

**BROOKFIELD RESIDENTIAL PROPERTIES INC.**  
Annual & Special Meeting | May 8, 2012



## Notice to Recipients

This presentation contains forward-looking information within the meaning of Canadian provincial securities laws and “other forward-looking statements” within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended, Section 21E of the U.S. Securities Exchange Act of 1934, as amended, “safe harbor” provisions of the United States Private Securities Litigation Reform Act of 1995 and in any applicable Canadian securities regulations. Certain statements in this presentation are not historical facts, including information concerning possible or assumed future results of operations of the company, intrinsic value, favourable long-term fundamentals, future lot availability, the company’s goals and business strategy, land development value creation and the ability to participate in opportunities, and those statements preceded by, followed by, or that include the words “believe,” “planned,” “anticipate,” “should,” “goals,” “expected,” “potential,” “estimate,” “targeted,” “scheduled,” or similar expressions, constitute “forward-looking statements”. Undue reliance should not be placed on forward looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause the actual results to differ materially from the anticipated future results 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, but are not limited to: changes in general economic, real estate and other conditions; mortgage rate changes; availability of suitable undeveloped land at acceptable prices; adverse legislation or regulation; ability to obtain necessary permits and approvals for the development of our land; availability of labour or material or increases in their costs; ability to develop and market our master-planned communities successfully; confidence levels of consumers; ability to raise capital on favourable terms; adverse weather conditions and natural disasters; relations with the residents of our communities; risks associated with increased insurance costs or unavailability of adequate coverage and ability to obtain surety bonds; competitive conditions in the homebuilding industry, including product and pricing pressures; and additional risks and uncertainties referred to in our filings with the securities regulators in Canada and the United States, many of which are beyond our control. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Unless otherwise noted, all references to “\$” or “Dollars” are to U.S. Dollars.

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# IN PROFILE



## In Profile

Brookfield Residential was launched as a new North American public company on March 31, 2011 by way of a merger between Brookfield Office Properties' residential land and housing division (BPO Residential) and Brookfield Homes Corporation

6<sup>th</sup> Largest Public  
North American  
Residential  
Platform  
(by Assets)

