INTERIM REPORT
TO SHAREHOLDERS

Brookfield
Real Estate Services Inc.

Momentum you can build on

Profile

Brookfield Real Estate Services Inc. is a leading provider of services to residential real estate Brokers and a network of more than 16,000 REALTORS®. We operate in Canada under the Royal LePage, Via Capitale and Johnston & Daniel brands. Further information is available at **www.brookfieldresinc.com**.

Brookfield Real Estate Services is an affiliate of Brookfield Asset Management, a leading global alternative asset manager with over $200 billion of assets under management. For more information, go to **www.brookfield.com**.

Q3 2015 Interim Report to Shareholders
Financial and Operating Highlights
September 30, 2015 and 2014

Unaudited (In thousands of Canadian dollars, except share and per share amounts)	**Three months ended September 30, 2015**	Three months ended September 30, 2014	**Nine months ended September 30, 2015**	Nine months ended September 30, 2014
Royalties	**$ 11,565**	$ 10,795	**$ 30,320**	$ 28,808
CFFO	**$ 8,462**	$ 7,533	**$ 21,982**	$ 20,153
Dividends declared	**$ 2,965**	$ 2,845	**$ 8,695**	$ 8,535
Interest on Exchangeable Units	**$ 1,372**	$ 1,318	**$ 4,026**	$ 4,538
Net earnings	**$ 7,811**	$ 2,217	**$ 4,325**	$ 1,422
Unaudited (On a diluted share basis, except interest on Exchangeable Units and current income tax expense)				
Royalties	**$ 0.90**	$ 0.84	**$ 2.37**	$ 2.25
CFFO	**$ 0.66**	$ 0.59	**$ 1.72**	$ 1.57
Dividends declared	**$ 0.31**	$ 0.30	**$ 0.92**	$ 0.90
Interest on Exchangeable Units	**$ 0.41**	$ 0.40	**$ 1.21**	$ 1.36
Net earnings	**$ 0.31**	$ 0.23	**$ 0.46**	$ 0.15

CFFO for the third quarter of 2015 improved to $8.5 million or $0.66 per share on a diluted basis (“Share”), an increase of 12.3% as compared to $7.5 million or $0.59 per Share in the third quarter of 2014. For the nine months ended September 30, 2015, CFFO was $22.0 million or $1.72 per Share compared to $20.2 million or $1.57 per Share in 2014. CFFO for the rolling 12 month period ended September 30, 2015 was $2.16 per Share as compared to $2.04 per Share for the rolling 12 months ended September 30, 2014.

Royalties for the three and nine months ended September 30, 2015 were $11.6 million and $30.3 million, respectively, compared to $10.8 million and $28.8 million, respectively, for the same periods in 2014. Net earnings for the three months ended September 30, 2015 were $7.8 million, or $0.31 per Share as compared to $2.2 million, or $0.23 per share in 2014. For the nine months ended September 30, 2015, the Company generated net earnings of $4.3 million, or $0.46 per Share as compared to $1.4 million, or $0.15 per Share in 2014.

The increased royalties and improvement in CFFO were driven primarily by an increase in the number of REALTORS®[1] in the Network. CFFO also benefited from lower cash operating expenses as compared to the third quarter of 2014 due to reduced interest costs and lower bad debt expenses.

“We are very pleased with our financial and operational success this quarter, as we continue to build on the strong results achieved year-to-date,” said Phil Soper, President and Chief Executive Officer of Brookfield Real Estate Services Inc. “Our royalties and cash flow from operations were both up year-over-year as we continue to increase the number of Agents in our network.”

“With the successful acquisition of 12 new real estate brokerage Franchise Agreements, our growth objectives remain on track,” added Soper. “We are particularly excited to have the largest independent brokerage firm on Vancouver Island, Coast Capital Realty Group join our Royal LePage family. The acquisition continues our strategy to materially increase our market share in British Columbia.”

The Company Network

As at September 30, 2015, the Network was comprised of 16,826 REALTORS®, operating under 322 Franchise Agreements (together with any addendums, “Franchise Agreements”) providing services from 670 locations, with approximately one fifth share of the Canadian residential real estate market (“Canadian Market”) based on 2014 transactional dollar volume. On July 1, 2015, The Company purchased 12 Franchise Agreements representing an annual revenue stream of approximately $1.4 million from 719 REALTORS®. On a year-to-date basis, the Company has purchased 52 Franchise Agreements representing an annual revenue stream of approximately $2.9 million from 1,577 REALTORS®. This increase was partly offset by net attrition of 128 Agents for the nine months ended September 30, 2015. During the nine months ended September 30, 2014, the Company added 493 REALTORS® through the acquisition of Franchise Agreements which was partly offset by net attrition of 210 REALTORS®.

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

Q3 2015 Interim Report to Shareholders
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Real Estate Markets

According to the Canadian Real Estate Association ("CREA")[2], for the rolling 12 month period ended September 30, 2015, the Canadian Market, as defined by total transactional dollar volume, closed up 13.3%, at $217.5 billion, compared to the same period in 2014, driven by an increase of 7.7% in national average selling price and a 5.1% increase in units sold. For the three month period ended September 30, 2015, the Canadian Market was up 10.9%, at $58.7 billion, over the same period in 2014, driven by a 7.6% increase in national average selling price and a 3.1% increase in units sold.

The most marked increases were in the Greater Toronto Area and in Greater Vancouver, according to the Toronto Real Estate Board ("TREB")[3] and CREA. On a rolling twelve-month basis, the housing market in the Greater Toronto Area ("GTA") experienced a year-over-year transactional dollar volume increase of 19.3% driven by a 9.8% increase in average selling price, and an 8.7% increase in number of units sold. For the three months ended September 30, 2015, the GTA market experienced a 15.5% transactional dollar volume increase based on a 10.1% increase in average selling price and a 4.9% increase in number of units sold over the same period in 2014. The Greater Vancouver market experienced larger increases with transactional dollar volumes increasing by 34.4% on a rolling twelve month basis and 31.37% for the quarter over 2014.

Outlook

"Economic slowdowns in energy-dependent markets, particularly in western Canada, have in part been offset by both renewed industrial activity in other parts of the country and the Bank of Canada's recent interest rate cuts. As a result, the Canadian housing market remained healthy, with home prices showing moderate to strong year-over-year growth in most markets in the country," said Soper. "As witnessed so far this year, strong national home price increases are largely being driven by continued double-digit percentage increases in the Greater Toronto Area and Greater Vancouver. We expect price appreciation in these two regions to remain strong for the balance of 2015, while markets in the rest of the country maintain more modest levels, in many cases below the long-term average."

Monthly Cash Dividend

The Company declared a cash dividend of $0.1042 per restricted voting share payable on December 31, 2015, to shareholders of record on November 30, 2015. This represents a targeted annual dividend of $1.25 per restricted voting share.

CFFO

This overview and accompanying financial statements and management's discussion and analysis 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.

Philip Soper
President and
Chief Executive Officer

Glen McMillan
Chief Financial Officer

November 10, 2015

[2] Source: National MLS® Report: The Canadian Real Estate Association News Release as of October 15, 2015, July 15, 2015, October 15, 2014 and July 15, 2014.
[3] Source: Toronto Real Estate Board Market Watch as of September 2015, July 2015, September 2014, and July 2014.

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This section of Brookfield Real Estate Services Inc.'s interim report includes management's discussion and analysis ("MD&A") of the results and financial condition for the three and nine months ended September 30, 2015, and has been prepared as at November 10, 2015. The three months ended September 30, 2015 shall be referred to in this MD&A as the "Quarter" and the nine months ended September 30, 2015 shall be referred to in this MD&A as the "YTD". The financial information presented herein has been prepared on the basis of International Financial Reporting Standards ("IFRS") and is expressed in Canadian dollars unless otherwise stated.

The definitions of terms capitalized in this MD&A are provided in the Glossary of Terms commencing on page 33.

This MD&A is intended to provide the reader with an assessment of the Company's past performance as well as its financial position, performance objectives and future outlook. The information in this section should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2014, prepared in accordance with IFRS. Additional information relating to the Company, including its Annual Information Form, is available on SEDAR at www.sedar.com.

Management's Discussion and Analysis of Results and Financial Condition

Highlights

Unaudited ($ 000's) except REALTORS® and per share amounts	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Royalties	**$ 11,565**	$ 10,795	**$ 30,320**	$ 28,808
Less:				
Administration expenses	**348**	602	**1,034**	1,287
Management fee	**2,115**	1,883	**5,495**	5,038
Interest expense	**640**	777	**1,809**	2,330
Cash flow from operations	**$ 8,462**	$ 7,533	**$ 21,982**	$ 20,153
Amortization of intangible assets	**(2,524)**	(2,633)	**(7,390)**	(8,318)
Impairment and write-off of intangible assets	**(135)**	(538)	**(350)**	(1,288)
Interest on Exchangeable Units	**(1,372)**	(1,318)	**(4,026)**	(4,538)
Gain (loss) on fair value of Exchangeable Units	**5,258**	399	**(1,497)**	(1,764)
Loss on interest rate swap	**(257)**	–	**(1,538)**	–
Loss on fair value of purchase obligation	**(481)**	(218)	**(179)**	(695)
Current income tax expense	**(1,309)**	(1,198)	**(3,333)**	(2,821)
Deferred income tax recovery	**169**	190	**656**	693
Net and comprehensive earnings	**$ 7,811**	$ 2,217	**$ 4,325**	$ 1,422
Basic earnings per share	**$ 0.82**	$ 0.23	**$ 0.46**	$ 0.15
Diluted earnings per share	**$ 0.31**	$ 0.23	**$ 0.46**	$ 0.15
Cash flow from operations per share on a diluted basis	**$ 0.66**	$ 0.59	**$ 1.72**	$ 1.57
Total assets	**$ 101,526**	$ 89,397	**$ 101,526**	$ 89,397
Total financial liabilities	**$ 120,892**	$ 103,996	**$ 120,892**	$ 103,996
Number of REALTORS®	**16,826**	15,593	**16,826**	15,593

The table above sets out selected historical information and other data for the Company, which should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2014.

As at September 30, 2015, the Company receives royalties from 16,826 Canadian REALTORS® contracted with 353 Broker-owners operating under 322 Franchise Agreements from 670 locations, providing services under the Royal LePage, Via Capitale and Johnston & Daniel brand names collectively as the Company Network, with an approximate one fifth share of the Canadian residential resale real estate market (the "Canadian Market") based on 2014 transactional dollar volume.

Organization

Brookfield Real Estate Services Inc. ("BRESI" and together with its Subsidiaries the "Company"), is incorporated under the *Ontario Business Corporations Act*. BRESI is listed on the Toronto Stock Exchange ("TSX") under the symbol "BRE". Through its limited partnership holdings, BRESI owns certain Franchise Agreements and trademark rights of real estate services Brands in Canada.

BRESI directly owns a 75% interest in Residential Income Fund L.P. (the "Partnership") which, in turn, owns 9120 Real Estate Network, L.P. ("VCLP"). In addition, BRESI directly owns a 75% interest in the general partner of the Partnership, Residential Income Fund General Partner Limited ("RIFGP"). (Collectively, the Partnership, VCLP and RIFGP represent the Company's "Subsidiaries" and each of them is a "Subsidiary"). The Partnership and VCLP (together the "Operating Subsidiaries") own and operate the assets from BRESI derives its revenue.

Management's Discussion and Analysis of Results and Financial Condition

Brookfield Private Equity Direct Investments Holdings LP ("BPEDIH"), a wholly-owned subsidiary of Brookfield Asset Management ("BAM") operating in Canada, owns the remaining 25% interest in the Partnership through its ownership of Exchangeable Units in the Partnership (the "Exchangeable Units") and the remaining 25% interest in RIFGP through its ownership of 25 common shares in RIFGP. In addition to its ownership of the Exchangeable Units, BPEDIH indirectly owns 315,000 restricted voting shares (representing approximately 3.3% of restricted voting shares outstanding) and one special voting share of BRESI. The special voting share entitles the BPEDIH to a number of votes at any meeting of the restricted voting shareholders equal to the number of restricted voting shares that may be obtained upon the exchange of all the Exchangeable Units held by the holder and/or its affiliates.

The Company receives certain management, administrative and support services from Brookfield Real Estate Services Manager Ltd. ("BRESML", and together with its subsidiaries, the "Manager"), an indirect wholly owned subsidiary of BPEDIH. BRESI derives 100% of its revenue from royalties it receives under certain Franchise Agreements it purchases from the Manager.

Business Strategy

BRESI, together with its Operating Subsidiaries, is a Canadian based real estate services firm that supplies Brokers and Agents with information, tools and services to assist them in providing efficient and effective delivery of real estate sales services in the communities they serve. Through a portfolio of highly regarded real estate services Brands, each of which offers a unique value proposition, the Company caters to the diverse service requirements of regional real estate professionals, in virtually all significant population centers across Canada.

BRESI's objective is to provide its stakeholders with an investment vehicle that pays stable and growing dividends. The Company's revenue is driven primarily by royalties derived from long-term Franchise Agreements. These royalties are weighted toward fees that are fixed in nature. The Company believes that this has proven to be effective in moderating the variations in overall industry activity that can occur in the Canadian Market. The Company is party to the Management Services Agreement which governs the management of the Company and the delivery of services to REALTORS® by the Manager.

The number of REALTORS® in the Company Network, the transaction volumes generated in the markets the Company serves, the manner in which the Company structures the contracted revenue streams, and the success in attracting Agents and Brokers to the Brands through the value proposition and the track record are all important factors in the Company's financial and operating performance. These factors, including, among others, general economy conditions and government and regulatory activity impact the Company's performance and are discussed in greater detail throughout this MD&A.

BRESI seeks to further increase dividends paid to shareholders by increasing the number of REALTORS® in the Company Network through the acquisition of Franchise Agreements and by attracting and retaining Brokers and their Agents through the provision of additional fee for service offerings and the provision of services, which increases the productivity of the Brokers and their Agents.

Structure of Company Royalties

ROYALTY FEES

The Company generates revenue from royalties with both fixed and variable components. Approximately 91% (89% – 2014) of the Company's royalties during the Quarter were derived from the combined fixed fee per REALTOR® per month, 1% variable royalty fee and Premium Franchise Fees. The remaining royalty stream is made up of fees generated from warranty fees ("APEC"), technology fees and other fees. Approximately 71% of the Company's annual royalties are fixed in nature and thus partly insulated from market fluctuations as they are not directly driven by transaction volumes. The proportion of royalties that are fixed in nature can fluctuate from quarter to quarter. Those quarters with higher volumes in the Canadian Market would generally produce a higher proportion of variable Franchise fees, all else being equal. In addition fixed fees are expected to become a higher percentage of royalties later in the year as Agents reach the $1,300 cap on variable Franchise fees. The Company believes that the combination of a royalty stream based on the number of REALTORS® in the Network, increasing Agent and Broker productivity and an increasing supply of new housing inventory provides the base for strong and stable cash flows. A description of each type of royalty fee follows:

Fixed Franchise fees are based on the number of fee paying Agents in the Company Network. Fixed Franchise fees from Royal LePage Franchisees consist of a monthly fixed fee of $102 ($100 prior to 2014), a technology fee and other fees, while those from Via Capitale Franchisees consist primarily of a monthly fee of approximately $170 per Agent.

Variable Franchise fees are primarily driven by the volume of business transacted by the Company's Agents. Variable Franchise fees from Royal LePage Franchisees are driven by the transactional dollar volume transacted by the Agents and are derived as 1% of each Agent's or Team of Agents' gross commission income, subject to a cap of $1,300 per year. In 2014 approximately 3,000 Agents and Teams exceeded the cap.

Premium Franchise Fees Twenty-one of the Company's larger Royal LePage locations situated in the greater Toronto area ("GTA") pay a Premium Franchise Fee ranging from 1% to 5% of the location's Agents' Gross Revenue. Of these locations, 13 are controlled by the Manager and are contractually obligated to pay the Premium Franchise Fees until August 2018.

NETWORK ROYALTY PROFILE

The Royal LePage Network: The fees generated from the Royal LePage Network accounted for 94% of the Company's fees for the Quarter (92% – 2014) and are primarily made up of a fixed monthly fee per Agent of $102 plus a $20 technology fee per participating Franchisee (representing 97% of Agents in 2014); a variable fee equal to 1% of the fees generated by the Agent or Team, capped at $1,300 per Agent or Team; and Premium Franchise Fees, as described above.

The Via Capitale Network: The fees generated from the Via Capitale Network, which services the Quebec market, accounted for 6% of the Company's fees for the Quarter (8% – 2014). These fees are primarily made up of a fixed monthly fee per Agent of $170 ($2,040 per annum) and fees generated from APEC.

TEAMS

Certain REALTORS® in the Royal LePage Network work as part of a Team. All REALTORS® who are members of a Team pay fixed Franchise fees. However, the gross commission income of all Team members is aggregated to one cap to a maximum of $1,300.

FRANCHISE AGREEMENTS

Franchise Agreements are comprised of standard contractual terms which govern matters such as use of the Trademarks, initial and renewal terms, services to be provided and fees. Over the term of the Franchise Agreement, the Franchisee may undertake activities which require an amendment to the standard contract such as the opening of a new location. These changes are documented by way of an addendum to the standard contract and form part of the Franchise Agreement.

Overview of Third Quarter and Year to Date 2015 Operating Results

For the rolling twelve months ended September 30, 2015, the Canadian Market closed up 13.3%, at $217.5 billion, as compared to the same period of 2014, driven by a 7.7% increase in selling price and 5.1% increase in units sold.

