PARTNERS VALUE SPLIT CORP.

2018 ANNUAL REPORT TO SHAREHOLDERS

CONTENTS

FORWARD-LOOKING INFORMATION

This Annual Report to shareholders contains forward-looking information within the meaning of Canadian provincial securities laws concerning the Company's business and operations. The words "intend," "believe," "principally," "primarily," "likely," "often," "generally" and other expressions of similar import, or the negative variations thereof, and similar expressions of future or conditional verbs such as "could," "should," "would," "may" or "will," are predictions of or indicate future events, trends or prospects or identify forward-looking information. Forward-looking information in this annual report includes, among others, statements with respect to the Company's objective of investing in Class A Limited voting shares of Brookfield Asset Management Inc. ("Brookfield shares") to generate cash dividends to fund quarterly fixed cumulative preferential dividends for the holders of the Company's preferred shares and to enable holders of its capital shares to participate in any capital appreciation of the Brookfield shares, fluctuations in the market value of units of the Company due to interest rate levels and the value of Brookfield shares, fluctuations in the value of the Company's investment portfolio and cash flows due to foreign currency exchange rates, the impact of the adoption of IFRS on the Company's reported financial position and results of operations, future classification of the Company's investment portfolio, potential exposure to liquidity risk to fund dividend obligations, the Company's ability to fund retraction obligations and obligations of the Company under potential indemnification and guarantee agreements.

Although the Company believes that the anticipated future results or achievements expressed or implied by the forward-looking information and statements are based upon reasonable assumptions and expectations, the reader should not place undue reliance on the forward-looking statements and information because they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking information and statements.

Factors that could cause actual results to differ materially from those contemplated or implied by the forward-looking information include: the behavior of financial markets, including fluctuations in the value of Brookfield shares and interest and exchange rates, availability of equity and debt financing and other risks and factors detailed from time to time in the Company's other documents filed with the Canadian securities regulators.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our forward-looking information to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and potential events. Except as may be required by law, the Company undertakes no obligation to publicly update or revise any forward-looking information or statements, whether written or oral, that may be as a result of new information, future events or otherwise. Reference should be made to the Company's most recent Annual Information Form for a description of the major risk factors.

MANAGEMENT'S REPORT ON FUND PERFORMANCE

The following Management's Report on Fund Performance for the year ended December 31, 2018 is dated April 1, 2019.

This is a report on the performance of Partners Value Split Corp. (the "Company") and contains financial highlights but does not contain the complete financial statements of the Company. This report follows the disclosure obligations under National Instrument 81-106 Investment Fund Continuous Disclosure ("NI-81-106" or the "Instrument") and should be read in conjunction with the financial statements and notes thereto for the year ended December 31, 2018.

You can receive a copy of the Company's annual financial statements at your request and at no cost by calling (416) 363-9491, by writing to us at 181 Bay Street, Brookfield Place, Suite 300, P.O. Box 767, Toronto, Ontario M5J 2T3, or by visiting SEDAR at *www.sedar.com*. Security holders may also contact us using one of these methods to request a copy of the Company's proxy voting policies and procedures, or proxy voting disclosure record.

INVESTMENT OBJECTIVE AND STRATEGIES

The Company's objective is to invest in Class A Limited Voting Shares ("Brookfield shares") of Brookfield Asset Management Inc. ("Brookfield") which generates cash flow through dividend payments that fund quarterly fixed cumulative preferential dividends for the holders of the Company's senior preferred shares, and provide the holders of the Company's capital shares the opportunity to participate in any capital appreciation in the Brookfield shares. The Company's capital shares and preferred shares are also referred to collectively as units, with each unit consisting of one capital share and one preferred share ("unit").

RISKS

The risk factors relating to an investment in the Company include those disclosed below. A complete list of the risk factors relating to an investment in the Company is disclosed in the Company's most recent Annual Information Form available at *www.sedar.com* or by contacting the Company by the means described above.

a) Interest Rate Fluctuations

The market value of a unit may, at any given time, be affected by the level of interest rates prevailing at such time. An increase (decrease) in interest rates will, on its own, likely reduce (increase) the value of a preferred share, given that the dividends on such preferred shares are fixed.

b) Fluctuations in Value of Brookfield Shares

The value of a unit will vary according to the value of the Brookfield shares. The value of the investment may be influenced by factors not within the control of the Company, including: the financial performance of Brookfield which may result in a decline in value of the investment portfolio and/or in dividend income from the investment, interest rates, general economic conditions, availability of equity and debt financing and financial market conditions.

c) Foreign Currency Exchange Fluctuations

Brookfield's functional currency is the United States dollar and it declares dividends in that currency. Accordingly, changes in the exchange rate between the Canadian and United States currencies may impact the value of the Company's cash flows relative to its financial obligations which are denominated principally in Canadian dollars.

RESULTS OF OPERATIONS

Total assets and net assets at December 31, 2018, were $3.2 billion and $2.5 billion, respectively, compared to $3.5 billion and $2.8 billion as at December 31, 2017. The Company's net assets on a per unit basis, which consists of one capital share and one preferred share, at December 31, 2018 was $80.19 compared to $103.76 at December 31, 2017. The decrease in net assets per unit was driven primarily by depreciation in the market value of our investment in Brookfield shares.

During the year ended December 31, 2018, the Company declared and paid dividends in the amount of $29 million (December 31, 2017 – $40 million) to the holders of its capital shares. In the prior year, there was a special dividend the Company paid in the form of Trisura Group Ltd. ("TSU") units. The TSU units were originally received as part of Brookfield's spin-off of TSU during June 2017.

FINANCIAL HIGHLIGHTS

The following table shows selected key financial information about the Company and is intended to facilitate an understanding of the Company's financial performance over the last five fiscal periods and is presented in accordance with NI-81-106. This information is derived from the Company's audited financial statements.

