

**Brookfield**  
Residential

INVESTOR DAY

NOVEMBER 19 | 2014

## NOTICE TO RECIPIENT

This presentation contains “forward-looking statements” within the meaning of applicable Canadian securities laws and United States federal securities laws. The words “may,” “believe,” “will,” “anticipate,” “expect,” “planned,” “estimate,” “project,” “future,” 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. Such statements reflect management’s current beliefs and are based on information currently available to management. The forward-looking statements in this presentation include, among others, statements with respect to the current business environment and outlook, including statements regarding economic and market conditions in the U.S. and Canadian housing markets, such as the continued strength of the Canadian housing market and fundamentals in U.S. markets; possible or assumed future results, including income projections, price appreciation for raw land and finished lots, expansion of our homebuilding operations, and our 2015 guidance; the projected rate and number of home closings and lot sales; projections regarding our supply of land; our ability to create shareholder value and pursue homebuilding or land investments, including the timing of projects; business goals, strategy and growth plans, including infill and brownfield developments and the allocation of cash flows; strategies and capabilities for shareholder value creation; the impact of challenging conditions on us, including general economic conditions; factors affecting our competitive position within the homebuilding industry; the visibility of our future cash flow; economic and demographic fundamentals in our markets; and sufficiency of our access to capital resources. 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 forth in the forward-looking statements include, but are not limited to changes in general economic, real estate and other conditions; changes in interest rates; mortgage rate and availability changes; availability of suitable undeveloped land and lots at acceptable prices and having sufficient liquidity to acquire all such properties; adverse legislation or regulation, including changes to tax laws; ability to obtain necessary permits and approvals for the development of our land; availability of labour or materials or increases in their costs; ability to develop and market our master-planned communities successfully; laws and regulations related to property development and to the environment that could lead to additional costs and delays, including laws and regulations that may limit municipality growth in the areas in which we operate; ability to obtain regulatory approvals; confidence levels of consumers; ability to raise capital on favourable terms; our debt and leverage; adverse weather conditions and natural disasters; relations with the residents of our communities; risks associated with increased insurance costs or unavailability of adequate coverage; ability to obtain surety bonds; competitive conditions in the homebuilding industry, including product and pricing pressures; ability to retain our executive officers; relationships with our affiliates; the seasonal nature of our business and its impact on operating results; operational risks including, but not limited to home warranty claims, liabilities resulting from our role as a general contractor, workers’ compensation claims and other health and safety liabilities, and civil enforcement of liabilities and judgments against our assets; changes to foreign currency exchange rates; the outcome of the proposal from Brookfield Asset Management and the impact of the proposal and uncertainty surrounding it on our business; and additional risks and uncertainties, many of which are beyond our control, referred to in this corporate profile and our other public filings with the applicable Canadian regulatory authorities and the United States Securities and Exchange Commission. Except as required by law, we undertake no obligation to publicly update any forward-looking statements whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in subsequent reports should be consulted.

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

# AGENDA

## 1. Overview / Strategy

- Company overview
- Market overview
- Strategy
- Featured Projects

## 2. California Overview

- Operational overview
- Market overview
- Featured Projects

## 3. BRP Strategy

- Capital allocation



*Riverstone, Calgary AB*

# COMPANY OVERVIEW

## BROOKFIELD RESIDENTIAL OVERVIEW

Brookfield Residential Properties Inc. is a leading North American land developer and homebuilder with operations in 11 major markets. We entitle and develop land to create master-planned communities and build and sell lots to third-party builders, as well as to our own homebuilding division. We also participate in select strategic real estate opportunities, including infill projects, mixed-use developments, infrastructure projects and joint ventures.



