PARTNERS VALUE INVESTMENTS LP

2017 ANNUAL REPORT

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FORWARD-LOOKING INFORMATION

This annual report contains "forward-looking information" within the meaning of Canadian provincial securities laws and "forward-looking statements" within the meaning of any applicable Canadian securities regulations. Forward-looking statements include statements that are predictive in nature, depend upon or refer to future events or conditions, include statements regarding the operations, business, financial condition, expected financial results, performance, prospects, opportunities, priorities, targets, goals, ongoing objectives, strategies and outlook of Partners Value Investments LP (the "Partnership") and its affiliates, as well as the outlook for North American and international economies for the current fiscal year and subsequent periods, and include words such as "expects," "anticipates," "plans," "believes," "estimates," "seeks," "intends," "targets," "projects," "forecasts" or negative versions thereof and other similar expressions, or future or conditional verbs such as "may," "will," "should," "would" and "could."

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 verbal, that may be as a result of new information, future events or otherwise.

Cautionary Statement Regarding Use of Non-IFRS Accounting Measures

This annual report makes reference to net income attributable to Equity Limited Partners and net book value per unit, and provides a full reconciliation between these measures and net income and total assets, respectively, which the Partnership considers to be the most directly comparable measures calculated in accordance with IFRS.

LETTER TO UNITHOLDERS

In 2017, our book value per equity unit increased by 40% to US$37.03 per unit. This is a respectable result, beating the 22% growth in the S&P 500 Index. Our performance was primarily driven by the appreciation in our ownership stake in Brookfield Asset Management Inc. ("Brookfield") shares and its listed issuers, our portfolio investment returns and the benefit derived from our modest financial leverage.

Our investment returns for 2017 are summarized in the chart below:

Description	Net Invested Capital[(1)]	Investment Income[(2)]	Capital Gains[(3)]	Total Return	ROIC (%)[(4)]
Brookfield Asset Management	$3,228.0	$33.2	$902.5	$935.7	40%
Brookfield Infrastructure Partners	149.1	5.8	31.0	36.8	39%
Brookfield Property Partners	80.1	4.3	0.5	4.8	6%
Brookfield Business Partners	59.1	0.4	14.9	15.4	45%
Trisura Group Ltd.[(5)]	16.7	0.0	0.0	0.0	0%
Portfolio Investments	341.7	20.5	90.2	110.7	48%
Preferred Units, Deferred Taxes and Other (net)	(986.2)	(197.2)	-	(197.2)	-
Total	**$2,888.6**	**($133.0)**	**$1,039.2**	**$906.2**	**-**
Per Equity Unit[(6)(7)]	**$37.03**				

1 *As at December 31, 2017, net of related debt and preferred shares.*
2 *Net of interest/dividends on related debt; Brookfield Asset Management figure includes dividend associated with spin out of Trisura Group Ltd.*
3 *Includes both realized and unrealized gains (losses).*
4 *Calculated on average net capital invested during the year.*
5 *Investment income related to Trisura Group Ltd. as shown above is the Partnerships proportionate share of Trisura's earnings, not based on share price appreciation.*
6 *Calculated on a fully diluted basis. As at December 31, 2017, there were 73,541,131 Equity LP units issued and outstanding, while the diluted Equity LP units outstanding were 88,249,897 which includes the 14,708,766 Equity LP units that would be issued through the exercise of all outstanding warrants.*
7 *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 to be received on exercising of warrants, which as at December 31, 2017 was $380 million.*

RESULTS OF OPERATIONS

In 2017, we reported net income of $80 million of which $58 million was attributable to the Equity Limited Partners, or $0.65 per Equity LP unit, compared with $72 million, or $0.82 per Equity LP unit in 2016. The decrease in net income is due to the impact of translating our Canadian dollar denominated preferred share liabilities at a higher rate due to the strengthening of the Canadian dollar versus our US dollar reporting currency. Ignoring this impact, we recorded modestly higher net income after-tax in 2017.

PERFORMANCE REVIEW

Brookfield Asset Management Inc. achieved many important milestones this past year. The company strengthened its position as a leading global alternative asset manager by increasing assets under management by $43 billion to $285 billion. Funds from operations hit a record of $3.8 billion or $3.74 per share, an increase of 18%. Brookfield Infrastructure Partners posted an impressive 39% total return, increasing their funds from operations by 24%, taking advantage of numerous investment opportunities and increasing their dividend by 8%.

The net capital invested in our portfolio investments rose from $231 million at the start of the year to $342 million including the returns made during the year. This includes $150 million we have invested in the two Global Champions funds, and is net of the related debt at Partners Value Investments LP ("the Partnership") and within the two Global Champions funds. Overall, we had another outstanding year as we recorded a return of 48% on our average net invested capital.

Our strong investment return can be partially attributed to a rotation into European equities early in the year. In general, equity markets in Europe performed better than their US counterparts when currency appreciation is taken into account. We also continued to hold some of the US dollar high-yield bonds issued by resource companies and quasi-sovereign Brazilian bonds we first acquired in 2016 which performed well during the year. Finally, we acquired a diversified portfolio of pharmaceutical company equities at historically low valuations and benefitted from their appreciation as valuations returned to normal.

OPERATING HIGHLIGHTS

During the year, we acquired a 16% interest in Trisura Group Ltd., a specialty property and casualty insurance company as a result of the spinout of this company by Brookfield. Together with our own unitholders, we collectively own an approximate 25% interest in Trisura. We are working with the management team of Trisura to build that company into a global specialty insurance company and are excited about this opportunity. Our Vice President, Mr. David Clare, has recently agreed to join Trisura on a full-time basis as their Senior Vice President responsible for Investments and Business Development. We wish David much success in this exciting new role.

In the capital markets, we redeemed the $93 million Series 5 preferred shares issued by Partners Value Split which came due in December and issued $119 million Series 8 preferred shares due 2024 at an almost identical rate. Our cash and liquidity position is very strong. As noted below, we repaid all of our short-term bank debt after the year-end.

OUTLOOK

Our outlook for the coming year is mixed. We are concerned about the market impact of growing fiscal debt and fiscal deficits, and the historically high valuations reached by the equity market in the US. Accordingly, we sold over $150 million of our equity securities in the first three weeks of the new year to reduce our equity exposure. While we do not believe that the recent increase in interest rates will reverse the global economic recovery that is now underway, we remain cautious of industry sectors where valuations are high and continue to look for value-oriented investments across the globe. The share price of Brookfield has been impacted by the recent spike in interest rates but, long-term we believe Brookfield is well-positioned to deliver solid performance in the coming years. Overall, we are confident that we can continue to build long-term unitholder value.

We believe that Brookfield and its associated publicly listed partnerships can manage through the recent market turbulence and are positioned to achieve strong returns. Our directly managed portfolio was well diversified at year-end with over 80 individual securities (our largest exposure representing less than 6% of the total portfolio) and has been reduced in size with the proceeds used to pay down short term indebtedness. We have reduced our exposure to the US high-yield market with the decline in credit spreads. We have also partially hedged our exposure to the common shares of multinational consumer goods companies, which performed well in 2017, in the belief that market valuations are stretched. We will continue to monitor this group closely in 2017. That said, we maintained our exposure to well-capitalized commodity and resource companies that generate strong cash flows and pay out healthy dividends in the belief that they will recover in value as the year progresses.

On a personal note, after 37 combined years with Brookfield and the Partnership, I have decided to move on and focus my attention on my personal affairs. Mr. Brian Lawson has agreed to return as President and CEO of the Partnership and I am confident that he and his colleagues will continue to grow our Net Asset Value per equity unit. On behalf of the Partnership and the board, I would like to thank our employees, unitholders and service providers for their support. And I wish all of you an exciting and profitable year ahead.

George E. Myhal
President and Chief Executive Officer
March 19, 2018

BROOKFIELD ASSET MANAGEMENT

($ millions, except quantity)

Ownership	Quantity	Market Value
Directly Held	6,098,059	$265.5
Partners Value Split Corp	79,740,966	$3,471.9
Less: Preferred Shares		(509.4)
Total		**$3,228.0**

Brookfield is a global alternative asset manager focused on real estate, infrastructure, power and private equity, and is inter-listed on the New York, Toronto and NYSE Euronext stock exchanges. The Partnership's investment in Brookfield represents approximately a 9% fully-diluted interest in Brookfield.

FINANCIAL HIGHLIGHTS

Brookfield reported net income for 2017 of $4.6 billion, or $1.34 per share, compared with $3.3 billion, or $1.55 per share, in the prior year. Funds from operations ("FFO") in 2017 were $3.8 billion, or $ 3.74 per share, compared to $3.2 billion, or $3.18 per share, in the prior year.

The 18% increase in FFO was due to the continued growth in fee bearing capital, including capital raised by private funds and the 23% increase in capitalization of Brookfield's publicly-listed partnerships. Brookfield's annualized fees and target carry are now at $2.5 billion, a 22% increase compared to this time last year.

Brookfield declared a quarterly dividend of $0.15 per share (representing $0.60 per annum), payable on March 29, 2018. This represents an 7% increase over the prior year.

OPERATING HIGHLIGHTS

Fundraising – fee bearing capital increased by 15% to $126 billion in 2017, driven largely by an increase in the market capitalization of listed issuers. As expected, private fund capital raised was lower than in 2016 when three flagship funds were closed. Nonetheless, activities in credit were expanded with the closing of real estate credit funds and an infrastructure debt fund.

Capital deployment – invested over $15 billion of capital with more than half invested in South America. Major investments include $6 billion in infrastructure, including a regulated gas transmission business, $4 billion across a variety of real estate investments, $2 billion in renewable energy and over $3 billion in the private equity business, including a marine energy services business and a water treatment company.

Financing – realized gross proceeds of approximately $12 billion in 2017 by selling mature assets and redeploying the proceeds for higher returns. Brookfield finished the year with $8 billion of core liquidity and $19 billion of third-party private commitments providing substantial dry powder to take advantage of future investment opportunities.

