



**Brookfield**

Real Estate Services Inc.

---

2017 Annual General Meeting





# Spencer Enright

Director and Chairman of the Board of Directors





**Philip Soper**

President and Chief Executive Officer

**Brookfield**  
Real Estate Services Inc.





# Glen McMillan

Chief Financial Officer





Board of Directors

**Lorraine Bell, CPA, CA**

**Simon Dean**

**Hon. J. Trevor Eyton, O.C., Q.C.**

**Gail Kilgour, ICD.D**



# FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking information and other “forward-looking statements”. Words such as “continue”, “momentum”, “expected”, “forecast”, “grow”, “increase”, “may”, “projected”, “begin”, “plans”, “trajectories”, “promise”, “pipeline”, “upswing”, “indication”, “opportunity”, “maintain” 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 of houses for sale in Canada or in any particular region within Canada, changes in the demand for houses in Canada or any particular region within Canada, 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 the Company’s strategy with respect to dividends, other developments in the residential real estate brokerage industry or the Company that reduce the number of REALTORS<sup>®1</sup> in the Company’s Network or royalty revenue from the Company’s Network, changes in the productivity of REALTORS<sup>®</sup> in the Company’s Network, changes in general economic conditions (including interest rates, consumer confidence and other general economic factors or indicators) in Canada or any particular region of Canada, the ability of governments to pass legislation and regulations related to indicated policies, changes in global and regional economic growth, changes in 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, 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](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.

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





**Philip Soper**

President and Chief Executive Officer

**Brookfield**  
Real Estate Services Inc.





HAVE A QUESTION?  
**SEND AN EMAIL TO**  
[info@brookfieldres.com](mailto:info@brookfieldres.com)





OUR  
BRANDS

**Brookfield**  
Real Estate Services Inc.





## Royal LePage

- Leader in Canadian real estate since 1913
- Over 17,000 agents in more than 600 locations nationwide



## Johnston & Daniel


- Leading luxury real estate boutique firm selling distinctive homes in southern Ontario
- ~250 real estate professionals



## Via Capitale

- The Quebec founded and headquartered real estate company, since 1991
- ~1,000 agents in 60 locations





# OPERATING RESULTS OVERVIEW

For the year ended December 31, 2016 and Q1 2017

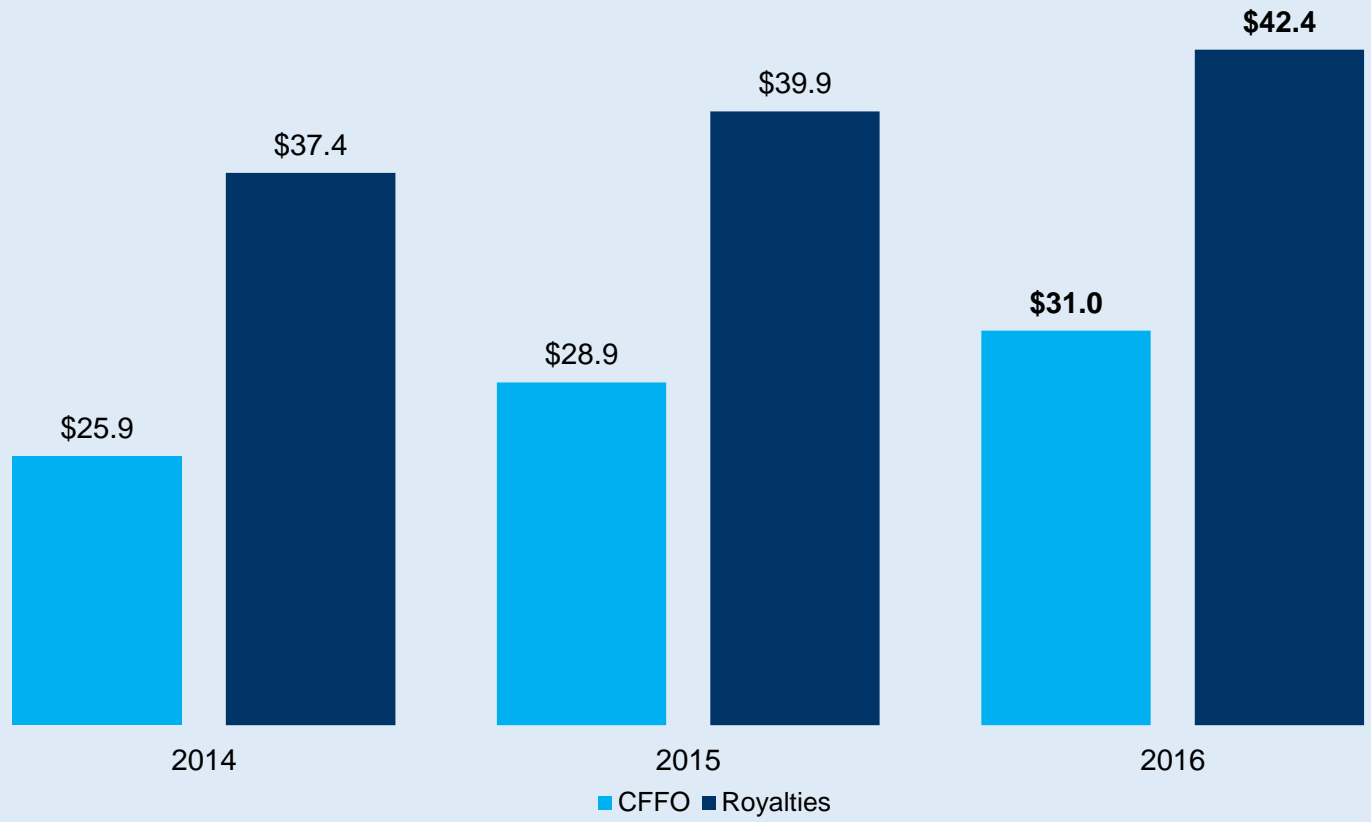
**Brookfield**  
Real Estate Services Inc.



## Record Financial Performance in 2016

An increase in the number of REALTORS® in the Network and a strong Canadian real estate market drove royalties higher to record CFFO

ROYALTIES AND CASH FLOW FROM OPERATIONS (CFFO)  
(\$ millions)



- The Company produced record financial results in 2016
- Royalty revenue increased by \$2.6 million in 2016, driving a 7.3% increase in CFFO

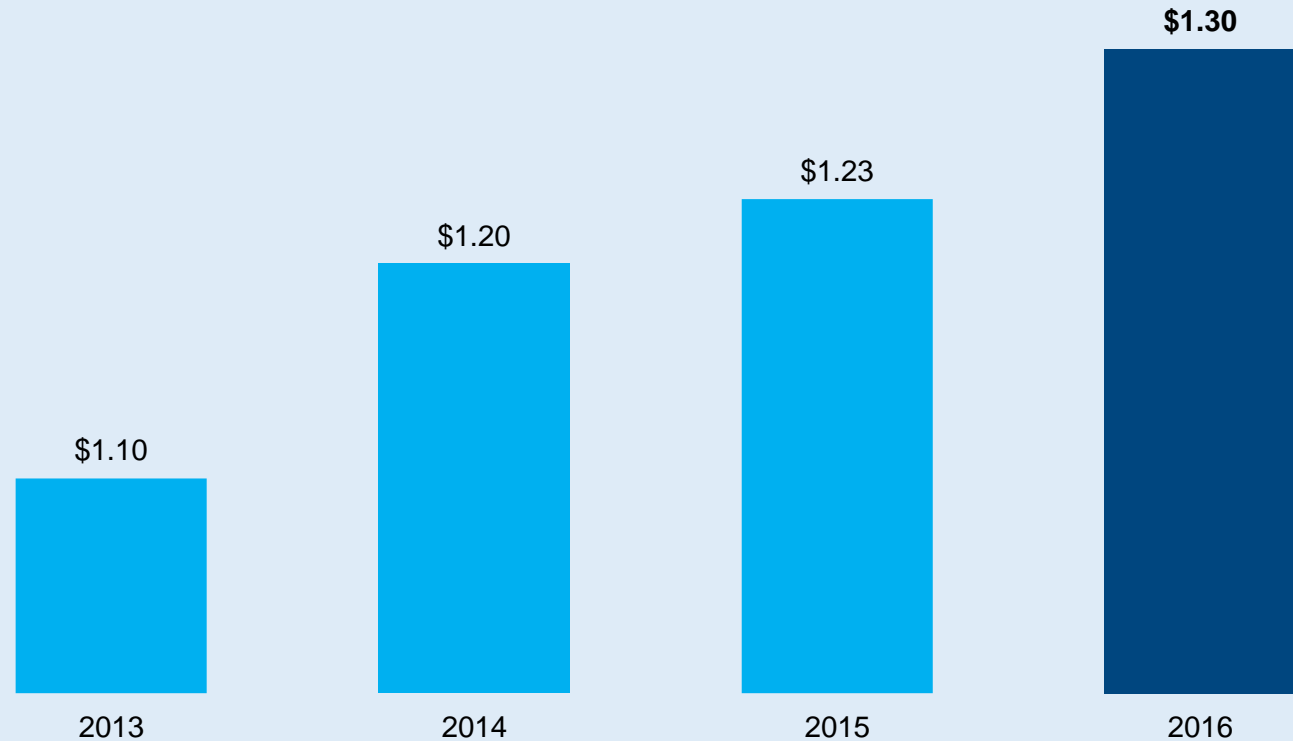


## A Growing Dividend

The Company has increased its dividend in each of the last three years

### DIVIDENDS PAID PER RESTRICTED VOTING SHARE

(For the years ended December 31)



- The dividend grew by 8.7% in 2014, 2.5% in 2015, and 5.7% in 2016
- For the year, the Company achieved a 58% payout ratio
- Excluding premium fees, on a pro forma basis, the 2016 payout ratio was 69%