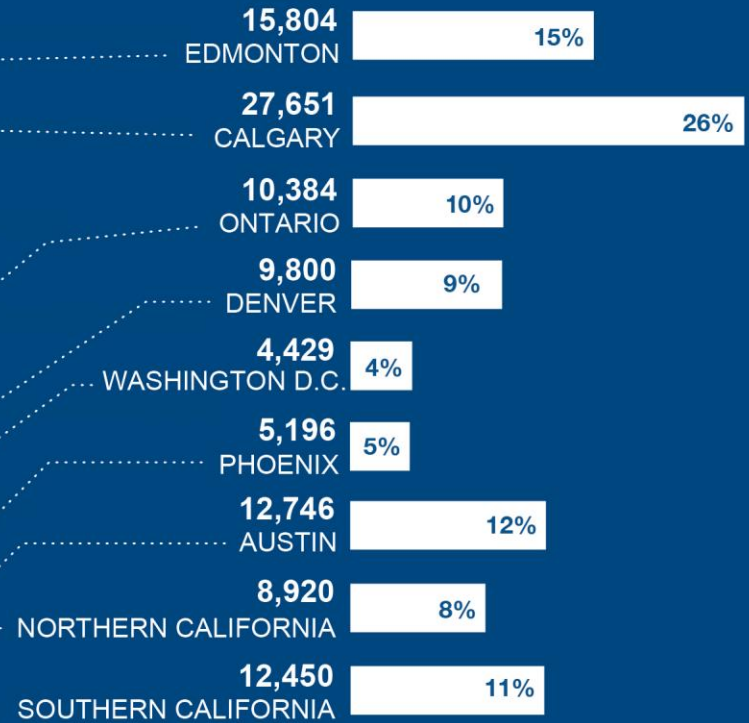
*Cranston, Calgary AB*



# WHERE WE BUILD



## Total Single Family Lots as at September 30, 2014



# BUSINESS MODEL

## LAND ACQUISITION

- Land developer in all of our markets
- Acquisition of raw land ideally during the low point of the cycle or when investment opportunities arise

## ENTITLEMENT PROCESS

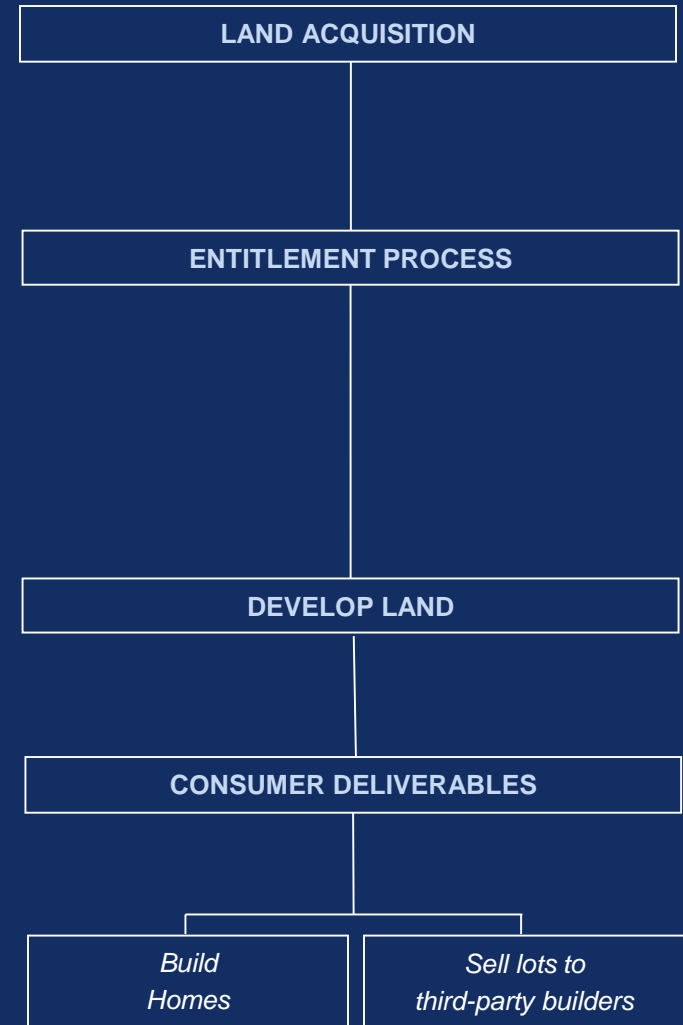
- Obtain approvals necessary to develop land for specific purposes. This process typically includes:
  - General Plan
  - Land Use Plan
  - Tentative Map
  - Legal Survey Plan
  - Area Structure Plan
  - Zoning
  - Construction Approvals
  - Final Map

## DEVELOP LAND

- Install utilities, construct roads, sidewalks, parks etc.
- Create fully serviced lots (Canada and U.S.) and “graded” lots (U.S. only)

