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Brookfield Real Estate Services Inc. Reports First Quarter 2013 Results and Monthly Dividend

(TORONTO, ON) May 7, 2013 – 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, 2013 was \$5.6 million or \$0.436 per restricted voting share (“Share”), compared to \$5.6 million or \$0.434 per Share for the same period in 2012.

Royalties for the three months ended March 31, 2013 were \$8.1 million, down slightly from \$8.2 million for the same period in 2012. The net loss for the three months ended March 31, 2013 was \$0.5 million, or \$0.06 loss per Share, as compared to net loss of \$3.2 million or \$0.33 loss per Share, for the same period in 2012.

OVERVIEW OF FIRST QUARTER OPERATING RESULTS

During the Quarter the Company generated CFFO of \$5.6 million, which was up slightly from the same period of 2012. The tightening of mortgage-lending rules introduced in July 2012, contributed to a pull of market activity into the first half of 2012, resulting in an abnormally active comparative period. Royalties were down slightly this quarter as the industry returns to more normalized transactional patterns and cycle over the last year’s period of heightened activity. Offsetting this decrease was a \$0.2 million reduction in administration costs due primarily to a lower quarter-over-quarter bad debt provision resulting from the success of increased collection efforts as well as a reduction in professional fees as a result of the completion of activities in 2012 related IFRS requirements and the conversion of the Company from a Fund to a corporation.

For the three months ended March 31, 2013, the Canadian market transactional dollar volume of \$34.8 billion decreased by 12.2% from the same period in 2012, driven solely by a decrease in units sold. The average sales price of a home remained largely unchanged due primarily to a balanced market supported by reduced listings and low interest rates. For the three months ended March 31, 2013, the Toronto market transactional dollar volume was down 10.5% over the same period in 2012, also driven primarily by a decrease in home sale activity.

“The first quarter of 2013 saw an unusual grouping of economic factors which brought stability to the Canadian housing market: consistently low interest rates, an expanding economy, with essentially flat home prices,” said Phil Soper, President and Chief Executive Officer, Brookfield Real Estate Services Inc. “Together, these factors should mitigate the length and severity of the current cyclical correction.”

“We saw a year-over-year decline in sales volumes in the quarter, as the lingering impact of last summer’s introduction of more restrictive mortgage rules affected entry-level buyers, and some sellers delayed listing their homes on speculation of a real estate price correction,” continued Soper. “Buyers looking to make opportunistic purchases in a soft market, however, were largely disappointed as home prices held firm across almost all markets.”

The Company’s revenue is primarily fixed in nature, based on the number of REALTORS[®] in the network. This structure provides revenue protection from the impact of revenue declines when the market cools, but also reduces the degree to which the Company participates in periods of rapid market expansion.

The Company Network

As at March 31, 2013 the Company Network was comprised of 15,558 REALTORS[®], operating under 440 franchise agreements providing services from 679 locations, with an approximate 24% share of the Market based on 2012 transactional dollar volume.

Outlook

“As we previously forecasted, the Canadian residential real estate market is in the midst of a cyclical slowdown which has seen lower unit sales volumes and price appreciation reduced. We believe we are well through the correction, which began in the third quarter of 2012,” said Soper. “In the first quarter of 2013 we saw fewer homes trade hands, but starting in the second half of 2013, Management expects volumes to adjust to normal levels.”

Related Links

- [Q1 2013 Quarterly Report](#)
- [Q1 2013 CFFO](#)
- [Q1 2013 Selected Financial and Operating Info](#)
- [Q1 2013 Webcast](#)

2013 Press Releases

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

[Brookfield Real Estate Services Inc. Announces Increase in Targeted Annual Cash Dividend](#)

[Brookfield Real Estate Services Inc. Reports Third Quarter 2013 Results and Monthly Dividend](#)

[Brookfield Real Estate Services Inc. To Host Conference Call Wednesday, November 6, 2013 At 10:00 A.M.](#)

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

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

Monthly Cash Dividend

On May 6th the Company declared a dividend of \$0.092 per share for the month of May 2013, payable on June 28th, 2013 to shareholders of record on May 31st, 2013.

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, 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.

Management Services Agreement

The Company is managed pursuant to a Management Services Agreement (the "MSA") between the Company and Brookfield Real Estate Services Manager Limited (the "Manager"), a subsidiary of Brookfield Asset Management Inc. The MSA has been in effect since 2003 and was originally designed for an income trust structure. The Company and the Manager have agreed to extend the termination date of the MSA to December 31, 2013 and the date for delivery of notice to terminate to on or before June 30, 2013. If such notice is not received, the MSA will automatically renew for a ten year period. The Board of Directors of the Company have convened a Special Committee to evaluate various alternatives associated with the renewal of the MSA and have engaged an external advisor.

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 Company's network of 15,558 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 Company's annual information form, which is filed with securities commissions and posted on SEDAR at 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 7, 2013 at 2 p.m. ET to discuss its financial results for the first quarter of 2013.

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 on the Company's website by May 8, 2013 at http://www.brookfieldresinc.com/content/investor_centre-25063.html.

Supplemental Information

The Company's Interim Condensed Consolidated Financial Statements, Supplemental Information and IFRS overview for the three months ended March 31, 2013 contain further information on the company's strategy, operations and financial results and can be found on our website at 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[®]. 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, 2013, the Company network consisted of 15,558 REALTORS[®]. The Company network has an approximate 24% share of the Canadian residential resale real estate market based on 2012 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 73% 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.

For more information, please contact:

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