



INTERIM REPORT TO SHAREHOLDERS

2016 Q1 | FOR THE PERIOD ENDED MARCH 31, 2016

Partners Value Investments Inc. (the “Company”) recorded an increase in net book value during the first quarter of \$134 million (\$1.82 per share) to \$3,262 million (\$44.34 per share). The increase is primarily due to increases in investment income earned and the quoted market prices of the Company’s long-term investment portfolio in addition to positive gains in foreign currency.

Net income for the quarter was \$29 million, or \$0.39 per share, up from \$12 million, or \$0.17 per share, in the prior year quarter. This increase was largely due to higher investment income and foreign exchange gains.

On April 25, 2016, the Company announced a proposed capital reorganization by way of a plan of arrangement under Ontario law. The reorganization will result in shareholders of the Company owning a limited partnership interest in a new Ontario limited partnership, Partners Value Investments LP (“PVL”), and the Company will become a wholly-owned subsidiary of PVL. Under the reorganization, all of the issued and outstanding common shares (“Common Shares”) and non-voting shares (“Non-Voting Shares” and together with the Common Shares, the “Shares”) of the Company will be exchanged for one equity limited partnership unit of PVL (“Equity LP Units”) and 0.2719 Class A Preferred LP Units, Series 1 of PVL (“Series 1 Preferred LP Units”).

The benefits to shareholders of the proposed reorganization include:

- The potential for shareholders to receive a cash return on their investment through the quarterly distribution that is expected to be paid on the Series 1 Preferred LP Units. The anticipated annual distribution, which is expected to be approximately US\$22.5 million per year, is the equivalent of US\$0.31 for each existing Common Share;
- If an existing shareholder sells their Series 1 Preferred LP Units at par to acquire additional Equity LP Units following the reorganization, an investment in one Common Share today would provide an effective investment in 1.59 shares of Brookfield Asset Management post-reorganization, up from 1.17 previously;
- The issuance of Warrants by the Company will enable Warrant holders to acquire an additional equity investment in PVL in the future, providing further participation in increases in value of the Company. In addition, the Company will potentially receive a premium to the current market price when these warrants are ultimately exercised by their holders within 10 years’ time, providing additional capital resources; and
- The conversion to a limited partnership will enable the Company to optimize its tax affairs and allow distributions to be made to investors without incurring multiple layers of tax.

The proposed capital reorganization was voted on at the Annual Shareholders Meeting of the Company held on May 26, 2016. The proposal was approved at the meeting. The reorganization is expected to occur during the second quarter of 2016.

On behalf of the Board,

A handwritten signature in black ink, appearing to read 'G. Myhal'.

George E. Myhal
President and Chief Executive Officer
May 30, 2015

STATEMENT OF FINANCIAL POSITION

The information in the following table has been extracted from the consolidated financial statements of the Company:

As at (Thousands, except per share amounts)	March 31, 2016	December 31, 2015
Assets		
Cash and cash equivalents	\$ 60,092	\$ 127,467
Investments		
Brookfield Asset Management Inc. ¹	3,877,349	3,746,873
Other securities	600,754	619,363
Accounts receivable and other assets	14,146	8,169
	<u>\$ 4,552,341</u>	<u>\$ 4,501,872</u>
Liabilities and Shareholders' Equity		
Accounts payable and other liabilities	\$ 188,564	\$ 243,527
Preferred shares ²	655,446	706,258
Deferred taxes ³	446,619	424,107
	<u>1,290,629</u>	<u>1,373,892</u>
Shareholders' Equity		
Common equity	3,261,712	3,127,980
	<u>\$ 4,552,341</u>	<u>\$ 4,501,872</u>
Net Book Value Per Common Share^{4,5}	<u>\$ 44.34</u>	<u>\$ 42.52</u>

1 The investment in Brookfield Asset Management Inc. consists of 86 million Brookfield shares with a quoted market value of \$45.17 per share as at March 31, 2016 (December 31, 2015 – \$43.65).

2 Represents \$666 million of retractable preferred shares less \$11 million of unamortized issue costs as at March 31, 2016 (December 31, 2015 – \$717 million less \$11 million).

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

4 As at March 31, 2016, there were 73,546,897 (December 31, 2015 – 73,546,898) voting and non-voting common shares of the Company issued and outstanding on a fully diluted basis.