## CONSUMER DELIVERABLES

- We will build homes on a portion of our land
- The balance of lots are sold to and built on by third-party builders



# MARKET OVERVIEW



# CANADIAN MARKET OVERVIEW

- Alberta and Ontario continue to perform at levels consistent with previous years
- General concern for a “bubble” in the Canadian market is subsiding
- Government efforts to address household debt are showing positive signs
- Alberta markets continue to show strength despite weaker commodity prices



*Brookhill, Bowmanville ON*



*Auburn Bay, Calgary AB*

# US MARKET OVERVIEW

- Housing starts currently just below one million units
- Good trajectory from mid 2012 to Fall 2013
  - Limited supply brought on during period
  - Many properties below replacement pricing
  - Markets that suffered the most recovered the sharpest
  - To justify new supply had to get above replacement values
- Currently seeing a “pause” in the market
- Challenges in the current market include:
  - Credit availability challenges
  - Quality of jobs being created
  - Household formation lagging
  - Trepidation from the first-time home buyer



*Brookside, Warrenton VA*

## US MARKET OVERVIEW (CONTINUED)

### KEY DRIVERS IN CONTINUED HOUSING RECOVERY

- Pent up demand is being created
- Clarification of mortgage rules is forming
- Overall the employment picture is improving. The market is still affordable
- In some circumstances, built form will change somewhat to more urban versus suburban



*Blanco Vista, San Marcos TX*



*Brookfield Sentinels, San Diego CA*

# AUSTIN MARKET OVERVIEW

## PROFILE

- 12,746 lots at September 30, 2014
- Active land communities: 2
- Starting homebuilding operations

## MARKET OVERVIEW

- Robust growth through 2014
- Expect growth to continue into 2015 due to increasing job creation and population growth
- Prices for both raw land and finished lots increased during the year, which is expected to continue for the foreseeable future



# DENVER MARKET OVERVIEW

## PROFILE

- 9,800 lots at September 30, 2014
- Active land communities: 4
- Active housing communities: 3

## MARKET OVERVIEW

- Forecasted annual starts and closings continue to improve
- Population growth forecasted to increase over the next five years
- Employment statistics are improving, leading to an increase in household income





# PHOENIX MARKET OVERVIEW

## PROFILE

- 5,196 lots at September 30, 2014
- Active land communities: 1
- Subsequent to Q3 2014, sold large portion of Tegavah for a gain, with our share totalling approximately \$10 million

## MARKET OVERVIEW

- Year-long flattening of the Phoenix market continues
- Longer term, the themes of falling unemployment, growing population and decreasing distressed properties are expected to have a positive impact



# WASHINGTON D.C. AREA MARKET OVERVIEW

## PROFILE

- 4,429 lots at September 30, 2014
- Active housing communities: 12

## MARKET OVERVIEW

- Market paused in 2014
- Local economy has felt some drag from federal budget cuts
- Recent pick-up of activity showing signs of recovery





## BROOKFIELD RESIDENTIAL STRATEGY

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- Strong overall land and housing portfolio
- Continued focus on bringing lots in both Canada and U.S. through the value creation chain
- Opportunity to focus on pace of monetization
  - Increase our housing business in each of our markets
  - Increase our land business, strategically sell land at various stages once entitlement is achieved
- Continue to develop greenfield projects
- Refocus/reposition portion of portfolio to infill, mixed-use and brownfield developments
  - Identify opportunities in the market based on changing demographics, such as active adult communities

## SETON – CALGARY, ALBERTA

Seton is one of North America's largest mixed use developments located in south Calgary and offers a new urban development outside of the downtown core. This 365-acre mixed-use, master-planned community includes the new Calgary South Health Campus and will see more than 2.5 million square feet of office and retail space, a Marriot hotel, seniors' care facilities, recreation centre, public library, emergency services facility, high school, regional park and an active main street that will all be serviced by the future leg of the southeast Light Rail Transit system. For those seeking an urban lifestyle, Seton will offer multi-family style residences to position Seton in becoming a truly dynamic urban core.



