



## 2016 Annual General Meeting

May 4, 2016

## Forward-Looking Statement

This presentation contains forward-looking information and other “forward-looking statements”. Words such as “subsequent to”, “believe(s)”, “will”, “seeks”, “ongoing”, “continue”, “outlook”, “strive”, “momentum”, “expects”, “likely”, “further”, “forecast”, “remain”, “foreseeable”, “determine”, “grow”, “increase” 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 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 shareholders of Restricted Voting Shares 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](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.

# Spencer Enright, CPA, CA

Director and Chairman of the Board of Directors

## Board of Directors

Lorraine Bell, CPA, CA

Simon Dean








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

Gail Kilgour, ICD.D

# Philip Soper

President and Chief Executive Officer

## Presentation Overview

-  Our Brands
-  2015 Operating Results Overview
-  Real Estate Market Outlook
-  Business Strategy
-  Key Business Drivers
-  Leadership
-  Operating Platform
-  Q&A

# Our Brands

# Our Brands

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- Leader in Canadian real estate since 1913
- A network of over 16,000 agents in more than 600 locations



JOHNSTON & DANIEL

- Leading residential real estate boutique firm selling distinctive homes in southern Ontario



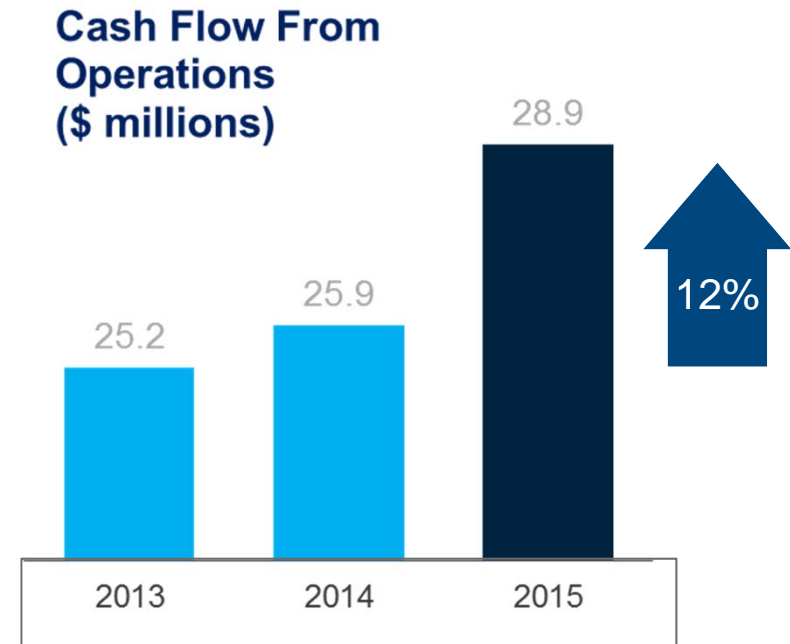
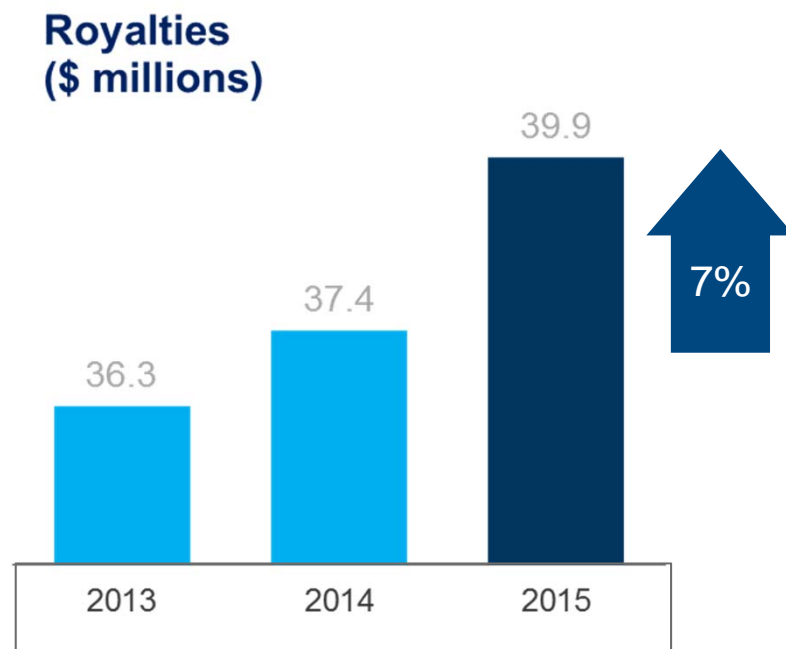
- Since 1991, a leader in real estate in Quebec.
- 1,000 brokers and agents in more than 60 locations



# 2015 Operating Results Overview

# Record Financial Results

Enhancing the value we offer Canadian REALTORS® and efficiently managing operating costs drove both royalties and cash flow from operations to record levels during the year.



*Percentage increases are 2015 results compared to 2014 results.*

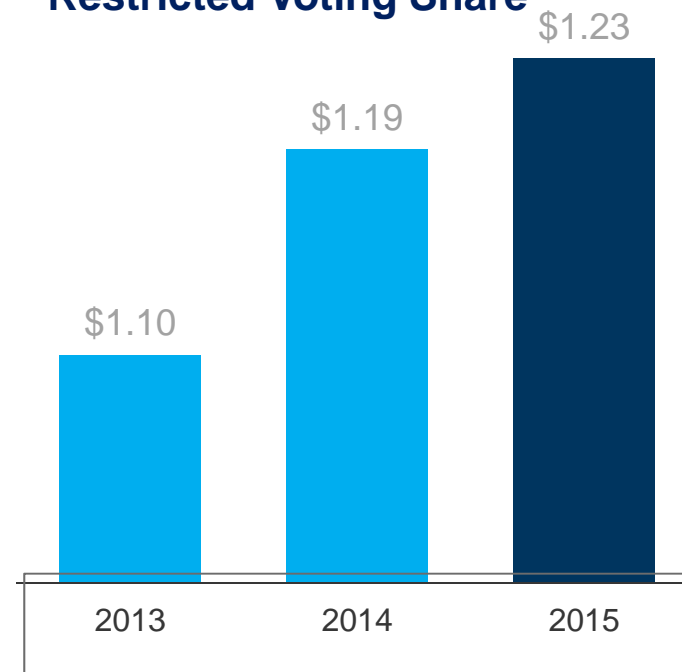
# A Growing Dividend

2015 saw two dividend announcements:

