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Independent Auditor's Report

To the Unitholders of
Partners Value Investments Limited Partnership

Opinion

We have audited the consolidated financial statements of Partners Value Investments Limited Partnership (the "Partnership"), which comprise the consolidated statements of financial position as at December 31, 2019 and 2018, and the consolidated statements of operations, comprehensive income (loss), changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements the financial position of the Partnership as at December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Partnership or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Partnership's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Partnership to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Partnership to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Erez Seiler.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 27, 2020

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at *(Thousands, US dollars)*	Note	**December 31, 2019**	December 31, 2018
Assets			
Cash and cash equivalents		**$ 99,497**	$ 272,322
Accounts receivable and other assets	11	**19,445**	20,685
Investment in Brookfield Asset Management Inc.	3	**4,961,496**	3,291,927
Other investments carried at fair value	3	**266,572**	442,505
		$ 5,347,010	$ 4,027,439
Liabilities and equity			
Accounts payable and other liabilities	11	**$ 21,195**	$ 30,767
Preferred shares	5	**454,076**	602,724
Deferred taxes		**608,876**	395,015
		1,084,147	1,028,506
Equity			
Partnership's Equity			
Equity Limited Partners	6	**4,010,850**	2,499,030
General Partner		**1**	1
Preferred Limited Partners		**252,012**	499,902
		4,262,863	2,998,933
		$ 5,347,010	$ 4,027,439

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended December 31 *(Thousands, US dollars, except per share amounts)*	**2019**	2018
Investment income		
Dividends	**$ 69,091**	$ 73,462
Other investment income	**7,939**	6,636
	77,030	80,098
Expenses		
Operating expenses	**(2,522)**	(2,134)
Financing costs	**(210)**	(2,945)
Retractable preferred share dividends	**(24,128)**	(26,854)
	(26,860)	(31,933)
Other items		
Investment valuation (losses) gains	**(4,741)**	4,985
Amortization of deferred financing costs	**(2,722)**	(2,360)
Current taxes	**(6,496)**	(12,816)
Deferred taxes recovery	**6,215**	5,957
Equity accounted investments	**—**	(18)
Foreign currency (losses) gains	**(46,373)**	81,384
Net (loss) income	**$ (3,947)**	$ 125,297
Net (loss) income per unit (Note 7)	**$ (0.05)**	$ 1.42
Net (loss) income attributable to:		
Equity Limited Partners	**$ (20,867)**	$ 102,804
General Partner	**—**	—
Preferred Limited Partners	**16,920**	22,493
	$ (3,947)	$ 125,297

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

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

For the years ended December 31 *(Thousands, US dollars)*	**2019**	2018
Net (loss) income	**$ (3,947)**	$ 125,297
Items that may be reclassified to net income		
Unrealized gains (loss) on fair value of securities through other comprehensive income securities	**1,741,327**	(528,569)
Deferred income taxes	**(205,941)**	33,865
Other comprehensive income (loss)	**1,535,386**	(494,704)
Comprehensive income (loss)	**$ 1,531,439**	$ (369,407)

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended December 31, 2019 (Thousands, US dollars)	Equity Limited Partners: Capital	Equity Limited Partners: Retained Earnings	Equity Limited Partners: Accumulated Other Comprehensive Income	Equity Limited Partners: Equity Limited Partners	General Partner	Preferred Limited Partners	Total Equity
Balance, beginning of period	$ **1,947,834**	$ **181,909**	$ **369,287**	$ **2,499,030**	$ **1**	$ **499,902**	$ **2,998,933**
Net income	**—**	**(20,867)**	**—**	**(20,867)**	**—**	**16,920**	**(3,947)**
Other comprehensive (loss) income	**—**	**—**	**1,535,386**	**1,535,386**	**—**	**—**	**1,535,386**
Comprehensive income	**—**	**(20,867)**	**1,535,386**	**1,514,519**	**—**	**16,920**	**1,531,439**
Distribution	**—**	**—**	**—**	**—**	**—**	**(16,920)**	**(16,920)**
Re-organization	**(589)**	**(2,109)**	**—**	**(2,698)**	**—**	**(247,891)**	**(250,589)**
Balance, end of period	$ **1,947,245**	$ **158,933**	$ **1,904,673**	$ **4,010,851**	$ **1**	$ **252,011**	$ **4,262,863**

