Net income	**$ 1,222**	$ 3,151	**$ 34,152**	$ 17,074
Items that may be reclassified to net income:				
Unrealized gain on available-for-sale securities	**184,131**	39,071	**526,735**	207,035
Foreign exchange translation gain/(loss)	**2,894**	(250)	**3,188**	867
Deferred income taxes	**(24,407)**	(6,133)	**(69,840)**	(28,427)
Other comprehensive income	**$ 162,618**	$ 32,688	**$ 460,083**	$ 179,475
Comprehensive income	**$ 163,840**	$ 35,839	**$ 494,235**	$ 196,549
Comprehensive income per common share	**$ 2.21**	$ 0.48	**$ 6.66**	$ 2.65

Consolidated Statements of Changes in Equity

(unaudited) *For the three months ended September 30, 2014* *(Thousands)*	Note	Common Shares	Accumulated Other Comprehensive Income	Retained Earnings	Common Equity
Balance, beginning of period		$ 79,450	$ 2,045,575	$ 86,925	$ 2,211,950
Net income		—	—	1,222	1,222
Other comprehensive income		—	162,618	—	162,618
Balance, end of period	6	$ 79,450	$ 2,208,193	$ 88,147	$ 2,375,790

(unaudited) *For the nine months ended September 30, 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		—	—	34,152	34,152
Other comprehensive income		—	460,083	—	460,083
Balance, end of period	6	$ 79,450	$ 2,208,193	$ 88,147	$ 2,375,790

(unaudited) *For the three months ended September 30, 2013* *(Thousands)*	Note	Common Shares	Accumulated Other Comprehensive Income	Retained Earnings	Common Equity
Balance, beginning of period		$ 79,450	$ 1,580,642	$ 35,364	$ 1,695,456
Net income		—	—	3,151	3,151
Other comprehensive income		—	32,688	—	32,688
Balance, end of period	6	$ 79,450	$ 1,613,330	$ 38,515	$ 1,731,295

(unaudited) *For the nine months ended September 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		—	—	17,074	17,074
Other comprehensive income		—	179,475	—	179,475
Balance, end of period	6	$ 79,450	$ 1,613,330	$ 38,515	$ 1,731,295

Consolidated Statements of Cash Flows

	Three Months Ended September 30		Nine Months Ended September 30	
(unaudited) *(Thousands)*	**2014**	2013	**2014**	2013
Cash flow from operating activities				
Net income	**$ 1,222**	$ 3,151	**$ 34,152**	$ 17,074
Add (deduct) non-cash items:				
Non-cash portion of equity accounted income	**3,927**	(932)	**(8,400)**	(7,415)
Net realized and unrealized gains on investments	**2,750**	(215)	**(3,754)**	383
Net unrealized foreign exchange loss (gain)	**(2,045)**	(849)	**(3,374)**	(339)
Amortization of deferred financing costs	**446**	437	**1,333**	1,232
Deferred tax (recovery) expense	**(675)**	447	**1,461**	1,329
	5,625	2,039	**21,418**	12,264
Changes in working capital and foreign exchange	**3,491**	2,760	**418**	(1,539)
	9,116	4,799	**21,836**	10,725
Cash flow used in investing activities				
Purchase of other securities	**—**	—	**(4,593)**	(85,062)
Sale of other securities	**—**	—	**5,779**	—
	—	—	**1,186**	(85,062)
Cash flow used in financing activities				
Preferred shares issued	**193,613**	—	**193,613**	48,500
Preferred shares redeemed	**(124,871)**	—	**(124,871)**	—
Credit facilities borrowings	**560**	(6,336)	**560**	4,328
	69,302	(6,336)	**69,302**	52,828
Cash and cash equivalents				
Increase (decrease) during the period	**78,418**	(1,537)	**92,324**	(21,509)
Balance, beginning of period	**19,008**	5,910	**5,102**	25,882
Balance, end of period	**$ 97,426**	$ 4,373	**$ 97,426**	$ 4,373

Supplemental Cash Flow Information

	Three Months Ended September 30		Nine Months Ended September 30	
(Thousands)	**2014**	2013	**2014**	2013
Cash interest and dividends received	**$ 13,523**	$ 12,424	**$ 42,602**	$ 35,484
Retractable preferred share dividends paid	**(7,102)**	(7,493)	**(21,092)**	(20,614)
Income taxes paid	**(63)**	—	**(1,505)**	(531)

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 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 November 20 , 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.

