

## **Brookfield Real Estate Services Inc. Reports First Quarter Results and Monthly Dividend**

**(TORONTO, ON) May 4, 2016 – Brookfield Real Estate Services Inc. (the Company) (TSX: BRE)**, a leading provider of services to residential real estate brokers and their REALTORS<sup>®1</sup> today announced its first quarter financial results (including its cash flow from operations (“CFFO")), and the approval of a monthly dividend to holders of the Company’s restricted voting shares.

### **HIGHLIGHTS**

- CFFO for the three months ended March 31, 2016 increased by 12% to \$6.8 million (\$0.53 per Share), compared to the same period in 2015.
- The Company’s network of REALTORS<sup>®</sup> (the “Network”) increased to 17,320, up from 16,794 as at December 31, 2015.
- Canadian housing market transactional dollar volume and national average house price continued to increase driven by strong markets in the greater Toronto and greater Vancouver areas.
- The Board of Directors of the Company approved a dividend to shareholders of \$0.1083 per restricted voting share payable June 30, 2016.

### **FIRST QUARTER OPERATING RESULTS**

CFFO for the first quarter of 2016 improved to \$6.8 million or \$0.53 per share on a diluted basis (“Share”), an increase of 12% as compared to \$6.0 million or \$0.47 per Share for the same period in 2015. For the rolling twelve-month period ended March 31, 2016, CFFO was \$2.31 per Share as compared to \$2.04 per Share for the rolling twelve-month period ended March 31, 2015.

Royalties for the three month ended March 31, 2016 were \$9.4 million, compared to \$8.5 million for the same period in 2015. For the rolling twelve-month period ended March 31, 2016, royalties were \$40.8 million, compared to \$37.7 million for the rolling twelve-month period ended March 31, 2015.

The increased royalties and improvement in CFFO were driven primarily by an increase in the number of REALTORS<sup>®</sup> in the Network.

Net earnings for the three months ended March 31, 2016 were \$0.9 million, or \$0.10 per Share, compared to a net loss of \$3.5 million or loss of \$0.37 per Share, for the same period in 2015.

“Through a focus on enhancing the value we offer Canadian REALTORS<sup>®</sup>, we have delivered strong financial and operational results in the first quarter of 2016,” said Phil Soper, President and Chief Executive Officer of Brookfield Real Estate Services Inc. “Our successful acquisition strategy has supported our sustained, positive momentum, including the January 1, 2016 acquisition of franchise agreements representing an additional 459 REALTORS<sup>®</sup> and a healthy pipeline for 2017, including signed franchise agreements representing more than 300 new REALTORS<sup>®</sup>. In a quarter where some Canadian real estate markets continued to expand rapidly while others experienced the ongoing drag of depressed energy prices, our results reflect the ongoing stability of our Company, and the value of a business model that emphasizes fixed and recurring revenue streams that provide consistency and reliability in up and down markets.”

### **THE COMPANY NETWORK**

As at March 31, 2016, the Network was comprised of 17,320 REALTORS<sup>®</sup>, operating under 308 franchise agreements providing services from 670 locations, with approximately a one fifth share of the Canadian residential real estate market (“Canadian Market”) based on 2015 transactional dollar volume. On January 1, 2016, The Company acquired 33 franchise agreements representing an annual revenue stream of approximately \$1.0 million from 459 REALTORS<sup>®</sup>. In addition to this acquisition, the Company network was further increased by net organic recruitment of 67 REALTORS<sup>®</sup>.

## **REAL ESTATE MARKETS**

According to the Canadian Real Estate Association (“CREA”)<sup>2</sup>, for the rolling twelve-month period ended March 31, 2016, the Canadian Market, as defined by total transactional dollar volume, closed up 18%, at \$237.8 billion, compared to the rolling twelve-month period ended March 31, 2015, driven by an increase of 11% in average selling price and a 7% increase in units sold. For the three months ended March 31, 2016, the Canadian Market was up 32%, at \$56.8 billion, compared to the same period in 2015, driven by a 16% increase in average selling price and a 13% increase in units sold.