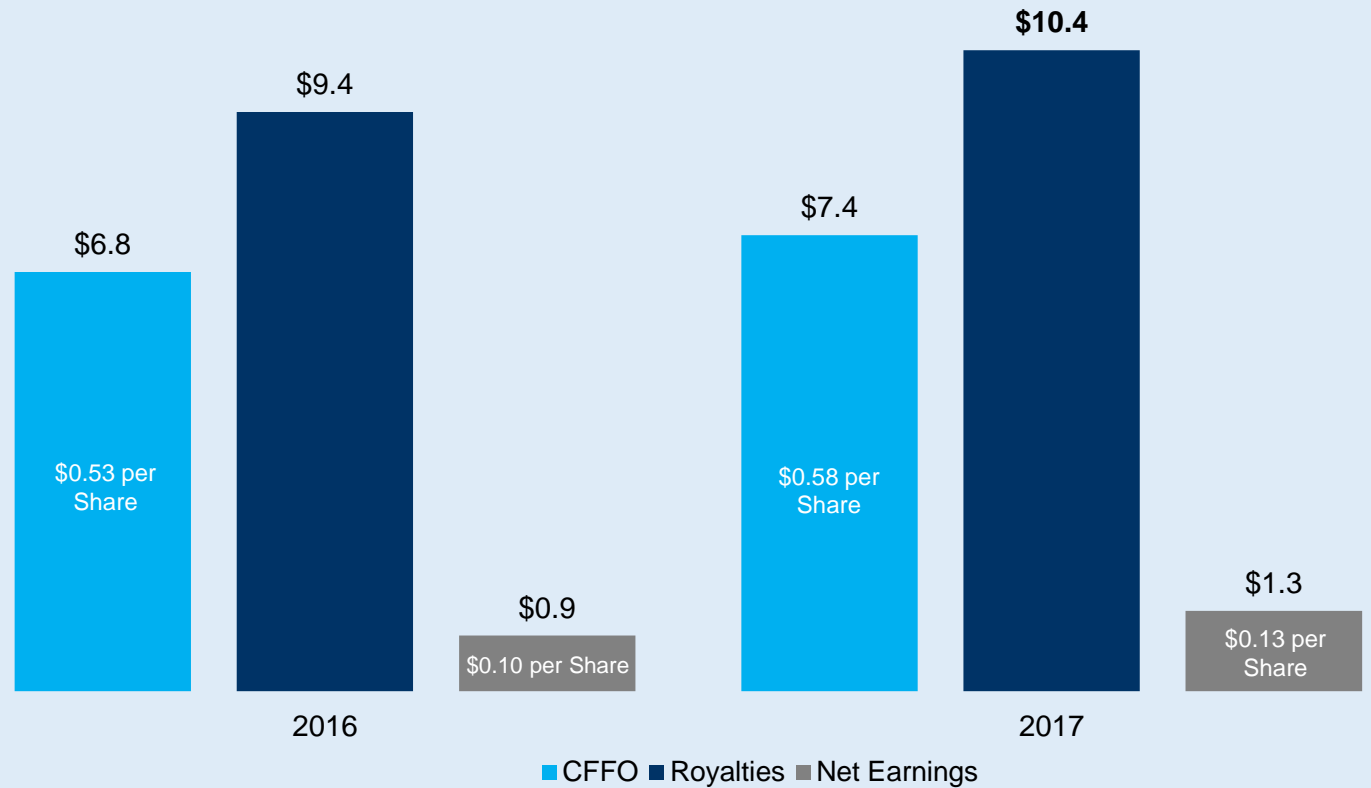


## A Strong Start to the Beginning of the Year

Royalties and CFFO continued to grow in the first quarter of 2017

### Q1 2017 FINANCIAL HIGHLIGHTS

(\$ millions, for the three months ended March 31)



- CFFO for the first quarter of 2017 was up 9%, year-over-year, driven by a \$1.0 million increase in royalties

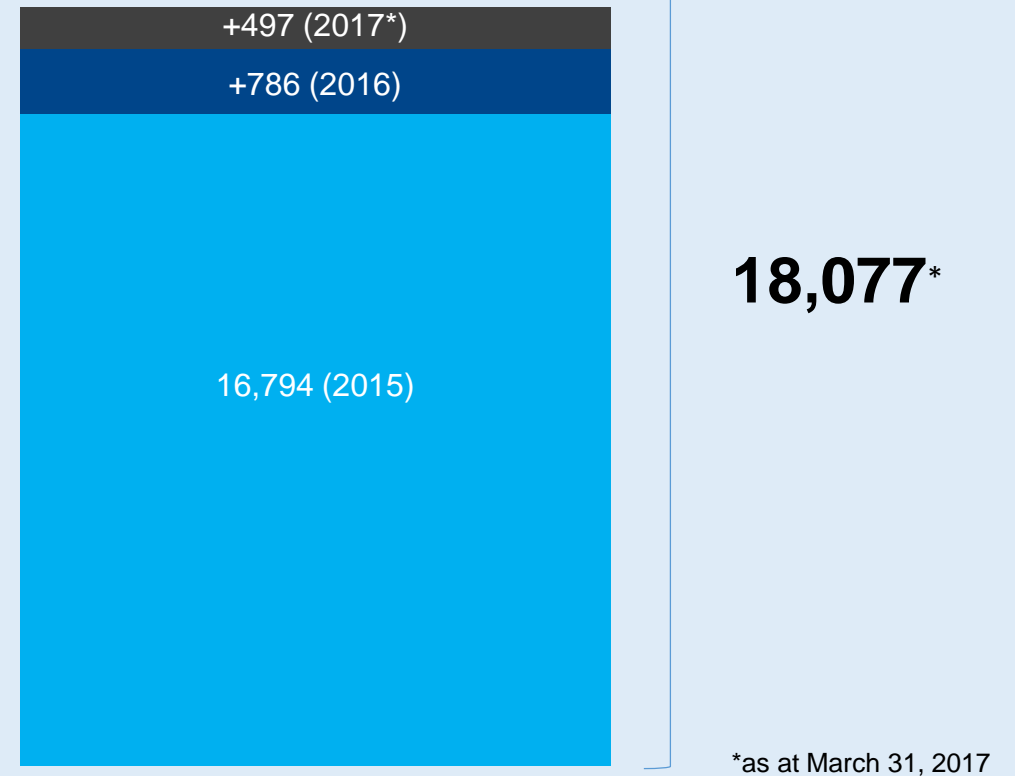


## Sustained Growth and Momentum

As at January 1, 2017, the Company surpassed the **18,000 REALTOR®** mark

### COMPANY GROWTH

(Number of REALTORS® as at December 31)



\*as at March 31, 2017

- The Company grew by 786 REALTORS® in 2016, with 33 new franchise agreements representing 459 REALTORS® and net recruitment growth of 327 REALTORS®
- In January 2017, the Company acquired an additional 55 Franchise Agreements, representing 568 REALTORS®, after which it experienced net attrition of 71 REALTORS®





KEY  
**BUSINESS**  
DRIVERS





## Canadian Real Estate's Leading Consolidator and Growth Story

Since inception, the Company's  
Network has grown at a 5% CAGR

# Business Strategy:

- Pay growing dividends
- Stability through long-term franchise agreements with fixed fees
- Leverage the economies of scale of the nation's largest operator
- Recruit and train premium practitioners
- Maintain appropriate capital structure
- Lead the industry with innovative, effective technology and business services



## Key Business Drivers

A time-tested strategy,  
contributing to growth and  
stability

Stability of the  
Company's  
Royalty Stream

Number of  
REALTORS® in  
the Company's  
Network

The Company's  
Growth  
Opportunities

Transaction  
Volumes

1

2

3

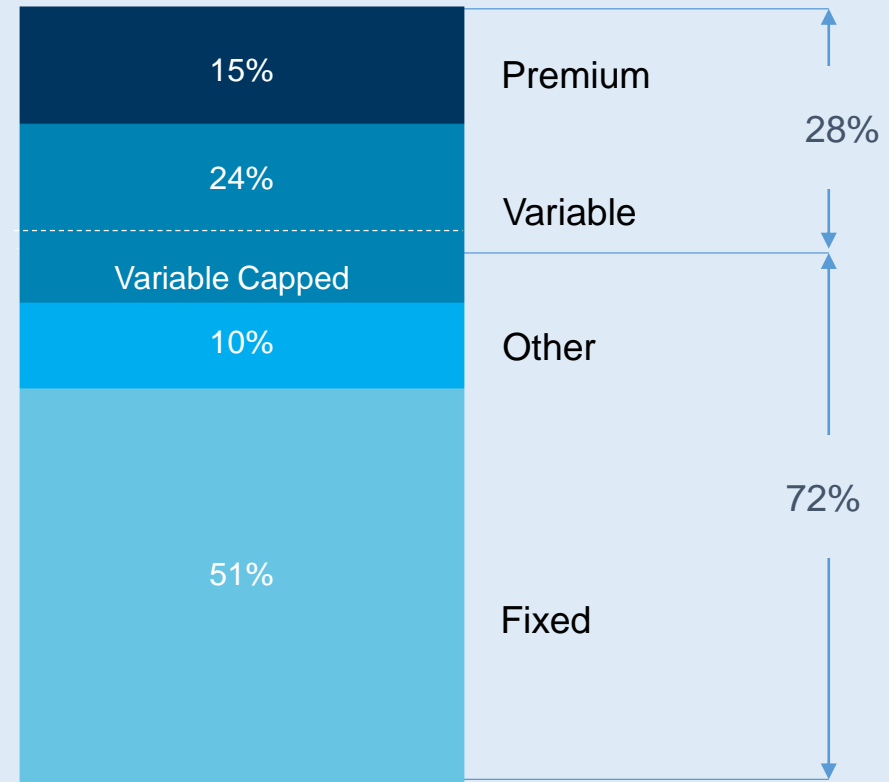
4



## Royalty Fees Structured to Provide Stability

72% of the Company's royalty fees were fixed in nature in 2016

### ROYALTY FEE COMPOSITION (For the year ended December 31, 2016)



Fees that are fixed in nature provide revenue stability despite market fluctuation