For the year ended December 31, 2018 (Thousands, US dollars)	Equity Limited Partners: Capital	Equity Limited Partners: Retained Earnings	Equity Limited Partners: Accumulated Other Comprehensive Income	Equity Limited Partners: Equity Limited Partners	General Partner	Preferred Limited Partners	Total Equity
Balance, beginning of period	$ 1,945,484	$ 79,105	$ 863,991	$ 2,888,580	$ 1	$ 499,902	$ 3,388,483
Net income	—	102,804	—	102,804	—	22,493	125,297
Other comprehensive (loss) income	—	—	(494,704)	(494,704)	—	—	(494,704)
Comprehensive income	—	102,804	(494,704)	(391,900)	—	22,493	(369,407)
Distribution	—	—	—	—	—	(22,493)	(22,493)
Re-organization	2,350	—	—	2,350	—	—	2,350
Balance, end of period	$ 1,947,834	$ 181,909	$ 369,287	$ 2,499,030	$ 1	$ 499,902	$ 2,998,933

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31 *(Thousands, US dollars)*	**2019**	2018
Cash flow from operating activities		
Net (loss) income	**$ (3,947)**	$ 125,297
Add (deduct) non-cash items:		
Investment valuation (gains) losses	**4,741**	(4,985)
Unrealized foreign exchange (gains) losses	**46,373**	(81,384)
Amortization of deferred financing costs	**2,722**	(2,360)
Deferred taxes	**(15,097)**	5,957
	34,792	42,525
Changes in working capital and foreign currency	**(25,614)**	(38,448)
	9,178	4,077
Cash flow from investing activities		
Purchase of securities	**(8,022)**	(120,082)
Sale of securities	**272,134**	309,843
	264,112	189,761
Cash flow used in and from financing activities		
Preferred shares issued	**–**	110,021
Preferred shares redeemed	**(429,195)**	(38,845)
Distribution to preferred units	**(16,920)**	(22,493)
	(446,115)	48,683
Cash and cash equivalents		
Change in cash	**(172,825)**	242,521
Balance, beginning of year	**272,322**	29,801
Balance, end of year	**$ $99,497**	$ 272,322

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS OPERATIONS

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

The Partnership is managed by its general partner, PVI Management Inc. (the "General Partner").

The registered office of the Partnership is Brookfield Place, 181 Bay Street, Suite 300, Toronto, Ontario, M5J 2T3.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements are prepared on a going concern basis. These financial statements were authorized for issuance by the Board of Directors of the Partnership on March 24, 2020.

b) Basis of Presentation

Cash and Cash Equivalents

Cash and cash equivalents are current assets that are recorded at amortized cost and include cash on deposit with financial institutions and demand deposits with related parties. There were $nil instruments held at December 31, 2019 (December 31, 2018 – $107 million).

Income Taxes

The current income tax expense is determined based on the enacted or substantively enacted tax rates at each balance sheet date. The deferred income tax is recorded using the liability method of tax allocation in accounting for income taxes. Under this method, deferred tax assets and liabilities are determined based on unused income tax losses and temporary differences between the carrying amount and tax bases of assets and liabilities, when the benefit is more likely than not to be realized and measured using the tax rates and laws substantively enacted at the balance sheet date. The deferred tax liability is classified as noncurrent.

Accounts Receivable and Other Assets

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

Accounts Payable and Other Liabilities

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

Investment in Brookfield Asset Management

The Partnership accounts for its investment in Brookfield as fair value through other comprehensive income, with changes in fair value recognized in other comprehensive income.

Fair Value through Other Comprehensive Income investments
The Partnership accounts for its investments in Brookfield Infrastructure Partners, Brookfield Property Partners, Brookfield Business Partners and Trisura Group as fair value through other comprehensive income, with changes in their fair value recognized in other comprehensive income.