## MIDTOWN – DENVER, COLORADO

Midtown is one of the largest infill developments in Denver that uses the latest in building technology, premium materials and contemporary design to respectfully re-imagine traditional urban architecture. Brookfield Residential is bringing fresh new character to a historic neighborhood and is developing the land and building homes in Midtown.

MIDTOWN





## EASTMARK – PHOENIX , ARIZONA

Eastmark is ideally located in the top growth corridor of the Phoenix Metro area, adjacent to the fast-growing Phoenix-Mesa Gateway Airport. It's a thoughtfully planned, mixed-use development with an innovative community that is designed to create connections. Brookfield Residential invested in the project in 2013 through a joint venture partnership.



# CALIFORNIA OVERVIEW

# CALIFORNIA – OVERVIEW



Northern California



Southern California

## CALIFORNIA MARKET OVERVIEW

- Overall California market is positive
  - Continued population growth
  - Increase in personal wealth and government surplus
- San Francisco Bay Area continues to be a strong market
  - Strong job growth due to technology and professional services
- Southern California showing strong fundamentals for continued economic growth
  - Decrease in unemployment rate with quality jobs in technology, professional services, education and health care
- Coastal and non-coastal markets
  - Coastal markets targeting high-net worth individuals
  - Non-coastal markets supply traditional solutions
- Emergence of international buyers



*Rosedale, Azusa CA*



## BROOKSIDE – SAN JOSE, CALIFORNIA

A rare find in the Bay Area, this inspiring collection of single-family new homes in South San Jose takes on a new level of smart sophistication, embracing your sense of style and distinctive mode of living. Extraordinary designs, brilliant interiors and myriad enhancing features perfectly harmonize with the area's impressive amenities and unparalleled atmosphere, reflecting a lifestyle unlike any other.



## ROSEDALE – AZUSA, CALIFORNIA

Rosedale is located in the spectacular San Gabriel Valley's new master planned community. Experience the vibrant lifestyle that includes access to an extensive trail system, an array of recreational amenities at the Resort, a private clubhouse with a state-of-the-art fitness center, Junior Olympic swimming pool, spa and wading pool. Also be a short walk from the Metro Gold Station at Azusa, coming in 2015, as well as Citrus College and conveniently close to Pasadena and downtown LA.