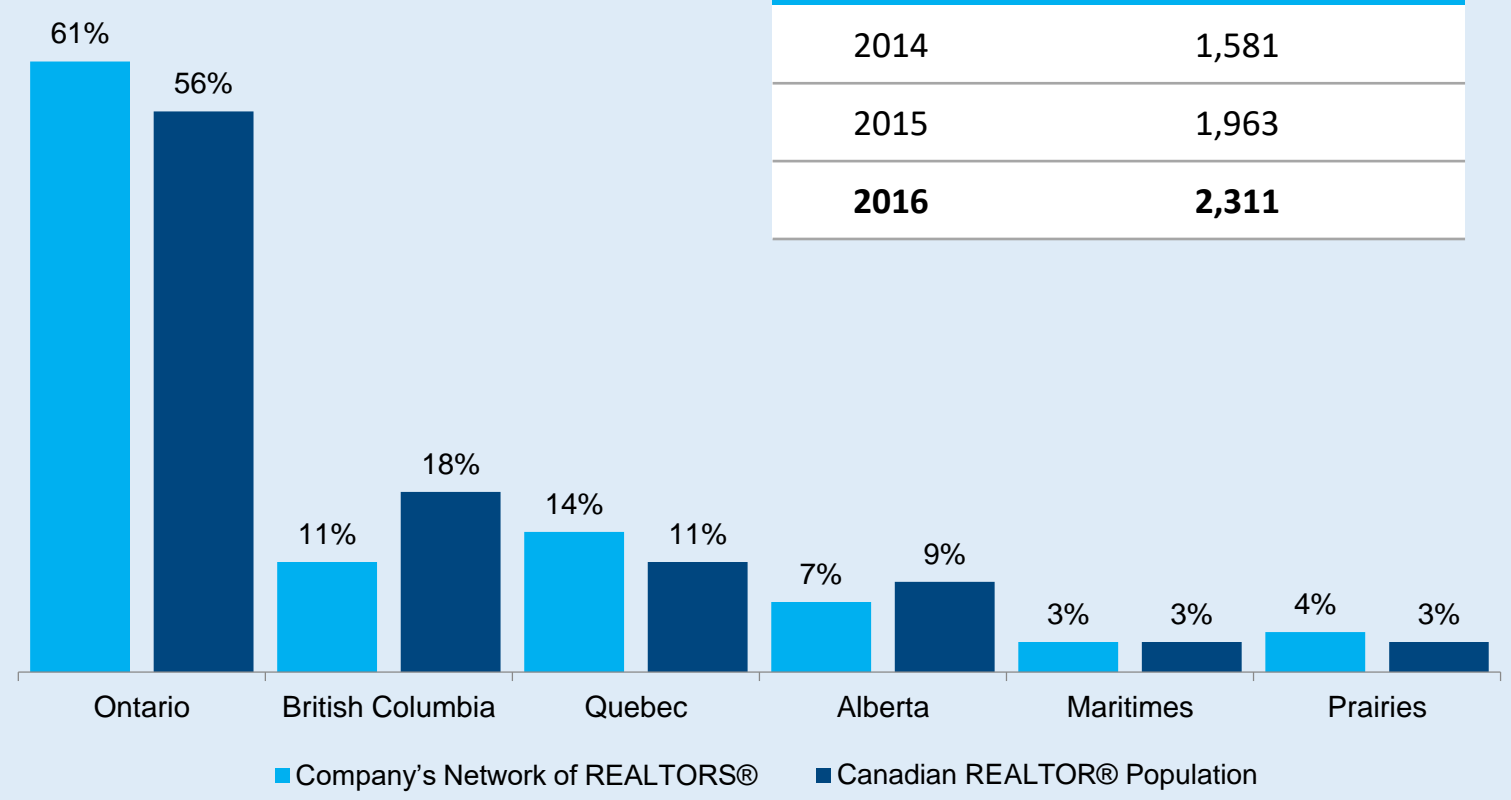




## A Geographically Dispersed Canadian Salesforce

The Company holds an approximate one-fifth share of the residential real estate market based on transactional dollar volume

**REALTOR® COUNT**  
(As at December 31, 2016)



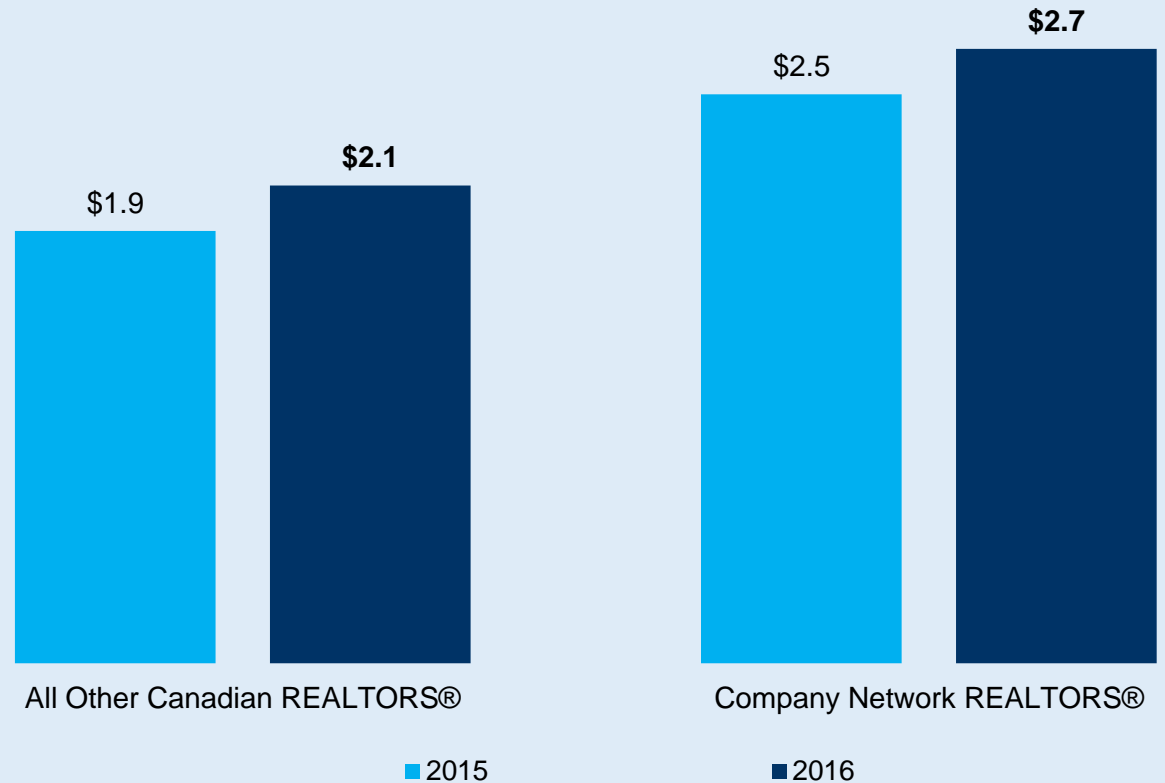
- The Company has a very strong presence in two of Canada's largest markets, Ontario and Quebec
- British Columbia remains a large growth opportunity. Investment in that region saw the Company's REALTOR® count grow by 730 from 2014 to the end of 2016



## Superior REALTOR® Productivity

Increased agent productivity  
(sales volumes) reduces attrition,  
produces higher variable  
royalties, and contributes to  
franchisee profitability

TRANSACTIONAL \$ VOLUME PER AGENT  
(\$ millions, for the years ended December 31)



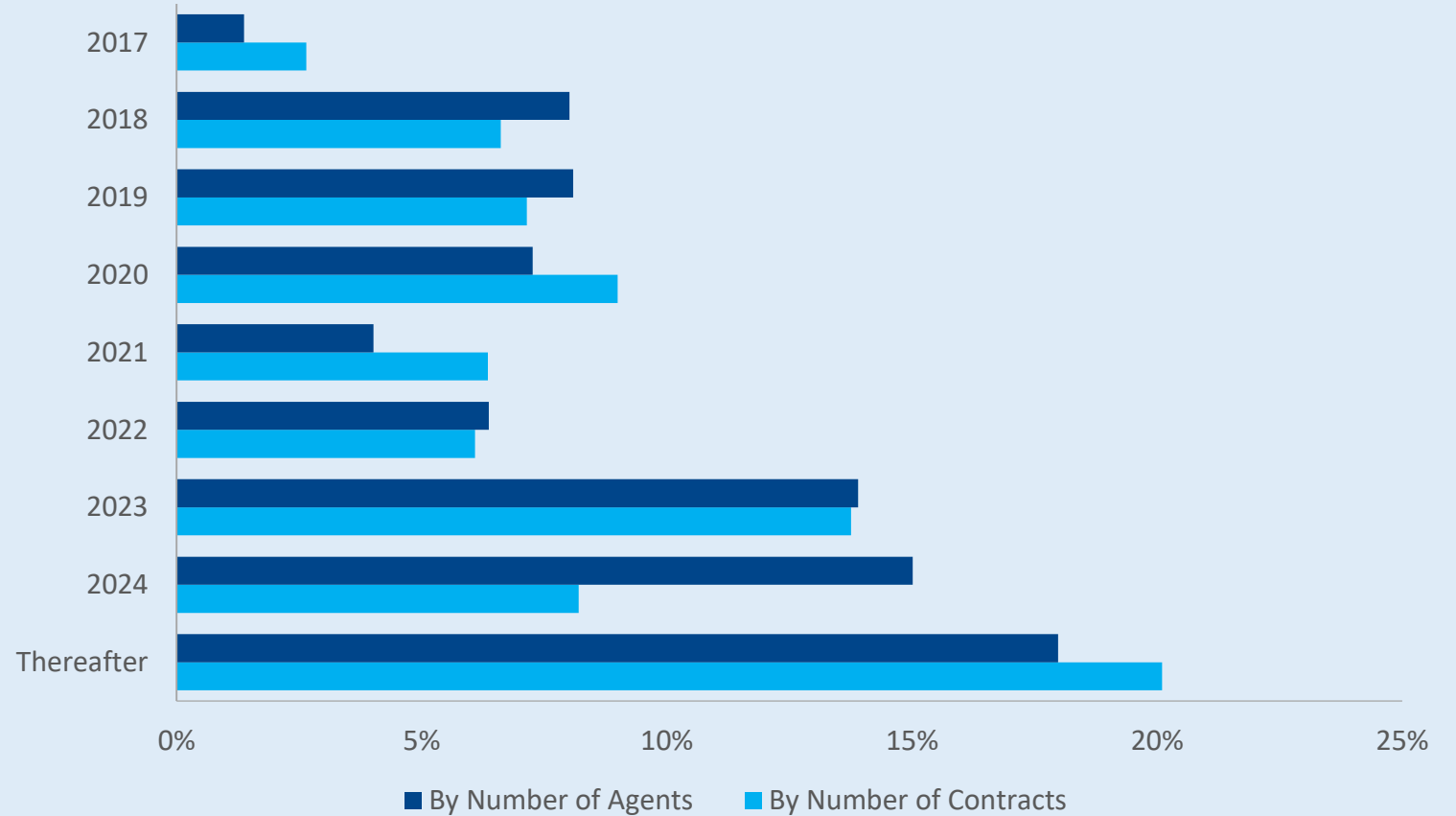
The average Company REALTOR® generated \$2.7 million in 2016, compared to \$2.1 million generated by an average Canadian REALTOR®



## A Balanced Low-risk Contract Portfolio

The Company historically enjoys a **95%+\*** contract renewal rate

### % OF FRANCHISE AGREEMENTS UP FOR RENEWAL



In 2016, 13 expiring franchise agreements representing 714 REALTORS® were renewed. During the same period, 26 franchise agreements representing 1,065 REALTORS® renewed early. Contract expiry dates are spread over time.