The most marked increases were in the Greater Toronto Area (“GTA”) and in Greater Vancouver, according to the Toronto Real Estate Board (“TREB”)<sup>3</sup> and CREA. On a rolling twelve-month basis, the housing market in the GTA experienced a year-over-year transactional dollar volume increase of 22% driven by an 11% increase in average selling price, and a 10% increase in number of units sold. Greater Vancouver experienced a year-over-year transactional dollar volume increase of 49% driven by a 16% increase in average selling price, and a 29% increase in number of units sold. For the three months ended March 31, 2016, the GTA market experienced a 31% increase in transactional dollar volume driven by a 14% increase in average selling price and a 15% increase in number of units sold, compared to the same period in 2015. For the three months ended March 31, 2016, the Greater Vancouver market increased by 65% on a transactional dollar volume basis, driven by a 25% increase in average selling price and a 32% increase in number of units sold, compared to the same period in 2015.

## **OUTLOOK**

“The first quarter of 2016 saw a very strong Canadian real estate market with regional disparities of the kind we haven’t seen in over a decade,” said Soper. “A noticeable divergence between Canada’s two strongest markets appeared with the Greater Toronto Area experiencing moderately strong home price appreciation, while home prices in the Greater Vancouver market accelerated at far greater levels. The Greater Montreal Area real estate market saw signs of renewal, including a dramatic increase in home sales activity which should put upward pressure on home values in the region. In Alberta, the weak economy that has driven a decrease in home sales volumes since early 2015 is beginning to put downward pressure on prices. We expect to see further modest declines to year end.”

“Home prices are expected to increase in many markets across Canada throughout 2016, but not at the pace that has been the recent norm. Instead, the national real estate market is expected to slow later this year, principally due to the effects of a dampened economy in energy-dependent markets, and eroding affordability in Toronto and Vancouver,” said Soper.

## **CASH DIVIDEND**

The Company declared a cash dividend of \$0.1083 per restricted voting share payable on June 30, 2016, to shareholders of record on May 31, 2016. This represents a targeted annual dividend of \$1.30 per restricted voting share.

## **CONFERENCE CALL**

Brookfield Real Estate Services Inc. will host a conference call on Wednesday, May 4, 2016 at 2 p.m. ET to discuss its first quarter results.

To access the call by telephone, please dial (888) 231-8191 or (647) 427-7450. Please connect approximately ten minutes prior to the beginning of the call to ensure participation. A recording of the conference call will be available in the Investor Centre section of the Company’s website by Friday May 6, 2016.

## **CFFO**

This news release and accompanying financial statements make reference to CFFO on a total and per Share basis. CFFO is defined as operating income prior to deducting impairment and amortization of intangible assets. CFFO is used by the Company to measure the amount of cash generated from operations which is available to the Company’s shareholders on a diluted basis where such dilution represents the total number of Shares of the Company that would be outstanding if

Exchangeable Unitholders converted Class B LP units into Shares of the Company. The Company uses CFFO to assess its operating results and the value of its business and believes that many of its shareholders and analysts also find this measure useful. CFFO does not have any standard meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies.

## **FORWARD LOOKING STATEMENTS**

This news release contains forward-looking information and other “forward-looking statements”. Words such as “target”, “sustain”, “momentum”, “ongoing”, “stability”, “recurring”, “outlook”, “renewal”, “expected”, “believe”, “continued”, “throughout”, “later” and other expressions that are predictions of or could indicate future events and trends and that do not relate to historical matters identify forward-looking statements. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Corporation to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those indicated in the forward looking statements include: changes in the Company’s strategy with respect to dividends, changes in the supply of houses for sale in Canada, changes in the demand for houses in Canada, changes in general economic conditions (including interest rates, consumer confidence and other general economic factors or indicators), changes in the global and regional economic growth changes in the Company’s corporate strategy, the demand for and prices of natural resources on local and international markets, the level of residential real estate transactions, the availability of attractive investment opportunities, the average rate of commissions charged, competition from other real estate brokers or from discount and/or Internet-based real estate alternatives, the closing of existing real estate brokerage offices, other developments in the residential real estate brokerage industry or the Company that reduce the number of REALTORS<sup>®</sup> in the Company’s Network or royalty revenue from the Company’s Network, our ability to maintain brand equity through the use of trademarks, the methods used by shareholders or analysts to evaluate the value of the Company and its publicly traded securities, the availability of equity and debt financing, a change in tax law or regulations, and other risks detailed in the Company’s annual information form, which is filed with securities commissions and posted on SEDAR at [www.sedar.com](http://www.sedar.com). The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

### **About Brookfield Real Estate Services Inc.**

Brookfield Real Estate Services Inc. is a leading provider of services to residential real estate brokers and a network of over 17,000 REALTORS<sup>®</sup>. We operate in Canada under the Royal LePage, Via Capitale and Johnston & Daniel brands. Further information is available at [www.brookfieldresinc.com](http://www.brookfieldresinc.com).