BROOKFIELD PUBLICLY-LISTED PARTNERSHIPS

($ millions, except quantity)

Ownership	Quantity	Market Value
Brookfield Infrastructure Partners	3,327,972	$149.1
Brookfield Property Partners	3,613,446	80.1
Brookfield Business Partners	1,716,780	59.1
Trisura Group Ltd.	943,634	16.7
Total		**$305.1**

The Partnership holds investments in three Brookfield listed partnerships: Brookfield Infrastructure Partners, Brookfield Property Partners and Brookfield Business Partners. Brookfield Infrastructure Partners owns and operates utility, transport, energy and communication businesses globally. Brookfield Property Partners is a global commercial property Partnership that owns, operates and invests in best-in-class office, retail, and opportunistic assets. Brookfield Business Partners owns business services and industrial operations with a focus on high-quality businesses that are low cost producers and/or benefit from high barriers to entry.

FINANCIAL HIGHLIGHTS

Each of Brookfield's publicly-listed partnerships recorded strong results in 2017 and they all increased their distributions within their targeted 5% to 9% range. Once again, their funds from operations ("FFO") increasing over the prior year and comfortably exceeded the distributions paid to unitholders.

Brookfield Infrastructure raised $1.3 billion of new capital in the form of common equity, debt, and preferred shares. Brookfield Property issued C$800 million of preferred shares and upsized its banking facilities. Brookfield Business raised $630 million of additional equity.

OPERATING HIGHLIGHTS

Brookfield Infrastructure – announced the $1.3 billion sale of its mature Chilean transmission business having realized an internal rate of return of 16% per annum recycled the capital into over $1 billion of projects including a pending acquisition of a Colombian regulated gas distribution business.

Brookfield Property – raised over $2 billion in net asset sales and invested the proceeds in an active development pipeline. In November, the partnership made a $14.8 billion proposal to acquire all of the outstanding shares of GGP for consideration of $23 per share. Office occupancy is 92.6% and retail occupancy is 96.2%, both of which are consistent with the prior year and reflect the continued strength of the portfolio.

Brookfield Business – deployed or committed over $3 billion of capital with institutional partners. The successful investment in GrafTech was refinanced with Brookfield receiving an amount in excess of its original investment. In January, together with institutional partners, Brookfield acquired Westinghouse Electric Company for $4.6 billion.

DIVERSIFIED INVESTMENT PORTFOLIO

($ millions)

Description	Market Value
Marketable Securities Held by PVI LP[(1)]	$354.2
Global Champions Portfolio	131.5
Global Resource Champions Portfolio	93.6
Preferred Shares Issued by Global Champions	(75.6)
Other liabilities[(2)]	(162.1)
Total	**$341.7**

1. *Including financial derivatives.*
2. *Including margin debt, derivatives and other.*

SUMMARY OF INVESTMENT RETURNS

Our performance last year was broad-based with the majority of the gain produced in the second half of the year as global equity markets rallied into year-end. We began the year by shifting capital to European equities, which further diversified our exposure and benefited our overall performance as equity markets there produced 30% returns (in $US), as compared to 22% for the S&P 500. We benefitted from the decision to leave our European holdings unhedged as the USD broadly depreciated against the euro and pound. We also continued to hold some of the US dollar high-yield bonds issued by resource companies and quasi-sovereign Brazilian bonds we first acquired in 2016 which performed well during the year. Finally, we acquired a diversified portfolio of pharmaceutical company equities at historically low valuations and benefitted from their appreciation as valuations returned to normal.

The ten largest individual security gains for the year are summarized in the table below:

Top Individual Security Gains

($ millions)

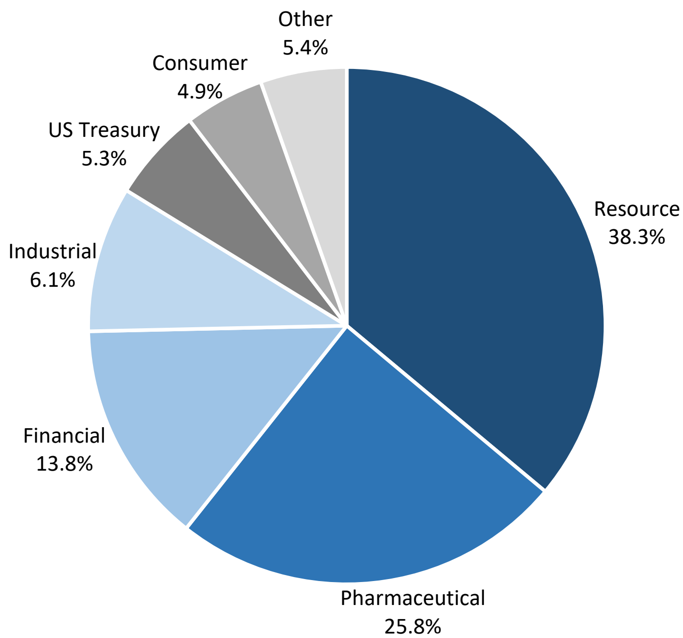
Rank	Issuer	Asset Class	Sector	Total Return	% of Portfolio Return
1	Petrobras	Bond	Resource	$8.7	7.8%
2	Apple	Equity	Consumer	5.6	5.0%
3	Gol Linhas	Bond	Industrial	5.6	5.0%
4	Ubisoft	Equity	Consumer	5.2	4.7%
5	Banco Do Brasil	Bond	Financial	5.1	4.6%
6	Valeant	Equity	Pharmaceutical	4.2	3.8%
7	KKR	Equity	Financial	3.7	3.3%
8	McDonalds	Equity	Consumer	3.5	3.1%
9	10 Year German Bond Future	Derivative	Macro	3.3	3.0%
10	Royal Dutch Shell	Equity	Resource	2.8	2.6%
Total				**$47.7**	**43.0%**

PORTFOLIO COMPOSITION

Our current portfolio remains well diversified with over 80 individual securities and our largest exposure representing less than 6% of the total portfolio. We have reduced our exposure to the US high-yield market with the decline in credit spreads. We have hedged our exposure to the common shares of multinational consumer goods companies, which performed well in 2017, in the belief that market valuations are stretched. We will continue to monitor this group closely in 2018.

The composition of our December 31, 2017 portfolio by industry and security type is reflected in the following chart and table:

Exposure by Sector



Based on net economic exposure.

Top Individual Positions

($ millions)

Rank	Issuer	Asset Class	Sector	Size	% of Portfolio
1	Petrobras	Bond	Resource	$32.3	5.6%
2	Valeant	Equity/Bond	Pharmaceutical	23.7	4.1%
3	Chesapeake	Equity	Resource	18.7	3.2%
4	Simon Property	Equity	Retail/Real Estate	18.2	3.1%
5	Johnson & Johnson	Equity	Consumer	17.9	3.1%
6	MEG Energy	Bond	Resource	14.3	2.5%
7	Cenovus	Equity	Resource	14.0	2.4%
8	Royal Dutch Shell	Equity	Resource	13.8	2.4%
9	Pfizer	Equity	Consumer	13.6	2.3%
10	KKR	Equity	Financial	12.3	2.1%
Total				**$178.8**	**30.9%**

Based on net economic exposure.

STATEMENT OF FINANCIAL POSITION

As at *(Thousands, US dollars, except per unit amounts)*	**December 31, 2017**	December 31, 2016
Assets		
Cash and cash equivalents	**$ 29,801**	$ 5,971
Investment in Brookfield Asset Management Inc.[1]	**3,737,431**	2,829,156
Other securities		
Available for sale investments	**288,306**	231,277
Marketable securities	**462,161**	381,457
Accounts receivable and other assets	**6,443**	20,881
Equity accounted investment	**13,643**	—
Goodwill	**3,102**	—
	$ 4,540,887	$ 3,468,742
Liabilities and Equity		
Accounts payable and other liabilities	**$ 108,744**	$ 124,820
Preferred shares[2]	**575,620**	521,155
Deferred taxes[3]	**468,040**	340,470
	1,152,404	986,445
Equity		
Partnership's Equity		
Equity Limited Partners	**2,888,580**	1,982,394
General Partner	**1**	1
Preferred Limited Partners	**499,902**	499,902
	$ 4,540,887	$ 3,468,742
Net book value per Equity LP unit[4,5]	**$ 37.03**	$ 26.49

1 *The investment in Brookfield Asset Management Inc. consists of 86 million Brookfield shares with a quoted market value of $43.54 per share as at December 31, 2017 (December 31, 2016 – $32.96).*

2 *Represents $585 million of retractable preferred shares less $9 million of unamortized issue costs as at December 31, 2017 (December 31, 2016 – $529 million less $8 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 December 31, 2017, there were 73,541,131 (December 31, 2016 – 73,541,531) Equity LP units issued and outstanding, while the diluted Equity LP units outstanding were 88,249,897 (December 31, 2016 – 88,250,327) 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 to be received on exercising of warrants, which as at December 31, 2017 was $380 million (December 31, 2016 – $355 million).*

CHANGE IN NET BOOK VALUE

For the years ended December 31	**2017**		2016	
(Thousands, except per unit amounts)	**Total**	**Per Unit**	Total	Per Unit
Net book value, beginning of period[1]	**$ 2,337,457**	**$ 26.49**	$ 2,260,264	$ 25.61
Net income[2,3]	**57,790**	**0.65**	72,513	0.82
Other comprehensive income[3]	**848,407**	**9.61**	149,520	1.69
Adjustment for impact of warrant[3]	**24,533**	**0.28**	355,063	4.02
Equity LP repurchase[3]	**(11)**	**—**	—	—
Re-organization	**—**	**—**	(499,903)	(5.65)
Net book value, end of period[1,4,5]	**$ 3,268,176**	**$ 37.03**	$ 2,337,457	$ 26.49

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 year ended December 31, 2017 was 73,541,190. The diluted weighted average number of Equity Limited Partnership ("Equity LP") units available and outstanding during the year ended December 31, 2017 was 88,249,956; this includes the 14,708,766 Equity LP units issued through the exercise of all outstanding warrants.*

4 *At the end of the year, the diluted Equity LP units outstanding were 88,249,897 (December 31, 2016 – 88,250,327).*

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 to be received on exercising of warrants, which as at December 31, 2017 was $380 million (December 31, 2016 – $355 million).*

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis for the year ended December 31, 2017 is dated March 19, 2018.