5 Net book value per common share is a non-IFRS measure.

CHANGE IN NET BOOK VALUE

	2016		2015	
For the three months ended March 31 (Thousands, except per share amounts)	Total	Per Share	Total	Per Share
Net book value, beginning of period ¹	\$ 3,127,980	\$ 42.52	\$ 2,759,067	\$ 37.51
Net income ²	28,763	0.39	12,145	0.17
Other comprehensive income ²	104,969	1.43	500,250	6.80
Net book value, end of period ^{1,3}	<u>\$ 3,261,712</u>	<u>\$ 44.34</u>	<u>\$ 3,271,462</u>	<u>\$ 44.48</u>

1 Net book value per common share is non-IFRS measure.

2 The weighted average number of common shares outstanding during the three months ended March 31, 2016 was 73,546,899 (2015 – 74,206,510).

3 As at March 31, 2016, there were 73,546,897 (December 31, 2015 – 73,546,898) voting and non-voting common shares of the Company issued and outstanding on a fully diluted basis.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW

Partners Value Investments Inc. (the "Company") is an investment company whose principal investment is an ownership interest in 86 million Class A Limited Voting Shares ("Brookfield shares") of Brookfield Asset Management Inc. ("Brookfield").

The Company's objective is to provide its common shareholders with capital appreciation as opposed to 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.

The Company's investment in Brookfield is owned directly and indirectly through Partners Value Split Corp. ("Partners Value Split"), a public subsidiary in which the Company owns 100% of the common equity. Partners Value Split has publicly listed retractable preferred shares of which \$616 million were outstanding at March 31, 2016.

The Company also holds a portfolio of other securities including: a 90% interest in the Brookfield New Horizons Income Fund ("New Horizons"), a publicly listed fund which invests in high-yielding debt and equity securities; a 100% interest in Global Champions Split Corp. ("Global Champions"), which owns a diversified portfolio of large capitalization companies; investments in limited partnership units of Brookfield Infrastructure Partners and Brookfield Property Partners; and other securities. Global Champions has publicly listed retractable preferred shares of which \$50 million were outstanding at March 31, 2016.

Additional information on the Company and its public subsidiaries, including the Company's Annual Information Form, is available on SEDAR's web site at www.sedar.com.

RESULTS OF OPERATIONS

The Company generated net income of \$29 million (\$0.39 per common share) for the three months ended March 31, 2016 compared to a net income of \$12 million (\$0.17 per common share) in the prior year quarter. The increase in net income was primarily due to a 42% increase in investment income and foreign currency appreciation during the quarter.

During the first quarter, the Company's net book value increased by \$1.82 per share to \$44.34 per share due to the increases in the market value of the Company's long-term investment portfolio.

The following table presents the details of the Company's net income for the three months ended March 31:

<i>For the period ended March 31 (Thousands)</i>	2016	2015
Investment Income:		
Dividends	\$ 20,117	\$ 15,393
Other investment income	1,856	60
	21,973	15,453
Expenses:		
Operating expenses	(1,622)	(873)
Financing costs	(123)	(13)
Retractable preferred share dividends	(8,552)	(6,977)
	11,676	7,590
Other items:		
Investment valuation gains	331	4,842
Amortization of deferred financing costs	(571)	(456)
Change in value of fund unit liability	557	(331)
Income taxes	(9,097)	(677)
Foreign currency gains	25,867	1,177
Net income	\$ 28,763	\$ 12,145

Investment Income

Investment income consists of the following for the periods ended March 31:

<i>(Thousands)</i>	2016	2015
Dividends:		
Brookfield Asset Management Inc.	\$ 15,091	\$ 11,956
Other securities	5,026	3,437
Other investment income	1,856	60
	<u>\$ 21,973</u>	<u>\$ 15,453</u>

The Company received dividend income of \$15 million (2015 – \$12 million) from its investment in Brookfield and \$5 million (2015 – \$3 million) from its other securities investments during the three months ended March 31, 2016. Brookfield had increased its dividend and paid a US\$0.13 per share (2015 – US\$0.11 per share) dividend during the quarter. Other investment income includes interest income earned on our fixed-income securities.

Preferred Share Dividends

The Company paid \$9 million (2015 – \$7 million) of dividends on the retractable preferred shares during the three months ended March 31, 2016.

Operating Expenses

The Company recorded \$1.6 million (2015 – \$0.8 million) of operating expenses during the three months ended March 31, 2016. The increase in operating expenses is related to the hiring of additional investment analysts and costs associated with an increase in the investment activities and operations of the Company.

Investment Valuation Gains (Losses)

Investment valuation gains (losses) includes unrealized gains and losses on the Company's investments classified as fair value through profit and loss along with certain non-foreign currency derivatives. It also includes realized gains and losses on the disposition of the Company's investments. This balance will fluctuate depending on the Company's investment activities and performance. The valuation gains incurred during the quarter were due to realized gains on the disposition of investments which were partially offset by declines in market value on the Company's investments.

Amortization of Deferred Financing Costs

The amortization of deferred financing costs associated with preferred shares issued by the Company's subsidiaries resulted in a charge against income of \$0.6 million (2015 – \$0.5 million) during the three months ended March 31, 2016.

