Partners Value Investments Inc.

INTERIM REPORT TO SHAREHOLDERS

2016 Q2 | FOR THE PERIOD ENDED JUNE 30, 2016

Partners Value Investments Inc. (the "Company") recorded a decrease in net book value during the second quarter of $101 million ($1.38 per share) to $3,160 million ($42.96 per share). The decrease is primarily due to the decrease in the market value of our Brookfield investment.

Net income for the quarter was $39 million, or $0.53 per share, up from $2 million, or $0.02 per share, in the prior year quarter. This increase was largely due to higher investment income and valuation gains from our investment portfolio in addition to foreign exchange gains.

On April 25, 2016, the Company announced a proposed capital reorganization by way of a plan of arrangement under Ontario law which was voted on and approved at the Annual Shareholders Meeting of the Company held on May 26, 2016. The proposal was approved at the meeting. The implementation of the capital reorganization was completed and closed on July 4, 2016. Upon closing, all outstanding common and non-voting shares of the Company were exchanged for a combination of equity limited partnership units and preferred limited partnership units, and the common shares of the Company were de-listed from the TSX Venture Exchange. As of July 4, 2016, the Company is a wholly owned subsidiary of Partners Value Investments L.P. The Company will continue to be a reporting issuer as a wholly owned subsidiary of Partners Value Investments L.P.

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 began consolidating the 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 resource, or resource-related infrastructure companies that are market leaders, with strong balance sheets, exposure to low-cost resource properties, large market capitalizations and investment grade credit ratings.

During July 2016, the Company tendered its units in 90% New Horizons for redemption. After the redemption, the Company no longer holds an interest in New Horizons. The results of New Horizons will be consolidated up until the date of redemption.

On behalf of the Board,

George E. Myhal
President, Chief Executive Officer and Chairman
August 29, 2016

STATEMENT OF FINANCIAL POSITION

As at *(Thousands, except per share amounts)*	**June 30, 2016**	December 31, 2015
Assets		
Cash and cash equivalents	**$ 66,969**	$ 127,467
Investments		
Brookfield Asset Management Inc.[1]	**3,668,760**	3,746,873
Other securities	**739,290**	619,363
Accounts receivable and other assets	**29,844**	8,169
	$ 4,504,863	$ 4,501,872
Liabilities and shareholders' equity		
Accounts payable and other liabilities	**$ 215,704**	$ 243,527
Preferred shares[2]	**699,463**	706,258
Deferred taxes[3]	**429,260**	424,107
	1,344,427	1,373,892
Shareholders' equity		
Common equity	**3,160,436**	3,127,980
	$ 4,504,863	$ 4,501,872
Net book value per common share[4,5]	**$ 42.96**	$ 42.52

1 *The investment in Brookfield Asset Management Inc. consists of 86 million Brookfield shares with a quoted market value of $42.74 per share as at June 30, 2016 (December 31, 2015 – $43.65).*

2 *Represents $711 million of retractable preferred shares less $12 million of unamortized issue costs as at June 30, 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 June 30, 2016, there were 73,546,897 (December 31, 2015 – 73,546,897) 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

For the periods ended June 30 *(Thousands, except per share amounts)*	Three months ended		Six months ended	
	Total	Per Share	Total	Per Share
Net book value, beginning of period[1]	$ 3,261,712	$ 44.34	$ 3,127,980	$ 42.52
Net income[2]	39,067	0.53	67,830	0.92
Other comprehensive income[2]	(140,343)	(1.91)	(35,374)	(0.48)
Net book value, end of period[1,3]	$ 3,160,436	$ 42.96	$ 3,160,436	$ 42.96

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

2 The weighted average number of common shares outstanding during the six months ended June, 2016 was 73,546,897 (2015 – 73,546,897).

3 As at June 30, 2016, there were 73,546,897 (December 31, 2015 – 73,546,897) 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"), a wholly-owned subsidiary of Partners Value Investments L.P. (the "Partnership"), 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 the Partnership 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 June 30, 2016.

