Brookfield Residential Properties ULC

Q1 2025 Interim Report

First Quarter 2025 Overview and Outlook

Brookfield Residential delivered steady operational performance in the first quarter of 2025 amidst a backdrop of growing macroeconomic uncertainty. Overall, broader demand for land and housing is tempering across most markets, driven by uncertainty in the short-term economic outlook. Persistent high interest rates and uncertainty related to the scope and impact of new tariffs continue to influence buyer behavior across our markets. From a U.S. perspective, interest rate buy-downs remain an effective tool in maintaining buyer engagement, as reflected in improved year-over-year home sales in the U.S.. Our Canadian markets of Alberta and Ontario continue to experience notable differences in their activity. In Ontario, affordability concerns and oversupply is keeping demand low, while in Alberta, the market remains active, although not as robust as in 2024.

For the three months ended March 31, 2025, income before income taxes was $69 million compared to $67 million in the same period in 2024. Our results were driven primarily by the sale of an 80% interest in the land operations of five master-planned communities ("MPC recapitalization transaction") where we realized a gain of $53 million, partially offset by decreased margins for both land and housing operations.

Operating and financial highlights for the three months ended March 31, 2025 include:

Housing

- 501 home closings for the period which generated a gross margin percentage of 17%, compared to 452 home closings with a gross margin of 21% in 2024.
- 575 net new home orders contributing to the total backlog of 908 units with a value of $517 million.

Land

- 341 single family lot closings including our share of unconsolidated entities, compared to 476 lot closings in the same period in the prior year. Land gross margin percentage increased slightly to 44%, compared to a gross margin percentage of 43% in the same period in the prior year.
- We closed on the sale of an 80% interest in the land operations of five master-planned communities ("MPCs") across the U.S. for total proceeds of $638 million and recognized a gain of $53 million. Due to the nature of the transaction, the gain was recorded as a gain on disposal of net assets held for sale. Brookfield Residential has maintained a 20% ownership interest and will continue to manage these assets going forward.

Corporate

- Net debt to capitalization ratio of 43% at March 31, 2025, compared to 48% at December 31, 2024. The decrease in our net debt to capitalization ratio reflects cash of $494 million at March 31, 2025 as a result of proceeds generated from the sale of the MPC assets. Our credit facility is drawn at $313 million due to the normal seasonality of the homebuilding cycle.
- The Company declared and paid $200 million of dividends to our common shareholder, Brookfield Corporation. An interest agreement was also entered into with Brookfield Corporation. As at March 31, 2025, the Company had $400 million on deposit related to this agreement and earned $3 million of interest income during the quarter.

Based on our outlook at this point in the year, we offer the following limited guidance for 2025. For the U.S. operations, we expect to close approximately 1,455 homes and 400 lots, excluding our share of unconsolidated entities. For our Canadian markets, we expect to close approximately 1,080 homes and 440 lots. We also project a number of multi-family, commercial and industrial parcel sales in both countries. We continue to monitor market volatility and the impact to our business and as a result, expect housing margins to be compressed relative to 2024 results. While we expect tariffs and political uncertainty to continue to present challenges across Canada and the U.S. in the near to mid-term, long-term housing demand remains stable and Brookfield Residential is well-positioned to navigate economic shifts.

BROOKFIELD RESIDENTIAL PROPERTIES ULC

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This interim report, incorporated herein by reference, contains “forward-looking statements” within the meaning of applicable Canadian securities laws and United States ("U.S.") federal securities laws. Forward-looking statements can be identified by the words “may,” “believe,” “will,” “anticipate,” “expect,” “plan,” “intend,” “estimate,” “project,” “future,” and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters. Such statements are neither historical facts nor assurances of future performance. Instead, they reflect management’s current beliefs and are based on information currently available to management as of the date on which they are made. The forward-looking statements in this annual report may include, among others, statements with respect to:

- the current business environment and outlook; economic and market conditions in the U.S. and Canadian housing markets and our ability to respond to such conditions; the impact of actual or potential interest rate changes in the U.S. and Canada and the resulting impact on consumer confidence and the housing market; the effect of inflation; changes in consumer behavior and preferences; current trends in home prices in our various markets and affordability levels generally; the impact of mortgage and financing rules on borrowers; the effect of seasonality on the homebuilding business; the impact and actions of the current U.S. administration; home prices and affordability in our communities, home closings resulting therefrom, and the timing thereof; international trade factors, including changes in trade policy, such as trade sanctions and increased tariffs; volatility in the global price of commodities, including the price of oil and lumber; unexpected cost increases that could impact our margins; disruptions in the global supply chain adversely impacting product availability and causing delays; the economic and regulatory uncertainty surrounding the energy industry and the impact thereof on demand in our markets including future investment, particularly in Alberta; our relationship with operational jurisdictions and key stakeholders; our costs to complete related to our letters of credit and performance bonds; expected project completion times; our ability to realize our deferred tax assets; recovery in the housing market and the pace thereof; reduction in our debt levels and the timing thereof; our expected unit and lot sales and the timing thereof; expectations for 2025 and beyond;
- possible or assumed future results, including our outlook and any updates thereto, how we intend to use and the availability of additional cash flow, the operative cycle of our business and expected timing of income and expected performance and features of our projects, the continued strategic expansion of our business operations, our assumptions regarding normalized sales, our projections regarding revenue and housing inventory, the impact of acquisitions on our operations in certain markets;
- factors affecting our competitive position within the homebuilding industry;
- the ability to create value in our land development business and meet our development plans;
- expected inventory backlog and closings and the timing thereof;
- the expected closing of transactions generally;
- the expected exercise of options contracts and lease options;
- the effect on our business of business acquisitions;
- business goals, strategy and growth plans;
- the effect of challenging conditions on us;
- the ability to generate sufficient cash flow from our assets to repay maturing bank indebtedness, obligations under our bond indentures, project specific financings and to otherwise take advantage of new opportunities;
- the ability to meet our covenants and re-pay interest payments on our unsecured senior notes and the requirement to make payments under our construction guarantees;
- the sufficiency of our access to and the sources of our capital resources;
- the impact of foreign exchange rates on our financial performance and market opportunities;
- the impact of credit rating agencies' rating on our business;
- the timing of the effect of interest rate changes on our cash flows;
- the effect of debt and leverage on our business and financial condition;
- the visibility of our future cash flow;
- social and environmental conditions, policies and risks;
- governmental policies and risks;
- cyber-security and privacy related risks;
- health and safety risks;
- the effect on our business of existing lawsuits; and
- damage to our reputation from negative publicity.