During the Quarter, the Canadian Market closed up 10.9%, at $58.7 billion, as compared to the same period of 2014, driven by a 7.6% and 3.1% increase in price and units sold, respectively. The greatest increases in price appreciation and units sold continue to be centered in the GTA and Vancouver markets while a number of other markets across the country experienced flat to moderate price and unit sales increases. The continued increase in price is a function of a continued tight market and the mix of homes sold, backstopped by a continued low interest rate environment.

For the Quarter, the Company generated net earnings of $7.8 million (2014 – $2.2 million), or $0.31 per share on a diluted basis ("Share") (2014 – $0.23). The primary drivers of the increase in the net earnings as compared to the same period in 2014 were:

- Increased revenues resulting from an increase in the number of REALTORS® in the Company Network to 16,826 compared to 15,593 at September 30, 2014.
- Reduced expenses resulting from lower administration expenses and lower impairments of intangible assets; and
- An increase in the gain on the fair value on the Exchangeable Units to $5.3 million compared to $0.4 million in 2014.

The gain on the fair value on Exchangeable Units is as a result of an decrease in the closing price of BRESI's restricted voting shares listed on the TSX for the three months ended September 30, 2015. The fair value of Exchangeable Units is measured using the closing price of BRESI's actively traded shares listed on the TSX.

For the Quarter, the Company generated CFFO of $8.5 million (2014 – $7.5 million), or $0.66 per Share (2014 – $0.59). This $1.0 million increase was driven by an increase in royalties of $0.8 million and a $0.2 million reduction in operating costs. Operating costs decreased primarily due to reduced interest costs obtained through the refinancing of the Company's debt arrangements in October 2014 and a reduction in bad debt expenses, partly offset by an increase in management fees. Management fees are generally determined as 20% of CFFO before management fees.

Management's Discussion and Analysis of Results and Financial Condition

For the YTD the Company generated net earnings of $4.3 million (2014 – $1.4 million), or $0.46 per Share (2014 – $0.15). The primary drivers of the increase in net earnings as compared to the same period in 2014 were:

- Increased revenues resulting from an increase in the number of REALTORS® in the Company Network to 16,826 compared to 15,593 at September 30, 2014;
- Reduced expenses resulting from lower administration expenses, lower interest costs and lower impairments of intangible assets;

These positive impacts on 2015 YTD results were partly offset by the revaluation of an interest rate swap entered into by the Company in October 2014. The interest rate swap effectively fixes the annual interest rate on $53.0 million of the Company's outstanding debt at 3.64%.

For the YTD, the Company generated CFFO of $22.0 million (2014 – $20.2 million), or $1.72 per Share (2014 – $1.57). This $1.8 million increase was driven by an increase in royalties of $1.5 million and $0.3 million reduction in operating costs. The increase in revenues results from an increase in the number of REALTORS® in the Company Network. Operating costs decreased due to $0.5 million reduction in interest costs obtained through the refinancing of the Company's debt arrangements in October 2014 and a $0.2 million reduction in administration expenses resulting from lower bad debt expense, partly offset by an increase in management fees.

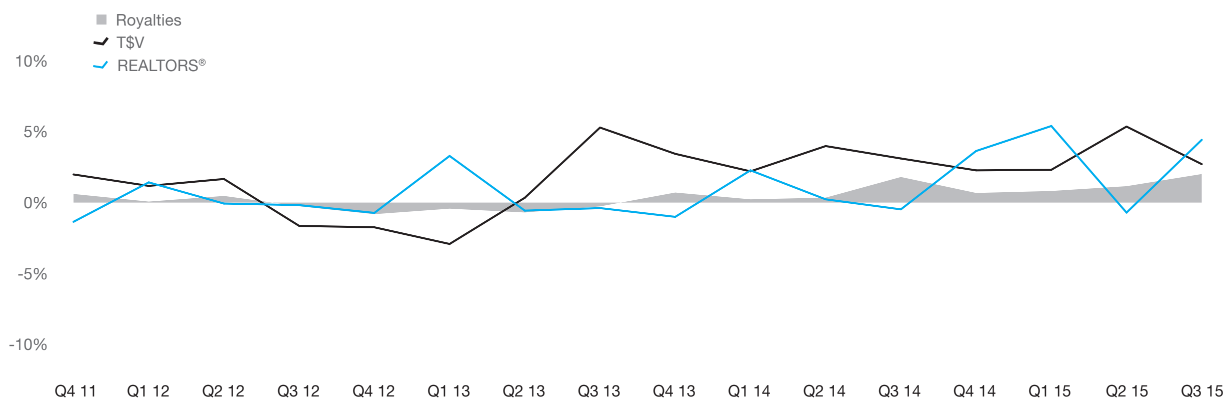
The Company Network experienced a net increase of 721 REALTORS® during the Quarter, compared to a net decrease of 104 REALTORS® in the same period in 2014. The net increase in the Quarter includes the acquisition of Franchise Agreements representing 719 REALTORS® on July 1, 2015. For the YTD, the Company Network increased by 1,449 REALTORS® (2014 – 283). This increase consisted of 1,577 REALTORS® from acquisitions of Franchise Agreements (493 REALTORS® – January 1, 2014), offset by net attrition of 128 REALTORS® for the period (2014 – 210 REALTORS®).

During the Quarter, three Franchise Agreements, representing 27 Agents of the Network subject to renewal, were renewed and six Franchise Agreements, representing 91 Agents of the Network, renewed early.

ROYALTIES

The most significant drivers of the Company's royalties are Canadian Market activity, the number of REALTORS® in the Company Network and competition. The chart below summarizes the percentage change in transactional dollar volume in Canada, the Company's royalties and the number of REALTORS® on a rolling twelve-month quarter-over-quarter basis since the fourth quarter of 2011. As noted from the chart below, purchase of Franchise Agreements primarily in the first quarter of each year and the net growth or attrition in the number of REALTORS®, combined with the fixed-fee nature of the Company's royalties, mitigate the impact of the Canadian Market fluctuations.

ROLLING TWELVE-MONTH % CHANGE FROM PRIOR QUARTER



Management's Discussion and Analysis of Results and Financial Condition

Key Performance Drivers

The key drivers of the Company's business:

1. The stability of the Company's royalty stream;
2. The number of REALTORS® in the Company Network;
3. Transaction volumes; and
4. The Company's growth opportunities.

Stability of the Company's Royalty Stream

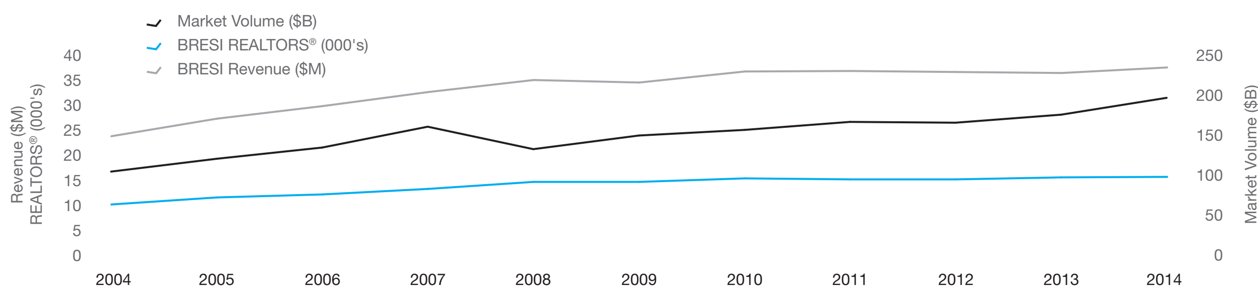
The stability of the Company's royalty stream is derived from a number of factors, including the fixed-fee structure of the Company's royalties, the diversity of the Company Network, the geographic distribution of the Company Network, the length and renewal of the Franchise Agreements owned by the Company.

FIXED-FEE STRUCTURE

The fixed nature of the fees generated under the Company Network Franchise Agreements results in an approximate 71% fixed and 29% variable royalty stream, which partially insulates the Company's revenues from fluctuations in the Market.

The chart below compares the Company's royalties to the Market and underlying the number of REALTORS® in the Company Network.

REVENUE, MARKET AND REALTOR® TRENDS



INCREASE IN FEES

Under the Franchise Agreements, the Company is permitted to increase the fixed and variable fees based on changes in the underlying consumer price index.

On February 11, 2015 the Company announced that the Royal LePage Network monthly fee of $102 per REALTOR® will be increased to $105 per REALTOR® and the cap on the 1% variable fee payable will increase from $130,000 gross revenue to $132,500 gross revenue. The increase in the cap translates to a maximum annual increase of $25 for those Agents or Teams who earn more than $132,500 annual gross commission income. In 2014, approximately 3,000 Agents and Teams earned in excess of this cap.

The increase in royalty fees will be implemented to 85% of the Royal LePage Network on January 1, 2016 and to the other 15% on January 1, 2017. BRESI estimates this fee increase will result in approximately $600,000 of incremental Franchise fees when fully implemented.

Management's Discussion and Analysis of Results and Financial Condition

NETWORK DIVERSITY AND GEOGRAPHIC DISTRIBUTION

As at September 30, 2015 the Company Network of 16,826 REALTORS® operates through 293 Franchisees, owned by 353 Brokers, providing services across the country through 670 locations operating under 322 Franchise Agreements. Of the Company's 293 Brokerages, approximately 74% operate with fewer than 50 REALTORS® and represent 19% of the Company Network. The Company's smallest Franchisees have one REALTOR® while our largest has over 1,900 REALTORS®. The Company Network of REALTORS® is geographically dispersed across Canada. As compared to the distribution of REALTORS® across Canada, the Company Network is under-represented in British Columbia and Alberta. We have a relatively strong presence in Ontario (as a result of a historical base there) and Quebec (due in part to Via Capitale Network).

	Canadian[1] REALTOR® Population	Company[2] Network REALTORS®
Ontario	56%	61%
British Columbia	17%	11%
Quebec	12%	14%
Alberta	9%	7%
Maritimes	3%	3%
Prairies	3%	4%
Total	100%	100%

[1] Source CREA: as at June 30, 2015. CREA membership data as at September 30, 2015 was not available as of MD&A date

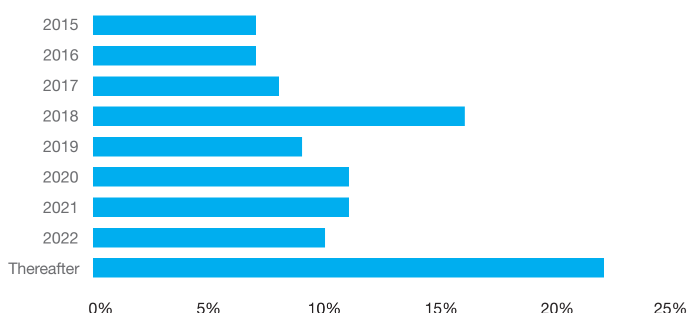
[2] As at September 30, 2015

FRANCHISE AGREEMENT TERMS

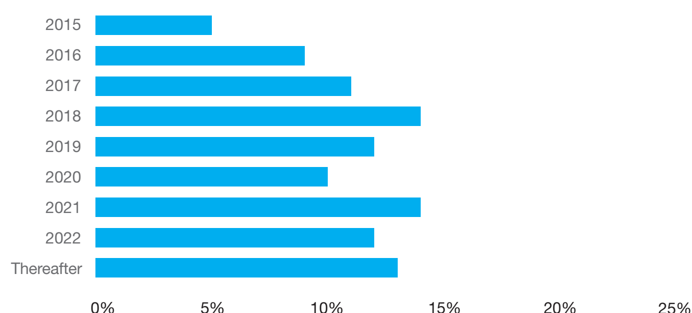
The Royal LePage Franchise Agreements, which are represented by 94% of the Company's REALTORS®, are for 10 to 20 year terms with a standard renewal term of ten years. These long-duration contracts exceed the industry norm of five years and thereby reduce agreement renewal risk. The Company further extends agreements to ten years when opportunities allow. The Company's overall agreement renewal profile by year is not biased to any one year. A summary of the Company's agreement renewal profiles as at December 31, 2014 for the Company Network is shown below.

The Via Capitale Franchise Agreements, which are represented by 6% of the Company's REALTORS®, are typically five years in duration.

% OF FRANCHISE AGREEMENTS UP FOR RENEWAL
(by Number of Agents)



% OF FRANCHISE AGREEMENTS UP FOR RENEWAL
(by Number of Agreements)



RENEWALS

The Company has historically enjoyed in excess of 95% renewal success of Franchise Agreements as they come due, expressed as a percentage of the underlying number of REALTORS® to these agreements. Due to the ongoing success of the Company's Franchisees, a number of opportunities, such as increasing Franchisee locations, present themselves to renew Franchise Agreements before they come due.

During the Quarter, three Franchise Agreements, representing 27 Agents of the Network subject to renewal, were renewed and six Franchise Agreements, representing 91 Agents of the Network, renewed early.

During the Quarter, two Franchise Agreements were terminated.

Number of REALTORS® in the Company Network

For the YTD, the Company Network of 16,826 REALTORS® increased by 1,449 REALTORS®, compared to a net increase of 283 REALTORS® during the same period in 2014. After taking into account the 1,577 REALTORS® added through the acquisition of Franchise Agreements and addendums on January 1, 2015 and July 1, 2015, the Company experienced net attrition of 128 REALTORS® or less than 1% of the Company Network.

For the Quarter, the Company Network increased by 721 REALTORS® comprised of 719 REALTORS® added through the acquisition of Franchise Agreements and addendums on July 1, 2015 and net growth of 2 REALTORS®, compared to net attrition of 104 REALTORS® during the same period in 2014.

SUMMARY OF CANADIAN AND COMPANY GROWTH IN REALTORS®

	Canada*		The Company Network	
	Number of Licensed Members	% Change	Number of Licensed Members	% Change
Opening	**108,278**	**1.2**	**15,310**	**1.5**
2014 Q1	428	0.4	375	2.4
2014 Q2	672	0.6	12	0.1
2014 Q3	587	0.5	(104)	(0.7)
2014 Q4	856	0.8	(216)	(1.4)
Opening	**110,821**	**2.3**	**15,377**	**0.4**
2015 Q1	603	0.5	829	5.4
2015 Q2	1,074	1.0	(101)	(0.7)
2015 Q3**	NA	NA	721	4.7
Closing	**112,498**	**1.5**	**16,826**	**9.4**

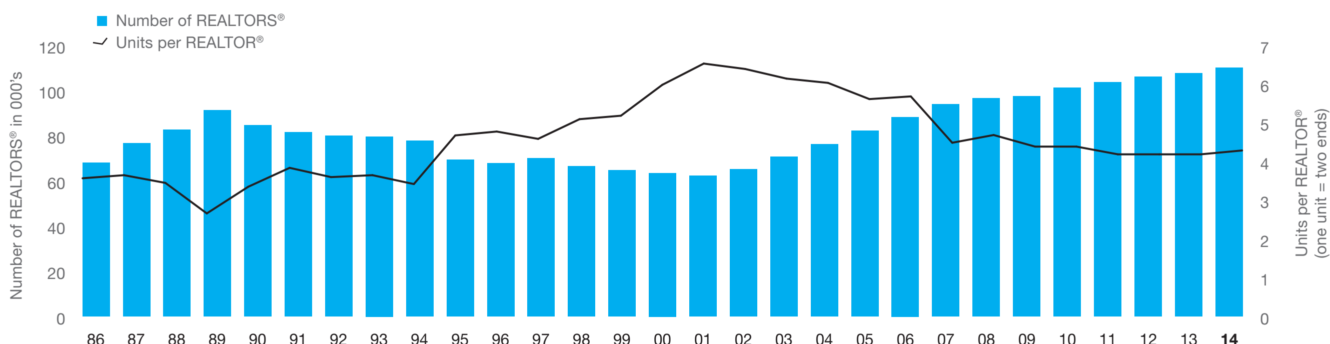
*Source – CREA
**CREA membership data as at September 30, 2015 was not available as of MD&A date

The increase in the number of Canadian REALTORS® has in part been driven by increases in discount brokerage offerings, which have attracted new entrants to the industry and what appears to be an increase in market activity serviced by REALTORS® operating as Teams. This increase in REALTORS® and change in mix has resulted in a modest 3% year-over-year increase in the number of homes sold per REALTOR®. As summarized in the chart on the next page, it shows 2014 and 2013 closing up at 4.3 units per REALTOR®, from 4.2 in 2012 and in line with 4.3 units per REALTOR® in 2011.

Management's Discussion and Analysis of Results and Financial Condition

CANADIAN REAL ESTATE REALTORS®

(Years ended December 31)



Transaction Volumes

For the twelve months ended September 30, 2015, the Canadian Market closed up 13.3%, at $217.5 billion, as compared to the same period of 2014, driven by a 7.7% and 5.1% increase in price and units sold, respectively. The increase in average selling price of a home was buoyed by robust activity in the GTA and Vancouver markets and the low interest rate environment.

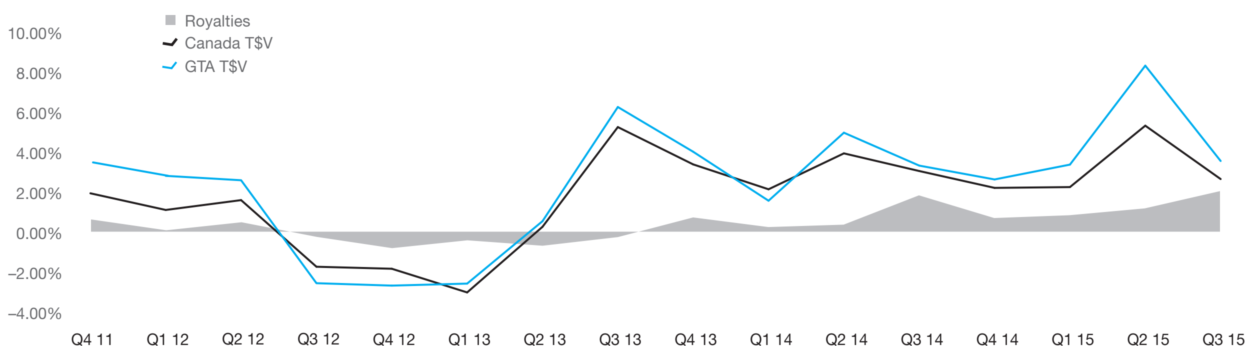
During the Quarter, the Market closed up 10.9%, at $58.7 billion, as compared to the same period of 2014, driven by a 7.6% increase in price and 3.1% increase in units sold.

