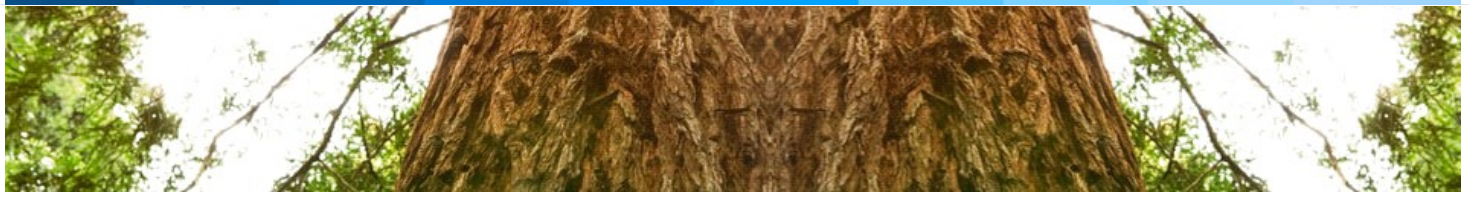


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## Brookfield Real Estate Services Inc. Reports Third Quarter of 2011 Results and Monthly Dividend

**Toronto, Ontario, November 4, 2011** -- Brookfield Real Estate Services Inc. (the Company) (TSX: BRE), a leading provider of services to residential real estate brokers and their REALTORS®<sup>1</sup>, today announced that cash flow from operations ("CFFO") for the three and nine months ended September 30, 2011 was \$7.3 million and \$19.9 million, respectively, as compared to \$6.9 million and \$20.2 million, respectively, for the same period in 2010.

CFFO per Restricted Voting Share ("Share") for the three and nine months ended September 30, 2011 was \$0.57 and \$1.55 per Share, respectively, as compared to \$0.54 and \$1.58 per Share, respectively, in the same period of 2010. CFFO for the rolling 12 month period ended September 30, 2011 was \$1.94 per Share as compared to \$1.97 for the 12 months ended December 31, 2010. Royalties for the three and nine months ended September 30, 2011 were \$10.3 million and \$28.3 million, respectively, compared to \$9.8 million and \$28.5 million, respectively for the same period in 2010. Net earnings for the three and nine months ended September 30, 2011 was \$8.1 million and \$11.2 million, or \$0.85 and \$1.18 earnings per Share, respectively, as compared to a net loss of \$12.1 million and \$21.5 million, or \$1.28 and \$2.27 loss per Share, respectively, for the same period in 2010.

### OVERVIEW OF THIRD QUARTER OPERATING RESULTS

During the quarter, the Company generated cash flow from operations ("CFFO") of \$7.3 million as compared to \$6.9 million for the same period in 2010. Management anticipates the 12-month rolling CFFO by the end of 2011 will be ahead of 2010's \$1.97 per share as a result of a projected steady 2011 housing market and the non-recurrence of a \$0.05 per share one-time charge for the Conversion of the Company to a corporation in the fourth quarter of 2010.

To understand what has transpired in the Market for the first nine months of 2011 and how it impacts our outlook for the remainder of the year, a review of year-to-date 2011 and 2010 Market activity is required.

On a rolling twelve month basis, the third quarter of 2011 closed out at a Market transactional dollar volume of \$162.8 billion, up 7% from December 31, 2010, driven by a 6% increase in selling price and a modest 1% increase in home sale activity. For the three months ended September 30, 2011, transactional dollar volume was up 22% over the same period in 2010, driven by an 8% and 14% increase in selling price and home sale activity, respectively. The increase in selling price on a twelve-month rolling and quarterly basis is largely driven by a combination of a consistent shortage of listings resulting in more competition between homebuyers, positive employment and income growth, and continued expectation of low mortgage rates. While the twelve-month rolling home sale activity for September 30, 2011 as compared to December 31, 2010 increased moderately by 1%; home sale activity on a quarter-over-same-quarter basis increased by 14% due to an active 2011 summer Market, the carry-through of second quarter 2011 homes sales and the fall off of the 2010 comparative Market activity. The carry-through of second quarter 2011 home sales arises as much of the increased home sale activity experienced in the second quarter of 2011 came through in the month of June which benefited the Quarter due to the lag effect of the Company recording royalty revenue when the home closes, which is typically 30 to 45 days after the sale has been reported by the Market. In 2010 the Market was up significantly for the first two quarters as consumers sought to complete their home purchases ahead of the Harmonized Sale Tax and tighter mortgage lending rules, with a subsequent reduction in home sale activity in the third and fourth quarters.

### Related Links

-  [Q3 2011 CFFO](#)
-  [Q3 2011 Financial Statements and Notes](#)
-  [Q3 2011 Selected Financial and Operating Info](#)
-  [Q3 2011 Webcast](#)
-  [Q3 Quarterly Report](#)

"Brookfield Real Estate Services Inc. is pleased to report its third consecutive quarter of positive financial performance for 2011," said Phil Soper, president and chief executive officer, Brookfield Residential Real Estate Services Inc. "The two primary measures used to determine our financial performance – namely royalty revenues and cash flow from operations – both experienced quarter-over-quarter increases in Q3, underscoring the strength of the Company structure and its ability to generate strong, stable dividends for its shareholders."

### **The Company Network**

As at September 30, 2011 the Company Network was comprised of 15,295 REALTORS®, operating under 390 franchise agreements providing services from 656 locations, with an approximate 23% share of the Market based on 2010 transactional dollar volume. For the nine months ended September 30, 2011 the Company Network decreased by 13 Agents or 0.1%.

### **Outlook**

Based on data from the Royal LePage House Price Survey, the average price of a home in Canada increased between 5.7% and 7.8% in the third quarter of 2011, depending on housing type, compared to the previous year. The strength of home price appreciation in the third quarter exceeded expectations as very low interest rates buoyed consumer confidence in a comparatively stable Canadian economy. However, year-over-year gains appear deceptively strong in comparison to a weak third quarter of 2010. A resilient domestic economy, coupled with the stimulative effect of very low interest rates, has extended the post-recession recovery in house prices. The third quarter saw a return to a normal seasonal business cycle as price appreciation slowed in many areas – with some average values even falling slightly – after the busy spring trading season. The strength in Canada's national housing market is being driven by the country's largest urban centres. While a broader slowdown is expected in the year ahead the structure of the Company's royalty stream is expected to mitigate this impact.

### **Monthly Cash Dividend**

Today, the Company declared a cash dividend of \$0.092 per share for the month of November 2011, payable on December 30, 2011, to shareholders of record on November 30, 2011.

### **IFRS**

During the first 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 Share 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.

### **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 15,295 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 Friday November 4, 2011 at 10:00 a.m. Eastern Time to discuss its third 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 November 7, 2011 at

[http://www.brookfieldresinc.com/content/investor\\_centre/webcasts\\_and\\_presentations-25072.html](http://www.brookfieldresinc.com/content/investor_centre/webcasts_and_presentations-25072.html).

#### **Supplemental Information**

The Company's Consolidated Interim Financial Statements, Supplemental Information and IFRS overview for the quarter ended September 30, 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 September 30, 2011, the Company network consisted of 15,295 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).

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

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