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## Brookfield Real Estate Services Inc. Reports Year-End Results And Monthly Cash Dividend

### Results highlighted by another strong year of royalty growth and increases in distributable cash

TORONTO, March 14 /CNW/ - Brookfield Real Estate Services Inc. (the "Company") (TSX: BRE), a leading provider of services to residential real estate brokers and their REALTORS®, today announced financial results for the year ended December 31, 2010.

Financial and operational highlights for the fiscal year include (all comparisons are relative to fiscal 2009):

- 1 Royalties increased 6.6% to \$36.6 million.
- 1 Distributable cash<sup>2</sup> rose by 5.4% to \$25.2 million, inclusive of a \$0.7 million charge for the conversion from an Income Trust to a Corporation.
- 1 Net earnings rose to \$6.2 million or \$0.65 per share as compared to \$5.6 million or \$0.58 per share.

Financial and operational highlights for the fourth quarter include (all comparisons are relative to the fourth quarter of 2009):

- 1 Royalties were \$8.2 million, down 4% from \$8.5 million.
- 1 Distributable cash was \$5.0 million, down 17.3% from \$5.9 million.
- 1 In addition to the regular monthly distribution of \$0.117 per unit, the Company declared a special distribution of \$0.20 per unit for unitholders of record on December 30, 2010.
- 1 Net earnings were \$0.3 million or \$0.03 per share as compared to \$1.5 million or \$0.16 per share.

### OVERVIEW OF 2010 OPERATING RESULTS

With a modest year-over-year increase of 1.7% in the Canadian Market, the Company closed out 2010 with distributable cash per unit of \$1.97, up 6.5% from \$1.85 per share in 2009. Distributable cash includes a \$0.05 charge per unit for conversion costs related to the conversion from an Income Trust to a corporate structure, otherwise distributable cash would have been \$2.02 per unit which represents a 9.2% increase in year-over-year distributable cash. Driving this result was a:

- 1 4.6% (677 REALTORS®) increase year-over-year, with 62% (417 REALTORS®) of the increase coming through the acquisition of contracts at the beginning of 2010 and the balance through organic growth. This is in direct contrast to 2009 when the Company's growth was limited to 37 REALTORS® and when the beginning of year acquisition of contracts representing 316 REALTORS® was partially offset by a 279 agent decrease;
- 1 20% increase in year-over-year premium fees, which are driven by the Greater Toronto Market, pushed by pent-up demand in the fourth quarter of 2009 and the first quarter of 2010 as the market pulled out of a recessionary trough and consumers sought to complete home purchases ahead of the government's mandated mortgage-lending rules, anticipated higher interest costs and misconceptions about the impact of HST on the home sale transaction;
- 1 9% decrease in interest costs as a result of a refinancing of the Company's debt in February 2010; and a
- 1 1.7% year-over-year increase in the Canadian Market, represented by a 6% increase in the selling price of a home to \$339,030 and partially offset by a 3.9% decrease in home sales to 447,010.

### OVERVIEW OF FOURTH QUARTER OPERATING RESULTS

Fourth-quarter results were impacted by the unusually strong residential real estate market conditions

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experienced at the end of 2009, which led to 57% of 2010 royalties being recognized in the first half of 2010. This compares to 46% for the same period in 2009. Accordingly, third-and fourth-quarter year-over-year variable and premium franchise fees were negatively affected; at the same time, fixed franchise fees increased by 5.3%, which was in line with the growth in the underlying number of REALTORS® in the Company's network. Also negatively impacting fourth quarter performance was a \$0.7 million charge related to the conversion of the Company from an Income Fund to a corporation on December 31, 2010.

### Summary of fourth quarter and year-end results

	Fourth Quarter				Year Ended December 31			
	2010		2009		2010		2009	
	(thousands)	(per unit)	(thousands)	(per unit)	(thousands)	(per unit)	(thousands)	(per unit)
<b>Royalties</b>	<b>\$8,158</b>	<b>\$0.64</b>	\$8,495	\$0.66	<b>\$36,630</b>	<b>\$2.86</b>	\$34,359	\$2.65
<b>Net earnings</b>	<b>\$304</b>	<b>\$0.03</b>	\$1,511	\$0.16	<b>\$6,162</b>	<b>\$0.65</b>	\$5,579	\$0.58
<b>Distributable cash<sup>2</sup></b>	<b>\$5,044</b>	<b>\$0.39</b>	\$5,873	\$0.46	<b>\$25,246</b>	<b>\$1.97</b>	\$23,926	\$1.85
<b>Distributions</b>	<b>\$7,057</b>	<b>\$0.55</b>	\$4,969	\$0.39	<b>\$20,549</b>	<b>\$1.60</b>	\$18,633	\$1.44
<b>Payout<sup>3</sup></b>	<b>140%</b>		85%		<b>81%</b>		78%	