For the twelve months ended September 30, 2015, the GTA Market closed up 19.3%, at $61.4 billion, as compared to the same period of 2014, driven by a 9.8% and 8.7% increase in price and units sold, respectively, for the reasons noted above.

During the Quarter, the GTA Market closed up 15.5%, at $16.0 billion, as compared to the same period of 2014, driven by an 10.1% and 4.9% increase in price and units sold, respectively.

The GTA market, as presented in the chart below, has had a more pronounced change in market activity. This may cause the Premium Franchise Fees received by the Company from this Market to differ from the change in the overall Market.

ROLLING TWELVE-MONTH % CHANGE FROM PRIOR QUARTER



Management's Discussion and Analysis of Results and Financial Condition

Company's Growth Opportunities

Growth in the Company's royalties is achieved by; increasing the number of REALTORS® in the Company Network through organic growth; acquiring Franchise Agreements from the Manager; increasing the productivity of Agents, expanding the range of products and services supporting Franchisees and their REALTORS®; and increasing the adoption of these products and services. These services are supported by ongoing training programs for Franchisees and REALTORS®, which assist in leveraging the Company's competitive advantages to attract and retain potential recruits.

GROWTH IN NUMBER OF REALTORS®

The Company's growth objective for 2015 is to increase the number of REALTORS® in the Company Network through the continued momentum of converting competitive offerings to the Company's Brands and development of programs to increase Agent growth.

Since the inception of the Company in August 2003 with 9,238 REALTORS®, the Company Network has increased by 82% (7,588 REALTORS®), of which 90% has been through acquisitions and 10% through growth. This represents a cumulative annual growth rate of 5.12% in the Company Network.

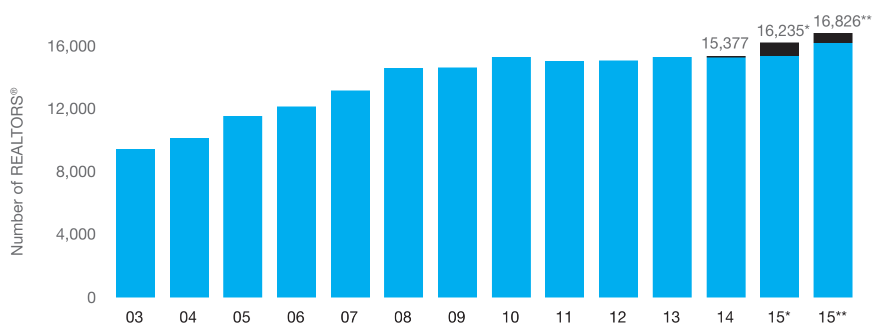
Growth through acquisition is achieved by purchasing Franchise Agreements acquired by the Manager.

On July 1, 2015, the Company purchased Franchise Agreements representing 12 real estate operations, serviced by an estimated 719 Agents operating under the Royal LePage Brand. The estimated purchase price of these agreements was $9.8 million, with an estimated annual royalty stream of $1.4 million.

On January 1, 2015, the Company purchased Franchise Agreements representing 40 real estate operations, serviced by an estimated 858 Agents operating under the Royal LePage and Via Capitale Brands. The estimated purchase price of these agreements was $10.2 million, with an estimated annual royalty stream of $1.5 million.

A summary of Company Network growth since inception is summarized in the chart below.

COMPANY GROWTH



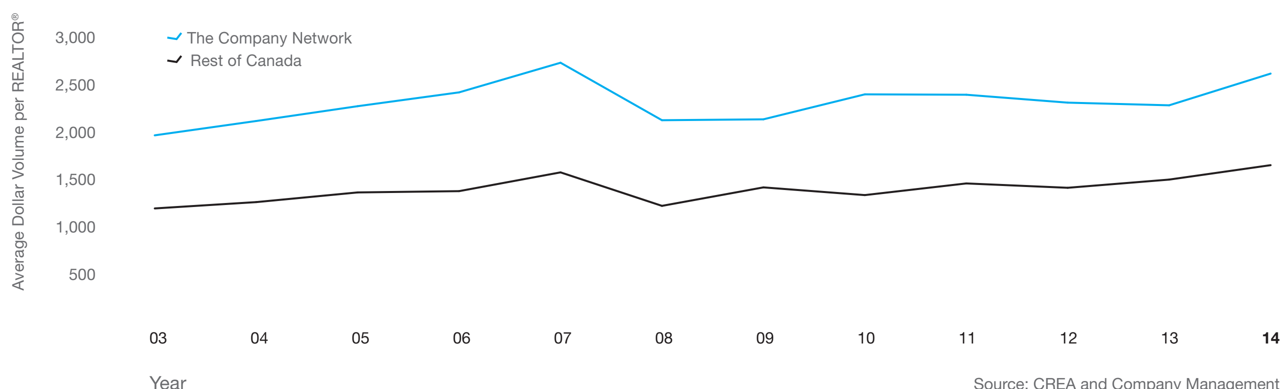
Year ended December 31, except 2015
* As at January 1, 2015
** As at September 30, 2015

REALTOR® Productivity

The average Company Network REALTOR® generated approximately $2.5 million in transactional dollar volume for the twelve months ended December 31, 2014, which is up 11% from 2013. This productivity was 51% greater than the estimated average of $1.7 million for all other Canadian REALTORS®, up from $1.5 million in 2013. Management believes that the higher productivity of Company Network REALTORS® makes the Company less prone to a loss of REALTORS® during a period of reduced transactional dollar volume. A summary of average transactional dollar volume per REALTOR® for the years ended December 31, 2003 through 2014 is summarized in the chart on the next page.

CANADIAN RESIDENTIAL RESALE REAL ESTATE MARKET REALTOR® PRODUCTIVITY

(Average Transactional Dollar Volume per REALTOR®, $ thousands)



PRODUCTS AND SERVICES

During 2014 the Manager re-launched the Company's consumer-facing websites to capitalize on the referral, Franchisee and REALTOR® attraction and retention opportunities represented by displaying the listings of all participating REALTORS® on the Company's consumer-facing websites.

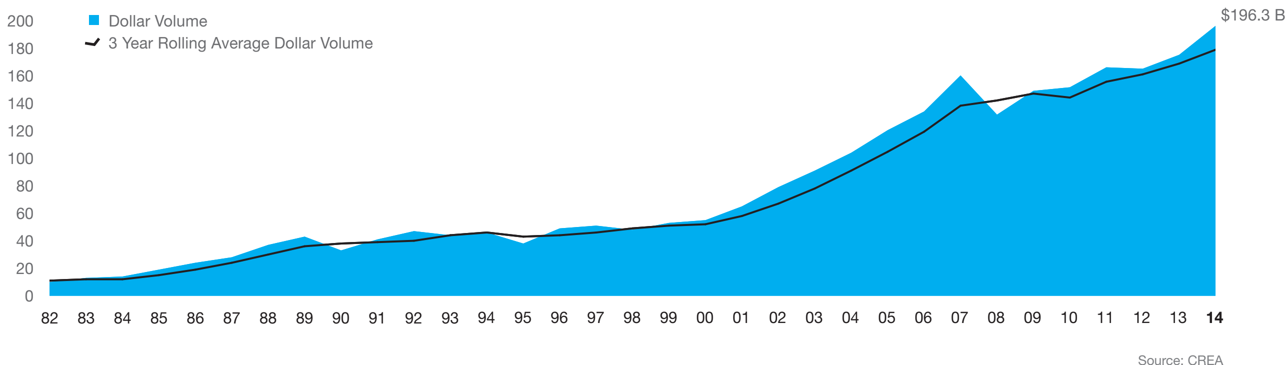
The Manager continues to develop, introduce and support new tools, services and programs to assist Franchisees in attracting and retaining REALTORS®, increasing their productivity and reducing administration costs.

The Canadian Resale Residential Real Estate Market

Since 1980, the Canadian Market has grown at a CAGR of 9.7%. Over the last three years the Canadian Market has been relatively stable with a CAGR of 6% driven by a 1.5% increase in units and a 4.1% increase in selling price due in part to a combination of a low interest rate environment and government-mandated mortgage tightening rules. Over the last twenty-five years there have been three significant downturns. In each case, the Canadian Market has demonstrated its resilience by returning to pre-downturn levels within 24 months. These downturns occurred in 1990, 1995 and 2008 with durations of approximately 13, 14 and 16 months after decreases of 26%, 21% and 19%, respectively.

MARKET DOLLAR VOLUME – CANADIAN RESIDENTIAL RESALE REAL ESTATE MARKET

(1982–2014) (In $billions)

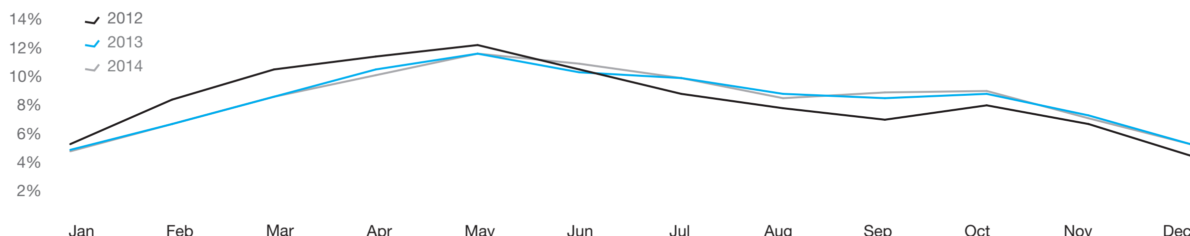


The Company's royalty revenues are affected by the seasonality of the Market, which typically has stronger second and third quarters, as summarized in the chart on the next page. The seasonality of the Canadian Market is in turn mitigated throughout the year by the fixed-fee nature of the Company's royalties, the acquisition of Franchise Agreements at the beginning of the year and in the latter part of the year by the Royal LePage Agents and Teams who have capped out under the variable fee.

Management's Discussion and Analysis of Results and Financial Condition

CANADIAN RESIDENTIAL RESALE REAL ESTATE MARKET

(% Transaction dollar volume by month)



Source: CREA and Company Management

Canadian Market Outlook

A summary of key commentary on the Canadian Market, as reported by the Canada Mortgage and Housing Corporation ("CMHC"), Canadian Real Estate Association ("CREA"), the Toronto Real Estate Board ("TREB") and the Bank of Canada ("BoC") follows:

From CMHC[4]: While the prolonged decline in oil prices triggered two consecutive quarters of real GDP contraction in 2015, employment gains and low interest rates have supported housing activity. Looking ahead, there is considerable uncertainty due to the various risks to the outlook.

On an annual basis, housing starts are expected to range from 153,000 units to 203,000 units in 2016 and from 149,000 units to 199,000 units in 2017.

Multiple Listing Service® (MLS®) sales are expected to range from 425,000 units to 534,000 units in 2016 and from 416,000 units to 536,000 units in 2017. The average MLS® price for Canada is expected to be between $420,000 and $466,000 in 2016 and between $424,000 and $475,000 in 2017. Reflecting the risks to the outlook, the average MLS® price growth is expected to range from -4.0 per cent to 6.5 per cent in 2016, widening to a range of -4.3 per cent to 7.1 per cent in 2017. The slower rate of price growth projected for 2016 and 2017 compared to what was observed in 2014 (6.7 per cent) and what is expected in 2015 is due in part to the expectation that the composition of MLS® sales will see a reduction in more expensive resale units and an increase in moderately priced resale units. In addition, a projected slowdown in demand from rising mortgage rates is also expected to contribute to a decline in the rate of price growth.

From CREA[5]: The forecast for national sales in 2015 has been revised slightly higher, reflecting stronger than anticipated activity in B.C. and Ontario. National sales are now projected to rise by 3.3 percent to 495,800 units in 2015, marking the second strongest year on record for home sales in Canada. In 2016, national sales are forecast to number 495,000, which is little changed compared to forecast sales for 2015. Activity gains in Quebec and some improvement in Prairie provinces are expected to offset a slight cooling for activity in B.C. and Ontario, where affordability for single family home buyers is anticipated to become strained.

From TREB[6]: Greater Toronto Area REALTORS® reported a record number of transactions for the month of September through TREB's MLS® System. There was a combined 8,200 home sales reported for September 2015. This result was up 2.5 per cent compared to September 2014. TREB MLS® sales through the first nine months of 2015 amounted to 80,331, which also represented a record result and a 9.5 per cent increase compared to the first three quarters of 2014. The MLS® Home Price Index (HPI) Composite Benchmark Price was up by 10.5 per cent year over year. The average selling price for all home types combined was also up by 9.2 per cent annually to $627,395. Growth in the MLS® HPI Composite Benchmark and the average price was driven by the low-rise market segments, including detached and semidetached houses and townhouses.

During the Quarter, the Bank of Canada[7] announced a reduction in its target for the overnight rate of one-quarter of one per cent to 0.5 per cent. The reduction to the rate reflects further downgrades of business investment plans in the energy sector as well as weaker-than-expected exports in non-commodity sectors. The Bank is currently projecting that Canada's GDP will grow by just over one per cent in 2015[8]. The latest rate announcement[9] held rates steady and followed better than expected economic data in the past few months.

[4] Source: CMHC Housing Market Outlook – Fourth Quarter 2015
[5] Source: CREA Updates Resale Housing Forecast, published September 15, 2015
[6] Source: TREB Market Watch data, published October 5, 2015
[7] Source: BOC press release published July 15, 2015
[8] Source: BOC press release published October 21, 2015
[9] Source: BOC press releases published September 9, 2015 and October 21, 2015

Operating Results

Unaudited ($ 000's) except REALTORS® and per share amounts	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Royalties				
Fixed Franchise fees	$ 5,109	$ 4,813	$ 15,065	$ 14,465
Variable Franchise fees	3,115	2,793	7,590	$ 7,103
Premium Franchise Fees	2,270	2,153	4,461	$ 4,212
Other revenue	1,071	1,036	3,204	$ 3,028
	11,565	10,795	30,320	28,808
Less:				
Administration	348	602	1,034	1,287
Management fee	2,115	1,883	5,495	5,038
Interest expense	640	777	1,809	2,330
	3,103	3,262	8,338	8,655
Cash flow from operations	8,462	7,533	21,982	20,153
Amortization of intangible assets	2,524	2,633	7,390	8,318
Impairment and write-off of intangible assets	135	538	350	1,288
Interest on Exchangeable Units	1,372	1,318	4,026	4,538
(Gain) loss on fair value of Exchangeable Units	(5,258)	(399)	1,497	1,764
Loss on interest rate swap	257	–	1,538	–
Loss on fair value of purchase obligation	481	218	179	695
Earnings before income taxes	8,951	3,225	7,002	3,550
Current income tax expense	1,309	1,198	3,333	2,821
Deferred income tax recovery	(169)	(190)	(656)	(693)
Net and comprehensive earnings	$ 7,811	$ 2,217	$ 4,325	$ 1,422
Basic earnings per share	$ 0.82	$ 0.23	$ 0.46	$ 0.15
Diluted earnings per share	$ 0.31	$ 0.23	$ 0.46	$ 0.15
Number of REALTORS®	16,826	15,593	16,826	15,593

Third Quarter Operating Results

For the Quarter, the Company generated net earnings of $7.8 million and CFFO of $8.5 million, compared to net earnings before income taxes of $2.2 million and CFFO of $7.5 million for the same period in 2014.

The Company Network as at September 30, 2015 consisted of 16,826 REALTORS®, which includes 272 Brokers and managers who do not pay fees. Approximately 93% of the Company Network of paying Agents are represented by the Company's Franchisees operating under the per-Agent combined flat fee of $102 per month and 1% of gross earnings option and the balance to the approximate $170 per month flat fee.

Royalties for the Quarter totaled $11.6 million, compared to $10.8 million for the same period in 2014. Fixed, variable and Premium Franchise Fees together represented 91% of royalties (89% – 2014). Royalties increased due primarily to the larger Agent base.

Fixed Franchise fees for the Quarter increased by 6.2% as compared to the same period of 2014, due to the increase in the Agent base resulting from the acquisition of Franchise Agreements representing 1,577 Agents during the year.

Variable Franchise fees for the Quarter increased by 11.5%, which follows the increase in Agent count and the increase in transaction dollar value of the Canadian Market driven by robust Toronto and Vancouver markets.

Premium Franchise Fees are derived from 21 Franchise locations servicing the GTA Market, which pay Premium Franchise Fees ranging from 1% to 5% of the location's gross revenue. Premium Franchise Fees for the Quarter have increased by 5.4%, which follows the increase in the underlying market activity.

Other fees and services include home warranty fees, technology fees and other fees, which accounted for approximately 9.3% of total royalties for the Quarter. Other fees increased 3.4% in the Quarter over the same period due to higher technology fees earned from Franchise Agreements acquired in 2015.

Administration expenses of $0.3 million for the Quarter were down $0.3 million compared to 2014, primarily as a result of lower bad debt expenses.

Management fee expense of $2.1 million for the Quarter, calculated in accordance with the MSA, was up by $0.2 million compared to the same period in 2014, due the increases in royalties discussed above.