The IASB issued amendments to IFRS 10, *Consolidated Financial Statements* ("IFRS 10") to provide an exception to the consolidation requirements in IFRS 10. Under IFRS 10, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). The amendments required investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them, if they met certain conditions. The amendments also set out disclosure requirements for investment entities. The amendments to IFRS 10 were effective for annual periods beginning on or after January 1, 2014. There was no impact as a result of the adoption of IFRS 10 on the Company's consolidated statements and the Company will continue to consolidate its subsidiaries.

(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, 2018. The company has not yet determined the impact of IFRS 9 on its consolidated financial statements.

3. Investment Portfolio

The Company's investment portfolio consists of the following:

(Thousands)	Number of Shares Sept. 30, 2014	Number of Shares Dec. 31, 2013	Fair Value Sept. 30, 2014	Fair Value Dec. 31, 2013
Brookfield Asset Management Inc.	**56,226**	56,226	**$ 2,827,055**	$ 2,310,897
Other securities:				
Brookfield Infrastructure Partners L.P.	**2,219**	2,219	**94,514**	92,432
Brookfield Property Partners L.P.	**3,613**	3,613	**85,097**	76,606
Brookfield New Horizons Income Fund	**6,100**	6,100	**85,740**	77,340
Global Champions portfolio	**various**	various	**115,301**	107,802
			$ 380,652	$ 354,180

The Company owns 56 million (2013 – 56 million) Class A Limited Voting Shares of Brookfield ("Brookfield shares") representing an 8.6% (2013 – 8.6%) 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, 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 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 September 30, 2014 was $86 million (December 31, 2013 – $77 million).

4. Fair Values 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 values are determined by reference to a price within a bid-ask spread that is deemed most appropriate.

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.

The fair value hierarchical level associated with the Company's financial assets and liabilities measured at fair value consists of the following:

(Thousands)	**September 30, 2014** Level 1	**September 30, 2014** Level 2	**September 30, 2014** Level 3	December 31, 2013 Level 1	December 31, 2013 Level 2	December 31, 2013 Level 3
Brookfield Asset Management Inc.	**$2,827,055**	**$ —**	**$ —**	$2,310,897	$ —	$ —
Other securities[1]	**294,912**	**—**	**—**	276,840	—	—
Derivatives[2]	**—**	**(2,321)**	**—**	—	(2,936)	—
	$3,121,967	**$ (2,321)**	**$ —**	$2,587,737	$ (2,936)	$ —

1 Excludes New Horizons which is not held at fair value and is accounted for using the equity method.
2 Presented within accounts payable and other on the statement of financial position.

There were no transfers in and out of levels during the year.

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)	**Sept. 30, 2014**	Dec. 31, 2013	**Sept. 30, 2014**	Dec. 31, 2013
Partners Value Split				
4.95% Class AA, Series I	**2,055**	2,055	**$ 51,386**	$ 51,386
4.35% Class AA, Series III	**7,631**	7,637	**190,777**	190,920
7.25% Class AA, Series IV	**—**	4,998	**—**	124,946
4.85% Class AA, Series V	**4,999**	4,999	**124,975**	124,975
4.50% Class AA, Series VI	**8,000**	—	**200,000**	—
Global Champions				
4.00% Class A, Series I	**2,000**	2,000	**50,000**	50,000
			617,138	542,227
Deferred financing costs[1]			**(9,815)**	(4,696)
			$ 607,323	$ 537,531

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)	**Sept. 30, 2014**	Dec. 31, 2013	**Sept. 30, 2014**	Dec. 31, 2013
Common shares, voting and non-voting	**74,207**	74,207	**$ 79,450**	$ 79,450
Accumulated other comprehensive income			**2,208,193**	1,748,110
Retained earnings			**88,147**	53,995
			$ 2,375,790	$ 1,881,555

7. 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 three months and nine months ended September 30, 2014, the weighed average number of outstanding shares were 74,206,510 (September 30, 2013 – 74,206,510) on a fully diluted basis.

8. Related-Party Transaction

Brookfield provided management and financial services to the Company during 2014 and 2013 and recovered costs of $30,000 for the period ended September 30, 2014 (September 30, 2013 – $30,000) plus applicable sales tax in respect of those services. At September 30, 2014, the Company had $79 million (September 30, 2013 - $nil) of its cash on short-term deposit with Brookfield.

9. Subsequent Events

On October 10, 2014 the Company announced that it was proceeding with a substantial issuer bid (the "Offer") to purchase for cancellation up to 2,500,000 common shares of the Company at a price per share of $30.00. The offer expired on November 20, 2014. In accordance with the offer, 658,884 common shares had been taken up by the Company.

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 Corporate 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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