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

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

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

Deferred Financing Costs
Deferred issue costs incurred in connection with the issuance of the retractable preferred shares are amortized using the effective interest rate method over the life of the related series of preferred shares issued by the subsidiaries of the Partnership.

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

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in profit or loss in the period in which they arise. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction.

c) Critical Judgments and Estimates

The preparation of financial statements requires the Partnership to make critical judgments, estimates and assumptions that affect the carried amounts of certain assets and liabilities, disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses recorded during the year. Actual results could differ from those estimates. In making estimates and judgments, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates and judgments have been applied in a manner consistent with prior periods and there are no known trends, commitments, events or uncertainties that the Partnership believes will materially affect the methodology or assumptions utilized in making these estimates and judgments in these financial statements. The estimates and judgments used in determining the recorded amount for assets and liabilities in the financial statements include the following:

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

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

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

d) Adoption of Accounting Standards

Uncertainty Over Income Tax Treatments
In June 2017, the IASB published *IFRIC 23 Uncertainty over Income Tax Treatments* ("IFRIC 23"), effective for annual periods beginning on or after January 1, 2019. The interpretation requires an entity to assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings and to exercise judgment in determining whether each tax treatment should be considered independently or whether some tax treatments should be considered together. The decision should be based on which approach provides better predictions of the resolution of the uncertainty. An entity also has to consider whether it is probable that the relevant authority will accept each tax treatment, or group of tax treatments, assuming that the taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so. The interpretation may be applied on either a fully retrospective basis or a modified retrospective basis without restatement of comparative information. The Company has concluded there is no impact of IFRIC 23 on its consolidated financial statements.

3. INVESTMENT PORTFOLIO

The Partnership's investment portfolio consists of the following:

		Number of Shares		Fair Value	
As at (Thousands, US dollars)	Classification[1]	**Dec. 31, 2019**	Dec. 31, 2018	**Dec. 31, 2019**	Dec. 31, 2018
Brookfield Asset Management Inc.	FVTOCI				
Partners Value Investments Inc.		**6,098**	6,098	**$ 352,468**	$ 233,861
Partners Value Split Corp		**79,741**	79,741	**4,609,028**	3,058,066
		85,839	85,839	**$ 4,961,496**	$ 3,291,927
Investments classified as FVTOCI					
Brookfield Infrastructure Partners L.P.	FVTOCI	**1,164**	2,865	**$ 58,187**	$ 98,934
Brookfield Property Partners L.P.	FVTOCI	**3,613**	3,613	**66,054**	58,249
Brookfield Business Partners L.P.	FVTOCI	**1,495**	1,495	**61,733**	45,447
Trisura Group Ltd.	FVTOCI	**1,649**	1,326	**51,117**	25,363
				$ 237,091	$ 227,993
Investments classified as FVTPL					
Subsidiaries portfolios[2]	FVTPL	**—**	Various	**—**	82,886
Other securities portfo	FVTPL	**Various**	Various	**29,481**	131,626
				$ 29,481	$ 214,512
				$ 266,572	$ 442,505

1 *FVTOCI represents fair value through other comprehensive income and FVTPL represents fair value through profit and loss accounting classification. Changes in fair value of investments classified as FVTOCI are recorded in other comprehensive income, and changes in fair value of FVTPL are recorded in net income.*

2 *All investments were sold in June 2019 in advance of the redemption of Global Resource Champions Preferred Shares by the company.*

The Partnership's investment in Class A Limited Voting Shares of Brookfield at December 31, 2019 represents a 9% (December 31, 2018 – 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 Partnership's financial assets and liabilities measured at fair value consists of the following:

As at	**December 31, 2019**			December 31, 2018		
(Thousands, US dollars)	**Level 1**	**Level 2**	**Level 3**	Level 1	Level 2	Level 3
Brookfield Asset Management Inc.	**$ 4,961,496**	**—**	**—**	$ 3,291,927	$ —	$ —
Investments classified as FVTOCI	**237,091**	**—**	**—**	227,993	—	—
Investments classified as FVTPL	**25,295**	**—**	**4,186**	199,775	14,737	—
Derivative assets[1]	**—**	**—**	**—**	—	3,355	—
Derivative liabilities[1]	**—**	**(5,487)**	**—**	—	(1,023)	—
	$ 5,223,882	**(5,487)**	**4,186**	$ 3,719,695	$ 17,069	$ —

1 *Presented within accounts receivable/accounts payable and other on the Statement of Financial Position.*

As at December 31, 2019, a cumulative pre-tax gain of $4.6 billion (December 31, 2018 – $2.6 billion) has been recognized for financial instruments measured under fair value through other comprehensive income, over their historical cost amounts.

