



INTERIM REPORT TO UNITHOLDERS

2016 Q3 | FOR THE PERIOD ENDED SEPTEMBER 30, 2016

Partners Value Investments LP (the “Partnership”) recorded a decrease in net book value during the third quarter of \$348 million (\$4.73 per share) to \$2,811 million (\$38.23 per share). The decrease is primarily due to the capital reorganization as a portion of the previous equity of Partners Value Investments Inc. (“PVII”) was exchanged for Preferred Limited Partnership units of the Partnership. Adjusting for the impact of the capital reorganization, the Partnership’s net book value increased 12% from \$34.05 to \$38.23 per unit per share due to higher comprehensive income, mainly driven by the increase in value of Brookfield common shares.

Net income for the quarter was \$25 million, of which \$15 million was attributable to the Equity Limited Partners (\$0.20 per unit) for the three months ended September 30, 2016 compared to a net loss of \$35 million (\$0.47 per unit) in the prior year quarter. The increase in net income was primarily due to an increase in investment income and higher level of returns from our investment activity.

On April 25, 2016, PVII announced a proposed capital reorganization by way of a plan of arrangement under Ontario law which was voted on and approved at the Annual Shareholders Meeting of PVII held on May 26, 2016. The proposal was approved at the meeting. The implementation of the capital reorganization was completed and closed on July 4, 2016. Upon closing, all outstanding common and non-voting shares of PVII were exchanged for a combination of equity limited partnership units and preferred limited partnership units of the Partnership, and the common shares of PVII were de-listed from the TSX Venture Exchange. The Partnership also issued 74 million warrants to its unitholders. The warrants have an exercise price of \$32.45 and five warrants are required to purchase one non-voting exchangeable share of the Partnership. The warrants expire on June 30, 2026. This interim report represents the first interim report after the capital reorganization and has been prepared using the continuity of interest method.

During July 2016, the Partnership redeemed all of its outstanding 90% interest in New Horizons Income Fund. The results of New Horizons up until the date of redemption are consolidated and presented within our results for the quarter.

On behalf of the Board,

A handwritten signature in black ink, appearing to read 'G. Myhal', is written over a light blue horizontal line.

George E. Myhal
President, Chief Executive Officer and Chairman
November 28, 2016

STATEMENT OF FINANCIAL POSITION

As at

(Thousands, except per share amounts)

	September 30, 2016	December 31, 2015
Assets		
Cash and cash equivalents	\$ 37,368	\$ 127,467
Investments		
Brookfield Asset Management Inc. ¹	3,959,754	3,746,873
Other securities	795,844	619,363
Accounts receivable and other assets	13,017	8,169
	<u>\$ 4,805,983</u>	<u>\$ 4,501,872</u>
Liabilities and Equity		
Accounts payable and other liabilities	\$ 166,504	\$ 243,527
Preferred shares ²	699,858	706,258
Deferred taxes ³	471,977	424,107
	<u>1,338,339</u>	<u>1,373,892</u>
Equity		
Partners Value Investments Inc.	—	3,127,980
Partnership equity		
Equity Limited Partners	2,811,328	—
General Partner	1	—
Preferred Limited Partners	656,315	—
	<u>3,467,644</u>	<u>3,127,980</u>
	<u>\$ 4,805,983</u>	<u>\$ 4,501,872</u>
Net book value per unit ⁵	<u>\$ 38.23</u>	<u>\$ 42.53</u>

- ¹ The investment in Brookfield Asset Management Inc. consists of 86 million Brookfield shares with a quoted market value of \$46.13 per share as at September 30, 2016 (December 31, 2015 – \$43.65).
- ² Represents \$711 million of retractable preferred shares less \$11 million of unamortized issue costs as at September 30, 2016 (December 31, 2015 – \$717 million less \$11 million).
- ³ The deferred tax liability represents the potential future income tax liability of the Partnership recorded for accounting purposes based on the difference between the carrying values of the Partnership'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, 2016, there were 73,543,831 (December 31, 2015 – 73,543,831) Equity Limited Partnership ("Equity LP") units issued and outstanding on a fully diluted basis.
- ⁵ Net book value per unit is a non-IFRS measure. Net book value is equal to total equity less General Partner equity and Preferred Limited Partners equity.

CHANGE IN NET BOOK VALUE

For the periods ended September 30 (Thousands, except per share amounts)	Three months ended		Nine months ended	
	Total	Per Unit	Total	Per Unit
Net book value, beginning of period ¹	\$ 3,160,436	\$ 42.97	\$ 3,127,980	\$ 42.53
Net income ^{2,3}	14,984	0.20	82,814	1.13
Other comprehensive income ^{2,3}	292,224	3.98	256,850	3.49
Re-Organization	(656,316)	(8.92)	(656,316)	(8.92)
Net book value, end of period ^{1,4}	<u>\$ 2,811,328</u>	<u>\$ 38.23</u>	<u>\$ 2,811,328</u>	<u>\$ 38.23</u>

- ¹ Net book value per unit is non-IFRS measure.
- ² Attributable to Equity Limited Partners and Partners Value Investments Inc.
- ³ The weighted average number of units outstanding during the nine months ended September 30, 2016 was 73,543,831 (2015 – 73,543,831).
- ⁴ As at September 30, 2016, there were 73,543,831 (December 31, 2015 – 73,543,831) Equity LP units issued and outstanding on a fully diluted basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

Partners Value L.P. (the "Partnership") a limited partnership under the laws of the province of Ontario. Its principal investment is an ownership interest in 86 million Class A Limited Voting Shares ("Brookfield shares") of Brookfield Asset Management Inc. ("Brookfield"). The Partnership's objective is to provide the Equity Limited Partners with capital appreciation and Preferred Limited Partners with income returns. Investment income, which includes dividends from its investment in Brookfield shares as well as its other securities portfolio, is principally dedicated to paying dividends on its financing obligations and Preferred LP units.

