

## **Brookfield Real Estate Services Inc. Reports Second Quarter Results and Monthly Dividend**

**(TORONTO, ON) August 4, 2016 – Brookfield Real Estate Services Inc. (TSX: BRE)**, a leading provider of services to residential real estate brokers and their REALTORS<sup>®1</sup> today announced its second 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 \$2.35 per Share compared to 2015.
- The Company’s network of REALTORS<sup>®</sup> (the “Network”) grew to 17,405, up from 17,320 as at March 31, 2016.
- Canadian housing market 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 to shareholders of \$0.1083 per restricted voting share payable September 30, 2016.

### **SECOND QUARTER OPERATING RESULTS**

CFFO for the second quarter of 2016 improved to \$8.0 million or \$0.63 per share on a diluted basis (“Share”), an increase of 7% as compared to \$7.5 million or \$0.59 per Share for the same period in 2015. For the rolling twelve-month period ended June 30, 2016, CFFO was \$2.35 per Share as compared to \$2.09 per Share for the rolling twelve-month period ended June 30, 2015.

Royalties for the three months ended June 30, 2016 were \$10.9 million, compared to \$10.3 million for the same period in 2015. For the six months ended June 30, 2016, royalties were \$20.3 million, compared to \$18.8 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<sup>®</sup> in the Network and augmented by strong real estate markets, particularly in Ontario and British Columbia.

Net earnings for the three months ended June 30, 2016 were \$1.2 million, or \$0.12 per Share, compared to \$0.04 million or nil per Share, for the same period in 2015. For the six months ended June 30, 2016, net earnings were \$2.1 million, or \$0.22 per Share, compared to a net loss of \$3.5 million or \$0.37 per Share, for the same period in 2015.

"We have had a very successful first half of 2016, with our cash flow from operations improving significantly compared to 2015," said Phil Soper, President and Chief Executive Officer, Brookfield Real Estate Services Inc. "Underpinning our success is an increase in royalties supported by strong accretive growth through both acquisition and REALTOR<sup>®</sup> recruiting and retention."

### **THE COMPANY NETWORK**

As at June 30, 2016, the Network was comprised of 17,405 REALTORS<sup>®</sup>, operating under 303 franchise agreements providing services from 670 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”)<sup>2</sup>, for the rolling twelve-month period ended June 30, 2016, the Canadian Market, as defined by total transactional dollar volume, closed up 20%, at \$254.2 billion, compared to the rolling twelve-month period ended June 30, 2015, driven by an increase of 12% in average selling price and a 8% increase in units sold. For the three months ended June 30, 2016, the Canadian Market was up 22%, at \$90.6 billion, compared to the same period in 2015, driven by a 12% increase in average selling price and a 9% increase in units sold.

The most marked increases were in the Greater Toronto Area (“GTA”) and in Greater Vancouver, according to the Toronto Real Estate Board (“TREB”)<sup>3</sup> and CREA. On a rolling twelve-month basis, the housing market in the GTA experienced a year-over-year transactional dollar volume increase of 23% driven by a 13% increase in average selling price, and an 9% increase in number of units sold. Greater Vancouver experienced a year-over-year transactional dollar volume increase of 43% driven by a 17% increase in average selling price, and a 23% increase in number of units sold. For the three months ended June 30, 2016, the GTA market experienced a 25% increase in transactional dollar volume driven by a 16% increase in average selling price and a 7% increase in number of units sold, compared to the same period in 2015. For the three months ended June 30, 2016, the Greater Vancouver market increased by 30% on a transactional dollar volume basis, driven by a 16% increase in average selling price and an 11% increase in number of units sold, compared to the same period in 2015.

## **OUTLOOK**

“Canada’s residential real estate market continued to show strong appreciation in the second quarter of 2016, most notably in Greater Vancouver and the Greater Toronto Area,” said Soper. “Southern Ontario continued to see substantial year-over-year home price appreciation, with robust sales activity and healthy price growth in both Toronto proper and in the region’s other urban centres, with no near-term signs of slowing down. Vancouver, Canada’s most expensive market is also experiencing the strongest home price appreciation in the nation. In fact, prices have grown at such a rapid rate that housing affordability is becoming a public policy issue.”

“A couple of regions have provided pleasant surprises this quarter,” continued Soper, “including oil-impacted areas where home values have been remarkably resilient, and in Quebec, where the broad-based recovery story continues, with Montreal homes experiencing healthy price increases for another consecutive quarter.”

“Looking forward amid continued world economic uncertainty, the historically low interest rate environment that has fueled Canada’s real estate market growth in recent years is expected to continue longer than previously anticipated,” said Soper. “This extended period of low-cost borrowing will in turn further delay the cyclical cooling of Canada’s hottest real estate markets, originally forecasted for the second half of 2016.”

## **CASH DIVIDEND**

The Company declared a cash dividend of \$0.1083 per restricted voting share payable on September 30, 2016, to shareholders of record on August 31, 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 Thursday, August 4, 2016 at 10 a.m. ET to discuss its second 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, August 8, 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 "growth", "outlook", "signs", "experiencing", "continues", "forward", "expected", "will", "further", "forecast" 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 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, 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, 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, the availability of equity and debt financing, changes in tax laws or regulations, and other risks detailed in the Company's annual information form, which is filed with securities commissions and posted on SEDAR at [www.sedar.com](http://www.sedar.com). The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

**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](http://www.brookfieldresinc.com).

Brookfield Real Estate Services Inc. is an affiliate of Brookfield Asset Management, a leading global alternative asset manager with over \$240 billion of assets under management. For more information, go to [www.Brookfield.com](http://www.Brookfield.com).

**For more information, please contact:**

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

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

<sup>2</sup> Source: National MLS® Report: The Canadian Real Estate Association News Release as of July 15, 2016, and July 15, 2015.

<sup>3</sup> Source: Toronto Real Estate Board Market Watch as of July 6, 2016 and July 7, 2015.