Brookfield Real Estate Services Inc. Reports Annual Results and Monthly Dividend

(TORONTO) March 7, 2018 – Brookfield Real Estate Services Inc. (TSX: BRE), a leading provider of services to residential real estate brokers and their REALTORS®[1] (the "Company"), today announced its 2017 annual financial results and the approval of a monthly dividend to holders of the Company's restricted voting shares.

HIGHLIGHTS

- The Company generated net earnings of $12.4 million, or $1.31 per restricted voting share ("Share"), as compared to $6.4 million, or $0.67 per Share in 2016.
- The Company generated exceptional cash flow from operations ("CFFO") of $32.7 million or $2.55 per Share, an increase of 5.5% as compared to $31.0 million or $2.42 per Share in 2016.
- The Company's network of REALTORS® (the "Network") increased to 18,135, up 3% from 17,580 as at December 31, 2016.
- The Board of Directors of the Company approved a dividend to shareholders of $0.1125 per restricted voting share payable April 30, 2018 to shareholders of record March 30, 2018, representing a target annual dividend of $1.35 per restricted voting share.

OPERATING RESULTS

For the year ended December 31, 2017, CFFO was $32.7 million or $2.55 per Share, an increase of 5.5% as compared to $31.0 million or $2.42 per Share in 2016. The improvement in CFFO was driven by an increase in royalties as a result of an increase in the number of REALTORS® in the Company Network and lower cash operating expenses due to lower bad debt and other administration expenses as compared to 2016. For the fourth quarter of 2017, CFFO was $7.0 million or $0.55 per Share compared to $6.9 million or $0.54 per Share in the fourth quarter of 2016.

Royalty revenues for the year ended December 31, 2017, were $44.2 million compared to $42.4 million in 2016. The strong Canadian residential real estate market in the first six months of the year, combined with a 3% increase in the number of REALTORS® in the Company Network, contributed to the year-over-year increase. For the fourth quarter, royalty revenues amounted to $9.5 million, down marginally from $9.6 million in 2016 as a result of weaker real estate markets in the last half of 2017, particularly in southern Ontario.

Net earnings in 2017 were $12.4 million or $1.31 per Share as compared to $6.4 million, or $0.67 per Share in 2016.

"We are pleased with the strong financial and operational results the Company delivered in 2017. Our annual cash flow from operations was exceptional," said Phil Soper, President and Chief Executive Officer, Brookfield Real Estate Services Inc. "Our sustained financial success is a result of our growing Company Network of REALTORS®. Nationwide, our brands continue to attract engaged and motivated entrepreneurs as they look for the best operating model in the real estate brokerage industry."

THE COMPANY NETWORK

As at December 31, 2017, the Network was comprised of 18,135 REALTORS®, operating under 293

[1] REALTORS® is a trademark identifying real estate licensees in Canada who are members of the Canadian Real Estate Association

franchise agreements (providing services from 658 locations), with an approximate 20% share of the Canadian residential real estate market based on 2017 transactional dollar volume. The Company Network grew by 555 REALTORS®, largely due to the purchase of 55 Franchise Agreements representing an annual revenue stream of approximately $1.2 million.

REAL ESTATE MARKET

From CREA[2]: According to the Canadian Real Estate Association ("CREA"), in 2018, national sales are forecast to number 486,600 units, a decline of 5.3% or 27,000 fewer transactions versus 2017. This is a downward revision of about 8,500 sales from CREA's previous forecast.

The overwhelming majority of the forecast decline in sales next year reflects an expected decline in Ontario sales, with activity anticipated to remain well below the record-levels logged in early 2017. Indeed, new mortgage rules are expected to lower 2018 sales in all provinces except Quebec and Newfoundland and Labrador.

The national average price is forecast to edge down by 1.4% to $503,100 in 2018, in large part due to a record number of higher-priced home sales in and around Toronto in early 2017 that is not expected to be repeated in 2018.

New mortgage rules and further interest rate increases are expected to further hold sales in check in Greater Vancouver and Greater Toronto Area (GTA). As a result, the average price is forecast to hold steady in British Columbia in 2018, while declining by 2.2% in Ontario.