Income Taxes

The Company recorded an income tax expense of \$9 million (2015 – \$1 million expense) during the three months ended March 31, 2016. The higher expense in the current quarter is a product of higher investment income and incurring a deferred tax expense whereas the prior year had a deferred tax recovery.

Foreign Currency Gains

Foreign currency gains represents gains and losses arising from the translation of non-Canadian dollar transactions. These amounts are partially offset by the realized and unrealized changes in the value of the Company's foreign currency derivatives.

FINANCIAL POSITION

The Company's total assets were \$4.6 billion at March 31, 2016 (December 31, 2015 – \$4.5 billion) and consist primarily of its \$3.9 billion investment in 86 million Brookfield shares (December 31, 2015 – \$3.7 billion). The market price of a Brookfield share increased from \$43.65 per share at December 31, 2015 to \$45.17 at March 31, 2016.

Investment Portfolio

As at (Thousands)	Number of Shares		Fair Value	
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2016	Dec. 31, 2015
Brookfield Asset Management Inc.	85,839	85,839	\$ 3,877,349	\$ 3,746,873
Other securities:				
Brookfield Infrastructure Partners L.P.	2,219	2,219	121,338	116,213
Brookfield Property Partners L.P.	3,613	3,613	108,367	116,425
New Horizons portfolio	various	various	89,062	94,749
Global Champions portfolio	various	various	143,973	148,822
Other publicly-traded securities	various	various	138,014	143,154
			<u>\$ 600,754</u>	<u>\$ 619,363</u>

Brookfield Asset Management Inc.

Brookfield is a global alternative asset manager focused on real estate, infrastructure, power and private equity with over \$225 billion of assets under management and is inter-listed on the New York, Toronto and NYSE Euronext stock exchanges. Further information on Brookfield can be found on Brookfield's web site at www.brookfield.com.

Other Securities

The Company holds an investment in Brookfield Infrastructure Partners consisting of 2.2 million (December 31, 2015 – 2.2 million) limited partnership units with a fair value of \$121 million at March 31, 2016 (December 31, 2015 – \$116 million). Brookfield Infrastructure Partners owns and operates utility, transport, energy and communication businesses in North and South America, Australasia, and Europe and is inter-listed on the New York and Toronto stock exchanges. Further information on Brookfield Infrastructure Partners can be found on their web site at www.brookfieldinfrastructure.com.

The Company holds an investment in Brookfield Property Partners consisting of 3.6 million (December 31, 2015 – 3.6 million) limited partnership units with a fair value of \$108 million at March 31, 2016 (December 31, 2015 – \$116 million). Brookfield Property Partners is a global commercial property company that owns, operates and invests in best-in-class office, retail, multifamily and industrial assets and is inter-listed on the New York and Toronto stock exchanges. Further information on Brookfield Property Partners can be found on their web site at www.brookfieldpropertypartners.com.

New Horizons, a public subsidiary which invests in high yield securities and in which the Company owns 90% of the common equity, has a portfolio of higher-yielding debt and equity securities with a fair value of \$89 million at March 31, 2016 (December 31, 2015 – \$95 million).

Global Champions, a public subsidiary which invests in a diversified portfolio of large capitalization companies and in which the Company owns 100% of the common equity, has a portfolio of securities with a fair value of \$144 million as at March 31, 2016 (December 31, 2015 – \$149 million).

The Company has a portfolio of other publicly traded securities, consisting of public equity and fixed-income securities, with a fair value of \$138 million at March 31, 2016 (December 31, 2015 – \$143 million).

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. The potential tax liability increased during the nine months ended March 31, 2016, principally due to the increase in the market value of the Brookfield shares.

Shareholders' Equity

As at March 31, 2016, shareholders' equity consisted of 73,546,897 (December 31, 2015 – 73,546,898) voting and non-voting common shares and had a book value of \$3.3 billion compared to \$3.1 billion at December 31, 2015. The increase is primarily the result of a higher market value of the Brookfield shares, whose share price increased from \$43.65 at December 31, 2015 to \$45.17 at March 31, 2016.