OVERVIEW

Partners Value Investments L.P. (the "Partnership") is a limited partnership under the laws of the province of Ontario. Its principal investment is an ownership interest in 86 million Class A Limited Voting Shares ("Brookfield shares") of Brookfield Asset Management Inc. ("Brookfield"). The Partnership's objective is to provide the Equity Limited Partners with capital appreciation and Preferred Limited Partners with income returns. Investment income, which includes dividends from its investment in Brookfield shares as well as its other securities portfolio, is principally dedicated to paying dividends on its financing obligations and Preferred LP units.

The Partnership's investment in Brookfield is owned indirectly through its wholly-owned subsidiaries – Partners Value Investments Inc. ("PVII") and Partners Value Split Corp. ("Partners Value Split").

The Partnership also holds a portfolio of other securities including: a 100% interest in Global Champions Split Corp. ("Global Champions"), which owns a diversified portfolio of large capitalization companies, and a 100% interest in Global Resource Champions Split Corp. ("Global Resource Champions"), which owns a portfolio of large capitalization resource companies; investments in limited partnership units of Brookfield Infrastructure Partners, Brookfield Property Partners and Brookfield Business Partners; and a diversified portfolio of other marketable securities.

The Partnership is managed by its general partner, PVI Management Inc. (the "General Partner"). Additional information on the Partnership and its public subsidiaries is available on SEDAR's web site at *www.sedar.com*.

RESULTS OF OPERATIONS

Net income for the year was $80 million, of which $58 million was attributable to the Equity Limited Partners ($0.65 per Equity LP unit) compared to $73 million ($0.82 per Equity LP unit) in the prior year. The decrease in net income is due to the impact of translating our Canadian dollar denominated preferred share liabilities at a higher rate due to the strengthening of the Canadian dollar versus our US dollar reporting currency. Ignoring this impact, we recorded modestly higher net income after-tax in 2017.

The following table presents the details of the Partnership's net income for the years ended December 31:

For the years ended December 31 *(Thousands)*	**2017**	2016	Change
Investment income			
Dividends	**$ 87,666**	$ 61,942	$ 25,724
Other investment income	**2,142**	5,228	(3,086)
	89,808	67,170	22,638
Expenses			
Operating expenses	**(13,419)**	(15,270)	1,851
Financing costs	**(5,358)**	(2,116)	(3,242)
Retractable preferred share dividends	**(27,341)**	(25,289)	(2,052)
	43,690	24,495	19,195
Other items			
Investment valuation gains (losses)	**87,784**	72,967	14,817
Amortization of deferred financing costs	**(2,473)**	(1,834)	(639)
Change in value of fund unit liability	**—**	(896)	896
Income taxes	**(20,059)**	(22,394)	2,335
Income from equity accounted investment	**253**	—	253
Foreign currency gains (losses)	**(29,112)**	13,393	(42,505)
Net income (loss)	**$ 80,083**	$ 85,731	$ (5,648)
Net income (loss) attributable to:			
Partners Value Investments Inc.	**$ —**	$ 51,198	$ (51,198)
Equity Limited Partners	**57,790**	21,315	36,475
General Partner	**—**	—	—
Preferred Limited Partners	**22,293**	13,218	9,075
	$ 80,083	$ 85,731	$ (5,648)

Investment Income

Investment income consists of the following for the years ended December 31:

For the years ended December 31 *(Thousands)*	**2017**	2016
Dividends		
Brookfield Asset Management Inc.	**$ 56,782**	$ 44,732
Other securities	**30,884**	17,210
Other investment income	**2,142**	5,228
	$ 89,808	$ 67,170

The Partnership received dividend income of $57 million (2016 – $45 million) from its investment in Brookfield and $31 million (2016 – $17 million) from its other securities investments during the year ended December 31, 2017. Dividend income increased due to Brookfield's spin-off of TSU, which was recognized as dividend income from Brookfield, as well as an increase in the dividend rate from Brookfield and higher dividends from other securities.

Preferred Share Dividends

The Partnership paid $27 million (2016 – $25 million) of dividends on the retractable preferred shares during the year ended December 31, 2017.

Operating Expenses

The Partnership recorded $13 million (2016 – $15 million) of operating expenses during the year ended December 31, 2017. Operating expenses were higher in 2016 as a result of one-time expenses relating to the reorganization.

Investment Valuation Gains (Losses)

Investment valuation gains (losses) include unrealized gains and losses on the Partnership's investments classified as fair value through profit and loss along with certain non-foreign currency financial derivatives. It also includes realized gains and losses on the disposition of the Partnership's investments. This amount fluctuates depending on the Partnership's investment activities and performance. The valuation gains incurred during the year were due to increases in market value on the Partnership's investments and realized gains on the disposition of investments.

Amortization of Deferred Financing Costs

The amortization of deferred financing costs associated with preferred shares issued by the Partnership's subsidiaries resulted in a charge against income of $2 million (2016 – $2 million) during the year ended December 31, 2017.

Income Taxes

The Partnership recorded an income tax expense of $20 million (2016 – $22 million) during the year ended December 31, 2017. The lower expense in the current year is a result of lower net income before tax and foreign exchange fluctuations.

Foreign Currency Gains (Losses)

Foreign currency gains represents gains and losses arising from the translation of non-U.S. dollar transactions in addition the realized and unrealized changes in the value of the Partnership's foreign currency derivatives.

FINANCIAL POSITION

The Company's total assets were $4.5 billion at December 31, 2017 (December 31, 2016 – $3.5 billion) and consist primarily of its $3.7 billion investment in 86 million Brookfield shares (December 31, 2016 – $2.8 billion). The market price of a Brookfield share increased from $32.96 to $43.54 during the year.

Investment Portfolio

	Number of Shares		Fair Value	
As at (Thousands)	**Dec. 31, 2017**	Dec. 31, 2016	**Dec. 31, 2017**	Dec. 31, 2016
Brookfield Asset Management Inc.	**85,839**	85,839	**$ 3,737,431**	$ 2,829,156
Other securities				
Brookfield Infrastructure Partners L.P.	**3,328**	3,328	**$ 149,126**	$ 111,222
Brookfield Property Partners L.P.	**3,613**	3,613	**80,074**	78,850
Brookfield Business Partners L.P.	**1,717**	1,717	**59,106**	41,205
Trisura Group Ltd.	**944**	—	**19,332**	—
Subsidiaries portfolios[1]	**Various**	Various	**225,240**	198,070
Other securities portfolio	**Various**	Various	**236,921**	183,387
			$ 769,799	$ 612,734

1 Represents the portfolios held by Global Champions and Global Resource Champions.

Brookfield Asset Management Inc.

Brookfield is a global alternative asset manager focused on real estate, infrastructure, power and private equity, and is inter-listed on the New York, Toronto and NYSE Euronext stock exchanges. The Partnership's investment in Brookfield represents approximately a 9% fully-diluted interest in Brookfield.

Brookfield Listed Partnerships

The Partnership holds investments in several Brookfield listed partnerships that are managed by Brookfield: Brookfield Infrastructure Partners, Brookfield Property Partners and Brookfield Business Partners. Brookfield Infrastructure Partners owns and operates utility, transport, energy and communication businesses globally. Brookfield Property Partners is a global commercial property company that owns, operates and invests in best-in-class office, retail, and opportunistic assets. Brookfield Business Partners owns business services and industrial operations with a focus on high-quality businesses that are low cost producers and/or benefit from high barriers to entry.

Trisura Group Ltd.

The Partnership acquired a 16% equity interest in TSU and has a management services agreement in place resulting in an officer of the Partnership also acting in the capacity of the Chief Investment Officer of TSU and directly impacting the decisions and profitability of the entity; as a result, the Partnership exercises significant influence over TSU. As such, the Partnership records its proportionate share of the TSU's income as income from equity accounted investment in the consolidated statement of operations. Due to dilution resulting from issuing shares in a management buyout, the Partnership owns 14.2% of TSU as at December 31, 2017.

Diversified Securities Portfolios

Our wholly-owned subsidiaries, Global Champions and Global Resource Champions, own a portfolio of marketable securities. Global Champions has a diversified portfolio invested in large capitalization companies across multiple industries. Global Resource Champions has a diversified portfolio invested in large capitalization companies within the commodities and resource industry. The Partnership also has a diversified portfolio of other marketable securities, consisting mainly of equity and fixed-income securities.

Deferred Taxes

The deferred tax liability represents the potential tax liability arising from the excess of the carrying value of net assets over the respective tax values, less available loss carry forwards. Changes in the deferred tax liability balance are mainly driven by changes in the market value of the Partnership's investments.

Equity

As at December 31, 2017, unitholders' equity consisted of $2.9 billion of Equity Limited Partners, $500 million of Preferred Limited Partners, and $1 thousand of General Partner equity (2016 – $2.0 billion of Equity Limited Partners, $500 million of Preferred Limited Partners, and $1 thousand of General Partner). The increase in equity is primarily the result of higher comprehensive income driven by market value appreciation on our Brookfield shares and our investment portfolio.