In an extension of current trends, average prices in 2018 are forecast to rise in Quebec, New Brunswick and Nova Scotia. However, price gains in 2018 will be restrained in all markets by tougher mortgage qualification criteria for low-ratio mortgages that will weigh on higher-end home sales activity.

Also in line with 2017 trends, average prices in Alberta, Saskatchewan and Newfoundland and Labrador are forecast to either hold steady or edge back slightly in 2018.

OUTLOOK

The Greater Vancouver market, which experienced a significant housing correction starting in August 2016, began to show improvement in the second quarter as sales activity in the region improved 57% compared to the first quarter. Despite double digit, year-over-year growth in the second half of the year, low unit sales and price decreases in the first half of the year resulted in the market closing down 9% compared to 2016.

Growing affordability constraints, waning consumer confidence and buyer hesitation in advance of new mortgage refinancing rules resulted in a decline in sales activity in the GTA market in the second half of the year offsetting significant growth in the first two quarters. The market closed down 19% year-over-year despite an increase of 13% in average house prices. As the GTA represents approximately 30% of the national market, the decline in unit sales depressed the overall performance of the Canadian residential market. Ontario's strong economy, low unemployment rate, low housing supply and population growth may contribute to improving sales activity in 2018.

On January 1, 2018, the Office of the Superintendent of Financial Institutions implemented new regulations for mortgage refinancing that may contribute to slower housing activity as potential buyers and sellers take a 'wait and see' approach. Moreover, some potential move-up buyers may delay listing their homes as they may not be able to access sufficient financing for their desired next purchase. Further diminished affordability may contribute to increased demand for entry-level properties.

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[2] Source: CREA Updates National Resale Market Housing Forecast, published December 14, 2017

Low inventory levels may continue to define market characteristics of many large urban centres including Toronto, Vancouver, Ottawa and Montreal in 2018. Further adding to pent up housing demand, British Columbia and Ontario both experienced an increase in interprovincial migration in 2017, putting further pressure on the Vancouver and Toronto markets. Demand from immigration, alongside demand from millennials, the largest generation in Canada who are increasingly approaching home buying age, may continue to outpace supply, putting upward pressure on home prices.

"Having extensive brokerage operations from coast to coast greatly reduces the impact that a regional market correction can have on overall company results," Mr. Soper commented. "Canada is a market of markets and cyclical downturns are often provincial in nature. Overall company growth was sustained through a soft Quebec market in the early part of the decade, Alberta in 2015, B.C. in 2016 and Ontario in 2017."

CASH DIVIDEND

The Company declared a cash dividend of $0.1125 per restricted voting share payable on April 30, 2018, to shareholders of record on March 30, 2018. This represents a targeted annual dividend of $1.35 per restricted voting share.

CONFERENCE CALL

Brookfield Real Estate Services Inc. will host a conference call on Wednesday, March 7, 2017 at 10 a.m. ET to discuss its annual and fourth quarter financial results for 2017.

To access the call by telephone, please dial 1-888-231-8191 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 Wednesday, March 13, 2018.

CFFO

This news release and accompanying financial statements make reference to cash flow from operations or “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 pay income taxes and payments 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 financial position 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 “adding”, “anticipated”, “began”, “believes”, “continue”, “expected”, “extension”, “forecast”, “further”, “growing”, “increasingly”, “may”, “outlook”, “potential”, “putting”, “target”, “trends”, “waning” 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 Company 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 supply or demand of houses for sale in Canada or in any particular region within Canada, changes in the selling price for houses in Canada or any particular region within Canada, changes in the Company’s strategy with respect to dividends, changes in the productivity of the Company’s REALTORS® or the commissions they charge their customers, changes in government policy, laws or regulations which could reasonably affect the housing markets in Canada, consumer response to any changes in the housing markets in Canada or any changes in government policy, laws or regulations, changes in general economic conditions (including interest rates, consumer confidence and other general economic factors or indicators), changes in global and regional economic growth, the demand for and prices of natural resources on local and international markets, the level of residential real estate transactions, 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® 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, changes in tax laws 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. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to management. Material factors or assumptions that were applied in drawing conclusions or making estimates set out in the forward-looking statements include, but are not limited to: anticipated economic conditions, anticipated impact of government policies, anticipated financial performance, anticipated market conditions, business prospects, the successful execution of the Company's business strategies and recent regulatory developments. The factors underlying current expectations are dynamic and subject to change. Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. 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. ("BRESI") is a leading provider of services to residential real estate brokers and a Network of more than 18,000 REALTORS®1. BRESI operates in Canada under the Royal LePage, Via Capitale and Johnston & Daniel brands. Further information is available at www.brookfieldresinc.com.