(US dollars per unit)	**Dec. 31, 2018**	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Net assets per unit, beginning of year	**$ 103.76**	$ 80.90	$ 74.09	$ 87.11	$ 74.44
Share issuance	**3.21**	3.50	—	2.01	5.41
Share redemption and retraction	**—**	(2.94)	(1.19)	(0.01)	(3.50)
Capital subscription	**—**	—	—	—	—
Net assets anti-dilution (dilution)[1]	**—**	(0.90)	5.34	(12.82)	(8.96)
Increase (decrease) from operations:					
Total revenue	**1.41**	1.56	1.26	1.13	1.18
Total expenses[2]	**(0.06)**	(0.06)	(0.05)	(0.04)	(0.05)
Realized and unrealized gains (losses)	**(12.10)**	24.78	2.18	8.88	26.58
Total increase (decrease) from operations[3]	**(10.75)**	26.28	3.39	9.97	27.71
Foreign currency translation gain (loss)[2]	**(14.52)**	(1.20)	1.76	(9.93)	(5.19)
Distributions[3, 4]	**(1.51)**	(1.88)	(2.49)	(2.23)	(2.80)
Net assets per unit, end of year	**$ 80.19**	$ 103.76	$ 80.90	$ 74.09	$ 87.11
Net asset value per unit, end of year	**$ 80.19**	$ 103.76	$ 80.90	$ 74.09	$ 87.11
Net asset value per unit, end of year (CAD)	**$ 108.98**	$ 129.97	$ 108.73	$ 102.53	$ 101.23

1. Anti-dilution occurred as a result of the consolidation of capital shares following the redemption of the Series 1 senior preferred shares in March 2016. Dilution occurred as a result of the subdivision of capital shares following the issuance of the Series 8 senior preferred shares in September 2017 so that the number of capital shares issued and outstanding was equal to the number of preferred shares issued and outstanding as required by the articles of the Company. A similar dilution occurred in 2015, 2014, and 2013 following the issuance of Class AA preferred shares.
2. Total expenses net of non-cash preferred share issuance cost amortization.
3. Net assets and distributions are based on the actual number of units outstanding over the period. The decrease from operations is based on the weighted average number of units outstanding over the period.
4. Includes capital dividends paid to holders of the Company's capital shares, if and when declared. Capital dividends includes a special distribution of Trisura Group Ltd. units for the year ended December 31, 2017, a special distribution of Brookfield Business Partners L.P. units for the year ended December 31, 2016, a special distribution of the proceeds received on issuance of new senior preferred shares for the years ended December 31, 2017, and 2015, and a special distribution of Brookfield Property Partners L.P. units for the year ended September 30, 2013. Total dividend income recognized on the spin-off of Trisura Group Ltd. in 2017 was $8,134,127.64.

(Thousands, except per share amounts)	**Dec. 31, 2018**	Dec. 31, 2017	Dec. 31, 2016	Dec. 31, 2015	Dec. 31, 2014
Total assets	**$ 3,177,173**	$ 3,488,309	$ 2,638,973	$ 2,570,580	$ 2,674,665
Net assets	**2,460,080**	2,827,774	2,037,732	1,950,542	2,020,729
Number of units outstanding	**39,620**	33,621	32,620	34,694	30,705
Management expense ratio[1]	**0.1%**	0.1%	0.1%	0.1%	0.1%
Redemption price of preferred shares (CAD)					
Senior Class AA Series 3[2]	**$ 25.25**	$ 25.50	$ 25.75	$ 26.00	$ 26.00
Senior Class AA Series 6[3]	**N/A**	N/A	N/A	N/A	N/A
Senior Class AA Series 7[4]	**N/A**	N/A	N/A	N/A	N/A
Senior Class AA Series 8[5]	**N/A**	N/A	N/A	N/A	N/A
Senior Class AA Series 9[6]	**N/A**	N/A	N/A	N/A	N/A
Junior Class AA Series 1	**25.00**	25.00	25.00	25.00	25.00

1. Management expense ratio is calculated from dividing the aggregate of total expenses and amortization of share issuance costs by average net assets over the reporting period.
2. Redemption period commenced on January 10, 2012.
3. Redemption period commences on October 8, 2019.
4. Redemption period commences on October 31, 2020.
5. Redemption period commences on September 30, 2022.
6. Redemption period commences on February 28, 2024.

INVESTMENT PORTFOLIO

The investment in the Brookfield shares, the associated costs and the fair values are as follows:

	Number of Shares		Cost		Fair Value	
As at (Thousands)	**Dec. 31, 2018**	Dec. 31, 2017	**Dec. 31, 2018**	Dec. 31, 2017	**Dec. 31, 2018**	Dec. 31, 2017
Brookfield Asset Management Inc.	**79,741**	79,741	**$ 507,953**	$ 507,953	**$ 3,058,066**	$ 3,471,922

On a per share basis, the fair value of the Brookfield shares was $38.35 on December 31, 2018 versus $43.54 on December 31, 2017.

RELATED-PARTY TRANSACTIONS

The Company's operations are managed by Brookfield Investment Management (Canada) Inc., who are entitled to a management fee of up to 10% of ordinary expenses of the Company. For the year ended December 31, 2018, the Company accrued management fees of $11 thousand (December 31, 2017 – $22 thousand) plus applicable taxes in relation to these services.

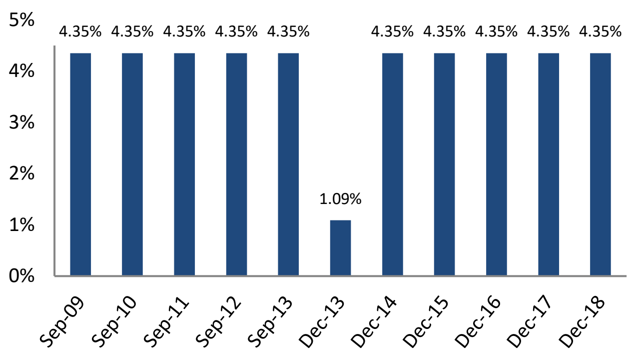
PAST PERFORMANCE

Period by Period Returns

The following charts show the performance of its outstanding senior preferred shares since issuance to the year ended December 31, 2018, assuming the senior preferred shares are sold at their final redemption price. The charts are not reflective of the current yield to maturity and past performance is not an indication of how the senior preferred shares will perform in the future.

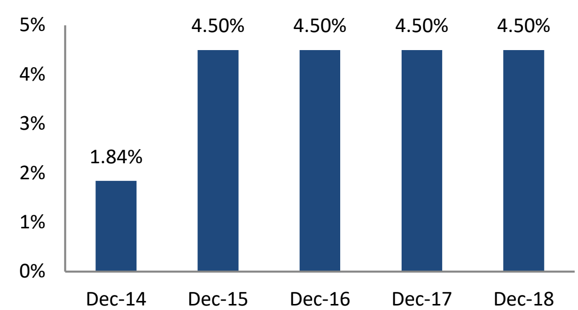
The Series 1 junior preferred shares pay a non-cumulative quarterly dividend at an annual rate of 5%.