The Partnership's investment in Brookfield is owned indirectly through its wholly-owned subsidiaries - Partners Value Investments Inc. ("PVII") and Partners Value Split Corp. ("Partners Value Split"). Partners Value Split has publicly listed retractable preferred shares of which \$616 million were outstanding at September 30, 2016.

The Partnership also holds a portfolio of other securities including: a 100% interest in Global Champions Split Corp., which owns a diversified portfolio of large capitalization companies, and a 100% interest in Global Resource Champions Split Corp., which owns a portfolio of large capitalization commodities and resource companies (together "Global Champions"); investments in limited partnership units of Brookfield Infrastructure Partners, Brookfield Property Partners and Brookfield Business Partners; and a portfolio of other securities. Global Champions and Global Resource Champions have publicly listed retractable preferred shares of which \$95 million were outstanding at September 30, 2016.

The Partnership is managed by its general partner, PVI Management Inc. (the "General Partner"). Additional information on the Partnership and its public subsidiaries is available on SEDAR's web site at www.sedar.com.

RESULTS OF OPERATIONS

The Partnership generated net income of \$25 million, of which \$15 million was attributable to the Equity Limited Partners (\$0.20 per unit) for the three months ended September 30, 2016 compared to a net loss of \$35 million (\$0.47 per unit) in the prior year quarter. The increase in net income was primarily due to an increase in investment income and higher level of returns from our investment activity.

During the third quarter, the Partnership's net book value decreased by \$4.74 per share to \$38.23 per share primarily due to the capital reorganization as a portion of the equity of PVII was exchanged for Preferred Limited Partnership units. Adjusting for the impact of the capital reorganization, the Partnership's net book value increased 12% from \$34.05 to \$38.23 per unit per share due to higher comprehensive income, mainly driven by the increase in value of Brookfield common shares.

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

<i>For the periods ended September 30 (Thousands)</i>	Three months ended		Nine months ended	
	2016	2015	2016	2015
Investment income				
Dividends	\$ 21,279	\$ 18,083	\$ 61,348	\$ 50,523
Other investment income	802	298	5,840	605
	<u>22,801</u>	<u>18,381</u>	<u>67,188</u>	<u>51,128</u>
Expenses				
Operating expenses	(4,787)	(859)	(12,852)	(2,403)
Financing costs	(688)	(447)	(1,221)	(693)
Retractable preferred share dividends	(8,839)	(6,973)	(25,088)	(20,926)
	<u>7,767</u>	<u>10,102</u>	<u>28,027</u>	<u>27,106</u>
Other items				
Investment valuation gains (losses)	30,882	(41,291)	65,907	(44,838)
Amortization of deferred financing costs	(627)	(458)	(1,802)	(1,372)
Change in value of fund unit liability	(59)	2,838	(1,187)	2,979
Income taxes	(3,607)	6,606	(22,012)	5,619
Foreign currency (losses) gains	(9,420)	(12,736)	23,833	(10,331)
Net income (loss)	<u>\$ 24,936</u>	<u>\$ (34,939)</u>	<u>\$ 92,766</u>	<u>\$ (20,837)</u>
Net income (loss) attributable to:				
Partners Value Investments Inc.	\$ —	\$ (34,939)	\$ 67,830	\$ (20,837)
Equity Limited Partners	14,984	—	14,984	—
General Partner	—	—	—	—
Preferred Limited Partners	9,952	—	9,952	—
	<u>\$ 24,936</u>	<u>\$ (34,939)</u>	<u>\$ 92,766</u>	<u>\$ (20,837)</u>

Investment Income

Investment income consists of the following for the periods ended September 30:

<i>For the periods ended September 30 (Thousands)</i>	Three months ended		Nine months ended	
	2016	2015	2016	2015
Dividends				
Brookfield Asset Management Inc.	\$ 14,728	\$ 13,623	\$ 44,370	\$ 38,418
Other securities	6,551	4,460	16,978	12,105
Other investment income	802	298	5,840	605
	<u>\$ 22,801</u>	<u>\$ 18,381</u>	<u>\$ 67,188</u>	<u>\$ 51,128</u>

The Partnership received dividend income of \$15 million (2015 – \$14 million) from its investment in Brookfield and \$7 million (2015 – \$4 million) from its other securities investments during the three months ended September 30, 2016. Brookfield increased its dividend and paid a US\$0.13 per share (2015 – US\$0.12 per share) dividend during the quarter. Other investment income includes interest income earned on our fixed-income securities.

Preferred Share Dividends

The Partnership paid \$9 million (2015 – \$7 million) of dividends on the retractable preferred shares during the three months ended September 30, 2016.

Operating Expenses

The Partnership recorded \$5 million (2015 – \$1 million) of operating expenses during the three months ended September 30, 2016. The increase in operating expenses is related to the hiring of additional investment analysts, increases in the investment activity of the Partnership, and one-time expenses associated with the reorganization of the Partnership.

Investment Valuation Gains (Losses)

Investment valuation gains (losses) include unrealized gains and losses on the Partnership's investments classified as fair value through profit and loss along with certain non-foreign currency derivatives. It also includes realized gains and losses on the disposition of the Partnership's investments. This balance will fluctuate depending on the Partnership's investment activities and performance. The valuation gains incurred during the quarter were due to increases in market value on the Partnership's investments and realized gains on the disposition of investments.