Although management of Brookfield Residential believes that the anticipated future results, performance or achievements expressed or implied by the forward-looking statements and information in this interim report are based upon reasonable assumptions and expectations, readers of this interim report should not place undue reliance on such forward-looking statements and information because they involve assumptions, known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of Brookfield Residential to differ materially from anticipated future results, performance, or achievements expressed or implied by such forward-looking statements and information.

Various factors, in addition to those discussed elsewhere in this interim report, that could affect the future results of Brookfield Residential and could cause actual results, performance, or achievements to differ materially from those expressed in the forward-looking statements and information include, but are not limited to, those factors included under the sections entitled “Cautionary Statements Regarding Forward-Looking Statements” and “Business Environment and Risks” of the Annual Report for the fiscal year ended December 31, 2024.

The forward-looking statements and information contained in this interim report are expressly qualified by this cautionary statement. Brookfield Residential undertakes no obligation to publicly update or revise any forward-looking statements, whether written or oral, or information contained in this interim report, whether as a result of new information, future events or otherwise, except as required by law. However, any further disclosures made on related subjects in subsequent public disclosure should be consulted.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

ABOUT THIS MANAGEMENT’S DISCUSSION AND ANALYSIS

This management’s discussion and analysis ("MD&A") relates to the period ended March 31, 2025 and has been prepared with an effective date of April 30, 2025. It should be read in conjunction with the consolidated financial statements and the related notes thereto included elsewhere in this interim report. All dollar amounts discussed herein are in U.S. dollars, unless otherwise stated. Amounts in Canadian dollars are identified as “C$.” The consolidated financial statements referenced herein have been prepared in accordance with generally accepted accounting principles in the United States of America (“U.S. GAAP”).

This MD&A includes references to gross margin percentage which is not specified, defined, or determined under U.S. GAAP and is therefore considered a non-GAAP financial measure. This non-GAAP financial measure is unlikely to be comparable to similar financial measures presented by other issuers. For a full description of this non-GAAP financial measure, please refer to “Non-GAAP Financial Measures" in this MD&A.

OVERVIEW

Brookfield Residential Properties ULC (unless the context requires otherwise, references in this interim report to “we,” “our,” “us,” the “Company” and “Brookfield Residential” refer to Brookfield Residential Properties ULC and the subsidiaries through which it conducts all of its homebuilding and land development operations) is a wholly-owned subsidiary of Brookfield Corporation and has been in operation for over 60 years. We are the flagship North American residential property company of Brookfield Corporation, (NYSE:BN; TSX:BN), a global alternative asset manager.

Brookfield Residential is a leading North American homebuilder and land developer with operations in Canada and the United States. We entitle and develop land to create MPCs to create shared value for our stakeholders through a balanced mix of revenue-generating consumer and commercial deliverables. We build and sell lots to third-party builders, conduct our own homebuilding operations and, in select developments, establish commercial areas. We also participate in select strategic real estate opportunities, including infill projects, mixed-use developments, infrastructure projects and joint ventures.

Our disciplined land entitlement process, synergistic operations and capital flexibility allow us to pursue land investment, traditional homebuilding and mixed-use development in typically supply-constrained markets where we have strategically invested. Canada, Pacific U.S. and Central and Eastern U.S. are the three operating segments related to our land and housing operations that we focus on. Our Canadian operations are primarily in Calgary, Edmonton and Greater Toronto Area. Our Pacific U.S. operations include Arizona, Greater Los Angeles Area, Portland, Sacramento, San Diego, San Francisco Bay-Area, Seattle-Tacoma and Hawaii (Honolulu Mixed-Use). Our Central and Eastern U.S. operations include Atlanta, Austin, Charleston, Columbus, Dallas, Denver, Houston, Lakeland, Raleigh-Durham, Wilmington, Tampa and Washington D.C. Area.

By targeting these markets that have strong underlying economic fundamentals we believe that over the longer term they offer robust, diversified housing demand, barriers to entry for competitors and close proximity to areas where employment growth is expected.

Brookfield Residential invests in markets for the long term, building new communities and homes where people want to live today and in the future. Our developments are places of character and value. We create a plan for each development - a blueprint that guides the land development process from start to finish. This tailored approach results in a community with attributes that make it unique - attributes that make our communities the best places to call home. It is what drives us to commit the resources needed to make a positive, lasting social impact in all of the communities in which we build.