Preferred Shares

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

As at (Thousands)	Issued and Outstanding		Book Value	
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2016	Dec. 31, 2015
Partners Value Split				
— 4.95% Class AA, Series 1	March 25, 2016	\$ —	\$ 2,055	\$ —
7,631,000 4.35% Class AA, Series 3	January 10, 2019	7,631	7,631	190,777
4,999,000 4.85% Class AA, Series 5	December 10, 2017	4,999	4,999	124,975
7,990,000 4.50% Class AA, Series 6	October 8, 2021	7,990	7,990	199,750
4,000,000 5.50% Class AA, Series 7	October 31, 2022	4,000	4,000	100,000
Global Champions				
2,000,000 4.00% Class A, Series 1	July 31, 2019	2,000	2,000	50,000
			665,502	716,888
Deferred financing costs ¹			(10,056)	(10,630)
			<u>\$ 655,446</u>	<u>\$ 706,258</u>

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

LIQUIDITY AND CAPITAL RESOURCES

The Company holds cash and cash equivalents totalling \$60 million and investments of \$4,478 million as at March 31, 2016 (December 31, 2015 – \$127 million and \$4,366 million). The company has operating cash requirements of \$31 million in scheduled dividend payments on its \$666 million preferred shares issued by Partners Value Split and Global Champions which are less than the expected regular distributions expected to be received on the Brookfield and other securities held by the Company. The Company believes it has sufficient liquid assets, operating cash flow and financing alternatives to meet its obligations.

BUSINESS ENVIRONMENT AND RISKS

The Company'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 common shares of the Company.

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 Company. The value of these investments may be influenced by factors not within the control of the Company, 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 Company 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 Company will have a material adverse effect on the common shares of the Company. In addition, the Company 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 Company and the dependency of the future value of the common shares on the value of the Brookfield shares.

Foreign Currency Exposure

The Company's investment in Brookfield and certain of its other investments are functionally United States dollar investments. Accordingly, the value of these assets may vary from time to time with fluctuations in the exchange rate between Canadian and United States dollars. In addition, these investments pay distributions and interest in United States dollars. Strengthening of the Canadian dollar relative to the United States dollar could decrease the amount of cash available to the Company.

Leverage

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

Liquidity

The Company's liquidity requirements are typically limited to funding interest and dividend obligations on outstanding financial obligations.

Holders of the Company's retractable preferred shares issued by the Company's subsidiaries have the ability to retract their shares. The Class AA, Series I Preferred shares issued by Partners Value Split are retractable for cash, whereas debentures, as opposed to cash, can be issued to settle retractions of the Class AA, Series III; Class AA, Series V; and Class AA, Series VI; preferred shares, respectively.

The Company maintains financial assets and credit facilities to fund liquidity requirements in the normal course, in addition to its investment in Brookfield shares. The Company'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 common shares. The Company'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 Company 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 Company for the Brookfield shares sold.

No Ownership Interest

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

Contractual Obligations

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

(Thousands)	Payment Due By Period				
	Total	Less than 1 year	2-3 years	4-5 years	After 5 years
Retractable preferred shares:					
Partners Value Split:					
Class AA, Series 3 ¹	\$ 190,777	\$ —	\$ 190,777	\$ —	\$ —
Class AA, Series 5 ¹	124,975	—	124,975	—	—
Class AA, Series 6 ¹	199,750	—	—	—	199,750
Class AA, Series 7 ¹	100,000	—	—	—	100,000
Global Champions:					
Class A, Series 1 ²	50,000	—	—	50,000	—
Interest expense related to:					
Partners Value Split:					
Class AA, Series 3 ¹	\$ 23,754	\$ 8,299	\$ 15,455	\$ —	\$ —
Class AA, Series 5 ¹	10,773	6,061	4,712	—	—
Class AA, Series 6 ¹	50,376	8,989	17,978	17,978	5,431
Class AA, Series 7 ¹	36,669	5,500	11,000	11,000	9,169
Global Champions:					
Class A, Series 1 ²	7,170	2,000	4,000	1,170	—

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, 2017, 2021 and 2022 for the Series 3, 5, 6 and 7, 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.

SUMMARY OF FINANCIAL INFORMATION

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

As at and for the (Thousands, except per share amounts)	Three months ended March 31		Years Ended December 31		
	2016	2015	2015	2014	2013
Net income (loss)	\$ 28,763	\$ 12,145	\$ (22,209)	\$ 26,598	\$ 32,554
Net income (loss) per common share	0.39	0.17	(0.30)	0.36	0.44
Total assets	4,552,341	4,363,467	4,501,872	3,770,548	2,672,262
Total long-term liabilities	1,102,065	1,077,052	1,130,365	1,001,604	785,511

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

(Thousands, except per share amounts)	2016		2015			2014		
	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Net income (loss)	\$ 28,763	\$ (1,372)	\$ (34,939)	\$ 1,957	\$ 12,145	\$ (7,554)	\$ 1,222	\$ 18,219
Net income (loss) per common share	0.39	(0.02)	(0.47)	0.02	0.17	(0.10)	0.10	0.25

Net income includes dividends and interest on the Company's investment portfolio, in addition to valuation gains and losses relating to the Global Champions and the New Horizons portfolio, and fluctuates accordingly with changes in the U.S. dollar relative to the Canadian dollar on dividends earned on U.S. dollar and other foreign currencies investments in addition to changes in 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 Company's investments and increases in the dividend income earned from its investments.