Amortization of Deferred Financing Costs

The amortization of deferred financing costs associated with preferred shares issued by the Partnership's subsidiaries resulted in a charge against income of \$0.6 million (2015 – \$0.5 million) during the three months ended September 30, 2016.

Income Taxes

The Partnership recorded an income tax expense of \$4 million (2015 – \$7 million recovery) during the three months ended September 30, 2016. The higher expense in the current quarter is a product of higher investment income and realized gains on disposition of investments, whereas the prior year had a deferred tax recovery.

Foreign Currency Gains

Foreign currency gains represents gains and losses arising from the translation of non-Canadian dollar transactions in addition the realized and unrealized changes in the value of the Partnership's foreign currency derivatives.

FINANCIAL POSITION

The Partnership's total assets were \$4.8 billion at September 30, 2016 (December 31, 2015 – \$4.5 billion) and consist primarily of its \$4.0 billion investment in 86 million Brookfield shares (December 31, 2015 – \$3.7 billion). The market price of a Brookfield share increased from \$43.65 per share at December 31, 2015 to \$46.13 at September 30, 2016.

Investment Portfolio

<i>As at</i> <i>(Thousands)</i>	Number of Shares		Fair Value	
	Sep. 30, 2016	Dec. 31, 2015	Sep. 30, 2016	Dec. 31, 2015
Brookfield Asset Management Inc.	85,839	85,839	\$ 3,959,754	3,746,873
Other securities				
Brookfield Infrastructure Partners L.P.	3,328	2,219	\$ 151,290	\$ 116,213
Brookfield Property Partners L.P.	3,613	3,613	108,403	116,425
Brookfield Business Partners L.P.	1,717	—	59,229	—
Subsidiaries portfolios ¹	Various	Various	257,969	243,571
Other securities portfolio	Various	Various	218,953	143,154
			<u>\$ 795,844</u>	<u>\$ 619,363</u>

¹ Represents the portfolios held by Global Champions and Global Resource Champions. Prior year's balance includes the portfolio held by New Horizons.

Brookfield Asset Management Inc.

Brookfield is a global alternative asset manager focused on real estate, infrastructure, power and private equity, and is inter-listed on the New York, Toronto and NYSE Euronext stock exchanges. The Partnership's investment in Brookfield represents approximately a 9% fully-diluted interest in Brookfield.

Other Securities

The Partnership holds investments in several Brookfield listed partnerships: Brookfield Infrastructure Partners, Brookfield Property Partners and Brookfield Business Partners. Brookfield Infrastructure Partners owns and operates utility, transport, energy and communication businesses globally. Brookfield Property Partners is a global commercial property Partnership that owns, operates and invests in best-in-class office, retail, and opportunistic assets. Brookfield Business Partners owns business services and industrial operations with a focus on high-quality businesses that are low cost producers and/or benefit from high barriers to entry. The Partnership's investment in Brookfield Business Partners was received through a special dividend as a result of the spin-off of the business by Brookfield on June 20, 2016.

Our subsidiaries portfolios consist of the investments held by Global Champions and Global Resource Champions. Global Champions has a diversified portfolio invested in large capitalization companies across multiple industries. Global Resource Champions has a diversified portfolio invested in large capitalization companies within the commodities and resource industry. The Partnership also has a portfolio of other securities, consisting mainly of public equity and fixed-income securities.

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. Changes in the deferred tax liability balance are mainly driven by changes in the market value of the Partnership's investments.

Equity

As at September 30, 2016, unitholders' equity consisted of \$2,811 million of Equity Limited Partners, \$656 million of Preferred Limited Partners, and \$1 thousand of General Partner (2015 - \$3,127 million of Partners Value Investments Inc. equity). The increase in equity primarily the result of higher comprehensive income driven by market value.

Preferred Shares

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

As at (Thousands)	Shares Outstanding		Book Value	
	September 30, 2016	Dec. 31, 2015	September 30, 2016	Dec. 31, 2015
Partners Value Split Class AA				
4.95% Series 1 – March 25, 2016	2,055	2,055	\$ —	\$ 51,386
4.35% Series 3 – January 10, 2019	7,631	7,631	190,777	190,777
4.85% Series 5 – December 10, 2017	4,999	4,999	124,975	124,975
4.50% Series 6 – October 8, 2021	7,990	7,990	199,750	199,750
5.50% Series 7 – October 31, 2022	4,000	4,000	100,000	100,000
Global Champions Class A				
4.00% Series 1 – July 31, 2019	2,000	2,000	50,000	50,000
Global Resource Champions Class A				
6.25% Series 1 – May 25, 2023	1,800	—	45,000	—
			710,502	716,888
Deferred financing costs ¹			(10,644)	(10,630)
			\$ 699,858	\$ 706,258

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

LIQUIDITY AND CAPITAL RESOURCES

The Partnership holds cash and cash equivalents totalling \$37 million and investments of \$4,756 million as at September 30, 2016 (December 31, 2015 – \$127 million and \$4,366 million). The Partnership has operating cash requirements of \$34 million in scheduled dividend payments on its \$711 million preferred shares which are less than the expected regular distributions expected to be received on the Brookfield and other securities held by the Partnership. The Partnership believes it has sufficient liquid assets, operating cash flow and financing alternatives to meet its obligations.

BUSINESS ENVIRONMENT AND RISKS

The Partnership'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 units of the Partnership.