\*Expressed as a percentage of the underlying number of REALTORS® associated with these agreements

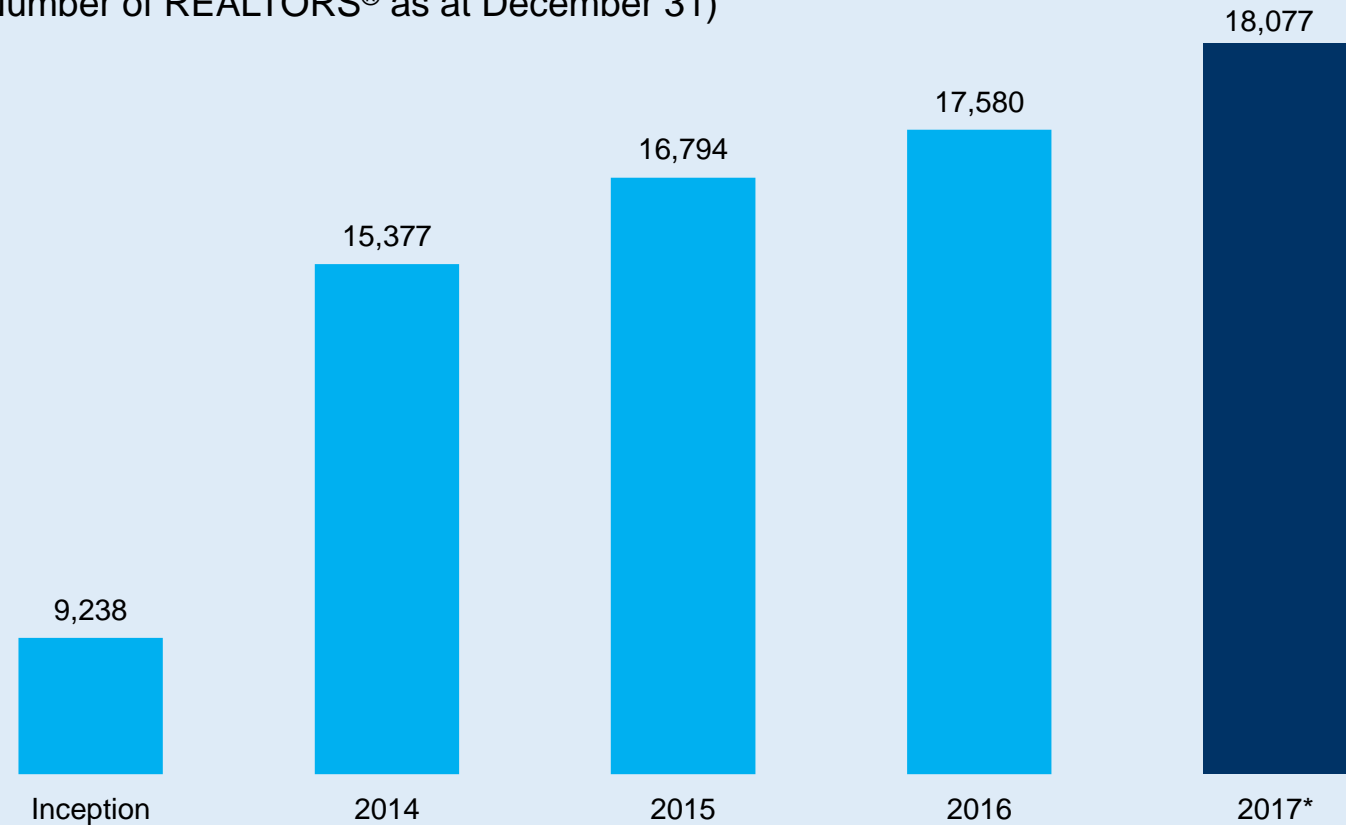


## Strong Network Growth

From inception through Q1 2017, the Company has grown by 96%, both organically and through acquisitions

### COMPANY GROWTH

(Number of REALTORS® as at December 31)



Initiatives in British Columbia, Quebec and ethnic markets are leading to an increased share in those markets:

- 2016 saw the largest net REALTOR® growth in Quebec in 7 years
- 61% of REALTORS® acquired on January 1, 2016 came from B.C.
- Important wins in growing ethnic markets in Ontario & B.C.

\*As at March 31, 2017



# The Company has plans in place to continue a strong growth trajectory:

- Continued focus on Western Canada, Quebec and ethnically diverse regions
- Communicate to brokerages and agents in competing brands, stressing the Company's strong brands and unique value propositions
- For a decade, the Company has been the leader in capitalizing on a long-term consolidation trend in the Canadian real estate industry

## Company Network:

**18,077\* + Current Closed Pipeline ~350 = ~18,500 REALTORS®**

\*As at March 31, 2017

## 2017 Pipeline

Momentum is contagious in the sales-services industry

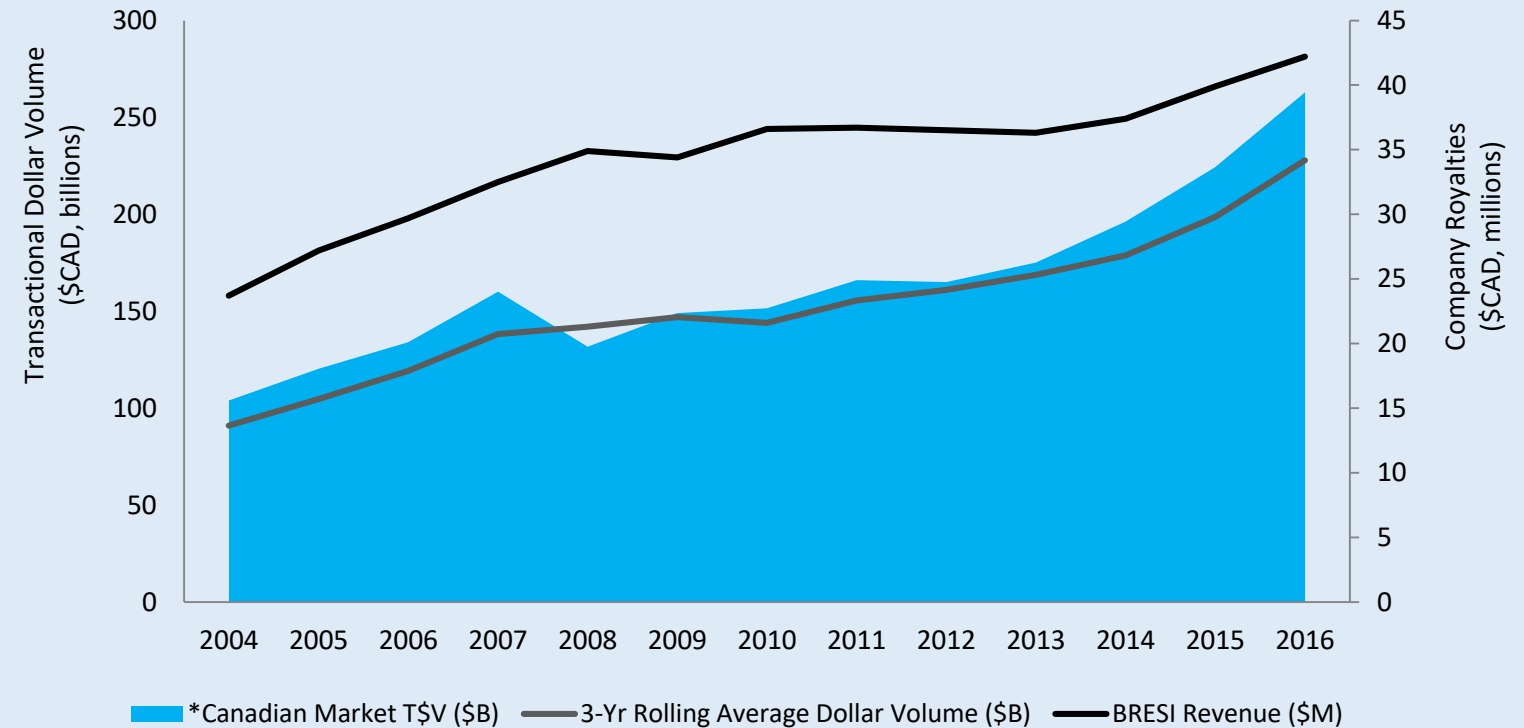
Leading agents choose to affiliate with a winner



## Canadian Real Estate Transactional Dollar Volume Grows

The Canadian market was up 17% to \$263 billion in 2016

### MARKET DOLLAR VOLUME – CANADIAN REAL ESTATE MARKET (2004-2016)



The Company's fixed-fee structure provides downside protection when markets cool, while in rapidly expanding markets, the Company's revenue growth will be less pronounced than the market

Source: CREA

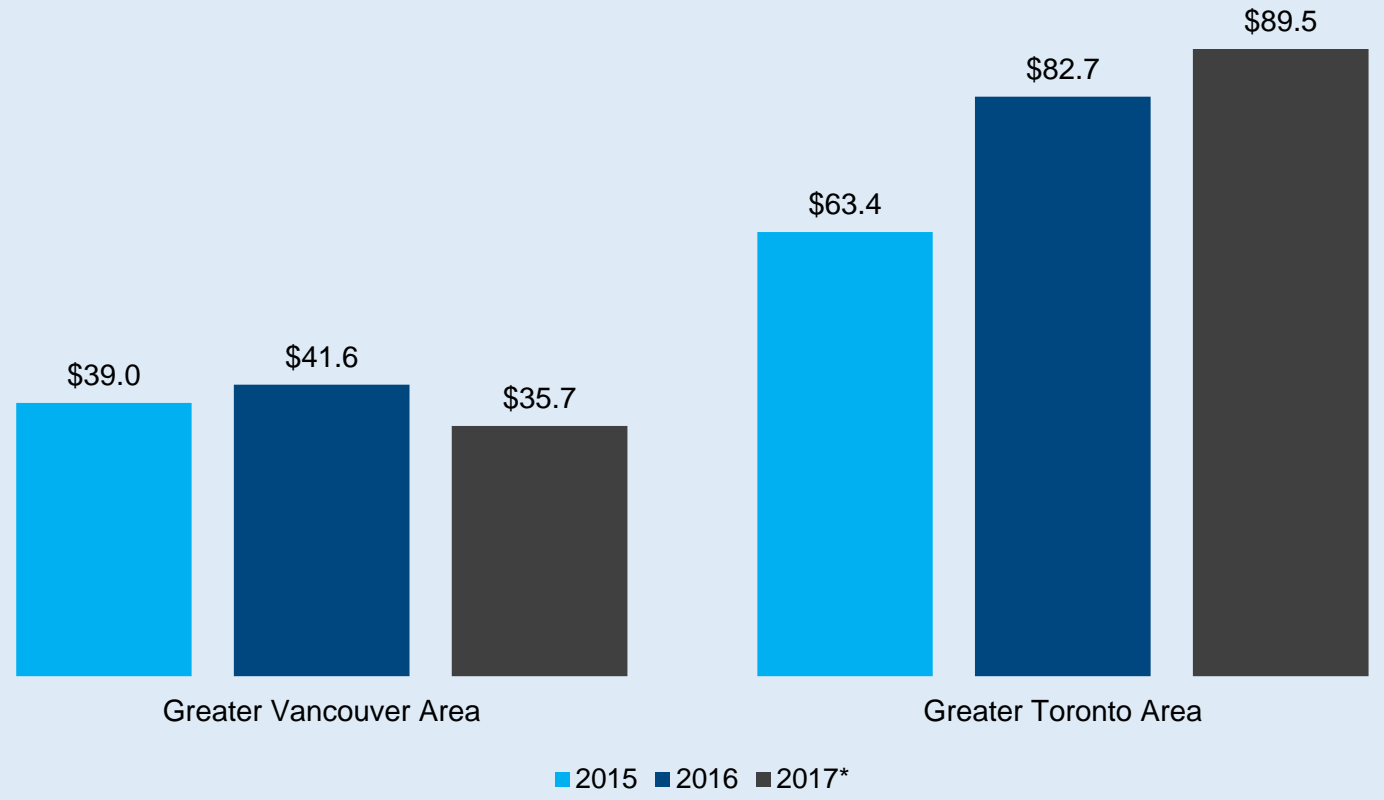




# Regional Disparity in 2016

For the first time in several years, real estate markets in Vancouver and Toronto are on different trajectories