RELATED-PARTY TRANSACTIONS

Brookfield entities provides certain management and financial services to the Company and recovered costs of \$25 thousand for the three months ended March 31, 2016 (March 31, 2015 – \$25 thousand).

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 Company 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 Company 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 Company 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 Vice President, Finance of the Company evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in "National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings") as at March 31, 2016, 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 period ended March 31, 2016, 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.

CAPITAL REORGANIZATION

On April 25, 2016, the Company announced a proposed capital reorganization by way of a plan of arrangement under Ontario law. The reorganization will result in shareholders of the Company owning a limited partnership interest in a new Ontario limited partnership, Partners Value Investments LP ("PVLVP"), and the Company will become a wholly-owned subsidiary of PVLVP. Under the reorganization, all of the issued and outstanding common shares ("Common Shares") and non-voting shares ("Non-Voting Shares" and together with the Common Shares, the "Shares") of the Company will be exchanged for one equity limited partnership unit of PVLVP ("Equity LP Units") and 0.2719 Class A Preferred LP Units, Series 1 of PVLVP ("Series 1 Preferred LP Units").

The proposed capital reorganization was voted on at the Annual Shareholders Meeting of the Company held on May 26, 2016. The proposal was approved at the meeting. The reorganization is expected to occur during the second quarter of 2016.

LAUNCH OF GLOBAL RESOURCE CHAMPIONS SPLIT CORP.

On May 6, 2016, the Company acquired all 1,800,000 capital shares of Global Resource Champions Split Corp. ("Global Resource Champions") as part of the initial launch of Global Resource Champions for approximately \$55 million of consideration. Concurrent with the issuance of capital shares, Global Resource Champions completed an initial public offering of 1,800,000 Class A Preferred Shares, Series 1 for gross proceeds of \$45 million, or \$25.00 per share. The Company will consolidate the results of results of Global Resource Champions from the date of acquisition.

Global Resource Champions owns a \$100 million investment portfolio comprised of common equity investments in companies that share the following common characteristics: they are all leading resource companies, have large market capitalizations and pay significant common share dividends.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditor has not reviewed these financial statements.



George E. Myhal
President and Chief Executive Officer
May 30, 2016

FORWARD-LOOKING INFORMATION

This interim report contains “forward-looking information” and “forward-looking statements” within the meaning of Canadian provincial securities laws and 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 the Company and its subsidiaries, 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 we believe that our 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 our control, which may cause the actual results, performance or achievements of the Company 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. and its affiliated entities, general economic conditions; the behavior of financial markets, including fluctuations in interest and foreign exchanges rates; limitations on the liquidity of our investments; the state of 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; risks associated with the use of financial leverage and other risks and factors detailed from time to time in our documents filed with the securities regulators in Canada.

We caution that the foregoing list of important factors that may affect future results is not exhaustive. When relying on our 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 Company undertakes no obligation to publicly update or revise any forward-looking statements or information, whether written or oral, that may be as a result of new information, future events or otherwise.

CAUTIONARY STATEMENT REGARDING THE USE OF NON-IFRS ACCOUNTING MEASURES

This interim report makes reference to net income for common shareholders and net book value per common share, and provides a full reconciliation between these measures and net income and total assets, respectively, which the Company considers to be the most directly comparable measures calculated in accordance with IFRS.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>As at</i> <i>(Thousands)</i>	Note	<i>(unaudited)</i> March 31, 2016	<i>(audited)</i> December 31, 2015
Assets			
Cash and cash equivalents		\$ 60,092	\$ 127,467
Accounts receivable and other assets		14,146	8,169
Brookfield Asset Management Inc.	3	3,877,349	3,746,873
Other securities	3	600,754	619,363
		<u>\$ 4,552,341</u>	<u>\$ 4,501,872</u>
Liabilities			
Accounts payable and other liabilities	9	\$ 188,564	\$ 243,527
Preferred shares	5	655,446	706,258
Deferred taxes		446,619	424,107
		<u>1,290,629</u>	<u>1,373,892</u>
Shareholders' Equity			
Common equity	6	3,261,712	3,127,980
		<u>\$ 4,552,341</u>	<u>\$ 4,501,872</u>

CONSOLIDATED STATEMENTS OF OPERATIONS

(unaudited)
For the three months ended March 31
(Thousands, except per share amounts)