- June 17, 2015, \$1.20 to \$1.25
- Dec. 7, 2015, \$1.25 to \$1.30

*target annualized dividend*

**Dividends Paid Per  
Restricted Voting Share**

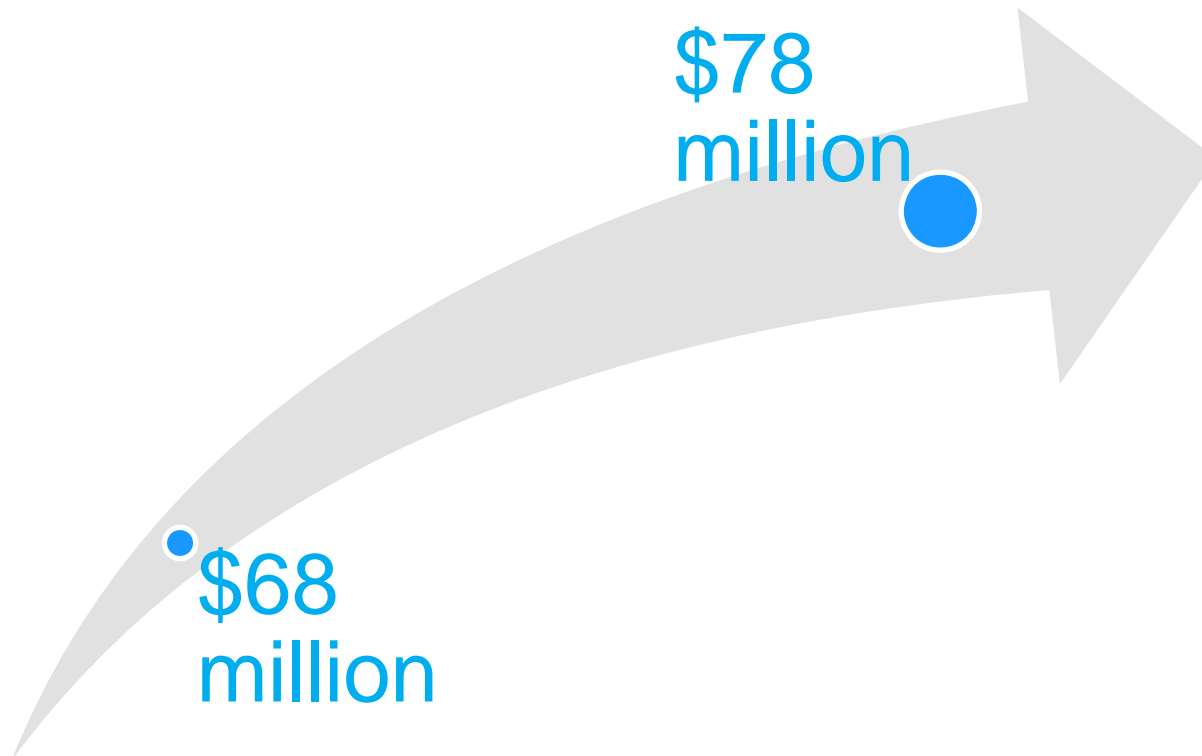


*Years ended December 31*

# Increased Borrowing Capacity

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Expansion of financing facilities to **\$78 million**.  
\$10 million capacity increase an important step to support ambitious growth plans.



# Q1 2016 Financial Results Highlights

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Positive momentum continued with a strong first quarter of 2016.

Three months ended March 31			
In \$ millions	2016	2015	% Change
Royalties	9.4	8.5	11%
Cash Flow From Operations	6.8	6.0	12%

# Sustained Positive Momentum

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**17,320\***

At January 1<sup>st</sup> 2016,  
the Company  
surpassed the  
**17,000** agent mark.

\*As at March 31, 2016

**Brookfield**  
Real Estate Services Inc.

# Real Estate Market Outlook

# 2016 Market Survey Forecast

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Continued price increases are expected in most markets to year-end 2016, but not at the pace that has been the recent norm.

2016/2015 Average House Price Forecasted % Change			
Canada	4.1%		
Calgary, AB	- 3.0%	Ottawa, ON	2.5%
Edmonton, AB	-2.0%	Toronto, ON	5.5%
Vancouver, BC	9.0%	Montreal, PQ	1.8%
Winnipeg, MB	1.9%	Regina, SK	1.0%
Halifax, NS	2.5%		