Preferred Shares

Retractable preferred shares issued by Partners Value Split, Global Champions, and Global Resource Champions are comprised of the following:

	Shares Outstanding		Book Value	
As at *(Thousands)*	**December 31, 2017**	Dec. 31, 2016	**December 31, 2017**	Dec. 31, 2016
Partners Value Split Class AA				
4.35% Series 3 – January 10, 2019	**7,631**	7,631	**151,725**	141,937
4.85% Series 5 – December 10, 2017	**—**	4,999	—	92,980
4.50% Series 6 – October 8, 2021	**7,990**	7,990	**158,861**	148,612
5.50% Series 7 – October 31, 2022	**4,000**	4,000	**79,530**	74,399
4.80% Series 8 – September 30, 2024	**6,000**	—	**119,295**	—
Global Champions Class A				
4.00% Series 1 – July 31, 2019	**2,000**	2,000	**39,765**	37,194
Global Resource Champions Class A				
6.25% Series 1 – May 25, 2023	**1,800**	1,800	**35,789**	33,475
			584,965	528,597
Deferred financing costs[1]			**(9,345)**	(7,442)
			$ 575,620	$ 521,155

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

LIQUIDITY AND CAPITAL RESOURCES

The Partnership holds cash and cash equivalents totalling $30 million and investments of $4.5 billion as at December 31, 2017 (December 31, 2016 – $6 million and $3.4 billion). The Partnership has operating cash requirements of $27 million in scheduled dividend payments on its preferred shares which are less than the expected regular distributions expected to be received on the Brookfield and other securities held by the Partnership. The Partnership believes it has sufficient liquid assets, operating cash flow and financing alternatives to meet its obligations.

BUSINESS ENVIRONMENT AND RISKS

The Partnership's activities expose it to a variety of financial risks, including market risk (i.e. currency risk, interest rate risk, and other price risk), credit risk and liquidity risk. The following are risk factors relating to an investment in the units of the Partnership.

Fluctuations in Value of Investments

The value of common shares may vary according to the value of the Brookfield shares and other securities owned by the Partnership. The value of these investments may be influenced by factors not within the control of the Partnership, including the financial performance of Brookfield and other investees, interest rates and other financial market conditions. As a result, the net asset value of the Partnership may vary from time to time. The future value of the common shares will be largely dependent on the value of the Brookfield shares. A material adverse change in the business, financial conditions or results of operations of Brookfield and other investees of the Partnership will have a material adverse effect on the common shares of the Partnership. In addition, the Partnership may incur additional financial leverage in order to acquire, directly or indirectly, additional securities issued by Brookfield, which would increase both the financial leverage of the Partnership and the dependency of the future value of the common shares on the value of the Brookfield shares.

Foreign Currency Exposure

Certain of the Partnership's other investments are denominated in currency other than the United States dollars. Accordingly, the value of these assets may vary from time to time with fluctuations in the exchange rate relative to the United States dollars. In addition, these investments pay distributions and interest in other currencies. Strengthening of these currencies relative to the United States dollar could decrease the amount of cash available to the Partnership.

Leverage

The Partnership's assets are financed in part with the retractable preferred shares issued by Partners Value Split, Global Champions and Global Resource Champions. This results in financial leverage that will increase the sensitivity of the value of the Equity LP units to changes in the values of the assets owned by the Partnership. A decrease in the value of the Partnership's investments may have a material adverse effect on the Partnership's business and financial conditions.

Liquidity

The Partnership's liquidity requirements are typically limited to funding interest and dividend obligations on outstanding financial obligations. Holders of the Partnership's retractable preferred shares issued by the Partnership's subsidiaries have the ability to retract their shares. Debentures, as opposed to cash, can be issued to settle retractions of the preferred shares.

The Partnership maintains financial assets and credit facilities to fund liquidity requirements in the normal course, in addition to its investment in Brookfield shares. The Partnership's policy is to hold the Brookfield shares and not engage in trading, however shares are available to be sold to fund retractions and redemptions of preferred shares or Partnership units. The Partnership's ability to sell a substantial portion of the Brookfield shares may be limited by resale restrictions under applicable securities laws that will affect when or to whom the Brookfield shares may be sold. Accordingly, if and when the Partnership is required to sell Brookfield shares, the liquidity of such shares may be limited. This could affect the time it takes to sell the Brookfield shares and the price obtained by the Partnership for the Brookfield shares sold.

No Ownership Interest

A direct investment in the units of the Partnership does not constitute a direct investment in the Brookfield shares of Brookfield or other securities held by the Partnership, and holders of the units of the Partnership do not have any voting rights in respect of such securities.

Contractual Obligations

The Partnership's contractual obligations as of December 31, 2017 are as follows:

	Payment Due by Period				
(Thousands)	**Total**	**Less Than 1 Year**	**2-3 Years**	**4-5 Years**	**After 5 Years**
Preferred shares					
Partners Value Split Class AA, Series 3[1]	**$ 151,725**	**$ —**	**$ 151,725**	**$ —**	**$ —**
Partners Value Split Class AA, Series 6[1]	**158,861**	**—**	**—**	**158,861**	**—**
Partners Value Split Class AA, Series 7[1]	**79,530**	**—**	**—**	**79,530**	**—**
Partners Value Split Class AA, Series 8[1]	**119,295**	**—**	**—**	**—**	**119,295**
Global Champions Class A, Series 1[2]	**39,765**	**—**	**39,765**	**—**	**—**
Global Resource Champions Class A, Series 1[3]	**35,789**	**—**	**—**	**—**	**35,789**
	$ 584,965	**$ —**	**$ 191,490**	**$ 238,391**	**$ 155,084**
Interest Expense					
Partners Value Split Class AA, Series 3[1]	**$ 7,480**	**$ 6,601**	**$ 879**	**$ —**	**$ —**
Partners Value Split Class AA, Series 6[1]	**26,809**	**7,149**	**14,298**	**5,362**	**—**
Partners Value Split Class AA, Series 7[1]	**20,777**	**4,374**	**8,748**	**7,655**	**—**
Partners Value Split Class AA, Series 8[1]	**38,651**	**5,726**	**11,452**	**11,452**	**10,021**
Global Champions Class A, Series 1[2]	**2,386**	**1,591**	**795**	**—**	**—**
Global Resource Champions Class A, Series 1[3]	**12,303**	**2,237**	**4,474**	**4,474**	**1,118**
	$ 108,406	**$ 27,678**	**$ 40,646**	**$ 28,943**	**$ 11,139**

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.

2 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures due 2019.

3 Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures due 2023.

SUMMARY OF FINANCIAL INFORMATION

The following table summarizes selected consolidated financial information of the Partnership:

As at and for the (Thousands, except per unit amounts)	Years ended December 31	
	2017	2016
Net income (loss)	**$ 80,083**	$ 85,731
Net income (loss) per unit	**0.91**	1.17
Total assets	**4,540,887**	3,468,742
Total long-term liabilities	**1,043,660**	861,625

A summary of the eight recently completed years is as follows:

For the year ended (Thousands, except per unit amounts)	**2017**				2016			
	Q4	**Q3**	**Q2**	**Q1**	Q4	Q3	Q2	Q1
Net income (loss)	**$ 40,438**	**$ 7,785**	**$ 12,788**	**$ 19,072**	$ 23,079	$ 18,983	$ 30,238	$ 20,960
Net income (loss) per unit	**$ 0.46**	**$ 0.08**	**$ 0.15**	**$ 0.22**	$ 0.32	$ 0.26	$ 0.41	$ 0.28

Net income includes dividends and interest on the Partnership's investment portfolio, in addition to valuation gains and losses relating to its investment portfolios, and fluctuates accordingly with changes to foreign currencies relative to the Canadian dollar and equity markets. Also included in net income are gains and losses on the disposition of investments. The variance in net income on the last eight quarters is primarily the result of valuation gains and losses on certain of the Partnership's investments, increases in the investment income earned from its investments and the impact of foreign currencies.

RELATED-PARTY TRANSACTIONS

Brookfield entities provide certain management and financial services to the Partnership and recovered costs of less than $1 million for the year ended December 31, 2017 (2016 – less than $1 million).

The Partnership is substantially owned by individuals associated with Brookfield Asset Management Inc. (“Brookfield”). The investing activities of the Partnership are managed by a dedicated investment team that does not participate in managing any Brookfield client accounts. Brookfield and the Partnership have adopted policies and procedures designed to ensure that PVI’s activities do not conflict with, or materially adversely affect Brookfield fund holders, and that, to extent feasible, Brookfield and its managed fund holders’ interests are prioritized relative to the Partnership should any potential conflict arise.

It is generally expected that the Partnership will have a different investing strategy and approach from that of Brookfield and its managed funds and therefore will make investments that Brookfield and its managed funds do not make (or make similar investments at different times as a result of such different investment strategy and approach). While physically separate, there is no formal informational barrier between the Partnership’s investment team and the rest of Brookfield.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

Adoption of Accounting Standards

Investments in Associates and Joint Ventures

The amendments to IFRS 10, Consolidated Financial Statements (“IFRS 10”), and IAS 28, Investments in Associates and Joint Ventures (2011) (“IAS 28”) address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments are effective for transactions occurring in annual periods beginning on or after January 1, 2016 with earlier application permitted. The Partnership’s adoption of these amendments did not result in any material impact on its consolidated financial statements.

Future Changes in Accounting Standards

Financial Instruments

In July 2014, the IASB issued the final publication of IFRS 9, Financial Instruments (“IFRS 9”), superseding 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 will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. The standard has a mandatorily effective date for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Partnership assessed the impact of IFRS 9 on its financial statements and determined that the impact would not create a material change to the financial results of the Partnership. Implementation of the standard will result in additional disclosures for the Partnership.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are required in the determination of future cash flows and probabilities in assessing net recoverable amounts and net realizable values; tax and other provisions; and fair values for disclosure purposes. In the normal course of operations, the Partnership may execute agreements that provide for indemnification and guarantees to third parties in transactions such as business dispositions, business acquisitions and the sale of assets. The nature of substantially all of the indemnification undertakings precludes the possibility of making a reasonable estimate of the maximum potential amount that the Partnership could be required to pay to third parties as the agreements often do not specify a maximum amount and the amounts are dependent upon the outcome of future contingent events, the nature and likelihood of which cannot be determined at this time. Historically, the Partnership has not made any payments under such indemnification agreements and guarantees.