Interest expense decreased by $0.1 million in the Quarter over the same period, due to the refinancing of the Company's debt arrangements in the fourth quarter of 2014. Interest expense is derived from the Company's $53.0 million Term Facility and $20.0 million acquisition facility (the "Acquisition Facility"). The effective interest rate on the Company's debt facilities for the Quarter was 3.38%, compared to 5.62% during the third quarter of 2014. The Company's debt facilities are more fully described under *Debt Facilities*.

Amortization of Intangible Assets Intangible assets relate to the Franchise Agreements and trademarks acquired by the Company. Franchise Agreements and trademarks are amortized on a straight-line basis over their expected useful life. Amortization during the Quarter totaled $2.5 million, a small decrease of 4.1% from 2014 due to older Franchise Agreements which have been fully amortized or whose carrying value is written down due to impairment.

Interest on Exchangeable Units represents the distribution of $1.65 per annum per Exchangeable Unit as approved by the Company's Board of Directors.

Gain on fair value of Exchangeable Units represents the change in fair value of the Exchangeable Units during the Quarter. As the Company's publicly quoted share price decreased in value during the Quarter, the Company recorded a gain of $5.3 million, for the resulting increase in the fair value of the underlying Exchangeable Unit obligations.

Loss on interest rate swap of $0.3 million is a non-cash item which represents the change in fair value of the five year interest rate swap entered into on October 27, 2014 by the Company. The interest rate swap fixes the annual interest rate on the Company's Term Facility at 3.64%.

Income Tax Expense (Recovery) The effective income tax rate paid by the Company for the Quarter is 26.5% (2014 – 26.5%), which, after adjusting for various temporary differences, including, among other items, non-deductible expenses and the utilization of tax shield attributable to the Company's Franchise Agreements, resulted in an overall tax provision of $1.1 million (2014 – $1.0 million) consisting of a $1.3 million current income tax expense (2014 – $1.2 million) and a $0.2 million deferred income tax recovery (2014 – $0.2 million).

Deferred Income Tax Deferred income tax balances reflect the effects of temporary differences between the carrying amounts of intangible assets and their tax basis, and they are measured at enacted tax rates expected to be in effect when taxes are actually paid or recovered. As at September 30, 2015, the Company's deferred tax asset was $6.6 million (December 31, 2014 – $5.9 million) and was calculated using an effective tax rate of 26.5% (2014 – 26.5%). During the Quarter, the Company recorded a $0.2 million deferred income tax recovery (2014 – $0.2 million). The Company is subject to certain Canadian federal and provincial tax laws and regulations. Changes to these laws or regulations may affect the Company's deferred tax asset, current tax liability, return on investments and business operations.

Year-to-Date Operating Results

For the YTD, the Company generated net earnings of $4.3 million and CFFO of $22.0 million, as compared to net earnings of $1.4 million and CFFO of $20.2 million for the same period in 2014.

Royalties for the YTD totaled $30.3 million, compared to $28.8 million for the same period in 2014. Fixed, variable and Premium Franchise Fees together represented 89% of royalties (89% – 2014). Royalties increased due primarily to the larger Agent base.

Fixed Franchise fees for the YTD increased by 4.1% as compared to the same period of 2014, due to the increase in the Agent base resulting from to the acquisition of Franchise Agreements and addendums representing 1,577 Agents during the year, partly offset by attrition.

Variable Franchise fees for the YTD increased by 6.8%, which relates to the increase in transaction dollar value of the Canadian Market driven by robust Toronto and Vancouver markets.

Premium Franchise Fees are derived from the 21 Franchise locations servicing the GTA Market, which pay Premium Franchise Fees ranging from 1% to 5% of the location's gross revenue. Premium Franchise Fees for the YTD have increased by 5.9%, which follows the increase in the underlying market activity.

Other fees and services include home warranty fees, technology fees and other fees, which accounted for approximately 10.6% of total royalties for the YTD. Other fees increased 5.8% in the YTD over the same period due to higher warranty fees earned and technology fees earned from Franchise Agreements and addendums acquired in 2015.

Administration expenses of $1.0 million for the YTD were lower than 2014 primarily due to lower bad debt expense.

Management fee expense of $5.5 million for the YTD, calculated in accordance with the MSA, was up by $0.5 million compared to the same period in 2014, due primarily to the increase in royalties.

Interest expense decreased by $0.5 million as compared to the same period in 2014, due primarily to the refinancing of the Company's debt arrangements in the fourth quarter of 2014. The effective interest rate on the Company's debt facilities for the YTD was 3.83%, compared to 5.57% during the first half of 2014.

Amortization of Intangible Assets during the nine months totaled $7.4 million, a decrease of 11.1% from 2014 as certain Franchise Agreements became fully amortized since the first half of 2014.

Interest on Exchangeable Units represents the distribution of $1.65 per annum per Exchangeable Unit approved by the Company's Board of Directors.

Loss on fair value of Exchangeable Units represents the change in fair value during the period of the Exchangeable Units. As the Company's share price increased in value during the YTD, the Company recorded a loss of $1.5 million, for the resulting increase in the fair value of the underlying Exchangeable Unit obligations.

Loss on interest rate swap of $1.5 million is a non-cash item which represents the change in fair value of the interest rate swap entered into on October 27, 2014 by the Company. The interest rate swap fixes the annual interest rate on the Company's Term Facility at 3.64%.

Income Tax Expense (Recovery) The effective income tax rate paid by the Company for the YTD is 26.5% (2014 – 26.5%), which, after adjusting for various temporary differences, including, among other items, non-deductible expenses and the utilization of tax shield attributable to the Company's Franchise Agreements, resulted in an overall tax provision of $2.7 million (2014 – $2.1 million), consisting of a $3.3 million current income tax expense (2014 – $2.8 million) and a $0.6 million deferred income tax recovery (2014 – $0.7 million).

Cash Flow from Operations

On a rolling 12 months basis, at September 30, 2015, the Company generated CFFO of $2.16 per Share, as compared to $2.04 CFFO generated during the same period of 2014. A summary of the Company's CFFO generated over the last eight quarters on a rolling 12 months basis is presented in the table below.

ROLLING TWELVE-MONTH CASH FLOW FROM OPERATIONS

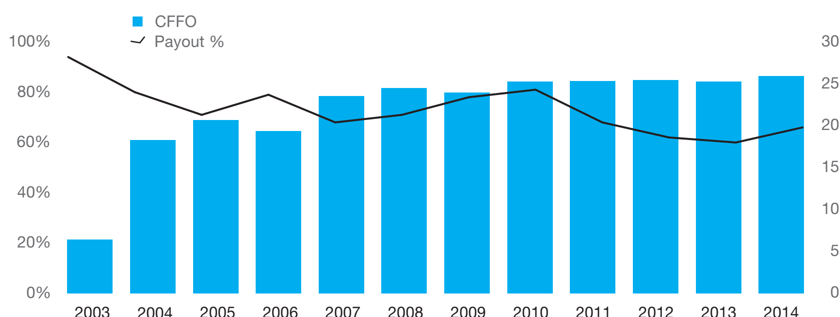
Unaudited Twelve months ended	2015				2014			2013
($ 000's) except per share amounts	**Sept. 30**	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31
Royalties	**$ 38,904**	$ 38,134	$ 37,698	$ 37,392	$ 37,140	$ 36,478	$ 36,352	$ 36,268
Less:								
Administration	**1,373**	1,627	1,724	1,626	1,327	1,118	1,325	1,342
Management fee	**6,926**	6,694	6,548	6,469	6,624	6,609	6,620	6,677
Interest expense	**2,898**	3,035	3,228	3,419	3,080	3,067	3,092	3,040
	27,707	26,778	26,198	25,878	26,109	25,684	25,315	25,209
Cash flow from operations per share on a diluted basis	**$ 2.16**	$ 2.09	$ 2.04	$ 2.02	$ 2.04	$ 2.00	$ 1.98	$ 1.97

The Company's operations have generated significant cash flows with $285.4 million of CFFO generated since inception, of which $201.2 million has been distributed to shareholders and Exchangeable Unitholders. Of the remaining $84.2 million retained by the Company, $70.6 million has been invested in Franchise Agreements, $4.1 million was used to purchase units of the Company in 2008 and 2009 and the balance was used to pay income taxes and fund net working capital requirements.

The chart below present a summary of the CFFO generated by the Company since inception and the percentage payout of these amounts to shareholders and the Exchangeable Unitholders of the Company in the form of dividends to shareholders and interest to the Exchangeable Unitholders.

CASH FLOW FROM OPERATIONS

Years ended December 31 in $ millions



The tables below presents a summary of important elements of the Company's performance, which assist in assessing the sustainability of the Company's cash distributions from CFFO reconciled to cash flow from operating activities, as presented in the Interim Condensed Consolidated Statements of Cash Flows.

CASH FLOW FROM OPERATIONS AND ITS UTILIZATION

Unaudited ($ 000's)	Three months ended Sept. 30, 2015	Three months ended Sept. 30, 2014	Nine months ended Sept. 30, 2015	Nine months ended Sept. 30, 2014
Royalties	$ 11,565	$ 10,795	$ 30,320	$ 28,808
Less:				
Administration expenses	348	602	1,034	1,287
Management fee	2,115	1,883	5,495	5,038
Interest expense	640	777	1,809	2,330
CFFO	8,462	7,533	21,982	20,153
Less:				
Dividends to shareholders	2,965	2,845	8,655	8,459
Interest on Exchangeable Units	1,372	1,318	4,026	4,538
Total dividends and interest	4,337	4,163	12,681	12,997
Cash flow from operations less total dividends to shareholders and interest on Exchangeable Units	4,125	3,370	9,301	7,156
Less: funding of acquisitions	7,804	2,497	18,150	5,998
Total	$ (3,679)	$ 873	$ (8,849)	$ 1,158

CASH FLOW FROM OPERATIONS RECONCILED TO CASH FLOW FROM OPERATING ACTIVITIES

Unaudited ($ 000's)	Three months ended Sept. 30, 2015	Three months ended Sept. 30, 2014	Nine months ended Sept. 30, 2015	Nine months ended Sept. 30, 2014
Cash flow from operating activities	$ 7,148	$ 7,071	$ 15,007	$ 13,090
Add (deduct):				
Interest on Exchangeable Units	1,372	1,318	4,026	4,538
Income taxes paid	921	491	3,167	2,298
Changes in non-cash working capital items	(997)	(1,347)	(177)	306
Interest expense	(2,012)	(2,095)	(5,835)	(6,868)
Interest paid	2,030	2,095	5,794	6,789
CFFO	$ 8,462	$ 7,533	$ 21,982	$ 20,153

CFFO represents operating income before deducting amortization and impairment of intangible assets.

CFFO does not have a standardized meaning under IFRS and, accordingly, may not be comparable to similar measures used by other issuers. Management believes that CFFO is a useful supplemental measure of performance as it provides investors with an indication of the amount of pre-tax cash generated from operations and available to restricted voting shareholders and Exchangeable Unitholders, and to meet tax cash payments. Investors are cautioned, however, that CFFO should not be construed as an alternative to using net earnings (as a measure of profitability) or cash provided by operating activities (as a measure for cash flows).

The Company has consistently paid out cash in excess of net income to shareholders as a significant portion of the Company's operating expenses is made up of non-cash amortization of intangible assets. Management does not view the payment of cash in excess of net income as an economic return of capital as these intangible assets are not expected to require a further cash outlay in the future. The value of intangible assets is dependent upon the Company's ability to retain and renew the underlying Franchise Agreements and to ensure the ongoing integrity of the Trademarks. The Company has not paid out all of the CFFO to shareholders as the cash generated in excess of these amounts has been used to fund the acquisition of Franchise Agreements, pay distributions to the Exchangeable Unitholders, fund the purchase of shares under normal course issuer bids and pay liabilities as they come due. It is management's expectation, at the discretion of the Board of Directors, that for the foreseeable future, cash distributions to shareholders in the form of dividends will continue, and the remaining cash flow will be used to fund acquisitions and pay distributions to the Exchangeable Unitholders.

Debt Facilities

On June 18, 2015 the Company signed an amending agreement with a Canadian Chartered Bank to increase the Company's debt facilities to provide an incremental $10.0 million in available financing. As at September 30, 2015 the Company's $78.0 million financing comprised of the following three arrangements, maturing February 17, 2020.

- A $53.0 million Term Facility. The Term Facility bears a variable interest rate of Banker's Acceptances (BAs) +1.70% or Prime + 0.5%, which the Company has swapped to a fixed rate of 3.64%. The swap contract matures on October 28, 2019.
- A $20.0 Acquisition Facility to support acquisitions pursued by the Company, bearing a variable interest rate of BAs +1.70% or Prime + 0.5%. A standby fee of 0.15% applies on undrawn amounts under this facility.
- A $5.0 million revolving operating facility (the "Operating Facility") to meet the Company's day-to-day operating requirements, bearing a variable interest rate of BAs +1.70% or Prime + 0.5%.

The covenants of this financing prescribe that the Company must maintain a ratio of Consolidated EBITDA to Senior Interest Expense at a minimum of 5.00 to 1 and a ratio of Senior Indebtedness to Consolidated EBITDA at a maximum of 2.5 to 1. Consolidated EBITDA is defined as operating income before deducting amortization and impairment of intangible assets. Senior Indebtedness is defined as borrowings on the Company's debt facilities. Senior Interest Expense is defined as interest on Senior Indebtedness. As at September 30, 2015 the Company is compliant with these covenants.

Summary of Quarterly Results

Unaudited Three months ended	2015				2014			2013
($ 000's) except Agents, REALTORS® and per share amounts	**Sept. 30**	June 30	March 31	Dec. 31	Sept. 30	June 30	March 31	Dec. 31
Royalties								
Fixed Franchise fees	**$ 5,109**	$ 5,025	$ 4,931	$ 4,814	$ 4,813	$ 4,913	$ 4,739	$ 4,719
Variable Franchise fees	**3,115**	2,716	1,759	1,457	2,793	2,582	1,728	1,399
Premium Franchise fees	**2,270**	1,362	829	1,364	2,153	1,268	791	1,285
Other revenue and services	**1,071**	1,198	935	949	1,036	1,102	890	929
	11,565	10,301	8,454	8,584	10,795	9,865	8,148	8,332
Less:								
Administration	**348**	334	352	339	602	431	254	40
Management fee	**2,115**	1,876	1,504	1,431	1,883	1,730	1,425	1,586
Interest expense	**640**	589	580	1,089	777	782	771	750
Cash flow from operations	**8,462**	7,502	6,018	5,725	7,533	6,922	5,698	5,956
Interest on Exchangeable units	**1,372**	1,336	1,318	1,318	1,318	1,950	1,270	1,168
Loss (gain) on fair value of Exchangeable Units	**(5,258)**	2,928	3,827	(2,928)	(399)	(2,629)	4,792	(499)
Loss (gain) on interest rate swap	**257**	(280)	1,561	482	–	–	–	–
Loss (gain) on fair value of purchase obligation	**481**	(319)	17	260	218	(420)	897	343
Amortization of intangible assets	**2,524**	2,401	2,465	2,510	2,633	2,743	2,942	2,882
Impairment and write-off of intangible assets	**135**	169	46	1,096	538	681	69	909
Earnings (loss) before income taxes	**8,951**	1,267	(3,216)	2,987	3,225	4,597	(4,272)	1,153
Current income tax expense	**1,309**	1,130	894	836	1,198	794	829	887
Deferred income tax expense (recovery)	**(169)**	97	(584)	(298)	(190)	(210)	(293)	(303)
Net and comprehensive earnings (loss)	**$ 7,811**	$ 40	$ (3,526)	$ 2,449	$ 2,217	$ 4,013	$ (4,808)	$ 569
Basic earnings (loss) per share	**$ 0.82**	$ –	$ (0.37)	$ 0.26	$ 0.23	$ 0.42	$ (0.51)	$ 0.06
Diluted earnings (loss) per share	**$ 0.31**	$ –	$ (0.37)	$ 0.26	$ 0.23	$ 0.26	$ (0.51)	$ 0.06
Cash flow from operations per share on a diluted basis	**$ 0.66**	$ 0.59	$ 0.47	$ 0.45	$ 0.59	$ 0.54	$ 0.44	$ 0.46
Number of REALTORS®	**16,826**	16,105	16,206	15,377	15,593	15,697	15,685	15,310

Liquidity

Changes in the Company's net working capital are primarily driven by cash flow generated from operations, the recording of obligations arising from the purchase of Franchise Agreements and the settlement of these obligations and payment of dividends and interest.

The estimated contractual liabilities and their dates of maturity are summarized in the chart below.

	2015	2016	2017	Beyond 2017	Total
Accounts payable and accrued liabilities	$ 1,240	$ –	$ –	$ –	$ 1,240
Purchase obligation	2,371	1,931	22	–	4,324
Interest payable to Exchangeable Unitholders	441	–	–	–	441
Dividends payable to shareholders	988	–	–	–	988
Interest on long-term debt	565	2,261	2,261	4,899	9,986
Interest rate swap liability	–	–	–	2,020	2,020
Debt facilities	–	–	–	66,900	66,900
Exchangeable Units	–	–	–	44,757	44,757
Total	$ 5,605	$ 4,192	$ 2,283	$ 118,576	$ 130,656

Working Capital

Overall non-cash working capital decreased by $0.6 million from $0.2 million as at December 31, 2014 to negative non-cash working capital of $0.4 million as at September 30, 2015. The decrease in non-cash working capital resulted from:

- A $0.2 million increase in the current portion of purchase obligation, resulting from an increase in amounts owing for Franchisee Agreements for which the Company has not yet fully paid,
- A $0.2 million increase in current income tax liability, and
- A $0.2 million increase in accounts payables due to timing of payments for operating expenses and accrued interest on Exchangeable Units and Dividends due to timing differences between the record date and payment day on declared distributions.