Source: 2016 Royal LePage  
Market Survey Forecast



# Economic Drivers Supporting Growth: Currency

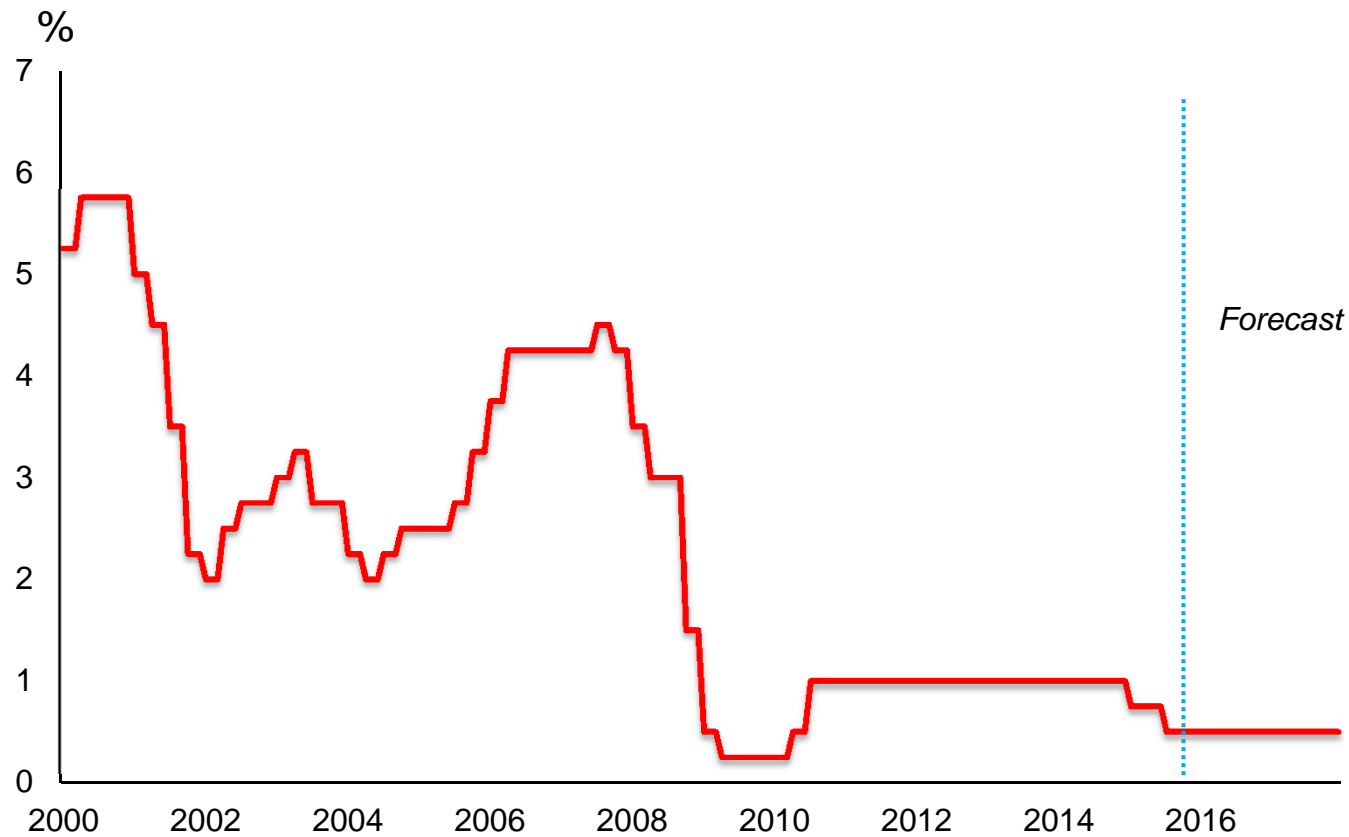
## A Competitively Low Canadian Dollar



Prof. Werner Antweiler, University of British Columbia

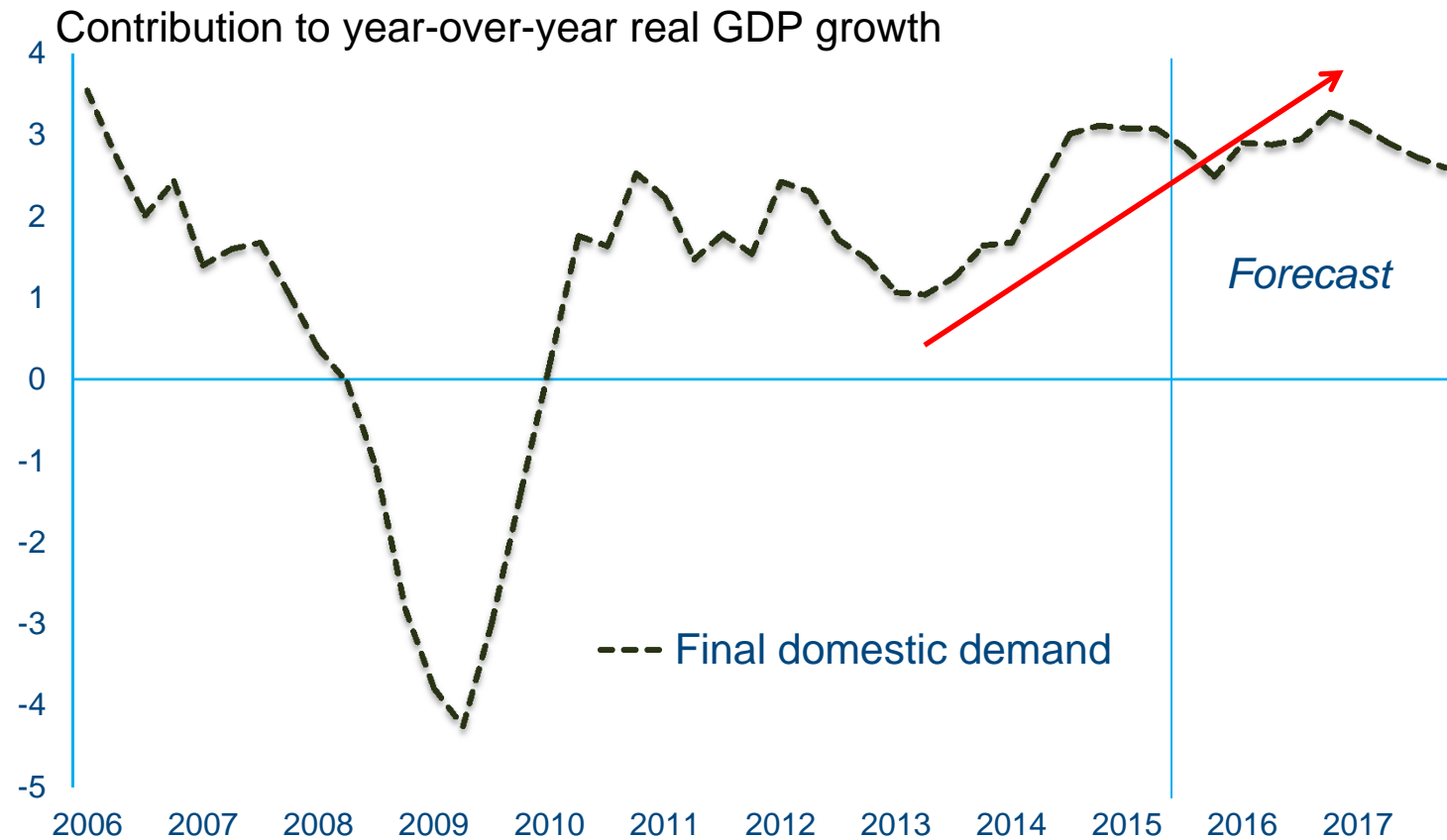
# Economic Drivers Supporting Growth: Rates