5. PREFERRED SHARES

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

	Shares Outstanding		Book Value	
As at (Thousands, US dollars,)	**Dec. 31, 2019**	Dec. 31, 2018	**Dec. 31, 2019**	Dec. 31, 2018
Partners Value Split Class AA				
4.35% Series 3 – January 10, 2019	**—**	7,631	**$ —**	$ 139,859
4.50% Series 6 – October 8, 2021	**7,990**	7,990	**153,788**	146,437
5.50% Series 7 – October 31, 2022	**4,000**	4,000	**76,990**	73,310
4.80% Series 8 – September 30, 2024	**5,999**	5,999	**115,471**	109,952
4.90% Series 9 – February 28, 2026	**5,997**	6,000	**115,423**	109,965
Global Resource Champions Class A				
6.25% Series 1 – May 25, 2023[1]	**—**	1,800	**—**	32,990
			461,672	612,513
Deferred financing costs[2]			**(7,596)**	(9,789)
			$ 454,076	$ 602,724

1 *Global Resource Champions elected to redeem all of its outstanding Class A, Series 1, Preferred Share on June 14, 2019.*
2 *Deferred financing costs are amortized over the term of the borrowing using the effective interest method.*

Subsequent to year-end, the Partners Value Split issued 6,000,000 Class AA, Series 10 preferred shares. The net proceeds from the offering were used to pay a special dividend on the Partnership's capital shares.

Partners Value Split
Partners Value Split is authorized to issue an unlimited number of Class A preferred shares and Class AA preferred shares. The Board of Directors of Partners Value Split have the authority to fix the number of shares that will form each series and determine the rights, restrictions and conditions attached to each series. Any new series will be issued for a price of CAD$25.00 per share and the proceeds are to be used to finance the retraction or redemption of outstanding preferred shares without necessitating the sale of Class AA shares or facilitating the acquisition of additional Class AA shares.

Retraction
The Partnership's preferred shares may be surrendered for retraction at the option of the holders of the respective preferred shares. The details of the retraction feature for each respective class of preferred shares are as follows:

PVS Class AA Series 3, 6, 7,8 and 9	May be surrendered for retraction at any time for an amount equal to the lesser of: (i) net asset value per unit; and (ii) CAD $25.00. Retraction consideration will be a number of Partners Value Split Series 1, 4, 5 and 6 debentures, respectively, determined by dividing the holder's aggregate preferred share Retraction Price by $25.00.

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

PVS Series 6	The Series 4 debenture will have a principal amount of CAD $25.00 per debenture and will mature on October 8, 2021. Holders of the Series 4 debentures will be entitled to receive quarterly fixed interest payments at a rate of 4.60% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 4 debentures can be redeemed by the Partnership at any time. The Series 4 debentures may not be retracted.
PVS Series 7	The Series 5 debenture will have a principal amount of CAD $25.00 per debenture and will mature on October 31, 2022. Holders of the Series 5 debentures will be entitled to receive quarterly fixed interest payments at a rate of 5.60% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 5 debentures can be redeemed by the Partnership at any time. The Series 5 debentures may not be retracted.
PVS Series 8	The Series 6 debenture will have a principal amount of CAD $25.00 per debenture and will mature on October 31, 2022. Holders of the Series 6 debentures will be entitled to receive quarterly fixed interest payments at a rate of 4.90% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 6 debentures can be redeemed by the Partnership at any time. The Series 6 debentures may not be retracted.
PVS Series 9	The Series 7 debenture will have a principal amount of CAD $25.00 per debenture and will mature on February 28, 2026. Holders of the Series 7 debentures will be entitled to receive quarterly fixed interest payments at a rate of 5.00% per annum paid on or about the 7th day of March, June, September and December in each year. The Series 7 debentures can be redeemed by the Partnership at any time. The Series 7 debentures may not be retracted.