Fluctuations in Value of Investments

The value of the Equity LP units may vary according to the value of the Brookfield shares and other securities owned by the Partnership. The value of these investments may be influenced by factors not within the control of the Partnership, 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 Partnership may vary from time to time.

The future value of the Equity LP units will be largely dependent on the value of the Brookfield shares. A material adverse change in the business, financial conditions or results of operations of Brookfield and other investees of the Partnership will have a material adverse effect on the Equity LP units of the Partnership. In addition, the Partnership 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 Partnership and the dependency of the future value of the common shares on the value of the Brookfield shares.

Foreign Currency Exposure

The Partnership'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 Partnership.

Leverage

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

Liquidity

The Partnership's liquidity requirements are typically limited to funding interest and dividend obligations on outstanding financial obligations. Holders of the Partnership's retractable preferred shares issued by the Partnership's subsidiaries have the ability to retract their shares. Debentures, as opposed to cash, can be issued to settle retractions of the preferred shares.

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

No Ownership Interest

A direct investment in the units of the Partnership does not constitute a direct investment in the Brookfield shares of Brookfield or other securities held by the Partnership, and holders of the units of the Partnership do not have any voting rights in respect of such securities.

Contractual Obligations

The Partnership's contractual obligations as of September 30, 2016 are as follows:

(Thousands)	Payment Due by Period				
	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Preferred shares					
Partners Value Split Class AA, Series 3 ¹	\$ 190,777	\$ —	\$ 190,777	\$ —	\$ —
Partners Value Split Class AA, Series 5 ¹	124,975	—	124,975	—	—
Partners Value Split Class AA, Series 6 ¹	199,750	—	—	—	199,750
Partners Value Split Class AA, Series 7 ¹	100,000	—	—	—	100,000
Global Champions Class A, Series 1 ²	50,000	—	—	50,000	—
Global Resource Champions Class A, Series 1 ³	45,000	—	—	—	45,000
Interest Expense					
Partners Value Split Class AA, Series 3 ¹	\$ 19,604	\$ 8,299	\$ 11,305	\$ —	\$ —
Partners Value Split Class AA, Series 5 ¹	7,743	6,061	1,682	—	—
Partners Value Split Class AA, Series 6 ¹	47,192	8,989	17,978	17,978	2,247
Partners Value Split Class AA, Series 7 ¹	33,919	5,500	11,000	11,000	6,419
Global Champions Class A, Series 1 ²	6,170	2,000	4,000	170	—
Global Resource Champions Class A, Series 1 ³	19,031	3,243	5,626	5,626	4,536

1 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures due 2019, 2017, 2021 and 2022 for the Series 3, 5, 6 and 7, respectively.

2 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures 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 due 2023.

SUMMARY OF FINANCIAL INFORMATION

The following table summarizes selected consolidated financial information of the Partnership:

As at and for the (Thousands, except per share amounts)	Nine months ended				
	September 30		Years ended December 31		
	2016	2015	2015	2014	2013
Net income (loss)	\$ 92,766	\$ (20,837)	\$ (22,209)	\$ 26,598	\$ 32,554
Net income (loss) per share	1.13	(0.28)	(0.30)	0.36	0.44
Total assets	4,805,983	4,174,245	4,501,872	3,770,548	2,672,262
Total long-term liabilities	1,171,835	1,015,231	1,130,365	1,001,604	785,511

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

For the three months ended (Thousands, except per share amounts)	Q3	2016				2015				2014	
		Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2	
Net income (loss)	\$ 14,984	\$ 39,067	\$ 28,763	\$ (1,372)	\$ (34,939)	\$ 1,957	\$ 12,145	\$ (7,554)	\$ (7,554)	\$ (7,554)	
Net income (loss) per share	\$ 0.24	\$ 0.53	\$ 0.39	\$ (0.02)	\$ (0.47)	\$ 0.02	\$ 0.17	\$ (0.10)	\$ (0.10)	\$ (0.10)	

Net income includes dividends and interest on the Partnership's investment portfolio, in addition to valuation gains and losses relating to its investment portfolios, and fluctuates accordingly with changes to foreign currencies relative to the Canadian dollar and 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 and losses on certain of the Partnership's investments, increases in the investment income earned from its investments and foreign currencies.

RELATED-PARTY TRANSACTIONS

Brookfield entities provides certain management and financial services to the Partnership and recovered costs of \$93 thousand for the nine months ended September 30, 2016 (2015 – \$75 thousand).

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 Partnership 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 Partnership 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 Partnership 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 Partnership evaluated the effectiveness of the Partnership'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, 2016, 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, 2016 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.

CAPITAL REORGANIZATION

On April 25, 2016, PVII announced a proposed capital reorganization by way of a plan of arrangement under Ontario law which was voted on and approved at the Annual Shareholders Meeting of PVII held on May 26, 2016. The proposal was approved at the meeting. The implementation of the capital reorganization was completed and closed on July 4, 2016. Upon closing, all outstanding common and non-voting shares of PVII were exchanged for a combination of equity limited partnership units and preferred limited partnership units of the Partnership, and the common shares of PVII were de-listed from the TSX Venture Exchange. As of July 4, 2016, PVII is a wholly-owned subsidiary of the Partnership.

REVIEW OF INTERIM FINANCIAL STATEMENTS

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

A handwritten signature in black ink, appearing to read 'G. Myhal', written in a cursive style.