Class AA, Series 3 Preferred Shares
For the years ending



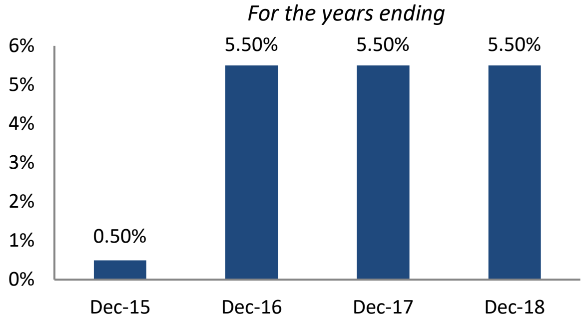
1. *December 2013 reflects the period from Oct. 1, 2013 to Dec. 31, 2013.*

Class AA, Series 6 Preferred Shares
For the years ending



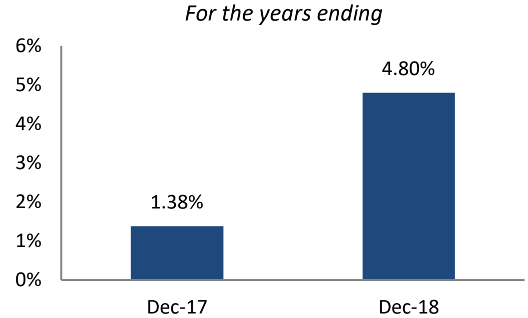
1. *December 2014 reflects the period from Jul. 4, 2014 to Dec. 31, 2014.*

Class AA, Series 7 Preferred Shares
For the years ending



1. *December 2015 reflects the period from Oct. 29, 2015 to Dec. 31, 2015.*

Class AA, Series 8 Preferred Shares
For the years ending



1. *December 2017 reflects the period from Sept. 18, 2017 to Dec. 31, 2017.*

Annual Compound Returns

The following table compares the yield on issuance of the Company's senior preferred shares against the yield provided by a Government of Canada bond that matures during a similar period. Returns are based on the par value of a preferred share.

	Since Inception	Ten Year	Five Year	Three Year	One Year
Preferred Shares Class AA, Series 3 – January 10, 2019[1]	4.35%	N/A	4.35%	4.35%	4.35%
Ten-year Government of Canada Bonds – June 1, 2018	4.25%	N/A	4.25%	4.25%	4.25%
Preferred Shares Class AA, Series 6 – October 8, 2021[2]	4.50%	N/A	N/A	4.50%	4.50%
Seven-Year Government of Canada Bonds – June 1, 2021	3.25%	N/A	N/A	3.25%	3.25%
Preferred Shares Class AA, Series 7 – October 31, 2022[3]	5.50%	N/A	N/A	N/A	5.50%
Seven-Year Government of Canada Bonds – June 1, 2022	1.18%	N/A	N/A	N/A	1.18%
Preferred Shares Class AA, Series 8 – September 30, 2024[4]	4.80%	N/A	N/A	N/A	4.80%
Seven-Year Government of Canada Bonds – June 1, 2024	1.91%	N/A	N/A	N/A	1.91%
Preferred Shares Class AA, Series 9 – February 28, 2026[5]	4.90%	N/A	4.90%	4.90%	4.90%
Seven-Year Government of Canada Bonds – June 1, 2026	2.25%	N/A	2.25%	2.25%	2.25%

1. *The Class AA, Series 3 preferred shares were issued on January 10, 2007.*
2. *The Class AA, Series 6 preferred shares were issued on July 4, 2014.*
3. *The Class AA, Series 7 preferred shares were issued on October 29, 2015.*
4. *The Class AA, Series 8 preferred shares were issued on September 18, 2017.*
5. *The Class AA, Series 9 preferred shares were issued on November 26, 2018.*

CONTRACTUAL OBLIGATIONS

The Company's contractual obligations related to its senior preferred shares as at December 31, 2018, are:

	Payment Due by Period[1]				
(Thousands)	**Total**	**Less Than 1 Year**	**2-3 Years**	**4-5 Years**	**After 5 Years**
Preferred shares					
Partners Value Split Class AA, Series 3	**$ 139,859**	**$ 139,859**	**$ —**	**$ —**	**$ —**
Partners Value Split Class AA, Series 6	**146,437**	**—**	**146,437**	**—**	**—**
Partners Value Split Class AA, Series 7	**73,310**	**—**	**—**	**73,310**	**—**
Partners Value Split Class AA, Series 8	**109,952**	**—**	**—**	**—**	**109,952**
Partners Value Split Class AA, Series 9	**109,965**	**—**	**—**	**—**	**109,965**
	$ 579,523	**$ 139,859**	**$ 146,437**	**$ 73,310**	**$ 219,917**
Interest expense					
Partners Value Split Class AA, Series 3	**$ 817**	**$ 817**	**$ —**	**$ —**	**$ —**
Partners Value Split Class AA, Series 6	**18,809**	**6,590**	**12,219**	**—**	**—**
Partners Value Split Class AA, Series 7	**15,462**	**4,032**	**8,064**	**3,366**	**—**
Partners Value Split Class AA, Series 8	**30,681**	**5,278**	**10,556**	**10,556**	**4,291**
Partners Value Split Class AA, Series 9	**38,587**	**5,388**	**10,776**	**10,776**	**11,647**
	$ 104,356	**$ 22,105**	**$ 41,615**	**$ 24,698**	**$ 15,938**

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, 2021, 2022, 2024 and 2026 for the Series 3, 6, 7, 8 and 9 respectively.*

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements and other financial information in this Annual Report have been prepared by the Company's management who is responsible for their integrity, consistency, objectivity and reliability. To fulfill this responsibility, the Company maintains policies, procedures and systems of internal control to ensure that its reporting practices and accounting and administrative procedures are appropriate to provide a high degree of assurance that relevant and reliable financial information is produced and assets are safeguarded. These controls include the careful selection and training of employees, the establishment of well-defined areas of responsibility and accountability for performance and the communication of policies and code of conduct throughout the Company.