Land & Housing

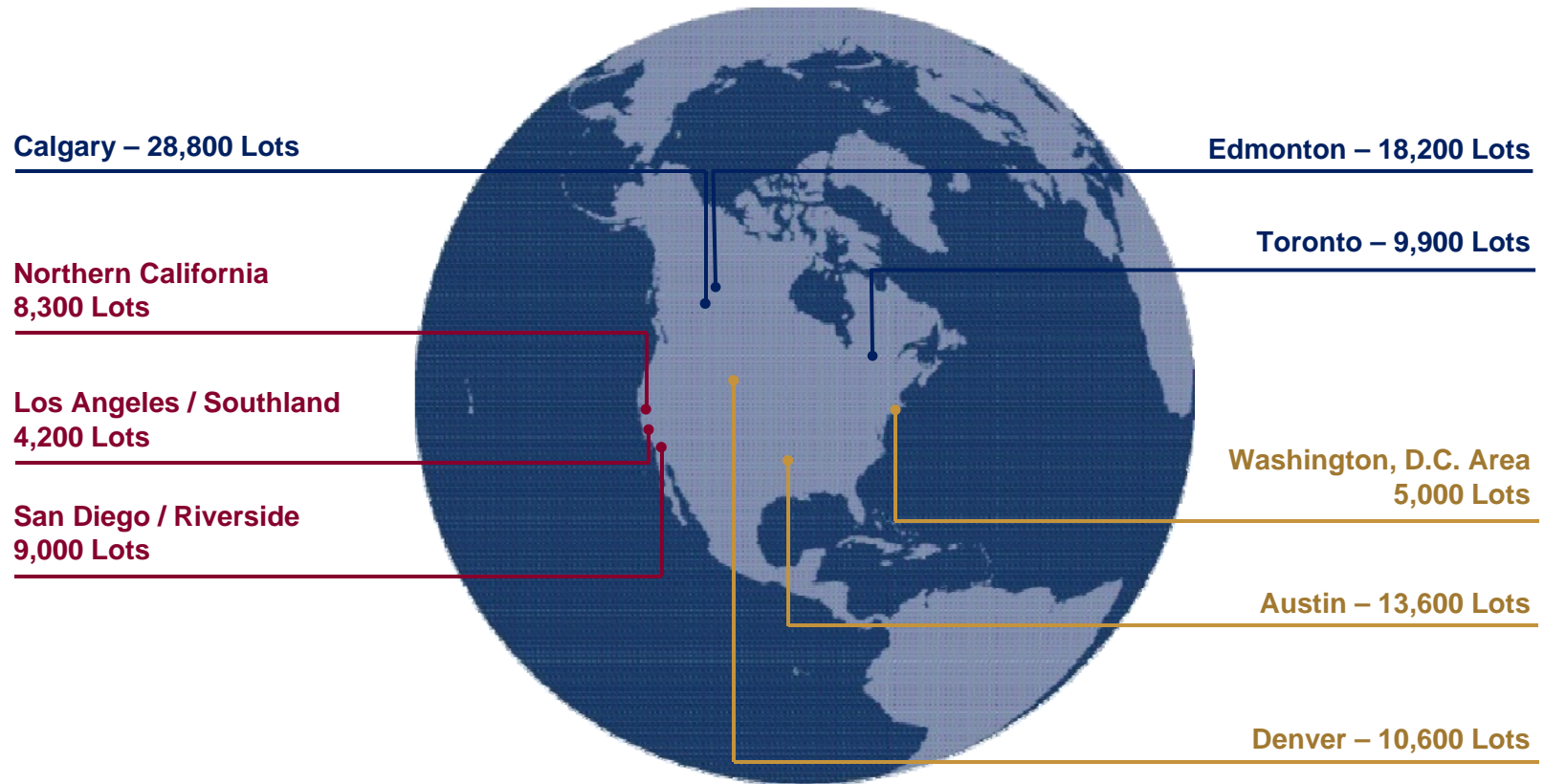
10 Markets

\$2.6 Billion in  
Assets

- Sixth largest North American residential platform by land and housing assets, with over 100,000 lots controlled
- Land developer and homebuilder, with three active operating segments and approximately US\$2.6 billion in assets: Canada (3 markets), California (4 markets) and Central & Eastern U.S. (3 markets)
  - Land developer: Entitle and develop land in all ten of our markets
  - Homebuilder: Currently build homes in seven of our ten markets  
(Calgary, Edmonton, Greater Toronto Area, San Francisco Bay Area, Los Angeles/Southland, San Diego/Riverside, Washington D.C. Area)
  - Dominant developer in Western Canada; approximately 25% market share in Calgary; 1 in 5 Calgary residents live in a Brookfield community
- Geographically diverse portfolio provides the benefit of strong Canadian markets, while positioning the company for a recovery in the U.S.

# Market Diversity

Over 100,000 lots concentrated in dynamic and resilient cities of North America



# FOCUSED STRATEGY



## Operating Philosophy

### Market Strategy

- Investment in markets with resilient economies created by employment and quality of life
- Purchase land in growth corridors taking a long range view of where master-planned opportunities exist
- Develop homebuilding strategies that are appropriate for each market. Able to adapt to opportunities in each market rather than a mass producer of housing
- We use the advantage of land ownership to develop longer term building programs

### Proactive Asset Management

- Look for additional opportunities within current markets that exist through changes in land use such as, infill land development
- Establish and maintain relationships with strong homebuilders in each market
- Finance raw land with equity and utilize debt for lot servicing and homebuilding

### Local Management

- Decentralized operating structure with strong local management teams
- In depth knowledge of future land and housing opportunities – greenfield and infill
- Strong local relationships with government, consultants, landowners and builders



# BROOKFIELD RESIDENTIAL ADVANTAGE



## Brookfield Residential Advantage

- Located in 10 geographic areas of North America with historically strong population growth and positive long-term demographics
- There has been negligible development of lots in the U.S. since 2006; our operations have maintained the ability to bring lots to the market quickly and not rely on third party providers or lengthening approval processes. In Canada we are also well positioned to provide lots in markets where supplies are tightening and where we have existing entitlements
- Land development is long term, so when opportunities arise, Brookfield Residential has the ability to acquire parcels at the low point of the cycle to take advantage of improving market conditions
- Have the ability to participate in larger transactions or take advantage of distressed opportunities to purchase premium assets
- Continuity of our management team is key to building relationships with the local municipalities, government agencies, environmental groups, land owners, etc.
- High customer satisfaction acknowledged through satisfaction surveys, industry awards and peer recognition

# LONG-TERM FUNDAMENTALS



## Long-Term Fundamentals Favourable

- Constrained capital in the homebuilding industry will result in a shortage of available developed lots
- Continued increase in environmental concerns and other restrictions on obtaining entitlements and development permits will constrain lot supply
- Owning developed or entitled lots in strategic market areas places the company in a strong position when U.S. markets rebound; Canadian markets continue to be strong
- Continue to leverage management's experience on creating value through the entitlement and development process

# INTRINSIC VALUE



## Intrinsic Value

- Although we do not regard ourselves as primarily a homebuilder due to our significant land position, many home building stocks currently trade on a multiple of adjusted book value:

Book Value	\$	988
US Deferred Tax Asset <sup>(1)</sup>		82
<u>Adjusted Book Value</u>	\$	<u>1,070</u>
<u>Per Share</u>	\$	<u>10.70</u>

(1) Ability to utilize against future earnings

<b>Multiple</b>	<b>1.0</b>	<b>1.1</b>	<b>1.2</b>	<b>1.3</b>	<b>1.4</b>	<b>1.5</b>
Implied Trading Price	\$ 10.70	\$ 11.77	\$ 12.84	\$ 13.91	\$ 14.98	\$ 16.05
	↑				↑	
	<b>Price - March 31, 2012</b>				<b>Group Average - March 31, 2012</b>	

- Given our North American presence and land development focus we have few if any comparable public companies
- However, if we were to trade in line with U.S. Nationals, it would currently represent a 30% increase in the stock price

# FINANCIAL PERFORMANCE



## Selected Financial Information – March 31

<i>Three months ended March 31</i>	2012	2011
<i>(units)</i>		
Lots closed – normalized	281	233
Lots closed – non-recurring	-	360
Homes closed	251	220
<i>(US\$ millions)</i>		
Land gross margin – normalized	\$ 24	\$ 18
Land gross margin – non-recurring	-	26
Housing gross margin	15	11
SG&A	(26)	(26)
Other expenses & income	1	-
Interest expense	(10)	(3)
Income before income taxes	4	26
Minority interest	1	1
Taxes	(4)	(84)
Net income	\$ 1	\$ (57)
Basic EPS	\$ 0.01	\$ (0.56)
Diluted EPS	\$ 0.01	\$ (0.56)
<i>Three Months Ended March 31 (US\$ millions)</i>	2012	2011
<b>Income before income taxes</b>	<b>\$ 4</b>	<b>\$ 26</b>
Non-recurring land margin	-	(26)
Transaction debt interest expense	9	-
Comparable income before taxes	\$ 13	\$ -



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