

Partners Value Investments LP Announces 2018 Third Quarter Results

TORONTO, November 29, 2018 – Partners Value Investments LP (the “Partnership”) announced today its financial results for the three months ended September 30, 2018. All amounts are stated in US dollars.

Partners Value Investments LP (the “Partnership”) recorded an increase in net book value during the third quarter of \$318 million (\$3.60 per unit) to \$3.4 billion (\$38.10 per unit). The increase is due to an increase in the quoted market price of Brookfield Asset Management common shares, investment valuation gains, and investment income earned on the Partnerships investment portfolio.

The net income for the quarter was \$2 million, of which a loss of \$3 million was attributable to the Equity Limited Partners (\$0.04 per Equity LP unit), down from net income of \$2 million in the prior year quarter. The net loss was primarily a result of foreign currency losses resulting from the weakening United States dollar, and income tax expense incurred due to large gains realized as a result of selling various portfolio securities during the third quarter.

Consolidated Statements of Operations

(unaudited) For the period ended September 30 (Thousands, US dollars)	Three months		Nine months	
	2018	2017	2018	2017
Investment income				
Dividends	\$ 18,541	\$ 20,721	\$ 56,219	\$ 67,734
Other investment income	717	1,239	3,476	2,752
	19,258	21,960	59,695	70,486
Expenses				
Operating expenses	(631)	(10,047)	(3,691)	(12,808)
Financing costs	(748)	(1,889)	(2,436)	(3,677)
Retractable preferred share dividends	(7,213)	(6,896)	(20,706)	(19,525)
	10,666	3,128	32,862	34,476
Other items				
Investment valuation gains	8,945	40,141	29,123	55,275
Amortization of deferred financing costs	(871)	(726)	(1,938)	(1,694)
Income tax expense	(6,358)	(12,264)	(13,138)	(18,979)
Income from equity accounted investment	(572)	262	651	262
Foreign currency (losses) gains	10,745	(22,756)	28,592	(29,695)
Net (loss) income	\$ 2,209	\$ 7,785	\$ 76,152	\$ 39,645
Net (loss) income attributable to:				
General Partner	-	-	-	-
Preferred Limited Partners	5,625	5,427	16,877	16,675
Equity Limited Partners	3,416	2,358	59,275	22,970
	\$ 2,209	\$ 7,785	\$ 76,152	\$ 39,645

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, representing a 9% fully-diluted interest as at September 30, 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:

(Thousands, US dollars, except per unit amounts)	Total		Per Unit	
Net book value, beginning of period ¹	\$	3,044,686	\$	34.50
Net (loss) income ^{2, 3}		(3,416)		(0.04)
Other comprehensive income ^{2,3}		315,007		3.57
Adjustment for impact of warrant ^{2,3}		6,300		0.07
Equity LP Repurchase ^{2,3}		(108)		—
Net book value, end of period ^{1,4}	\$	3,362,469	\$	38.10

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 September 30, 2018 was 73,535,535. The diluted weighted average number of Equity Limited Partnership ("Equity LP") units available and outstanding during the period ended September 30, 2018 was 88,237,000; 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 88,234,397 (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 September 30, 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:

Statement of Financial Position

As at (Thousands, US dollars, except per unit amounts)	September 30, 2018		December 31, 2017	
Assets				
Cash and cash equivalents	\$	152,193	\$	29,801
Investments in Brookfield Asset Management Inc. ¹		3,822,412		3,737,431
Other investments carried at fair value		527,849		750,467
Accounts receivable and other assets		1,796		6,443
Equity accounted investment		16,074		13,643
Goodwill		4,125		3,102
	\$	4,524,449	\$	4,540,887
Liabilities and Equity				
Accounts payable and other liabilities	\$	38,670	\$	108,744
Preferred shares ²		523,573		575,620
Deferred taxes ³		469,502		468,040
		1,031,745		1,152,404
Equity				
Partnership's equity				
Equity Limited Partners		2,992,801		2,888,580
General Partner		1		1
Preferred Limited Partners		499,902		499,902
	\$	4,524,449		4,540,887
Net book value per Equity LP unit ^{4,5}	\$	38.10	\$	37.03

1 The investment in Brookfield Asset Management Inc. consists of 86 million Brookfield shares with a quoted market value of \$44.53 per share as at September 30, 2018 (December 31, 2017 – \$43.54).

2 Represents \$531 million of retractable preferred shares less \$7 million of unamortized issue costs as at September 30, 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 September 30, 2018, there were 73,525,631 (December 31, 2017 – 73,541,131) Equity LP units issued and outstanding, while the diluted Equity LP units outstanding were 88,234,397

(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 September 30, 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 exchanges 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.