Principal Business Activities

Through the activities of our owned operating subsidiaries and managed assets, we develop land for our own communities and sell lots to other homebuilders and third parties and design, construct and market single family and multi-family homes in our own and others’ communities. We operate through local business units which are involved in all phases of the planning and building of our MPCs, infill projects and mixed-use developments in each of our markets. These operations include sourcing and evaluating land acquisitions, site planning, obtaining entitlements, developing the land, product design, constructing, marketing and selling homes and providing homebuyers with customer service. We also develop or sell land for the construction of commercial shopping centers in our communities. By offering this flexible, integrated operating model, we maintain balanced and diversified operations providing value at the various stages of the land development process while also being responsive to the economic conditions within each market where we do business.

As a result, Brookfield Residential has developed a reputation for delivering innovative, award-winning MPCs and residential products. Our reputation stems from our passion to create “The Best Places to Call Home.” This goes beyond the physical structures we build. To us, it's also about creating sustainable communities that offer a high quality of life and truly make a difference in people's lives. That's why our business is more than a traditional housing operation. The MPCs we develop typically also feature community centres, parks, recreational areas, schools, commercial areas and other amenities. As we grow our mixed-use platform, we are uniquely positioned to apply our distinct expertise to urban redevelopment projects that are residentially anchored.

Land Acquisition

Our traditional land development and homebuilding operations involves developing land into residential housing built by us and/or like-minded building partners, as well as commercial areas to add to the community placemaking strategy and provide added value creation. This process begins with the purchase or control of either raw unentitled land, or entitled land, and is followed by development of finished lots, and the marketing and sale of homes constructed on the land.

As a land developer, we target the acquisition of raw land during the low point of the economic cycle. Due to our local presence and collective capital strength, we are uniquely positioned to acquire underutilized land or brownfield development opportunities as they arise. We make diligent investments in supply-constrained markets with strong underlying economic fundamentals informed by strategic land studies to review growth patterns.

Entitlement Process & Land Development

Our unique approach to land development begins with our disciplined approach to acquiring land in the path of growth in dynamic and resilient markets in North America that have barriers to entry caused by infrastructure or entitlement processes. We create value through the planning and entitlement process, developing and marketing residential lots and commercial sites and working with industry partners who share the same vision and values. We plan to continue to grow this business over time by selectively acquiring land that either enhances our existing inventory or provides attractive projects that are consistent with our overall strategy and management expertise.

These larger tracts held for development afford us a true "master-planned" development opportunity that, following entitlement and assuming market conditions allow, creates a multi-year stream of cash flow. Creating this type of community requires a long-term view of how each piece of land should be developed with a vision of how our customers live in each of our communities. Through strong relationships with key stakeholders in the jurisdictions where we operate, we create shared value and infrastructure that supports great places.

We may also purchase smaller infill or re-use parcels, or in some cases finished lots for housing. As a city grows and intensifies, so do its development opportunities. Inner city revitalization opportunities contribute to the strategic expansion of our business. We develop and construct homes in previously urbanized areas on underutilized land. Urban developments provide quick turnarounds from acquisition to completion, create new revenue streams, and infuse new ideas and energy into the Company.

We also consider the opportunity for mixed-use and commercial space within the community to cultivate the live, work and play experience that many customers desire today, in addition to building homes and community amenities, as part of the planning process.

Mixed-use development is a continuous focus of the Company. We have been developing commercial properties within our MPCs for decades. Seton, in Calgary, Alberta, is a prime example of adding value to a master plan through appropriate mixed-use planning and building on our own land. A shift in consumer behavior has resulted in further demand for infill/brownfield locations such as Lilia, our premier mixed-use project in Hawaii (Honolulu). With many municipalities also focused on urban intensification, we believe these trends will create a significant pipeline of redevelopment opportunities.

Our core land and homebuilding operations remain our focus and priority; however, we see our position in mixed-use development as a significant opportunity and reflects some potential shifts in our residential portfolio to continue to meet customer needs and lifestyle preferences. We believe Brookfield Residential has the necessary entitlement and re-entitlement expertise to implement this strategic focus, including the determination of appropriate future uses for a site, including retail, office, hospitality, for sale residential, and for rent residential.

Home Construction and Consumer Deliverables

Having a homebuilding operation allows us the opportunity to monetize our land and provides us with market knowledge through our direct contact with the homebuyers to understand customer preferences and product choices, we construct homes on lots that have been developed by us or that we purchase from others. In markets where the Company has significant land holdings, homebuilding is carried out on a portion of the land in specific market segments and the balance of lots are sold to and built on by third-party builders. Certain MPCs will also include the development of mixed-use space, consisting of retail or commercial assets, which we will build and add value through leasing, before selling to a third-party operator.

Brookfield Residential Properties Portfolio

Our assets consist primarily of land and housing inventory and investments in unconsolidated entities that invest in land development and home construction activities. Our total assets as at March 31, 2025 were $5.0 billion.

As of March 31, 2025, Brookfield Residential's managed lot position was over 140,000 lots, with 62,705 controlled single family lots (serviced lots and future lot equivalents) and 201 multi-family, industrial and commercial serviced parcel acres. Total lots owned and controlled includes those we directly own, our share of those owned through our investment in 40 unconsolidated entities as well as inventory not owned. Our managed lots and acres provide a strong foundation for our future lot and acre sales and homebuilding business, as well as visibility on our future cash flow. The number of building lots and acre parcels in each of our primary markets as of March 31, 2025 is as follows:

	Single Family Housing & Land Under and Held for Development[1]						Multi-Family, Industrial & Commercial Parcels Under Development	
	Housing & Land[2]	Unconsol Entities	Inventory Not Owned[3]	Total Lots Owned & Controlled	Status of Lots		Total Acres[2]	Total Land and Housing Inventory Under Management[4]
	Owned	Owned			Entitled	Unentitled		
Calgary	8,738	2,330	—	11,068	7,721	3,347	55	14,539
Edmonton	7,778	518	—	8,296	2,984	5,312	6	9,399
Ontario	9,642	1,799	—	11,441	4,894	6,547	2	9,684
Canada	26,158	4,647	—	30,805	15,599	15,206	63	33,622
Northern California	1,414	509	11,042	12,965	875	12,090	—	13,809
Southern California	1,448	438	281	2,167	892	1,275	138	3,578
Arizona	107	738	—	845	845	—	—	3,797
Other	—	932	—	932	932	—	—	8,773
Pacific U.S.	2,969	2,617	11,323	16,909	3,544	13,365	138	29,957
Denver	4,674	325	—	4,999	4,827	172	—	6,368
Texas	2,025	2,066	668	4,759	4,266	493	—	18,008
Washington DC	2,032	528	24	2,584	2,547	37	—	3,484
Carolinas	69	447	—	516	516	—	—	69
Florida	—	707	—	707	707	—	—	36,482
Other	—	1,426	—	1,426	7	1,419	—	12,334
Central and Eastern U.S.	8,800	5,499	692	14,991	12,870	2,121	—	76,745
Total March 31, 2025	37,927	12,763	12,015	62,705	32,013	30,692	201	140,324
Total December 31, 2024	50,502	10,176	12,659	73,337	42,743	30,594	220	104,405

(1) *Land held for development will include some multi-family, industrial and commercial parcels once entitled.*

(2) *Includes land units and acres that are presented as held for sale as at March 31, 2025.*

(3) *Inventory not owned includes consolidated land inventory relating to financing arrangements.*

(4) *Managed lots refer to 100% of assets under management by Brookfield Residential, including both wholly-owned and joint venture assets, irrespective of Brookfield Residential ownership interests.*

RESULTS OF OPERATIONS

Key financial results and operating data for the three months ended March 31, 2025 compared to the three months ended March 31, 2024 was as follows:

(US$ millions, except percentages, unit activity, average selling price, and per share amounts)	Three Months Ended March 31	
	2025	2024
Key Financial Results		
Housing revenue	$ 270	$ 287
Land revenue	36	87
Total revenue	306	375
Housing gross margin ($)	47	59
Housing gross margin (%)	17%	21%
Land gross margin ($)	16	37
Land gross margin (%)	44%	43%
Total gross margin ($)	63	96
Total gross margin (%)	21%	26%
Earnings from unconsolidated entities	19	9
Gain on disposal of net assets held for sale	53	—
Selling, general and administrative expense	(67)	(60)
Income before income taxes	69	67
Income tax expense	(16)	(6)
Consolidated net income	53	61
Net income attributable to Brookfield Residential	52	41
Earnings per share	$ 0.25	$ 0.20
Key Operating Data		
Home closings for Brookfield Residential (units)	501	452
Average home selling price for Brookfield Residential (per unit)	$ 538,000	$ 636,000
Net new home orders for Brookfield Residential (units)	575	629
Backlog for Brookfield Residential (units)	908	1,218
Backlog value for Brookfield Residential	$ 517	$ 741
Active housing communities for Brookfield Residential	85	79
Lot closings for Brookfield Residential (single family units)	189	353
Lot closings for unconsolidated entities (single family units)	152	123
Acre closings for Brookfield Residential (multi-family, industrial and commercial)	5	37
Acre closings for unconsolidated entities (multi-family, industrial and commercial)	23	1
Acre closings for Brookfield Residential (raw and partially finished)	1	—
Acre closings for unconsolidated entities (raw and partially finished)	—	1
Average lot selling price for Brookfield Residential (single family units)	$ 139,000	$ 137,000
Average lot selling price for unconsolidated entities (single family units)	$ 216,000	$ 202,000
Average per acre selling price for Brookfield Residential (multi-family, industrial and commercial)	$ 1,488,000	$ 1,054,000
Average per acre selling price for unconsolidated entities (multi-family, industrial and commercial)	$ 359,000	$ 582,000
Average per acre selling price for Brookfield Residential (raw and partially finished)	$ 2,858,000	$ —
Average per acre selling price for unconsolidated entities (raw and partially finished)	$ —	$ 273,000
Active land communities for Brookfield Residential	12	19
Active land communities for unconsolidated entities	33	20

Segmented Information

We operate in three operating segments within North America related to our land and housing operations: Canada, Pacific U.S., and Central and Eastern U.S. Each of the Company's segments specializes in land entitlement and development and the construction of single family and multi-family homes. The Company evaluates performance and allocates capital based primarily on return on assets together with a number of risk factors. The following table summarizes information relating to revenues, gross margin and assets by operating segment for the three months ended March 31, 2025 and 2024.

	Three Months Ended March 31	
(US$ millions, except unit activity and average selling price)	**2025**	**2024**
Housing revenue		
Canada	$ 120	$ 77
Pacific U.S.	68	123
Central and Eastern U.S.	82	87
Total	$ 270	$ 287
Housing gross margin		
Canada	$ 20	$ 12
Pacific U.S.	17	33
Central and Eastern U.S.	10	14
Total	$ 47	$ 59
Home closings (units)		
Canada	256	173
Pacific U.S.	78	119
Central and Eastern U.S.	167	160
Total	501	452
Average home selling price		
Canada	$ 468,000	$ 448,000
Pacific U.S.	866,000	1,034,000
Central and Eastern U.S.	493,000	543,000
Average	$ 538,000	$ 636,000