# PLAYA VISTA



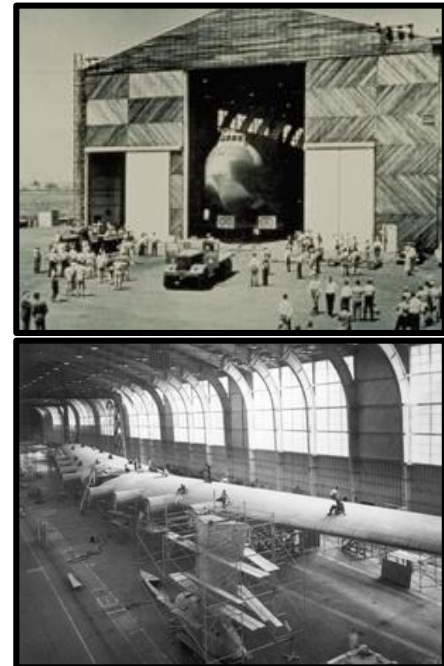
# VICINITY OF PLAYA VISTA



## HISTORICAL CONTEXT

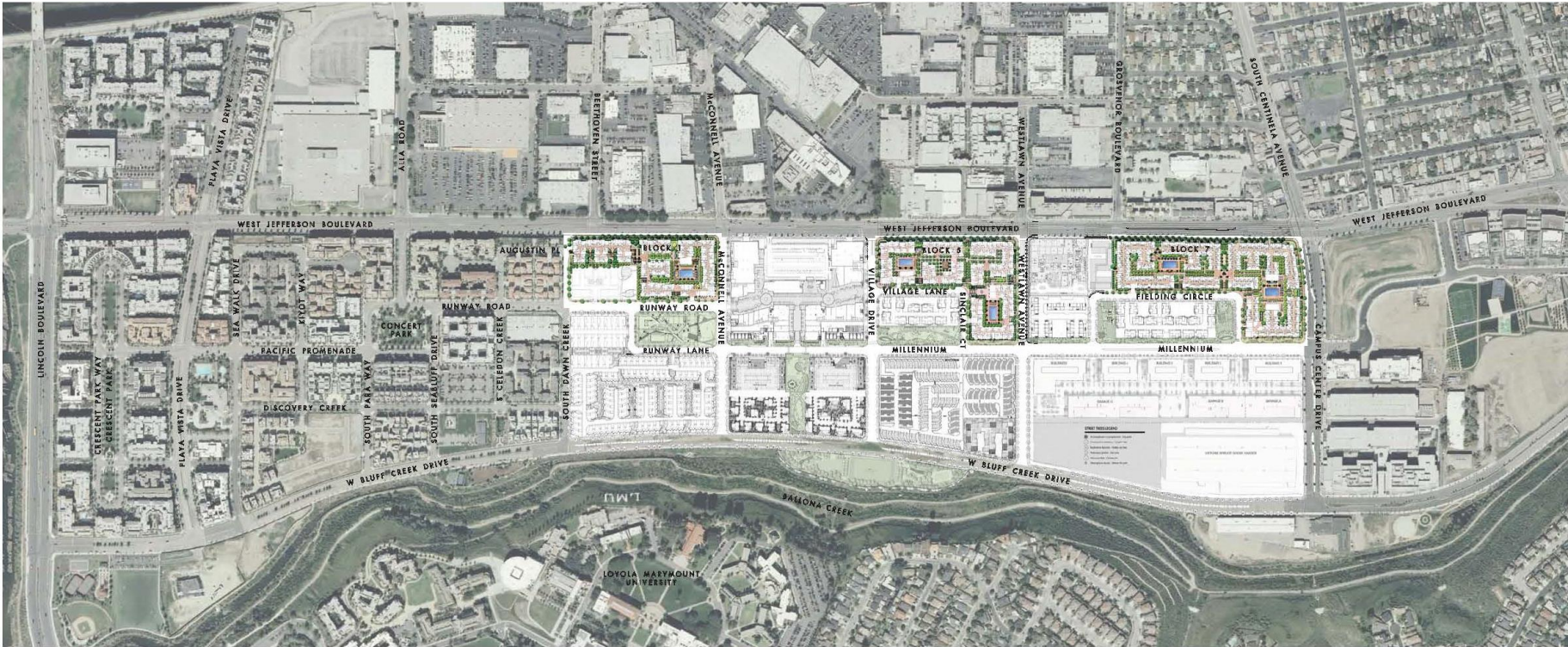
Playa Vista was utilized by Howard Hughes as an airport along with manufacturing, engineering and R&D uses housed in over two million square feet in 22 buildings that were constructed between 1941 and 1953.

The Spruce Goose building is a 300,000 square foot double bay hangar in form, supported by a double row of laminated redwood, enclosed by wood sheeting and clapboard. The underlying entitlements for the historic buildings are for production support or sound stages. Since 1994 the Spruce Goose has been rented to film production companies where over 50 feature films utilized the space.