These financial statements have been prepared in conformity with Canadian generally accepted accounting principles, and where appropriate, reflect estimates based on management's judgment. The financial information presented throughout this Annual Report is generally consistent with the information contained in the accompanying financial statements.

Deloitte LLP, the independent auditors appointed by the shareholders, have examined the financial statements set out on the following page in accordance with auditing standards generally accepted in Canada to enable them to express to the shareholders their opinion on the financial statements. Their report is set out on the following page.

The financial statements have been further reviewed and approved by the Board of Directors acting through its Audit Committee, which is comprised of directors who are not officers or employees of the Company. The Audit Committee, which meets with the auditors and management to review the activities of each and reports to the Board of Directors, oversees management's responsibilities for the financial reporting and internal control systems. The auditors have full and direct access to, and meet periodically with, the Audit Committee both with and without management present to discuss their audit and related findings.

Brian D. Lawson
Director, President and Chairman
April 1, 2019

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Independent Auditor's Report

To the Shareholders of
Partners Value Split Corp.

Opinion

We have audited the financial statements of Partners Value Split Corp. (the "Company"), which comprise the statements of financial position as at December 31, 2018 and 2017, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (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, 2018 and 2017, 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:
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 and will 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 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 Erez Seiler.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
April 1, 2019

STATEMENTS OF FINANCIAL POSITION

As at *(Thousands of US dollars, except per unit amounts)*	Note		**December 31, 2018**		December 31, 2017
Assets					
Cash and cash equivalents		**$**	**107,170**	$	16,339
Investment in Brookfield Asset Management Inc.	3		**3,058,066**		3,471,922
Accounts receivable and other assets			**11,937**		48
Total assets		**$**	**3,177,173**	$	3,488,309
Liabilities					
Debentures		**$**	**13**	$	—
Preferred shares	4		**717,080**		660,535
Total liabilities			**717,093**		660,535
Net assets		**$**	**2,460,080**		2,827,774
Equity					
Capital shares	5	**$**	**118,088**	$	118,088
Retained earnings			**2,627,311**		2,995,005
Accumulated other comprehensive income			**(285,319)**		(285,319)
Total equity		**$**	**2,460,080**	$	2,827,774
Number of units outstanding (000's)			**39,620**		33,621
Net assets per capital share		**$**	**62.09**	$	84.11
Book value per preferred share			**18.10**		19.65
Net assets per unit		**$**	**80.19**	$	103.76

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

On behalf of the Board,

Brian D. Lawson
Director, President and Chairman

Frank N.C. Lochan
Director

STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31 *(Thousands of US dollars, except per unit amounts)*	Note	**2018**	2017
Income			
Dividend income		**$ 47,845**	$ 52,789
Other investment income		**548**	473
		48,393	53,262
Expenses			
Management fees	6	**(11)**	(22)
Administrative and other		**(495)**	(244)
		(506)	(266)
Income available for distribution		**47,887**	52,996
Distributions paid on senior preferred shares and debentures		**(22,949)**	(23,591)
Income available for distribution to junior preferred and capital shares		**24,938**	29,405
Change in unrealized and realized value of investment		**(413,856)**	843,751
Amortization of share issuance costs		**(1,621)**	(1,835)
Unrealized foreign exchange gain (loss)		**51,693**	(40,807)
Net (loss) income		**(338,846)**	830,514
Comprehensive (loss) income		**$ (338,846)**	$ 830,514
Comprehensive (loss) income per unit	5	**$ (9.90)**	$ 24.39

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

STATEMENTS OF CHANGES IN EQUITY

For the year ended December 31, 2018 (Thousands, US dollars)	**Capital Shares**	**Retained Earnings**	**Accumulated Other Comprehensive Income**	**Common Equity**
Balance, beginning of year	**$ 118,088**	**$ 2,995,005**	**$ (285,319)**	**$ 2,827,774**
Net income	**—**	**(338,846)**	**—**	**(338,846)**
Other comprehensive income	**—**	**—**	**—**	**—**
Distributions paid on capital shares	**—**	**(28,848)**	**—**	**(28,848)**
Balance, end of year	**$ 118,088**	**$ 2,627,311**	**$ (285,319)**	**$ 2,460,080**

For the year ended December 31, 2017 (Thousands, US dollars)	Capital Shares	Retained Earnings	Accumulated Other Comprehensive Income	Common Equity
Balance, beginning of year	$ 118,088	$ 2,204,963	$ (285,319)	$ 2,037,732
Net income	—	830,514	—	830,514
Other comprehensive income	—	—	—	—
Distributions paid on capital shares	—	(40,472)	—	(40,472)
Balance, end of year	$ 118,088	$ 2,995,005	$ (285,319)	$ 2,827,774

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

STATEMENTS OF CASH FLOWS

For the years ended December 31 *(Thousands, US dollars)*		**2018**		2017
Cash flow from operating activities				
Income available for distribution	**$**	**47,887**	$	52,996
Add (deduct) non-cash items:				
Non-cash dividend income		**—**		(8,134)
Net change in working capital and foreign exchange		**(14,944)**		2,426
		32,943		47,288
Cash flow from financing activities				
Distributions paid on preferred shares and debentures		**(22,949)**		(23,591)
Distributions paid on capital shares		**(28,848)**		(26,951)
Preferred share issuance		**109,685**		119,295
Preferred share and debenture redemption		**—**		(100,217)
		57,888		(31,464)
Cash and cash equivalents				
Increase in cash and cash equivalents		**90,831**		15,824
Cash and cash equivalents balance, beginning of year		**16,339**		515
Cash and cash equivalents balance, end of year	**$**	**107,170**	$	16,339

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

NOTES TO THE FINANCIAL STATEMENTS

1. BUSINESS OPERATIONS

Partners Value Split Corp. (the "Company") is an investment fund incorporated under the laws of the province of Ontario. The Company's investment portfolio consists of an investment in the Class A Limited Voting Shares ("Brookfield shares") of Brookfield Asset Management Inc. ("Brookfield"). The Company was formed by the articles of incorporation under the Business Corporations Act (Ontario) and is registered in Ontario, Canada. The registered office of the Company is Brookfield Place, 181 Bay Street, Suite 300, Toronto, Ontario, M5J 2T3.