	2016	2015
Investment Income		
Dividends	\$ 20,117	\$ 15,393
Other investment income	1,856	60
	<u>21,973</u>	<u>15,453</u>
Expenses		
Operating	(1,622)	(873)
Financing costs	(123)	(13)
Retractable preferred share dividends	(8,552)	(6,977)
	<u>11,676</u>	<u>7,590</u>
Investment valuation gains	331	4,842
Amortization of deferred financing costs	(571)	(456)
Change in value of fund unit liability	557	(331)
Current taxes	(3,416)	(2,165)
Deferred taxes	(5,681)	1,488
Foreign currency gains	25,867	1,177
	<u></u>	<u></u>
Net income	<u>\$ 28,763</u>	<u>\$ 12,145</u>
Net income per common share (Note 7)	<u>\$ 0.39</u>	<u>\$ 0.17</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(unaudited)
For the three months ended March 31
(Thousands, except per share amounts)

	2016	2015
Net income	\$ 28,763	\$ 12,145
Items that may be reclassified to net income:		
Unrealized gains on available-for-sale securities	127,542	571,221
Foreign currency translation	(5,742)	5,434
Deferred income taxes	(16,831)	(76,405)
Other comprehensive income	<u>\$ 104,969</u>	<u>\$ 500,250</u>
Comprehensive income	<u>\$ 133,732</u>	<u>\$ 512,395</u>
Comprehensive income per common share	<u>\$ 1.82</u>	<u>\$ 6.97</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>(unaudited)</i> For the three months ended March 31, 2016 (Thousands)	Note	Common Shares	Retained Earnings	Accumulated Other Comprehensive Income	Common Equity
Balance, beginning of period		\$ 78,744	\$ 39,301	\$ 3,009,935	\$ 3,127,980
Net income		—	28,763	—	28,763
Other comprehensive income		—	—	104,969	104,969
Balance, end of period	6	<u>\$ 78,744</u>	<u>\$ 68,064</u>	<u>\$ 3,114,904</u>	<u>\$ 3,261,712</u>

<i>(unaudited)</i> For the three months ended March 31, 2015 (Thousands)	Note	Common Shares	Retained Earnings	Accumulated Other Comprehensive Income	Common Equity
Balance, beginning of period		\$ 78,744	\$ 61,510	\$ 2,618,813	\$ 2,759,067
Net income		—	12,145	—	12,145
Other comprehensive income		—	—	500,250	500,250
Balance, end of period	6	<u>\$ 78,744</u>	<u>\$ 73,655</u>	<u>\$ 3,119,063</u>	<u>\$ 3,271,462</u>

CONSOLIDATED STATEMENTS OF CASH FLOWS

(unaudited)

For the three months ended March 31

(Thousands)

	2016	2015
Cash flow from operating activities		
Net income	\$ 28,763	\$ 12,145
Add (deduct) non-cash items:		
Net investments valuation gains	(331)	(4,842)
Net unrealized foreign exchange (gains) losses	(24,266)	2,867
Amortization of deferred financing costs	571	456
Change in the value of fund unit liability	(557)	331
Deferred taxes	5,681	(1,488)
	9,861	9,469
Changes in working capital and foreign currency	1,666	174
	11,527	9,643
Cash flow used in investing activities		
Purchase of securities	(141,339)	—
Sale of securities	131,692	2,800
	(9,647)	2,800
Cash flow used in financing activities		
Preferred shares redeemed	(51,861)	—
Borrowings arranged	129,038	—
Borrowings repaid	(146,193)	—
Distribution to fund unit liability	(239)	(253)
	(69,255)	(253)
Cash and cash equivalents		
Change in cash	(67,375)	12,190
Balance, beginning of period	127,467	19,350
Balance, end of period	\$ 60,092	\$ 31,540

Supplemental Cash Flow Information

(unaudited)

For the three months ended March 31

(Thousands)

	2016	2015
Cash interest and dividends received	\$ 19,886	\$ 17,514
Retractable preferred share dividends paid	(8,552)	(6,977)
Income taxes paid	(2,829)	(2,157)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS OPERATIONS

Partners Value Investments Inc. (the “Company”) is an investment holding company incorporated under the laws of the province of Ontario. Its principal investment is a 9% equity ownership interest in Brookfield Asset Management Inc. (“Brookfield”). The consolidated financial statements include the accounts of the Company’s subsidiaries: 100% owned Partners Value Split Corp. (“Partners Value Split”) and Global Champions Split Corp. (“Global Champions”), and 90% owned subsidiary, New Horizons Income Fund (“New Horizons”). The Company was formed by articles of incorporation under the Business Corporations Act (Ontario) and is registered in Ontario, Canada. The registered office of the Company is Brookfield Place, 181 Bay Street, Suite 210, Toronto, Ontario, M5J 2T3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting on a basis consistent with the accounting policies disclosed in the audited consolidated financial statements for the fiscal year ended December 31, 2015.