There were $75,065 debentures outstanding in the current year (2018 - $nil).

Redemption
The Company's preferred shares may be redeemed at the option of the Company. The details of the redemption feature for each respective class of preferred shares are as follows:

PVS Series 6	May be redeemed by the Company at any time on or after October 8, 2019, and prior to October 8, 2021, (the "Series 6 Redemption Date") at a price which until October 8, 2020, will equal CAD $25.50 per share plus accrued and unpaid dividends and which will decline by $0.25 on October 8, 2020. All Class AA Series 6 senior preferred shares outstanding on the Series 6 Redemption Date will be redeemed for a cash amount equal to the lesser of CAD $25.00 plus any accrued and unpaid dividends, and the net assets per unit. The Company may redeem Class AA, Series 6 senior preferred shares prior to October 8, 2019 for CAD $26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA Series 6 senior preferred shares prior to the Series 6 Redemption Date unless: (i) capital shares have been retracted; or (ii) there is a take-over bid for the Brookfield shares and the Board of Directors of the Company determines that such a bid is in the best interest of the holders of the capital shares.
PVS Series 7	May be redeemed by the Company at any time on or after October 31, 2020, and prior to October 31, 2022, (the "Series 7 Redemption Date") at a price which until October 31, 2021, will equal CAD $25.50 per share plus accrued and unpaid dividends and which will decline by $0.25 on October 31, 2021. All Class AA Series 7 senior preferred shares outstanding on the Series 7 Redemption Date will be redeemed for a cash amount equal to the lesser of CAD $25.00 plus any accrued and unpaid dividends, and the net assets per unit. The Company may redeem Class AA, Series 7 senior preferred shares prior to October 31, 2020 for CAD $26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA, Series 7 senior

preferred shares prior to the Series 7 Redemption Date unless: (i) capital shares have been retracted; or (ii) there is a take-over bid for the Brookfield shares and the Board of Directors of the Company determines that such a bid is in the best interest of the holders of the capital shares.

PVS Series 8	May be redeemed by the Company at any time on or after September 30, 2022, and prior to September 30, 2024, (the "Series 8 Redemption Date") at a price which until September 30, 2023, will equal CAD $25.50 per share plus accrued and unpaid dividends and which will decline by $0.25 on September 30, 2023. All Class AA Series 8 senior preferred shares outstanding on the Series 8 Redemption Date will be redeemed for a cash amount equal to the lesser of CAD $25.00 plus any accrued and unpaid dividends, and the net assets per unit. The Company may redeem Class AA, Series 8 senior preferred shares prior to September 30, 2022 for CAD $26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA, Series 8 senior preferred shares prior to the Series 8 Redemption Date unless: (i) capital shares have been retracted; or (ii) there is a take-over bid for the Brookfield shares and the Board of Directors of the Company determines that such a bid is in the best interest of the holders of the capital shares.
PVS Series 9	May be redeemed by the Company at any time on or after February 28, 2026, and prior to February 28, 2028, (the "Series 9 Redemption Date") at a price which until February 28, 2025, will equal CAD $25.50 per share plus accrued and unpaid dividends and which will decline by $0.25 on February 28, 2025. All Class AA Series 9 senior preferred shares outstanding on the Series 8 Redemption Date will be redeemed for a cash amount equal to the lesser of CAD $25.00 plus any accrued and unpaid dividends, and the net assets per unit. The Company may redeem Class AA, Series 9 senior preferred shares prior to February 28, 2026 for CAD $26.00 per share plus accrued and unpaid dividends if, and will not redeem Class AA, Series 9 senior preferred shares prior to the Series 9 Redemption Date unless: (i) capital shares have been retracted; or (ii) there is a take-over bid for the Brookfield shares and the Board of Directors of the Company determines that such a bid is in the best interest of the holders of the capital shares.