The Company 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; a 100% interest in Global Resource Champions Split Corp. ("Global Resource Champions"), which owns a portfolio of large capitalization commodities and resource companies; investments in limited partnership units of Brookfield Infrastructure Partners, Brookfield Property Partners and Brookfield Business Partners; and a portfolio of other securities. Global Champions and Global Resource Champions have publicly listed retractable preferred shares of which $95 million were outstanding at June 30, 2016. The Company also has a 90% interest in the Brookfield New Horizons Income Fund ("New Horizons") which, subsequent to the end of the quarter, was tendered for redemption in full.

Additional information on the Company and its public subsidiaries is available on SEDAR's web site at *www.sedar.com*.

RESULTS OF OPERATIONS

The Company generated net income of $39 million ($0.53 per common share) for the three months ended June 30, 2016 compared to $2 million ($0.02 per common share) in the prior year quarter. The increase in net income was primarily due to a 35% increase in investment income, higher level of returns from our investment activity and foreign currency appreciation during the quarter.

During the second quarter, the Company's net book value decreased by $1.38 per share to $42.96 per share primarily due to the decrease in the market value of the Brookfield investment. The market price of a Brookfield share decreased 5% during the quarter to $42.74.

The following table presents the details of the Company's net income for the three months ended June 30:

For the periods ended June 30	Three months ended		Six months ended	
(Thousands)	**2016**	2015	**2016**	2015
Investment income				
Dividends	**$ 19,952**	$ 17,047	**$ 40,069**	$ 32,440
Other investment income	**3,182**	247	**5,038**	307
	23,134	17,294	**45,107**	32,747
Expenses				
Operating expenses	**(6,443)**	(671)	**(8,065)**	(1,544)
Financing costs	**(410)**	(233)	**(533)**	(246)
Retractable preferred share dividends	**(7,697)**	(6,976)	**(16,249)**	(13,953)
	8,584	9,414	**20,260**	17,004
Other items				
Investment valuation gains (losses)	**34,694**	(8,389)	**35,025**	(3,547)
Amortization of deferred financing costs	**(604)**	(458)	**(1,175)**	(914)
Change in value of fund unit liability	**(1,685)**	472	**(1,128)**	141
Income taxes	**(9,308)**	(310)	**(18,045)**	(987)
Foreign currency gains	**7,386**	1,228	**33,253**	2,405
Net income	**$ 39,067**	$ 1,957	**$ 67,830**	$ 14,102

Investment Income

Investment income consists of the following for the periods ended June 30:

For the periods ended June 30 *(Thousands)*	Three months ended		Six months ended	
	2016	2015	**2016**	2015
Dividends				
Brookfield Asset Management Inc.	**$ 14,551**	$ 12,840	**$ 29,642**	$ 24,796
Other securities	**5,401**	4,207	**10,427**	7,644
Other investment income	**3,182**	247	**5,038**	307
	$ 23,134	$ 17,294	**$ 45,107**	$ 32,747

The Company received dividend income of $15 million (2015 – $13 million) from its investment in Brookfield and $5 million (2015 – $4 million) from its other securities investments during the three months ended June 30, 2016. Brookfield increased its dividend and paid a US$0.13 per share (2015 – US$0.12 per share) dividend during the quarter. Other investment income includes interest income earned on our fixed-income securities.

Preferred Share Dividends

The Company paid $8 million (2015 – $7 million) of dividends on the retractable preferred shares during the three months ended June 30, 2016.

Operating Expenses

The Company recorded $6.4 million (2015 – $0.7 million) of operating expenses during the three months ended June 30, 2016. The increase in operating expenses is related to the hiring of additional investment analysts, increases in the investment activity of the Company, and one-time expenses associated with the reorganization of the Company and the launch of Global Resource Champions.

Investment Valuation Gains (Losses)

Investment valuation gains (losses) include 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 increases in market value on the Company'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 Company's subsidiaries resulted in a charge against income of $0.6 million (2015 – $0.5 million) during the three months ended June 30, 2016.