DISCLOSURE CONTROLS AND PROCEDURES

We maintain appropriate information systems, procedures and controls to ensure that new information disclosed externally is complete, reliable and timely. The President and the Director, Finance of the Partnership evaluated the effectiveness of the Partnership's disclosure controls and procedures (as defined in "National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings") as at December 31, 2017, and have concluded that the disclosure controls and procedures are operating effectively.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

We maintain appropriate internal controls over financial reporting (as defined in "National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings") and the Chief Executive Officer and the Chief Financial Officer have concluded that the internal controls have been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. Management has evaluated whether there were changes in our internal controls over financial reporting during the year ended December 31, 2017 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting and has determined that there have been no such changes.

George E. Myhal
President and Chief Executive Officer
March 19, 2018

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying consolidated financial statements and other financial information in this annual report have been prepared by the Partnership's management which is responsible for their integrity and objectivity. To fulfill this responsibility, the Partnership maintains policies, procedures and systems of internal control to ensure that its reporting practices and accounting and administrative procedures are appropriate. These policies and procedures are designed to provide a high degree of assurance that relevant and reliable financial information is produced. These consolidated financial statements have been prepared in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board 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 Partnership consolidated financial statements. Deloitte LLP, the independent auditors appointed by the shareholders, have audited the consolidated financial statements in accordance with Canadian generally accepted auditing standards to enable them to express to the shareholders their opinion on the consolidated financial statements. Their report is on the following page. The consolidated financial statements have been further examined by the Board of Directors and by its Audit Committee, which meets with the auditors and management to review the activities of each and reports to the Board of Directors. The auditors have direct and full access to the Audit Committee and meet with the committee both with and without management present. The Board of Directors, directly and through its Audit Committee, oversees management's financial reporting responsibilities and is responsible for reviewing and approving the consolidated financial statements.

George E. Myhal
President and Chief Executive Officer
March 19, 2018

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Independent Auditor's Report

To the Unitholders of
Partners Value Investments Limited Partnership

We have audited the accompanying consolidated financial statements of Partners Value Investments Limited Partnership, which comprise the consolidated statements of financial position as at December 31, 2017 and December 31, 2016, and the consolidated statements of operations, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Partners Value Investments Limited Partnership as at December 31, 2017 and December 31, 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 19, 2018

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at *(Thousands, US dollars)*	Note	**December 31, 2017**	December 31, 2016
Assets			
Cash and cash equivalents		**$ 29,801**	$ 5,971
Accounts receivable and other assets	11	**6,443**	20,881
Investment in Brookfield Asset Management Inc.	3, 4	**3,737,431**	2,829,156
Other securities			
Available for sale investments	3, 4	**288,306**	231,277
Marketable securities	3, 4	**462,161**	381,457
Equity accounted investment	12	**13,643**	—
Goodwill	12	**3,102**	—
		$ 4,540,887	$ 3,468,742
Liabilities and Equity			
Accounts payable and other liabilities	11	**$ 108,744**	$ 124,820
Preferred shares	5	**575,620**	521,155
Deferred taxes	8	**468,040**	340,470
		1,152,404	986,445
Equity	6		
Partnership's Equity			
Equity Limited Partners		**2,888,580**	1,982,394
General Partner		**1**	1
Preferred Limited Partners		**499,902**	499,902
		3,388,483	2,482,297
		$ 4,540,887	$ 3,468,742

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

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended December 31 *(Thousands, US dollars, except per unit amounts)*	Note	Year ended **2017**	2016
Investment income			
Dividends		**$ 87,666**	$ 61,942
Other investment income		**2,142**	5,228
		89,808	67,170
Expenses			
Operating expenses		**(13,419)**	(15,270)
Financing costs		**(5,358)**	(2,116)
Retractable preferred share dividends		**(27,341)**	(25,289)
		43,690	24,495
Other items			
Investment valuation gains (losses)	15	**87,784**	72,967
Amortization of deferred financing costs		**(2,473)**	(1,834)
Change in value of fund unit liability	11	**—**	(896)
Current taxes	8	**(14,745)**	(13,588)
Deferred taxes	8	**(5,314)**	(8,806)
Income from equity accounted investment	12	**253**	—
Foreign currency gains (losses)		**(29,112)**	13,393
Net income (loss)		**$ 80,083**	$ 85,731
Net income (loss) per unit (Note 7)		**$ 0.91**	$ 0.97
Net income (loss) attributable to:			
Partners Value Investments Inc.		**—**	51,198
Equity Limited Partners		**57,790**	21,315
General Partner		**—**	—
Preferred Limited Partners		**22,293**	13,218
		$ 80,083	$ 85,731

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the years ended December 31 *(Thousands, US dollars)*	Note	Year ended **2017**	2016
Net income (loss)		**$ 80,083**	$ 85,731
Items that may be reclassified to net income			
Unrealized gains on available-for-sale securities		**948,982**	101,156
Foreign currency translation		**—**	65,961
Income from equity accounted investment	12	**(257)**	—
Deferred income taxes	8	**(100,318)**	(17,597)
Other comprehensive (losses) income		**848,407**	149,520
Comprehensive (losses) income		**$ 928,490**	$ 235,251
Comprehensive income (loss) attributable to:			
Partners Value Investments Inc.		**$ —**	$ 185,134
Equity Limited Partners		**906,197**	36,899
General Partner		**—**	—
Preferred Limited Partners		**22,293**	13,218
		$ 928,490	$ 235,251

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended December 31, 2017 (Thousands, US dollars)	Partners Value Investments Inc.[1]			Equity Limited Partners						
	Equity	Accumulated other comprehensive income	Partners Value Investments Inc.	Capital	Retained Earnings	Accumulated other comprehensive income	Equity Limited Partners	General Partner	Preferred Limited Partners	Total Equity
Balance, beginning of period	$ —	$ —	$ —	$ 1,945,495	$ 21,315	$ 15,584	$ 1,982,394	$ 1	$ 499,902	$ 2,482,297
Net income	—	—	—	—	57,790	—	57,790	—	22,293	80,083
Other comprehensive (loss) income	—	—	—	—	—	848,407	848,407	—	—	848,407
Comprehensive income	—	—	—	—	57,790	848,407	906,197	—	22,293	928,490
Distribution	—	—	—	—	—	—	—	—	(22,293)	(22,293)
Re-organization	—	—	—	(11)	—	—	(11)	—	—	(11)
Balance, end of period	$ —	$ —	$ —	$ 1,945,484	$ 79,105	$ 863,991	$ 2,888,580	$ 1	$ 499,902	$ 3,388,483

For the year ended December 31, 2016 (Thousands, US dollars)	Partners Value Investments Inc.[1]			Equity Limited Partners						
	Equity	Accumulated other comprehensive income	Partners Value Investments Inc.	Capital	Retained Earnings	Accumulated other comprehensive income	Equity Limited Partners	General Partner	Preferred Limited Partners	Total Equity
Balance, beginning of period	$ 68,905	$ 2,191,359	$ 2,260,264	$ —	$ —	$ —	$ —	$ —	$ —	$ 2,260,264
Net income	51,198	—	51,198	—	21,315	—	21,315	—	13,218	85,731
Other comprehensive (loss) income	—	133,936	133,936	—	—	15,584	15,584	—	—	149,520
Comprehensive income	51,198	133,936	185,134	—	21,315	15,584	36,899	—	13,218	235,251
Distribution	—	—	—	—	—	—	—	—	(13,218)	(13,218)
Re-organization	(120,103)	(2,325,295)	(2,445,398)	1,945,495	—	—	1,945,495	1	499,902	—
Balance, end of period	$ —	$ —	$ —	$ 1,945,495	$ 21,315	$ 15,584	$ 1,982,394	$ 1	$ 499,902	$ 2,482,297

1. Prior to the reorganization of Partners Value Investments LP, on July 4, 2016, all changes in equity were attributable to Partners Value Investments Inc; See Note 1 of the Financial Statements.

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31 *(Thousands, US dollars)*	Year ended 2017	2016
Cash flow from operating activities		
Net income	**$ 80,083**	$ 85,731
Add (deduct) non-cash items:		
Investment valuation (gains) losses	**(87,784)**	(72,967)
Unrealized foreign exchange (gains) losses	**41,932**	(8,095)
Amortization of deferred financing costs	**2,473**	1,834
Change in value of fund unit liability	—	896
Non-cash dividend received	**(8,134)**	—
Share of undistributed equity accounted earnings	**4**	—
Deferred taxes	**5,314**	8,376
	33,888	15,775
Changes in working capital and foreign currency	**11,475**	5,083
	45,363	20,858
Cash flow used in investing activities		
Purchase of securities	**(290,677)**	(207,204)
Sale of securities	**271,535**	188,605
	(19,142)	(18,599)
Cash flow used in financing activities		
Preferred shares issued	**119,295**	33,634
Preferred shares redeemed	**(99,393)**	(39,086)
Borrowings drawn	—	—
Borrowings repaid	—	(75,000)
Distribution to preferred units	**(22,293)**	(7,581)
Distribution to fund unit liability	—	(362)
	(2,391)	(88,395)
Cash and cash equivalents		
Increase (decrease) in cash and cash equivalents	**23,830**	(86,136)
Balance, beginning of year	**5,971**	92,107
Balance, end of year	**$ 29,801**	$ 5,971

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS OPERATIONS

Partners Value Investments L.P. (the "Partnership") is a limited partnership under the laws of the province of Ontario. Its principal investment is an ownership interest in 86 million Class A Limited Voting Shares ("Brookfield shares") of Brookfield Asset Management Inc. ("Brookfield"). The consolidated financial statements include the accounts of the Partnership's wholly-owned subsidiaries: Partners Value Investments Inc. ("PVII"), Partners Value Split Corp. ("Partners Value Split" or "PVS"), and Global Champions Split Corp. ("Global Champions" or "GC") and Global Resource Champions Split Corp. ("Global Resource Champions" or "GRC"). The Partnership was formed and commenced operations on April 8, 2016 to hold a 100% interest in PVII following the completion of a capital reorganization that was carried out by way of a statutory plan of arrangement pursuant to section 182 of the *Business Corporations Act* (Ontario) (the "Reorganization").