Brookfield Investment Management (Canada) Inc. ("BIM Canada") is the Manager of the Company and provides management and administration services to the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

The annual financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The annual financial statements are prepared on a going concern basis. These annual financial statements were authorized for issuance by the Board of Directors of the Company on March 6, 2019.

b) Accounting Policies

The following is a summary of significant accounting policies followed by the Company:

i) Cash and Cash Equivalents

Cash and cash equivalents include cash held by the Company in addition to any deposit instruments held with an initial maturity of less than 90 days.

ii) Investment in Brookfield

The Company's Brookfield shares are recorded at their fair value upon initial recognition and are designated as fair value through profit or loss ("FVTPL") financial assets with subsequent adjustments to fair value recorded as a change in the unrealized value of investment in the Statements of Comprehensive Income. The Brookfield shares are valued at their quoted market price in accordance with IFRS 13 *Fair Value Measurement* ("IFRS 13").

iii) Preferred Shares

The Company's issued preferred shares are measured at amortized cost and are classified as other liabilities.

iv) 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 Company.

v) Revenue Recognition

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

vi) Other Assets and Liabilities, and Debentures

Accounts receivable and dividends receivable are classified as loans and receivables and are accounted for at amortized cost. Accounts payables are classified as other liabilities and are accounted for at amortized cost.

vii) Voting and Capital Shares

The Company's issued voting shares are classified as financial liabilities whereas the Company's capital shares are classified as equity in accordance with IAS 32.

viii) Recognition/Derecognition of Financial Assets and Financial Liabilities

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

ix) Foreign Currency Translation

The functional currency of the Company is measured using the currency of the primary economic environment in which that entity operates. The functional currency of the Company 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.

x) Accounting Estimates

The preparation of the financial statements requires the Company 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 Company 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:

c) Adoption of Accounting Standards

i) Financial Instruments

IFRS 9 *Financial Instruments* ("IFRS 9") was introduced by the IASB in 2014 and supersedes 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 allows more hedging strategies that are used for risk management purposes to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship.

The company adopted the standard on January 1, 2018 on a modified retrospective basis. The standard is applied only to financial instruments held as at January 1, 2018. Comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The adoption of IFRS 9 resulted in a $nil impact to opening retained earnings at January 1, 2018.

Classification of Financial Instruments

The company classifies its financial assets as fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVTOCI") and amortized cost according to the company's business objectives for managing the financial assets and the contractual terms of the cash flows. The company classifies its financial liabilities at amortized cost or FVTPL.

- Financial instruments classified as FVTPL are initially recognized at their fair value and are subsequently measured at fair value at each reporting date. Gains and losses recorded on each revaluation date are recognized within net earnings.
- Financial instruments classified as FVTOCI are initially recognized at their fair value and are subsequently measured at fair value at each reporting date. The cumulative gains or losses related to FVTOCI equity instruments are not reclassified to profit or loss on disposal.
- Financial instruments classified as amortized cost are initially recognized at their fair value and are subsequently measured at amortized cost using the effective interest rate method.

The following table presents the types of financial instruments held by the company within each financial instrument classification under IAS 39 and IFRS 9:

	Measurement	
Financial Instrument Type	IAS 39	IFRS 9
Financial assets		
Cash and cash equivalents	Loans and receivables	Amortized cost
Accounts receivable and other assets[1]	Loans and receivables	Amortized cost
Portfolio	FVTPL	FVTPL
Financial liabilities		
Accounts payable and other liabilities	Loans and receivables	Amortized cost
Preferred shares	Loans and receivables	Amortized cost
Deferred taxes	Loans and receivables	Amortized cost

1. Includes derivative instruments measured at fair value.

These changes have not had a material impact on the company's financial statements as at January 1, 2018 and December 31, 2018.

ii) Foreign Currency Transactions

IFRIC 22, *Foreign Currency Transactions and Advance Consideration* ("IFRIC 22") clarifies that the date of foreign currency transactions for purposes of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which an entity initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. The interpretation is effective for periods beginning on or after January 1, 2018 and may be applied either retrospectively or prospectively. The company adopted the standard using the prospective approach, and there is no material impact.

d) Future Changes in Accounting Standards

Income Taxes

In June 2017, the IFRS Interpretations Committee issued IFRIC 23 which clarifies how the recognition and measurement requirements of IAS 12, Income Taxes, are applied where there is uncertainty over income tax treatments. This standard is effective for annual reporting periods beginning on or after January 1, 2019. The Company is currently assessing the impact of IFRIC 23 on its financial statements.

3. INVESTMENT PORTFOLIO

	Number of Shares		Cost		Fair Value	
As at (Thousands)	**Dec. 31, 2018**	Dec. 31, 2017	**Dec. 31, 2018**	Dec. 31, 2017	**Dec. 31, 2018**	Dec. 31, 2017
Brookfield Asset Management Inc.	**79,741**	79,741	**$ 507,953**	$ 507,953	**$ 3,058,066**	$ 3,471,922

On a per share basis, the fair value of the Brookfield shares was $38.35 on December 31, 2018 (December 31, 2017 – $43.54).

4. PREFERRED SHARES

The Company is authorized to issue an unlimited number of Class A preferred shares and Class AA preferred shares. The Board of Directors of the Company 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.

The following table shows the preferred shares that have been issued and are outstanding, net of associated financing costs which are amortized using the effective interest rate method of amortization.

As at *(Thousands)*	Shares Outstanding **Dec. 31, 2018**	Dec. 31, 2017		Book Value **Dec. 31, 2018**		Dec. 31, 2017
Senior preferred shares						
4.35% Series 3 – January 10, 2019	**7,631**	7,631	**$**	**139,859**	$	151,725
4.50% Series 6 – October 8, 2021	**7,990**	7,990		**146,437**		158,861
5.50% Series 7 – October 31, 2022	**4,000**	4,000		**73,310**		79,530
4.80% Series 8 – September 30, 2024	**5,999**	6,000		**109,952**		119,295
4.90% Series 9 – February 28, 2026	**6,000**	--		**109,965**		—
	31,620	25,621		**579,523**		509,411
Junior preferred shares, Series 1	**8,000**	8,000		**146,620**		159,060
	39,620	33,621		**726,143**		668,471
Deferred financing costs[1]				**(9,062)**		(7,936)
			$	**717,081**	$	660,535

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

The following table shows the quoted market prices of our publicly traded senior preferred shares:

As at (C$)		**Dec. 31, 2018**		Dec. 31, 2017
Senior preferred shares				
4.35% Series 3 – January 10, 2019	**$**	**25.06**	$	25.31
4.50% Series 6 – October 8, 2021		**24.76**		25.36
5.50% Series 7 – October 31, 2022		**25.25**		26.70
4.80% Series 8 – September 30, 2024		**24.75**		25.51
4.90% Series 9 – February 28, 2026		**24.29**		—

On November 26, 2018, the Company issued 6,000,000 Class AA, Series 9 preferred shares. The net proceeds from the offering will be used by the Company to fund the redemption of its 7,631,100 Class AA Preferred Shares, Series 3 on January 10, 2019.