Income Taxes

The Company recorded an income tax expense of $9.3 million (2015 – $0.3 million expense) during the three months ended June 30, 2016. The higher expense in the current quarter is a product of higher investment income, realized gains on disposition of investments 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 in addition the realized and unrealized changes in the value of the Company's foreign currency derivatives.

FINANCIAL POSITION

The Company's total assets were $4.5 billion at June 30, 2016 (December 31, 2015 – $4.5 billion) and consist primarily of its $3.7 billion investment in 86 million Brookfield shares (December 31, 2015 – $3.7 billion). The market price of a Brookfield share decreased from $43.65 per share at December 31, 2015 to $42.74 at June 30, 2016.

Investment Portfolio

As at (Thousands)	Number of Shares **June 30, 2016**	Number of Shares Dec. 31, 2015	Fair Value **June 30, 2016**	Fair Value Dec. 31, 2015
Brookfield Asset Management Inc.	**85,839**	85,839	**$ 3,668,760**	3,746,873
Other securities				
Brookfield Infrastructure Partners L.P.	**2,219**	2,219	**$ 129,680**	$ 116,213
Brookfield Property Partners L.P.	**3,613**	3,613	**104,971**	116,425
Brookfield Business Partners L.P.	**1,717**	—	**42,078**	—
Subsidiaries portfolios[1]	**Various**	Various	**348,241**	243,571
Other securities portfolio	**Various**	Various	**114,320**	143,154
			$ 739,290	$ 619,363

1 *Represents the portfolios held by New Horizons, 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 Company's investment in Brookfield represents approximately a 9% fully-diluted interest in Brookfield.

Other Securities

The Company holds investments in several 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 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. The Company's investment in Brookfield Business Partners was received through a special dividend as a result of the spin-off of the business by Brookfield on June 20, 2016.

Our subsidiaries portfolios consist of the investments held by New Horizons, Global Champions and Global Resource Champions. New Horizons has a portfolio invested in higher-yielding debt and equity 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 Company also has a portfolio of other securities, consisting mainly of public 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 Company's investments.

Shareholders' Equity

As at June 30, 2016, shareholders' equity consisted of 73,546,897 (December 31, 2015 – 73,546,897) voting and non-voting common shares and had a book value of $3.2 billion compared to $3.1 billion at December 31, 2015. The increase is primarily the result of a higher net income driven by market value and foreign currency appreciation.

Preferred Shares

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

	Shares Outstanding		Book Value	
As at (Thousands)	**June 30, 2016**	Dec. 31, 2015	**June 30, 2016**	Dec. 31, 2015
Partners Value Split Class AA				
4.95% Series 1 – March 25, 2016	—	2,055	**$ —**	$ 51,386
4.35% Series 3 – January 10, 2019	**7,631**	7,631	**190,777**	190,777
4.85% Series 5 – December 10, 2017	**4,999**	4,999	**124,975**	124,975
4.50% Series 6 – October 8, 2021	**7,990**	7,990	**199,750**	199,750
5.50% Series 7 – October 31, 2022	**4,000**	4,000	**100,000**	100,000
Global Champions Class A				
4.00% Series 1 – July 31, 2019	**2,000**	2,000	**50,000**	50,000
Global Resource Champions Class A				
6.25% Series 1 – May 25, 2023	**1,800**	—	**45,000**	—
			710,502	716,888
Deferred financing costs[1]			**(11,039)**	(10,630)
			$ 699,463	$ 706,258

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 $67 million and investments of $4,406 million as at June 30, 2016 (December 31, 2015 – $127 million and $4,366 million). The company has operating cash requirements of $34 million in scheduled dividend payments on its $711 million preferred shares 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, Global Champions and Global Resource 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. Debentures, as opposed to cash, can be issued to settle retractions of the preferred shares.

