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

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

Toronto, Ontario, August 5, 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 and six months ended June 30, 2011 was \$6.8 million or \$0.53 per restricted voting share (“Share”) and \$12.5 million or \$0.98 per Share, respectively, as compared to \$7.6 million or \$0.59 per Share and \$13.3 million or \$1.04 per Share, respectively, for the same period in 2010.

CFFO for the rolling 12 month period ended June 30, 2011 was \$1.91 per Share as compared to \$1.97 for the 12 months ended December 31, 2010. Royalties were \$9.8 million for the quarter, as compared to \$10.5 million for the same period in 2010. Net earnings for the three and six months ended June 30, 2011 was \$4.9 million or \$0.52 per Share and \$3.1 million or \$0.33 per Share, respectively, as compared to earnings of \$9.0 million or \$ 0.95 per Share and a net loss \$9.4 million or \$0.99 per Share, respectively, for the same period in 2010.

OVERVIEW OF SECOND QUARTER OPERATING RESULTS

During the quarter, the Company generated CFFO of \$6.8 million as compared to \$7.6 million for the same period in 2010. With the timing of the 2010 Market taken into context, and no significant changes in the Company's risk factors, Management anticipates that the Company's CFFO per Share for 2011 will be ahead of the 2010 \$1.97 per Share due to an anticipated 2011 Market trajectory at or above 2010 Market levels, our stable agent base and the nonrecurrence of the approximate \$0.05 per Share charge in the fourth quarter of 2010 for the conversion of the Company to a corporation.

To understand what has transpired in the Markets for the first half of 2011 and how this effects our year to date and full year royalties and CFFO outlook, a review of the 2010 Market activity is required. The year over year \$0.8 million decrease in our CFFO for the quarter can be attributed to the timing of Market activity and the lag effect of the Company recording its royalties when a home sale transaction closes which is typically 30 to 45 days after the Market has reported the home sale. In the first half of 2010, the Market was up substantially due to the pull through of Market activity to the first half of 2010 as a result of the threat of increasing interest rates and restricted credit due to the introduction of government mandated mortgage lending rules and the imposition of Harmonized Sales Taxes in Ontario and British Columbia. On a rolling twelve month basis this activity drove June 30, 2010 Market transactional dollar volumes to \$167 billion, up 37% over the same period ending June 30, 2009, while for the remainder of 2010, Market activity declined and the year finished at a Market transactional dollar volume of \$151.6 billion, 2% ahead of 2009 levels.

On a rolling twelve month basis the second quarter of 2011 closed out at a Market transactional dollar volume of \$155.4 billion, up 2.5% from the twelve months ended December 31, 2010. During the second quarter of 2011, the national Market experienced a quarter over same quarter increase of 7% on a 8% selling price increase, partially offset by a 1% decline in homes sales. With approximately 78% of the quarter over same quarter increase coming through in the month of June, Management expects a significant spill over into the third quarter when the Company records the royalties associated with this Market activity as the home sale transactions close.

Related Links

- [Q2 2011 Selected Financial and Operating Info](#)
- [Q2 2011 CFFO](#)
- [Q2 Financial Statements and Notes](#)
- [Q2 2011 Webcast](#)
- [Q2 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](#)

"The Company's second quarter performance highlights the strength of this organization's structure, which continues to generate strong cash flow from operations and consistent dividends for our shareholders," said Phil Soper, president and chief executive officer, Brookfield Real Estate Services Inc. "The Company continues to grow and expand its REALTOR® network and develop technological platforms to drive continued financial performance."

The Company Network

As at June 30, 2011 the Company Network was comprised of 15,361 REALTORS®, operating under 392 franchise agreements providing services from 663 locations, with an approximate 23% share of the Market based on 2010 transactional dollar volume. For the six months ended June 30, 2011 the Company Network increased by 53 agents or 0.3% with the increase of 247 agents by way of franchise contracts acquired at the beginning of the year being partially offset by a 106 and 88 decline in agents in the first and second quarter respectively with a significant amount of this decrease originating from the Province of Quebec where the introduction of new Real Estate Regulations earlier in 2010 with their associated professional and monetary requirements have reduced the number of new entrants to the industry. Consequently where franchisees typically have a turnover of lower producing agents, this turnover is not being replaced with new entrants. Adding to this decrease are REALTORS® who have decided to leave the industry due to higher fees or have opted to operate their own independent brokerage operations as permitted under the new Real Estate Regulations. The decrease in agents during the quarter occurred primarily in the month of April, commensurate with the month when required payment of association fees become due. Since April the change in agent count appears to have stabilized.

Outlook

Price appreciation and housing activity are expected to slow during the second half of 2011, though housing performance in the first half of 2011 will support a national average house price forecast of 7.7 per cent higher than year ended 2010. Sales volume is forecast to decrease marginally by 2.0 per cent over the same period, as a result of satisfied pent-up demand which emerged post recession and interest rates which have stayed at historically low levels for an extended period of time and increasingly have become less of a stimulus.

We expect year-over-year prices to appreciate modestly in the third quarter as most housing markets across Canada cooled during the same period in 2010. Similarly we expect this year's final quarter to display a flat year-over-year price performance when compared to an unusually strong fourth quarter of 2010.

Monthly Cash Dividend

Today, the Company declared a cash dividend of \$0.092 per share for the month of August 2011, payable on September 30, 2011, to shareholders of record on August 31, 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 15,361 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. 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 August 5, 2011 at 10:00 a.m. Eastern Time to discuss its second 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 Monday August 8, 2011 at 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 June 30, 2011 containing further information on the company's strategy, operations and financial results 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®¹. 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 June 30, 2011, the Company network consisted of 15,361 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.

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