A summary of the Company's non-cash working capital is presented below:

Unaudited As at ($ 000's)	Sept 30, 2015	June 30, 2015	March 31, 2015	Dec. 31, 2014	Sept. 30, 2014	June 30, 2014	Change in quarter	Change in year	Change prior year same period
Current assets									
Accounts receivable and current portion of notes receivable	**$ 5,011**	$ 5,903	$ 5,345	$ 5,034	$ 5,371	$ 7,358	$ (892)	$ (23)	$ (360)
Income tax receivable	**–**	–	–	–	–	332	–	–	–
Prepaid expenses	**126**	164	179	119	142	62	(38)	7	(16)
	$ 5,137	$ 6,067	$ 5,524	$ 5,153	$ 5,513	$ 7,752	$ (930)	$ (16)	$ (376)
Current liabilities									
Accounts payable and accrued liabilities	**$ 1,240**	$ 1,213	$ 1,231	$ 1,100	$ 1,120	$ 1,752	$ 27	$ 140	$ 120
Debt facilities	**–**	–	–	–	52,925	52,877	–	–	(52,925)
Current portion of Purchase obligation	**2,371**	1,887	4,404	2,150	1,882	4,180	484	221	489
Current income tax liability	**474**	86	894	308	375	–	388	166	99
Interest payable to Exchangeable Unitholders	**441**	441	423	423	423	423	–	18	18
Dividends payable to shareholders	**988**	988	948	948	948	948	–	40	40
	5,514	4,615	7,900	4,929	57,673	60,180	899	585	(52,159)
Net working capital	**$ (377)**	$ 1,452	$ (2,376)	$ 224	$ (52,160)	$ (52,428)	$ (1,829)	$ (601)	$ 51,783

Capital Resources

A summary of capital resources available to the Company as at September 30, 2015 and December 31, 2014 is presented below.

Unaudited As at ($ 000's)	September 30, 2015	December 31, 2014
Cash and cash equivalents	$ 5,154	$ 3,052
Term Facility	–	–
Acquisition Facility	6,100	10,000
Operating Facility	5,000	5,000
Net borrowing capacity	$ 11,100	$ 15,000
Capital resources	$ 16,254	$ 18,052

As at September 30, 2015, $13.9 million of the Acquisition Facility has been drawn by the Company, leaving $11.1 million available under the debt facilities.

In addition to the capital resources included in the table above, the Company generates substantial CFFO which can be used to fund dividend and interest on Exchangeable Units as well as the acquisition of Franchise Agreements.

Off-Balance Sheet Arrangements

The Company has no off–balance sheet arrangements.

Transactions with Related Parties

As at the date of this MD&A, the Company's interests are ultimately controlled approximately 71.6% by the public and 28.4% by BPEDIH, primarily through its ownership of the Exchangeable Units of the Partnership and Restricted Voting Shares. BAM primarily derived its ownership interest in the Company through the sale of its interest in certain assets to the Company at its inception. These assets included the Trademarks and Franchise Agreements related to the business of its Royal LePage residential resale real estate brokerage Franchise operations.

The Manager operates 24 corporately owned Royal LePage residential Brokerage locations. These locations are serviced by 1,929 REALTORS® with 1,356 REALTORS® operating out of 14 locations situated in the GTA Market and 573 REALTORS® operating from 10 locations situated in the Vancouver mainland Market. All of these Franchise Agreements associated with the Brokerages have been purchased by BRESI.

All of these corporately owned operations operate under Franchise Agreements with the standard fixed and variable Franchise fees. The GTA based locations are up for renewal in 2023, while the Vancouver mainland based operations are up for renewal between 2023-2024. Included in the GTA based Franchise Agreement is an additional premium fee ranging from 1% to 5% for 13 of the 14 location's gross commission income to August 2018.

The management of the Company is provided by the Manager under the terms of the MSA. The Manager is a company controlled by the Exchangeable Unitholders. The MSA was effective January 1, 2014, with an initial five-year term and a provision for the automatic renewal of successive five-year terms. Under the MSA, the Manager provides certain management, administrative and support services to the Company and its subsidiaries and in return is paid a monthly fee equal to 20 percent of the distributable cash flow of the Company. The Manager can earn an additional fee for organic growth, which closely aligns the Manager and the Company's goals with growing the underlying network of Agents. The MSA also provides the Manager with the ability to sell other branded Canadian Franchises that it may acquire to the Company, based on a pre-determined formula.

The MSA prescribes the conditions under which the Company purchases Franchise Agreements from the Manager and the formula for calculating the purchase price. The final purchase prices for existing Brands is based on the average annual royalties earned over one year, with 80% of the purchase price payable upon acquisition and the remaining balance to be paid at a later date, subject to adjustment.

On January 1 of each year, (or such other time as the Board of Directors may deem appropriate), the Company may, upon approval by the Board of Directors and criteria detailed in the MSA, purchase Royal LePage and Via Capitale Franchises acquired by the Manager prior to October 31 of the previous year. The acquisition amount is determined in accordance with a formula detailed in the MSA. The acquisition costs may be satisfied by way of cash or shares of the Company, at the option of the Company.

The related party transactions entered into by the Company were transacted at contracted rates or at exchange amounts approximating fair market value. A summary of these amounts can be found in Notes 6 and 13 of the Interim Condensed Consolidated Financial Statements.

On January 1, 2015, the Company acquired 40 Franchise Agreements for $10.2 million comprising 858 Agents generating approximately $1.5 million in annual royalties. Under terms of the MSA, 80% of the purchase price and applicable taxes were due on January 1, 2015. The Company satisfied this obligation through cash on hand and a drawdown of $8.0 million on the Company's $20.0 million acquisition line. The remaining obligation is to be paid in 2016 when the final purchase price is determined in accordance with the MSA.

On July 1, 2015, the Company acquired 12 Franchise Agreements for $9.8 million comprising 719 Agents generating approximately $1.4 million in annual royalties. A payment of $7.8 million, approximating 80% of the estimated purchase plus HST was paid on July 3, 2015 through a draw on the Company's Acquisition Facility. The remaining obligation is to be paid in 2016 when the final purchase price is determined in accordance with the MSA.

Critical Accounting Estimates and Assumptions

Substantially all of the Company's activities are based on cash transactions, with revenue and expenditures based on contracted terms. The operating activities not based on contractual terms include the Company's administration costs, and the amortization period of intangible assets. The Company's administration costs of approximately $1.7 million per annum relate to the Company's public reporting, regulatory and insurance costs.

The Company's intangible assets are regularly monitored for indication of impairment in the carrying value of these assets.

In assessing the fair value of Franchise Agreements upon acquisition, impairment of intangible assets and measurement of deferred taxes, management estimates future cash flows by relying on external information and observable conditions where possible, supplemented by internal analysis.

The preparation of financial statements requires management to select appropriate accounting policies and to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In particular, critical accounting policies and estimates utilized in the normal course of preparing the Company's consolidated financial statements require the determination of future cash flows utilized in assessing the impairment of intangible assets, determining the useful life of intangible assets, assessing the recoverability of accounts receivable, measurement of deferred taxes, measurement of the fair values of purchase obligation (receivable) and Exchangeable Units and fair values used for disclosure purposes.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates have been applied in a manner consistent with those in prior periods, and management is not aware of any trends, commitments, events or uncertainties that will materially affect the methodology or assumptions utilized in these consolidated financial statements. The estimates are impacted by, among other things, movements in interest rates, which are highly uncertain. The interrelated nature of these factors prevents us from quantifying the overall impact of these movements on the Company's consolidated financial statements in a meaningful way. These sources of estimation uncertainty relate in varying degrees to virtually all assets and liability account balances.

CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The following are the critical judgments that have been made in applying the Company's accounting policies and that have the most significant effect on the amounts in the financial statements.

ACCOUNTING FOR FRANCHISE AGREEMENTS

The critical judgement made in accounting for the acquisition of Franchise Agreements is determining whether the acquisition is considered the acquisition of assets or a business. In applying the guidance in IFRS 3, Business Combinations ("IFRS 3"), the Company must evaluate whether the acquisition includes both inputs and processes and, as well, whether the integration of acquired inputs and processes into current processes of the Company would meet the definition of a business. The Company evaluated the criteria included in IFRS 3 and determined that the acquisition of Franchise Agreements is an acquisition of assets as no "processes" are acquired in respect

of the Franchise Agreements. In addition, the Company must apply judgment with respect to the accounting for the earn-out provisions as set out in the MSA, in connection with the purchase of Franchise Agreements. The Company has determined that a portion of the purchase obligation is an embedded derivative instrument in a non-financial host contract, whereby the value changes in response to an underlying contract, which is the actual earned Franchise revenue. The Company has elected to designate the entire purchase obligation as a financial liability at fair value through profit or loss.

IMPAIRMENT CHARGES FOR INTANGIBLE ASSETS

Under IAS 36, Impairment of Assets, the Company needs to ensure that the intangible assets are not carried at more than their recoverable amount (i.e. the higher of fair value less costs of disposal and value-in-use). The critical judgment made in impairment charges for intangible asset is determining whether there is any indication that a particular Franchise Agreement is potentially impaired. Management has identified a number of items that are important to the operating profitability of Franchisees and use them to assist in determining impairment indicators. These factors include aging of receivables, Agent count, known financial difficulties, non-compliance with contractual obligations and the underlying market conditions.

Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, notes receivable, accounts payable and accrued liabilities, purchase obligation, current income tax liability, interest payable to Exchangeable Unitholders, dividends payable to shareholders, debt facilities, interest rate swap liability and Exchangeable Unit liability.

The Company is exposed to credit risk with respect to accounts and notes receivable to the extent that any Franchisees are unable to pay their fees. The Company's credit risk is limited to the recorded amount of accounts receivable. Management reviews the financial position of all Franchisees during the application process and closely monitors outstanding amounts receivable on an ongoing basis.

On October 27, 2014 the Company entered into an interest rate swap arrangement to fix the interest rate on the Company's $53.0 million Term Facility at 3.64% to October 28, 2019. The Company's Term Facility matures on February 17, 2020.

The Company is exposed to the risk of interest rate fluctuations on its $20.0 million Acquisition Facility and $ 5.0 million Operating Facility as the interest rate on these facilities are based on prime and Banker Acceptance rates. As at September 30, 2015 the Company has drawn $13.9 million on the Acquisition Facility, and the $5.0 million operating facility has remained undrawn.

Disclosure Controls and Internal Controls over Financial Reporting

As a public entity, we take every step necessary to ensure that material information regarding the Company's reports filed or submitted under securities legislation fairly presents the financial information of the Company. Responsibility for this resides with management, including the President and Chief Executive Officer and the Chief Financial Officer. Management is responsible for establishing, maintaining and evaluating disclosure controls and procedures as well as internal control over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES ("DC&P")

The evaluation of the effectiveness of DC&P, as defined in National Instrument 52-109 *Certification of Disclosures in Issuers' Annual and Interim Filings*, was performed under the supervision of the President and Chief Executive Officer and the Chief Financial Officer. They conclude that these DC&P were adequate and effective as at September 30, 2015. The Company's management can therefore provide reasonable assurance that it receives material information relating to the Company in a timely manner so that it can provide investors with complete and reliable information.

INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Management has designed ICFR to provide reasonable assurance that the Company's financial reporting is reliable and that the Company's interim condensed consolidated financial statements were prepared in accordance with IFRS. The design and effectiveness of ICFR were evaluated as defined in National Instrument 52-109 under the supervision of the President and Chief Executive Officer and the Chief Financial Officer. Based on the evaluations, they conclude that ICFR is adequate and effective to provide such assurance as at September 30, 2015. The design of ICFR is undertaken in accordance with the 1992 COSO framework. During 2015 it is management's intention to undertake the assessment, planning and implementation of the 2013 COSO framework as it relates to the Company's ICFR.

Outstanding Restricted Voting Shares

The Company is authorized to issue an unlimited number of Restricted Voting Shares, an unlimited number of preferred shares and one Special Voting Share. As of September 30, the Company has outstanding 9,483,850 Restricted Voting Shares and one special voting share.

Each Restricted Voting Share represents a proportionate voting right in the Company, and holders of the Company's Restricted Voting Shares are entitled to dividends declared and distributed by the Company.

The Special Voting Share represents the proportionate voting rights of Exchangeable Unitholders in the Company and has been issued to the Exchangeable Unitholder. The Special Voting Shares are not eligible to receive dividend and can be redeemed at $0.01 per share.

Governance Matters

The Company is governed by a Board of Directors comprised of five members, four of whom are independent of the Manager (the "Independent Directors"). The Board of Directors is accountable to the Shareholders of the Company and has two standing committees – the Audit Committee and Governance Committee. BPEDIH appoints two members to the Board of Directors while the other members are elected by the holders of the Restricted Voting Shares.

The Company's Board of Directors encourages sound corporate governance practices that are designed to promote the well-being and ongoing development of the Company, while having the Company's best interests as its number one objective. The Company is in the process of developing a written policy regarding the identification and nomination of female directors. The Company does recognize the importance of gender diversity on the board as evidenced by the significant representation of female Board members. Specifically, 40 per cent of all Directors, 50 per cent of Independent Directors and 67 per cent of the members of both the Audit and Governance Committee, are women. In addition, the two women on the Board have served as Board members since the inception of the Company and currently sit as chairpersons on the Audit Committee and the Governance Committee. The Company believes that this level of female representation on the Board and its committees represents excellent diversity.

Risk Factors

Risks related to the residential resale real estate brokerage industry and the business of the Partnership and the Company are outlined in the Company's Annual Information Form, which is available at www.sedar.com and on the Company's website at www.brookfieldresinc.com under Investor Centre/Other Disclosure Reports. Additional discussion regarding these risks as appropriate is provided in this MD&A.

Forward-Looking Statements

This MD&A contains forward-looking information and other "forward-looking statements". Words such as "outlook", "believe", "further", "grow", "shaping up", "will", "remain", "persist", "forecast", "objective", "subsequent to", "continue", "determine", "projecting", "ongoing", "foreseeable", "maintain", "intention" 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: a change in general economic conditions (including interest rates, consumer confidence, commodity prices and other general economic factors or indicators), the level of residential real estate resale 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® in the Company's Network or royalty revenue from the Company's Network, availability to generate sufficient cash flows in the future to pay dividends to restricted voting shareholders and interest to Exchangeable Unitholders, ability to renew and/or extend Franchise Agreements, the 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. The Corporation 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.

Supplemental Information – Net Earnings (Loss) and Cash Flow from Operations for the Period

Unaudited Three months ended ($ 000's)	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014	Dec. 31, 2014	Mar. 31, 2015	June 30, 2015	**Sept. 30, 2015**
Royalties	$ 8,332	$ 8,148	$ 9,865	$ 10,795	$ 8,584	$ 8,454	$ 10,301	**$ 11,565**
Less:								
Administration	40	254	431	602	339	352	334	**348**
Management fee	1,586	1,425	1,730	1,883	1,431	1,504	1,876	**2,115**
Interest expense	750	771	782	777	1,089	580	589	**640**
CFFO	$ 5,956	$ 5,698	$ 6,922	$ 7,533	$ 5,725	$ 6,018	$ 7,502	**$ 8,462**
Interest on Exchangeable Units	1,168	1,270	1,950	1,318	1,318	1,318	1,336	**1,372**
Loss (gain) on fair value of Exchangeable Units	(499)	4,792	(2,629)	(399)	(2,928)	3,827	2,928	**(5,258)**
Loss (gain) on interest rate swap	–	–	–	–	482	1,561	(280)	**257**
Loss (gain) on fair value of purchase obligation	343	897	(420)	218	260	17	(319)	**481**
Amortization of intangible assets	2,882	2,942	2,743	2,633	2,510	2,465	2,401	**2,524**
Impairment and write-off of intangible assets	909	69	681	538	1,096	46	169	**135**
Earnings (loss) before taxes	1,153	(4,272)	4,597	3,225	2,987	(3,216)	1,267	**8,951**
Current income tax expense	(887)	(829)	(794)	(1,198)	(836)	(894)	(1,130)	**(1,309)**
Deferred income tax recovery (expense)	303	293	210	190	298	584	(97)	**169**
Net income (loss)	$ 569	$ (4,808)	$ 4,013	$ 2,217	$ 2,449	$ (3,526)	$ 40	**$ 7,811**
Add (Deduct):								
Amortization of intangible assets	2,882	2,942	2,743	2,633	2,510	2,465	2,401	**2,524**
Impairment and write-off of intangible assets	909	69	681	538	1,096	46	169	**135**
Current income tax expense	887	829	794	1,198	836	894	1,130	**1,309**
Deferred income tax expense (recovery)	(303)	(293)	(210)	(190)	(298)	(584)	97	**(169)**
Interest on Exchangeable Units	1,168	1,270	1,950	1,318	1,318	1,318	1,336	**1,372**
Loss (gain) on interest rate swap	–	–	–	–	482	1,561	(280)	**257**
Loss (gain) on fair value of Exchangeable Units	(499)	4,792	(2,629)	(399)	(2,928)	3,827	2,928	**(5,258)**
Loss (gain) on fair value of purchase obligation	343	897	(420)	218	260	17	(319)	**481**
CFFO	$ 5,956	$ 5,698	$ 6,922	$ 7,533	$ 5,725	$ 6,018	$ 7,502	**$ 8,462**
Less distributions:								
Public shareholders	$ 2,618	$ 2,845	$ 2,845	$ 2,845	$ 2,846	$ 2,845	$ 2,845	**$ 2,965**
Exchangeable Unitholders	1,168	1,270	1,950	1,318	1,318	1,318	1,336	**1,372**
Total distributions	$ 3,786	$ 4,115	$ 4,795	$ 4,163	$ 4,164	$ 4,163	$ 4,181	**$ 4,337**
CFFO retained by the Company	2,170	1,583	2,127	3,370	1,561	1,855	3,321	**4,125**