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 June 30, 2016 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]	**$ 190,777**	$ —	$ 190,777	$ —	$ —
Partners Value Split Class AA, Series 5[1]	**124,975**	—	124,975	—	—
Partners Value Split Class AA, Series 6[1]	**199,750**	—	—	—	199,750
Partners Value Split Class AA, Series 7[1]	**100,000**	—	—	—	100,000
Global Champions Class A, Series 1[2]	**50,000**	—	—	50,000	—
Global Resource Champions Class A, Series 1[3]	**45,000**	—	—	—	45,000
Interest Expense					
Partners Value Split Class AA, Series 3[1]	**$ 21,679**	$ 8,299	$ 13,380	$ —	$ —
Partners Value Split Class AA, Series 5[1]	**9,258**	6,061	3,197	—	—
Partners Value Split Class AA, Series 6[1]	**48,129**	8,989	17,978	17,978	3,184
Partners Value Split Class AA, Series 7[1]	**35,294**	5,500	11,000	11,0000	7,794
Global Champions Class A, Series 1[2]	**6,670**	2,000	4,000	670	—
Global Resource Champions Class A, Series 1[3]	**19,842**	3,243	5,626	5,626	5,347

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.*

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 Company:

As at and for the *(Thousands, except per share amounts)*	Six months ended June 30		Years ended December 31		
	2016	2015	2015	2014	2013
Net income (loss)	**$ 67,830**	$ 14,102	$ (22,209)	$ 26,598	$ 32,554
Net income (loss) per share	**0.92**	0.19	(0.30)	0.36	0.44
Total assets	**4,504,863**	4,292,193	4,501,872	3,770,548	2,672,262
Total long-term liabilities	**1,128,723**	1,042,708	1,130,365	1,001,604	785,511

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

For the three months ended *(Thousands, except per share amounts)*	2016		2015				2014	
	Q2	Q1	Q4	Q3	Q2	Q1	Q4	Q3
Net income (loss)	**$ 39,067**	$ 28,763	$ (1.372)	$ (34,939)	$ 1,957	$ 12,145	$ (7,554)	$ 1,222
Net income (loss) per share	**$ 0.53**	$ 0.39	$ (0.02)	$ (0.47)	$ 0.02	$ 0.17	$ (0.10)	$ 0.10

Net income includes dividends and interest on the Company'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 Company's investments, increases in the investment income earned from its investments and foreign currencies.

RELATED-PARTY TRANSACTIONS

Brookfield entities provides certain management and financial services to the Company and recovered costs of $33 thousand for the three months ended June 30, 2016 (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 June 30, 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 June 30, 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 which was voted on and approved at the Annual Shareholders Meeting of the Company held on May 26, 2016. The proposal was approved at the meeting. The implementation of the capital reorganization was completed and closed on July 4, 2016. Upon closing, all outstanding common and non-voting shares of the Company were exchanged for a combination of equity limited partnership units and preferred limited partnership units, and the common shares of the Company were de-listed from the TSX Venture Exchange. As of July 4, 2016, the Company is a wholly-owned subsidiary of Partners Value Investments L.P.

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, Chief Executive Officer and Chairman
August 29, 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

As at *(Thousands)*	Note	***(unaudited)*** **June 30, 2016**	*(audited)* December 31, 2015
Assets			
Cash and cash equivalents		**$ 66,969**	$ 127,467
Accounts receivable and other assets		**29,844**	8,169
Brookfield Asset Management Inc.	3	**3,668,760**	3,746,873
Other securities	3	**739,290**	619,363
		$ 4,504,863	$ 4,501,872
Liabilities and shareholders' equity			
Accounts payable and other liabilities	9	**$ 215,704**	$ 243,527
Preferred shares	5	**699,463**	706,258
Deferred taxes		**429,260**	424,107
		1,344,427	1,373,892
Shareholders' equity			
Common equity	6	**3,160,436**	3,127,980
		$ 4,504,863	$ 4,501,872