The interim financial statements should be read in conjunction with the most recently issued Annual Report of the Company which includes information necessary or useful to understanding the Company’s businesses and financial statement presentation. In particular, the Company’s significant accounting policies were presented as Note 2 to the Consolidated Financial Statements for the fiscal year ended December 31, 2015 included in that report, and have been consistently applied in the preparation of these interim financial statements.

The interim financial statements are unaudited. The results reported in these interim consolidated financial statements should not be regarded as necessarily indicative of results that may be expected for the entire year.

These financial statements were authorized for issuance by the Board of Directors of the Company on May 26, 2016.

(b) 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 Company’s adoption of the IFRS 10 and IAS 28 amendments did not result in any material impact on its financial statements.

Presentation of Financial Statements

In December 2014, Disclosure Initiative was issued, which amends IAS 1, *Presentation of Financial Statements* (“IAS 1”). The amendments are designed to encourage entities to use professional judgment to determine what information to disclose in the financial statements and accompanying notes by clarifying the guidance on materiality, presentation, and note structure. The amendments also require separate disclosure of other comprehensive income attributable to joint ventures and associates, classified by nature. These amendments are effective for annual periods beginning on or after January 1, 2016. The Company’s adoption of the IAS 1 amendments did not result in any material impact on its financial statements.

(c) 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 Company has not yet determined the impact of IFRS 9 on its consolidated financial statements.

3. INVESTMENT PORTFOLIO

The Company's investment portfolio consists of the following:

As at (Thousands)	Classification ¹	Number of Shares/Units		Fair Value	
		Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2016	Dec. 31, 2015
Brookfield Asset Management Inc.	AFS	85,839	85,839	\$ 3,877,349	\$ 3,746,873
Other securities:					
Brookfield Infrastructure Partners L.P.	AFS	2,219	2,219	121,338	116,213
Brookfield Property Partners L.P.	AFS	3,613	3,613	108,367	116,425
New Horizons Portfolio	FVTPL	various	various	89,062	94,749
Global Champions portfolio	FVTPL	various	various	143,973	148,822
Other publicly-traded securities	FVTPL	various	various	138,014	143,154
				<u>\$ 600,754</u>	<u>\$ 619,363</u>

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.

Brookfield Asset Management Inc.

The Company owns 86 million (December 31, 2015 – 86 million) Class A Limited Voting Shares ("Brookfield shares") of Brookfield Asset Management Inc. ("Brookfield") at March 31, 2016, representing an 8.5% (December 31, 2015 – 8.5%) fully diluted equity interest.

Other Securities

The Company holds an investment in Brookfield Infrastructure Partners consisting of 2.2 million (December 31, 2015 – 2.2 million) limited partnership units with a fair value of \$121 million at March 31, 2016 (December 31, 2015 – \$116 million).

The Company has an investment in Brookfield Property Partners consisting of 3.6 million (December 31, 2015 – 3.6 million) limited partnership units with a fair value of \$108 million at March 31, 2016 (December 31, 2015 – \$116 million).

New Horizons, a public subsidiary which invests in high yield securities and in which the Company owns 90% of the common equity, has a portfolio of securities with a fair value of \$89 million at March 31, 2016 (December 31, 2015 – \$95 million).

Global Champions, a public subsidiary which invests in a diversified portfolio of large capitalization companies and in which the Company owns 100% of the common equity, has a portfolio of securities with a fair value of \$144 million at March 31, 2016 (December 31, 2015 – \$149 million).

The Company has a portfolio of other publicly traded securities, consisting of public equity and fixed-income securities, with a fair value of \$138 million at March 31, 2016 (December 31, 2015 - \$143 million).

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 that is deemed most appropriate.

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 Company's financial assets and liabilities measured at fair value consists of the following:

As at (Thousands)	March 31, 2016			Dec. 31, 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Brookfield Asset Management Inc.	\$ 3,877,349	\$ —	\$ —	\$ 3,746,873	\$ —	\$ —
Other securities	600,754	—	—	619,363	—	—
Derivatives assets ¹	—	11,922	—	—	5,880	—
Derivative liabilities ¹	—	(14,529)	—	—	(31,340)	—
	<u>\$ 4,478,103</u>	<u>\$ (2,607)</u>	<u>\$ —</u>	<u>\$ 4,366,236</u>	<u>\$ (25,460)</u>	<u>\$ —</u>

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

As at March 31, 2016, a cumulative pre-tax gain of \$3,593 million (December 31, 2015 – \$3,465 million) has been recognized for financial instruments classified as available-for-sale, over their historical cost amounts.