Supplemental Information – Selected Financial and Operating Information

Unaudited Three months ended ($000's)	Dec. 31, 2013	Mar. 31 2014	June 30 2014	Sept. 30 2014	Dec. 31, 2014	Mar. 31, 2015	June 30, 2015	**Sept. 30, 2015**
Revenue								
Fixed Franchise fees	$ 4,719	$ 4,739	$ 4,913	$ 4,813	$ 4,814	$ 4,931	$ 5,025	**$ 5,109**
Variable Franchise fees	1,399	1,728	2,582	2,793	1,457	1,759	2,716	**$ 3,115**
Premium Franchise Fees	1,285	791	1,268	2,153	1,364	829	1,362	**$ 2,270**
Other fee revenue and services	929	890	1,102	1,036	949	935	1,198	**$ 1,071**
	$ 8,332	$ 8,148	$ 9,865	$ 10,795	$ 8,584	$ 8,454	$ 10,301	**$ 11,565**
% Revenue by region								
British Columbia	10	10	10	10	10	10	10	**11**
Prairies and Alberta	10	10	11	11	11	11	11	**11**
Ontario	59	59	59	59	59	61	61	**61**
Quebec	18	17	16	16	16	15	15	**14**
Maritimes	3	4	4	4	4	3	3	**3**
	100	100	100	100	100	100	100	**100**

Three months ended **Changes during the period**	Dec. 31, 2013	Mar. 31 2014	June 30 2014	Sept. 30 2014	Dec. 31, 2014	Mar. 31, 2015	June 30, 2015	**Sept. 30, 2015**
Number of REALTORS®	(141)	375	12	(104)	(216)	829	(101)	**721**
Number of locations	(42)	19	(10)	(2)	3	31	(8)	**10**
At end of period								
Number of REALTORS®	15,310	15,685	15,697	15,593	15,377	16,206	16,105	**16,826**
Number of locations	627	646	636	634	637	668	660	**670**
Number of Franchise Agreements	307	313	308	306	302	312	301	**322**

Supplemental Information – Distributions/Dividends History

Unaudited	Dividends Declared per Share							
Month	2008	2009	2010	2011	2012	2013	2014	**2015**
January	$ 0.1040	$ 0.1170	$ 0.1170	$ 0.0920	$ 0.0920	$ 0.0920	$ 0.10	**$ 0.10**
February	0.1040	0.1170	0.1170	0.0920	0.0920	0.0920	0.10	**0.10**
March	0.1040	0.1170	0.1170	0.0920	0.0920	0.0920	0.10	**0.10**
April	0.1040	0.1170	0.1170	0.0920	0.0920	0.0920	0.10	**0.10**
May	0.1040	0.1170	0.1170	0.0920	0.0920	0.0920	0.10	**0.10**
June	0.1040	0.1170	0.1170	0.0920	0.0920	0.0920	0.10	**0.1042**
July	0.1040	0.1170	0.1170	0.0920	0.0920	0.0920	0.10	**0.1042**
August	0.1170	0.1170	0.1170	0.0920	0.0920	0.0920	0.10	**0.1042**
September	0.1170	0.1170	0.1170	0.0920	0.0920	0.0920	0.10	**0.1042**
October	0.1170	0.1170	0.1170	0.0920	0.0920	0.0920	0.10	
November	0.1170	0.1170	0.1170	0.0920	0.0920	0.0920	0.10	
December	0.1170	0.1570	0.3170	0.0920	0.0920	0.0920	0.10	
	$ 1.31	$ 1.44	$ 1.60	$ 1.10	$ 1.10	$ 1.10	$ 1.20	**$ 0.92**

Supplemental Information – Share Performance

Unaudited Three months ended	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014	Dec. 31, 2014	Mar. 31, 2015	June 30, 2015	**Sept. 30, 2015**
Trading price range of units (TSX: "BRE")								
High	$ 14.03	$ 14.99	$ 14.95	$ 14.26	$ 14.08	$ 14.68	$ 15.25	**$ 15.25**
Low	$ 13.10	$ 13.25	$ 13.95	$ 13.65	$ 12.90	$ 14.02	$ 13.82	**$ 13.25**
Close	$ 13.35	$ 14.79	$ 14.00	$ 13.88	$ 13.00	$ 14.15	$ 15.03	**$ 13.45**
Average daily volume	9,441	5,964	7,735	13,254	14,139	20,818	13,070	**5,318**
Number of units outstanding at period end	9,483,850	9,483,850	9,483,850	9,483,850	9,483,850	9,483,850	9, 483,850	**9,483,850**
Net enterprise value at period end (thousands)								
Market capitalization	$ 171,034	$ 189,482	$ 179,361	$ 177,824	$ 166,550	$ 181,283	$ 192,557	**$ 172,315**
Debt facilities	52,782	52,829	52,877	52,925	52,760	60,751	60,760	**66,648**
Less:								
Cash on hand	3,633	674	537	2,266	3,052	4,228	2,875	**5,154**
	$ 220,183	$ 241,637	$ 231,701	$ 228,483	$ 216,258	$ 237,806	$ 250,442	**$ 233,809**

Supplemental Information – Canadian Residential Resale Real Estate Market

Three months ended	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014	Dec. 31, 2014	Mar. 31 2015	June 30, 2015	**Sept. 30, 2015**
Canada								
Transaction dollar volume[1]	$ 36,988	$ 38,682	$ 63,396	$ 52,913	$ 41,356	$ 43,233	$ 74,203	**$ 58,667**
Average selling price	$ 390,988	$ 399,921	$ 413,394	$ 403,306	$ 414,040	$ 428,178	$ 451,672	**$ 433,877**
Number of units sold	94,601	96,725	153,355	131,199	99,883	100,970	164,285	**135,216**
Number of REALTORS® at period end[2]	108,278	108,706	109,378	109,965	110,821	111,424	112,498	**NA**
Housing starts	45,732	32,042	48,784	47,653	43,436	33,599	48,355	**52,738**
Greater Toronto Area								
Transaction dollar volume[1]	$ 9,879	$ 9,854	$ 17,884	$ 13,836	$ 11,267	$ 11,674	$ 22,457	**$ 15,983**
Average selling price	$ 534,896	$ 549,061	$ 577,555	$ 556,803	$ 577,292	$ 594,586	$ 641,610	**$ 612,892**
Number of units sold	18,469	17,947	30,965	24,849	19,517	19,633	35,001	**26,078**
Housing starts	10,036	7,090	8,558	6,621	11,278	8,236	10,987	**12,500**

Twelve months ended	Dec. 31, 2013	Mar. 31, 2014	June 30, 2014	Sept. 30, 2014	Dec. 31, 2014	Mar. 31, 2015	June 30, 2015	**Sept. 30, 2015**
Canada								
Transaction dollar volume[1]	$ 175,129	$ 179,003	$ 186,170	$ 191,979	$ 196,347	$ 200,898	$ 211,705	**$ 217,459**
Average selling price	$ 382,466	$ 388,773	$ 397,879	$ 403,420	$ 408,068	$ 413,875	$ 426,535	**$ 434,609**
Number of units sold	457,893	460,431	467,905	475,880	481,162	485,407	496,337	**500,354**
Housing starts	170,134	168,699	173,457	174,211	171,915	173,472	173,043	**178,128**
Seasonally adjusted housing starts	189,672	156,823	198,185	197,343	180,560	189,709	202,818	**230,701**
Greater Toronto Area								
Transaction dollar volume[1]	$ 46,616	$ 47,381	$ 49,766	$ 51,453	$ 52,841	$ 54,661	$ 59,234	**$ 61,381**
Average selling price	$ 524,092	$ 532,407	$ 547,451	$ 557,877	$ 566,489	$ 575,597	$ 598,323	**$ 612,408**
Number of units sold	88,946	88,994	90,905	92,230	93,278	94,964	99,000	**100,229**
Housing starts	33,547	33,942	33,917	32,305	33,547	34,693	37,122	**43,001**

[1] Source: CREA ($ millions)

[2] As of June 30, 2015, CREA Membership data as at September 30, 2015 was not available as of MD&A date

Supplemental Information – Cash Flow from Operations

Unaudited			IFRS					Canadian GAAP
Cash flow from operations and its utilization since Company inception ($ 000's)	**Total**	**Nine months ended Sept. 30, 2015**	Year ended Dec. 31, 2014	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011	Year ended Dec. 31, 2010	Aug. 7, 2003 to Dec. 31, 2009
Royalties	**$ 404,979**	**$ 30,320**	$ 37,392	$ 36,268	$ 36,519	$ 36,720	$ 36,630	$ 191,130
Less:								
Administration	**13,193**	**1,034**	1,626	1,342	1,361	1,667	1,771	4,392
Interest expense	**36,289**	**5,495**	3,419	3,040	2,961	3,042	2,900	15,432
Management fee	**70,031**	**1,809**	6,469	6,677	6,772	6,747	6,713	34,844
Cash flow from operations	**285,466**	**21,982**	25,878	25,209	25,425	25,264	25,246	136,462
Less:								
Dividends to shareholders	**145,590**	**8,655**	11,305	10,471	10,471	12,605	15,212	76,871
Interest to Exchangeable Unitholder	**55,662**	**4,026**	5,856	4,672	5,272	4,672	5,337	25,827
Total dividends	**201,252**	**12,681**	17,161	15,143	15,743	17,277	20,549	102,698
Cash flow from operations less total dividends	**84,214**	**9,301**	8,717	10,066	9,682	7,987	4,697	33,764
Less: Funding of acquisitions	**70,588**	**18,150**	5,998	5,854	2,965	6,062	6,415	25,144
Less: Purchase of units under NCIB	**4,096**	**–**	–	–	–	–	–	4,096
Net change in the Period	**$ 9,530**	**$ (8,849)**	$ 2,719	$ 4,212	$ 6,717	$ 1,925	$ (1,718)	$ 4,524
Taxes and working capital	**(4,376)**	**10,951**	(3,300)	(5,682)	(7,207)	(2,004)	548	2,318
Change in period	**$ 5,154**	**$ 2,102**	$ (581)	$ (1,470)	$ (490)	$ (79)	$ (1,170)	$ 6,842
Cash balance, beginning of Period	**–**	**$ 3,052**	$ 3,633	$ 5,103	$ 5,593	$ 5,672	$ 6,842	–
Cash balance, end of Period	**$ 5,154**	**$ 5,154**	$ 3,052	$ 3,633	$ 5,103	$ 5,593	$ 5,672	$ 6,842
Dividends percentage payout [1]	**70%**	**58%**	66%	60%	62%	68%	81%	75%

[1] This represents the total dividends paid as a percentage of cash flow from operations.

Unaudited			IFRS					Canadian GAAP
Cash flow from operations Reconciled to cash flow from operating activities ($ 000's)	**Total**	**Nine months ended Sept. 30, 2015**	Year ended Dec. 31, 2014	Year ended Dec. 31, 2013	Year ended Dec. 31, 2012	Year ended Dec. 31, 2011	Year ended Dec. 31, 2010	Aug.7, 2003 to Dec. 31, 2009
Cash flow from operating activities	**$ 221,389**	**$ 15,007**	$ 17,104	$ 14,855	$ 12,946	$ 18,588	$ 6,100	$ 136,789
Add (deduct):								
Changes in non-cash working capital items	**2,151**	**(177)**	127	1,216	(49)	1,490	(1,224)	768
Interest on Exchangeable Units	**29,835**	**4,026**	5,856	4,672	5,272	4,672	5,337	–
Income taxes paid	**18,443**	**3,167**	3,201	4,046	8,029	–	–	–
Interest on Trust units	**15,212**	**–**	–	–	–	–	15,212	–
Non-cash interest expense	**(1,564)**	**(41)**	(410)	420	(773)	514	(179)	(1,095)
Cash flow from operations	**$ 285,466**	**$ 21,982**	$ 25,878	$ 25,209	$ 25,425	$ 25,264	$ 25,246	$ 136,462

Supplemental Information – Acquisitions

Unaudited **Year acquired by the Company** ($ millions unless stated otherwise)	2015	2014	2013	2012	2011	2010	2009
Purchase price							
Estimated	20.02	7.21	6.74	2.88	3.48	5.24	3.44
Actual (a), (c), (d)	(a)	7.05	6.60	2.70	3.34	5.70	3.31
Payments							
Initial	16.20	5.00	5.40	2.30	2.78	4.20	2.78
Final (b), (c), (d)	(a)	7.05	1.20	0.40	0.56	1.50	0.53
Estimated							
Annual royalty stream	2.90	0.95	1.05	0.49	0.55	0.89	0.70
Number of REALTORS®	1,577	493	516	217	247	417	316
Number of agreements	52	46	44	25	23	21	21
Actual							
Annual royalty stream (b), (d)	(a)	0.99	0.98	0.45	0.52	0.95	0.66
Number of REALTORS® (d)	(a)	482	487	217	231	417	316
Number of agreements	52	46	44	25	23	21	21

(a) To be determined at the end of the reporting period in accordance with the MSA and appropriate purchase agreement
(b) Audited
(c) Purchase price obligation and actual values for Via Capitale is calculated over three years for acquistions made prior to 2015
(d) For 2014, finalized numbers for Royal LePage Acquisitions, excludes Via Capitale

Glossary of Terms

"Agent" is defined as an individual who is licensed to buy or sell real estate and is actively doing so through an affiliation with a Broker.

"Agents' Gross Revenues" is defined as, in respect of a Franchisee, the gross commission income (net of outside Broker payments) paid in respect of the closings of residential resale real estate transactions through Agents associated with such Franchisee.

"Brands" means the real estate services brands owned or controlled by BRESI namely, Royal LePage, Johnston and Daniel and Via Capitale.

"Broker" is an individual licensed with the relevant regulatory body to manage a real estate brokerage company.

"Brokerage" is a real estate brokerage company, usually owned or controlled by a Broker, which may operate one or more offices or divisions.

"Brookfield Asset Management" or **"BAM"** means Brookfield Asset Management Inc., a corporation incorporated under the laws of Ontario.

"Brookfield Private Equity Direct Investments Holdings LP" or **"BPEDIH"** is a wholly-owned subsidiary of Brookfield Asset Management operating in Canada.

"Cash Flow from Operations" or **"CFFO"** is defined as operating income before deducting amortization and impairment 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 of value to them. CFFO does not have any standard meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies.

"Company Network" is collectively the Royal LePage Network and the Via Capitale Network.

"Exchangeable Units" represent the 3,327,667 Class B LP Units the Partnership issued to TBI (a predecessor of Brookfield Holdings) in partial consideration for the Partnership's acquisition of the Partnership Assets from TBI. The Class B LP Units, except as otherwise noted, have economic and voting rights equivalent in all material respects to the Class A LP Units. The Class B LP Units are indirectly exchangeable, on a one-for-one basis, subject to adjustment, for restricted voting shares of the Company.

"Franchise" is defined as a residential real estate Brokerage Franchise operated pursuant to a Franchise Agreement with the Manager's comprehensive systems consisting of proprietary technological, marketing, promotional, communication and support systems.

"Franchise Agreements" is defined as the Franchise Agreements pursuant to which brokerage offices offer residential brokerage services using the Trademarks.

"Franchisees" is defined as Brokerage which pays Franchise fees under the Franchise Agreements.

"Franchise Network" is defined as the Royal LePage Network, Johnston & Daniel Network and the Via Capitale Network.

"International Financial Reporting Standards" or **"IFRS"** is a set of accounting standards developed by an independent, not-for-profit organization called the International Accounting Standards Board (IASB). IFRS is a global framework that provides general guidance for the preparation of financial statements and its disclosure to the public to convey measureable and comparable financial information.

"Management Services Agreement" or **"MSA"** is defined as the second amended and restated management services agreement made effective December 31, 2012, among BRESI and the Manager pursuant to which, among other things, the Manager provides management and administrative services to BRESI.

"Manager" is defined as Brookfield Real Estate Services Manager Limited, a corporation incorporated under the laws of the Province of Ontario together with its subsidiaries.

"Market" is defined as the dollar value of residential resale units sold (transactional dollar volume) over a twelve-month period in a particular geographic area.

"Net Organic Agent Growth Fee" is defined as a fee payable to the Manager under the MSA for the net organic growth of the Company's Network of Agents in each calendar year with such payment limited to the cumulative net organic Agent growth since December 31, 2013.

"Network" is collection of Brokerages which operate under one of the Real Estate Brands owned by BRESI.

"Premium Franchise Fees" are collected on certain Franchise locations to reflect the premier locations (principally the Greater Toronto Area) in which such Franchises operate. The premium fee is payable in addition to the basic fixed fee and the basic variable fee as an uncapped amount ranging from 1% to 5% (based on location, with an average of 3%) of the Agents' Gross Revenue.

"REALTOR®" is the exclusive designation for a member of The Canadian Real Estate Association and is defined as an individual licensed to trade in real estate and includes Brokers and Agents.

"Residential Income Fund L.P." or **"RIFLP"** is a limited partnership established under the laws of the Province of Ontario.

"Restricted Voting Shares" is defined as the restricted voting shares in the capital of BRESI.

"Royal LePage" is a nationally recognized real estate Brand controlled by the Company.

"Royal LePage Network" is the network of Franchisees operating under the Royal LePage and Johnston and Daniel Brands.