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited) *For the periods ended June 30* *(Thousands, except per share amounts)*	Three months ended		Six months ended	
	2016	2015	**2016**	2015
Investment income				
Dividends	**$ 19,952**	$ 17,047	**$ 40,069**	$ 32,440
Other investment income	**3,182**	247	**5,038**	307
	23,134	17,294	**45,107**	32,747
Expenses				
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Financing costs	**(410)**	(233)	**(533)**	(246)
Retractable preferred share dividends	**(7,697)**	(6,976)	**(16,249)**	(13,953)
	8,584	9,414	**20,260**	17,004
Other items				
Investment valuation gains (losses)	**34,694**	(8,389)	**35,025**	(3,547)
Amortization of deferred financing costs	**(604)**	(458)	**(1,175)**	(914)
Change in value of fund unit liability	**(1,685)**	472	**(1,128)**	141
Current taxes	**(5,098)**	(873)	**(8,514)**	(3,038)
Deferred taxes	**(4,210)**	563	**(9,891)**	2,051
Foreign currency gains	**7,386**	1,228	**33,253**	2,405
Net income	**$ 39,067**	$ 1,957	**$ 67,830**	$ 14,102
Net income per common share (Note 7)	**$ 0.53**	$ 0.02	**$ 0.92**	$ 0.19

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited) *For the periods ended June 30* *(Thousands)*	Three months ended		Six months ended	
	2016	2015	**2016**	2015
Net income	**$ 39,067**	$ 1,957	**$ 67,830**	$ 14,102
Items that may be reclassified to net income				
Unrealized (losses) gains on available-for-sale securities	**(161,565)**	(143,898)	**(34,023)**	427,323
Foreign currency translation	**(476)**	(1,407)	**(6,218)**	4,027
Deferred income taxes	**21,698**	19,193	**4,867**	(57,212)
Other comprehensive (losses) income	**(140,343)**	(126,112)	**(35,374)**	374,138
Comprehensive (losses) income	**$ (101,276)**	$ (124,155)	**$ 32,456**	$ 388,240

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(unaudited) *For the three months ended June 30, 2016* *(Thousands)*	Note	Common Shares	Retained Earnings	Accumulated Other Comprehensive Income	Common Equity
Balance, beginning of period		$ 78,744	$ 68,064	$ 3,114,904	$ 3,261,712
Net income		—	39,067	—	39,067
Other comprehensive loss		—	—	(140,343)	(140,343)
Balance, end of period	6	$ 78,744	$ 107,131	$ 2,974,561	$ 3,160,436

(unaudited) *For the six months ended June 30, 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		—	67,830	—	67,830
Other comprehensive loss		—	—	(35,374)	(35,374)
Balance, end of period	6	$ 78,744	$ 107,131	$ 2,974,561	$ 3,160,436

(unaudited) *For the three months ended June 30, 2015* *(Thousands)*	Note	Common Shares	Retained Earnings	Accumulated Other Comprehensive Income	Common Equity
Balance, beginning of period		$ 78,744	$ 73,655	$ 3,119,063	$ 3,721,462
Net income		—	1,957	—	1,957
Other comprehensive loss		—	—	(126,112)	(126,112)
Balance, end of period	6	$ 78,744	$ 75,612	$ 2,992,951	$ 3,147,307

(unaudited) *For the six months ended June 30, 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		—	14,102	—	14,102
Other comprehensive income		—	—	374,138	374,138
Balance, end of period	6	$ 78,744	$ 75,612	$ 2,992,951	$ 3,147,307