**TRANSACTIONAL DOLLAR VOLUME**  
(billions, for the twelve months ended December 31)



- In 2016, the Greater Toronto Area market was up 31%, driven by a 17% increase in average selling price, and a 12% increase in number of units sold
- In Vancouver the market closed up 7%, driven by a 13% increase in average selling price, and a 5% decrease in number of units sold

Source: CREA  
\*For the twelve-month period, ended March 31, 2017





# REAL ESTATE MARKET UPDATE





# Canada's residential real estate market saw substantial price growth in the first quarter of 2017, driven by strength in Ontario

## The Canadian Residential Real Estate Market

Toronto and Vancouver yield room on the stage as other regions grow

- Price appreciation across much of Ontario significantly outpaced the rest of the country
  - Market enthusiasm in the Greater Toronto Area spilled over into the “Golden Horseshoe”
  - Ontario’s strong economy lifted Windsor, London, et. al.
- Greater Vancouver home price appreciation was noticeably lower than the historic highs witnessed in 2016, driven by eroding affordability and regulatory intervention
  - Sales activity has grown in each month of the quarter, providing an indication that the market may recover sooner than anticipated
- The majority of other housing markets in Canada were in balance, posting healthy, single-digit gains





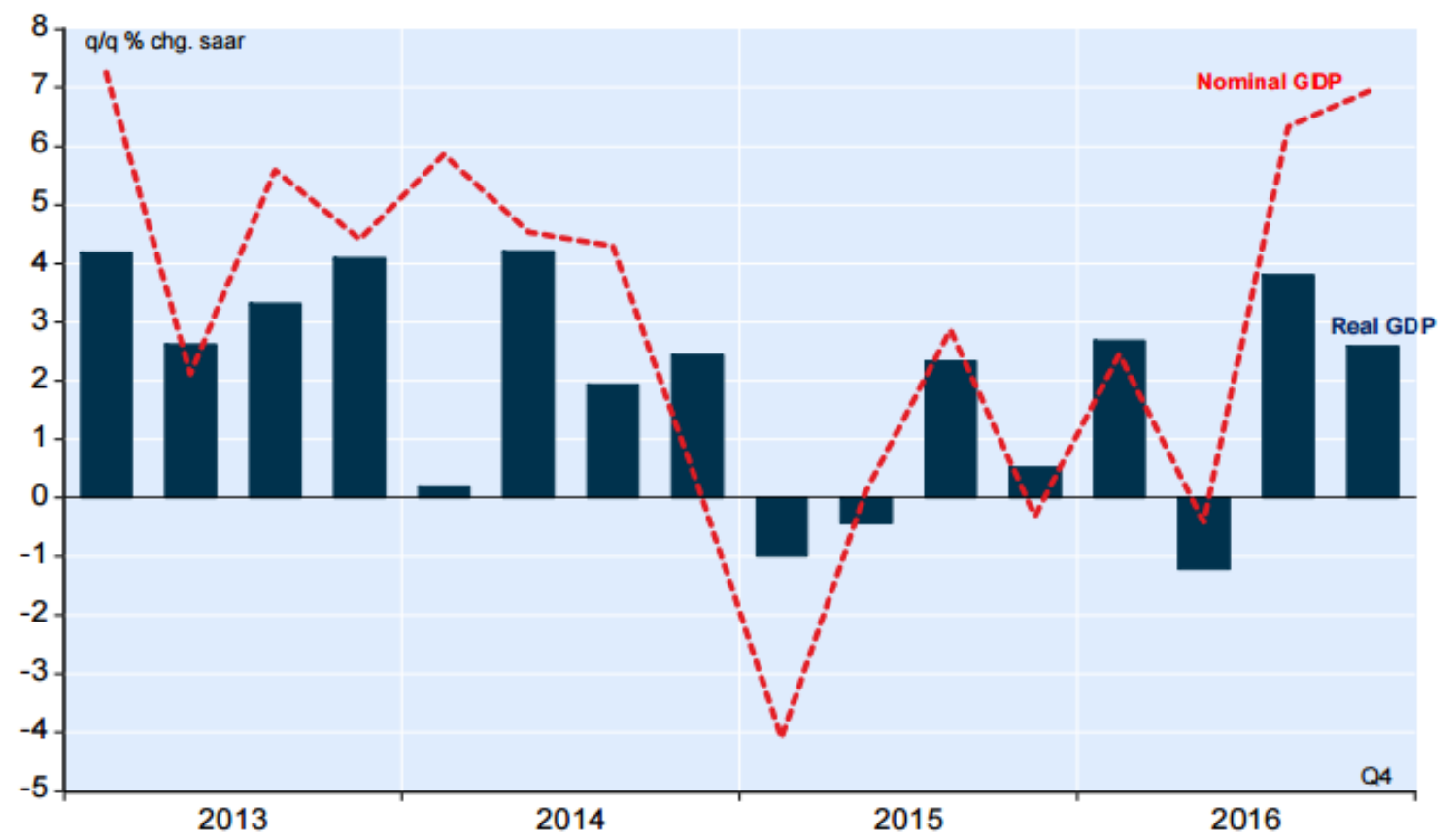
# Canada Regains Economic Momentum in the Latter Half of 2016

Healthy economic and employment growth across Canada as economy adjusts to lower oil prices



### REAL AND NOMINAL GDP

(Quarter-over-quarter, seasonally adjusted)



The Bank of Canada projects real GDP growth of 2.5% in 2017

Source: National Bank, Bank of Canada



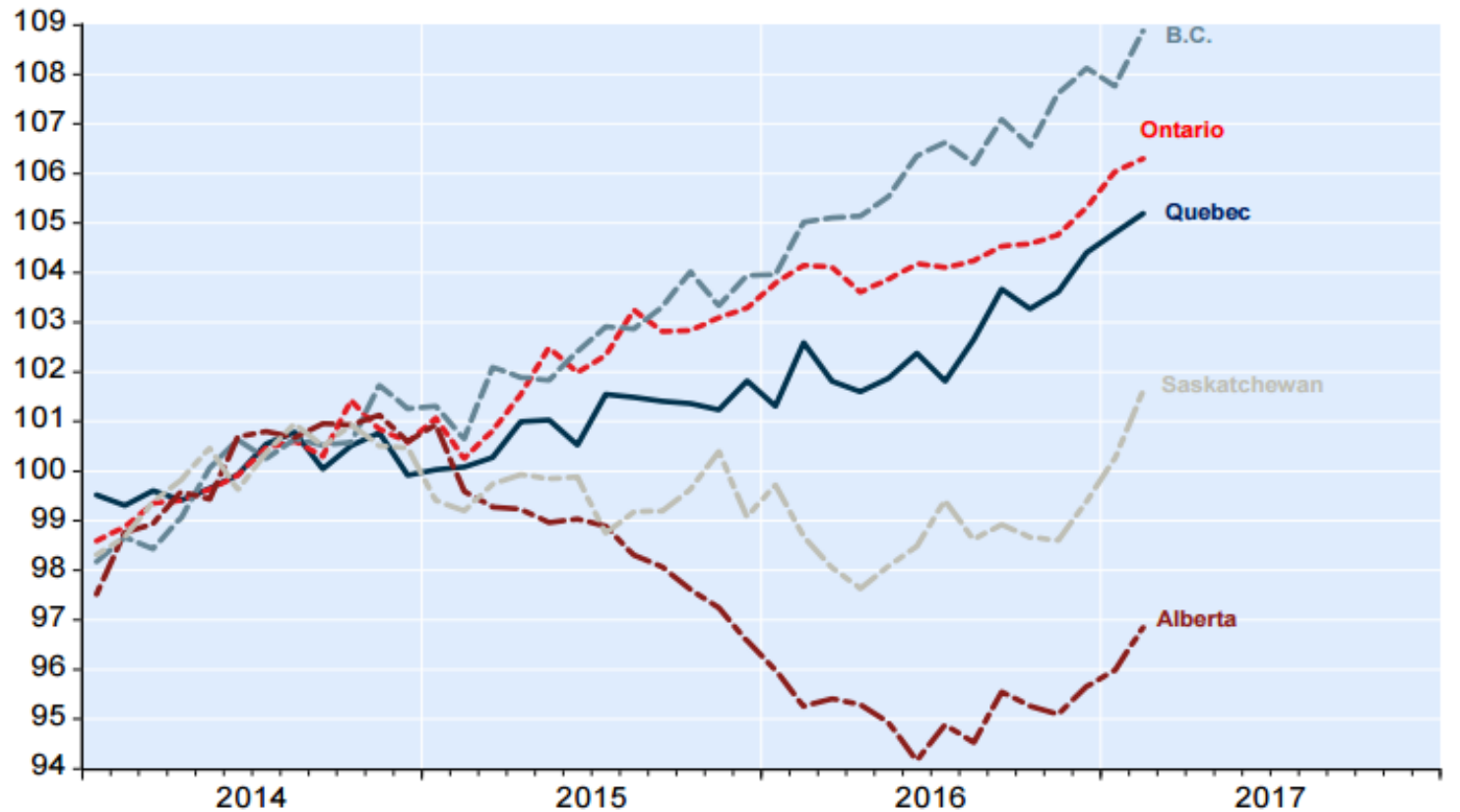


## Provincial Economies are on the Upswing

British Columbia and Ontario outpace the rest of Canada while oil-producing provinces recover



INDEX OF PROVINCIAL ECONOMIC MOMENTUM  
(Seasonally adjusted)



