

Partners Value Investments LP Announces 2018 First Quarter Results

TORONTO, May 28, 2018 – Partners Value Investments LP (the “Partnership”) announced today its financial results for the three months ended March 31, 2018. All amounts are stated in US dollars.

The Partnership recorded a decrease in net book value during the first quarter of \$357 million (\$4.04 per unit) to \$2.9 billion (\$32.99 per unit). The decrease is primarily due to a decrease in the quoted market price of Brookfield Asset Management common shares. The market price of a Brookfield share decreased from \$43.54 per share at December 31, 2017 to \$39.00 per share at March 31, 2018.

Net income for the quarter was \$18.7 million, of which \$13.1 million was attributable to the Equity Limited Partners (\$0.15 per Equity LP unit), slightly down from \$13.4 million in the prior year quarter. The decrease in net income was due to investment valuation losses in the current period compared to gains in the prior year quarter, largely offset by foreign exchange gains in the period.

Consolidated Statements of Operations

*For the three months ended March 31
(Thousands, US dollars)*

	2018	2017
Investment income		
Dividends	\$18,744	\$18,216
Other investment income	764	1,394
	19,508	19,610
Expenses		
Operating expenses	(1,251)	(1,118)
Financing costs	(1,210)	(781)
Retractable preferred share dividends	(6,789)	(6,358)
	10,258	11,353
Other items		
Investment valuation gains (losses)	(11,643)	12,582
Amortization of deferred financing costs	(501)	(473)
Income taxes	(488)	(2,812)
Income from equity accounted investment	206	—
Foreign currency gains (losses)	20,851	(1,578)
Net income (loss)	\$18,683	\$19,072
Net income (loss) attributable to:		
Equity Limited Partners	13,055	\$13,443
General Partner	—	—
Preferred Limited Partners	5,628	5,629
	\$18,683	\$19,072

Financial Profile and Net Book Value

The Partnership’s principal investment is its interest in 86 million Class A Limited Voting Shares (“Brookfield shares”) of Brookfield Asset Management Inc. (“Brookfield”), representing a 9% fully-diluted interest as at March 31, 2018. In addition, the Partnership owns a diversified investment portfolio of marketable securities.

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

*For the three months ended March 31
(Thousands, US dollars, except per unit amounts)*

	2018		2017	
	Total	Per Unit	Total	Per Unit
Net book value, beginning of period ¹	\$3,268,176	\$37.03	\$2,337,457	\$26.49
Net income ^{2,3}	13,055	0.15	13,443	0.15
Other comprehensive income ^{2,3}	(360,566)	(4.08)	274,558	3.11
Adjustment for impact of warrant ²	(9,594)	(0.11)	3,293	0.04
Equity LP repurchase ³	—	—	(11)	—
Net book value, end of period ^{1,4,5}	\$2,911,071	\$32.99	\$2,628,740	\$29.79

- 1) Calculated on a fully-diluted basis, net book value is non-IFRS measure.
2) Attributable to Equity Limited Partners.
3) The basic weighted average number of Equity Limited Partnership ("Equity LP") units outstanding during the period ended March 31, 2018 was 73,541,131. The diluted weighted average number of Equity Limited Partnership ("Equity LP") units available and outstanding during the period ended March 31, 2018 was 88,249,897; this includes the 14,708,766 Equity LP units that would be issued through the exercise of all outstanding warrants.
4) At the end of the period, the diluted Equity LP units outstanding were 88,249,897 (December 31, 2017 – 88,249,897).
5) Net book value is a non-IFRS measure and is equal to total equity, less General Partner equity and Preferred Limited Partners' equity, plus the value of consideration that would be received on exercising of warrants, which as at March 31, 2018 was \$370 million (December 31, 2017 – \$380 million).

The information in the following table has been extracted from the Partnership's Statement of Financial Position:

Consolidated Statements of Financial Position

As at (Thousands, US dollars, except per unit amounts)	March 31, 2018	December 31, 2017
Assets		
Cash and cash equivalents	\$28,272	\$29,801
Investment in Brookfield Asset Management Inc. ¹	3,347,722	3,737,431
Other investments carried at fair value	643,909	750,467
Accounts receivable and other assets	7,046	6,443
Equity accounted investment	13,977	13,643
Goodwill	3,307	3,102
	\$4,044,233	\$4,540,887
Liabilities and Equity		
Accounts payable and other liabilities	\$35,569	\$108,744
Preferred shares ²	561,499	575,620
Deferred taxes ³	406,193	468,040
	1,003,261	1,152,404
Equity		
Partnership's Equity		
Equity Limited Partners	2,541,069	2,888,580
General Partner	1	1
Preferred Limited Partners	499,902	499,902
	\$4,044,233	\$4,540,887
Net book value per Equity LP unit ^{4,5}	\$32.99	\$37.03

1) The investment in Brookfield Asset Management Inc. consists of 86 million Brookfield shares with a quoted market value of \$39.00 per share as at March 31, 2018 (December 31, 2017 – \$43.54).

2) Represents \$570 million of retractable preferred shares less \$9 million of unamortized issue costs as at March 31, 2018 (December 31, 2017 – \$585 million less \$9 million).

3) The deferred tax liability represents the potential future income tax liability of the Partnership recorded for accounting purposes based on the difference between the carrying values of the Partnership's assets and liabilities and their respective tax values, as well as giving effect to estimated capital and non-capital losses.

4) Calculated on a fully diluted basis. As at March 31, 2018, there were 73,541,131 (December 31, 2017 – 73,541,131) Equity LP units issued and outstanding, while the diluted Equity LP units outstanding were 88,249,897 (December 31, 2017 – 88,249,897) which includes the 14,708,766 Equity LP units that would be issued through the exercise of all outstanding warrants.

5) Net book value is a non-IFRS measure and is equal to total equity, less General Partner equity and Preferred Limited Partners' equity, plus the value of consideration that would be received on exercising of warrants, which as at March 31, 2018 was \$370 million (December 31, 2017 – \$380 million).

For further information, contact Investor Relations at ir@pvii.ca or 647-503-6516

Note: This news release contains "forward-looking information" within the meaning of Canadian provincial securities laws and "forward-looking statements" within the meaning of applicable Canadian securities regulations. The words "potential" and "estimated" and other expressions which are predictions of or indicate future events, trends or prospects and which do not relate to historical matters, identify forward-looking information. Forward-looking information in this news release includes statements with regard to the Partnership's potential future income taxes.

Although the Partnership believes that its 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 its 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., the impact or unanticipated impact of general economic, political and market factors; the behavior of financial markets, including fluctuations in interest and foreign exchange rates; 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, catastrophic events, such as earthquakes and hurricanes; the possible impact of international conflicts and other developments including terrorist acts; and other risks and factors detailed from time to time in the Partnership's documents filed with the securities regulators in Canada.

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