

Tax Q&A – 2023 Plan of Arrangement

This is intended for informational purposes only for Canadian unitholders of Partners Value Investments LP (the “Partnership”) and is not tax advice. Please refer to the discussion under the headings (i) “Risk Factors – Risk Factors Relating to Tax” and (ii) “Certain Canadian Federal Income Tax Considerations” in the joint Management Information Circular (“Circular”) with respect to a Plan of Arrangement (“Arrangement”) involving the Partnership, Partners Value Investments Inc. (“PVII”) and Partners Limited dated September 29, 2023. Canadian unitholders should consult their tax advisors with respect to the tax implications of the Arrangement.

STRUCTURE

- The Arrangement resulted in the unitholders of the Partnership becoming unitholders of a new limited partnership formed in Bermuda, called “Partners Value Investments L.P.” (“New PVI LP”). This occurred in a number of steps in which the Partnership transferred its assets to a “Newco” in return for shares of Newco, the Partnership was dissolved such that unitholders received corresponding types of shares of Newco in return for their units of the Partnership, and unitholders transferred their Newco shares to New PVI LP in return for units of New PVI LP.
 - The Arrangement has the principal objectives of simplifying the ownership of PVII and increasing the liquidity of the Partnership’s securities, by having the shareholders of Partners Limited, the majority holder of equity limited partnership units (“equity units”) of the Partnership, become direct holders of limited partnership units of New PVI LP, together with unitholders of the Partnership.
 - The ownership of PVII was consolidated into New PVI LP, which has substantially the same capital structure and unit terms as the Partnership. Partners Limited amalgamated with PVII, Newco and other subsidiaries of New PVI LP to form a new amalgamated entity, which is named “Partners Value Investments Inc.” (“Amalco”).
 - Holders who received equity units of New PVI LP also received freely tradeable shares of Brookfield Reinsurance Ltd (“BN Re”) and preferred shares of Amalco, as described in more detail in 3. below.
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1. How many units of New PVI LP will I own after the Arrangement?

- Holders of equity units of the Partnership received one equity unit of New PVI LP for each equity unit held, therefore the number of equity units held remains the same.
- Preferred unitholders received substantially identical Class A preferred units of the equivalent series of New PVI LP for each Class A preferred unit held in the Partnership.
- The equity units and Class A preferred units, series 1 of New PVI LP are listed on the TSX Venture Exchange (“TSXV”).
- Shareholders of Partners Limited received, for each common share of Partners Limited held, 3.24 equity units and 0.26 of a Class A preferred unit, series 1 of New PVI LP (and cash in lieu of any fractional units).

2. How many share purchase warrants will I own after the Arrangement?

- Existing warrant holders received one share purchase warrant of Amalco in exchange for each PVII warrant held on a tax deferred basis, therefore the number of warrants held remains the same. The Amalco warrants are substantially identical to the PVII warrants, other than that the Amalco warrants will provide for a cashless exercise feature and will provide that the exercise price of the Amalco warrants will be adjusted to reflect the economic impact of the distribution of the securities noted in 3. below. The Amalco warrants are listed on the TSXV.

3. What is the tax treatment of the distribution of securities by New PVI LP to unitholders?

- Holders who received equity units of New PVI LP also received a distribution in the form of (a) 1 Class A exchangeable limited voting share of BN Re for each 100 equity units held of New PVI LP, (b) 1 Class A-1 exchangeable non-voting share of BN Re for each 10.4058 equity units held of New PVI LP (collectively the “BN Re Securities”). A total of 7.5 million BN Re Securities was distributed.
- Also, holders who received equity units of New PVI LP received a distribution in the form of one Class A preferred share, series 1 of Amalco for each equity unit held. The Class A preferred shares, series 1 of Amalco are listed on the TSXV.
- The distribution of BN Re Securities from Amalco to New PVI LP was implemented as a tax deferred return of capital from Amalco to New PVI LP, and the Class A preferred shares, series 1 of Amalco will be issued in consideration for the settlement of certain promissory notes issued by Amalco to New PVI LP. Therefore, the receipt of BN Re Securities and the Class A preferred shares, series 1 of Amalco is not expected to result in any taxable income allocation to unitholders by New PVI LP.
- The distribution of these securities to equity unitholders was implemented as an in-kind repayment of notes issued by New PVI LP (“Extraction Notes”). As part of the Arrangement steps, New PVI LP issued Extraction Notes to equity unitholders in an amount that is intended to equal the value of the BN Re Securities and Class A preferred shares, series 1 of Amalco distributed. Equity unitholders may have recognized a capital gain when the Extraction Notes were issued, depending on the adjusted cost base of your Partnership equity units for tax purposes. Please consult your tax advisor to determine the tax implications of the distribution.
- For purposes of tax reporting, the BN Re Securities will be valued at the 5 day VWAP on the New York Stock Exchange. The 5 day VWAP is being used as the fair market value of the BN Re securities, however, there is no guarantee that the Canada Revenue Agency will agree with this value. The Class A preferred shares, series 1 of Amalco are valued at US\$1 per share.