George E. Myhal
President, Chief Executive Officer and Chairman
November 28, 2016

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 Partnership 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 Partnership 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 exchange 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 Partnership 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 THE USE OF NON-IFRS ACCOUNTING MEASURES

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>As at</i> <i>(Thousands)</i>	Note	<i>(unaudited)</i> September 30, 2016	<i>(audited)</i> December 31, 2015
Assets			
Cash and cash equivalents		\$ 37,368	\$ 127,467
Accounts receivable and other assets		13,017	8,169
Brookfield Asset Management Inc.	3	3,959,754	3,746,873
Other securities	3	795,844	619,363
		<u>\$ 4,805,983</u>	<u>\$ 4,501,872</u>
Liabilities and Equity			
Accounts payable and other liabilities	10	\$ 166,504	\$ 243,527
Preferred shares	5	699,858	706,258
Deferred taxes		471,977	424,107
		<u>1,338,339</u>	<u>1,373,892</u>
Equity			
Partners Value Investments Inc.	6	—	3,127,980
Partnership's Equity			
Equity Limited Partners	6	2,811,328	—
General Partner	6	1	—
Preferred Limited Partners	6	656,315	—
		<u>3,467,644</u>	<u>3,127,980</u>
		<u>\$ 4,805,983</u>	<u>\$ 4,501,872</u>

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

For the periods ended September 30

(Thousands, except per share amounts)

	Three months ended		Nine months ended	
	2016	2015	2016	2015
Investment income				
Dividends	\$ 21,279	\$ 18,083	\$ 61,348	\$ 50,523
Other investment income	802	298	5,840	605
	<u>22,801</u>	<u>18,381</u>	<u>67,188</u>	<u>51,128</u>
Expenses				
Operating expenses	(4,787)	(859)	(12,852)	(2,403)
Financing costs	(688)	(447)	(1,221)	(693)
Retractable preferred share dividends	(8,839)	(6,973)	(25,088)	(20,926)
	<u>7,767</u>	<u>10,102</u>	<u>28,027</u>	<u>27,106</u>
Other items				
Investment valuation gains (losses)	30,882	(41,291)	65,907	(44,838)
Amortization of deferred financing costs	(627)	(458)	(1,802)	(1,372)
Change in value of fund unit liability	(59)	2,838	(1,187)	2,979
Current taxes	(4,324)	(1,172)	(12,838)	(4,210)
Deferred taxes	717	7,778	(9,174)	9,829
Foreign currency (losses) gains	(9,420)	(12,736)	23,833	(10,331)
Net income (loss)	<u>\$ 24,936</u>	<u>\$ (34,939)</u>	<u>\$ 92,766</u>	<u>\$ (20,837)</u>
Net income per unit (Note 8)	<u>\$ 0.20</u>	<u>\$ (0.48)</u>	<u>\$ 1.13</u>	<u>\$ (0.28)</u>
Net income (loss) attributable to:				
Partners Value Investments Inc.	\$ —	\$ (34,939)	\$ 67,830	\$ (20,837)
Equity Limited Partners	14,984	—	14,984	—
General Partner	—	—	—	—
Preferred Limited Partners	9,952	—	9,952	—
	<u>\$ 24,936</u>	<u>\$ (34,939)</u>	<u>\$ 92,766</u>	<u>\$ (20,837)</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

For the periods ended September 30

(Thousands)

	Three months ended		Nine months ended	
	2016	2015	2016	2015
Net income (loss)	\$ 24,936	\$ (34,939)	\$ 92,766	\$ (20,837)
Items that may be reclassified to net income				
Unrealized gains (losses) on available-for-sale securities	333,188	(152,217)	299,165	275,106
Foreign currency translation	2,599	4,889	(3,619)	8,916
Deferred income taxes	(45,563)	19,904	(38,696)	(37,308)
Other comprehensive income (losses)	<u>292,224</u>	<u>(127,424)</u>	<u>256,850</u>	<u>246,714</u>
Comprehensive income (losses)	<u>\$ 317,160</u>	<u>\$ (162,363)</u>	<u>\$ 349,616</u>	<u>\$ 225,877</u>
Comprehensive income (loss) attributable to:				
Partners Value Investments Inc.	\$ —	\$ (162,363)	\$ 32,456	\$ (225,877)
Equity Limited Partners	307,208	—	307,208	—
General Partner	—	—	—	—
Preferred Limited Partners	9,952	—	9,952	—
	<u>\$ 317,160</u>	<u>\$ (162,363)</u>	<u>\$ 349,616</u>	<u>\$ (225,877)</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

For the periods ended September 30

(Thousands)

	Three months ended		Nine months ended	
	2016	2015	2016	2015
Cash flow from operating activities				
Net income	\$ 24,936	\$ (34,939)	\$ 92,766	\$ (20,837)
Add (deduct) non-cash items:				
Investment valuation (gains) losses	(30,882)	41,291	(65,907)	44,838
Unrealized foreign exchange losses (gains)	9,497	12,734	(17,409)	14,381
Amortization of deferred financing costs	627	458	1,802	1,372
Change in value of fund unit liability	59	(2,838)	1,187	(2,979)
Deferred taxes	(717)	(7,778)	9,174	(9,829)
	<u>3,520</u>	<u>8,928</u>	<u>21,613</u>	<u>26,946</u>
Changes in working capital and foreign currency	(1,520)	(1,036)	64	(2,380)
	<u>2,000</u>	<u>7,892</u>	<u>21,677</u>	<u>24,566</u>
Cash flow used in investing activities				
Purchase of securities	(7,058)	(7,960)	(274,514)	(93,712)
Sale of securities	45,369	10,718	249,873	22,192
	<u>38,311</u>	<u>2,758</u>	<u>(24,641)</u>	<u>(71,520)</u>
Cash flow used in financing activities				
Preferred shares issued	—	—	43,413	—
Preferred shares redeemed	—	—	(51,861)	—
Borrowings drawn	—	—	16,037	58,439
Borrowings repaid	(69,912)	—	(94,245)	—
Distribution to fund unit liability	—	(249)	(479)	(750)
	<u>(69,912)</u>	<u>(249)</u>	<u>(87,135)</u>	<u>57,689</u>
Cash and cash equivalents				
Change in cash	(29,601)	10,401	(90,099)	10,735
Balance, beginning of period	66,969	19,684	127,467	19,350
Balance, end of period	<u>\$ 37,368</u>	<u>\$ 30,085</u>	<u>\$ 37,368</u>	<u>\$ 30,085</u>