Canada is now the fastest growing population in the G7

Source: National Bank, Statistics Canada's 2016 census data





# #2 BEST COUNTRY GLOBALLY

Ranking first in both quality of life  
and education

World's 'Best Countries'  
US News & World Report/Wharton School

**Brookfield**  
Real Estate Services Inc.





Vancouver

#3



Toronto

#4



Calgary

#5

Home of the most livable cities globally

Three Canadian cities placed in the Economist's top 5

**Brookfield**  
Real Estate Services Inc.





# Canada Continues to Experience Strong Home Sales Growth

Growing population fuels highest sales activity levels in 10 years

**MONTHLY HOME SALES**  
(Canada, seasonally adjusted)



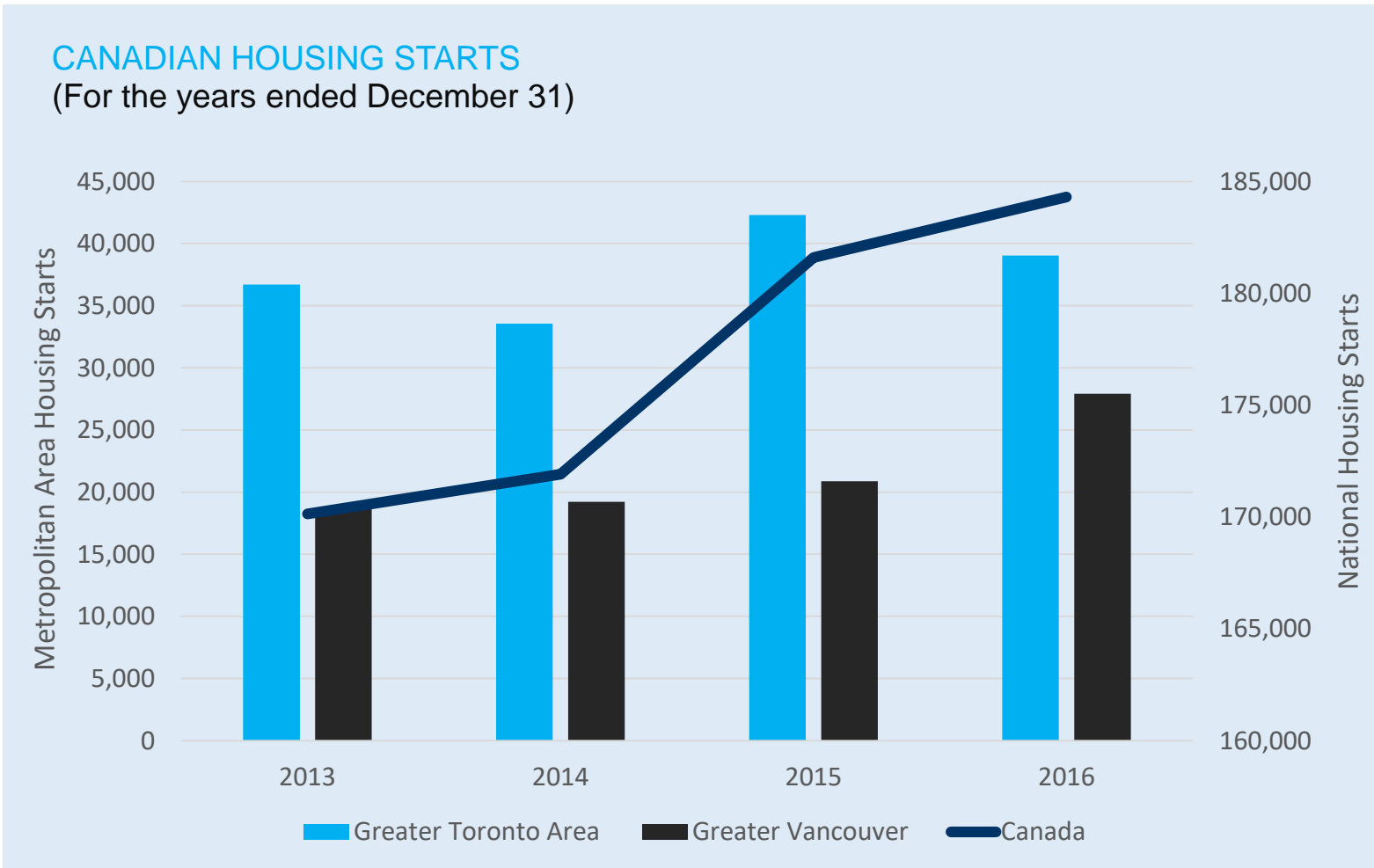
Source: CREA





# New Housing Starts Continued to Rise in Canada

Yet, not at the pace needed to balance supply and demand in Toronto and Vancouver



Critically low inventory levels across the Lower Mainland of British Columbia and Ontario's GTA contributed to the significant price increases in the regions

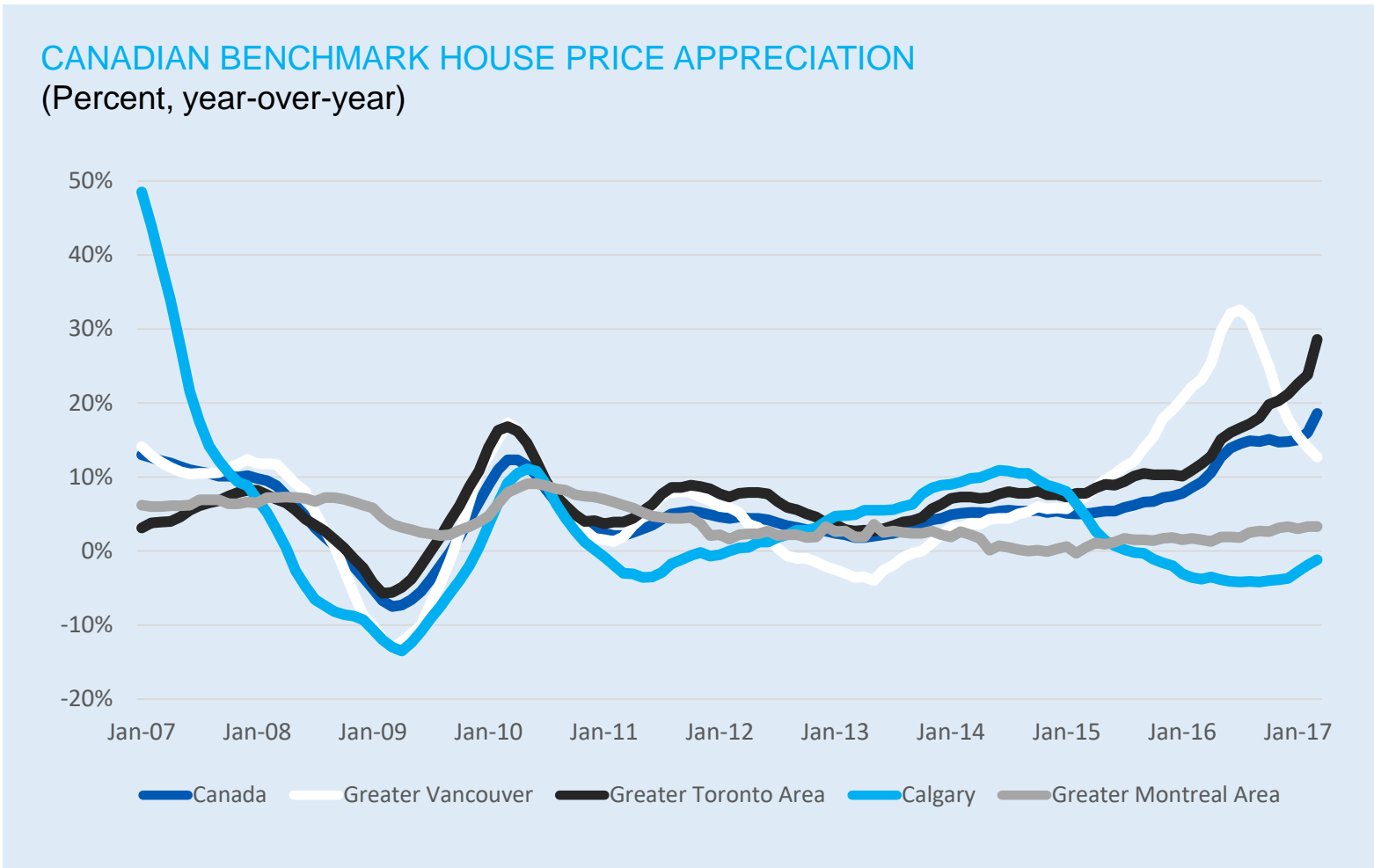
Source: CMHC





# CREA: Rate of Canadian Home Prices Continued to Grow in Q1

The majority of residential real estate markets across the country saw healthy price increases



For the rolling twelve-month period ended March 31, 2017, the Canadian Market realized an 8% average home price increase, driven primarily by significant appreciation in the Greater Toronto Area, which rose by 30% over the same period

Source: CREA



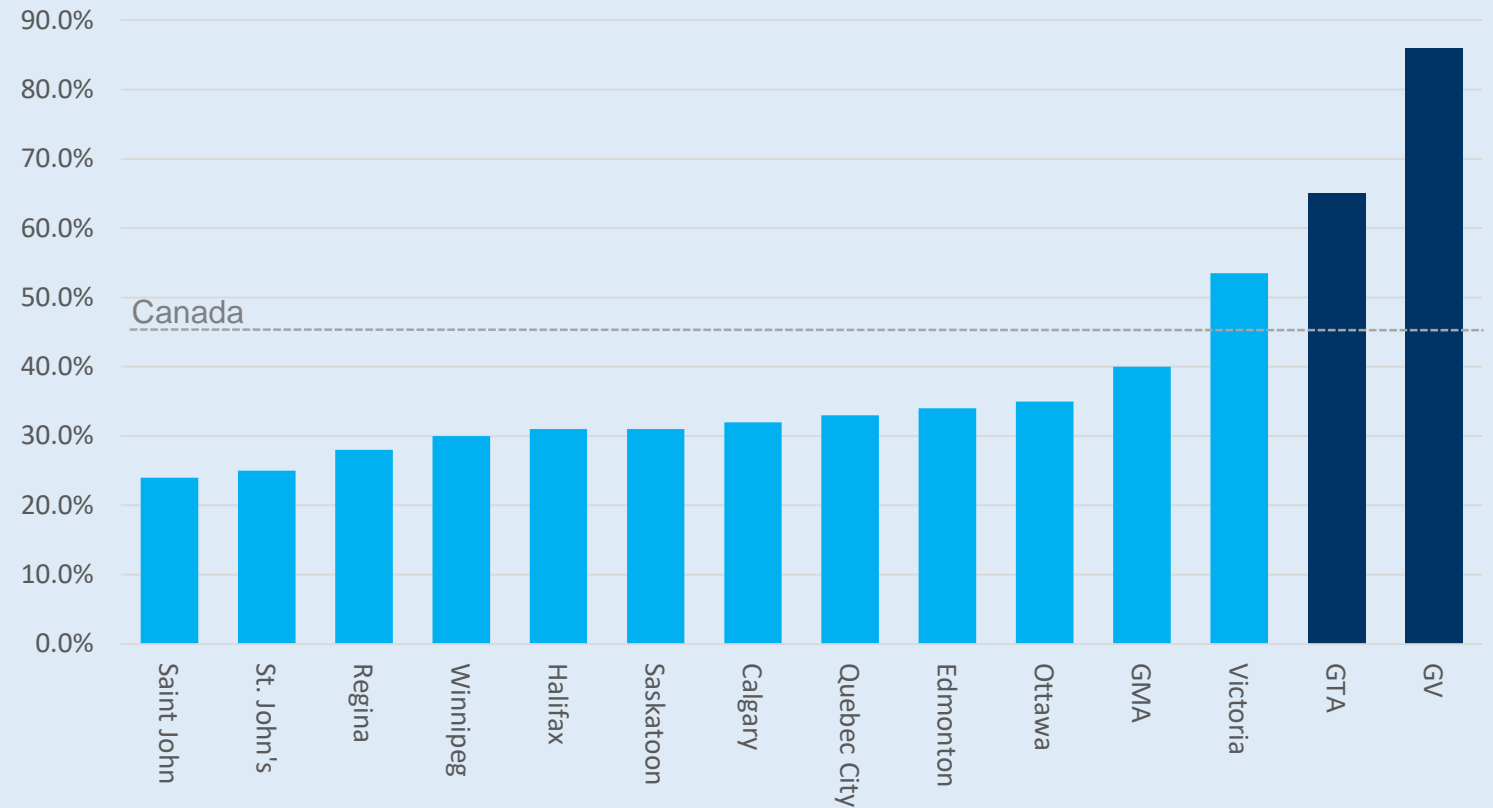


## Majority of Canadian Housing Markets Healthy

Affordability by-and-large below the national average in many major Canadian cities



