

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

(TORONTO, ON) May 9, 2017 – 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 first quarter financial results and the approval of a monthly dividend to holders of the Company’s restricted voting shares.

HIGHLIGHTS

- Cash Flow from Operations (“CFFO”) for the three months ended March 31, 2017 increased by 9% to \$7.4 million or \$0.58 per fully diluted restricted voting share (“Share”), compared to \$6.8 million or \$0.53 per Share in the same period in 2016.
- The Company’s network of REALTORS[®] (the “Network”) increased to 18,077, up from 17,580 as at December 31, 2016. The increase was driven by 568 REALTORS[®] acquired by way of the acquisition of Franchise Agreements, partly offset by net attrition of 71 REALTORS[®] during the quarter.
- Canadian housing market transactional dollar volume and national average house price continued to increase, driven primarily by the ongoing strength of the Greater Toronto Area market.
- The Board of Directors of the Company approved a dividend to shareholders of \$0.1083 per restricted voting share, payable June 30, 2017 to shareholders of record on May 31, 2016, representing a target annual dividend of \$1.30 per restricted voting share.

FIRST QUARTER OPERATING RESULTS

CFFO for the first quarter of 2017 improved to \$7.4 million or \$0.58 per Share, an increase of 9% as compared to \$6.8 million or \$0.53 per Share for the same period in 2016. For the rolling twelve-month period ended March 31, 2017, CFFO was \$2.47 per Share as compared to \$2.31 per Share for the rolling twelve-month period ended March 31, 2016.

Royalties for the three months ended March 31, 2017, were \$10.4 million, compared to \$9.4 million for the same period in 2016. For the rolling twelve-month period ended March 31, 2017, royalties were \$43.5 million, compared to \$40.8 million for the same period in 2016.

The improvement in CFFO was primarily driven by a \$1.0 million increase in royalties as a result of an increase in the number of REALTORS[®] in the Network partly offset by a \$0.4 million increase in expenses, due to higher management fees and higher administration expenses as compared to the three month period ended March 31, 2016.

During the quarter, the Company generated net earnings of \$1.3 million or \$0.13 per Share, compared to net earnings of \$0.9 million or \$0.10 per Share in 2016.

“Cash flow from operations continued to grow during the quarter, underpinned by an increase in royalties and the strong accretive growth of our REALTOR[®] Network,” said Phil Soper, President and Chief Executive Officer, Brookfield Real Estate Services Inc.

THE COMPANY NETWORK

As at March 31, 2017, the Network was comprised of 18,077 REALTORS[®], operating under 302 franchise agreements providing services from 675 locations, with approximately a one fifth share of the Canadian residential real estate market (“Canadian Market”) based on 2016 transactional dollar volume. This represents an increase of 497 REALTORS[®] for the quarter, comprised of 568 REALTORS[®] acquired under 55 franchise agreements on January 1, 2017, partly offset by net attrition of 71 REALTORS[®]. The 55 franchise agreements acquired on January 1, 2017, are estimated to generate royalties of \$1.2 million annually.

REAL ESTATE MARKETS

According to the Canadian Real Estate Association (“CREA”)², for the three months ended March 31, 2017, the Canadian Market, as defined by total transactional dollar volume, was up 7% at \$60.9 billion, compared to the same period in 2016, driven by a 5% increase in average selling price and a 2% increase in units sold. For the rolling twelve-month period ended March 31, 2017, the Canadian Market, closed up 12%, at \$267 billion, as compared to the rolling twelve-month period ended March 31, 2016, driven by an increase of 8% in average selling price and a 4% increase in units sold.

The most marked transactional dollar volume increase was found in the Greater Toronto Area (“GTA”), according to the Toronto Real Estate Board (“TREB”)³ and CREA. During the quarter, the market experienced a transactional dollar volume increase of 45% when compared to the same period last year, driven by a 29% year-over-year increase in average selling price and a 12% year-over-year increase in the number of units sold. On a rolling twelve-month basis, the GTA market’s transactional dollar volume increased by 34%, driven by a 20% increase in average selling price, and an 11% increase in the number of units sold.

Meanwhile, during the quarter, the Greater Vancouver area (“GVA”) market encountered the largest year-over-year loss with an approximate 37% decrease in the number of units sold and a 12% decrease in price. For the rolling twelve-month period ended March 31, 2017, the GVA experienced a 21% decrease in the number of units sold and a 2% increase in price in comparison to the same period last year, due in part to the impact of government policies introduced in 2016 designed to moderate significant increases in selling prices in the market.

OUTLOOK

Canada’s residential real estate market saw substantial price growth in the first quarter of 2017. While the majority of housing markets in Canada posted modest gains, price appreciation across much of Ontario significantly outpaced the rest of the country and propped up the national average.

“For the first time in several years, real estate markets in Vancouver and Toronto are headed in opposite directions,” said Soper. “During the first quarter, home price appreciation in Greater Vancouver was noticeably lower than the historic highs witnessed in 2016, driven by eroding affordability and regulatory intervention.”

While the number of homes trading hands in Greater Vancouver has decreased markedly when compared to the same time last year, sales activity has grown in each month of the quarter, providing an indication that the market may have bottomed out and could be starting to recover.