The Partnership is managed by its general partner, PVI Management Inc. (the "General Partner"). The Partnership's registered office is Brookfield Place, 181 Bay Street, Suite 210, Toronto, Ontario, M5J 2T3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements are prepared on a going concern basis. These financial statements were authorized for issuance by the Board of Directors of the Partnership on March 19, 2018.

(b) Basis of Presentation

Cash and Cash Equivalents

Cash and cash equivalents are current assets that are recorded at amortized cost and include cash on deposit with financial institutions and demand deposits with related parties. There were no deposit instruments held at December 31, 2017 (December 31, 2016 - $nil).

Income Taxes

The Partnership is a flow-through entity for tax and is not subject to entity level tax. The current and deferred income tax relates to its taxable Canadian subsidiaries. The current income tax expense is determined based on the enacted or substantively enacted tax rates at each balance sheet date. The deferred income tax is recorded using liability method of tax allocation in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on unused income tax losses and temporary differences between the carrying amount and tax bases of assets and liabilities, when the benefit is more likely than not to be realized and measured using the tax rates and laws substantively enacted at the balance sheet date.

Accounts Receivable and Other Assets

Accounts receivable and other assets balances represent current assets. The balances are classified as receivables and are recorded at amortized cost which approximates the fair value. Also included in these balances are derivative assets which are held for trading and classified as fair value through profit and loss and are recorded at their fair value.

Accounts Payable and Other Liabilities

Accounts payable and other liabilities balances represent current liabilities. The balances are classified as loans and other financial liabilities and are recorded at amortized cost which approximates the fair value. Also included in these balances are derivative liabilities which are held for trading and classified as fair value through profit and loss and are recorded at their fair value.

Investment in Brookfield Asset Management

The Partnership accounts for its investment in Brookfield as an available-for-sale financial instrument at fair value with changes in its fair value recorded in other comprehensive income.

Available for sale investments
The Partnership accounts for its investments Brookfield Infrastructure Partners, Brookfield Property Partners and Brookfield Business Partners as available-for-sale financial instruments at fair value with changes in their fair value recorded in other comprehensive income.

Marketable securities
The Partnership accounts for its marketable securities portfolio as fair value through profit and loss and, accordingly, recognizes changes in fair value in the consolidated statements of operations.

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

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

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 subsidiaries of the Partnership.

Recognition/Derecognition of Financial Assets and Financial Liabilities
The Partnership recognizes financial assets and financial liabilities designated as trading securities on the trade date. The Partnership derecognizes financial liabilities when, and only when, the Partnership's obligations are discharged, cancelled, or expired.

Foreign Currencies
The functional currency of the Partnership and each of its subsidiaries is measured using the currency of the primary economic environment in which that entity operates. The functional currency of the Partnership is the United States dollar. The presentation currency is the US 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.

Equity Accounted Investment
The Company's ownership in Trisura Group Ltd. is classified as an equity accounted investment and measured using equity accounting. As such, the company records its proportionate share of the investee's income as income from equity accounted investment in the consolidated statement of operations. The carrying amount of the Investment in Trisura is the pro-rata share of the net identifiable assets upon recognition as an equity accounted investment, plus income attributable to the Company since acquisition.

(c) Critical Judgments and Estimates
The preparation of financial statements requires the Partnership 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 Partnership 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:

Derivatives
The critical assumptions and estimates used in determining the fair value of derivatives are: forward exchange rates and discount rates.

Level of Control
When determining the appropriate basis of accounting for the Partnership's investments, the Partnership uses the following critical assumptions and estimates: the degree of control or influence that the Partnership exerts over the investment and the amount of benefit that the Partnership receives relative to other investors.

Other critical estimates and judgments utilized in the preparation of the Partnership's financial statements include the assessment of net recoverable amounts, net realizable values and the ability to utilize tax losses and other tax assets.

(d) Adoption of Accounting Standards

i. Income Tax
The amendments to IAS 12, Income Taxes clarifies the following aspects: (i) unrealized losses on debt instruments measured at fair value and measured at cost for tax purposes give rise to a deductible temporary difference regardless of whether the debt instrument's holder expects to recover the carrying amount of the debt instrument by sale or by use; (ii) the carrying amount of an asset does not limit the estimation of probable future taxable profits; (iii) estimates for future taxable profits exclude tax deductions resulting from the reversal of deductible temporary differences; (iv) an entity assesses a deferred tax asset in combination with other deferred tax assets. The Partnership adopted the amendments on January 1, 2017, on a prospective basis; the adoption did not have a significant impact on the Partnership's consolidated financial statements.

ii. Statement of Cash Flows
In January 2016, the IASB issued amendments to IAS 7 Statement of Cash Flows ("IAS 7"), effective for annual periods beginning January 1, 2017. The IASB requires that the following changes in liabilities arising from financing activities are disclosed (to the extent necessary): (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes. Since the amendments are being issued less than one year before the effective date, the Partnership is not required to provide comparative information when it first applies the amendments. The Partnership has determined that there are no material impacts on its consolidated financial statements as the existing disclosures already include information required by the amendments.

(e) Future Changes in Accounting Standards

i. Financial Instruments
In July 2014, the International Accounting Standards Board ("IASB") issued the final publication of IFRS 9, Financial Instruments ("IFRS 9"), superseding 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 will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. The standard has a mandatorily effective date for annual periods beginning on or after January 1, 2018 with early adoption permitted. The Partnership assessed the impact of IFRS 9 on its financial statements and determined that the impact would not create a material change to the financial results of the Partnership. Implementation of the standard will result in additional disclosures for the Partnership.

ii. 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 Partnership is currently assessing the impact of IFRIC 23 on its combined consolidated financial statements.

(f) Change in Functional Currency

Until December 31, 2016, the Partnership and two of its subsidiaries, PVII and Partners Value Split, determined that their functional currency was the Canadian dollar. Due to a series of changes to the portfolio composition of the entities, management performed a review of the functional currency of the Partnership and its subsidiaries and it concluded that there has been a change in the functional currency from the Canadian dollar to the United States dollar, in accordance with IFRS. The change has been applied to the Partnership's results prospectively as of January 1, 2017. In 2016, statements were presented in U.S. dollars and had a functional currency of Canadian dollars.

3. INVESTMENT PORTFOLIO

The Partnership's investment portfolio consists of the following:

As at *(Thousands)*	Classification[1]	Number of Shares **Dec. 31, 2017**	Number of Shares Dec. 31, 2016	Fair Value **Dec. 31, 2017**	Fair Value Dec. 31, 2016
Brookfield Asset Management Inc.	AFS	**85,839**	85,839	**$ 3,737,431**	$ 2,829,156
Available for sale investments					
Brookfield Infrastructure Partners L.P.	AFS	**3,328**	3,328	**$ 149,126**	$ 111,222
Brookfield Property Partners L.P.	AFS	**3,613**	3,613	**80,074**	78,850
Brookfield Business Partners L.P.	AFS	**1,717**	1,717	**59,106**	41,205
				$ 288,306	$ 231,277
Marketable securities					
Subsidiaries portfolios[2]	FVTPL	**Various**	Various	**225,240**	198,070
Other securities portfolio	FVTPL	**Various**	Various	**236,921**	183,387
				$ 462,161	$ 381,457

1 *AFS represents available for sale and FVTPL represents fair value through profit and loss accounting classification. Changes in fair value of AFS securities are recorded in other comprehensive income, and changes in fair value of FVTPL are recorded in net income.*

2 *Represents the portfolios held by Global Champions and Global Resource Champions.*

The Partnership's investment in Class A Limited Voting Shares of Brookfield at December 31, 2017 represents a 9% (December 31, 2016 – 9%) fully diluted equity interest.

4. 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 values are determined by reference to a price within a bid-ask spread, and recognized at the close price.

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.

The fair value hierarchical level associated with the Partnership's financial assets and liabilities measured at fair value consists of the following:

As at (Thousands)	December 31, 2017 Level 1	 Level 2	 Level 3	December 31, 2016 Level 1	 Level 2	 Level 3
Brookfield Asset Management Inc.	**$ 3,737,431**	**$ —**	**$ —**	$ 2,829,156	$ —	$ —
Available for sale investments	**288,306**	**—**	**—**	231,277	—	—
Marketable securities[2]	**462,161**	**—**	**—**	381,457	—	—
Derivative assets[1]	**—**	**5,767**	**—**	—	5,908	—
Derivative liabilities[1]	**—**	**(21,120)**	**—**	—	(17,970)	—
	$ 4,487,898	**$ (15,353)**	**$ —**	$ 3,441,890	$ (12,062)	$ —

1 *Presented within accounts receivable/accounts payable and other on the statement of financial position.*

2 *Marketable securities include $211 million worth of securities pledged as collateral for the prime brokerage loan accounts (2016 - $355 million).*

As at December 31, 2017, a cumulative pre-tax gain of $3.1 billion (December 31, 2016 – $2 billion) has been recognized for financial instruments classified as available-for-sale, over their historical cost amounts. There have been no changes between levels year over year.

All financial assets have a carrying value equal to their fair value, except the Equity accounted investment, which has a fair value of $19 million (2016 – $nil).

