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FORWARD-LOOKING INFORMATION

This annual 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, but are not limited to, statements which reflect management’s expectations 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”, “likely” 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 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. Certain statements included in this annual report may be considered a “financial outlook” for purposes of applicable Canadian securities laws, and as such, the financial outlook may not be appropriate for purposes other than this document. Forward-looking information is provided as of the date of this annual report or such other date specified herein and, 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.

STATEMENT OF FINANCIAL POSITION

As at December 31

(Thousands, US dollars)

	2021	2020
Assets		
Cash and cash equivalents	\$ 80,704	\$ 316,718
Accounts receivable and other assets	65,418	40,109
Investment in Brookfield Asset Management Inc. ¹	7,869,681	5,313,865
Other investments carried at fair value	344,983	365,949
	<u>\$ 8,360,786</u>	<u>\$ 6,036,641</u>
Liabilities and equity		
Accounts payable and other liabilities	\$ 7,693	\$ 15,604
Corporate borrowings	236,513	117,286
Preferred shares ²	835,019	694,148
Deferred taxes ³	23,431	654,217
	<u>1,102,656</u>	<u>1,481,255</u>
Equity		
Equity Limited Partners	7,105,075	4,402,331
General Partner	1	1
Preferred Limited Partners	153,054	153,054
	<u>\$ 8,360,786</u>	<u>\$ 6,036,641</u>

1 The investment in Brookfield Asset Management Inc. consists of 130 million Brookfield shares with a quoted market value of \$60.38 per share as at December 31, 2021 (December 31, 2020 – \$41.27).

2 Represents \$611 million of retractable preferred shares less \$13 million of unamortized issue costs as at December 31, 2021 (December 31, 2020 – \$706 million less \$12 million) and \$152 million of three new series of preferred shares and \$84 million of three new series of preferred shares of a subsidiary of the Partnership, issued in December 2021.

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.

The information in the following table shows the changes in net book value:

For the years ended December 31 (Thousands, except per unit amounts)	2021		2020	
	Total	Per Unit	Total	Per Unit
Net book value, beginning of period ¹	\$ 4,777,152	54.20	\$ 4,378,324	49.65
Net income ²	24,606	0.27	32,594	0.38
Other comprehensive income ²	2,508,092	29.40	363,175	4.13
Adjustment for impact of warrant ³	2,842	0.04	7,346	0.09
Re-organization ⁴	663,678	7.54	—	—
Equity LP repurchases ⁵	(493,632)	(6.10)	(4,287)	(0.05)
Net book value, end of period ^{1,6}	<u>\$ 7,482,738</u>	<u>85.35</u>	<u>\$ 4,777,152</u>	<u>54.20</u>

1 Calculated on a fully diluted basis. Net book value is a non-IFRS measure used by management to measure the value of an Equity LP unit on a fully diluted basis. It is equal to total equity less General Partner equity and Preferred Limited Partners' equity, plus the value of consideration to be received on exercising of warrants, which as at December 31, 2021 was \$378 million (December 31, 2020 – \$375 million).

2 Attributable to Equity Limited Partners.

3 The basic weighted average number of Equity Limited Partnership ("Equity LP") units outstanding during the year ended December 31, 2021 was 72,953,504. The diluted weighted average number of Equity Limited Partnership ("Equity LP") units available and outstanding during the year ended December 31, 2021 was 87,662,153; this includes the 14,708,648 Equity LP units issued through the exercise of all outstanding warrants.

4 As a result of the re-organization in a subsidiary, the Partnership recognized a reduction in its deferred tax liability mainly through accumulated other comprehensive income. The subsidiary has the ability to allocate capital gains to unitholders of the partnership.

5 As a result of a substantial issuer bid, 5,802,230 Equity LP units were repurchased.

6 At the end of the year, the diluted Equity LP units outstanding were 82,171,127 (December 31, 2020 – 88,056,097).

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis for the year ended December 31, 2021 is dated April 7, 2022.

OVERVIEW

Partners Value Investments L.P. (the "Partnership") is a limited partnership under the laws of the province of Ontario. Its principal investment is an ownership interest in 130 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 and other securities, 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 outstanding.

The Partnership also holds a portfolio of other securities including investments in limited partnership units of Brookfield Business Partners ("BBU") and a diversified portfolio of other securities.

In December 2021, the Partnership successfully completed a substantial issuer bid for its Equity LP Units. As a result of the issuer bid, the Partnership repurchased 7,052,230 Equity LP Units and in exchange for consideration of cash and three new Series of Preferred LP Units (Series 2, 3 and 4). A subsidiary of the Partnership also issued three new Series of Preferred LP Units (Series 1, 2 and 3). The six new Series will pay distributions at the rate of 4% per annum. The aggregate cash payment as a result of the issuer bid was \$253,750,475.

The Partnership is managed by its general partner, PVI Management Trust (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 \$31 million for the year ended December 31, 2021, compared to \$44 million in the prior year. Net income is lower in the current year due to foreign currency losses of \$29 million, compared to a \$10 million gain in the prior year and higher preferred share dividends paid, which was partially offset by an increase in dividend income. The increased dividend income is due to a one-time special dividend-in-kind from Brookfield, which was valued at \$46 million.

The market price of a Brookfield share was \$60.38 as at December 31, 2020 (2020 – \$41.27).

The following table presents the details of the Partnership's net income:

*For the years ended December 31
(Thousands, US dollars)*

	2021	2020
Investment income		
Dividends	\$ 117,629	\$ 73,780
Other investment income	<u>5,361</u>	<u>3,305</u>
	122,990	77,085
Expenses		
Operating expenses	(3,249)	(1,485)
Financing costs	(8,896)	(1,979)
Retractable preferred share dividends	(33,628)	(25,618)
	<u>(45,773)</u>	<u>(29,082)</u>
	77,217	48,003
Other items		
Investment valuation losses	(5,739)	(2,394)
Amortization of deferred financing costs	(4,070)	(2,575)
Current tax recovery (expense)	7,816	(1,649)
Deferred tax expense	(15,024)	(6,877)
Foreign currency (losses) gains	(28,706)	9,781
Net income	<u>\$ 31,494</u>	<u>\$ 44,289</u>

Investment income consists of the following:

*For the years ended December 31
(Thousands, US dollars)*

	2021	2020
Dividends		
Brookfield Asset Management Inc.	\$ 113,261	\$ 61,804
Other securities	<u>4,368</u>	<u>11,976</u>
	117,629	73,780
Other investment income	<u>5,361</u>	<u>3,305</u>
	<u>\$ 122,990</u>	<u>\$ 77,085</u>

During the year ended December 31, 2021, the Partnership received dividend income of \$113 million (2020 - \$62 million) from its investment in Brookfield and \$4 million (2020 - \$12 million) from its other securities investments. Dividend income increased due to the receipt of Brookfield Asset Management Reinsurance Partners Ltd. shares valued at \$46 million as a one-time special dividend-in-kind from Brookfield Asset Management. Other investment income primarily includes interest earned on loan assets and cash put on deposit.

Expenses related to financing costs and retractable preferred share dividends increased during the period due to the issuance of series 11 and 12 preferred shares in October 2020 and April 2021 respectively, the early redemption of series 6 and series 7 preferred shares and the issuance of senior unsecured notes due 2028 in August 2021.

Investment valuation losses include unrealized gains and losses on the Partnership's investments (including financial derivatives) which are recorded at fair value. It also includes realized gains and losses on the disposition of the Partnership's investments. The amount will fluctuate depending on the Partnership's investment activities and performance and declined in 2021 due to a reduction in the value of certain investments during the year.

Income tax expenses reflect a higher level of realized and unrealized losses relative to gains, compared to the prior year.

Foreign currency losses represent net gains and losses arising from the impact of changes in the exchange rate on the book value Canadian dollar (“CAD”) denominated preferred shares issued by Partners Value Split Corp., corporate borrowings issued by the Company and the realization of certain of our foreign exchange contracts.