"Special Voting Shares" is defined as the share of the Company issued to represent voting rights in the Company that accompany securities convertible into or exchangeable for Restricted Voting Shares, including the Subordinated LP Units and Ordinary LP Units held by Brookfield Holdings or an affiliated entity of Brookfield Holdings or the Manager or an affiliated entity of the Manager.

"System for Electronic Document Analysis and Retrieval" or **"SEDAR"** is a Canadian mandatory document filing and retrieval system for all Canadian public companies where documents such as prospectuses, financial statements and material change reports are filed and are accessible by the public to further the goal of transparency and full disclosure.

"Team" is defined as a group of Agents who work together and market themselves as part of a team rather than as individual Agents.

"Trademarks" is defined as the trade-mark rights related to BRESI's business.

"TSX" is defined as the Toronto Stock Exchange.

"Unitholders" is defined as the holders of Units and a "Unitholder" means any one of them.

"Via Capitale" is a real estate Brand controlled by the Company which operates primarily in the province of Quebec.

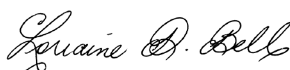
"Via Capitale Network" is the network of Franchisees operating under the Via Capitale Brand.

Interim Condensed Consolidated Balance Sheets

Unaudited (In thousands of Canadian dollars)	Note	September 30, 2015	December 31, 2014
Assets			
Current assets			
Cash		$ 5,154	$ 3,052
Accounts receivable	4	4,872	4,758
Current portion of notes receivable	5	139	276
Prepaid expenses		126	119
		10,291	8,205
Non-current assets			
Notes receivable	5	174	230
Deferred income tax asset	8	6,571	5,915
Intangible assets	6, 7	84,490	72,212
		$ 101,526	$ 86,562
Liabilities and shareholders' deficit			
Current liabilities			
Accounts payable and accrued liabilities		$ 1,240	$ 1,100
Current portion of purchase obligation	6	2,371	2,150
Current income tax liability	8	474	308
Interest payable to Exchangeable Unitholders	10	441	423
Dividends payable to shareholders		988	948
		5,514	4,929
Non-current liabilities			
Debt facilities	9	66,648	52,760
Purchase obligation	6	1,953	127
Interest rate swap liability	9	2,020	482
Exchangeable Units	10, 13	44,757	43,260
		120,892	101,558
Shareholders' deficit			
Restricted voting shares	11	140,076	140,076
Deficit		(159,442)	(155,072)
		(19,366)	(14,996)
		$ 101,526	$ 86,562

See accompanying notes to the interim condensed consolidated financial statements.

Approved on behalf of the Board



Simon Dean
Director

Lorraine Bell
Director

Interim Condensed Consolidated Statements of Earnings and Comprehensive Earnings

Unaudited (In thousands of Canadian dollars, except share and per share amounts)	Note	Three months ended September 30, 2015	Three months ended September 30, 2014	Nine months ended September 30, 2015	Nine months ended September 30, 2014
Royalties					
Fixed Franchise fees		**$ 5,109**	$ 4,813	**$ 15,065**	$ 14,465
Variable Franchise fees		**3,115**	2,793	**7,590**	7,103
Premium Franchise Fees		**2,270**	2,153	**4,461**	4,212
Other revenue		**1,071**	1,036	**3,204**	3,028
		11,565	10,795	**30,320**	28,808
Expenses					
Administration		**348**	602	**1,034**	1,287
Management fee	3, 13	**2,115**	1,883	**5,495**	5,038
Interest expense	9	**640**	777	**1,809**	2,330
Impairment and write-off of intangible assets	7	**135**	538	**350**	1,288
Amortization of intangible assets	7	**2,524**	2,633	**7,390**	8,318
		5,762	6,433	**16,078**	18,261
Operating income		**5,803**	4,362	**14,242**	10,547
Interest on Exchangeable Units	10	**(1,372)**	(1,318)	**(4,026)**	(4,538)
Gain (loss) on fair value of Exchangeable Units	10	**5,258**	399	**(1,497)**	(1,764)
Loss on interest rate swap	9	**(257)**	–	**(1,538)**	–
Loss on fair value of purchase obligation	6	**(481)**	(218)	**(179)**	(695)
Earnings before income tax		**8,951**	3,225	**7,002**	3,550
Current income tax expense		**1,309**	1,198	**3,333**	2,821
Deferred income tax recovery		**(169)**	(190)	**(656)**	(693)
Income tax expense	8	**1,140**	1,008	**2,677**	2,128
Net and comprehensive earnings		**$ 7,811**	$ 2,217	**$ 4,325**	$ 1,422
Basic earnings per share	12	**$ 0.82**	$ 0.23	**$ 0.46**	$ 0.15
Weighted average number of shares outstanding used in computing basic earnings per share		**9,483,850**	9,483,850	**9,483,850**	9,483,850
Diluted earnings per share	12	**$ 0.31**	$ 0.23	**$ 0.46**	$ 0.15
Weighted average number of shares outstanding used in computing diluted earnings per share		**12,811,517**	12,811,517	**12,811,517**	12,811,517

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Changes in Shareholders' Deficit

Unaudited (In thousands of Canadian dollars)	Common Equity	Deficit	Total Deficit
Balance, December 31, 2014	$ 140,076	$ (155,072)	$ (14,996)
Net earnings	–	4,325	4,325
Dividends declared	–	(8,695)	(8,695)
Balance, September 30, 2015	**$ 140,076**	**$ (159,442)**	**$ (19,366)**

Unaudited (In thousands of Canadian dollars)	Common Equity	Deficit	Total Deficit
Balance, December 31, 2013	$ 140,076	$ (147,562)	$ (7,486)
Net earnings	–	1,422	1,422
Dividends declared	–	(8,535)	(8,535)
Balance, September 30, 2014	$ 140,076	$ (154,675)	$ (14,599)

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statements of Cash Flows

Unaudited (In thousands of Canadian dollars)	Note	**Three months ended September 30, 2015**	Three months ended September 30, 2014	**Nine months ended September 30, 2015**	Nine months ended September 30, 2014
Cash provided by (used for):					
Operating activities					
Net earnings for the period		**$ 7,811**	$ 2,217	**$ 4,325**	$ 1,422
Adjusted for:					
(Gain) loss on fair value of Exchangeable Units	10	**(5,258)**	(399)	**1,497**	1,764
Loss on fair value of purchase obligation	6	**481**	218	**179**	695
Loss on interest rate swap	9	**257**	–	**1,538**	–
Interest expense		**2,012**	2,095	**5,835**	6,868
Interest paid		**(2,030)**	(2,095)	**(5,794)**	(6,789)
Current income tax expense	8	**1,309**	1,198	**3,333**	2,821
Income taxes paid		**(921)**	(491)	**(3,167)**	(2,298)
Deferred income tax recovery	8	**(169)**	(190)	**(656)**	(693)
Impairment and write-off of intangible assets	7	**135**	538	**350**	1,288
Amortization of intangible assets	7	**2,524**	2,633	**7,390**	8,318
Changes in non-cash working capital		**997**	1,347	**177**	(306)
		7,148	7,071	**15,007**	13,090
Investing activity					
Purchase of intangible assets	6	**(7,804)**	(2,497)	**(18,150)**	(5,998)
		(7,804)	(2,497)	**(18,150)**	(5,998)
Financing activity					
Borrowings under debt facilities	9	**8,900**	–	**16,900**	–
Repayment under debt facilities	9	**(3,000)**	–	**(3,000)**	–
Dividends paid to shareholders		**(2,965)**	(2,845)	**(8,655)**	(8,459)
		2,935	(2,845)	**5,245**	(8,459)
Increase (decrease) in cash during the period		**2,279**	1,729	**2,102**	(1,367)
Cash, beginning of the period		**2,875**	537	**3,052**	3,633
Cash, end of the period		**$ 5,154**	$ 2,266	**$ 5,154**	$ 2,266

See accompanying notes to the interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

Three and nine months ended September 30, 2015 and 2014 (unaudited)
(Expressed in thousands of Canadian dollars, unless stated otherwise)

1. Organization

Brookfield Real Estate Services Inc. ("BRESI" and, together with its Subsidiaries the "Company"), is incorporated under the *Ontario Business Corporations Act*. BRESI is listed on the Toronto Stock Exchange ("TSX") under the symbol "BRE". Through its limited partnership holdings, BRESI owns certain Franchise Agreements ("Franchise Agreements") and trademark rights of residential real estate brands in Canada.

BRESI directly owns a 75% interest in Residential Income Fund L.P. (the "Partnership") which, in turn, owns 9120 Real Estate Network, L.P. ("VCLP"). In addition, BRESI directly owns a 75% interest in the general partner of the Partnership, Residential Income Fund General Partner Limited ("RIFGP"), (collectively, the Partnership, VCLP and RIFGP represent the Company's "Subsidiaries" and each of them is a "Subsidiary"). The Partnership and VCLP (together the "Operating Subsidiaries") own and operate the assets from which the Company derives its revenue.

Brookfield Private Equity Direct Investments Holdings LP ("BPEDIH"), a wholly-owned subsidiary of Brookfield Asset Management ("BAM") operating in Canada, owns the remaining 25% interest in the Partnership through its ownership of Exchangeable Units in the Partnership (the "Exchangeable Units") and the remaining 25% interest in RIFGP through its ownership of 25 common shares in RIFGP. In addition to its ownership of the Exchangeable Units, BPEDIH indirectly owns 315,000 restricted voting shares and one special voting share of BRESI. The special voting share entitles the BPEDIH to a number of votes at any meeting of the restricted voting shareholders equal to the number of restricted voting shares that may be obtained upon the exchange of all the Exchangeable Units held by the holder and/or its affiliates.

The Company receives certain management, administrative and support services from Brookfield Real Estate Services Manager Ltd. ("BRESML", and together with its subsidiaries, the "Manager"), an indirect wholly owned subsidiary of BPEDIH. The Company derives 100% of its revenue from royalties it receives under certain Franchise Agreements it purchases from the Manager.

2. Significant Accounting Policies

BASIS OF PRESENTATION

These interim condensed consolidated financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting ("IAS 34"), as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and note disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the IASB, have been omitted or condensed.

These interim condensed consolidated financial statements have been prepared using the same accounting policies and methods as those used in the consolidated financial statements for the year ended December 31, 2014 and should be read in conjunction with these consolidated financial statements.

These interim condensed consolidated financial statements have been prepared on a going concern basis and include the accounts of the Company.

BASIS OF CONSOLIDATION

The financial results of Subsidiaries are consolidated with the results of BRESI from the date that control is acquired through to the date that control cease. Control of an investee is deemed to exist when BRESI has the power to direct relevant activities of the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee.

3. Management Services Agreement

Effective January 1, 2014, the Company entered into an amended and restated Management Services Agreement ("MSA") with the Manager. The MSA has an initial five-year term and a provision for the automatic renewal of successive five year terms.

The MSA, among other things, prescribes the conditions under which the Company purchases Franchise Agreements from the Manager and the formula for calculating the purchase price. The purchase price for existing brands is based on the average annual royalties earned over a twelve month period, with 80% of the purchase price payable upon acquisition and the remaining balance to be paid at a later date, subject to adjustment, if any, to the actual royalties earned over a twelve month period. Further, an incentive fee is to be paid to the Manager for net Agent growth, with the fee being calculated on similar terms. The MSA also provides the Manager with the ability to sell other Canadian branded Franchises to the Company based on a predetermined formula and payment structure.

Under the MSA, the Manager provides certain management, administrative and support services to the Company and in return is paid a monthly fee equal to 20% of the distributable cash of the Operating Subsidiaries.

For the three and nine months ended September 30, 2015, the Company incurred management fees of $2,115 and $5,495 (three and nine months ended September 30, 2014 – $1,883 and $5,038) for these services.

4. Accounts Receivable

Accounts receivable represent fees due from the Company's Franchise network pursuant to Franchise Agreements and are valued initially at fair value, then subsequently measured at amortized cost less any provision for doubtful accounts. As at September 30, 2015, the Company had accounts receivable of $4,872 (December 31, 2014 – $4,758) net of an allowance for doubtful account of $1,021 (December 31, 2014 – $810). During the three and nine months ended September 30, 2015, administration expenses included $27 and $273, respectively of net bad debt expense (2014 – $364 and $617, respectively). Management conducts an analysis to determine the allowance for doubtful accounts by assessing the collectability of receivables on a Franchisee by Franchisee basis. This assessment takes into consideration certain factors including the aging of outstanding fees, Franchisee operating performance, historical payment patterns, current collection efforts and the Company's security interests, if any.

The table below summarizes the aging of accounts receivable as at September 30, 2015.

	90+ Days	60 Days	30 Days	Current	Total
Accounts receivable	$ 529	$ 228	$ 586	$ 3,529	$ 4,872

5. Notes Receivable

The Company has certain Franchisees with which it has entered into a payment plan in respect of Franchise fees due to the Company which are in arrears. Any amounts under these payment plans due greater than one year from the financial statement date have been classified as non-current. The terms stipulated in the payment plan require the Franchisees to repay the total outstanding balance in monthly payments plus interest based on a spread above prime interest rate ("Prime"). As at September 30, 2015, the Company had notes receivable of $313, of which $139 was due within 12 months and $174 was considered non-current (December 31, 2014 – $276 current and $230 non-current).

6. Asset Acquisitions

The Company's purchase of Franchise Agreements and addendums ("Franchise Agreements" collectively) is governed by the terms set out in the MSA.

On July 1, 2015 (an "Acquisition Date") the Company acquired 12 Franchise Agreements under the Royal LePage brand from BRESML for an estimated purchase price of $9,755. A payment of $7,804, approximating 80% of the estimated purchase price plus HST was paid in July, 2015. The remainder is to be paid when the final purchase price is determined on October 31, 2016, (a "Determination Date").

On January 1, 2015, (an "Acquisition Date") the Company acquired 35 Franchise Agreements under the Royal LePage brand and five Franchise Agreements under the Via Capitale brand from the Manager for an estimated purchase price of $10,263. A payment of $8,145, approximating 80% of the estimated purchase price plus HST, QST and GST, was paid in January, 2015. The remainder is to be paid after the final purchase price is determined on October 31, 2015, (a "Determination Date").

Until the Determination Date, the estimated price is revised periodically based on updated information used to value these Franchise Agreements. Any subsequent changes to the value of the estimated purchase price prior to the determination date are recognized in the interim condensed consolidated statements of earnings and comprehensive earnings and are classified as a gain or loss on fair value of purchase obligation in the period in which the change occurs. The unpaid balance due as of an Acquisition Date is subject to interest at the rate prescribed in the MSA of Prime plus 1%.

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(Expressed in thousands of Canadian dollars, unless stated otherwise)

During the twelve month period prior to the Determination Date (the "Determination Period"), the Company records changes in the purchase obligation to reflect the fair value of outstanding purchase obligation. Actual cash flows generated from the Franchise Agreements during the Determination Period are used to estimate and forecast the annual royalty fees to be earned during the Determination Period. The estimated yield expected to be generated from the royalty streams is determined by dividing the per share amount distributed in cash by BRESI in the 52 week period ending the day preceding the Acquisition Date by the current market price per share of BRESI. Each reporting period until a Determination Date, the estimated royalty stream for each Franchise Agreement is updated based on actual cash flows generated for each Franchise Agreement for which an outstanding purchase obligation exists. The updated estimated royalty stream is used to calculate the fair value of outstanding purchase obligation.

For the three and nine months ended September 30, 2015, the Company recorded a loss of $481 and $179 on the fair value of purchase obligation (three and nine months ended September 30, 2014 – $218 and $695).

For the three and nine months ended September 30, 2015, the Company incurred $39 and $119 of interest expense related to outstanding purchase obligation payments (three and nine months ended September 30, 2014 – $37 and $127).

On January 1, 2014, the Partnership acquired 45 Franchise Agreements under the Royal LePage brand from BRESML at an estimated purchase price of $6,059. A payment of $4,847, equal to 80% of the estimated purchase price plus HST, was paid in January 2014 and the remainder, net of purchase price adjustments, plus HST was paid in June 2015.

On January 1, 2014, VCLP acquired one Franchise Agreement under the Via Capitale brand from the Manager at an estimated purchase price of $193. A payment of $155, equal to 80% of the estimated purchase price plus GST and QST was paid in January, 2014 and the remainder, net of purchase price adjustments, plus GST and QST is to be paid in January, 2017.

The purchase obligation by brand consists of the following:

	Royal LePage	Via Capitale	September 30, 2015	December 31, 2014
Purchase obligation at beginning of year	$ 2,202	$ 75	$ 2,277	$ 1,068
Current year's purchases	19,299	719	20,018	6,252
Adjustment to purchase obligation in the current year	268	(89)	179	955
Payments made during year	(17,575)	(575)	(18,150)	(5,998)
Purchase obligation at end of period	$ 4,194	$ 130	$ 4,324	$ 2,277
Current portion of purchase obligation	$ 2,243	$ 128	$ 2,371	$ 2,150
Long-term portion of purchase obligation	1,951	2	1,953	127
Purchase obligation at end of period	$ 4,194	$ 130	$ 4,324	$ 2,277

7. Intangible Assets

A summary of intangible assets is provided in the chart below.

