

Brookfield Real Estate Services Inc. Reports Third Quarter Results and Monthly Dividend

(TORONTO, ON) November 11, 2016 – Brookfield Real Estate Services Inc. (TSX: BRE), a leading provider of services to residential real estate brokers and their REALTORS^{®1} (the “Company”), today announced its third quarter financial results (including its cash flow from operations (“CFFO”)), and the approval of a monthly dividend to holders of the Company’s restricted voting shares.

HIGHLIGHTS

- CFFO on a rolling twelve-month basis increased by 12% to \$2.42 per Share compared to 2015.
- The Company’s network of REALTORS[®] (the “Network”) grew to 17,538, up from 17,405 as at June 30, 2016.
- Canadian housing market annualized transactional dollar volume and national average house price continued to increase driven by strong markets in the greater Toronto and greater Vancouver areas.
- The Board of Directors of the Company approved a dividend payable to shareholders on December 30, 2016 of \$0.1083 per restricted voting share, representing an annualized rate of \$1.30 per voting share.

THIRD QUARTER OPERATING RESULTS

CFFO for the third quarter of 2016 improved to \$9.3 million or \$0.73 per Share on a diluted basis (“Share”), an increase of 9% as compared to \$8.5 million or \$0.66 per Share for the same period in 2015. For the rolling twelve-month period ended September 30, 2016, CFFO was \$2.42 per Share as compared to \$2.16 per Share for the rolling twelve-month period ended September 30, 2015.

Royalties for the three months ended September 30, 2016 were \$12.6 million, compared to \$11.6 million for the same period in 2015. For the nine months ended September 30, 2016, royalties were \$32.8 million, compared to \$30.3 million for the same period in 2015.

The increased royalties and improvement in CFFO were driven primarily by an increase in the number of REALTORS[®] in the Network and supported by strong real estate markets, particularly in Ontario and British Columbia.

“Cash flow from operations drives our dividend, and again this year we are outperforming previous years’ results,” said Phil Soper, President and Chief Executive Officer, Brookfield Real Estate Services Inc. “Contributing to this strong performance is an increase in royalties underpinned by the continued growth of our REALTOR[®] Network through both acquisition and recruiting and retention.”

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

The Company experienced a net loss of \$1.0 million, or \$0.11 per Share, for the three months ended September 30, 2016, compared to \$7.8 million, or \$0.31 per Share, for the same period in 2015. For the nine months ended September 30, 2016, net earnings were \$1.1 million, or \$0.11 per Share, compared to \$4.3 million, or \$0.46 per Share, for the same period in 2015.

The net loss for the quarter results from the change in the fair value of exchangeable units issued by the Company. The liability associated with the exchangeable units is determined with reference to the share price of the Company's restricted voting shares as at each reporting date. During the third quarter of 2016, the share price of the Company's restricted voting shares increased from \$14.98 at June 30, 2016 to \$16.60 at September 30, 2016, resulting in an unrealized loss of \$5.4 million. During the third quarter of 2015, the share price of the restricted voting shares decreased from \$15.03 to \$13.45 resulting in an unrealized gain of \$5.3 million. For the nine months ended September 2016, the Company recognized an unrealized loss on the value of exchangeable units of \$6.5 million versus a loss of \$1.5 million for the same period in 2015.

THE COMPANY NETWORK

As at September 30, 2016, the Network was comprised of 17,538 REALTORS[®], operating under 302 franchise agreements providing services from 668 locations, with approximately a one fifth share of the Canadian residential real estate market ("Canadian Market") based on 2015 transactional dollar volume.

REAL ESTATE MARKETS

According to the Canadian Real Estate Association ("CREA")², for the rolling twelve-month period ended September 30, 2016, the Canadian Market, as defined by total transactional dollar volume, closed up 20%, at \$261.2 billion, compared to the rolling twelve-month period ended September 30, 2015, driven by an increase of 12% in average selling price and a 8% increase in units sold. For the three months ended September 30, 2016, the Canadian Market was up 12%, at \$65.6 billion, compared to the same period in 2015, driven by an 8% increase in average selling price and a 3% increase in units sold.