FINANCIAL POSITION

The Partnership’s total assets were \$8.4 billion at December 31, 2021 (December 31, 2020 – \$6.0 billion) and consist primarily of its \$7.9 billion investment in 130 million Brookfield shares (December 31, 2020 – \$5.3 billion). The market price of a Brookfield share was \$60.38 per share at December 31, 2021 compared to \$41.27 at December 31, 2020.

Investment Portfolio

As at (Thousands, US dollars)	Number of Shares		Fair Value	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Brookfield Asset Management Inc.				
Directly and Indirectly Held	10,724	9,147	\$ 647,542	\$ 377,500
Partners Value Split Corp	119,612	119,612	7,222,139	4,936,365
	<u>130,336</u>	<u>128,759</u>	<u>\$ 7,869,681</u>	<u>\$ 5,313,865</u>
Other securities				
Brookfield Property Partners L.P.	—	3,613	—	52,287
Brookfield Business Partners L.P.	1,495	1,495	68,866	56,125
Trisura Group Ltd.	—	814	—	56,924
Other securities portfolio	Various	Various	276,117	200,613
			<u>344,983</u>	<u>365,949</u>
			<u>\$ 8,214,664</u>	<u>\$ 5,679,814</u>

Brookfield Asset Management Inc.

Brookfield is a leading global alternative asset manager with approximately \$690 billion of assets under management across real estate, infrastructure, renewable power, private equity and credit. Brookfield is listed on the New York and Toronto Stock Exchanges under the symbol BAM and BAM.A respectively. The Partnership’s investment in Brookfield represents approximately a 8% interest in Brookfield.

Brookfield Listed Partnerships

The Partnership holds investments in a Brookfield listed partnership that is managed by Brookfield: BBU. BBU owns business services and industrial operations with a focus on high-quality businesses that are low-cost procedures and/or benefit from high barriers to entry.

During the year, Brookfield completed an acquisition of all of the limited partnership units of Brookfield Property Partners (“BPY”). As a result, the Company received \$7.69 in cash, 0.2185 of a BAM Class A limited voting share (“BAM shares”), and 0.0230 BPY preferred units for each BPY unit held.

Other Securities Portfolio

Other securities portfolio is focused on capital preservation, invested primarily in liquid investments. The increase in the portfolio is the result of various net acquisitions of assets during the quarter.

Corporate Borrowings

On August 21, 2020, a subsidiary of the Partnership issued CAD \$150 million of senior unsecured notes due in 2027. The interest rate on the note is 4.375% per annum, paid semi-annually and is accounted for at amortized cost.

On August 10, 2021, a subsidiary of the Partnership issued CAD \$150 million of senior unsecured notes due in 2028. The interest rate on the note is 4.00% per annum, paid semi-annually and is accounted for at amortized cost.

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 related to changes in the market value of the Partnership’s investments and foreign currency fluctuations. During the year, a subsidiary of the Partnership converted to a mutual fund corporation. The reorganization led to a reduction in the deferred

tax liability of approximately \$690 million as the subsidiary has the ability to allocate capital gains to unitholders of the Partnership. The reduction of \$664 million is the deferred tax liability recognized in the prior periods and is recorded through accumulated other comprehensive income.

Equity

As at December 31, 2021, unitholders' equity consisted of \$7.1 billion of Equity Limited Partner equity, \$153 million of Preferred Limited Partner equity, and \$1 thousand of General Partner equity (December 31, 2020 – \$4.4 billion of Equity Limited Partner equity, \$153 million of Preferred Limited Partner equity, and \$1 thousand of General Partner equity). The increase in equity is primarily the result of higher comprehensive income driven by unrealized gains on our Brookfield shares and our overall investment portfolio.

Preferred Shares

In December 2021, the Partnership and a subsidiary of the Partnership issued three new series of preferred units each as a result of the substantial issuer bid. The six series of preferred units have a distribution rate of 4% per annum. They are treated as a financial liability due to their mandatory redemption feature.

The preferred shares and units issued by the Partnership and its subsidiaries are comprised of the following:

As at (Thousands)	Shares Outstanding		Book Value	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Partners Value Split Class AA				
4.50% Series 6 – October 8, 2021	—	7,990	\$ —	\$ 156,864
5.50% Series 7 – October 31, 2022	—	4,000	—	78,530
4.80% Series 8 – September 30, 2024	5,999	5,999	118,681	117,781
4.90% Series 9 – February 28, 2026	5,997	5,997	118,632	117,732
4.70% Series 10 – February 28, 2027	6,000	6,000	118,695	117,795
4.75% Series 11 – October 31, 2025	6,000	6,000	118,695	117,795
4.40% Series 12 – February 29, 2028	6,900	—	136,499	—
Partners Value Investments LP Class A				
4.00% Series 2 – December 14, 2026	2,032	—	50,797	—
4.00% Series 3 – December 14, 2031	2,032	—	50,797	—
4.00% Series 4 – December 14, 2036	2,032	—	50,812	—
PVI SIB LP Class A				
4.00% Series 1 – December 14, 2026	1,125	—	28,125	—
4.00% Series 2 – December 14, 2031	1,125	—	28,125	—
4.00% Series 3 – December 14, 2036	1,125	—	28,125	—
			847,983	706,497
Deferred financing costs ¹			(12,964)	(12,349)
			\$ 835,019	\$ 694,148

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 \$81 million and investments of \$8.2 billion as at December 31, 2021 (December 31, 2020 – \$317 million and \$5.7 billion). The Partnership has operating cash requirements of \$55 million (2020 – \$34 million) in scheduled dividend and interest payments on its preferred shares and corporate borrowings which are less than the expected regular distributions anticipated to be received from 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 common shares of the Partnership.

Fluctuations in Value of Investments

The value of the common shares 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 common shares 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 common shares 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.

COVID-19

The coronavirus ("COVID-19") began spreading globally in the first quarter of 2020, and was recognized by the World Health Organization as a global pandemic on March 11, 2020. The spread of COVID-19 has had a moderate impact equity markets on the Partnership's investment portfolio valuations as observed up to the end of December 2021. The continued volatility and ultimate impact on markets cannot be predicted. While it is difficult to project the magnitude the COVID-19 impact will have, the Partnership's investments remain largely unchanged, holding its major investments in the medium to long term.

Foreign Currency Exposure

Certain of the Partnership's other investments are denominated in currencies other than the United States dollar. Accordingly, the value of these assets may vary from time to time with fluctuations in the exchange rate relative to the United States dollar. In addition, these investments pay distributions and interest in other currencies. Strengthening of these currencies 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 and corporate borrowings issued by our subsidiaries. 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 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 common shares. 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 Partnership's Equity LP Units does not constitute a direct investment in the Brookfield shares of Brookfield or other securities held by the Partnership, and holders of Equity LP Units do not have any voting rights in respect of such securities.