6. SHAREHOLDERS' EQUITY

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

Equity Limited Partners

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

General Partner

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

Preferred Limited Partners

The Class A Preferred LP Units are non-voting limited partnership interests in the Partnership. Holders of the Series 1 Preferred LP Units will be entitled to receive fixed cumulative preferential distributions, as and when declared by the General Partner, payable quarterly on the last day of January, April, July and October in each year (to holders of record on the last business day of the month preceding the month of payment) at an annual rate equal to US$1.125 per Series 1 Preferred LP Unit (4.5%

on the initial par value of US$25) less any amount required by law to be deducted and withheld. In addition, the Preferred LP Units do not have any right to have their units redeemed by the Partnership.

As at *(Thousands)*	Shares Outstanding **Dec. 31, 2019**	Shares Outstanding Dec. 31, 2018	Book Value **Dec. 31, 2019**	Book Value Dec. 31, 2018
Partnership equity				
Equity Limited Partners	**73,473**	73,492	**$ 4,010,851**	$ 2,499,030
General Partner[1]	**—**	—	**1**	1
Preferred Limited Partners	**19,996**	19,996	**252,011**	499,902
			$ 4,262,863	$ 2,998,933

1 *As at December 31, 2019, there is 1 General Partner share outstanding (December 31, 2018: 1).*

7. NET INCOME PER UNIT

Net income per unit is calculated based on the diluted weighted average number of outstanding units during the period and net income attributable to Equity Limited Partners. For the year ended December 31, 2019, the weighted average number of outstanding units were 88,181,996 on a fully diluted basis (2018 – 88,200,297); this includes the 14,708,766 Equity LP units that can be issued through the future exercise of all outstanding warrants.

8. INCOME TAXES

The major components of income tax expense include the following:

For the years ended December 31 *(Thousands)*	**2019**	2018
Current income tax expenses	**$ 6,496**	$ 12,816
Deferred tax recovery	**(6,215)**	(5,957)
Total income tax expense	**$ 281**	$ 6,859

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

For the years ended December 31 *(Thousands)*	**2019**	2018
Statutory income tax rate	**26.5%**	26.5%
Income tax expense at statutory rate	**$ (971)**	$ 35,021
Increases (reductions) in income tax expense resulting from:		
Non-taxable dividends	**(14,785)**	(14,092)
Income subject to different tax rates	**(1,115)**	(2,304)
Non-deductible expenses	**6,987**	14,944
Other	**10,165**	(26,710)
Income tax expense	**$ 281**	$ 6,859

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

As at *(Thousands)*	**December 31, 2019**	December 31, 2018
Non-capital losses	**$ 4,736**	$ 4,083
Capital losses	**41**	41
Difference in basis	**(613,653)**	(399,139)
Total net deferred tax liabilities	**$ (608,876)**	$ (395,015)
Deferred tax assets	**$ 4,777**	$ 4,124
Deferred income tax liabilities	**(613,653)**	(399,139)
Total net deferred tax liabilities	**$ (608,876)**	$ (395,015)

The movements of deferred income tax balances are as follows:

(Thousands)	**Dec. 31, 2018**	**Recognized in Income**	**Recognized in Equity**	**Recognized in OCI[1]**	**Dec. 31, 2019**
Deferred tax assets related to non-capital losses	**$ 4,083**	**$ 436**	**$ —**	**$ 217**	**$ 4,736**
Deferred tax assets related to capital losses	**41**	**—**	**—**	**—**	**41**
Deferred liabilities related to differences in tax and book basis, net	**(399,139)**	**5,779**	**—**	**(220,293)**	**(613,653)**
	$ (395,015)	**$ 6,215**	**$ —**	**$ (220,076)**	**$ (608,876)**

(Thousands)	Dec. 31, 2017	Recognized in Income	Recognized in Equity	Recognized in OCI[1]	Dec. 31, 2018
Deferred tax assets related to non-capital losses	$ 4,224	$ 607	$ —	$ (748)	$ 4,083
Deferred tax assets related to capital losses	—	41	—	—	41
Deferred liabilities related to differences in tax and book basis, net	(472,264)	5,309	—	67,816	(399,139)
	$ (468,040)	$ 5,957	$ —	$ 67,068	$ (395,015)

1 *Includes the impact of foreign currency translation.*

The Partnership has deferred tax assets of $5 million (December 31, 2018 – $4 million) related to non-capital losses that expire after 2030.