The most marked annual increases were found in the Greater Toronto Area ("GTA") 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 GTA experienced a year-over-year transactional dollar volume increase of 27% driven by a 15% increase in average selling price, and an 11% increase in number of units sold. Greater Vancouver experienced a year-over-year transactional dollar volume increase of 28% driven by a 16% increase in average selling price, and a 10% increase in number of units sold. For the three months ended September 30, 2016, the GTA market experienced a 34% increase in transactional dollar volume driven by a 18% increase in average selling price and a 13% increase in number of units sold,

² Source: National MLS[®] Report: The Canadian Real Estate Association News Release as of October 14, 2016, and October 15, 2015

³ Source: Toronto Real Estate Board Market Watch as of October 5, 2016 and October 5, 2015.

compared to the same period in 2015. For the three months ended September 30, 2016, the Greater Vancouver market decreased by 22% on a transactional dollar volume basis, driven by a 25% decrease in number of units sold, compared to the same period in 2015. During the quarter, the average selling price within the Greater Vancouver region increased by 4% compared to the same period in 2015.

OUTLOOK

“Canada’s residential real estate market continued to grow in the third quarter of 2016, with home values showing modest to strong price appreciation in almost every Canadian city,” said Soper. “Homes across Ontario experienced significant growth during the period, with the Greater Toronto Area leading the country in terms of robust sales activity and demand. On the other hand, Vancouver, Canada’s most expensive market, began to show signs of cyclical cooling. Despite recording impressive year-over-year price appreciation, the number of homes trading hands has been slowing on eroding affordability, which may ultimately lead to moderating prices in the future.”

“Quebec and Alberta continued to impress this quarter,” continued Soper, “Both provinces exceeded expectations, with Montreal already surpassing its annual economic targets and Calgary withstanding what many believe to be the worst of the downturn, leading to better-than-expected results within the regions’ housing markets.”

“While recent government intervention within the Canadian real estate market has been significant, it appears that Canadian homebuyers are adjusting quickly, and fears of a hard correction may be unwarranted,” Soper claimed. “Looking ahead, we expect the national real estate market to continue to appreciate for the remainder of 2016, albeit at a more gradual pace, as Vancouver begins to transition to a more balanced market.”

CASH DIVIDEND

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

CONFERENCE CALL

Brookfield Real Estate Services Inc. will host a conference call on Friday, November 11, 2016 at 9:30 a.m. ET to discuss its third quarter results.

To access the call by telephone, please dial (888) 231-8191 or (647) 427-7450. Please connect approximately ten minutes prior to the beginning of the call to ensure participation. A recording of the conference call will be available in the Investor Centre section of the Company's website by Monday, November 21, 2016.

CFFO

This news release and accompanying financial statements make reference to CFFO on a total and per Share basis. CFFO is defined as operating income prior to deducting impairment and amortization of intangible assets. CFFO is used by the Company to measure the amount of cash generated from operations which is available to the Company's shareholders on a diluted basis where such dilution represents the total number of Shares of the Company that would be outstanding if Exchangeable Unitholders converted Class B LP units into Shares of the Company. The Company uses CFFO to assess its operating results and the financial position of its business and believes that many of its shareholders and analysts also find this measure useful. CFFO does not have any standard meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies.

FORWARD LOOKING STATEMENTS

This news release contains forward-looking information and other "forward-looking statements". Words such as "continue", "outlook", "lead", "leading", "signs", "appears", "ahead", "expect", "begins", "began", "been", "may", "believe", "will", and other expressions that are predictions of or could indicate future events and trends and that do not relate to historical matters identify forward-looking statements. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those indicated in the forward looking statements include: changes in the Company's strategy with respect to dividends, changes in the supply of houses for sale in Canada or in any particular region within Canada, changes in the demand for houses in Canada or any particular region within Canada, changes in government policy, laws or regulations which could reasonably affect the housing markets in Canada, Consumer response to any changes in the housing markets in Canada or any changes in government policy, laws or regulations, changes in general economic conditions (including interest rates, consumer confidence and other general economic factors or indicators), changes in global and regional economic growth, the demand for and prices of natural resources on local and international markets, the level of residential real estate transactions, competition from other real estate brokers or from discount and/or Internet-based real estate alternatives, the closing of existing real estate brokerage offices, other developments in the residential real estate brokerage industry or the Company that reduce the number of REALTORS® in the Company's Network or royalty revenue from the Company's Network, our ability to maintain brand equity through the use of trademarks, the methods used by shareholders or analysts to evaluate the value of the Company and its publicly traded securities, changes in tax laws or regulations, and other risks detailed in the Company's annual information form, which is filed with securities commissions and posted on SEDAR at www.sedar.com. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

About Brookfield Real Estate Services Inc.