Contractual Obligations

The Partnership's contractual obligations as of December 31, 2021 are as follows:

(Thousands, US dollars)	Payment Due by Period				
	Total	Less Than 1 Year	2-3 Years	4-5 Years	After 5 Years
Preferred shares and borrowings					
Partners Value Split Class AA, Series 8 ¹	\$ 118,681	\$ —	\$ 118,681	\$ —	\$ —
Partners Value Split Class AA, Series 9 ¹	118,632	—	—	118,632	—
Partners Value Split Class AA, Series 10 ¹	118,695	—	—	—	118,695
Partners Value Split Class AA, Series 11 ¹	118,695	—	—	118,695	—
Partners Value Split Class AA, Series 12 ¹	136,499	—	—	—	136,499
Partners Value Investments LP Class A, Series 2	50,797	—	—	50,797	—
Partners Value Investments LP Class A, Series 3	50,797	—	—	—	50,797
Partners Value Investments LP Class A, Series 4	50,812	—	—	—	50,812
PVI SIB LP Class A, Series 1	28,125	—	—	28,125	—
PVI SIB LP Class A, Series 2	28,125	—	—	—	28,125
PVI SIB LP Class A, Series 3	28,125	—	—	—	28,125
Corporate Bonds due Nov 2027	118,695	—	—	—	118,695
Corporate Bonds due Nov 2028	118,695	—	—	—	118,695
	<u>\$ 1,085,373</u>	<u>\$ —</u>	<u>\$ 118,681</u>	<u>\$ 316,249</u>	<u>\$ 650,443</u>
Interest expense					
Partners Value Split Class AA, Series 8 ¹	\$ 15,655	\$ 5,697	\$ 9,958	\$ —	\$ —
Partners Value Split Class AA, Series 9 ¹	24,176	5,813	11,626	6,737	—
Partners Value Split Class AA, Series 10 ¹	28,782	5,579	11,158	11,158	887
Partners Value Split Class AA, Series 11 ¹	21,594	5,638	11,276	4,680	—
Partners Value Split Class AA, Series 12 ¹	37,007	6,006	12,012	12,012	6,977
Partners Value Investments LP Class A, Series 2	10,060	2,032	4,064	3,964	—
Partners Value Investments LP Class A, Series 3	20,220	2,032	4,064	4,064	10,060
Partners Value Investments LP Class A, Series 4	30,388	2,032	4,065	4,065	20,226
PVI SIB LP Class A, Series 1	5,570	1,125	2,250	2,195	—
PVI SIB LP Class A, Series 2	11,195	1,125	2,250	2,250	5,570
PVI SIB LP Class A, Series 3	16,823	1,125	2,250	2,250	11,198
Corporate Bonds due Nov 2027	30,489	5,193	10,386	10,386	4,524
Corporate Bonds due Nov 2028	32,638	4,748	9,496	9,496	8,898
	<u>\$ 284,597</u>	<u>\$ 48,145</u>	<u>\$ 94,855</u>	<u>\$ 73,257</u>	<u>\$ 68,340</u>

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

SUMMARY OF FINANCIAL INFORMATION

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

(Thousands, US dollars, except per share amounts)	2021				2020			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Net (loss) income ¹	\$ (7,293)	\$ 8,025	\$ 26,771	\$ (2,897)	\$ (23,282)	\$ (1,119)	\$ (14,276)	\$ 71,271
Basic net (loss) income per share	(0.10)	0.11	0.37	(0.04)	(0.32)	(0.02)	(0.19)	0.97
Diluted net (loss) income per share	<u>\$ (0.10)</u>	<u>\$ 0.09</u>	<u>\$ 0.30</u>	<u>\$ (0.04)</u>	<u>\$ (0.32)</u>	<u>\$ (0.02)</u>	<u>\$ (0.19)</u>	<u>\$ 0.81</u>

¹Net (loss) income attributable to Equity LP unitholders

Net (loss) 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 United States 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 unrealized losses on certain of the Partnership's investments, increases in the investment income earned from its investments and the impact of foreign currencies.

RELATED-PARTY TRANSACTIONS

Brookfield entities provide certain management and financial services to the Partnership and recovered costs of less than \$1 million for the year ended December 31, 2021 (2020 – less than \$1 million).

The Company owns 130 million shares of Brookfield which amounted to \$7.9 billion (\$5.3 billion – December 31, 2020), and other Brookfield subsidiaries of \$226 million (\$125 million – December 31, 2020). The Company recognized dividend income in Brookfield entities \$115 million (\$67 million – December 31, 2020).

INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

Future Changes in Accounting Standards

Amendments to IAS 1: Presentation of Financial Statements (“IAS 1”)

The amendments clarify how to classify debt and other liabilities as current or non-current. The amendments to IAS 1 apply to annual reporting periods beginning on or after January 1, 2023. The Company is currently assessing the impact of these amendments.

CRITICAL ACCOUNTING ESTIMATES

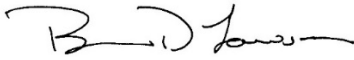
The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. 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 Chief Executive Officer and the Chief Financial Officer of the Partnership evaluated the effectiveness of disclosure controls and procedures (as defined in “National Instrument 52-109, Certification of Disclosure in Issuers’ Annual and Interim Filings”) as at December 31, 2021, 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 as at December 31, 2021 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 year ended December 31, 2021, 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.



Brian D. Lawson
President and Chief Executive Officer
April 7, 2022

Independent Auditor's Report

To the Unitholders of
Partners Value Investments LP

Opinion

We have audited the consolidated financial statements of Partners Value Investments LP (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, and the consolidated statements of operations, comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Robert Rourke.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
April 7, 2022

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>As at</i> <i>(Thousands, US dollars)</i>	Note	December 31, 2021	December 31, 2020
Assets			
Cash and cash equivalents		\$ 80,704	\$ 316,718
Accounts receivable and other assets	13	65,418	40,109
Investment in Brookfield Asset Management Inc.	3	7,869,681	5,313,865
Other investments carried at fair value	3	344,983	365,949
		<u>\$ 8,360,786</u>	<u>\$ 6,036,641</u>
Liabilities and equity			
Accounts payable and other liabilities	13	\$ 7,693	\$ 15,604
Corporate borrowings	5	236,513	117,286
Preferred shares	6	835,019	694,148
Deferred taxes	7	23,431	654,217
		<u>1,102,656</u>	<u>1,481,255</u>
Equity			
Partnership's Equity			
Equity Limited Partners	8	7,105,075	4,402,331
General Partner		1	1
Preferred Limited Partners	8	153,054	153,054
		<u>7,258,130</u>	<u>4,555,386</u>
		<u>\$ 8,360,786</u>	<u>\$ 6,036,641</u>

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

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended December 31

(Thousands, US dollars, except per share amounts)

	2021	2020
Investment income		
Dividends	\$ 117,629	\$ 73,780
Other investment income	5,361	3,305
	<u>122,990</u>	<u>77,085</u>
Expenses		
Operating expenses	(3,249)	(1,485)
Financing costs	(8,896)	(1,979)
Retractable preferred share dividends	(33,628)	(25,618)
	<u>(45,773)</u>	<u>(29,082)</u>
Other items		
Investment valuation losses	(5,739)	(2,394)
Amortization of deferred financing costs	(4,070)	(2,575)
Current tax recovery (expense)	7,816	(1,649)
Deferred tax expense	(15,024)	(6,877)
Foreign currency (losses) gains	(28,706)	9,781
	<u>(45,739)</u>	<u>(29,082)</u>
Net income	<u>\$ 31,494</u>	<u>\$ 44,289</u>
Basic Net income per unit (Note 9)	<u>\$ 0.34</u>	<u>\$ 0.44</u>
Diluted Net income per unit (Note 9)	<u>\$ 0.28</u>	<u>\$ 0.37</u>
Net income attributable to:		
Equity Limited Partners	\$ 24,606	\$ 32,594
General Partner	—	—
Preferred Limited Partners	6,888	11,695
	<u>\$ 31,494</u>	<u>\$ 44,289</u>

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31

(Thousands, US dollars)

	2021	2020
Net income	\$ 31,494	\$ 44,289
Items that may be reclassified to net income		
Realized & unrealized gains on fair value of securities through other comprehensive income securities	(378)	(60)
Items that may not be reclassified to net income		
Realized & unrealized gains on fair value of securities through other comprehensive income securities	2,506,250	403,204
Income taxes recovery (expense)	2,220	(39,969)
Other comprehensive income	<u>2,508,092</u>	<u>363,175</u>
Comprehensive income	<u>\$ 2,539,586</u>	<u>\$ 407,464</u>