	As at March 31	
	2025	**2024**
Active housing communities		
Canada	42	38
Pacific U.S.	14	10
Central and Eastern U.S.	29	31
Total	85	79

(US$ millions, except unit activity and average selling price)	Three Months Ended March 31	
	2025	2024
Land revenue		
Canada	$ 35	$ 28
Pacific U.S.	—	56
Central and Eastern U.S.	1	3
	36	87
Unconsolidated entities	41	25
Total	$ 77	$ 112
Land gross margin		
Canada	$ 16	$ 14
Pacific U.S.	—	21
Central and Eastern U.S.	—	2
	16	37
Unconsolidated entities	18	10
Total	$ 34	$ 47
Lot closings (single family units)		
Canada	180	104
Pacific U.S.	—	231
Central and Eastern U.S.	9	18
	189	353
Unconsolidated entities	152	123
Total	341	476
Acre closings (multi-family, industrial and commercial)		
Canada	5	13
Pacific U.S.	—	24
Central and Eastern U.S.	—	—
	5	37
Unconsolidated entities	23	1
Total	28	38
Acre closings (raw and partially finished)		
Canada	1	—
Pacific U.S.	—	—
Central and Eastern U.S.	—	—
	1	—
Unconsolidated entities	—	1
Total	1	1
Average lot selling price (single family units)		
Canada	$ 140,000	$ 122,000
Pacific U.S.	—	142,000
Central and Eastern U.S.	115,000	164,000
	139,000	137,000
Unconsolidated entities	216,000	202,000
Average	$ 174,000	$ 154,000
Average per acre selling price (multi-family, industrial and commercial)		
Canada	$ 1,488,000	$ 1,198,000
Pacific U.S.	—	976,000
Central and Eastern U.S.	—	—
	1,488,000	1,054,000
Unconsolidated entities	359,000	582,000
Average	$ 553,000	$ 1,047,000

(US$ millions, except unit activity and average selling price)	Three Months Ended March 31 2025	2024
Average per acre selling price (raw and partially finished)		
Canada	$ 2,858,000	$ —
Pacific U.S.	—	—
Central and Eastern U.S.	—	—
	2,858,000	—
Unconsolidated entities	—	273,000
Average	$ 2,858,000	$ 273,000

	As at March 31 2025	2024
Active land communities		
Canada	6	6
Pacific U.S.	2	7
Central and Eastern U.S.	4	6
	12	19
Unconsolidated entities	33	20
Total	45	39

(US$ millions)	As at March 31 2025	December 31 2024
Total assets		
Canada	$ 1,133	$ 1,146
Pacific U.S.	1,089	1,440
Central and Eastern U.S.	1,089	1,366
Corporate and other	1,681	1,331
Total	$ 4,992	$ 5,283

For additional financial information with respect to our revenues, earnings and assets, please refer to the accompanying condensed consolidated financial statements and related notes included elsewhere in this interim report.

Three Months Ended March 31, 2025 Compared with Three Months Ended March 31, 2024

Net Income

Consolidated net income for the three months ended March 31, 2025 and 2024 is as follows:

(US$ millions, except per share amounts)	Three Months Ended March 31 2025	2024
Consolidated net income	$ 53	$ 61
Net income attributable to Brookfield Residential	$ 52	$ 41
Earnings per share	$ 0.25	$ 0.20

The decrease of $8 million in consolidated net income for the three months ended March 31, 2025 when compared to the same period in 2024, was primarily the result of an decrease in land gross margin of $21 million and a decrease in housing gross margin of $12 million, a decrease in other income of $13 million, an increase in current and deferred income taxes of $10 million, an increase in selling, general and administrative expense of $7 million and an increase in interest expense of $6 million. This was partially offset by a increase in earnings from unconsolidated entities of $10 million and a $53 million gain on disposal of net assets held for sale of an 80% interest in five MPCs.

Results of Operations – Housing

A breakdown of our results from housing operations for the three months ended March 31, 2025 and 2024 is as follows:

Consolidated

(US$ millions, except unit activity, percentages and average selling price)	**Three Months Ended March 31** **2025**	**2024**
Home closings	501	452
Revenue	$ 270	$ 287
Gross margin	$ 47	$ 59
Gross margin (%)	17%	21%
Average home selling price	$ 538,000	$ 636,000

Housing revenue and gross margin were $270 million and $47 million, respectively, for the three months ended March 31, 2025, compared to $287 million and $59 million, respectively, for the same period in 2024. The decrease in revenue when compared to the prior year was primarily the result of a decline in average home selling prices driven by a change in geographic and product mix from the prior year. The decrease in gross margin was primarily due to decreased gross margin percentage as a result of a geographic mix, where we had fewer closings from our Pacific U.S operating segment, as well as increased incentive usage.

A breakdown of our results from housing operations by our land and housing operating segments is as follows:

Canada

(US$ millions, except unit activity, percentages and average selling price)	**Three Months Ended March 31** **2025**	**2024**
Home closings	256	173
Revenue	$ 120	$ 77
Gross margin	$ 20	$ 12
Gross margin (%)	17%	16%
Average home selling price	$ 468,000	$ 448,000
Average home selling price (C$)	$ 671,000	$ 604,000

Housing revenue for the three months ended March 31, 2025 increased by $43 million when compared to the same period in 2024, primarily due to 83 additional home closings and an increase in average selling prices. Gross margin increased $8 million when compared to the same period in 2024 due to the increase of home closings. Gross margin percentage increased 1% primarily as a result of the product mix of homes closed particularly in our Edmonton market.

Pacific U.S.