Supplemental Cash Flow Information

(Unaudited)

For the periods ended September 30

(Thousands)

	Three months ended		Nine months ended	
	2016	2015	2016	2015
Cash interest and dividends received	\$ 21,333	\$ 18,899	\$ 63,683	\$ 48,681
Retractable preferred share dividends paid	(8,839)	(6,974)	(25,088)	(20,926)
Income taxes paid	(895)	(471)	(5,355)	(3,571)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS OPERATIONS

Partners Value L.P. (the “Partnership”) a limited partnership under the laws of the province of Ontario. Its principal investment is an ownership interest in 86 million Class A Limited Voting Shares (“Brookfield shares”) of Brookfield Asset Management Inc. (“Brookfield”). The consolidated financial statements include the accounts of the Partnership’s wholly-owned subsidiaries: Partners Value Investments Inc. (“PVII”), Partners Value Split Corp. (“Partners Value Split”), and Global Champions Split Corp. and Global Resource Champions Split Corp. (together “Global Champions”). The Partnership was formed on April 8, 2016 to hold a 100% interest in PVII following the completion of a capital reorganization that was carried out by way of a statutory plan of arrangement pursuant to section 182 of the *Business Corporations Act* (Ontario) (the “Reorganization”).

The Partnership is managed by its general partner, PVI Management Inc. (the “General Partner”). The Partnership’s registered office is Brookfield Place, 181 Bay Street, Suite 210, 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 34 (“IAS 34”), *Interim Financial Reporting*. 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 Partnership on November 24, 2016.

(b) Basis of Presentation

The condensed interim consolidated financial statements have presented using the continuity of interest method. The results include the results of the Partnership following the completion of the Reorganization and the results of PVII prior to the Reorganization in the current and comparative year periods.

Foreign Currencies

The Partnership considers the Canadian dollar to be its functional currency. Accordingly, monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates in effect at the end of the reporting period and non-monetary assets and liabilities at the exchange rates in effect at the time of acquisition or issue. Revenues and expenses are translated at rates approximating the exchange rates in effect at the time of the transactions. Translation gains and losses are included in the consolidated statement of operations.

Cash and Cash Equivalents

Cash and cash equivalents are current assets that are recorded at amortized cost and include cash on deposit with financial institutions and demand deposits with related parties.

Income Taxes

The Partnership follows the asset and liability method of tax allocation in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on unused income tax losses and temporary differences between the carrying amount and tax bases of assets and liabilities, when the benefit is more likely than not to be realized and measured using the tax rates and laws substantively enacted at the balance sheet date. The deferred tax liability is classified as non-current.

Accounts Receivable and Other Assets/Accounts Payable and Other Liabilities

Accounts receivable and other assets and accounts payable and other liabilities balances represent current assets and liabilities. The balances are classified as loans and receivables or other financial liabilities and are recorded at amortized cost. Also included in these balances are derivative assets and liabilities which are held for trading and classified as fair value through profit and loss and are recorded at their fair value.

Investment in Brookfield and Other Securities

The Partnership accounts for its investment in Brookfield, Brookfield Infrastructure Partners and Brookfield Property Partners as available-for-sale financial instruments at fair value with changes in their fair value recorded in other comprehensive income.

The Partnership accounts for its investments in the Global Champions and New Horizons portfolio as fair value through profit and loss and, accordingly, recognizes changes in fair value in the consolidated statements of operations.

Revenue Recognition

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

Preferred Shares

The Partnership's preferred shares are measured at amortized cost.

Deferred Issue Costs

Deferred issue costs were incurred in connection with the issuance of the retractable preferred shares of Partners Value Split and Global Champions and are amortized using the effective interest rate method.

Recognition/Derecognition of Financial Assets and Financial Liabilities

The Partnership recognizes financial assets and financial liabilities designated as trading securities on the trade date. The Partnership derecognizes financial liabilities when, and only when, the Partnership's obligations are discharged, cancelled, or expired.

(c) Critical Judgments and Estimates

The preparation of financial statements requires the Partnership to make critical judgments, estimates and assumptions that affect the carried amounts of certain assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses recorded during the year. Actual results could differ from those estimates. In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates and judgments have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties that the Partnership believes will materially affect the methodology or assumptions utilized in making these estimates and judgments in these financial statements. The estimates and judgments used in determining the recorded amount for assets and liabilities in the financial statements include the following:

Financial Instruments

The critical assumptions and estimates used in determining the fair value of financial instruments are: equity prices, future interest rates and estimated future cash flows.

Derivatives

The critical assumptions and estimates used in determining the fair value of derivatives are: forward exchange rates and discount rates.

Level of Control

When determining the appropriate basis of accounting for the Partnership's investments, the Partnership uses the following critical assumptions and estimates: the degree of control or influence that the Partnership exerts over the investment and the amount of benefit that the Partnership receives relative to other investors.