The accompanying notes are an integral part of the financial statements

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Equity Limited Partners						
	Capital	Retained Earnings	Accumulated Other Comprehensive Income	Equity Limited Partners	General Partner	Preferred Limited Partners	Total Equity
<i>For the year ended December 31, 2021</i> <i>(Thousands, US dollars)</i>							
Balance, beginning of period	\$ 1,942,956	\$ 191,527	\$ 2,267,848	\$ 4,402,331	\$ 1	\$ 153,054	\$ 4,555,386
Net income	—	24,606	—	24,606	—	6,888	31,494
Other comprehensive income	—	—	2,508,092	2,508,092	—	—	2,508,092
Comprehensive income	—	24,606	2,508,092	2,532,698	—	6,888	2,539,586
Distribution	—	—	—	—	—	(6,888)	(6,888)
Re-organization	(493,632)	—	663,678	170,046	—	—	170,046
Balance, end of period	\$ 1,449,324	\$ 216,133	\$ 5,439,618	\$ 7,105,075	\$ 1	\$ 153,054	\$ 7,258,130

	Equity Limited Partners						
	Capital	Retained Earnings	Accumulated Other Comprehensive Income	Equity Limited Partners	General Partner	Preferred Limited Partners	Total Equity
<i>For the year ended December 31, 2020</i> <i>(Thousands, US dollars)</i>							
Balance, beginning of period	\$ 1,947,245	\$ 158,933	\$ 1,904,673	\$ 4,010,851	\$ 1	\$ 252,011	\$ 4,262,863
Net income	—	32,594	—	32,594	—	11,695	44,289
Other comprehensive income	—	—	363,175	363,175	—	—	363,175
Comprehensive income	—	32,594	363,175	395,769	—	11,695	407,464
Distribution	—	—	—	—	—	(11,695)	(11,695)
Re-organization	(4,289)	—	—	(4,289)	—	(98,957)	(103,246)
Balance, end of period	\$ 1,942,956	\$ 191,527	\$ 2,267,848	\$ 4,402,331	\$ 1	\$ 153,054	\$ 4,555,386

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31
(Thousands, US dollars)

	2021	2020
Cash flow from operating activities		
Net income	\$ 31,494	\$ 44,289
Add (deduct) non-cash items:		
Investment valuation (gains) losses	(13,501)	2,394
Unrealized foreign exchange losses (gains)	28,706	(9,781)
Amortization of deferred financing costs	4,070	2,575
Non-cash dividend received	(45,897)	–
Deferred taxes	7,208	6,877
	<u>12,080</u>	<u>46,354</u>
Changes in working capital and foreign currency	(17,490)	(15,461)
	<u>(5,410)</u>	<u>30,893</u>
Cash flow from investing activities		
Purchase of securities	(370,838)	(280,521)
Sale of securities	387,210	245,912
	<u>16,372</u>	<u>(34,609)</u>
Cash flow used in and from financing activities		
Common shares redeemed	(253,751)	(4,289)
Preferred shares issued	133,273	221,940
Preferred shares redeemed	(241,951)	(99,309)
Distribution to preferred units	(6,888)	(11,695)
Corporate borrowings arranged	120,284	114,290
	<u>(249,033)</u>	<u>220,937</u>
Cash and cash equivalents		
Change in cash	(238,071)	217,221
Effect of exchange rate fluctuations on cash and cash equivalents held in foreign currencies	2,057	–
Balance, beginning of year	316,718	99,497
Balance, end of year	<u>\$ 80,704</u>	<u>\$ 316,718</u>

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS OPERATIONS

Partners Value Investments L.P. (the “Partnership”) is a limited partnership under the laws of the province of Ontario. Its principal investment is an ownership interest in 130 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”) and Partners Value Split Corp. (“Partners Value Split” or “PVS”). The Partnership was formed and commenced operations 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”). On November 30, 2020, PVI LP exchanged its old common shares with 100% voting interest of PVII for 1,000 Special Voting Preferred Shares, unlimited number of Non-Voting Preferred Shares and unlimited number of new common shares. On April 15, 2021, the Partnership exchanged its New Common Shares for an unlimited number of retractable common shares.

The Partnership is managed by its general partner, PVI Management Inc. (the “General Partner”).

The registered office of the Partnership is Brookfield Place, 181 Bay Street, Suite 300, Toronto, Ontario, M5J 2T3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) *Statement of Compliance*

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The consolidated financial statements are prepared on a going concern basis. These financial statements were authorized for issuance by the Board of Directors of the Partnership on March 29, 2022.

The coronavirus (“COVID-19”) began spreading globally in the first quarter of 2020, and was recognized by the World Health Organization as a global pandemic on March 11, 2020. The spread of COVID-19 has impacted equity markets moderately on the Partnership’s investment portfolio valuations as observed up to the end of December 2021. The continued volatility and ultimate impact on markets cannot be predicted. While it is difficult to project the magnitude the COVID-19 impact will have, the Partnership’s investments remain largely unchanged, holding its major investments in the medium to long term.

b) *Basis of Presentation*

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 current income tax expense is determined based on the enacted or substantively enacted tax rates at each balance sheet date. The deferred income tax is recorded using the 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.

Accounts Receivable and Other Assets

Accounts receivable and other assets balances are classified and measured at amortized cost, which approximates the fair value and they are recorded as receivables. Also included in these balances are derivative assets which are held for trading and classified as fair value through profit and loss and are recorded at their fair value.

Accounts Payable and Other Liabilities

Accounts payable and other liabilities balances are classified at amortized cost and recorded in other liabilities. Also included in these balances are derivative 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 Asset Management

The Partnership accounts for its investment in Brookfield as fair value through other comprehensive income (“FVTOCI”), with changes in fair value recognized in other comprehensive income.

Fair Value through Other Comprehensive Income investments

The Partnership accounts for its investments in Brookfield Business Partners as FVTOCI, with changes in their fair value recognized in other comprehensive income. In addition, the Partnership recognizes certain of its investments in preferred shares and debt securities as FVTOCI. Unrealized gains and losses of equity securities recognized in other comprehensive income are not recycled to the consolidated statements of operations upon disposition.

Marketable securities

The Partnership accounts for the remainder of its marketable securities portfolio including common shares, exchange traded funds and certain legacy investments 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 and classified as other liabilities.

Deferred Financing Costs

Deferred issue costs incurred in connection with the issuance of the retractable preferred shares are amortized using the effective interest rate method over the life of the related series of preferred shares issued by the subsidiaries of the Partnership.

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.

Foreign Currencies

The functional currency of the Partnership and each of its subsidiaries is measured using the currency of the primary economic environment in which that entity operates. The functional currency of the Partnership is the United States dollar. The presentation currency is the U.S. dollar.

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

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:

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) Future Changes in Accounting Standards

Amendments to IAS 1 – Presentation of Financial Statements (“IAS 1”)

The amendments clarify how to classify debt and other liabilities as current or non-current. The amendments to IAS 1 apply to annual reporting periods beginning on or after January 1, 2023. The Company is currently assessing the impact of these amendments.

3. INVESTMENT PORTFOLIO

The Partnership's investment portfolio consists of the following:

As at (Thousands, US dollars)	Classification ¹	Number of Shares		Fair Value	
		Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Brookfield Asset Management Inc.	FVTOCI				
Partners Value Investments Inc.		10,724	9,147	\$ 647,542	\$ 377,500
Partners Value Split Corp		119,612	119,612	7,222,139	4,936,365
		<u>130,336</u>	<u>128,759</u>	<u>\$ 7,869,681</u>	<u>\$ 5,313,865</u>
Investments classified as FVTOCI					
Brookfield Property Partners L.P.	FVTOCI	—	3,613	—	52,287
Brookfield Business Partners L.P.	FVTOCI	1,495	1,495	68,866	56,125
Trisura Group Ltd.	FVTOCI	—	814	—	56,924
				<u>\$ 68,866</u>	<u>\$ 165,336</u>
Other securities portfolio	FVTOCI	Various	Various	42,352	63,025
Other securities portfolio	FVTPL	Various	Various	233,765	137,588
				<u>\$ 276,117</u>	<u>\$ 200,613</u>
				<u>\$ 344,983</u>	<u>\$ 365,949</u>

1 FVTOCI represents fair value through other comprehensive income and FVTPL represents fair value through profit and loss accounting classification. Changes in fair value of investments classified as FVTOCI are recorded in other comprehensive income, and changes in fair value of FVTPL are recorded in net income.