Net Asset Value

The "net assets per unit" is defined as the fair value of the portfolio shares held by the Company plus (minus) the amount by which the value of the other assets of the Company exceed (are less than) the liabilities (including any extraordinary liabilities) of the Company and the redemption value of the preferred shares, divided by the total number of units outstanding. A "unit" is considered to consist of one capital share and one preferred share of any class or series. For greater certainty, Class AA Series 3, Series 6, Series 7, Series 8 and Series 9 senior preferred shares will not be treated as liabilities for purposes of determining net assets per unit.

Retraction

The Company'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:

Class AA Senior Preferred Shares

Series 3 May be surrendered for retraction at any time for an amount equal to the lesser of: (i) net assets per unit; and (ii) $25.00. Retraction consideration will be a number of Series 1 debentures determined by dividing the holder's aggregate preferred share Retraction Price by $25.00.

Series 6 May be surrendered for retraction at any time for an amount equal to the lesser of: (i) net assets per unit; and (ii) $25.00. Retraction consideration will be a number of Series 4 debentures determined by dividing the holder's aggregate preferred share Retraction Price by $25.00.

Series 7 May be surrendered for retraction at any time for an amount equal to the lesser of: (i) net assets per unit; and (ii) $25.00. Retraction consideration will be a number of Series 5 debentures determined by dividing the holder's aggregate preferred share Retraction Price by $25.00.

Series 8 May be surrendered for retraction at any time for an amount equal to the lesser of: (i) net assets per unit; and (ii) $25.00. Retraction consideration will be a number of Series 6 debentures determined by dividing the holder's aggregate preferred share Retraction Price by $25.00.

Series 9 May be surrendered for retraction at any time for an amount equal to the lesser of: (i) net assets per unit; and (ii) $25.00. Retraction consideration will be a number of Series 7 debentures determined by dividing the holder's aggregate preferred share Retraction Price by $25.00.

Junior Preferred Shares

Series 1 May be surrendered for retraction at any time for an amount equal to the lesser of: (i) net assets per unit; and (ii) $25.00. Retraction consideration will be cash.

During the year ended December 31, 2018, there were 700 Class AA, Series 8 senior preferred shares retracted for Series 6 debentures.

During the year ended December 31, 2017, there were no retractions.

Debentures

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

Series 3 The Series 1 debentures will have a principal amount of CAD $25.00 per debenture and will mature on January 10, 2019. Holders of the Series 1 debentures will be entitled to receive quarterly fixed interest payments at a rate of 4.45% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 1 debentures shall be redeemable by the company at any time. The Series 1 debentures may not be retracted.

Series 6 The Series 4 debenture will have a principal amount of CAD $25.00 per debenture and will mature on October 8, 2021. Holders of the Series 4 debentures will be entitled to receive quarterly fixed interest payments at a rate of 4.60% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 4 debentures can be redeemed by the Company at any time. The Series 4 debentures may not be retracted.

Series 7 The Series 5 debenture will have a principal amount of CAD $25.00 per debenture and will mature on October 31, 2022. Holders of the Series 5 debentures will be entitled to receive quarterly fixed interest payments at a rate of 5.60% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 5 debentures can be redeemed by the Company at any time. The Series 5 debentures may not be retracted.

Series 8 The Series 6 debenture will have a principal amount of CAD $25.00 per debenture and will mature on September 30, 2024. 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 Company at any time. The Series 6 debentures may not be retracted.

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 Company at any time. The Series 7 debentures may not be retracted.

As at December 31, 2018, there were 700 Series 6 debentures with the value of $12.8 thousand outstanding (December 31, 2017 – $nil).

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:

Class AA Senior Preferred Shares

Series 3	May be redeemed by the Company at any time on or after January 10, 2012, and prior to January 10, 2019, (the "Series 3 Redemption Date") at a price which until January 9, 2016, will equal CAD $26.00 per share plus accrued and unpaid dividends and which will decline by $0.25 each year thereafter to be equal to CAD $25.00 on the Series 3 Redemption Date. All Class AA Series 3 preferred shares outstanding on the Class AA Series 3 Redemption Date will be redeemed for a cash amount equal to the lesser of CAD $25.00 plus accrued and unpaid dividends, and the net assets per unit.
Series 6	May be redeemed by the Company at any time on or after October 8, 2019, and prior to October 8, 2021, (the "Series 6 Redemption Date") at a price which until October 8, 2020, will equal CAD $25.50 per share plus accrued and unpaid dividends and which will decline by $0.25 on October 8, 2020. All Class AA Series 6 senior preferred shares outstanding on the Series 6 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 6 senior preferred shares prior to October 8, 2019 for CAD $26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA Series 6 senior preferred shares prior to the Series 6 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.
Series 7	May be redeemed by the Company at any time on or after October 31, 2020, and prior to October 31, 2022, (the "Series 7 Redemption Date") at a price which until October 31, 2021, will equal CAD $25.50 per share plus accrued and unpaid dividends and which will decline by $0.25 on October 31, 2021. All Class AA Series 7 senior preferred shares outstanding on the Series 7 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 7 senior preferred shares prior to October 31, 2020 for CAD $26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA, Series 7 senior preferred shares prior to the Series 7 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.
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 $0.50 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.
Series 9	May be redeemed by the Company at any time on or after February 28, 2024 and prior to February 28, 2026 (the "Series 9 Redemption Date") at a price which until February 28, 2025 will equal $25.50 per share plus accrued and unpaid dividends and which will decline by $0.50 on February 28, 2025. All Series 9 Preferred Shares outstanding on the Series 9 Redemption Date will be redeemed for a cash amount equal to the lesser of $25.00 plus any accrued and unpaid dividends, and the Net Asset Value per Unit. The Company may redeem Class AA, Series 9 senior preferred shares prior to February 28, 2024 for $26.00

per share plus accrued and unpaid dividends if, and will not redeem Series 9 preferred shares prior to February 28, 2024 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 bid is in the best interest of the holders of the capital shares.