Other critical estimates and judgments utilized in the preparation of the Partnership's financial statements include the assessment of net recoverable amounts, net realizable values and the ability to utilize tax losses and other tax assets.

(d) Adoption of Accounting Standards

Investments in Associates and Joint Ventures

The amendments to IFRS 10, Consolidated Financial Statements ("IFRS 10"), and IAS 28, Investments in Associates and Joint Ventures (2011) ("IAS 28") address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments are effective for transactions occurring in annual periods beginning on or after January 1, 2016 with earlier application permitted. The Partnership's adoption of these amendments did not result in any material impact on its consolidated financial statements.

Presentation of Financial Statements

In December 2014, Disclosure Initiative was issued, which amends IAS 1, *Presentation of Financial Statements* (“IAS 1”). The amendments are designed to encourage entities to use professional judgment to determine what information to disclose in the financial statements and accompanying notes by clarifying the guidance on materiality, presentation, and note structure. The amendments also require separate disclosure of other comprehensive income attributable to joint ventures and associates, classified by nature. These amendments are effective for annual periods beginning on or after January 1, 2016. The Partnership’s adoption of these amendments did not result in any material impact on its consolidated financial statements.

(c) Future Changes in Accounting Standards

Financial Instruments

In July 2014, the IASB issued the final publication of IFRS 9, Financial Instruments (“IFRS 9”), superseding IAS 39, Financial Instruments. IFRS 9 establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity’s future cash flows. This new standard also includes a new general hedge accounting standard which will align hedge accounting more closely with risk management. It does not fully change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. The standard has a mandatorily effective date for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Partnership has not yet determined the impact of IFRS 9 on its consolidated financial statements.

3. INVESTMENT PORTFOLIO

The Partnership’s investment portfolio consists of the following:

As at (Thousands)	Classification ¹	Number of Shares		Fair Value	
		Sept. 30, 2016	Dec. 31, 2015	Sept. 30, 2016	Dec. 31, 2015
Brookfield Asset Management Inc.	AFS	85,839	85,839	\$ 3,959,754	\$ 3,746,873
Other securities					
Brookfield Infrastructure Partners L.P. ²	AFS	3,328	2,219	\$ 151,290	\$ 116,213
Brookfield Property Partners L.P.	AFS	3,613	3,613	108,403	116,425
Brookfield Business Partners L.P.	AFS	1,717	—	59,229	—
Subsidiaries portfolios ³	FVTPL	Various	Various	257,969	243,571
Other securities portfolio	FVTPL	Various	Various	218,953	143,154
				<u>\$ 795,844</u>	<u>\$ 619,363</u>

1 AFS represents available for sale and FVTPL represents fair value through profit and loss accounting classification. Changes in fair value of AFS securities are recorded in other comprehensive income, and changes in fair value of FVTPL are recorded in net income.

2 Brookfield Infrastructure Partners completed a 3 for 2 stock during the nine months ended September 30, 2016.

3 Represents the portfolios held by Global Champions and Global Resource Champions. Prior year’s balance includes the portfolio held by New Horizons.

The Partnership’s 86 million (December 31, 2015 – 86 million) Class A Limited Voting Shares of Brookfield at September 30, 2016 represents a 9% (December 31, 2015 – 9%) fully diluted equity interest.

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's-length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair 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 Quoted prices available in active markets for identical investments as of the reporting date.

Level 2 Pricing inputs other than quoted market prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair values are determined through the use of models or other valuation methodologies.

Level 3 Pricing inputs are unobservable for the instrument and includes situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management estimation.

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

As at (Thousands)	September 30, 2016			December 31, 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Brookfield Asset Management Inc.	\$ 3,959,754	\$ —	\$ —	\$ 3,746,873	\$ —	\$ —
Other securities	795,844	—	—	619,363	—	—
Derivative assets ¹	—	1,976	—	—	5,880	—
Derivative liabilities ¹	—	(15,564)	—	—	(31,340)	—
	<u>\$ 4,755,598</u>	<u>\$ (13,588)</u>	<u>\$ —</u>	<u>\$ 4,366,236</u>	<u>\$ (25,460)</u>	<u>\$ —</u>

1 Presented within accounts receivable/accounts payable and other on the statement of financial position.

As at September 30, 2016, a cumulative pre-tax gain of \$3,764 million (December 31, 2015 – \$3,465 million) has been recognized for financial instruments classified as available-for-sale, over their historical cost amounts.

5. PREFERRED SHARES

Retractable preferred shares issued by the Partnership's subsidiaries are comprised of the following:

As at (Thousands)	Shares Outstanding		Book Value	
	Sept. 30, 2016	Dec. 31, 2015	Sept. 30, 2016	Dec. 31, 2015
Partners Value Split Class AA				
4.95% Series 1 – March 25, 2016	2,055	2,055	\$ —	\$ 51,386
4.35% Series 3 – January 10, 2019	7,631	7,631	190,777	190,777
4.85% Series 5 – December 10, 2017	4,999	4,999	124,975	124,975
4.50% Series 6 – October 8, 2021	7,990	7,990	199,750	199,750
5.50% Series 7 – October 31, 2022	4,000	4,000	100,000	100,000
Global Champions Class A				
4.00% Series 1 – July 31, 2019	2,000	2,000	50,000	50,000
Global Resource Champions Class A				
6.25% Series 1 – May 25, 2023	1,800	—	45,000	—
			<u>710,502</u>	<u>716,888</u>
Deferred financing costs ¹			<u>(10,644)</u>	<u>(10,630)</u>
			<u>\$ 699,858</u>	<u>\$ 706,258</u>

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

6. EQUITY

The Partnership is authorized to issue the following classes of partnership units: (i) the GP Units; (ii) Equity LP Units; and (iii) Preferred LP Units, issuable in one or more classes and in one or more series, which, other than the GP Units, represent limited partnership interests in the Partnership.