## Extended Period of Very Low Interest Rates



# Economic Drivers Supporting Growth: Exports

Impact of an expanding U.S. economy and a competitive C\$

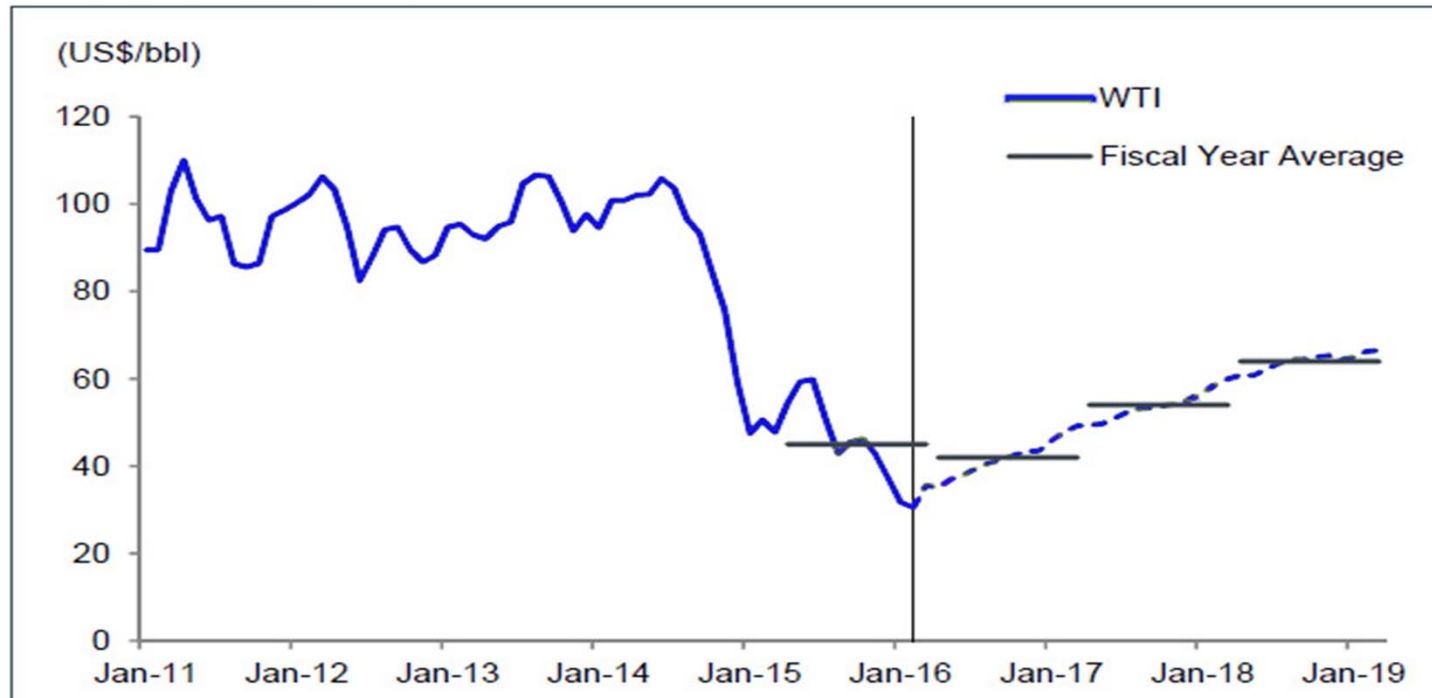


Source: Bureau of Economic Analysis, Forecast by TD Economics as at December 2015.

# Economic Challenges: Alberta

Although the outlook on depressed oil prices shows medium-term improvement ...

**Chart 5: Oil prices are expected to improve as supply overhang clears**  
West Texas Intermediate



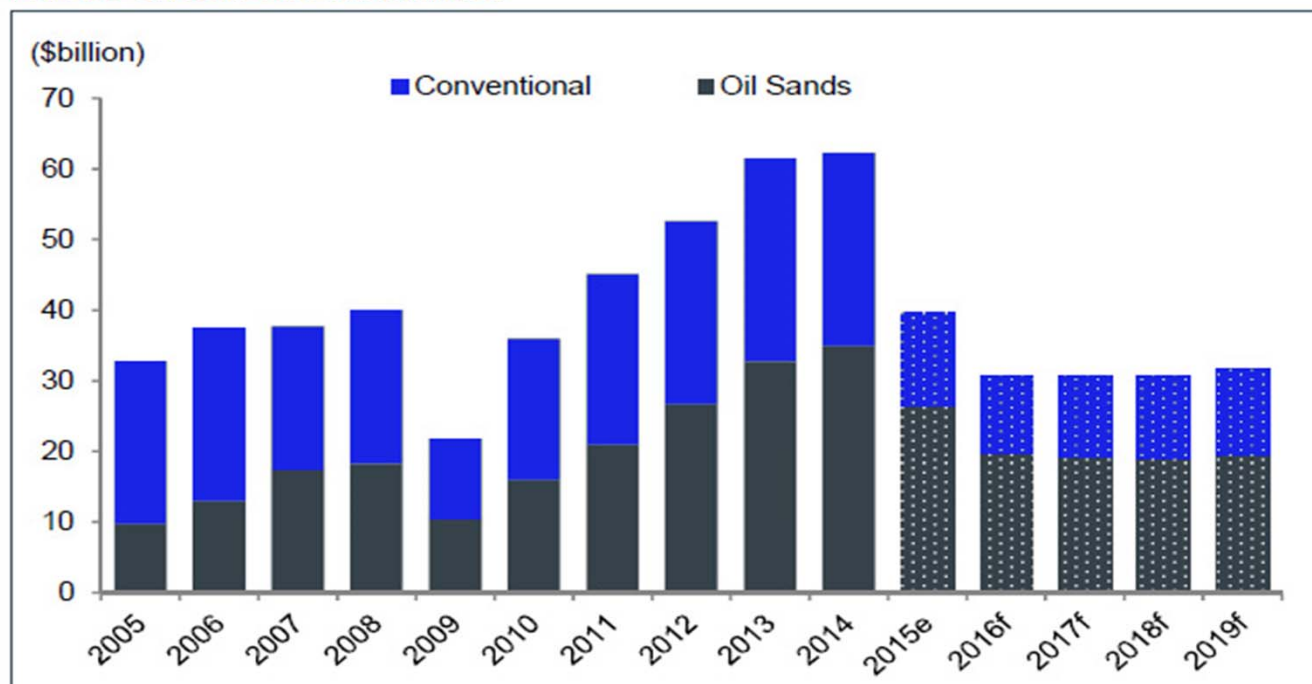
Source: Alberta Energy

# Economic Challenges: Alberta

... investment in the energy sector is not expected to recover to pre-2014 levels for several years.

**Chart 9: Oil and gas investment to remain low**

Alberta Oil and Gas Investment



**Sources:** Statistics Canada, Alberta Energy and Alberta Treasury Board and Finance, e-estimate, f-forecast

# Outlook Summary

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## ECONOMY

- Economic recovery ongoing in most of Canada
- Uncertainty in energy producing regions
- Low rate environment expected to continue through 2016
- Modest improvement in unemployment rate

## HOUSING

- House prices/sales volumes above average in 2016
- Prices supported by fundamentals vs speculation
- Front-end loaded, with strong spring, moderating fall

## GOVERNMENT

- Federal Government watching consumer indebtedness
- Recent insured mortgage changes welcomed
- Initiative to acquire objective data on foreign investment in Canadian real property underway

# Royal LePage *National House Price Composite*

## Q1 2016

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Very strong quarter, with extreme regional disparities not seen in a decade.

	Year/Year % Change Median Home Prices
Greater Vancouver	+21.6
Calgary	- 0.6
Edmonton	+ 1.9
Regina	- 1.1
Winnipeg	+ 3.8
Greater Toronto Area	+ 8.4
Greater Montreal Area	+ 1.8
Saint John	- 3.6
Halifax	- 1.2
<b>National</b>	<b>+ 7.9</b>

# Competition Tribunal Ruling to Open Access to Data

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- The Competition Tribunal has ruled in favour of the Commissioner of Competition in its abuse of dominance case against the Toronto Real Estate Board.
- Requires TREB to amend its rules that currently restrict how its member agents provide information to consumers, such as previous listings and previous sale prices.
- We have long supported more open access to real estate data and have urged regulators and organized real estate to allow us to share more with our clients.
- Price competition is not the issue here.
- Changes coming out of this decision are unlikely to significantly impact the fees charged by real estate agents in Canada. Providers are already in place across the entire value and price spectrum.
- The Company's brands will benefit from the ability to provide their clients with more information, and better service.