(US$ millions, except unit activity, percentages and average selling price)	**Three Months Ended March 31** **2025**	**2024**
Home closings	78	119
Revenue	$ 68	$ 123
Gross margin	$ 17	$ 33
Gross margin (%)	25%	27%
Average home selling price	$ 866,000	$ 1,034,000

Housing revenue for the three months ended March 31, 2025 decreased by $55 million when compared to the same period in 2024, primarily due to lower average selling prices related to geographic mix of homes closed and 41 fewer home closings mostly related to timing of community sell-outs and openings in our Southern California market, partially offset by increased closings in our Arizona and Northern California markets. Gross margin and gross margin percentage decreased primarily due to lower home closing and increased usage of incentives in the current period combined with the product mix of homes closed where prior year had higher average sales price and higher margin communities in Southern California.

Central and Eastern U.S.

(US$ millions, except unit activity, percentages and average selling price)	Three Months Ended March 31 2025	2024
Home closings	167	160
Revenue	$ 82	$ 87
Gross margin	$ 10	$ 14
Gross margin (%)	12%	16%
Average home selling price	$ 493,000	$ 543,000

Housing revenue for the three months ended March 31, 2025 decreased by $5 million when compared to the same period in 2024, due to a 9% decrease in average selling prices partially offset by 7 additional home closings. The decrease in average home selling prices is primarily the result of the product mix of homes closed within the operating segment. Gross margin decreased by $4 million primarily as a result of decreased average home selling prices.

Home Sales – Incentives

We grant our homebuyers sales incentives from time-to-time in order to promote sales of our homes. The type and amount of incentives will vary on a community-by-community and home-by-home basis. Incentives are recognized as a reduction to sales revenue at the time title passes to the homebuyer and the sale is recognized. For the three months ended March 31, 2025, total incentives recognized as a percentage of gross revenues increased by 1% when compared to the same period in 2024.

Our incentives on homes closed by operating segment for the three months ended March 31, 2025 and 2024 were as follows:

	Three Months Ended March 31			
	2025		2024	
(US$ millions, except percentages)	Incentives Recognized	% of Gross Revenues	Incentives Recognized	% of Gross Revenues
Canada	$ 3	2%	$ 2	3%
Pacific U.S.	4	5%	3	2%
Central and Eastern U.S.	5	5%	4	5%
	$ 11	4%	$ 9	3%

Home Sales – Net New Home Orders

Net new home orders for any period represent the aggregate of all homes ordered by customers, net of cancellations. Net new home orders for the three months ended March 31, 2025 totaled 575 units, a decrease of 54 units or 9% when compared to 2024. Average monthly sales per community by reportable segment for the three months ended March 31, 2025 were: Canada – 1 units (2024 – 3 units); Pacific U.S. – 4 units (2024 – 3 units); Central and Eastern U.S. – 3 units (2024 – 3 units). We were selling from 85 active housing communities at March 31, 2025 compared to 79 communities at March 31, 2024.

The net new home orders for the three months ended March 31, 2025 and 2024 by our operating segments were as follows:

(Units)	Three Months Ended March 31 2025	2024
Canada	183	288
Pacific U.S.	173	93
Central and Eastern U.S.	219	248
Total	575	629

Home Sales – Cancellations

The overall cancellation rate for the three months ended March 31, 2025 was 6%, compared to 4% during 2024. The cancellation rates for the three months ended March 31, 2025 and 2024 for our operating segments were as follows:

	Three Months Ended March 31			
	2025		2024	
(Units, except percentages)	**Units**	**% of Gross Home Orders**	**Units**	**% of Gross Home Orders**
Canada	9	5%	5	2%
Pacific U.S.	8	4%	6	6%
Central and Eastern U.S.	20	8%	15	6%
	37	6%	26	4%

Home Sales – Backlog

Our backlog, which represents the number of new homes under sales contracts, as at March 31, 2025 and 2024 by operating segment, was as follows:

	As at March 31			
	2025		2024	
(US$ millions, except unit activity)	**Units**	**Value**	**Units**	**Value**
Canada	478	$ 237	781	$ 401
Pacific U.S.	165	129	152	178
Central and Eastern U.S.	265	151	285	162
Total	908	$ 517	1,218	$ 741

We expect substantially all of our backlog to close in 2025 and 2026, subject to future cancellations. The units in backlog as at March 31, 2025 decreased by 310 units when compared to March 31, 2024. Total backlog value decreased by $224 million when compared to the same period in 2024 mainly due to decreased home sales in the current year, primarily in our Canadian operating segment which saw notably fewer sales in Ontario which tends to have higher average selling prices. The decrease was also due to the product mix of closings in our Pacific U.S. segment which drove a decrease in average selling prices when compared to the same period in the prior year.

Results of Operations – Land

A breakdown of our results from land operations for the three months ended March 31, 2025 and 2024 is as follows:

Consolidated

	Three Months Ended March 31	
(US$ millions, except unit activity, percentages and average selling price)	**2025**	**2024**
Lot closings (single family units)	189	353
Acre closings (multi-family, industrial and commercial)	5	37
Acre closings (raw and partially finished)	1	—
Revenue	$ 36	$ 87
Gross margin	$ 16	$ 37
Gross margin (%)	44%	43%
Average lot selling price (single family units)	$ 139,000	$ 137,000
Average per acre selling price (multi-family, industrial and commercial)	$ 1,488,000	$ 1,054,000
Average per acre selling price (raw and partially finished)	$ 2,858,000	$ —

Land revenue totaled $36 million and land gross margin totaled $16 million for the three months ended March 31, 2025, compared to $87 million and $37 million, respectively, for the same period in 2024. The decrease in revenue and gross margin when compared to the prior year is primarily attributable to a bulk lot sale within our Pacific U.S. operating segment in Q1 2024 with no comparable sale in the current year. The five active land projects that were part of the MPC recapitalization transaction were recorded as a gain on disposal of net assets held for sale.