9. RELATED-PARTY TRANSACTIONS

Brookfield entities provides certain management and financial services to the Partnership for which the Partnership paid less than $1 million for the year ended December 31, 2019 (2018 – less than $1 million).

10. RISK MANAGMENT

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

Credit Risk

The Partnership has no material counterparty risk as at December 31, 2019 and 2018, due to all counterparties being large financial institutions dealing with the Partnership's prime brokerage accounts as well as derivative assets and liabilities.

Market Risk

a) Foreign Currency Risk

A significant portion of the investments at fair value may be comprised of non-U.S. dollar denominated securities which, along with the Canadian dollar preferred shares, the Partnership opportunistically looks to hedge. The use of hedges through derivative transactions involves special risks, including the possible default by the other party to the transaction, illiquidity and the risk that the use of hedges could result in losses greater than if hedging had not been used. The hedging arrangements may have the effect of limiting or reducing total returns of the Partnership in circumstances where foreign currencies appreciate in value more than the U.S. dollar over the relevant period. To the extent that portions of the portfolio are not hedged in circumstances where the U.S. dollar appreciates more than foreign currencies, the returns to the Partnership may be adversely impacted. As at December 31, 2019, an appreciation (depreciation) of $0.01 in the United States dollar relative to other currencies, all else being equal, will decrease (increase) the Partnership's results of investment operations by $50 million.

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

As at December 31, 2019	Investments	Cash	Other Net	Foreign	Total	Net Asset

(Thousands)	at Fair Value		Assets	Currency Contracts		%
U.S. dollar	$ 5,171,790	84,880	2,862,615	—	8,119,285	190.5%
Canadian dollar	56,278	14,617	(3,921,877)	—	(3,850,982)	(90.4%)
Swiss franc	—	—	47	—	47	—
British pound	—	—	—	—	—	—
Euro	—	—	—	(5,487)	(5,487)	(0.1%)
Total net assets	$ 5,228,068	99,497	(1,059,215)	(5,487)	4,262,863	100%

b) Interest Rate Risk

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

c) Market Price Risk

The value of the Class A Shares and the Partnership's other securities are exposed to variability in fair value due to movements in equity prices. As a result, the fair value of the Partnership's investment portfolio may vary from time to time. The Partnership records these investments at fair value. For the year ended December 31, 2019, a 1% increase (decrease) in the market price of Brookfield, all else being equal, would increase (decrease) the carrying value of this investment by $54 million (2018 – $37 million), which would have resulted in an increase (decrease) to net income of $54 million (2018 – $37 million) on a pre-tax basis.

Liquidity Risk

The Partnership's retractable preference shares expose the Partnership to liquidity risk to fund retractions and redemptions as well as dividend and interest obligations. The Partnership endeavors to maintain dividend income within the subsidiary that issued the preference shares that exceeds the projected dividend obligations and expects to be able to continue to achieve this objective based on current circumstances. Management expects to fund any retraction obligations through a combination of ongoing cash flow, the proceeds from any new financings and proceeds from the sale of securities.

The Partnership's contractual obligations as of December 31, 2019 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 6[1]	**$ 153,788**	**$ —**	**$ 153,788**	**$ —**	**$ —**
Partners Value Split Class AA, Series 7[1]	**76,990**	**—**	**76,990**	**—**	**—**
Partners Value Split Class AA, Series 8[1]	**115,471**	**—**	**—**	**115,471**	**—**
Partners Value Split Class AA, Series 9[1]	**115,423**	**—**	**—**	**—**	**115,423**
	$ 461,672	**$ —**	**$ 230,778**	**$ 115,471**	**$ 115,423**
Interest expense					
Partners Value Split Class AA, Series 6[1]	**$ 13,001**	**$ 6,920**	**$ 6,081**	**$ —**	**$ —**
Partners Value Split Class AA, Series 7[1]	**12,108**	**4,234**	**7,874**	**—**	**—**
Partners Value Split Class AA, Series 8[1]	**26,922**	**5,543**	**11,086**	**10,293**	**—**
Partners Value Split Class AA, Series 9[1]	**35,443**	**5,656**	**11,312**	**11,312**	**7,163**
	$ 87,474	**$ 22,353**	**$ 36,353**	**$ 21,605**	**$ 7,163**