# Business Strategy

# Business Strategy

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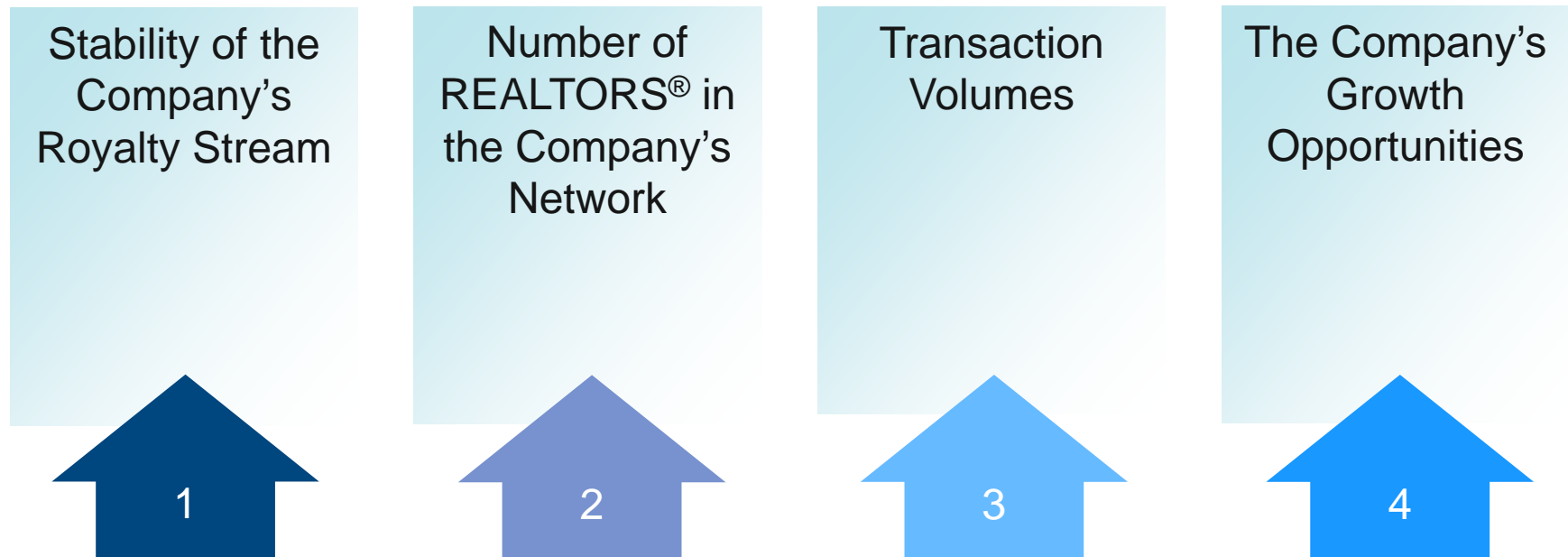
Canadian real estate's leading consolidator and growth story since inception.

- **Pay strong, stable and growing dividends**
- **Grow by adding long-term franchise agreements**
  - derive majority of revenue from contracted, fixed fees
  - portfolio of highly regarded brands
  - lead industry with effective, innovative services
  - recruit premium practitioners
- **Maximize margins with economies of scale**
- **Maintain appropriate capital structure**

# Key Business Drivers

## Key Business Drivers

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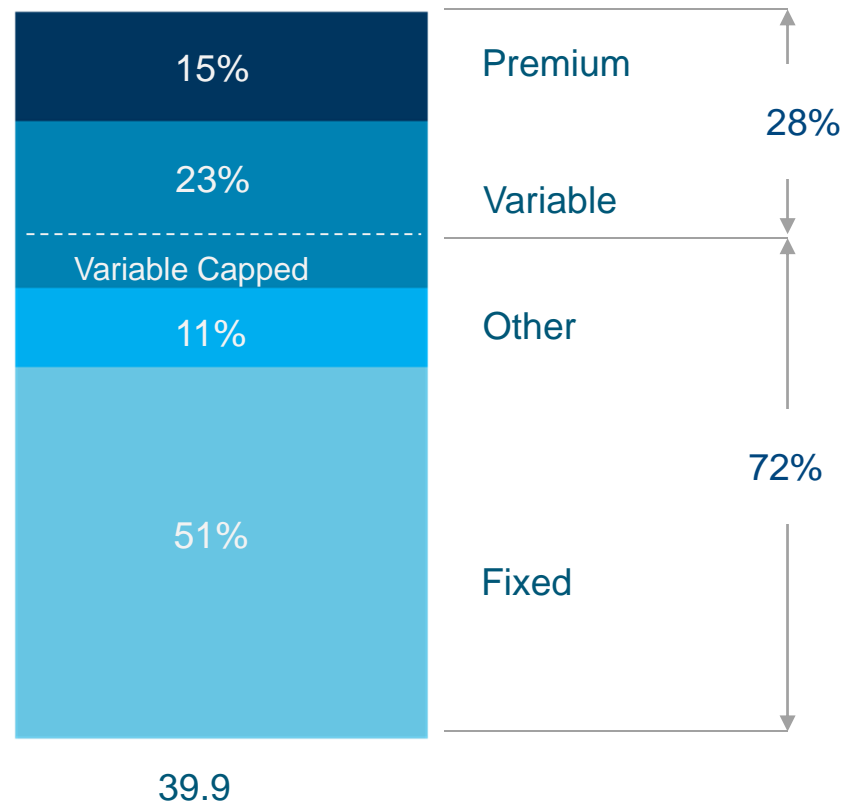




## Fee Structure Stability

Company's revenue is based on fees that are fixed in nature; providing revenue stability in the face of market fluctuation.

2015 Royalty Fees  
(\$ millions)





## Diversification

A geographically dispersed Canadian salesforce.

Region	Company's Network of REALTORS® <sup>1</sup>	Canadian REALTOR® Population <sup>2</sup>
Ontario	61%	56%
British Columbia	11%	18%
Quebec	14%	11%
Alberta	7%	9%
Maritimes	3%	3%
Prairies	4%	3%

- ~1/5<sup>th</sup> of residential real estate market based on transactional dollar volume
- Investments in British Columbia paying dividends: added net 600+ agents over past 18 months
- **Less than 10% of revenue from regions impacted by oil shock**