	Franchise Agreements	Trademarks	Total
Cost			
At December 31, 2014	$ 197,582	$ 5,427	$ 203,009
Purchases	20,018	–	20,018
Impairment	(304)	–	(304)
Amounts written-off	(170)	–	(170)
At September 30, 2015	**$ 217,126**	**$ 5,427**	**$ 222,553**
Accumulated amortization			
At December 31, 2014	$ (128,691)	$ (2,106)	$ (130,797)
Amortization expense	(7,260)	(130)	(7,390)
Amounts written-off	124	–	124
At September 30, 2015	**$ (135,827)**	**$ (2,236)**	**$ (138,063)**
Carrying value			
At December 31, 2014	$ 68,891	$ 3,321	$ 72,212
At September 30, 2015	**$ 81,299**	**$ 3,191**	**$ 84,490**

For the three and nine months ended September 30, 2015, the Company recognized impairment charges and write offs of $135 and $350 (three and nine months ended September 30, 2014 – $538 and $1,288) in the interim condensed consolidated statements of earnings and comprehensive earnings related to Franchise Agreements.

The Company regularly reviews intangible assets to determine whether indicators of impairment exist on individual Franchise Agreements and Trademarks. When reviewing indicators for impairment of Franchise Agreements, the Company considers certain factors including, royalties earned, term to maturity, underlying operations of the business, Agent count, collectability of receivables, and underlying market conditions. Where indicators of impairment exist, the Company recognizes impairment charges if the carrying amount of a Franchise Agreement exceeds its recoverable amount (recoverable amount is determined as the higher of a) fair value less costs of disposal and b) value-in-use).

Fair value is determined as the value at which the Franchise Agreement could be purchased and sold under the terms of the MSA. The fair value estimate is a level 3 on the fair value hierarchy.

Value-in-use is calculated as the net present value of the future cash flows for each Franchise Agreement using a discount rate which reflects the Company's assessment of the risks specific to the Franchise Agreement. In calculating the value-in-use, management considers forecasted cash flow over the life of the Franchise Agreement plus one renewal term. Forecasted cash flow are determined after considering factors including Agent count, historical data, market conditions, and company factors.

Write-offs relate to the early termination, expiry and non-renewal of Franchise Agreements.

For the three and nine months ended September 30, 2015, the Company recorded $2,524 and $7,390 (three and nine months ended September 30, 2014 – $2,633 and $8,318) intangible asset amortization expense.

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8. Income Taxes

The Company uses the liability method of tax allocation in accounting for income taxes. Under this method, temporary differences between the carrying amount of balance sheet items and their corresponding tax basis result in either deferred income tax assets or liabilities. Deferred income taxes are computed using substantively enacted tax rates applicable to the years in which the temporary differences are expected to reverse.

A reconciliation of income taxes at Canadian statutory rates with reported income taxes is as follows:

	Three months ended September 30, 2015	Three months ended September 30, 2014	**Nine months ended September 30, 2015**	Nine months ended September 30, 2014
Earnings (loss) before income tax for the period:	**$ 8,951**	$ 3,225	**$ 7,002**	$ 3,550
Expected income tax (recovery) expense at statutory rate of 26.5% (2014 – 26.5%)	**2,372**	855	**1,856**	941
Increase (decrease) in income tax expense due to the following:				
Non-deductible amortization	**268**	301	**800**	964
Non-deductible loss (gain) on fair value of Exchangeable Units	**(1,393)**	(107)	**397**	467
Non-deductible interest on Exchangeable Units	**364**	349	**1,067**	1,203
Non-deductible impairment and write-off on intangible assets	**9**	35	**23**	85
Non-deductible adjustments to purchase obligation	**32**	14	**12**	46
Income allocated to Exchangeable Unitholders	**(509)**	(447)	**(1,313)**	(1,197)
Recognition of deferred tax assets and other	**(3)**	8	**(165)**	(381)
Total income tax expense	**$ 1,140**	$ 1,008	**$ 2,677**	$ 2,128

The major components of income tax expense include the following:

	Three months ended September 30, 2015	Three months ended September 30, 2014	**Nine months ended September 30, 2015**	Nine months ended September 30, 2014
Current income tax expense	**$ 1,309**	$ 1,198	**$ 3,333**	$ 2,821
Deferred income tax recovery	**(169)**	(190)	**(656)**	(693)
Total income tax expense	**$ 1,140**	$ 1,008	**$ 2,677**	$ 2,128

Deferred income tax assets arise from temporary differences as a result of differences between the income tax values of intangible assets as compared to their carrying values.

9. Debt Facilities

The Company's debt is comprised of the following debt facilities:

As at	**September 30, 2015**	December 31, 2014
Term facility	**$ 53,000**	$ 53,000
Acquisition facility	**13,900**	–
	$ 66,900	$ 53,000
Financing fees	**(252)**	(240)
	$ 66,648	$ 52,760

In June, 2015 the Company signed an amending agreement with a Canadian Chartered Bank to increase the Company's debt facilities to provide an incremental $10,000 in available financing. As at September 30, 2015 the Company's $78,000 financing is comprised of the following three arrangements, maturing February 17, 2020:

A $53,000 non-revolving term variable rate facility (the "Term Facility"). Repayment of principal outstanding is due on maturity.

A $20,000 revolving acquisition facility (the "Acquisition Facility") to support acquisitions pursued by the Company. A standby fee of 0.15% applies on undrawn amounts under the Acquisition Facility. Repayment of principal outstanding is due on maturity. The Company made a draw on the facility of $8,000 in January and $8,900 in July to finance the purchase of Franchise Agreements on January 1, 2015 and July 1, 2015, respectively. In September 2015, the Company made a $3,000 repayment on the facility. As of September 30, 2015 $6,100 are available to the Company to support acquisition pursued by the Company.

A $5,000 revolving operating facility (the "Operating Facility") to meet the Company's day-to-day operating requirements. No amounts have been drawn on this facility at September 30, 2015.

Borrowings under each of these arrangements bear interest at a variable rate of Banker's Acceptances (BAs) +1.70% or Prime + 0.5%, at the option of the Company.

The Company's ability to borrow under these arrangements is subject to certain covenants. Under these covenants, the Company must maintain a ratio of Consolidated EBITDA to Interest Expense on Senior Indebtedness at a minimum of 5.00 to 1 and a ratio of Senior Indebtedness to Consolidated EBITDA at a maximum of 2.5 to 1. Consolidated EBITDA is defined as operating income before impairment and amortization of intangible assets. Senior Indebtedness is defined as borrowings on the Company's debt facilities.

In October, 2014 the Company entered into a five year interest rate swap agreement to swap the variable interest obligation on the Term Facility to a fixed rate obligation of 3.64%. The interest rate swap is a financial instrument and is disclosed at its fair value with any change in that fair value record as a gain or loss in the Company's interim condensed consolidated statements of earnings and comprehensive earnings. The fair value is determined using a discounted cash flow model using observable yield curves and applicable credit spread at a credit adjusted rate. At September 30, 2015 the Company determined that the fair value of the interest rate swap represents a liability of $2,020 (December 31, 2014 – $482). For the three and nine months ended September 30, 2015, the Company recognized a fair value loss of $257 and $1,538 (three and nine months ended September 30, 2014 – $nil).

10. Exchangeable Units

BPEDIH owns 3,327,667 Exchangeable Units of the Partnership. The Exchangeable Unitholders are entitled to indirectly exchange, on a one-for-one basis, subject to adjustment, the Exchangeable Units for restricted voting shares of the Company.

The Company measures the Exchangeable Units at their fair value using the closing price of the Company's restricted voting shares listed on the TSX. As at September 30, 2015, the closing market price of the Company's shares was $13.45 (December 31, 2014 – $13.00). During the three and nine months ended September 30, 2015, the Company recorded a gain of $5,258 and a loss of $1,497 related to the fair value of the Exchangeable Units (three and nine months ended September 30, 2014 – a gain of $399 and a loss of $1,764).

The Exchangeable Unitholders are entitled to cash distributions from the Partnership in respect of their economic interest in the Partnership as and when declared by the Board of Directors of RIFGP. Such distributions are made on a before tax basis and are directly taxable in the hands of the Exchangeable Unitholders. For three and nine months ended September 30, 2015 the Board of Directors of RIFGP declared distributions payable to the Exchangeable Unitholders of $1,372 and $4,026 (three and nine months ended September 30, 2014 – $1,318 and $4,538).

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11. Share Capital

The Company is authorized to issue an unlimited number of restricted voting shares, an unlimited number of preferred shares and one special voting share.

Each restricted voting share represents a proportionate voting right in the Company, and holders of the Company's restricted voting shares are entitled to dividends declared and distributed by the Company.

The special voting share represents the proportionate voting rights of the Exchangeable Unitholders of the Partnership. The special voting share is redeemable by the holder at $0.01 per share, and the holder is not entitled to dividends declared by the Company.

No additional restricted voting shares were issued during 2015 or 2014.

No preferred shares were issued or outstanding as at September 30, 2015 or December 31, 2014.

The following table summarizes the outstanding shares of the Company:

As at	**Septembe 30, 2015**	December 31, 2014
Restricted voting shares	**9,483,850**	9,483,850
Special voting share	**1**	1

12. Earnings Per Share

Basic and diluted earnings per share has been determined as follows:

(In thousands of Canadian dollars, except share and per share amounts)	**Three months ended September 30, 2015**	Three months ended September 30, 2014	**Nine months ended September 30, 2015**	Nine months ended September 30, 2014
Net earnings available to restricted voting shareholders – basic	**$ 7,811**	$ 2,217	**$ 4,325**	$ 1,422
Interest on Exchangeable Units	**1,372**	1,318	**4,026**	4,538
(Gain) loss on fair value of Exchangeable Units	**(5,258)**	(399)	**1,497**	1,764
Net income available to restricted voting shareholders – diluted	**$ 3,925**	$ 3,136	**$ 9,848**	$ 7,724
Weighted average number of shares outstanding used in computing basic loss per share	**9,483,850**	9,483,850	**9,483,850**	9,483,850
Total outstanding Exchangeable Units	**3,327,667**	3,327,667	**3,327,667**	3,327,667
Weighted average number of shares outstanding used in computing diluted loss per share	**12,811,517**	12,811,517	**12,811,517**	12,811,517
Basic earnings per share	**$ 0.82**	$ 0.23	**$ 0.46**	$ 0.15
Diluted earnings per share	**$ 0.31**	$ 0.23	**$ 0.46**	$ 0.15
Dividends declared	**$ 2,965**	$ 2,845	**$ 8,695**	$ 8,535
Restricted voting shares	**9,483,850**	9,483,850	**9,483,850**	9,483,850
Dividends per restricted voting share	**$ 0.31**	$ 0.30	**$ 0.92**	$ 0.90

Notes to the Interim Condensed Consolidated Financial Statements

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(Expressed in thousands of Canadian dollars, unless stated otherwise)

13. Related Party Transactions

In addition to transactions disclosed elsewhere in these interim condensed consolidated financial statements, the Company had the following transactions with parties related to the Manager or the Exchangeable Unitholders during 2015 and 2014. These transactions have been recorded at the exchange amount as agreed between the parties.

	Three months ended September 30, 2015	Three months ended September 30, 2014	**Nine months ended September 30, 2015**	Nine months ended September 30, 2014
a) Royalties				
Fixed, variable and other Franchise fees	**$ 1,007**	$ 829	**$ 2,621**	$ 2,424
Premium Franchise Fees	**$ 1,937**	$ 1,813	**$ 3,788**	$ 3,597
b) Expenses				
Management fees	**$ 2,115**	$ 1,883	**$ 5,495**	$ 5,038
Insurance premiums and other	**$ 28**	$ 22	**$ 76**	$ 66
Interest on purchase obligations	**$ 39**	$ 37	**$ 119**	$ 127
c) Interest				
Interest to Exchangeable Unitholders	**$ 1,372**	$ 1,318	**$ 4,026**	$ 4,538

The following amounts due to/from related parties are included in the account balance as described;

As at	**September 30, 2015**	December 31, 2014
d) Accounts receivable		
Franchise fees receivable and other	**$ 993**	$ 696
e) Accounts payable and accrued liabilities		
Management fees	**$ 692**	$ 582
Interest on purchase obligations	**$ 44**	$ 20
Administrative shared service liability and other	**$ –**	$ 205
f) Interest payable to Exchangeable Unitholders	**$ 441**	$ 423
g) Purchase obligation	**$ 4,324**	$ 2,277

The members of the Company's board of directors are compensated for their services. During the three and nine months ended September 30, 2015, the Company incurred $52 and $155 (three and nine months ended September, 2014 – $48 and $152) in directors' fees. These directors' fees are included in administrative expense.

14. Financial Instruments

In the normal course of business, the Company is exposed to a number of financial risks that can affect its operating performance. These risks are outlined below:

A) CREDIT RISK

Credit risk arises from the possibility that the Franchisees may not pay amounts owing to the Company. The Company's credit risk is limited to the recorded amount of accounts receivable and notes receivable. The Manager reviews the financial position of all Franchisees during the application process and closely monitors outstanding accounts receivable on an ongoing basis. As at September 30, 2015, the Company has an allowance for doubtful accounts of $1,021 (December 31, 2014 – $810).

B) LIQUIDITY RISK

The Company is exposed to liquidity risk in its ability to finance its working capital requirements and meet its cash flow needs, including paying ongoing future dividends to shareholders and interest to Exchangeable Unitholders. The Company manages liquidity risk by maintaining more conservative debt covenant ratios compared with those required by the covenants associated with the debt facilities. Also, the Company has a $20,000 Acquisition Facility (of which $13,900 is drawn) and a $5,000 unutilized Operating Facility (see Note 9-Debt Facilities).

Estimated contractual maturities of the Company's financial liabilities are as follows:

	2015	2016	2017	Beyond 2017	Total
Accounts payable and accrued liabilities	$ 1,240	$ –	$ –	$ –	$ 1,240
Purchase obligation	2,371	1,931	22	–	4,324
Interest payable to Exchangeable Unitholders	441	–	–	–	441
Dividends payable to shareholders	988	–	–	–	988
Interest on long-term debt	565	2,261	2,261	4,899	9,986
Interest rate swap liability	–	–	–	2,020	2,020
Debt facilities	–	–	–	66,900	66,900
Exchangeable Units	–	–	–	44,757	44,757
Total	$ 5,605	$ 4,192	$ 2,283	$ 118,576	$ 130,656

C) INTEREST RATE RISK

The Company is exposed to the risk of interest rate fluctuations on its debt facilities as the interest rates on these facilities are based on the Prime rate and Banker's Acceptance rates.

As described in Note 9, in 2014 the Company entered into a five year interest rate swap to fix the interest on the Company's $53,000 Term Facility at 3.64% to the October 28, 2019 maturity date of the swap. The Term Facility matures on February 17, 2020.

The Company has drawn $13,900 on its $20,000 Acquisition Facility. The Acquisition Facility bears variable interest at a rate of BAs + 1.70% or Prime + 0.5%. Management has elected to continue with the variable rate position on the Acquisition Facility and monitors this position on an ongoing basis. An increase of 1% in the Company's effective interest rate on its variable rate Acquisition Facility would result in an increase in its annual interest expense of approximately $139.

D) FAIR VALUE

The fair value of the Company's financial instruments, comprising cash, accounts receivable, notes receivable, accounts payable and accrued liabilities, purchase obligation, interest payable to Exchangeable Unitholders and dividends payable to shareholders, are estimated by management to approximate their carrying values due to their short-term nature. The fair value of the Company's outstanding borrowings of $66,900 approximate their carrying value of $66,648 as a result of their floating rate terms.

E) FAIR VALUE HIERARCHY

The following table summarizes the financial instruments measured at fair value in the interim condensed consolidated balance sheet as at September 30, 2015 and December 31, 2014, classified using the fair value hierarchy:

As at September 30, 2015	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial asset or liability:				
Purchase obligation	$ –	$ –	$ 4,324	$ 4,324
Interest rate swap liability	–	2,020	–	2,020
Exchangeable Units	44,757	–	–	44,757
Total	**$ 44,757**	**$ 2,020**	**$ 4,324**	**$ 51,101**

As at December 31, 2014	Level 1	Level 2	Level 3	Total
Financial asset or liability:				
Purchase obligation	$ –	$ –	$ 2,277	$ 2,277
Interest rate swap liability	–	482	–	482
Exchangeable Units	43,260	–	–	43,260
Total	$ 43,260	$ 482	$ 2,277	$ 46,019

See Note 6 for a reconciliation of the Level 3 fair values, Note 9 for disclosure related to Level 2 fair values and Note 10 for disclosures related to the Level 1 fair values. There were no transfers between fair value hierarchy levels during the period. The Level 3 fair values are calculated according to a predetermined formula specified in the MSA based on cash flow estimated from newly acquired Franchise Agreements during their determination period. As such, the fair value is sensitive to the cash flow amounts and all other inputs are observable.

15. Management of Capital

The Company's capital is made up of its cash on hand, debt facilities, Exchangeable Units and shareholders' equity.

The Company's objectives in managing its capital include; a) maintaining a capital structure that provides financing options to the Company while remaining compliant with the covenants associated with the debt facilities; b) maintaining financial flexibility to preserve its ability to meet financial obligations, including debt servicing and dividends to shareholders; and c) deploying capital to provide an appropriate investment return to its shareholders.

The Company's financial strategy is designed to maintain a flexible capital structure consistent with these objectives and to be in a position to respond to changes in economic conditions.

The covenants of the debt facilities prescribe that the Company must maintain a ratio of Consolidated EBITDA to Senior Interest Expense on Senior Indebtedness at a minimum of 5.00 to 1 and a ratio of Senior Indebtedness to Consolidated EBITDA at a maximum of 2.50 to 1.

Senior Indebtedness is defined as borrowings under the Company's debt facilities, as disclosed in Note 9. The Company is compliant with all financial covenants. There were no changes in the Company's approach to capital management during the period.

16. Segmented Information

The Company has only one business segment which is the ownership and generation of residential brokerage Franchise Agreements.

17. Approval Of Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements have been authorized for issuance by the Board of Directors of the Company on November 10, 2015.

Brookfield
Real Estate Services Inc.

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