A breakdown of our results from land operations for our operating segments is as follows:

Canada

	Three Months Ended March 31	
(US$ millions, except unit activity, percentages and average selling price)	**2025**	**2024**
Lot closings (single family units)	180	104
Acre closings (multi-family, industrial and commercial)	5	13
Acre closings (raw and partially finished)	1	—
Revenue	$ 35	$ 28
Gross margin	$ 16	$ 14
Gross margin (%)	46%	50%
Average lot selling price (single family units)	$ 140,000	$ 122,000
Average lot selling price (C$) (single family units)	$ 202,000	$ 164,000
Average per acre selling price (multi-family, industrial and commercial)	$ 1,488,000	$ 1,198,000
Average per acre selling price (C$) (multi-family, industrial and commercial)	$ 2,135,000	$ 1,615,000
Average per acre selling price (raw and partially finished)	$ 2,858,000	$ —
Average per acre selling price (C$) (raw and partially finished)	$ 4,100,000	$ —

Land revenue for the three months ended March 31, 2025 was $35 million, an increase of $7 million when compared to the same period in 2024. The increase was primarily due to 76 additional single family lot closings and a 15% increase in average lot selling prices, partially offset by a decrease in multi-family, industrial and commercial acre closings. Gross margin percentage decreased 4% when compared to the same period during 2024 primarily as a result of multi-family, industrial and commercial acre sales within our Calgary market producing lower margins than comparable sales in the prior year.

Pacific U.S.

(US$ millions, except unit activity, percentages and average selling price)	Three Months Ended March 31 2025	2024
Lot closings (single family units)	—	231
Acre closings (multi-family, industrial and commercial)	—	24
Revenue	$ —	$ 56
Gross margin	$ —	$ 21
Gross margin (%)	—%	38%
Average lot selling price (single family units)	$ —	$ 142,000
Average per acre selling price (multi-family, industrial and commercial)	$ —	$ 976,000

There was no land revenue and gross margin for the three months ended March 31, 2025, primarily due to the timing of lot closings, as well as three active land projects within this operating segment were part of the MPC recapitalization transaction recorded as a gain on disposal of net assets held for sale. In the period period, there was a bulk lot sale of 231 single family units in our Arizona market.

Central and Eastern U.S.

(US$ millions, except unit activity, percentages and average selling price)	Three Months Ended March 31 2025	2024
Lot closings (single family units)	9	18
Revenue	$ 1	$ 3
Gross margin	$ —	$ 2
Gross margin (%)	—%	67%
Average lot selling price (single family units)	$ 115,000	$ 164,000

Land revenue for the three months ended March 31, 2025 was $1 million, a decrease of $2 million when compared to the same period in 2024. The decrease in land revenue and gross margin was primarily due to a 9 fewer single family lot closings as well as a decrease in average selling prices. During the period, two active land projects within the operating segment were part of the MPC recapitalization transaction that was recorded as a gain on net assets held for sale.

Earnings from Unconsolidated Entities

Earnings from unconsolidated entities for the three months ended March 31, 2025 totaled $19 million, compared to $9 million in 2024.

A summary of Brookfield Residential’s share of the land operations from unconsolidated entities is as follows:

(US$ millions, except unit activity, percentages and average selling price)	Three Months Ended March 31 2025	2024
Lot closings (single family units)	152	123
Acre closings (multi-family, industrial and commercial)	23	1
Acre closings (raw and partially finished)	—	1
Revenue	$ 41	$ 25
Gross margin	$ 18	$ 10
Gross margin (%)	44%	40%
Average lot selling price (single family units)	$ 216,000	$ 202,000
Average per acre selling price (multi-family, industrial and commercial)	$ 359,000	$ 582,000
Average per acre selling price (raw and partially finished)	$ —	$ 273,000

Brookfield Residential's share of land revenue within unconsolidated entities increased by $16 million and gross margin by $8 million for the three months ended March 31, 2025 when compared to 2024. The increase in Brookfield's share of land revenue and gross margin was primarily due to 29 additional single family lot closings as well as 22 additional multi-family, industrial and commercial acre closings compared to the prior period.

Selling, General and Administrative Expense

The components of selling, general and administrative expense for the three months ended March 31, 2025 and 2024 are summarized as follows:

	Three Months Ended March 31	
(US$ millions)	2025	2024
General and administrative expense	$ 48	$ 41
Sales and marketing expense	$ 19	$ 19
	$ 67	$ 60

General and administrative expense increased by $7 million for the three months ended March 31, 2025 primarily due to the change in operating structure where effective January 1, 2025, the previous Management Services & Development agreement between Brookfield Properties Development ("BPD") and Brookfield Residential was terminated and compensation of employees working on Brookfield Residential are now included in the general and administrative expense. Sales and marketing expense remained consistent with the prior year.

Gain on Disposal of Net Assets Held for Sale

On January 8, 2025, the Company completed the sale of an 80% interest in five subsidiaries which hold the net assets of five MPCs. The sale generated cash proceeds of $638 million and a realized gain of $53 million was recognized.