<sup>1</sup> As at December 31, 2015

<sup>2</sup> Source: CREA. As at December 31, 2015

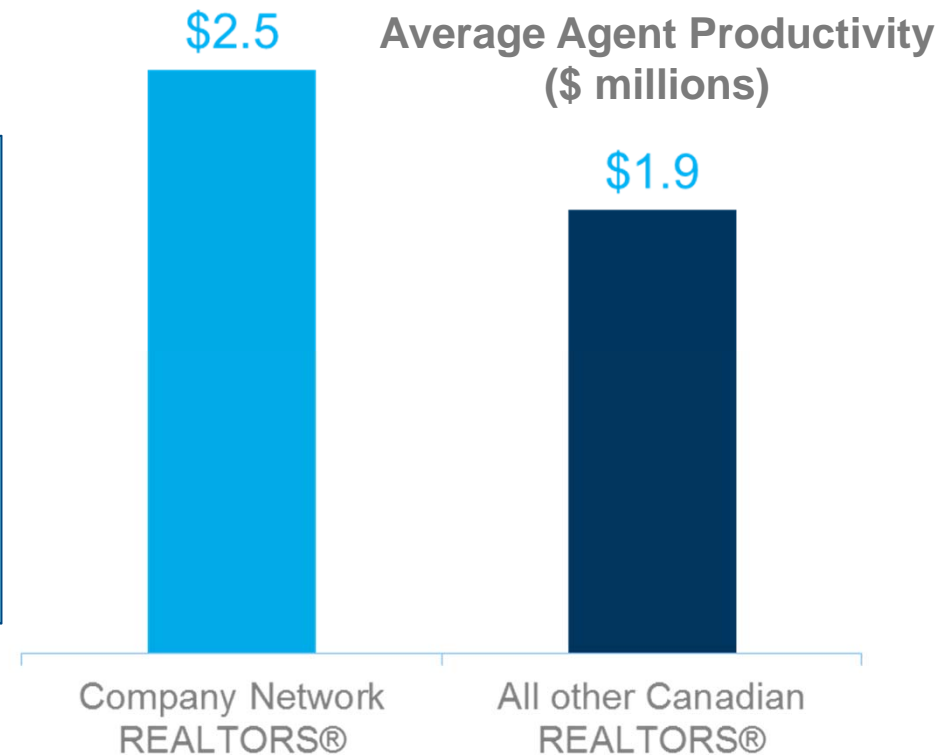


## Superior Productivity

Average BRESI agent generated ~\$2.5 million in sales vs ~\$1.9 million for competitors.

More productive REALTORS®:

- Reduce attrition
- Higher variable royalties
- Contribute to profitability of broker-owners





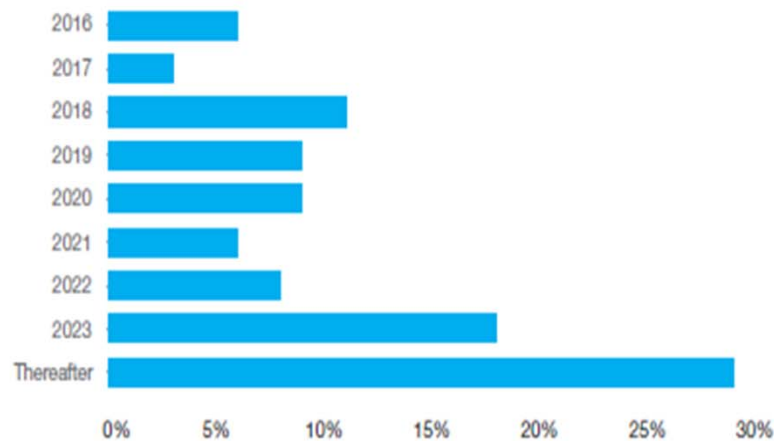
## Balanced Low-Risk Contract Portfolio

BRESI historically enjoys 95%\*+ contract renewal rate.

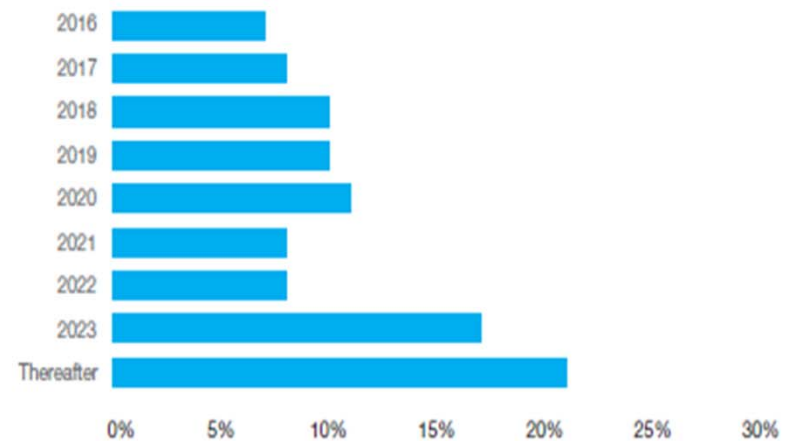
In 2015:

- 21 Franchise Agreements, representing 1,722 REALTORS® renewed
- 13 Franchise Agreements, representing 598 REALTORS® renewed early

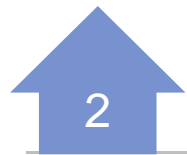
% OF FRANCHISE AGREEMENTS UP FOR RENEWAL  
(by Number of Agents)



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

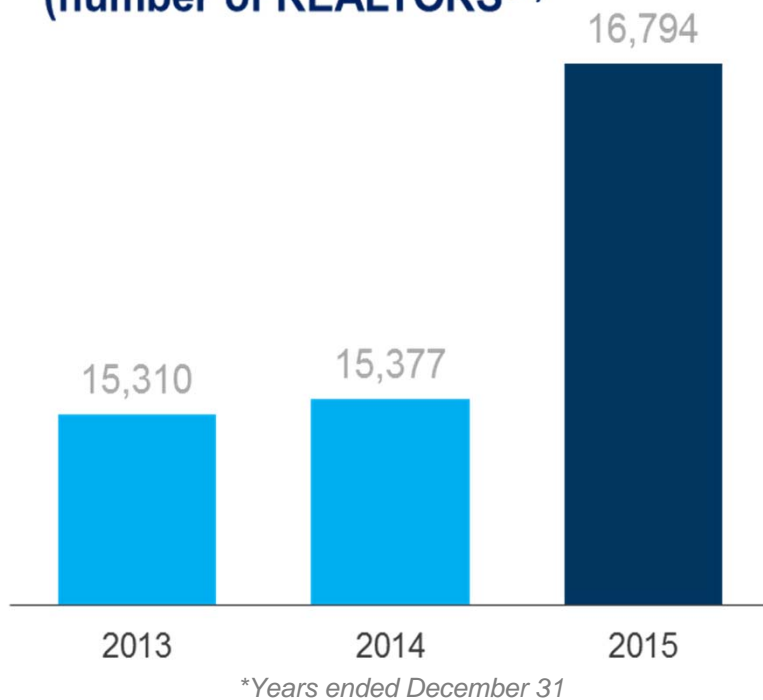






## Strong Network Growth

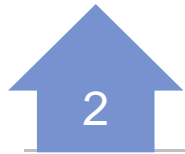
Company Growth  
(number of REALTORS®\*)



Strongest growth in 8 years:

- 52 franchise agreements
- \$2.9 million/yr
- 1,577 REALTORS®

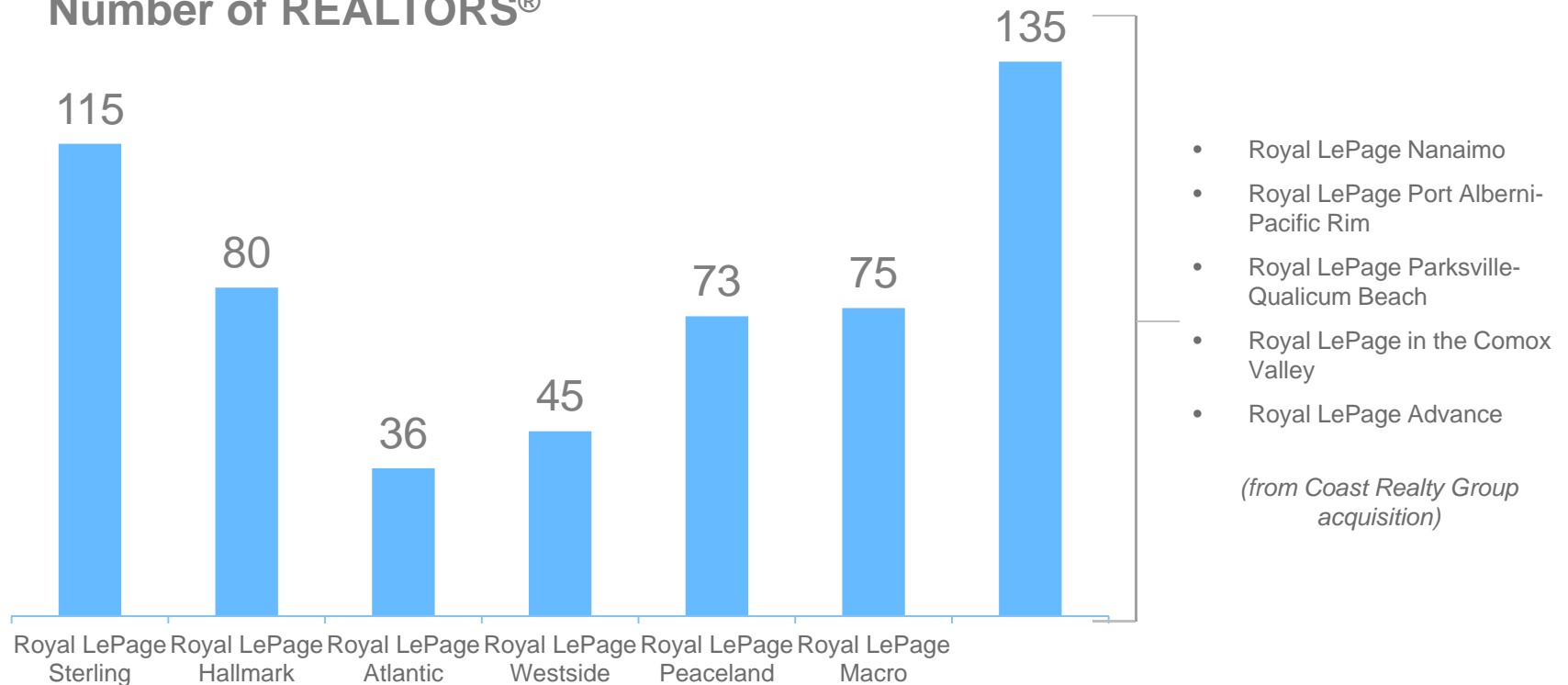
For the first time in 2015, the Board approved a **mid-year acquisition** in addition to the traditional January 1st acquisition.



## Key Acquisitions

Strong momentum across the country, including competitive wins that saw brokerage firms from national brands and independents join the Royal LePage network.

Number of REALTORS®





## The Company's Growth Opportunities

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### How we grow royalties:



Organic  
growth



Increasing  
agent  
productivity



Expanding  
broker and  
agent products  
and services



Acquiring  
Franchise  
Agreements



Increasing  
products and  
services  
adoption



## 2017 Pipeline

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Particularly in a sales-services industry, momentum is contagious. Leading agents choose a winner.

- Brokerages and agents from competing brands attracted to our strong brands and value proposition
- Signed contracts representing more than 300 new REALTORS®
- Very promising list of prospective acquisitions
- Continued focus on Western Canada and ethnically diverse Canadian markets
  - Ongoing success in British Columbia
  - Ongoing success in Chinese Canadian, Korean Canadian and South Asian Canadian markets

# Leadership

# The Top Influencer in Canadian Real Estate

Trusted and respected voices at all levels of the industry

Company President & Chief Executive Named Most Influential Person in Canadian Real Estate by U.S.-based Swanepoel (2014, 2015, 2016)

## The Most Powerful People in Residential Real Estate 2016



## The Top Influencer in Canadian Real Estate

*The Voice of Canadian Real Estate*, publishing research and sharing insights. The most quoted firm in real estate.





# Social Media Leadership

## ENGAGEMENT

For Realtors®, social media can be an important resource for potential clients and a way to stay top-of-mind.







 **93%** of Canadians are online

 **18M** Canadians use social media at least once a month

 **75%** of Canadians aged 35 to 44 are on Facebook or Twitter; prime house buying age!

## REACH

Royal LePage is a social media leader, surpassing our competition. Our extensive reach builds brand awareness and drives business to our Realtors®.

-  2.5x more followers
-  11,000+ likes
-  14,000+ followers
-  300,000+ views
-  4x more followers
-  6x more followers
-  130,000+ views

FOLLOW US



[facebook.com/royallepage](https://facebook.com/royallepage)



[plus.google.com/+royallepage](https://plus.google.com/+royallepage)



[linkedin.com/company/royal-lepage](https://linkedin.com/company/royal-lepage)



[facebook.com/groups/rlevents](https://facebook.com/groups/rlevents)



[pinterest.com/rlepCanada](https://pinterest.com/rlepCanada)



[youtube.com/royallepagecanada](https://youtube.com/royallepagecanada)



[@royal\\_lepage](https://twitter.com/royal_lepage)



[@royal\\_lepage](https://instagram.com/royal_lepage)

Sources: Facebook Q3 2015 Results, Hootsuite Blog, Instagram Press Page, lifehack.org, LinkedIn Q3 2015 Results, Pinterest Blog, Simply Measured, Statistics Canada, Statista.com, Twitter Q3 2015 Results, wearesocial.sg

\*Based on a study by Edward Morbius from Business Insider.



## Leaders in the Community

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Royal LePage was named the  
**“Outstanding Corporate Citizen of the Year”** in 2015  
by the Canadian Franchise Association – a first for our industry.