The Partnership's investment in Class A Limited Voting Shares of Brookfield at December 31, 2021 represents a 8% (December 31, 2020 – 9%) equity interest.

Other securities portfolio is focused on capital preservation, invested primarily in liquid investments. The increase in the portfolio is the result of increase in fair value of assets during the year.

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. Fair valued assets that are included in this category are certain equity securities carried at fair value which are not traded in an active market and measured using estimated net asset value.

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, US dollars)	December 31, 2021			December 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Brookfield Asset Management Inc.	\$ 7,869,681	\$ —	\$ —	\$ 5,313,865	\$ —	\$ —
Investments classified as FVTOCI	111,218	—	—	228,361	—	—
Investments classified as FVTPL	78,513	1,811	153,441	77,151	4,324	56,113
Derivative assets ¹	—	33,124	—	—	23,953	—
Derivative liabilities ¹	—	—	—	—	(39)	—
	<u>\$ 8,059,412</u>	<u>\$ 34,935</u>	<u>\$ 153,441</u>	<u>\$ 5,619,377</u>	<u>\$ 28,238</u>	<u>\$ 56,113</u>

¹ Presented within accounts receivable/accounts payable and other on the Statement of Financial Position.

The fair value of preferred shares and corporate borrowings treated as a financial liability is \$1.1 billion as at December 31, 2021 (December 2020 - \$843 million).

As at December 31, 2021, a cumulative pre-tax gain of \$6.8 billion (December 31, 2020 – \$4.9 billion) has been recognized for financial instruments measured under fair value through other comprehensive income, over their historical cost amounts.

All financial assets have a carrying value equal to their fair value. During the years ended December 31, 2021 and 2020, there were no transfers between Level 1, 2 or 3.

5. CORPORATE BORROWINGS

On August 21, 2020, a subsidiary of the Partnership issued CAD \$150 million of senior unsecured notes due 2027. The notes are accounted for at amortized costs. The interest rate on the note is 4.375% per annum and paid semi-annually.

On August 10, 2021, a subsidiary of the Partnership issued CAD \$150 million of senior unsecured notes due 2028. The notes are accounted for at amortized costs. The interest rate on the note is 4.00% per annum and paid semi-annually.

As at December 31, 2021, a subsidiary of the Partnership has 700 Series 6 debentures, and 3,200 Series 7 debentures with the total value of \$77 thousand outstanding (December 31, 2020 – \$77 thousand).

6. PREFERRED SHARES

The preferred shares and units issued by the Partnership and its subsidiaries are comprised of the following:

As at (Thousands)	Shares Outstanding		Book Value	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Partners Value Split Class AA				
4.50% Series 6 – October 8, 2021	—	7,990	\$ —	\$ 156,864
5.50% Series 7 – October 31, 2022	—	4,000	—	78,530
4.80% Series 8 – September 30, 2024	5,999	5,999	118,681	117,781
4.90% Series 9 – February 28, 2026	5,997	5,997	118,632	117,732
4.70% Series 10 – February 28, 2027	6,000	6,000	118,695	117,795
4.75% Series 11 – October 31, 2025	6,000	6,000	118,695	117,795
4.40% Series 12 – February 29, 2028	6,900	—	136,499	—
Partners Value Investments LP Class A				
4.00% Series 2 – December 14, 2026	2,032	—	50,797	—
4.00% Series 3 – December 14, 2031	2,032	—	50,797	—
4.00% Series 4 – December 14, 2036	2,032	—	50,812	—
PVI SIB LP Class A				
4.00% Series 1 – December 14, 2026	1,125	—	28,125	—
4.00% Series 2 – December 14, 2031	1,125	—	28,125	—
4.00% Series 3 – December 14, 2036	1,125	—	28,125	—
			847,983	706,497
Deferred financing costs ¹			(12,964)	(12,349)
			\$ 835,019	\$ 694,148

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

Partners Value Split

Partners Value Split is authorized to issue an unlimited number of Class A preferred shares and Class AA preferred shares. The Board of Directors of Partners Value Split have the authority to fix the number of shares that will form each series and determine the rights, restrictions and conditions attached to each series. Any new series will be issued for a price of CAD\$25.00 per share and the proceeds are to be used to finance the retraction or redemption of outstanding preferred shares without necessitating the sale of Class AA shares or facilitating the acquisition of additional Class AA shares.

Retraction

The Partnership's preferred shares may be surrendered for retraction at the option of the holders of the respective preferred shares. The details of the retraction feature for each respective class of preferred shares are as follows:

PVS Class AA Series 8, 9, 10, 11 and 12	May be surrendered for retraction at any time for an amount equal to the lesser of: (i) net asset value per unit; and (ii) CAD \$25.00. Retraction consideration will be a number of Partners Value Split Series 8 and 9 debentures, respectively, determined by dividing the holder's aggregate preferred share Retraction Price by \$25.00.
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Debentures

The details of each respective class of the Partnership's debentures are as follows:

PVS Series 8	The Series 6 debenture will have a principal amount of CAD\$25.00 per debenture and will mature on October 31, 2022. Holders of the Series 6 debentures will be entitled to receive quarterly fixed interest payments at a rate of 4.90% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 6 debentures can be redeemed by the Partnership at any time. The Series 6 debentures may not be retracted.
PVS Series 9	The Series 7 debenture will have a principal amount of CAD\$25.00 per debenture and will mature on February 28, 2026. Holders of the Series 7 debentures will be entitled to receive quarterly fixed interest payments at a rate of 5.00% per annum paid on or about the 7th day of March, June, September and

December in each year. The Series 7 debentures can be redeemed by the Partnership at any time. The Series 7 debentures may not be retracted.

PVS
Series 10 The Series 8 debenture will have a principal amount of CAD \$25.00 per debenture and will mature on February 28, 2027. Holders of the Series 8 debentures will be entitled to receive quarterly fixed interest payments at a rate of 4.80% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 8 debentures can be redeemed by the Partnership at any time. The Series 8 debentures may not be retracted.

PVS
Series 11 The Series 9 debenture will have a principal amount of CAD \$25.00 per debenture and will mature on October 31, 2025. Holders of the Series 9 debentures will be entitled to receive quarterly fixed interest payments at a rate of 4.85% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 9 debentures can be redeemed by the Partnership at any time. The Series 9 debentures may not be retracted.

PVS
Series 12 The Series 10 debenture will have a principal amount of CAD \$25.00 per debenture and will mature on February 29, 2028. Holders of the Series 10 debentures will be entitled to receive quarterly fixed interest payments at a rate of 4.50% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 10 debentures can be redeemed by the Partnership at any time. The Series 10 debentures may not be retracted.

Redemption

The Company's preferred shares may be redeemed at the option of the Company. The details of the redemption feature for each respective class of preferred shares are as follows:

PVS
Series 8 May be redeemed by the Company at any time on or after September 30, 2022, and prior to September 30, 2024, (the "Series 8 Redemption Date") at a price which until September 30, 2023, will equal CAD\$25.50 per share plus accrued and unpaid dividends and which will decline by \$0.25 on September 30, 2023. All Class AA Series 8 senior preferred shares outstanding on the Series 8 Redemption Date will be redeemed for a cash amount equal to the lesser of CAD\$25.00 plus any accrued and unpaid dividends, and the net assets per unit.

The Company may redeem Class AA, Series 8 senior preferred shares prior to September 30, 2022 for CAD\$26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA, Series 8 senior preferred shares prior to the Series 8 Redemption Date unless: (i) capital shares have been retracted; or (ii) there is a take-over bid for the Brookfield shares and the Board of Directors of the Company determines that such a bid is in the best interest of the holders of the capital shares.

