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## Brookfield Real Estate Services Inc. Reports First Quarter 2011 Results and Monthly Dividend

*Royalties and cash flow from operations steady amidst year-over-year decline in market activity*

**Toronto, Ontario, May 24, 2011** – Brookfield Real Estate Services Inc. (the Company) (TSX: BRE), a leading provider of services to residential real estate brokers and their REALTORS®, today announced that cash flow from operations (“CFFO”) for the three months ended March 31, 2011 was \$5.7 million or \$0.44 per restricted voting share (“RVS”) which was unchanged from the same period in 2010.

CFFO for the rolling 12 month period ended March 31, 2011 of \$1.97 per RVS was unchanged from the 12 months ended December 31, 2010. Royalties were \$8.2 million for the quarter, the same level as the first quarter of 2010. The net loss for the three months ended March 31, 2011 was \$1.8 million or \$0.19 per RVS, as compared to a loss of \$18.4 million for the same period in 2010, when calculated on a consistent basis.

### OVERVIEW OF FIRST QUARTER OPERATING RESULTS

During the quarter the Company commenced reporting in accordance with International Financial Reporting Standards (“IFRS”). It is important to note that under IFRS our key financial performance measure is CFFO per RVS which is commensurate with the previous distributable cash per unit measure. The net loss for the quarter and the comparative period in 2010 were driven by the accounting for various non-cash items under IFRS. A copy of our interim consolidated financial statements for the quarter with an explanation of these adjustments and a discussion of the impact of IFRS on our financial results can be found on our website.

During the quarter, the Company’s increase in fixed royalty fees as a result of the growth in the underlying agent network was offset by lower premium and variable franchise fees due to reduced market activity, which after management fees, administration costs and interest on our long term debt, generated CFFO of \$5.7 million which was at the same level as the first quarter in 2010.

“Brookfield continues to generate strong and stable cash flow from operations for investors despite Canadian house price appreciation having potentially peaked for the next year or so – a testament to the strength and structure of our organization,” said Phil Soper, president and chief executive officer, Brookfield Real Estate Services Inc. “We’re entering a period of more modest house price growth and lower transaction volumes in the Canadian real estate market. Despite these conditions, Brookfield continues to grow and expand its REALTOR® network.”

### The Company Network

As at March 31, 2011, the Company Network is comprised of 15,449 REALTORS® operating from 665 locations under 394 franchise agreements. The number of REALTORS® during the quarter increased by 141 agents (0.9%) as a result of the January 1, 2011 acquisition of 23 franchise agreements with 247 REALTORS® operating under the Royal LePage and Via Capitale brands, which were partially offset by net organic attrition of 106 agents. The net organic attrition was primarily attributed to the province of Quebec where the introduction of Quebec’s new Real Estate Brokerages Act in May 2010 has resulted in dramatically fewer new entrants to the industry and as a result the attrition of agents that brokers experience as low producers exit the industry is not being replaced as quickly.

### Related Links

-  [Q1 2011 Press Release](#)
-  [Q1 2011 Financials](#)
-  [Q1 2011 Financials \(with notes\)](#)
-  [Q1 2011 Cash Flow from Operations](#)
-  [Q1 2011 Selected Financials & Operating Info](#)
-  [Q1 2011 Conversions to IFRS](#)
-  [Q1 2011 Quarterly Report](#)

### 2011 Press Releases

[Brookfield Real Estate Services Inc. Announces Acquisitions](#)

[Brookfield Real Estate Services Inc. Declares Monthly Dividend](#)

[Brookfield Real Estate Services Inc. Reports Third Quarter of 2011 Results and Monthly Dividend](#)

[Royal LePage Launches New Mobile Site](#)

[Brookfield Real Estate Services Inc. To Host Conference Call Friday November 4, 2011 at 10:00 A.M.](#)

[Brookfield Global Relocation Services Invites Firms Worldwide to Participate in Acclaimed Annual Global Relocation Trends Survey](#)

## Outlook

During the first quarter, low interest rates and a recovering economy continued to spark activity in Canada's housing markets. Country-wide, average home prices increased, with the national average price of a detached bungalow rising 4.3 per cent year-over-year to \$341,355, while standard two-storey homes rose 3.5 per cent to \$379,388 and standard condominiums rose 4 per cent to \$237,919.