5. PREFERRED SHARES

Retractable preferred shares issued by the Partnership's subsidiaries are comprised of the following:

As at (Thousands)	Shares Outstanding **Dec. 31, 2017**	 Dec. 31, 2016	Book Value **Dec. 31, 2017**	 Dec. 31, 2016
Partners Value Split Class AA				
4.35% Series 3 – January 10, 2019	**7,631**	7,631	**$ 151,725**	$ 141,937
4.85% Series 5 – December 10, 2017	**—**	4,999	**—**	92,980
4.50% Series 6 – October 8, 2021	**7,990**	7,990	**158,861**	148,612
5.50% Series 7 – October 31, 2022	**4,000**	4,000	**79,530**	74,399
4.80% Series 8 – September 30, 2024	**6,000**	—	**119,295**	—
Global Champions Class A				
4.00% Series 1 – July 31, 2019	**2,000**	2,000	**39,765**	37,194
Global Resource Champions Class A				
6.25% Series 1 – May 25, 2023	**1,800**	1,800	**35,789**	33,475
			584,965	528,597
Deferred financing costs[1]			**(9,345)**	(7,442)
			$ 575,620	$ 521,155

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

Partners Value Split

Partners Value Split is authorized to issue an unlimited number of Class A preferred shares and Class AA preferred shares. The Board of Directors of Partners Value Split 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.

Global Champions and Global Resource Champions

Global Champions and Global Resource Champions are each authorized to issue an unlimited number of Class A preferred shares. The Board of Directors of these entities 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.

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:

PVS Class AA Series 3, 6, 7 and 8	May be surrendered for retraction at any time for an amount equal to the lesser of: (i) net asset value per unit; and (ii) CAD $25.00. Retraction consideration will be a number of Partners Value Split Series 1, 4, 5 and 6 debentures, respectively, determined by dividing the holder's aggregate preferred share Retraction Price by $25.00.
GC Class A Series 1	May be surrendered for retraction at any time for an amount equal to the lesser of: (i) net asset value per unit; and (ii) CAD $25.00. Retraction consideration will be a number of Global Champions Series 1 debentures determined by dividing the holder's aggregate preferred share Retraction price by CAD $25.00.
GRC Class A Series 1	May be surrendered for retraction at any time for an amount equal to the lesser of: (i) net asset value per unit; and (ii) CAD $25.00. Retraction consideration will be a number of Global Resource Champions Series 1 debentures determined by dividing the holder's aggregate preferred share Retraction price by CAD $25.00.

Debentures

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

PVS 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.
PVS 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.
PVS 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.
PVS Series 8	The Series 6 debenture will have a principal amount of CAD $25.00 per debenture and will mature on October 31, 2022. 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.
GC Series 1	The Series 1 debenture will have a principal amount of CAD $25.00 per debenture and will mature on July 31, 2019. Holders of the Series 1 debentures will be entitled to receive quarterly fixed interest payments at a rate of 4.10% per annum paid on or about the 15th day of April, July, October and January in each year. The Series 1 debentures can be redeemed by the Company at any time. The Series 1 debentures may not be retracted.
GRC Series 1	The Series 1 debenture will have a principal amount of CAD $25.00 per debenture and will mature on May 25, 2023. Holders of the Series 1 debentures will be entitled to receive quarterly fixed interest payments at a rate of 6.35% per annum paid on or about the 15th day of April, July, October and January in each year. The Series 1 debentures can be redeemed by the Company at any time. The Series 1 debentures may not be retracted.

There were no debentures outstanding in the current or prior year.

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:

PVS 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.
PVS 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.
PVS 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.
PVS 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 $0.25 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.
GC Series 1	The preferred shares may be redeemed by the Company at any time at a price equal to (i) CAD $26.00 per share plus accrued and unpaid dividends if the date specified for redemption is prior to July 31, 2017; (ii) CAD $25.50 per share plus accrued and unpaid dividends if the date specified for redemption is on or after July 31, 2017 and prior to July 31, 2018; (iii) CAD $25.25 per share plus accrued and unpaid dividends if the date specified for redemption is on or after July 31, 2018 and prior to the final redemption date; and (iv) the lesser of (x) CAD $25.00 plus accrued and unpaid dividends and (y) the net asset value per unit on the final redemption date if the date specified for redemption is the final redemption date.

GRC Series 1	The preferred shares may be redeemed by the Company at any time at a price equal to (i) CAD $25.00 per share plus accrued and unpaid dividends if the date specified for redemption is prior to the final redemption date; and (II) the lesser of (x) CAD $25.00 plus accrued and unpaid dividends and (y) the net asset value per unit on the final redemption date if the date specified for redemption is the final redemption date.

6. EQUITY

The Partnership is authorized to issue the following classes of partnership units: (i) the GP Units; (ii) Equity LP Units; and (iii) Preferred LP Units, issuable in one or more classes and in one or more series, which, other than the GP Units, represent limited partnership interests in the Partnership.

Equity Limited Partners
The Equity LP Units are non-voting limited partnership interests in the Partnership. Holders of the Equity LP Units are not entitled to the withdrawal or return of capital contributions in respect of the Equity LP Units, except to the extent, if any, that distributions are made to such holders or upon the liquidation of the Partnership. A holder of Equity LP Units does not have priority over any other holder of Equity LP Units, either as to the return of capital contributions or as to profits, losses or distributions. In addition, holders of the Equity LP Units do not have any right to have their units redeemed by the Partnership.

General Partner
The GP Units are a general partnership interest in the Partnership and one GP Unit has been issued to and is held by the General Partner. The General Partner will have the full power and authority to make all decisions on behalf of the Partnership. The Partnership can acquire and sell assets and carry on such business as the General Partner determines from time to time, and can borrow money, guarantee obligations of others, and grant security on its assets from time to time, in each case as the General Partner determines. The General Partner is required to exercise its powers and carry out its functions honestly and in good faith and shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. In addition, the General Partner does not have any right to have their GP units redeemed by the Partnership.

Preferred Limited Partners
The Class A Preferred LP Units are non-voting limited partnership interests in the Partnership. Holders of the Series 1 Preferred LP Units will be entitled to receive fixed cumulative preferential distributions, as and when declared by the General Partner, payable quarterly on the last day of January, April, July and October in each year (to holders of record on the last business day of the month preceding the month of payment) at an annual rate equal to US$1.125 per Series 1 Preferred LP Unit (4.5% on the initial par value of US$25) less any amount required by law to be deducted and withheld. In addition, the Preferred LP Units do not have any right to have their units redeemed by the Partnership.

	Shares Outstanding		Book Value	
As at (Thousands)	**Dec. 31, 2017**	Dec. 31, 2016	**Dec. 31, 2017**	Dec. 31, 2016
Partnership equity				
Equity Limited Partners	**73,541**	73,541	**$ 2,888,580**	$ 1,982,394
General Partner[1]	**—**	—	**1**	1
Preferred Limited Partners	**19,996**	19,996	**499,902**	499,902
			$ 3,388,483	$ 2,482,297

1 *As at December 31, 2017, there is 1 General Partner share outstanding (2016 – 1).*

7. NET INCOME PER UNIT

Net income per unit is calculated based on the diluted weighted average number of outstanding units during the period and net income attributable to Equity Limited Partners. For the year ended December 31, 2017, the weighted average number of outstanding units were 88,249,956 on a fully diluted basis (2016 – 88,252,597); this includes the 14,708,766 Equity LP units that can be issued through the future exercise of all outstanding warrants.

8. INCOME TAXES

The major components of income tax expense include the following:

For the years ended December 31 *(Thousands)*	**2017**	2016
Current income tax expenses	**$ 14,745**	$ 13,588
Deferred tax recovery	**5,314**	8,806
Total income tax expense	**$ 20,059**	$ 22,394

The Partnership's effective tax rate is different from the Partnership's statutory income tax rate for the years ended December 31 due to the differences set out below:

For the years ended December 31 *(Thousands)*	**2017**	2016
Statutory income tax rate	**26.5%**	26.5%
Income tax expense at statutory rate	**$ 26,538**	$ 28,653
Increases (reductions) in income tax expense resulting from:		
Non-taxable dividends	**(15,107)**	(12,008)
Income subject to different tax rates	**17,160**	(3,768)
Non-deductible expenses	**6,227**	7,541
Other	**(14,759)**	1,976
Income tax expense	**$ 20,059**	$ 22,394

Deferred income tax assets and liabilities as at December 31 relate to the following:

As at *(Thousands)*	**Dec. 31, 2017**	Dec. 31, 2016
Non-capital losses	**$ 4,224**	$ 3,214
Difference in basis	**(472,264)**	(343,684)
Total net deferred tax assets (liabilities)	**(468,040)**	(340,470)
Deferred tax assets	**4,224**	3,214
Deferred income tax liabilities	**(472,264)**	(343,684)
Total net deferred tax assets (liabilities)	**(468,040)**	(340,470)

The movements of deferred income tax balances are as follows:

		Recognized in			
(Thousands)	Dec. 31, 2016	Income	Equity	OCI	Dec. 31, 2017
Deferred tax assets related to non-capital losses	$ 3,214	$ (5)	$ —	$ 1,015	$ 4,224
Deferred liabilities related to differences in tax and book basis, net	(343,684)	(5,309)	—	(123,271)	(472,264)
	$ (340,470)	$ (5,314)	$ —	$ (122,256)	$ (468,040)

		Recognized in			
(Thousands)	Dec. 31, 2015	Income	Equity	OCI	Dec. 31, 2016
Deferred tax assets related to non-capital losses	$ 2,671	$ 448	$ —	$ 95	$ 3,214
Deferred liabilities related to differences in tax and book basis, net	(309,129)	(9,254)	—	(25,301)	(343,684)
	$ (306,458)	$ (8,806)	$ —	$ (25,206)	$ (340,470)

The Partnership has deferred tax assets of $6 million (December 31, 2016 – $3 million) related to non-capital losses that expire after 2030. The deferred tax assets and liabilities are through consolidation from the Partnerships subsidiaries.

9. RELATED-PARTY TRANSACTIONS

Brookfield entities provides certain management and financial services to the Company for which the Partnership paid less than $1 million for the year ended December 31, 2017 (2016 – less than $1 million).

10. RISK MANAGMENT

The Partnership's activities expose it to a variety of financial risks, including credit risk, market risk (i.e., foreign currency risk, interest rate risk, and market price risk), and liquidity risk. The following are risk factors relating to an investment in the units of the Partnership.