PVS
Series 9 May be redeemed by the Company at any time on or after February 28, 2026, and prior to February 28, 2028, (the "Series 9 Redemption Date") at a price which until February 28, 2025, will equal CAD\$25.50 per share plus accrued and unpaid dividends and which will decline by \$0.25 on February 28, 2025. All Class AA Series 9 senior preferred shares outstanding on the Series 8 Redemption Date will be redeemed for a cash amount equal to the lesser of CAD\$25.00 plus any accrued and unpaid dividends, and the net assets per unit.

The Company may redeem Class AA, Series 9 senior preferred shares prior to February 28, 2026 for CAD\$26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA, Series 9 senior preferred shares prior to the Series 9 Redemption Date unless: (i) capital shares have been retracted; or (ii) there is a take-over bid for the Brookfield shares and the Board of Directors of the Company determines that such a bid is in the best interest of the holders of the capital shares.

PVS
Series 10 May be redeemed by the Company at any time on or after February 28, 2025, and prior to February 28, 2027, (the "Series 10 Redemption Date") at a price which until February 28, 2026, will equal CAD \$25.50 per share plus accrued and unpaid dividends and which will decline by \$0.50 on February 28, 2026. All Class AA Series 10 senior preferred shares outstanding on the Series 8 Redemption Date will be redeemed for a cash amount equal to the lesser of CAD \$25.00 plus any accrued and unpaid dividends, and the net assets per unit.

The Company may redeem Class AA, Series 10 senior preferred shares prior to February 28, 2025 for CAD \$26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA, Series 10 senior

preferred shares prior to the Series 10 Redemption Date unless: (i) capital shares have been retracted; or (ii) there is a take-over bid for the Brookfield shares and the Board of Directors of the Company determines that such a bid is in the best interest of the holders of the capital shares.

PVS
Series 11 May be redeemed by the Company at any time on or after October 31, 2023, and prior to October 31, 2025, (the "Series 11 Redemption Date") at a price which until October 31, 2024, will equal CAD \$25.50 per share plus accrued and unpaid dividends and which will decline by \$0.50 on October 31, 2024. All Class AA Series 11 senior preferred shares outstanding on the Series 11 Redemption Date will be redeemed for a cash amount equal to the lesser of CAD \$25.00 plus any accrued and unpaid dividends, and the net assets per unit.

The Company may redeem Class AA, Series 11 senior preferred shares prior to October 31, 2023 for CAD \$26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA, Series 11 senior preferred shares prior to the Series 11 Redemption Date unless: (i) capital shares have been retracted; or (ii) there is a take-over bid for the Brookfield shares and the Board of Directors of the Company determines that such a bid is in the best interest of the holders of the capital shares.

PVS
Series 12 May be redeemed by the Company at any time on or after February 28, 2026, and prior to February 29, 2028, (the "Series 12 Redemption Date") at a price which until February 28, 2027, will equal CAD \$25.50 per share plus accrued and unpaid dividends and which will decline by \$0.50 on February 28, 2027. All Class AA Series 12 senior preferred shares outstanding on the Series 12 Redemption Date will be redeemed for a cash amount equal to the lesser of CAD \$25.00 plus any accrued and unpaid dividends, and the net assets per unit.

The Company may redeem Class AA, Series 12 senior preferred shares prior to February 28, 2026 for CAD \$26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA, Series 12 senior preferred shares prior to the Series 12 Redemption Date unless: (i) capital shares have been retracted; or (ii) there is a take-over bid for the Brookfield shares and the Board of Directors of the Company determines that such a bid is in the best interest of the holders of the capital shares.

Partners Value Investments LP and PVI SIB LP

In December 2021, the Partnership and a subsidiary of the Partnership issued three new series of preferred units each as a result of the substantial issuer bid whereby the Partnership and its wholly owned subsidiary PVII issued these preferred units in exchange for 7,052,230 Equity LP units of the Partnership. Consideration paid totaled \$494 million of which \$254 million was funded through cash paid by the Partnership. The six series of preferred units have a quarterly distribution rate of \$0.25. They are treated as a financial liability due to their mandatory redemption feature.

Redemption

PVI LP
Series 2 The Partnership must redeem the Series 2 Preferred Limited Partnership Units on the fifth anniversary of the Issue Date ("Redemption Date"), by the payment of an amount in cash for each Series 2 Preferred Limited Partnership Unit so redeemed equal to US\$25.00 per Series 2 Preferred Limited Partnership Unit together with all accrued and unpaid Series 2 Distributions up to but excluding the date of payment or distribution (less any tax required to be deducted and withheld by the Partnership) (the "Redemption Price").

PVI LP
Series 3 The Partnership must redeem the Series 3 Preferred Limited Partnership Units on the tenth anniversary of the Issue Date ("Redemption Date"), by the payment of an amount in cash for each Series 3 Preferred Limited Partnership Unit so redeemed equal to US\$25.00 per Series 3 Preferred Limited Partnership Unit together with all accrued and unpaid Series 3 Distributions up to but excluding the date of payment or distribution (less any tax required to be deducted and withheld by the Partnership) (the "Redemption Price").

PVI LP
Series 4 The Partnership must redeem the Series 4 Preferred Limited Partnership Units on the fifteenth anniversary of the Issue Date ("Redemption Date"), by the payment of an amount in cash for each Series 4 Preferred Limited Partnership Unit so redeemed equal to US\$25.00 per Series 4 Preferred Limited Partnership Unit together with all accrued and unpaid Series 4 Distributions up to but excluding the date of payment or distribution (less any tax required to be deducted and withheld by the Partnership) (the "Redemption Price").

PVI SIB LP Series 1	The Partnership must redeem the Series 1 Preferred Limited Partnership Units on the fifth anniversary of the Issue Date (“Redemption Date”), by the payment of an amount in cash for each Series 1 Preferred Limited Partnership Unit so redeemed equal to US\$25.00 per Series 1 Preferred Limited Partnership Unit together with all accrued and unpaid Series 1 Distributions up to but excluding the date of payment or distribution (less any tax required to be deducted and withheld by the Partnership) (the “Redemption Price”).
PVI SIB LP Series 2	The Partnership must redeem the Series 2 Preferred Limited Partnership Units on the tenth anniversary of the Issue Date (“Redemption Date”), by the payment of an amount in cash for each Series 3 Preferred Limited Partnership Unit so redeemed equal to US\$25.00 per Series 2 Preferred Limited Partnership Unit together with all accrued and unpaid Series 2 Distributions up to but excluding the date of payment or distribution (less any tax required to be deducted and withheld by the Partnership) (the “Redemption Price”).
PVI SIB LP Series 3	The Partnership must redeem the Series 3 Preferred Limited Partnership Units on the fifteenth anniversary of the Issue Date (“Redemption Date”), by the payment of an amount in cash for each Series 3 Preferred Limited Partnership Unit so redeemed equal to US\$25.00 per Series 3 Preferred Limited Partnership Unit together with all accrued and unpaid Series 3 Distributions up to but excluding the date of payment or distribution (less any tax required to be deducted and withheld by the Partnership) (the “Redemption Price”).

7. DEFERRED TAXES

During the year, a subsidiary of the Partnership, PVII, converted to a mutual fund corporation. This reorganization led to the reduction in deferred tax liability of approximately \$690 million as the subsidiary has the ability to allocate capital gains to unitholders of the Partnership. The reduction of the deferred tax liability is recorded through other comprehensive income. The reduction of \$664 million is deferred tax liability recognized in the prior periods, and is recorded through accumulated other comprehensive income.

8. SHAREHOLDERS’ 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. In addition, the General Partner does not have any right to have their GP units redeemed by the Partnership.

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. In addition, the Preferred LP Units do not have any right to have their units redeemed by the Partnership.