On May 9th, the Canadian Real Estate Association (CREA) revised its 2011 forecast predicting that national sales activity will now decline 1.3 per cent from 2010 levels, a slight improvement from the 1.6 per cent decline predicted earlier in February. This revised forecast along with Q1 national average house price appreciation indicates Canada's post-recession recovery is continuing.

"After an unusually active six month winter and early spring period, the number of home sales in Canada is expected to take a small dip in the second quarter of 2011," added Soper. "Continuing economic recovery, and especially job growth, is expected to support activity in the remainder of the year at approximately the same level seen in 2010."

## Monthly Cash Dividend

Today, the Company declared a cash dividend of \$0.0917 per share for the month of May 2011, payable on June 30, 2011, to shareholders of record on May 31, 2011.

## CFFO

This news release and accompanying financial statements make reference to cash flow from operations ("CFFO") on a total and per restricted voting share basis. CFFO is defined as net income prior to fair value changes, amortization, interest on exchangeable units, interest on Trust units, income taxes, items related to other income and interests of exchangeable unitholders. 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, 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.

## Forward-Looking Statements

*This news release contains forward-looking information and other "forward-looking statements". The words such as "should", "will", "continue", "plan", "believe", "expect", "anticipate", "intend", "estimate", "approximate", "expected" and other expressions that are predictions of or 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 Corporation 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 set forward in the forward looking statements include a change in general economic conditions, interest rates, consumer confidence, the level of residential real estate resale transactions, the average rate of commissions charged, competition from other traditional real estate brokers or from discount and/or Internet-based real estate alternatives, the availability of acquisition opportunities and/or the closing of existing real estate brokerage offices, other developments in the residential real estate brokerage industry or the Corporation that reduce the number of and/or royalty revenue from the Corporation's network of REALTORS®, our ability to maintain brand equity through the use of trademarks, the availability of equity and debt financing, a change in tax provisions, and other risks detailed in the Fund's annual information form, which is filed with securities commissions and posted on SEDAR at [www.sedar.com](http://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.*

## Conference Call

Brookfield Real Estate Services Inc. will host a conference call on Tuesday May 24, 2011 at 10:00 a.m. Eastern Time to discuss its first quarter financial results.

To access the call by telephone, dial (647) 427-7450 or (888) 231-8191. Please connect approximately 10 minutes before the beginning of the call to ensure participation. A recording of the conference call will be available on the Company's website by Wednesday May 25, 2011 at [http://www.brookfieldresinc.com/content/investor\\_centre-25063.html](http://www.brookfieldresinc.com/content/investor_centre-25063.html).

## Supplemental Information

The Company's Consolidated Interim Financial Statements, Supplemental Information and IFRS overview for the quarter ended March 31, 2011 containing further information on the company's strategy, operations and financial results can be found on our website at [www.brookfieldresinc.com](http://www.brookfieldresinc.com). The Company's Management Discussion and Analysis, Financial Statements and associated regulatory filings will follow within prescribed timelines. Shareholders are encouraged to read these documents,

### Brookfield Real Estate Services Inc. Profile

The Company is a leading provider of services to residential real estate brokers and their REALTORS®<sup>1</sup>. The Company generates cash flow from franchise royalties and service fees derived from a national network of real estate brokers and agents in Canada operating under the Royal LePage, Via Capitale Real Estate Network and Johnston & Daniel brand names. At March 31, 2011, the Company network consisted of 15,449 REALTORS®. The Company network has an approximate 23% share of the Canadian residential resale real estate market based on transactional dollar volume. The Company generates both fixed and variable fee components. Variable fees are primarily driven by the total transactional dollar volume from the sales commissions of REALTORS®, while fixed fees are based on the number of agents and sales representatives in the network. Approximately 68% of the Company's revenue is based on fees that are fixed in nature; this provides revenue stability and helps insulate the Company's cash flows from market fluctuations. The Company is listed on the TSX and trades under the symbol "BRE". For further information about the Company, please visit [www.brookfieldresinc.com](http://www.brookfieldresinc.com).

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