1 *Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures due 2021, 2022, 2024 and 2026 for the Series 6, 7, 8 and 9, respectively.*

The Partnership's contractual obligations as of December 31, 2018 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]	$ 139,859	$ 139,859	$ —	$ —	$ —
Partners Value Split Class AA, Series 6[1]	146,437	—	146,437	—	—
Partners Value Split Class AA, Series 7[1]	73,310	—	—	73,310	—
Partners Value Split Class AA, Series 8[1]	109,952	—	—	—	109,952
Global Champions Class A, Series 1[2]	109,965	—	—	—	109,965
Global Resource Champions Class A, Series 1[3]	32,990	—	—	32,990	—
	$ 612,512	$ 139,859	$ 146,436	$ 106,300	$ 219,917
Interest expense					
Partners Value Split Class AA, Series 3[1]	$ 817	$ 817	$ —	$ —	$ —
Partners Value Split Class AA, Series 6[1]	18,809	6,590	12,219	—	—
Partners Value Split Class AA, Series 7[1]	15,462	4,032	8,064	3,366	—
Partners Value Split Class AA, Series 8[1]	30,681	5,278	10,556	10,556	4,291
Global Champions Class A, Series 1[2]	38,587	5,388	10,776	10,776	11,647
Global Resource Champions Class A, Series 1[3]	9,074	2,062	4,124	2,888	—
	$ 113,430	$ 24,167	$ 45,739	$ 27,586	$ 15,938

1 *Payment period based on mandatory redemption date. In the case of earlier retractions, consideration to be paid in the form of debentures due 2019, 2021, 2022 and 2024 for the Series 3, 6, 7 and 8, respectively.*

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

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

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

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

Accounts receivable and other assets consists of the following:

As at December 31 (Thousands)	**December 31, 2019**	December 31, 2018
Derivative assets	**$ -**	$ 3,355
Taxes receivable	**4,828**	5,284
Investment income receivable and other	**14,617**	12,046
	$ 19,445	$ 20,685

Accounts payable and other liabilities consists of the following:

As at December 31 (Thousands)	**December 31, 2019**	December 31, 2018
Derivative liabilities	**$ 5,487**	$ 1,023
Borrowings	**-**	8,511
Taxes payable	**-**	6,289
Other	**15,708**	14,944
	$ 21,195	$ 30,767

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

12. CAPITAL MANAGEMENT

As at December 31, 2019, the capital base managed by the Company consisted of common equity with a carrying value of $4.3 billion (December 31, 2018 – $3 billion) and $454 million (December 31, 2018 – $603 million) of retractable fixed rate preferred shares issued by its subsidiaries. The Company has complied with all covenants, which are limited, and is not subject to any externally imposed capital requirements.

13. INVESTMENT VALUATION GAINS (LOSSES)

Investment valuation gains and losses consists of realized gains of $3 million (2018 – gain $89 million) and unrealized loss of $8 million (2018 – loss $84 million).

14. SUBSEQUENT EVENTS

On March 2, 2020, the Partnership issued Partners Value Split Corp. 6,000,000 Class AA Preferred Shares (the “Series 10 Preferred Shares”). The Series 10 Preferred shares were issued at a price of CAD $25.00 per share, for gross proceeds of CAD $150,000,000. The Series 10 Preferred Shares will carry a fixed coupon of 4.70% and will have a final maturity of February 28, 2027.

Subsequent to December 31, 2019, the spread of the novel Coronavirus or Covid-19 pandemic has negatively impacted financial markets. Consequently, it is difficult to reliably measure the potential impact of this uncertainty on the Partnership’s future financial results.