As at (Thousands, US dollars)	Shares Outstanding		Book Value	
	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2021	Dec. 31, 2020
Partnership equity				
Equity Limited Partners	66,212	73,348	\$ 7,193,105	\$ 4,402,331
General Partner ¹	—	—	1	1
Preferred Limited Partners	16,038	16,038	153,054	153,054
			<u>\$ 7,346,160</u>	<u>\$ 4,555,386</u>

1 As at December 31, 2021, there is 1 General Partner share outstanding (December 31, 2020: 1).

9. NET INCOME PER UNIT

Net income per unit is calculated based on the basic and diluted weighted average number of outstanding units during the year and net income attributable to Equity Limited Partners. For the year ended December 31, 2021, the weighted average number of basic outstanding units were 72,953,504 (2020 – 73,387,650) and 87,662,153 on a fully diluted basis (2020 – 88,096,325); this includes the 14,708,648 Equity LP units that can be issued through the future exercise of all outstanding warrants of a subsidiary of the Partnership.

10. INCOME TAXES

The major components of income tax expense include the following:

For the years ended December 31
(Thousands, US dollars)

	2021	2020
Current income tax (expenses) recovery	\$ (7,816)	\$ 1,649
Deferred tax recovery	15,024	6,877
Total income tax expense	<u>\$ 7,208</u>	<u>\$ 8,526</u>

During the year, a subsidiary of the Partnership, PVII, converted its tax status to a mutual fund corporation. As a result, the Partnership's statutory income tax rate is 39.5% (2020 – 26.5%).

The Partnership's effective tax rate is different from the Partnership's statutory income tax rate for the years ended December 31 due to the differences set out below:

For the years ended December 31
(Thousands, US dollars)

	2021	2020
Statutory income tax rate	39.5%	26.5%
Income tax expense at statutory rate	\$ 15,287	\$ 13,996
Increases (reductions) in income tax expense resulting from:		
Non-taxable dividends	(46,288)	(16,674)
Income subject to different tax rates	3,361	(125)
Non-deductible expenses	14,126	6,788
Other	20,722	4,541
Income tax expense	<u>\$ 7,208</u>	<u>\$ 8,526</u>

Deferred income tax assets and liabilities relate to the following:

<i>As at</i> <i>(Thousands, US dollars)</i>	Dec. 31, 2021	Dec. 31, 2020
Non-capital losses	\$ 397	\$ 5,842
Capital losses	—	42
Difference in basis	(23,828)	(660,101)
Total net deferred tax liabilities	\$ (23,431)	\$ (654,217)
Deferred tax assets	\$ 397	\$ 5,884
Deferred income tax liabilities	(23,828)	(660,101)
Total net deferred tax liabilities	\$ (23,431)	\$ (654,217)

The movements of deferred income tax balances are as follows:

<i>(Thousands, US dollars)</i>	Dec. 31, 2020	Recognized in			Dec. 31, 2021
		Income	Equity ¹	OCI ²	
Deferred tax assets related to non-capital losses	\$ 5,842	\$ (5,289)	\$ —	\$ (156)	\$ 397
Deferred tax assets related to capital losses	42	(42)	—	—	—
Deferred liabilities related to differences in tax and book basis, net	(660,101)	(9,693)	663,678	(17,712)	(23,828)
	\$ (654,217)	\$ (15,024)	\$ 663,678	\$ (17,868)	\$ (23,431)
		Recognized in			
	Dec. 31, 2019	Income	Equity	OCI	Dec. 31, 2020
Deferred tax assets related to non-capital losses	\$ 4,736	\$ 972	\$ —	\$ 134	\$ 5,842
Deferred tax assets related to capital losses	41	—	—	1	42
Deferred liabilities related to differences in tax and book basis, net	(613,653)	(7,849)	—	(38,599)	(660,101)
	\$ (608,876)	\$ (6,877)	\$ —	\$ (38,464)	\$ (654,217)

1 Recorded in accumulated other comprehensive income

2 Includes the impact of foreign currency translation.

A subsidiary of the Partnership has \$27 million (2020 – \$23 million) of non-capital losses which expire after 2030. The benefit of these losses were derecognized in 2021 as a result of the subsidiary's conversion of its tax status to a mutual fund corporation.

11. RELATED-PARTY TRANSACTIONS

Brookfield entities provide certain management and financial services to the Partnership for which the Partnership paid less than \$1 million for the year ended December 31, 2021 (2020 – less than \$1 million).

The Company owns 130 million shares of Brookfield which amounted to \$7.9 billion (\$5.3 billion - December 31, 2020), and other Brookfield subsidiaries of \$226 million (\$125 million – December 31, 2020). The Company recognized dividend income in Brookfield entities \$115 million (\$67 million – December 31, 2020). Dividend income increased in the year ended December 31, 2021 due to the receipt of Brookfield Asset Management Reinsurance Partners Ltd. shares as a one-time special dividend-in-kind from Brookfield, which was valued at \$46 million.

12. RISK MANAGEMENT

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

Credit Risk

The Partnership has no material counterparty risk as at December 31, 2021 and 2020, due to all counterparties being large financial institutions dealing with the Partnership's prime brokerage accounts as well as derivative assets and liabilities.

Market Risk

a) Foreign Currency Risk

A significant portion of the investments at fair value may be comprised of non-U.S. dollar denominated securities which, along with the Canadian dollar preferred shares and corporate bonds, the Partnership opportunistically looks to hedge. The use of hedges through derivative transactions involves special risks, including the possible default by the other party to the transaction, illiquidity and the risk that the use of hedges could result in losses greater than if hedging had not been used. The hedging arrangements may have the effect of limiting or reducing total returns of the Partnership in circumstances where foreign currencies appreciate in value more than the U.S. dollar over the relevant period. To the extent that portions of the portfolio are not hedged in circumstances where the U.S. dollar appreciates more than foreign currencies, the returns to the Partnership may be adversely impacted. As at December 31, 2021, an appreciation (depreciation) of \$0.01 in the United States dollar relative to other currencies, all else being equal, will decrease (increase) the Partnership's results of investment operations by \$26 million.

The following table summarizes the Partnership's exposure to currency risks:

<i>As at December 31, 2021 (Thousands)</i>	Investments at Fair Value	Cash	Other Net Assets	Foreign Currency Contracts	Total	Net Asset %
U.S. dollar	\$ 8,103,891	\$ 68,612	\$ 573,178	\$ 33,125	\$ 8,778,806	119.5%
Canadian dollar	110,773	12,092	(1,555,512)	—	(1,432,647)	(19.5%)
Total net assets	<u>\$ 8,241,664</u>	<u>\$ 80,704</u>	<u>\$ (982,334)</u>	<u>\$ 33,125</u>	<u>\$ 7,346,159</u>	<u>100%</u>

b) Interest Rate Risk

The Partnership's preference shares are fixed rate and the Partnership has negligible floating rate assets or liabilities. Accordingly, changes in the interest rates do not have an impact on net income or other comprehensive income.

c) Market Price Risk

The value of the Class A Shares and the Partnership's other securities are exposed to variability in fair value due to movements in equity prices. As a result, the fair value of the Partnership's investment portfolio may vary from time to time. The Partnership records these investments at fair value. For the year ended December 31, 2021, a 1% increase (decrease) in the market price of Brookfield and other investments, all else being equal, would increase (decrease) the carrying value of our investments by \$81 million (2020 – \$59 million), which would have resulted in an increase (decrease) to other comprehensive income and the consolidated statement of operations of \$80 million (2020 – \$58 million) and \$1 million (2020 – \$1 million) on a pre-tax basis, respectively.

d) Liquidity Risk

The Partnership's retractable preference shares expose the Partnership to liquidity risk to fund retractions and redemptions as well as dividend and interest obligations. The Partnership endeavors to maintain dividend income within the subsidiary that issued the preference shares that exceeds the projected dividend obligations and expects to be able to continue to achieve this objective based on current circumstances. Management expects to fund any retraction obligations through a combination of ongoing cash flow, the proceeds from any new financings and proceeds from the sale of securities.