Brookfield Real Estate Services Inc. is a leading provider of services to residential real estate brokers and a network of over 17,000 REALTORS®. 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 Inc. is an affiliate of Brookfield Asset Management, a leading global alternative asset manager with over \$250 billion of assets under management. For more information, go to www.Brookfield.com.

For more information, please contact:

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

Brookfield Real Estate Services Inc.

Interim Balance Sheet Highlights

As at (Unaudited, in thousands of Canadian dollars)	September 30, 2016	December 31, 2015
Cash	\$ 4,799	\$ 5,645
Other current assets	4,834	4,245
Total current assets	9,633	9,890
Non-current assets	87,530	88,224
Total assets	\$ 97,163	\$ 98,114
Accounts payable and accrued liabilities	\$ 1,247	\$ 1,181
Current portion of purchase obligation	4,787	2,824
Interest payable on Exchangeable Units	476	476
Dividends payable	1,027	1,027
Other current liabilities	494	640
Total current liabilities	8,031	6,148
Debt facilities	65,705	64,662
Other non-current liabilities	1,735	3,890
Exchangeable Units	55,240	48,784
Total Liabilities	130,711	123,484
Shareholders' deficit	(33,548)	(25,370)
Total Liabilities and Shareholders' deficit	\$ 97,163	\$ 98,114

Interim Earnings (Loss) Highlights

(Unaudited, in thousands of Canadian dollars)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Royalties	\$ 12,567	\$ 11,565	\$ 32,833	\$ 30,320
Administration Expense	(252)	(348)	(750)	(1,034)
Management Fee	(2,331)	(2,115)	(6,021)	(5,495)
Interest Expense	(662)	(640)	(1,980)	(1,809)
Cash Flow from Operations	9,322	8,462	24,082	21,982
Impairment, write-off and amortization of intangible assets	(2,395)	(2,659)	(7,539)	(7,740)
Interest on Exchangeable Units	(1,428)	(1,372)	(4,283)	(4,026)
Gain / (loss) on fair value of Exchangeable Units	(5,391)	5,258	(6,456)	(1,497)
Gain / (loss) on interest rate swap	177	(257)	201	(1,538)
Gain / (loss) on fair value of purchase obligation	311	(481)	(1,401)	(179)
Income tax expense	(1,634)	(1,140)	(3,538)	(2,677)
Net and comprehensive earnings / (loss)	\$ (1,038)	\$ 7,811	\$ 1,066	\$ 4,325
Basic earnings / (loss) per Restricted Voting Share	\$ (0.11)	\$ 0.82	\$ 0.11	\$ 0.46
Diluted earnings / (loss) per Share	\$ (0.11)	\$ 0.31	\$ 0.11	\$ 0.46
Cash Flow from Operations per Share on a diluted basis	\$ 0.73	\$ 0.66	\$ 1.88	\$ 1.72
Cash Flow from Operations per Share on a diluted basis - rolling twelve-month period ended September 30,			\$ 2.42	\$ 2.16

Interim Cash Flow Highlights

(Unaudited, in thousands of Canadian dollars)	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Cash provided by Operating activities:	\$ 7,077	\$ 7,143	\$ 15,416	\$ 14,984
Cash provided used for Investing activities:	(7)	(7,799)	(8,018)	(18,127)
Cash provided / (used) by/for Financing activities:	(6,081)	2,935	(8,244)	5,245
Change in cash for the period	989	2,279	(846)	2,102
Cash, beginning of the period	3,810	2,875	5,645	3,052
Cash, end of the period	\$ 4,799	\$ 5,154	\$ 4,799	\$ 5,154