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited) *For the periods ended June 30* *(Thousands)*	Three months ended		Six months ended	
	2016	2015	**2016**	2015
Cash flow from operating activities				
Net income	**$ 39,067**	$ 1,957	**$ 67,830**	$ 14,102
Add (deduct) non-cash items:				
Investment valuation (gains) losses	**(34,694)**	8,389	**(35,025)**	3,547
Unrealized foreign exchange (gains) losses	**(2,640)**	(1,220)	**(26,906)**	1,647
Amortization of deferred financing costs	**604**	458	**1,175**	914
Change in value of fund unit liability	**1,685**	(472)	**1,128**	(141)
Deferred taxes	**4,210**	(563)	**9,891**	(2,051)
	8,232	8,549	**18,093**	18,018
Changes in working capital and foreign currency	**(82)**	10,789	**1,584**	10,963
	8,150	19,338	**19,677**	28,981
Cash flow used in investing activities				
Purchase of securities	**(276,034)**	(98,059)	**(417,373)**	(98,059)
Sale of securities	**241,215**	8,674	**372,907**	11,474
	(34,819)	(89,385)	**(44,466)**	(86,585)
Cash flow used in financing activities				
Preferred shares issued	**43,413**	—	**43,413**	—
Preferred shares redeemed	**—**	—	**(51,861)**	—
Borrowings drawn	**36,916**	58,439	**165,954**	58,439
Borrowings repaid	**(46,543)**	—	**(192,736)**	—
Distribution to fund unit liability	**(240)**	(248)	**(479)**	(501)
	33,546	58,191	**(35,709)**	57,938
Cash and cash equivalents				
Change in cash	**6,877**	(11,856)	**(60,498)**	334
Balance, beginning of period	**60,092**	31,540	**127,467**	19,350
Balance, end of period	**$ 66,969**	$ 19,684	**$ 66,969**	$ 19,684

Supplemental Cash Flow Information

(Unaudited) *For the periods ended June 30* *(Thousands)*	Three months ended		Six months ended	
	2016	2015	**2016**	2015
Cash interest and dividends received	**$ 22,464**	$ 18,913	**$ 42,350**	$ 36,427
Retractable preferred share dividends paid	**(7,697)**	(6,975)	**(16,249)**	(13,952)
Income taxes paid	**(1,631)**	(943)	**(4,460)**	(3,100)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS OPERATIONS

Partners Value Investments Inc. (the "Company") is a wholly-owned investment holding company, incorporated under the laws of the province of Ontario, of Partners Value Investments L.P. 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 Company's subsidiaries: 100% owned Partners Value Split Corp. ("Partners Value Split"), Global Champions Split Corp. ("Global Champions") and Global Resource Champions Split Corp. ("Global Resource Champions"); and 90% owned 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. The interim consolidated 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 August 25, 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 these amendments did not result in any material impact on its consolidated 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 these amendments did not result in any material impact on its consolidated 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 **June 30, 2016**	Number of Shares Dec. 31, 2015	Fair Value **June 30, 2016**	Fair Value Dec. 31, 2015
Brookfield Asset Management Inc.	AFS	**85,839**	85,839	**$ 3,668,760**	$ 3,746,873
Other securities					
Brookfield Infrastructure Partners L.P.	AFS	**2,219**	2,219	**$ 129,680**	$ 116,213
Brookfield Property Partners L.P.	AFS	**3,613**	3,613	**104,971**	116,425
Brookfield Business Partners L.P.	AFS	**1,717**	—	**42,078**	—
Subsidiaries portfolios[2]	FVTPL	**Various**	Various	**348,241**	243,571
Other securities portfolio	FVTPL	**Various**	Various	**114,320**	143,154
				$ 739,290	$ 619,363

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 New Horizons, Global Champions and Global Resource Champions.*

The Company's 86 million (December 31, 2015 – 86 million) Class A Limited Voting Shares of Brookfield at June 30, 2016 represents a 9% (December 31, 2015 – 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 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	**June 30, 2016**			December 31, 2015		
(Thousands)	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Brookfield Asset Management Inc.	**$ 3,668,760**	**$ —**	**$ —**	$ 3,746,873	$ —	$ —
Other securities	**739,290**	**—**	**—**	619,363	—	—
Derivative assets[1]	**—**	**14,302**	**—**	—	5,880	—
Derivative liabilities[1]	**—**	**(14,637)**	**—**	—	(31,340)	—
	$ 4,408,050	**$ (335)**	**$ —**	$ 4,366,236	$ (25,460)	$ —