<sup>1</sup> REALTOR® is a trademark identifying real estate licensees in Canada who are members of the Canadian Real Estate Association (CREA). <sup>2</sup> Defined as royalties less administrative expenses, interest expense and management fee. Distributable cash does not have a standardized meaning under Canadian generally accepted accounting principles. Management believes that distributable cash is a useful supplemental measure of performance as it provides investors with an indication of the amount of cash for distribution to unitholders. Investors are cautioned that distributable cash should not be construed as an alternative to using net earnings as a measure of profitability or the statement of cash flows.

<sup>3</sup> Payout represents distributions as a percentage of distributable cash.

"We are pleased with the Company's performance in 2010, specifically growth in royalties and distributable cash when compared to 2009," said Phil Soper, president and chief executive officer, Brookfield Real Estate Services Inc. "The strength and size of our broker and agent network, the low interest rate environment and the widely held consumer belief that rates will rise later in 2011, all played a role in our earnings picture for 2010. Looking ahead, we expect that the Company's conversion will not only provide greater access to the capital markets, but will also drive Company performance as Brookfield continues to grow and expand its REALTOR® network."

### Fund Growth

During the fourth quarter, the Fund experienced a net loss of 15 REALTORS®. For the 12 months ended December 31, 2010, the Fund ended the year with 15,308 REALTORS® up 4.6% (677) from the same period of 2009; 62% (417) of this increase was a result of the acquisition of contracts on January 1, 2010, and the remaining 38% (260) through organic growth. This increase in REALTOR® growth was significantly ahead of our 2009 net growth in REALTORS®, which was almost flat, and the overall number of Canadian REALTORS®, which increased in 2010 by 3.8% to 101,916 members. On January 1, 2011, the Fund acquired franchise agreements from the Manager, representing 23 locations serviced by 247 agents operating under the Royal LePage and La Capitale brands. These acquisitions increased the Company's network to 15,555 REALTORS®, up 3.4% from the 15,048 REALTORS® as at January 1, 2010.

### Monthly Cash Dividend

Today, the Company declared a cash dividend of \$0.0917 per share for the month of March 2011, payable on April 29, 2011, to shareholders of record on March 31, 2011.

### Outlook

Across Canada, we anticipate that the average price of a home will increase 3% over the coming year, while the number of transactions is expected to drop by 2%, with sales activity skewed to the first half of the year. The low cost of borrowing stimulated the housing market in 2010, and this trend is predicted to continue in the first half of 2011 as consumers anticipate an increase in mortgage interest rates in the latter half of 2011. In addition to this market stimulus, further sales activity may be pushed into the first quarter of 2011 as home buyers attempt to close their home purchases ahead of the recently announced government-mandated mortgage-tightening rules.

The Canadian Real Estate Association (CREA) revised its 2011 forecast on February 8, 2011, for home sales activity on the Multiple Listing Service® (MLS) systems of Canadian real estate boards and associations. National sales activity is expected to reach 439,900 units in 2011, representing an annual decline of 1.6%. In 2012, CREA forecasts that national sales activity will rebound by 3% to 453,300 units.

Even though interest rates are widely expected to rise later this year, they will still be within reach of current levels and remain supportive for housing market activity. We expect that strengthening economic fundamentals will keep the housing market in balance and home prices stable in the coming months.

## Structure of Fees

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 69% 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 .

## Q4 Conference Call

Brookfield Real Estate Services Inc. will host a conference call on Monday March 14, 2011 at 10:00 a.m. EasternTime to discuss its fourth-quarter and fiscal-year 2010 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 Tuesday March 15, 2011, at [http://www.brookfieldresinc.com/content/investor\\_centre-25063.html](http://www.brookfieldresinc.com/content/investor_centre-25063.html).

## About Brookfield Real Estate Services Inc.

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, La Capitale Real Estate Network and Johnston & Daniel brand names. At December 31, 2010, the Company network consisted of 15,308 REALTORS®. The Company network has an approximate 23% share of the Canadian residential resale real estate market based on transactional dollar volume. The Company is listed on the TSX and trades under the symbol "BRE". Its website address is [www.brookfieldresinc.com](http://www.brookfieldresinc.com).

## 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.

For further information about the Company, please visit our website at [www.brookfieldresinc.com](http://www.brookfieldresinc.com) or contact:

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