Junior Preferred Shares

Series 1 May be redeemed by the Company at any time at a price which will equal $25.00 per share plus all dividends declared and unpaid up to the redemption date.

5. SHARE CAPITAL

The Company is authorized to issue an unlimited number of capital shares. Holders of the capital shares are not entitled to vote at meetings of shareholders of the Company other than meetings of holders of the capital shares. The issued and outstanding share capital consists of:

As at (Thousands)	Shares Outstanding **Dec. 31, 2018**	Shares Outstanding Dec. 31, 2017	Book Value **Dec. 31, 2018**	Book Value Dec. 31, 2017
Equity				
Capital shares	**39,620**	33,621	**$ 118,088**	$ 118,088
Liability				
Class A voting shares[1]	**100**	100	**$ —**	$ —

1. As at December 31 the Class A voting shares have a book value of $8 (2017 – $8).

Holders of capital shares are entitled to receive dividends as declared by the Board of Directors of the Company. The Board of Directors of the Company has indicated that its policy is to pay dividends, if and to the extent that the dividends received on the portfolio shares, less the administrative and operating expenses of the Company, exceed the preferred share distributions. During the year ended December 31, 2018, the Company declared and paid dividends in the amount of $29 million (December 31, 2017 – $40 million) to the holders of its capital shares. In 2017, there was a special dividend paid in the form of Trisura Group Ltd. (“TSU”) shares. The TSU shares were originally received as part of Brookfield’s spin-off of TSU during June 2017, which was recorded as dividend income.

If the Company undertakes any issuances or redemption of preferred shares, the articles of the Company will be amended to either subdivide or consolidate, as applicable, such that the number of capital shares outstanding after such subdivision or consolidation would be equal to the number of preferred shares of all classes or series outstanding immediately after such issuance.

During the year ended December 31, 2018, capital shares were consolidated and subdivided, to match the number of preferred shares outstanding, resulting from the issuance of the Class AA Series 9 preferred shares.

The weighted average number of capital shares/units outstanding during the period ended December 31, 2018 was 34.2 million (2017 – 33.6 million).

6. MANAGEMENT FEES

The Company’s operations are managed by BIM Canada who is entitled to a total management fee of up to 10% of ordinary expenses of the Company. For the year ended December 31, 2018, the Company accrued management fees of $11 thousand (December 31, 2017 – $22 thousand) plus applicable taxes in relation to these services.

7. INCOME TAX

The Company qualifies and intends to continue to qualify as a mutual fund corporation under the Income Tax Act (Canada) (the "Act") and is subject to tax in respect of its net realized capital gains. This tax is refundable in certain circumstances. The Company receives tax-free dividend income. However, the Company is generally subject to a tax of 33-1/3% under Part 4 of the Act on taxable dividends received. This tax is fully refundable upon payment of sufficient dividends. The Company has the intention and ability to qualify as a mutual fund corporation and to manage its affairs in such a way as to transfer any liability to its shareholders.

The Company has $15 million (December 31, 2017 – $15 million) of non-capital losses which expire between 2030 and 2038, and $7 million (December 31, 2017 – $6 million) of undeducted share issue expenses available to offset taxable income, if any, in future periods. The benefit of these losses and undeducted share issue expenses have not been recorded in these financial statements. The carrying value of the Company's investment in Brookfield shares exceeds its tax value by $2.7 billion (December 31, 2017 – $3.1 billion).

8. 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 value of the Company's investments is determined by reference to the closing price of the last day of trade at each financial reporting period. 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.

There were no changes made to the financial instrument classifications and no transfers in and out of levels during the years. The fair value hierarchical level associated with the Company's financial assets and liabilities measured at fair value consists of the following:

	December 31, 2018			December 31, 2017		
As at (Thousands)	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Brookfield Asset Management Inc.	**$ 3,058,066**	**$ —**	**$ —**	$ 3,471,922	$ —	$ —
	$ 3,058,066	**$ —**	**$ —**	$ 3,471,922	$ —	$ —

9. RISK MANAGEMENT

The Company is exposed to the following risks as a result of holding financial instruments: credit risk, market risk (comprised of foreign currency risk, market price risk, and interest rate risk), and liquidity risk.

Credit Risk
The Company has no material counterparty risk as at December 31, 2018 and 2017, due to all counterparties being large financial institutions dealing with the Company's prime brokerage accounts as well as derivative assets and liabilities.

Market Risk

a) Foreign Currency Risk

The Company pays its preferred share distributions in Canadian dollars, which are then converted to U.S. dollars for the purposes of financial reporting. During the fiscal year ended December 31, 2018, a $0.01 appreciation or depreciation in the Canadian dollar relative to the U.S. dollar, all else being equal, would have increased or decreased distribution paid on senior preferred shares and debentures by $0.2 million (2017 – $0.2 million).

b) Market Price Risk

The value of the Brookfield shares is exposed to variability in fair value due to movements in equity prices. As a result, the fair value of the Company's investment portfolio may vary from time to time. The Company records these investments at quoted market value. A 1% increase or decrease in the quoted market price will increase or decrease the fair value of the investment in Brookfield shares by $31 million (December 31, 2017 – $35 million), on a pre-tax basis, and will increase or decrease the net assets per unit by $0.77 (December 31, 2017 – $1.03).

c) Interest Rate Risk

The Company's preferred shares are fixed rate and the Company has negligible floating rate assets or liabilities. Accordingly, changes in interest rates do not have an impact on income available for distribution.

d) Liquidity Risk

The Company's preferred shares expose the Company to liquidity risk to fund dividend obligations. The Company endeavours to maintain dividend income 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 financing and proceeds from the sale of Brookfield shares.