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

As at June 30, 2016, a cumulative pre-tax gain of $3,431 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)	Shares Outstanding **June 30, 2016**	Shares Outstanding Dec. 31, 2015	Book Value **June 30, 2016**	Book Value Dec. 31, 2015
Partners Value Split Class AA				
4.95% Series 1 – March 25, 2016	**2,055**	2,055	**$ —**	$ 51,386
4.35% Series 3 – January 10, 2019	**7,631**	7,631	**190,777**	190,777
4.85% Series 5 – December 10, 2017	**4,999**	4,999	**124,975**	124,975
4.50% Series 6 – October 8, 2021	**7,990**	7,990	**199,750**	199,750
5.50% Series 7 – October 31, 2022	**4,000**	4,000	**100,000**	100,000
Global Champions Class A				
4.00% Series 1 – July 31, 2019	**2,000**	2,000	**50,000**	50,000
Global Resource Champions Class A				
6.25% Series 1 – May 25, 2023	**1,800**	—	**45,000**	—
			710,502	716,888
Deferred financing costs[1]			**(11,039)**	(10,630)
			$ 699,463	$ 706,258

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 **June 30, 2016**	Shares Outstanding Dec. 31, 2015	Book Value **June 30, 2016**	Book Value Dec. 31, 2015
Common shares	**73,547**	73,547	**$ 78,744**	$ 78,744
Retained earnings			**107,131**	39,301
Accumulated other comprehensive income			**2,974,561**	3,009,935
			$ 3,160,436	$ 3,127,980

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 six months ended June 30, 2016, the weighted average number of outstanding shares were 73,546,897 (June 30, 2016 – 73,546,897) on a fully diluted basis.

8. RELATED-PARTY TRANSACTIONS

Brookfield entities provides certain management and financial services to the Company and recovered costs of $33 thousand for the three months ended June 30, 2016 (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 June 30, 2016 (December 31, 2015 – $66 million). The Company also has a prime brokerage margin account with a third party financial institution for which it has traded on $102 million of margin as at June 30, 2016 (December 31, 2015 - $132 million). The balance of these accounts are included within accounts payable and other.

10. SUBSEQUENT EVENTS

On April 25, 2016, the Company announced a proposed capital reorganization by way of a plan of arrangement under Ontario law which was voted on and approved 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. The implementation of the capital reorganization was completed and closed on July 4, 2016. Upon closing, all outstanding common and non-voting shares of the Company were exchanged for a combination of equity limited partnership units and preferred limited partnership units, and the common shares of the Company were de-listed from the TSX Venture Exchange. As of July 4, 2016, the Company is a wholly-owned subsidiary of Partners Value Investments L.P.

During July 2016, the Company tendered its units in 90% New Horizons for redemption. After the redemption, the Company no longer holds an interest in New Horizons. The results of New Horizons will be consolidated up until the date of redemption.

CORPORATE INFORMATION

DIRECTORS

John P. Barratt[1,2]
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

CORPORATE OFFICE

Brookfield Place
181 Bay Street, Suite 210
Toronto, Ontario
M5J 2T3

Telephone:	(416) 359-8620
Facsimile:	(416) 365-9642

REGISTRAR AND TRANSFER AGENT

CST Trust Company
P.O. Box 700, Station B
Montreal, Quebec
H3B 3K3

Tel:	(416) 682-3860 or toll free within North America (800) 387-0825
Fax:	(888) 249-6189
Website:	*www.canstockta.com*
E-mail:	*inquiries@canstockta.com*

EXCHANGE LISTING

TSX Venture Exchange Stock Symbol: PVF

OFFICERS

George E. Myhal
President, Chief Executive Officer and Chairman

Vu H. Nguyen
Vice President, Finance

David J. Clare
Vice President

Loretta M. Corso
Corporate Secretary

Partners Value Investments Inc.