HOME OWNERSHIP COSTS AS A % OF MEDIAN HOUSEHOLD INCOME  
(For the quarter ending December 31, 2016)



Of the 14 major Canadian regions presented above, only Victoria, Vancouver and Toronto home prices sit above the national median

Source: RBC Economics



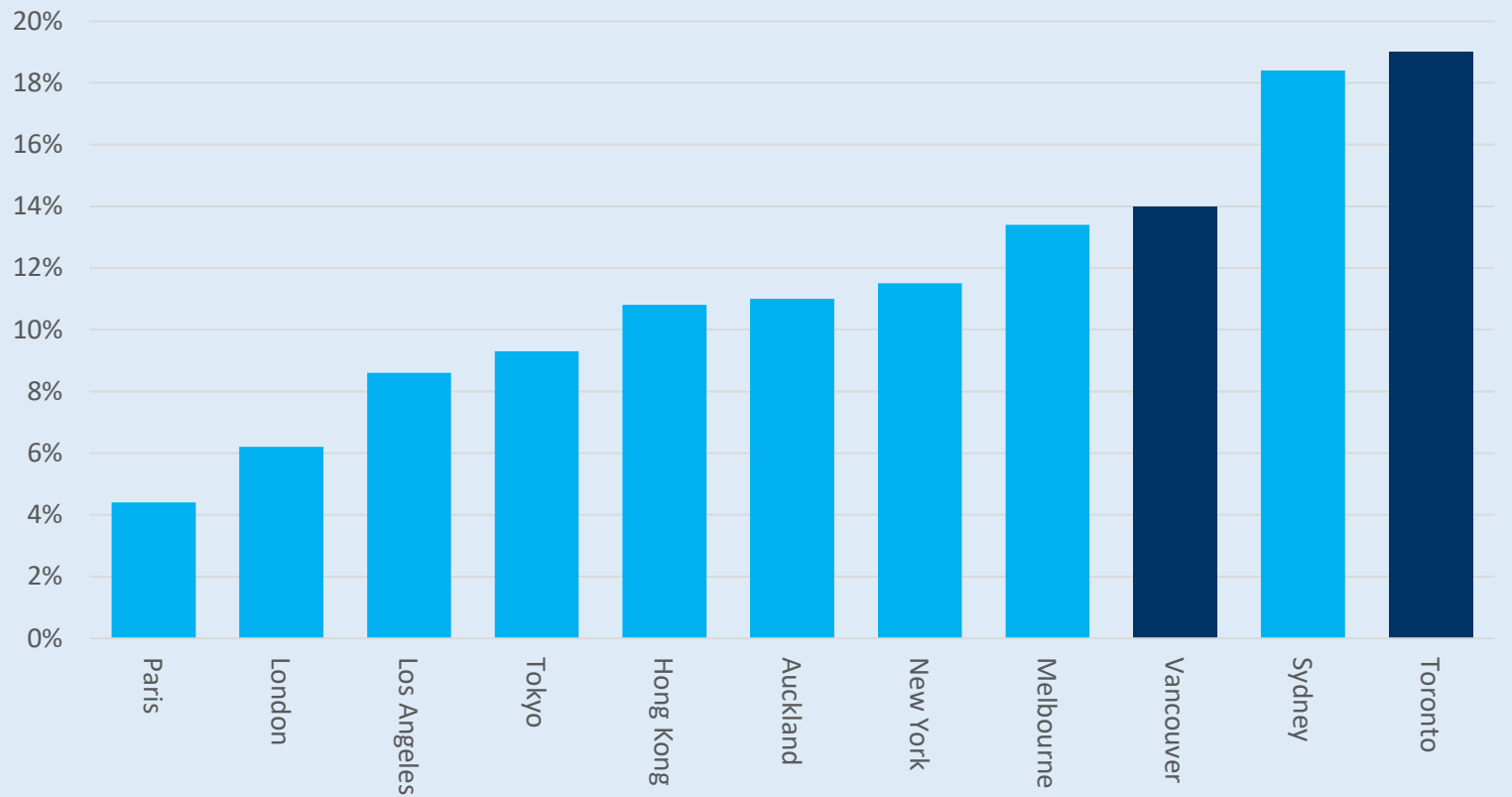


## Home Prices Outpace Other World-class Cities

Toronto and Vancouver home price appreciation climb past many major global markets



### AVERAGE HOME PRICE APPRECIATION IN WORLD CLASS CITIES (February 2017, year-over-year)



Home prices across Canada's two hottest markets have risen faster than the majority of other world-class cities

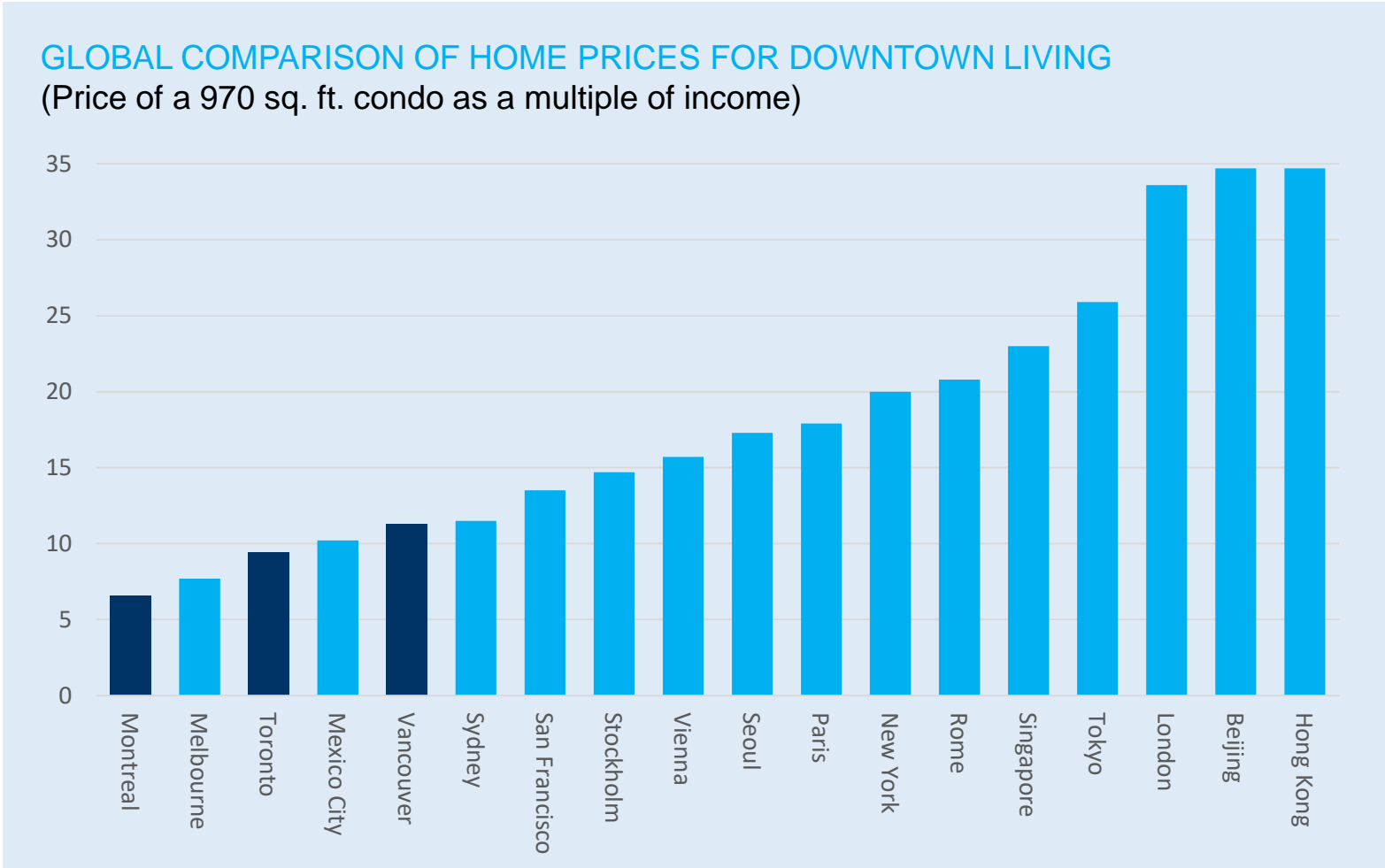
Source: Corelogic





**Despite Rising Home Values, Property is Still Relatively Affordable in Canada**

Home prices in Canada's most expensive city are one-third the price of homes in other global cities



Home prices and affordability in Toronto and Vancouver are still modest when compared to other major markets around the world

Source: National Bank





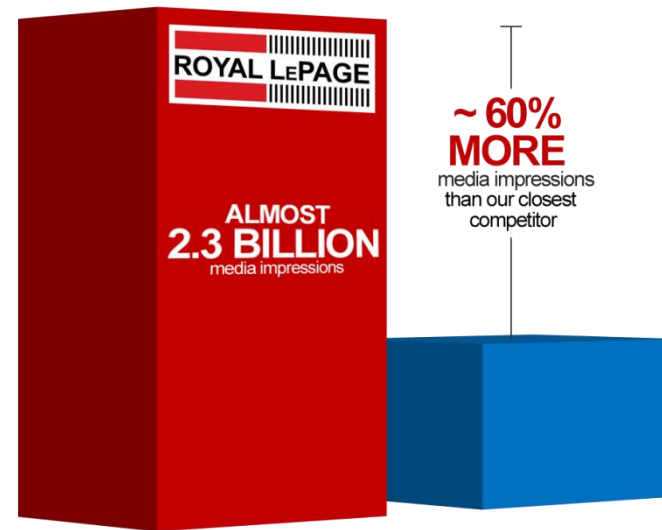
OUTSTANDING  
LEADERSHIP

**Brookfield**  
Real Estate Services Inc.



# The Voice of Canadian Real Estate

Consistently the most quoted  
real estate firm in Canada.