The Partnership's contractual obligations as of December 31, 2021 are as follows:

(Thousands, US dollars)	Payment Due by Period				
	Total	Less Than 1 Year	2-3 Years	4-5 Years	After 5 Years
Preferred shares and borrowings					
Partners Value Split Class AA, Series 8 ¹	\$ 118,681	\$ —	\$ 118,681	\$ —	\$ —
Partners Value Split Class AA, Series 9 ¹	118,632	—	—	118,632	—
Partners Value Split Class AA, Series 10 ¹	118,695	—	—	—	118,695
Partners Value Split Class AA, Series 11 ¹	118,695	—	—	118,695	—
Partners Value Split Class AA, Series 12 ¹	136,499	—	—	—	136,499
Partners Value Investments LP Class A, Series 2	50,797	—	—	50,797	—
Partners Value Investments LP Class A, Series 3	50,797	—	—	—	50,797
Partners Value Investments LP Class A, Series 4	50,812	—	—	—	50,812
PVI SIB LP Class A, Series 1	28,125	—	—	28,125	—
PVI SIB LP Class A, Series 2	28,125	—	—	—	28,125
PVI SIB LP Class A, Series 3	28,125	—	—	—	28,125
Corporate Bonds due Nov 2027	118,695	—	—	—	118,695
Corporate Bonds due Nov 2028	118,695	—	—	—	118,695
	<u>\$ 1,085,373</u>	<u>\$ —</u>	<u>\$ 118,681</u>	<u>\$ 316,249</u>	<u>\$ 650,443</u>
Interest expense					
Partners Value Split Class AA, Series 8 ¹	\$ 15,655	\$ 5,697	\$ 9,958	\$ —	\$ —
Partners Value Split Class AA, Series 9 ¹	24,176	5,813	11,626	6,737	—
Partners Value Split Class AA, Series 10 ¹	28,782	5,579	11,158	11,158	887
Partners Value Split Class AA, Series 11 ¹	21,594	5,638	11,276	4,680	—
Partners Value Split Class AA, Series 12 ¹	37,007	6,006	12,012	12,012	6,977
Partners Value Investments LP Class A, Series 2	10,060	2,032	4,064	3,964	—
Partners Value Investments LP Class A, Series 3	20,220	2,032	4,064	4,064	10,060
Partners Value Investments LP Class A, Series 4	30,388	2,032	4,065	4,065	20,226
PVI SIB LP Class A, Series 1	5,570	1,125	2,250	2,195	—
PVI SIB LP Class A, Series 2	11,195	1,125	2,250	2,250	5,570
PVI SIB LP Class A, Series 3	16,823	1,125	2,250	2,250	11,198
Corporate Bonds due Nov 2027	30,489	5,193	10,386	10,386	4,524
Corporate Bonds due Nov 2028	32,638	4,748	9,496	9,496	8,898
	<u>\$ 284,597</u>	<u>\$ 48,145</u>	<u>\$ 94,855</u>	<u>\$ 73,257</u>	<u>\$ 68,340</u>

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

The Partnership's contractual obligations as of December 31, 2020 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 6 ¹	\$ 156,864	\$ 156,864	\$ —	\$ —	\$ —
Partners Value Split Class AA, Series 7 ¹	78,530	—	78,530	—	—
Partners Value Split Class AA, Series 8 ¹	117,781	—	—	117,781	—
Partners Value Split Class AA, Series 9 ¹	117,732	—	—	—	117,732
Partners Value Split Class AA, Series 10 ¹	117,795	—	—	—	117,795
Partners Value Split Class AA, Series 11 ¹	117,795	—	—	117,795	—
Corporate Bonds due Nov 2027	117,795	—	—	—	117,795
	<u>\$ 824,292</u>	<u>\$ 156,864</u>	<u>\$ 78,530</u>	<u>\$ 235,576</u>	<u>\$ 353,322</u>
Interest expense					
Partners Value Split Class AA, Series 6 ¹	\$ 1,741	\$ 1,741	\$ —	\$ —	\$ —
Partners Value Split Class AA, Series 7 ¹	7,904	4,319	3,585	—	—
Partners Value Split Class AA, Series 8 ¹	21,187	5,653	11,306	4,228	—
Partners Value Split Class AA, Series 9 ¹	29,762	5,769	11,538	11,538	917
Partners Value Split Class AA, Series 10 ¹	34,096	5,536	11,072	11,072	6,416
Partners Value Split Class AA, Series 11 ¹	27,025	5,595	11,190	10,240	—
Corporate Bonds due Nov 2027	35,414	5,154	10,308	10,308	9,644
	<u>\$ 157,129</u>	<u>\$ 33,767</u>	<u>\$ 58,999</u>	<u>\$ 47,386</u>	<u>\$ 16,977</u>

1 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures due 2021, 2022, 2024, 2026, 2027 and 2025 for the Series 6, 7, 8, 9, 10 and 11 respectively.

The maturity date of other accounts payable balances is less than one year.

13. ACCOUNTS RECEIVABLE, OTHER ASSETS, ACCOUNTS PAYABLE, AND OTHER LIABILITIES

Accounts receivable and other assets consists of the following:

As at December 31 (Thousands)	December 31, 2021	December 31, 2020
Derivative assets	\$ 33,124	\$ 23,953
Taxes receivable	5,433	—
Investment income receivable and other	26,861	16,156
	<u>\$ 65,418</u>	<u>\$ 40,109</u>

Accounts payable and other liabilities consists of the following:

As at December 31 (Thousands)	December 31, 2021	December 31, 2020
Derivative liabilities	\$ —	\$ 39
Taxes payable	—	1,781
Other	7,693	13,784
	<u>\$ 7,693</u>	<u>\$ 15,604</u>

14. CAPITAL MANAGEMENT

As at December 31, 2021, the capital base managed by the Partnership consisted of equity with a carrying value of \$7.3 billion (December 31, 2020 – \$4.6 billion), \$835 million (December 31, 2020 – \$694 million) of retractable fixed rate preferred shares issued by its subsidiaries as well as and \$237 million (December 31, 2020 - \$117 million) of corporate borrowings issued by PVII. The Partnership has complied with all covenants, which are limited, and is not subject to any externally imposed capital requirements.

15. INVESTMENT VALUATION GAINS AND LOSSES

Investment valuation losses and gains consists of realized losses of \$42 million (2020 – realized losses of \$4 million) and unrealized gain of \$36 million (2020 – unrealized gain of \$1 million).

16. SUBSEQUENT EVENTS

On March 25, 2022, a subsidiary of the Company, Partners Value Split Corp. issued 6,000,000 Class AA Preferred Shares (the “Series 13 Preferred Shares”). The Series 13 Preferred shares were issued at a price of CAD \$25.00 per share for gross proceeds of CAD \$150 million. The Series 13 Preferred Shares will carry a fixed coupon of 4.45% and will have a final maturity of May 31, 2029.

On March 30, 2022, PVII amended its share capital to create a new class of retractable common shares. The Partnership then exchanged 2.7 million of previously issued retractable common shares of PVII for 2.7 million newly issued retractable shares of PVII with an estimated fair value of \$200 million. The newly issued retractable shares of PVII are held by a new non-wholly owned subsidiary of the Partnership.

On April 1, 2022, the new non-wholly owned subsidiary established by the Partnership issued \$10 million in non-voting common shares to new shareholders.

CORPORATE INFORMATION

DIRECTORS

Brian D. Lawson
Vice Chair
Brookfield Asset Management Inc.

Danesh Varma^{1,2}
Corporate Director

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

Ralph Zarboni^{1,2}
Corporate Director

1. Member of the Audit Committee

2. Member of the Corporate Governance Committee

OFFICERS

Brian D. Lawson
Chairman and Chief Executive Officer

Bahir Manios
President

Rachel Powell
Chief Financial Officer

Kathy Sarpash
Senior Vice President and General Counsel

Loretta M. Corso
Corporate Secretary

Bryan Sinclair
Senior Associate

Leslie Yuen
Director, Finance

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EXCHANGE LISTING

TSX Venture Exchange Stock Symbol:

Equity LP units	PVF.UN
Preferred LP units	PVF.PR.U
PVI warrants	PVF.WT