Brookfield Real Estate Services Inc. is an affiliate of Brookfield Asset Management, a leading global alternative asset manager with over \$225 billion of assets under management. For more information, go to [www.Brookfield.com](http://www.Brookfield.com).

### **For more information, please contact:**

Sandra Webb  
Senior Vice President, Marketing & Communications  
Brookfield Real Estate Services Inc.  
[swebb@brookfieldres.com](mailto:swebb@brookfieldres.com)  
Tel: 416-520-4145

<sup>1</sup> REALTORS<sup>®</sup> is a trademark identifying real estate licensees in Canada who are members of the Canadian Real Estate Association.

<sup>2</sup> Source: National MLS<sup>®</sup> Report: The Canadian Real Estate Association News Release as of April 15, 2016, and April 15, 2015.

<sup>3</sup> Source: Toronto Real Estate Board Market Watch as of April 2016 and April 2015.

## Brookfield Real Estate Services Inc.

### Interim Balance Sheet Highlights

As at (Unaudited, in thousands of Canadian dollars)	March 31, 2016	December 31, 2015
Cash	\$ 4,607	\$ 5,645
Other current assets	4,693	4,245
Total current assets	9,300	9,890
Non-current assets	92,577	88,224
<b>Total assets</b>	<b>\$ 101,877</b>	<b>\$ 98,114</b>
Accounts payable and accrued liabilities	\$ 1,203	\$ 1,181
Current portion of purchase obligation	7,571	2,824
Interest payable on Exchangeable Units	476	476
Dividends payable	1,027	1,027
Other current liabilities	67	640
Total current liabilities	10,344	6,148
Debt facilities	68,676	64,662
Other non-current liabilities	2,048	3,890
Exchangeable Units	48,318	48,784
Total Liabilities	129,386	123,484
Shareholders' deficit	(27,509)	(25,370)
<b>Total Liabilities and Shareholders' deficit</b>	<b>\$ 101,877</b>	<b>\$ 98,114</b>

### Interim Earnings (Loss) Highlights

For three months ended March 31, (Unaudited, in thousands of Canadian dollars)	2016	2015
Royalties	\$ 9,397	\$ 8,454
Administration, Management Fee and Interest Expense	(2,647)	(2,436)
Cash Flow from Operations	6,750	6,018
Impairment, write-off and amortization of intangible assets	(2,605)	(2,511)
Interest on Exchangeable Units	(1,428)	(1,318)
Gain / (loss) on fair value of Exchangeable Units	466	(3,827)
Loss on interest rate swap	(112)	(1,561)
Loss on fair value of purchase obligation	(1,464)	(17)
Income taxes	(665)	(310)
<b>Net and comprehensive earnings / (loss)</b>	<b>\$ 942</b>	<b>\$ (3,526)</b>
<b>Basic earnings / (loss) per Restricted Voting Share</b>	<b>\$ 0.10</b>	<b>\$ (0.37)</b>
<b>Diluted earnings / (loss) per Share</b>	<b>\$ 0.10</b>	<b>\$ (0.37)</b>
<b>Cash Flow from Operations per Share on a diluted basis</b>	<b>\$ 0.53</b>	<b>\$ 0.47</b>

### Interim Cash Flow Highlights

For three months ended March 31, (Unaudited, in thousands of Canadian dollars)	2016	2015
Cash provided by Operating activities:	\$ 3,334	\$ 4,143
Cash provided used for Investing activities:	(5,291)	(8,122)
Cash provided by Financing activities:	919	5,155
<b>Change in cash for the period</b>	<b>(1,038)</b>	<b>1,176</b>
<b>Cash, beginning of the period</b>	<b>5,645</b>	<b>3,052</b>
<b>Cash, end of the period</b>	<b>\$ 4,607</b>	<b>\$ 4,228</b>