4. Who should complete a Letter of Transmittal?

- Every registered holder of preferred units of the Partnership must complete a Letter of Transmittal to receive preferred units of New PVI LP. Beneficial holders should communicate with their broker or other nominee and follow their instructions.

5. Are any of the Arrangement steps taxable to the Partnership or its unitholders?

- Provided that elections under the Income Tax Act are made and filed in a timely manner, and other tax requirements are met, the Arrangement steps should generally be implemented on a tax deferred basis, resulting in no material taxable income to the Partnership.

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- Please see 3. above regarding the issuance of Extraction Notes, which may be taxable and refer to the Circular for detailed disclosure of the Canadian tax implications of the Arrangement. Also please refer to Appendix A.
- The issuance of Preferred Notes to Canadian unitholders of preferred units of the Partnership may be taxable.

6. Do I need to file any tax elections or other tax forms in respect of the Arrangement?

- Canadian unitholders (who are not tax exempt) who wish to defer the built-in capital gain on their Partnership units must file a joint tax election with the general partner of New PVI LP under subsection 97(2) of the Income Tax Act.
- The tax election should be filed in respect of the step in the Arrangement in which, after the liquidation of the Partnership, unitholders transferred shares of Newco to New PVI LP in exchange for equity units, Preferred Notes and/or preferred units, and Extraction Notes.
- Canadian unitholders should provide information to the general partner on a timely basis and complete the election on or before February 23, 2024.
- If you would like to file the tax election, please contact us at the following email address and an information request will be sent to you: pvitaxelection@brookfield.com

7. How will the adjusted cost base of my equity units or preferred units in New PVI LP be determined?

- The adjusted cost base ("ACB") for tax purposes of your equity units or preferred units in the Partnership will be allocated to shares of Newco on a tax deferred basis. This will occur as part of the Arrangement steps and no tax elections need to be filed by unitholders.
- As noted in 6. above, unitholders will then transfer their shares of Newco to New PVI LP in return for units of New PVI LP and, for unitholders that file the election referred to in 6. above, the unitholder's original ACB will effectively be allocated to the ACB of the securities received from New PVI LP, including the equity units and Extraction Notes.
- The ACB of your preferred units of New PVI LP should be equal to the value of the Preferred Notes issued to you by New PVI LP. If you elected to receive preferred units of New PVI LP in the Letter of Transmittal, the ACB would be as indicated on your tax election form.
- Please refer to Appendix A for examples of ACB computations for unitholders.

8. How will the distributions on the Class A preferred units of New PVI LP and dividends on the Class A preferred shares, series 1 of Amalco be taxed going forward?

- The quarterly distributions on Class A preferred units paid by New PVI LP are expected to be treated as eligible dividends for Canadian tax purposes, the same tax treatment as the preferred distributions made by the Partnership.
- The dividends on the Class A preferred shares, series 1 of Amalco are expected to be treated as eligible dividends for Canadian tax purposes.

9. What tax slip will unitholders of New PVI LP and shareholders of Amalco receive?

- Distributions paid by New PVI LP will be reported on Form T5013 which will be sent to unitholders annually in February.
- Shareholders of the Class A preferred shares, series 1 of Amalco will receive a T5 form annually in February.

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10. Will distributions from New PVI LP and dividends on the Amalco Class A preferred shares, series 1 be subject to withholding tax?

- Canadian resident unitholders will not be subject to Canadian withholding tax.

11. Which securities issued in the Arrangement will be eligible investments for purposes of registered accounts (RSP, TFSA, etc.)?

- The equity units of New PVI LP, Class A preferred units, series 1 of New PVI LP, shares of Newco, Class A preferred shares, series 1 of Amalco and the BN Re Securities, will be listed and should be eligible investments for purposes of registered accounts.