

Partners Value Investments LP Announces 2018 Semi-Annual Results

TORONTO, August 22, 2018 – Partners Value Investments LP (the “Partnership”) announced today its financial results for the three months ended June 30, 2018. All amounts are stated in US dollars.

The Partnership recorded an increase in net book value during the second quarter of \$134 million (\$1.50 per unit) to \$3.0 billion (\$34.50 per unit). The increase is due to an increase in the quoted market price of Brookfield Asset Management common shares, unrealized gains and investment income earned on the Partnerships investment portfolio.

Net income for the quarter was \$55 million, of which \$50 million was attributable to the Equity Limited Partners

(\$0.56 per Equity LP unit), up from \$7 million in the prior year quarter. The increase in net income was due to higher investment valuations gains in the current period compared with the prior year quarter, and foreign currency gains due to the strengthening US dollar.

Consolidated Statements of Operations

(unaudited) For the period ended June 30 (Thousands, US dollars)	Three months ended		Six months ended	
	2018	2017	2018	2017
Investment income				
Dividends	\$ 18,934	\$ 28,797	\$ 37,678	\$ 47,013
Other investment income	1,995	119	2,759	1,513
	20,929	28,916	40,437	48,526
Expenses				
Operating expenses	(1,809)	(1,643)	(3,060)	(2,761)
Financing costs	(478)	(1,007)	(1,688)	(1,788)
Retractable preferred share dividends	(6,704)	(6,271)	(13,493)	(12,629)
	11,938	19,995	22,196	31,348
Other items				
Investment valuation gains	31,821	2,552	20,178	15,134
Amortization of deferred financing costs	(566)	(495)	(1,067)	(968)
Income tax expense	(6,292)	(3,903)	(6,780)	(6,715)
Income from equity accounted investment	(127)	—	79	—
Foreign currency gains (losses)	18,486	(5,361)	39,337	(6,939)
Net income	\$ 55,260	\$ 12,788	\$ 73,943	\$ 31,860
Net income attributable to:				
Equity Limited Partners	49,636	7,169	62,691	20,612
General Partner	—	—	—	—
Preferred Limited Partners	5,624	5,619	11,252	11,248
	\$ 55,260	\$ 12,788	\$ 73,943	\$ 31,860

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 June 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:

For the periods ended June 30, 2018 (Thousands, US dollars, except per unit amounts)	Three months ended		Six months ended	
	Total	Per Unit	Total	Per Unit
Net book value, beginning of period ¹	\$ 2,911,071	\$ 32.99	\$ 3,268,176	\$ 37.03
Net income ^{2, 3}	49,636	0.56	62,691	0.71
Other comprehensive income ^{2,3}	90,941	1.03	(269,625)	(3.06)
Adjustment for impact of warrant ³	(6,634)	(0.08)	(16,228)	(0.18)
Equity LP Redemption	(328)	—	(328)	—
Net book value, end of period ^{1,4,5}	\$ 3,044,686	\$ 34.50	\$ 3,044,686	\$ 34.50

1 Calculated on a fully diluted basis, net book value per unit 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 June 30, 2018 was 73,539,246. The diluted weighted average number of Equity Limited Partnership ("Equity LP") units available and outstanding during the period ended June 30, 2018 was 88,248,012; 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 June 30, 2018 was \$363 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)	June 30, 2018		December 31, 2017	
Assets				
Cash and cash equivalents	\$	46,434	\$	29,801
Investments in Brookfield Asset Management Inc. ¹		3,479,914		3,737,431
Other investments carried at fair value		648,282		750,467
Accounts receivable and other assets		7,981		6,443
Equity accounted investment		15,878		13,643
Goodwill		3,728		3,102
	\$	4,202,217	\$	4,540,887
Liabilities and Equity				
Accounts payable and other liabilities	\$	39,066	\$	108,744
Preferred shares ²		551,997		575,620
Deferred taxes ³		429,933		468,040
		1,020,996		1,152,404
Equity				
Partnership's equity				
Equity Limited Partners		2,681,318		2,888,580
General Partner		1		1
Preferred Limited Partners		499,902		499,902
	\$	4,202,217		4,540,887
Net book value per Equity LP unit ^{4,5}	\$	34.50	\$	37.03

1 The investment in Brookfield Asset Management Inc. consists of 86 million Brookfield shares with a quoted market value of \$40.54 per share as at June 30, 2018 (December 31, 2017 – \$43.54).

2 Represents \$570 million of retractable preferred shares less \$9 million of unamortized issue costs as at June 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 June 30, 2018, there were 73,529,331 (December 31, 2017 – 73,541,131) Equity LP units issued and outstanding, while the diluted Equity LP units outstanding were 88,238,097 (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 June 30, 2018 was \$363 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.