Credit Risk

The Partnership has no material counterparty risk as at December 31, 2017 and 2016, due to all counterparties being large financial institutions dealing with the Partnerships prime brokerage accounts as well as derivative assets and liabilities.

Market Risk

(a) Foreign Currency Risk

A significant portion of the investments at fair value may be comprised of non-U.S. Dollar denominated securities which, along with the Canadian dollar preferred shares, the Company opportunistically looks to hedge. The use of hedges through derivative transactions involves special risks, including the possible default by the other party to the transaction, illiquidity and the risk that the use of hedges could result in losses greater than if hedging had not been used. The hedging arrangements may have the effect of limiting or reducing total returns of the Company in circumstances where foreign currencies appreciate in value more than the U.S. Dollar over the relevant period. To the extent that portions of the Portfolio are not hedged in circumstances where the U.S. Dollar appreciates more than foreign currencies, the returns to the Company may be adversely impacted. As at December 31, 2017, an appreciation (depreciation) of $0.01 in the United States dollar relative to other currencies, all else being equal, will decrease (increase) the Company's results of investment operations by $11 million.

The following table summarizes the Company's exposure to currency risks:

As at December 31, 2017 (Thousands)	Investments at fair value	Cash	Other Net Assets	Foreign Currency Contracts	Total	Net Asset %
U.S. Dollar	$ 4,287,179	$ 27,267	$ (50,172)	$ —	$ 4,264,274	125.84
Canadian Dollar	114,548	1,793	(1,029,395)	(274)	(913,328)	(26.95)
Swiss Franc	19,545	20	(9,545)	(122)	9,898	0.29
British Pound	34,452	721	(117)	(1,304)	33,752	1.00
Danish Krone	—	—	877	—	877	0.03
Euro	32,174	—	(38,105)	(1,058)	(6,989)	(0.21)
Total Net Assets	$ 4,487,898	$ 29,801	$ (1,126,457)	$ (2,758)	$ 3,388,484	100.00

(b) Interest Rate Risk

The Partnership's preference LP units are fixed rate and the Partnership has negligible floating rate assets or liabilities. Accordingly, changes in the interest rates do not have an impact on net income or other comprehensive income.

(c) Market Price Risk

The value of the Class A Shares and the Partnership's other securities are exposed to variability in fair value due to movements in equity prices. As a result, the fair value of the Partnership's investment portfolio may vary from time to time. The Partnership records these investments at fair value. For the year ended December 31, 2017, a 1% increase (decrease) in the market price of Brookfield, all else being equal, would increase (decrease) the carrying value of this investment by $37 million (2016 – $28 million), which would have resulted in an increase (decrease) to other comprehensive income of $37 million (2016 – $28 million) on a pre-tax basis.

Liquidity Risk

The Partnership's preference LP units expose the Partnership to liquidity risk to fund retractions and redemptions as well as dividend and interest obligations. The Partnership endeavors to maintain dividend income within the subsidiary that issued the preference LP units 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 financings and proceeds from the sale of securities.

The Company's contractual obligations as of December 31, 2017 are as follows:

	Payment Due by Period				
(Thousands)	**Total**	**Less Than 1 Year**	**2-3 Years**	**4-5 Years**	**After 5 Years**
Preferred shares					
Partners Value Split Class AA, Series 3[1]	**$ 151,725**	**$ —**	**$ 151,725**	**$ —**	**$ —**
Partners Value Split Class AA, Series 6[1]	**158,861**	**—**	**—**	**158,861**	**—**
Partners Value Split Class AA, Series 7[1]	**79,530**	**—**	**—**	**79,530**	**—**
Partners Value Split Class AA, Series 8[1]	**119,295**	**—**	**—**	**—**	**119,295**
Global Champions Class A, Series 1[2]	**39,765**	**—**	**39,765**	**—**	**—**
Global Resource Champions Class A, Series 1[3]	**35,789**	**—**	**—**	**—**	**35,789**
	$ 584,965	**$ —**	**$ 191,490**	**$ 238,391**	**$ 155,084**
Interest Expense					
Partners Value Split Class AA, Series 3[1]	**$ 7,480**	**$ 6,601**	**$ 879**	**$ —**	**$ —**
Partners Value Split Class AA, Series 6[1]	**26,809**	**7,149**	**14,298**	**5,362**	**—**
Partners Value Split Class AA, Series 7[1]	**20,777**	**4,374**	**8,748**	**7,655**	**—**
Partners Value Split Class AA, Series 8[1]	**38,651**	**5,726**	**11,452**	**11,452**	**10,021**
Global Champions Class A, Series 1[2]	**2,386**	**1,591**	**795**	**—**	**—**
Global Resource Champions Class A, Series 1[3]	**12,303**	**2,237**	**4,474**	**4,474**	**1,118**
	$ 108,406	**$ 27,678**	**$ 40,646**	**$ 28,943**	**$ 11,139**

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.*

2 *Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures due 2019.*

Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures due 2023.

The Company's contractual obligations as of December 31, 2016 are as follows:

(Thousands)	Total	Less Than 1 Year	2-3 Years	4-5 Years	After 5 Years
	Payment Due by Period				
Preferred shares					
Partners Value Split Class AA, Series 3[1]	$ 141,937	$ —	$ 141,937	$ —	$ —
Partners Value Split Class AA, Series 5[1]	92,980	92,980	—	—	—
Partners Value Split Class AA, Series 6[1]	148,612	—	—	148,612	—
Partners Value Split Class AA, Series 7[1]	74,399	—	—	—	74,399
Global Champions Class A, Series 1[2]	37,194	—	37,194	—	—
Global Resource Champions Class A, Series 1[3]	33,475	—	—	—	33,475
	$ 528,597	$ 92,280	$ 179,131	$ 148,612	$ 107,874
Interest Expense					
Partners Value Split Class AA, Series 3[1]	$ 13,042	$ 6,174	$ 6,868	$ —	$ —
Partners Value Split Class AA, Series 5[1]	4,633	4,633	—	—	—
Partners Value Split Class AA, Series 6[1]	32,463	6,688	13,375	12,400	—
Partners Value Split Class AA, Series 7[1]	24,213	4,092	8,184	8,184	3,753
Global Champions Class A, Series 1[2]	4,469	1,730	2,739	—	—
Global Resource Champions Class A, Series 1[3]	15,268	2,349	4,698	4,698	3,523
	$ 94,088	$ 25,666	$ 35,864	$ 25,282	$ 7,276

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.*

2 *Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures due 2019.*

3 *Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures due 2023.*

The maturity date of other accounts payable balances is less than 1 year.

11. ACCOUNTS RECEIVABLE, OTHER ASSETS, ACCOUNTS PAYABLE, AND OTHER LIABILITIES

Accounts receivable and other assets consists of the following:

As at December 31 *(Thousands)*	**December 31, 2017**	December 31, 2016
Derivative assets	**$ 5,767**	$ 5,908
Investment income receivable and other	**676**	14,973
	$ 6,443	$ 20,881

Accounts payable and other liabilities consists of the following:

As at December 31 *(Thousands)*	**December 31, 2017**	December 31, 2016
Derivative liabilities	**$ 21,120**	$ 19,970
Borrowings	**50,847**	86,673
Taxes payable	**11,712**	3,256
Other	**25,065**	9,049
	$ 108,744	$ 118,948

The borrowings of the Partnership consist of prime brokerage loan accounts with third party financial institutions pursuant to which it has pledged marketable securities as collateral.

12. EQUITY ACCOUNTED INVESTMENTS

The Partnership has a 14.2% equity interest in Trisura Group Ltd. ("TSU") and a management services agreement in place resulting in an officer of the Partnership also acting in the capacity of the Chief Investment Officer of TSU and directly impacting the decisions and profitability of the entity; as a result, the Partnership exercises significant influence over TSU. As such, the company records its proportionate share of the investee's income as income from equity accounted investment in the consolidated statement of operations. The excess above the cost to acquire the ownership interest in TSU above the fair market value of the net identifiable assets of TSU, at the point where significant influence was established, is recognized as goodwill. TSU is considered a related party to the Partnership.

13. WARRANTS

A subsidiary of the Partnership, PVII has warrants outstanding which were issued as part of the capital reorganization in 2016. The warrants have an exercise price of Canadian $32.45 and five warrants may be exchanged for one non-voting exchangeable share, which are convertible into Equity LP units of the Partnership at the option of the holder. The holders of the warrants have a provision which allows unitholders to use their Preferred LP units as currency in lieu of cash to fund all or any part of the payment of the exercise price of the warrants. For this purpose, the value attributed to each Preferred LP Units will be equal to US$25.00 per Preferred LP unit plus any declared and unpaid distributions. The warrants expire on December 31, 2026. As at December 31, 2017, there are 73,543,831 (December 31, 2016 – 73,543,831) warrants outstanding.

14. CAPITAL MANAGEMENT

As at December 31, 2017, the capital base managed by the Partnership consisted of equity with a carrying value of $3.4 billion (December 31, 2016 – $2.5 billion) and $576 million (December 31, 2016 – $521 million) of retractable fixed rate preferred shares issued by its subsidiaries. The Partnership has complied with all covenants, which are limited, and is not subject to any externally imposed capital requirements.

15. INVESTMENT VALUATION GAINS (LOSSES)

Investment Valuation Gains consists of realized gains of $45 million (2016 - $52 million) and unrealized gains of $42 million (2016 - $21 million).

CORPORATE INFORMATION

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Corporate Director

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Chief Financial Officer
Brookfield Asset Management Inc.

George E. Myhal
President and Chief Executive Officer
Partners Value Investments Inc.

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

Ralph Zarboni[1,2]
Corporate Director

Edward C. Kress
Corporate Director

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

OFFICERS

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President and Chief Executive Officer

David J. Clare
Vice President

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EXCHANGE LISTING

TSX Venture Exchange Stock Symbols:

Equity LP units	PVF.UN
Preferred LP units	PVF.PR.U
PVI warrants	PVF.WT

PARTNERS VALUE INVESTMENTS LP