The Company's contractual obligations related to its senior preferred shares as at December 31, 2018, are:

	Payment Due by Period[1]				
(Thousands)	**Total**	**Less Than 1 Year**	**2-3 Years**	**4-5 Years**	**After 5 Years**
Preferred shares					
Partners Value Split Class AA, Series 3	**$ 139,859**	**$ 139,859**	**$ —**	**$ —**	**$ —**
Partners Value Split Class AA, Series 6	**146,437**	**—**	**146,437**	**—**	**—**
Partners Value Split Class AA, Series 7	**73,310**	**—**	**—**	**73,310**	**—**
Partners Value Split Class AA, Series 8	**109,952**	**—**	**—**	**—**	**109,952**
Partners Value Split Class AA, Series 9	**109,965**	**—**	**—**	**—**	**109,965**
	$ 579,523	**$ 139,859**	**$ 146,437**	**$ 73,310**	**$ 219,917**
Interest expense					
Partners Value Split Class AA, Series 3	**$ 817**	**$ 817**	**$ —**	**$ —**	**$ —**
Partners Value Split Class AA, Series 6	**18,809**	**6,590**	**12,219**	**—**	**—**
Partners Value Split Class AA, Series 7	**15,462**	**4,032**	**8,064**	**3,366**	**—**
Partners Value Split Class AA, Series 8	**30,681**	**5,278**	**10,556**	**10,556**	**4,291**
Partners Value Split Class AA, Series 9	**38,587**	**5,388**	**10,776**	**10,776**	**11,647**
	$ 104,356	**$ 22,105**	**$ 41,615**	**$ 24,698**	**$ 15,938**

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, 2021, 2022, 2024 and 2026 for the Series 3, 6, 7, 8 and 9 respectively.

The Company's contractual obligations related to its senior preferred shares as at December 31, 2017, were:

		Payment Due by Period[1]			
(Thousands)	Total	Less Than 1 Year	2-3 Years	4-5 Years	After 5 Years
Preferred shares					
Partners Value Split Class AA, Series 3	$ 151,725	$ —	$ 151,725	$ —	$ —
Partners Value Split Class AA, Series 6	158,861	—	—	158,861	—
Partners Value Split Class AA, Series 7	79,530	—	—	79,530	—
Partners Value Split Class AA, Series 8	119,295	—	—	—	119,295
	$ 509,411	$ —	$ 151,725	$ 238,391	$ 119,295
Interest Expense					
Partners Value Split Class AA, Series 3	$ 7,480	$ 6,601	$ 879	$ —	$ —
Partners Value Split Class AA, Series 6	26,809	7,149	14,298	5,362	—
Partners Value Split Class AA, Series 7	20,777	4,374	8,748	7,655	—
Partners Value Split Class AA, Series 8	38,651	5,726	11,452	11,452	10,021
	$ 93,717	$ 23,850	$ 35,377	$ 24,469	$ 10,021

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, 2021, 2022 and 2024 for the Series 3, 6, 7 and 8, respectively.*

10. CAPITAL MANAGEMENT

The Company's objective is to invest in Brookfield shares that will generate cash dividends to fund fixed preferential cumulative quarterly dividends for the holders of the Company's preferred shares and enable the holders of the Company's capital shares to participate in any capital appreciation in the Brookfield shares. As at December 31, 2018, the capital base managed by the Company consists of shareholder's equity with a carrying value of $2.5 billion (December 31, 2017 – $2.8 billion), and retractable fixed rate preferred shares with a carrying value of $717 million (December 31, 2017 – $661 million).

11. RELATED-PARTY DISCLOSURE

The Manager is a wholly owned subsidiary of Brookfield Asset Management Inc. ("Brookfield") and manages the investment and trading activities of the Company. Due to Brookfield's ability to control the Company, Brookfield, and its affiliates over which it has the ability to exercise control or significant influence, are related parties of the Company by virtue of common control or common significant influence.

Transactions with related parties, including investment transactions, are conducted in the normal course of operations and are recorded at exchange amounts, which are equivalent to normal market terms. Please refer to Note 6, which outlines the fees paid to the Manager by the Company.

As at December 31, 2018 and December 31, 2017, Brookfield and its affiliates did not own any interest in the Company. There were no other transactions conducted with related parties during the presented years.

12. SUBSEQUENT EVENT

On January 10, 2019, the Company redeemed all of its 7,631,100 outstanding Class AA Preferred Shares, Series 3 (the "Series 3 Preferred Shares"). The redemption price for each Series 3 Preferred Share was $25.00 plus accrued and unpaid dividends of $0.1222, representing a total redemption price of $25.1222 per Series 3 Preferred Share.

The Company also issued a second series of Junior Preferred Shares (the "Series 2 Junior Preferred Shares"), which consists of 1,800,000 Series 2 Junior Preferred Shares to the Parent, Partners Value Investments Inc. Total proceeds of C$45 million was directed to the redemption of the Series 3 Preferred Shares.

CORPORATE INFORMATION

OFFICERS AND DIRECTORS

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

James L.R. Kelly[1,2]
Director

Ralph J. Zarboni[1,2]
Director

Brian D. Lawson
Director, President and Chairman

Leslie Yuen
Chief Financial Officer

Bryan Sinclair
Senior Associate

Loretta M. Corso
Corporate Secretary

1. Member of the Audit Committee
2. Member of the Corporate Governance Committee

AUDITORS

Deloitte LLP
Chartered Professional Accountants
Licensed Public Accountants

LEGAL COUNSEL

Torys LLP

STOCK EXCHANGE LISTING

The Company's preferred shares are listed on the Toronto Stock Exchange under the following symbols:

Security	TSX Symbol
Class AA Preferred Shares, Series 3	PVS.PR.B
Class AA Preferred Shares, Series 6	PVS.PR.D
Class AA Preferred Shares, Series 7	PVS.PR.E
Class AA Preferred Shares, Series 8	PVS.PR.F
Class AA Preferred Shares, Series 9	PVS.PR.G

YEAR END

December 31

CONTACT INFORMATION

Enquiries relating to the operations of the Company should be directed to the Company's Head Office:

Partners Value Split Corp.
Brookfield Place
181 Bay Street, Suite 300
P.O. Box 767
Toronto, Ontario
M5J 2T3
Telephone: (416) 956-5142
Email: *ir@pvii.ca*
Website: *www.partnersvaluesplit.com*

Shareholder enquiries relating to dividends, address changes and share certificates should be directed to our Transfer Agent:

AST Trust Company (Canada)
P.O. Box 700, Station B
Montreal, Quebec
H3B 3K3
Tel: (416) 682-3860 or
toll free within North America
(800) 387-0825
Fax: (888) 249-6189
Website: *https://www.astfinancial.com/ca-en/*
E-mail: *inquires@astfinancial.com*

PARTNERS VALUE SPLIT CORP.