Brookfield Real Estate Services Inc. is an affiliate of Brookfield Asset Management, a leading global alternative asset manager with over $250 billion of assets under management. For more information, go to www.brookfield.com.

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Brookfield Real Estate Services Inc.

Balance Sheet Highlights

As at (in thousands of Canadian dollars)	**December 31, 2017**	December 31, 2016
Cash	$ 3,458	$ 3,102
Other current assets	4,645	4,114
Total current assets	8,103	7,216
Non-current assets	85,420	85,187
Total assets	**$ 93,523**	$ 92,403
Accounts payable and accrued liabilities	$ 803	$ 893
Purchase obligation	1,497	3,559
Interest payable on Exchangeable Units	484	476
Dividends payable to shareholders	1,067	1,027
Other current liabilities	400	435
Total current liabilities	4,251	6,390
Debt facilities	65,677	63,720
Other non-current liabilities	-	1,114
Exchangeable Units	54,973	52,477
Total Liabilities	124,901	123,701
Shareholders' deficit	(31,378)	(31,298)
Total Liabilities and Shareholders' deficit	**$ 93,523**	$ 92,403

Earnings Highlights

(in thousands of Canadian dollars, except per Share amounts)	**Three months ended December 31, 2017**	Three months ended December 31, 2016	**Year ended December 31, 2017**	Year ended December 31, 2016
Royalties	$ 9,466	$ 9,602	$ 44,238	$ 42,436
Administration Expense	(110)	(308)	(816)	(1,058)
Management Fee	(1,750)	(1,734)	(8,178)	(7,754)
Interest Expense	(609)	(627)	(2,532)	(2,606)
Cash Flow from Operations	6,997	6,933	32,712	31,018
Impairment, write-off and amortization of intangible assets	(2,020)	(2,155)	(7,593)	(9,694)
Interest on Exchangeable Units	(1,451)	(1,428)	(5,750)	(5,710)
Gain / (loss) on fair value of Exchangeable Units	266	2,762	(2,496)	(3,694)
Gain on interest rate swap	142	621	1,159	822
Gain / (loss) on fair value of purchase obligation	113	(167)	147	(1,568)
Income tax expense	(1,169)	(1,239)	(5,735)	(4,777)
Net and comprehensive earnings	**$ 2,878**	$ 5,327	**$ 12,444**	$ 6,397
Basic earnings per Restricted Voting Share	**$ 0.30**	$ 0.56	**$ 1.31**	$ 0.67
Diluted earnings per Share	**$ 0.30**	$ 0.31	**$ 1.31**	$ 0.67
Cash Flow from Operations per Share on a diluted basis	**$ 0.55**	$ 0.54	**$ 2.55**	$ 2.42

Cash Flow Highlights

(in thousands of Canadian dollars)	**Three months ended December 31, 2017**	Three months ended December 31, 2016	**Year ended December 31, 2017**	Year ended December 31, 2016
Cash provided by Operating activities:	$ 4,415	$ 4,728	$ 21,060	$ 20,148
Cash provided by / (used) for Investing activities:	60	(1,344)	(10,119)	(9,366)
Cash provided used for Financing activities:	(3,661)	(5,081)	(10,585)	(13,325)
Change in cash for the period	**814**	(1,697)	**356**	(2,543)
Cash, beginning of the period	**2,644**	4,799	**3,102**	5,645
Cash, end of the period	**$ 3,458**	$ 3,102	**$ 3,458**	$ 3,102