# PLAYA VISTA - SITE PLAN TODAY



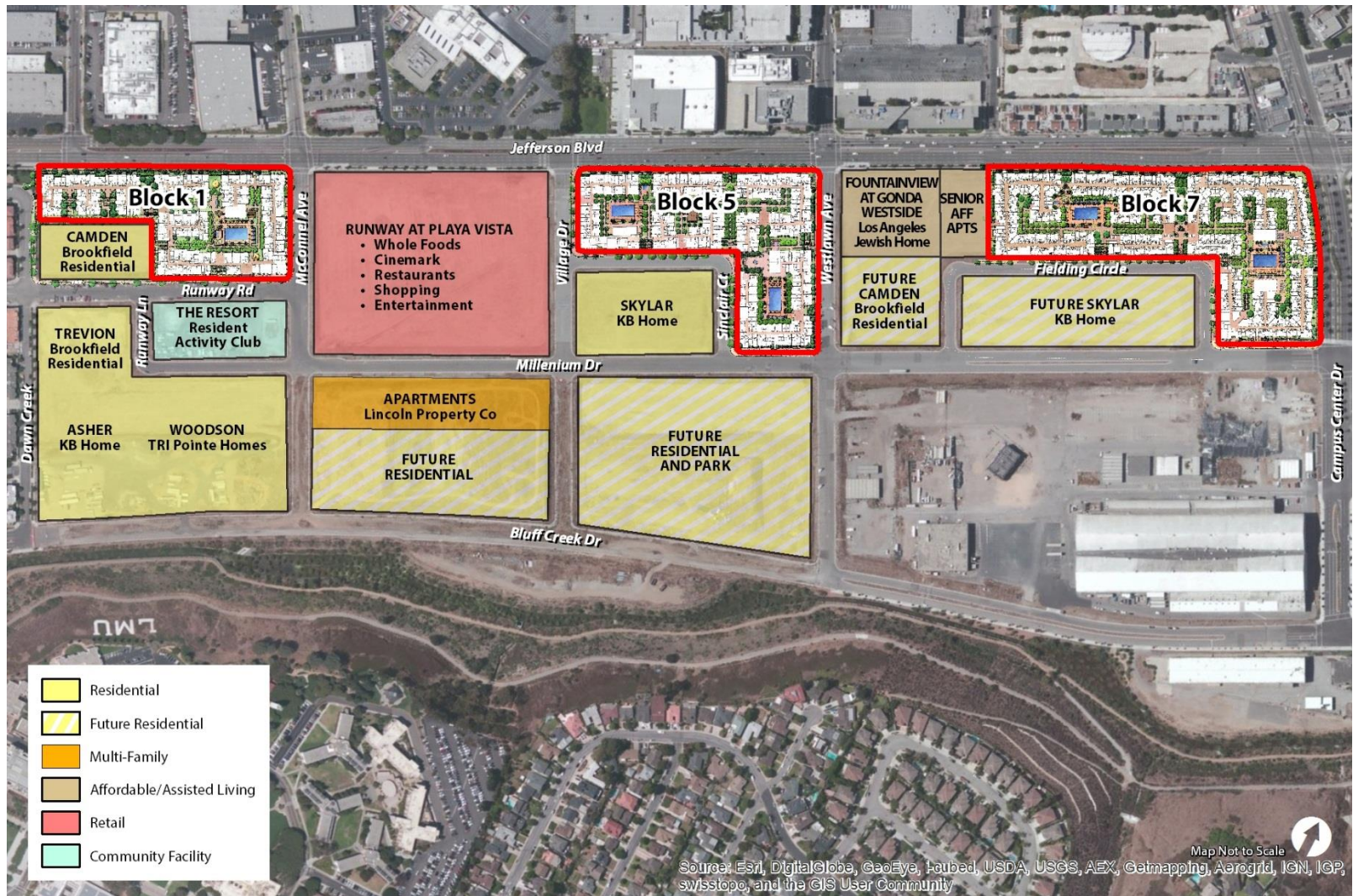


# “PHASE I” SITE CONTEXT MAP





# “PHASE II” SITE CONTEXT MAP



## BROOKFIELD RESIDENTIAL - HOUSING



Beachy Brownstone Flats  
Single-Story Attached Residences  
Approx. 1,601 – 2,192 Sq. Ft.  
3 – 4 Bedrooms  
2 – 3 ½ Baths  
2-Car Private Garage  
Starting From the Low \$900,000s



Luxury Family Homes  
2- and 3-Story Detached Residences  
Approx. 3,020 – 3,949 Sq. Ft.  
4 – 5 Bedrooms  
4 ½ – 5 ½ Baths  
2-Car Private Garage and 1 Guest Space  
Starting From the High \$1,000,000s