*Figures represent annual 2016 totals*





# COMMUNITY LEADERS

**Brookfield**  
Real Estate Services Inc.





## **Royal LePage and Johnston & Daniel**

More than \$24 million raised since inception. For the Company's efforts, in 2016, it received Canada's Volunteer Award (formerly the Prime Minister's Award) under the Business Leader category



## **Via Capitale**

Via Capitale has dedicated significant time and effort into raising over \$100,000 for food banks across the province of Quebec through La Grande Guignolee



## **Brookfield Real Estate Services Charitable Foundation**

A long history of matching employee donations to the United Way, which is an incorporated not-for-profit charity focused on improving the long-term health of the community





EXCEPTIONAL  
**OPERATING**  
PLATFORM

**Brookfield**  
Real Estate Services Inc.



**Recruiting &  
Retention  
Services &  
Programs**

**Innovative  
Technology**

**Industry-leading  
Training &  
Coaching**

**Marketing  
Services &  
Programs**

**1**

**2**

**3**

**4**

**Committed to leveraging differentiating technologies and introducing meaningful business services that drive brokerage and agent profitability**





# RECRUITING & **RETENTION**

Programs & tools that  
attract and retain the best talent



# GAME-CHANGING RECRUITING TOOLS

- Recruiting Campaigns
- Transition Package
- New Recruiting Website



# COACHING & ACCOUNTABILITY PROGRAMS

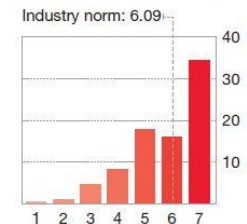
- Two new programs launched to support continuous improvement in recruiting and retention results



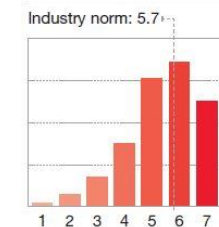
# AGENT SATISFACTION SURVEYS

- Launched nationwide
- Better understanding of satisfaction results in greater retention and referral

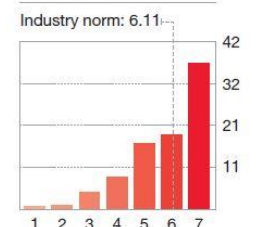
Retention




Satisfaction



Referral





A hand is shown pointing at a digital interface. The background is a dark blue gradient with a grid of hexagons. Several hexagons contain white icons: a document, a shopping cart, a smartphone, two speech bubbles, two people silhouettes, a pie chart, a magnifying glass over a bar chart, a globe with a magnifying glass, a laptop, and an envelope. The text 'INNOVATIVE TECHNOLOGY' is written in large, white, bold, sans-serif capital letters in the bottom left corner.

# INNOVATIVE TECHNOLOGY

**Brookfield**  
Real Estate Services Inc.



# Royal LePage Smart Studio

CRM + Marketing

A powerful new tool that automates and grows REALTORS<sup>®</sup> business.





# KEEPING US AHEAD OF THE COMPETITION

Your  
Perfect **Life**

A demographical matchmaking service to  
find your next neighbourhood

The screenshot shows the 'Your Perfect Life' website interface on a laptop. At the top, there is a navigation bar with the Royal LePage logo, 'LUXURY PROPERTIES', 'MEDIA ROOM', 'CONTACT US', 'FRANÇAIS', and 'LOG IN'. Below the navigation bar is a search bar labeled 'SEARCH HOMES' with a search icon. The main content area features a map of Vancouver and a search input field. A sidebar on the left contains a red menu with options: 'FIND A HOME', 'FIND AN AGENT', 'INFO & ADVICE', 'JOIN OUR TEAM', and 'ABOUT US'. The main content area includes a section titled 'Your Perfect Life' with a map and a search input field. Below this is a section titled 'Based on your postal code, your area is mainly: South Asian' with a 'Yes No' toggle and a 'Save This Setting' button. The main content area also features a section titled 'You fit best with: Young, Urban Upscale Families' with a description and a 'Find your perfect life' button. The sidebar on the right contains a list of filters: 'Job Type' (Blue Collar), 'Family Status' (Singles), 'Average Age' (Younger & Middle-Aged), 'Income' (Low, Very Wealthy), and 'Age of Children' (Highschool/University, All Ages). At the bottom of the sidebar are social media icons for Facebook, Twitter, and Google+.



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# NEW TRAVEL TIME SEARCH

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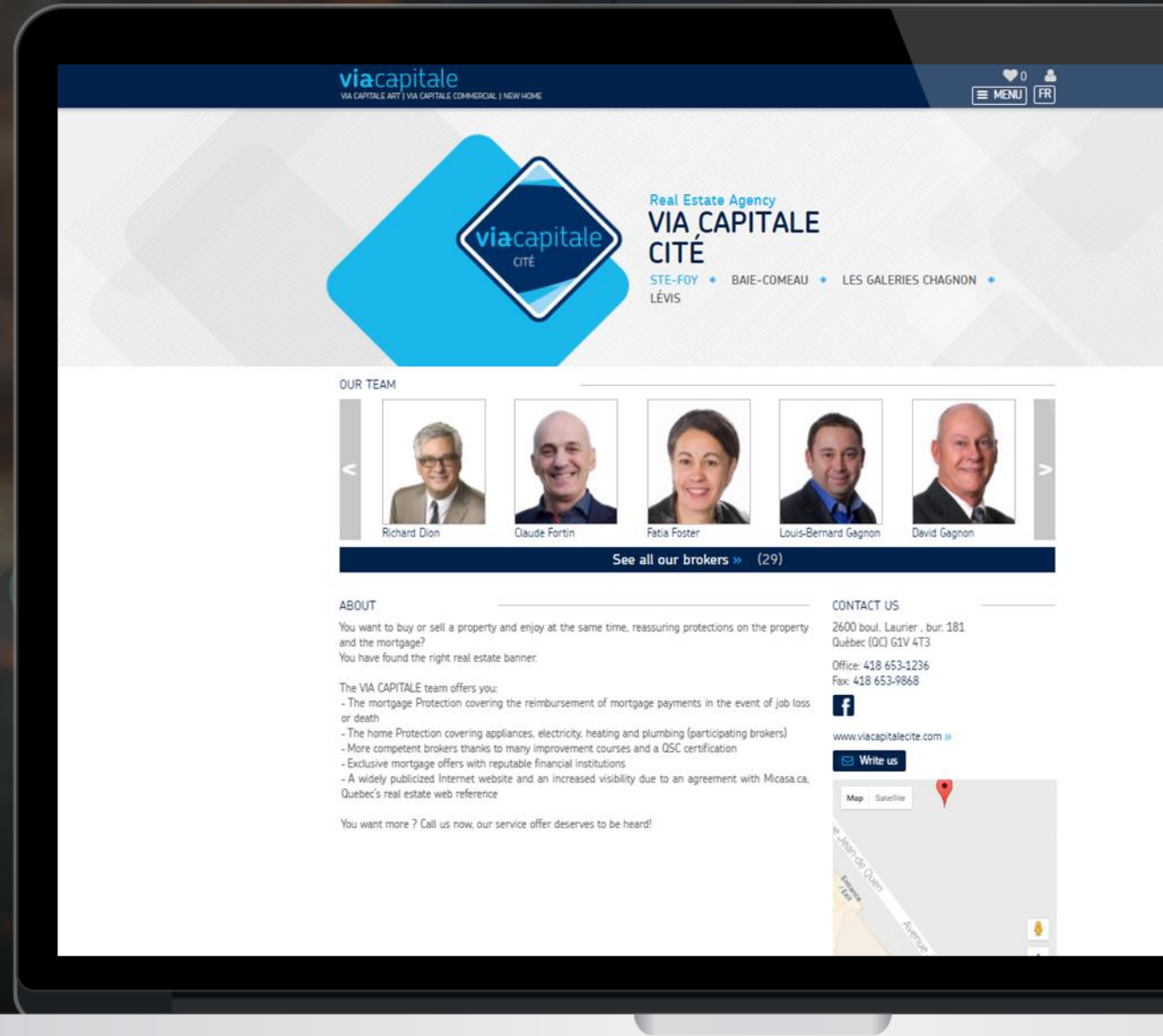
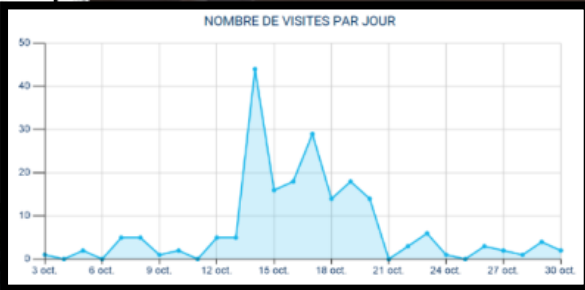
on [royallepage.ca](http://royallepage.ca)

**Brookfield**  
Real Estate Services Inc.





# INCREASING VISIBILITY & LEADS



# INDUSTRY LEADING TRAINING & COACHING



Over  
24 hours  
of video from sales  
skills to marketing  
and technology

In 2015, our Learning Services Consultants travelled **OVER 124,000 km.** delivering workshops near you



94%  
satisfaction  
rating

Over  
2,800 hours  
of training videos  
watched by  
Royal LePagers  
this year



\*Overall attendee satisfaction rating for the Fall 2015  
Realtor® Marketing Workshops.





**A smashing success:**

# **SOCIAL MEDIA MASTERY**

Nurturing your next transaction



**Brookfield**  
Real Estate Services Inc.





# NEW, QUEBEC-WIDE TRAINING PROGRAM

Providing continuing education credits formally recognized by the OACIQ: a testament to the quality of the offering



**Brookfield**  
Real Estate Services Inc.





# MARKETING

That builds brand awareness and  
customer preference





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# CANADA'S

## REAL ESTATE COMPANY

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New Marketing Campaign



# OVER 100 years of SUCCESS



24646 Mt. Pleasant Views  
Boulevard, Suite #2405  
\$ 899,900  
MLS# 4100100000000  
Building Style & Type  
Bedrooms: 2    Baths: 1



CANADA'S  
REAL ESTATE COMPANY

Celebrating over 100 years in real estate  
#Canada150



Jane Varyvanylongname  
Sales Representative  
(905) 555-1213 Ext. 123  
j.varyvanylongname@royal.lepage.ca  
royal.lepage.ca  
Company Name



CANADA'S  
REAL ESTATE COMPANY  
ROYAL LEPAGE



CANADA'S  
REAL ESTATE COMPANY  
ROYAL LEPAGE



PROUD  
TO BE PART  
OF  
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JOHNSTON  
&  
DANIEL

*The Standard of Excellence®*

**NEW BRANDING AND OPERATIONAL  
ENHANCEMENTS** contributed to  
A Record

**\$2 Billion**

2016 Sales Volume



**Brookfield**  
Real Estate Services Inc.





# IMPACTFUL TV AD CAMPAIGN

**Brookfield**  
Real Estate Services Inc.



# Investment in Stability and Growth

- Record financial performance with strong positive momentum and a healthy pipeline
- Positive industry dynamics through economic cycles, with 8% CAGR in market \$ volume since 2004
- Long-term contracts support royalty stability
- Multi-brand strategy diversifies growth channels
- Superior technology, services and training
- Sustainable and growing distributable cash



# Q&A

HAVE A QUESTION?  
**SEND AN EMAIL TO**  
[info@brookfieldres.com](mailto:info@brookfieldres.com)





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2017 Annual General Meeting