5. PREFERRED SHARES

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

As at (Thousands)	Issued and Outstanding		Book Value	
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2016	Dec. 31, 2015
Partners Value Split				
— 4.95% Class AA, Series 1	March 25, 2016	\$ —	\$ 2,055	\$ —
7,631,000 4.35% Class AA, Series 3	January 10, 2019	7,631	7,631	190,777
4,999,000 4.85% Class AA, Series 5	December 10, 2017	4,999	4,999	124,975
7,990,000 4.50% Class AA, Series 6	October 8, 2021	7,990	7,990	199,750
4,000,000 5.50% Class AA, Series 7	October 31, 2022	4,000	4,000	100,000
Global Champions				
2,000,000 4.00% Class A, Series 1	July 31, 2019	2,000	2,000	50,000
			665,502	716,888
Deferred financing costs ¹			(10,056)	(10,630)
			<u>\$ 655,446</u>	<u>\$ 706,258</u>

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

6. SHAREHOLDERS' EQUITY

Authorized

50,000,000 preferred shares, issuable in series.
An unlimited number of voting and non-voting common shares.

Issued and outstanding

As at (Thousands)	Shares Outstanding		Book Value	
	Mar. 31, 2016	Dec. 31, 2015	Mar. 31, 2016	Dec. 31, 2015
Common shares, voting and non-voting	73,547	73,547	\$ 78,744	\$ 78,744
Retained earnings			68,064	39,301
Accumulated other comprehensive income			3,114,904	3,009,935
			<u>\$ 3,261,712</u>	<u>\$ 3,127,980</u>

7. NET INCOME PER COMMON SHARE

Net income per common share is calculated based on the weighted average number of outstanding shares during the period. For the three months and nine months ended March 31, 2016, the weighed average number of outstanding shares were 73,546,897 (March 31, 2015 – 73,546,899) on a fully diluted basis.

8. RELATED-PARTY TRANSACTIONS

Brookfield entities provides certain management and financial services to the Company and recovered costs of \$25 thousand for the three months ended March 31, 2016 (March 31, 2015 – \$25 thousand).

9. ACCOUNTS PAYABLE AND OTHER LIABILITIES

The Company has a \$70 million revolving credit facility with a third party financial institution on which it had drawn \$62 million as at March 31, 2016 (December 31, 2015 – \$66). The Company also has a prime brokerage margin account with a third party financial institution for which it has traded on \$93 million of margin as at March 31, 2016 (December 31, 2015 - \$132 million). The balance of these two accounts are included within accounts payable and other.

10. SUBSEQUENT EVENTS

Capital Reorganization

On April 25, 2016, the Company announced a proposed capital reorganization by way of a plan of arrangement under Ontario law. The reorganization will result in shareholders of the Company owning a limited partnership interest in a new Ontario limited partnership, Partners Value Investments LP (“PVL”), and the Company will become a wholly-owned subsidiary of PVL. Under the reorganization, all of the issued and outstanding common shares (“Common Shares”) and non-voting shares (“Non-Voting Shares” and together with the Common Shares, the “Shares”) of the Company will be exchanged for one equity limited partnership unit of PVL (“Equity LP Units”) and 0.2719 Class A Preferred LP Units, Series 1 of PVL (“Series 1 Preferred LP Units”).

The proposed capital reorganization was voted on at the Annual Shareholders Meeting of the Company held on May 26, 2016. The proposal was approved at the meeting. The reorganization is expected to occur during the second quarter of 2016.

Launch of Global Resource Champions Split Corp.

On May 6, 2016, the Company acquired all 1,800,000 capital shares of Global Resource Champions Split Corp. (“Global Resource Champions”) as part of the initial launch of Global Resource Champions for approximately \$55 million of consideration. Concurrent with the issuance of capital shares, Global Resource Champions completed an initial public offering of 1,800,000 Class A Preferred Shares, Series 1 for gross proceeds of \$45 million, or \$25.00 per share. The Company will consolidate the results of results of Global Resource Champions from the date of acquisition.

Global Resource Champions owns a \$100 million investment portfolio comprised of common equity investments in companies that share the following common characteristics: they are all leading resource companies, have large market capitalizations and pay significant common share dividends.

CORPORATE INFORMATION

DIRECTORS

John P. Barratt^{1, 2}
Corporate Director

Edward C. Kress
Corporate Director

Brian D. Lawson
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 J. Zarboni^{1, 2}
President
Rossiter Ventures Corporation

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

OFFICERS

Frank N.C. Lochan
Chairman

George E. Myhal
President and Chief Executive Officer

Vu H. Nguyen
Vice President, Finance

Loretta M. Corso
Corporate Secretary

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EXCHANGE LISTING

TSX Venture Exchange
Stock Symbol: PVF