“As price appreciation slowed in the Lower Mainland of British Columbia this quarter, the Greater Toronto Area claimed the title of Canada’s hottest housing market,” Soper continued. “A lack of inventory, coupled with robust demand fueled by a strong economy, immigration, high household formation and continued low interest rates, has resulted in significant home price appreciation throughout the GTA. These market characteristics have begun to spill

out into areas well outside of the municipality's borders, resulting in significant home price appreciation in the 'Golden Horseshoe', and as far away as Windsor and London in southwestern Ontario."

CASH DIVIDEND

The Company declared a cash dividend of \$0.1083 per restricted voting share payable on June 30, 2017, to shareholders of record on May 31, 2016. This represents a targeted annual dividend of \$1.30 per restricted voting share.

ANNUAL GENERAL MEETING

First quarter results will be shared at the Brookfield Real Estate Services Inc. Annual General Meeting being held today, Tuesday, May 9, 2017 at 10:00 a.m. ET at the Estates of Sunnybrook, Vaughan Estate, Courtyard Ballroom, located at 2075 Bayview Avenue, Toronto, Ontario.

Shareholders unable to attend in person may listen online via webcast at:

<http://event.on24.com/r.htm?e=1407730&s=1&k=7B1577A06B0F41A07A42AF2587F8EC3E>.

A copy of the Annual General Meeting presentation will be available on the Company's website by Friday, May 12, 2017 at: http://www.brookfieldresinc.com/content/investor_centre/webcasts_and_presentations-25072.html

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", "target", "start", "momentum", "continue", "growth", "estimate", "outlook", "headed", "starting", "may", "would", "could", "rising", "likely", "coming" and other expressions that are predictions of or could indicate future events and trends and that do not relate to historical matters identify forward-looking statements. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those indicated in the forward looking statements include: changes in the supply of houses for sale in Canada or in any particular region within Canada, changes in the demand for houses in Canada or any particular region within Canada, changes in government policy, laws or regulations which could reasonably affect the housing markets in Canada, Consumer response to any changes in the housing markets in Canada or any changes in government policy, laws or regulations, changes in the Company's strategy with respect to dividends, other developments in the residential real estate brokerage industry or the Company that reduce the number of REALTORS® in the Company's Network or royalty revenue from the Company's Network, changes in the productivity of REALTORS® in the Company's Network, changes in general economic conditions (including interest rates,

consumer confidence and other general economic factors or indicators) in Canada or any particular region of Canada, the ability of governments pass legislation and regulations related to indicated policies, changes in global and regional economic growth, changes in the demand for and prices of natural resources on local and international markets, the level of residential real estate transactions, competition from other real estate brokers or from discount and/or Internet-based real estate alternatives, the closing of existing real estate brokerage offices, our ability to maintain brand equity through the use of trademarks, the methods used by shareholders or analysts to evaluate the value of the Company and its publicly traded securities, changes in tax laws or regulations, and other risks detailed in the Company's annual information form, which is filed with securities commissions and posted on SEDAR at www.sedar.com. 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 18,000 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.

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

² Source: National MLS® Report: The Canadian Real Estate Association News Release as of April 18, 2017

³ Source: Toronto Real Estate Board Market Watch as of April 5, 2017.

Brookfield Real Estate Services Inc.

Interim Balance Sheet Highlights

As at (Unaudited, in thousands of Canadian dollars)	March 31, December 31, 2017 2016	
Cash	\$ 3,305	\$ 3,102
Other current assets	4,990	4,114
Total current assets	8,295	7,216
Non-current assets	91,294	85,187
Total assets	\$ 99,589	\$ 92,403

Accounts payable and accrued liabilities	\$ 827	\$ 893
Current portion of purchase obligation	4,279	3,559
Interest payable on Exchangeable Units	476	476
Dividends payable	1,027	1,027
Other current liabilities	40	435
Total current liabilities	6,649	6,390
Debt facilities	71,134	63,720
Other non-current liabilities	1,064	1,114
Exchangeable Units	53,842	52,477
Total Liabilities	132,689	123,701
Shareholders' deficit	(33,100)	(31,298)
Total Liabilities and Shareholders' deficit	\$ 99,589	\$ 92,403

Interim Earnings Highlights

For three months ended March 31, (Unaudited, in thousands of Canadian dollars)	2017 2016	
Royalties	\$ 10,409	\$ 9,602
Administration, Management Fee and Interest Expense	(3,035)	(2,669)
Cash Flow from Operations	7,374	6,933
Impairment, write-off and amortization of intangible assets	(2,182)	(2,155)
Interest on Exchangeable Units	(1,428)	(1,428)
Gain / (loss) on fair value of Exchangeable Units	(1,365)	2,762
Gain on interest rate swap	50	621
Loss on fair value of purchase obligation	(74)	(167)
Income taxes	(1,096)	(1,239)
Net and comprehensive earnings	\$ 1,279	\$ 5,327
Basic earnings per Restricted Voting Share	\$ 0.13	\$ 0.56
Diluted earnings per Share	\$ 0.13	\$ 0.31
Cash Flow from Operations per Share on a diluted basis	\$ 0.58	\$ 0.54

Interim Cash Flow Highlights

For three months ended March 31, (Unaudited, in thousands of Canadian dollars)	2017 2016	
Cash provided by Operating activities:	\$ 3,409	\$ 4,728
Cash provided used for Investing activities:	(7,525)	(1,344)
Cash provided by Financing activities:	4,319	(5,081)
Change in cash for the period	203	(1,697)
Cash, beginning of the period	3,102	4,799
Cash, end of the period	\$ 3,305	\$ 3,102