# “THE CAMPUS” CONTEXT MAP

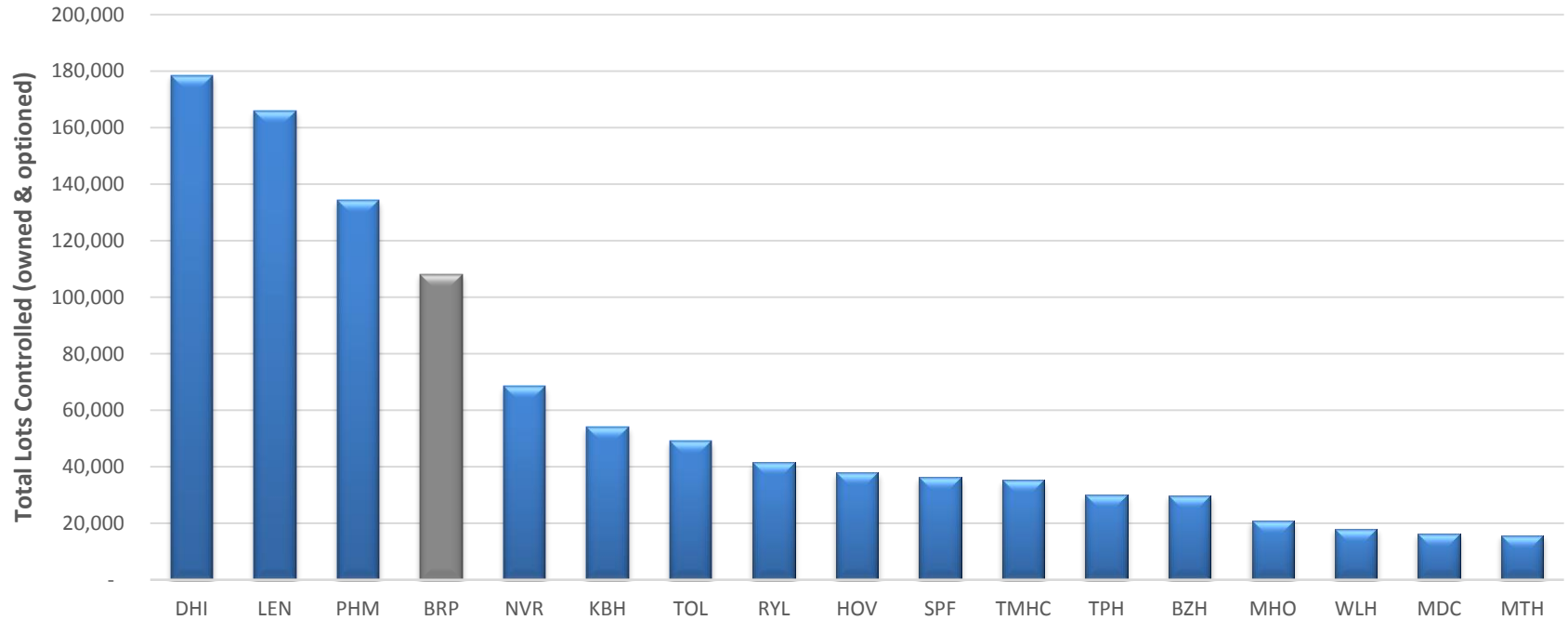


# BROOKFIELD RESIDENTIAL STRATEGY

# LAND & HOUSING INVENTORY

## Total Lots Controlled

As of the most recently ended quarter



As at September 30, 2014, BRP controlled 107,611 total lots.  
In relation to its peers, this is the 4<sup>th</sup> highest number of controlled lots.

# BROOKFIELD RESIDENTIAL STRATEGY

## STRATEGY

- Strong overall land and housing portfolio
- Continued focus on bringing lots in both Canada and U.S. through the value creation chain
  - Flexibility to bring product to market at the right time
- Opportunity to focus on pace of monetization
  - Increase our housing business in each of our markets
  - Increase our land business, strategically sell land at various stages once entitlement is achieved



*Terwillegar Towne, Edmonton AB*

## BROOKFIELD RESIDENTIAL STRATEGY - continued

### POTENTIAL

- Land developer and homebuilder in each of our markets
- Reduce land supply over the next number of years
  - Targeting an eight to ten year supply of land

### CAPITAL REINVESTMENT STRATEGY

- Cash flows from operations will be reinvested as follows:
  - Expansion of homebuilding operations
  - Advance development of existing projects
  - Refocus/reposition portion of portfolio to infill, mixed-use and brownfield developments
  - Debt service requirements and other capital initiatives



*Solterra, Lakewood CO*



## OUR VIEW GOING FORWARD

- Our outlook for the year remains positive
- Anticipate income before income taxes for 2014 will be somewhat back-end loaded
  - Project fourth quarter income before income taxes will be at levels equal to or approaching income before income taxes for the first nine months
- 2014 income before income taxes will be significantly higher than 2013



*The Preserve at Goose Creek, Ashburn, VA*



*The Orchards, Edmonton AB*

Q & A

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