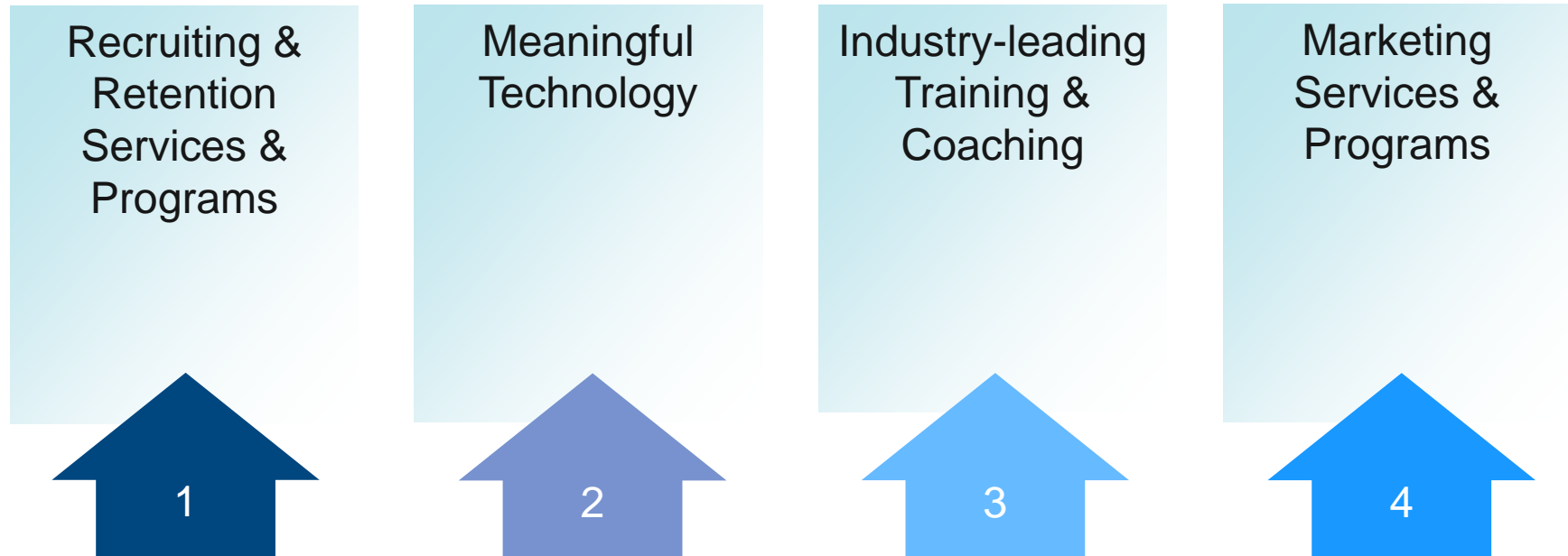
The Royal LePage Shelter Foundation has raised more than **\$22 million**. It is the largest foundation in Canada dedicated to supporting women and children’s shelters and eradicating domestic violence.



# Operating Platform

# Exceptional Operating Platform

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



## Recruiting & Retention Services & Programs

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Investments in recruiting & retention programs are paying off:

- Reduced organic attrition by more than half
- 100+ broker/managers in new '*Ultimate Recruiting Solution*' training hired 450 agents
- Marketing campaigns reached 5,000+ prospects
- Agent satisfaction program to improve retention
- Digital talent management system drove 340% improvement in recruitment lead generation

## 2 Meaningful Technology

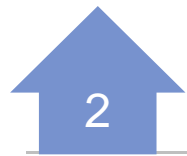
**viaimages**  
SEARCH



### **Via Capitale's fully mobile, responsive website:**

- **Via Images** allows property search via photos

New transactions and listings management service rolled out to all Quebec brokers.



## Meaningful Technology

Fully redesigned and re-engineered intranet, accessible on any device with **Google Apps for Work™**

Dramatic increase in [royallepage.ca](http://royallepage.ca) consumer traffic to 3.1 million visits/month

Lead volume to near 10,000 leads per month



3.1  
Million  
visits/month

115,000  
leads/year



3

## Industry-Leading Training & Coaching





## Marketing Services & Programs

Creative marketing that cuts through the clutter to create demand



ROYAL LEPAGE

#IMHOME

CONTEST

SHARE YOUR  
MOMENTS  
AT HOME!

The #IMHOME contest garnered close to 6,000 entries from Canadians nationwide who posted photos of what “home” means to them.



#imhome



#imhome



#imhome



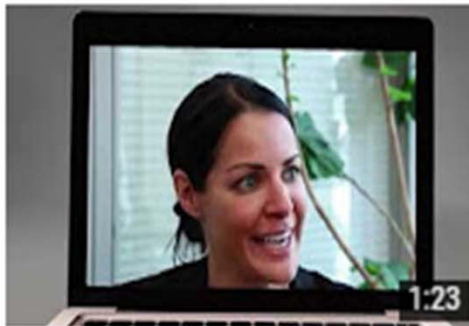
#imhome





## Marketing Services & Programs

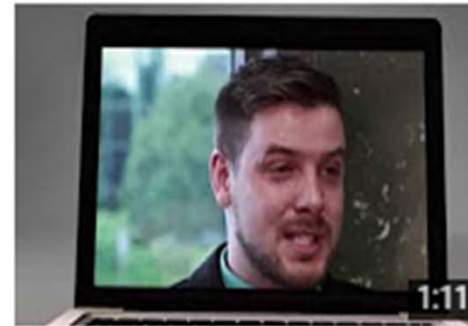
*Leveraging affordable Quebec TV to drive recruiting at Via Capitale: a series of first-person video testimonials highlighting what encouraged salespeople to join the firm.*



Vous reconnaissez-vous en eux?



Vous démarquer pour performer  
c'est capital



Êtes-vous bien entourés?

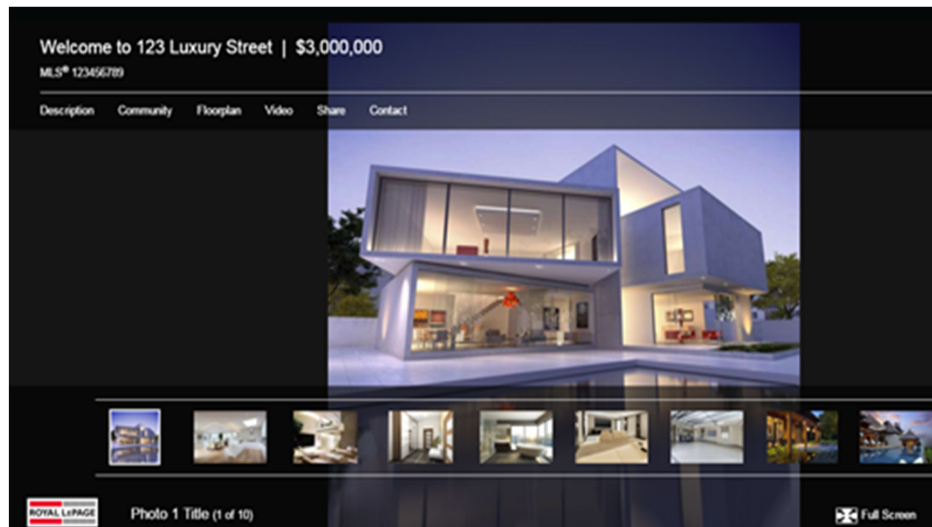




## Marketing Services & Programs

Investing in the growing luxury segment

- **Johnston & Daniel** brand enhancement project to support expansion of the brand within the southern Ontario market
- **Carriage Trade Luxury Properties** re-engineering on [carriagetradeproperties.ca](http://carriagetradeproperties.ca) drove 102% listings penetration. New Carriage Trade single property websites introduced late in 2015.



# Investment in Stability and Growth

- ↑ Record financial performance with strong positive momentum and a healthy pipeline
- ↑ Positive industry dynamics through economic cycles, with 7% CAGR in market \$ volume since 2004
- ↑ Long-term contracts support royalty stability
- ↑ Multi-brand strategy diversifies growth channels
- ↑ Superior technology, services and training
- ↑ Sustainable and growing distributable cash

# Q & A



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## 2016 Annual General Meeting

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