Equity Limited Partners

The Equity LP Units are non-voting limited partnership interests in the Partnership. Holders of the Equity LP Units are not entitled to the withdrawal or return of capital contributions in respect of the Equity LP Units, except to the extent, if any, that distributions are made to such holders or upon the liquidation of the Partnership. A holder of Equity LP Units does not have priority over any other holder of Equity LP Units, either as to the return of capital contributions or as to profits, losses or distributions. In addition, holders of the Equity LP Units do not have any right to have their units redeemed by the Partnership.

General Partner

The GP Units are a general partnership interest in the Partnership and one GP Unit has been issued to and is held by the General Partner. The General Partner will have the full power and authority to make all decisions on behalf of the Partnership. The Partnership can acquire and sell assets and carry on such business as the General Partner determines from time to time, and can borrow money, guarantee obligations of others, and grant security on its assets from time to time, in each case as the General Partner determines. The General Partner is required to exercise its powers and carry out its functions honestly and in good faith and shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Preferred Limited Partners

The Class A Preferred LP Units are non-voting limited partnership interests in the Partnership. Holders of the Series 1 Preferred LP Units will be entitled to receive fixed cumulative preferential distributions, as and when declared by the General Partner, payable quarterly on the last day of January, April, July and October in each year (to holders of record on the last business day of the month preceding the month of payment) at an annual rate equal to US\$1.125 per Series 1 Preferred LP Unit (4.5% on the initial par value of US\$25) less any amount required by law to be deducted and withheld.

As at (Thousands)	Shares Outstanding		Book Value	
	Sept. 30, 2016	Dec. 31, 2015	Sept. 30, 2016	Dec. 31, 2015
Partners Value Investments Inc.				
Common shares	—	73,547	\$ —	\$ 78,744
Retained earnings	—	—	—	39,301
Accumulated other comprehensive income	—	—	—	3,009,935
Partnership equity				
Equity Limited Partners	73,544	—	2,811,328	—
General Partner ¹	—	—	1	—
Preferred Limited Partners	19,996	—	656,315	—
			\$ 3,467,644	\$ 3,127,980

1 As at September 30, 2016, there is 1 General Partner share outstanding (2015 - nil).

7. WARRANTS

A subsidiary of the Partnership, PVII, has warrants outstanding which were issued as part of the capital reorganization. The warrants have an exercise price of \$32.45 and five warrants are required to purchase one non-voting exchangeable share, which are convertible into Equity LP units of the Partnership at the option of the holder. The holders of the warrants have a currency provision which allows them to use their Preferred LP units as currency to fund all or any part of the payment of the exercise price of the warrants. For this purpose, the value attributed to each Preferred LP Units will be equal to US \$25.00 per Preferred LP unit plus any declared and unpaid distributions.

The warrants expire on June 30, 2026. A liability related to the warrants may be recognized on the statement of financial position to the extent that the warrants are in the money. As at September 30, 2016, there are 73,543,831 (2015 – nil) warrants outstanding.

8. NET INCOME PER UNIT

Net income per unit is calculated based on the weighted average number of outstanding units during the period and net income attributable to Equity Limited Partners. For the three months and nine months ended September 30, 2016, the weighted average number of outstanding units were 73,543,831 on a fully diluted basis. The prior year periods have been calculated using the same number of outstanding units in order to provide a comparable view taking into account the Reorganization.

9. RELATED-PARTY TRANSACTIONS

Brookfield entities provides certain management and financial services to the Partnership and its subsidiaries and recovered costs of \$93 thousand for the nine months ended September 30, 2016 (2015 – \$76 thousand) in respect of these services.

10. ACCOUNTS PAYABLE AND OTHER LIABILITIES

The Partnership has a \$70 million revolving credit facility with a third party financial institution on which it had drawn \$14 million as at September 30, 2016 (December 31, 2015 – \$66 million). The Partnership also has prime brokerage margin accounts with a third party financial institutions for which it has traded on \$110 million of margin as at September 30, 2016 (December 31, 2015 - \$132 million). The balance of these accounts are included within accounts payable and other.

11. NEW HORIZONS REDEMPTION

The Partnership redeemed its previously held 90% ownership interest in New Horizons Income Fund (“New Horizons”) on July 29, 2016. The Partnership received proceeds of \$94 million consisting of cash and securities from the redemption. As the Partnership previously consolidated New Horizons, the current year results of the Partnership includes the results of New Horizons up until July 29, 2016. No gain or loss was recognized on the redemption of New Horizons as the Partnership’s carrying value of its investment was equal to the redemption value.

CORPORATE INFORMATION

DIRECTORS OF THE GENERAL PARTNER

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

Edward C. Kress
Corporate Director

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

George E. Myhal
President and Chief Executive Officer
PVI 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 OF THE GENERAL PARTNER

Frank N.C. Lochan
Chairman

George E. Myhal
President and Chief Executive Officer

Vu H. Nguyen
Chief Financial Officer

Loretta M. Corso
Corporate Secretary

CORPORATE INFORMATION

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EXCHANGE LISTING

TSX Venture Exchange Stock Symbol:
Equity LP Units - PVF.UN
Preferred Equity Units – PVF.PR.US