Other Income

The components of other income for the three months ended March 31, 2025 and 2024 are summarized as follows:

	Three Months Ended March 31	
(US$ millions)	2025	2024
Development management fee income	(11)	(2)
Investment income	$ (10)	$ (5)
Preferred share dividend income	(6)	(6)
Income from commercial properties	(5)	(5)
Other	3	(2)
Loss / (Income) from investment company assets	2	(19)
	$ (27)	$ (39)

For the three months ended March 31, 2025, other income decreased by $12 million when compared to the same period in 2024. The decrease is primarily attributable to a $2 million loss being recognized on our Brookfield Single Family Rental investment ("BSFR") where $19 million of income was recognized in the same period in the prior year. This was partially offset by an additional $8 million of development management fee revenue, whereby development management agreements that were previously held with BPD have been assigned to Brookfield Residential as of January 1, 2025, as well as $3 million of higher interest income due to higher cash on hand.

Income Tax Expense / (Recovery)

Income tax expense for the three months ended March 31, 2025 was $16 million, an increase of $10 million when compared to the same period in 2024. The components of current and deferred income tax expense are summarized as follows:

	Three Months Ended March 31	
(US$ millions)	2025	2024
Current income tax expense	7	—
Deferred income tax expense	9	6
	$ 16	$ 6

For the three months ended March 31, 2025, current income tax expense increased $7 million when compared to the same period in 2024. The increase is primarily due to $7 million of current income tax expense relating to corporate alternative minimum tax (“CAMT”) in our U.S. operations as calculated pursuant to the Inflation Reduction Act. To the extent a corporation is subject to the CAMT in a prior taxable year, such corporation may apply prior amounts paid under the CAMT against its regular tax liability to the extent such credits do not reduce the regular tax liability below the CAMT applicable in such taxable year. For the period ended March 31, 2025, there is no meaningful CAMT impact reflected in the overall income tax expense as a corresponding deferred tax asset was recognized during the period.

For the three months ended March 31, 2025, deferred income tax expense increased $3 million when compared to the same period in 2024. The increase in deferred income tax expense is primarily due to higher taxable income in 2025 when compared to the same period in 2024, mainly in our U.S. operating segments.

Foreign Exchange Translation

The U.S. dollar is the functional and presentation currency of the Company. Each of the Company's subsidiaries, affiliates and jointly controlled entities determines its own functional currency and items included in the financial statements of each subsidiary and affiliate are measured using that functional currency. The Company's Canadian operations are self-sustaining. The financial statements of its self-sustaining Canadian operations are translated into U.S. dollars using the current rate method.

Assets and liabilities of subsidiaries or unconsolidated entities having a functional currency other than the U.S. dollar are translated at the rate of exchange on the balance sheet date. As at March 31, 2025, the rate of exchange was C$1.4388 equivalent to US$1 (December 31, 2024 – C$1.4382 equivalent to US$1). Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. For the three months ended March 31, 2025, the average rate of exchange was C$1.4346 equivalent to US$1 (March 31, 2024 – C$1.348 equivalent to US$1). The resulting foreign currency translation adjustments are recognized in other comprehensive income ("OCI"). Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the balance sheet date. Gains and losses on translation of monetary items are recognized in the condensed consolidated statements of operations and comprehensive income as other income, except for those related to monetary liabilities qualifying as hedges of the Company's investment in foreign operations or certain intercompany loans to or from a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future, which are included in OCI.

The financial results of our Canadian operations are translated into U.S. dollars for financial reporting purposes. Foreign currency translation gains and losses are recorded as the exchange rate between the two currencies fluctuates. These gains and losses are included in OCI and accumulated OCI. The translation of our Canadian operations and hedging instrument resulted in a net gain of $1 million, respectively for the three months ended March 31, 2025, compared to a net loss of $16 million in 2024.

QUARTERLY OPERATING AND FINANCIAL DATA

	2025	2024				2023		
(US$ millions, except unit activity and per share amounts)	Q1	Q4	Q3	Q2	Q1	Q4	Q3	Q2
Quarterly Operating Data								
Home closings (units)	501	886	553	526	452	552	576	615
Lot closings (single family units)	189	918	197	559	353	1,194	407	386
Acre closings (multi-family, industrial and commercial)	5	160	—	3	37	30	9	7
Acre closings (raw and partially finished)	1	233	—	9	—	401	—	—
Net new home orders (units)	575	464	499	618	629	366	514	747
Backlog (units)	908	834	1,256	1,310	1,218	1,041	1,226	1,288
Backlog value	$ 517	$ 459	$ 749	$ 783	$ 741	$ 673	$ 833	$ 870
Quarterly Financial Data								
Revenue	$ 306	$ 928	$ 354	$ 414	$ 375	$ 663	$ 452	$ 442
Direct cost of sales	(243)	(619)	(274)	(324)	(279)	(525)	(349)	(356)
Gross margin	63	309	81	90	96	138	103	86
Selling, general and administrative expense	(67)	(73)	(65)	(62)	(60)	(73)	(61)	(64)
Interest expense	(17)	(17)	(14)	(13)	(11)	(12)	(15)	(16)
Earnings from unconsolidated entities	19	19	13	17	9	37	38	8
Gain on disposal of net assets held for sale	53	—	—	—	—	—	—	—
Other income	26	38	37	35	39	33	33	17
Lease and depreciation expenses	(8)	(5)	(5)	(4)	(6)	(3)	(3)	(3)
Income before income taxes	69	271	47	63	67	120	95	28
Income tax expense	(16)	(66)	—	(7)	(6)	(13)	(17)	(14)
Net income	53	204	46	56	61	107	78	14
Net income attributable to non-controlling interest	2	9	15	11	20	9	11	(1)
Net income attributable to Brookfield Residential	$ 52	$ 195	$ 31	$ 45	$ 41	$ 98	$ 67	$ 15
Foreign currency translation	1	(47)	9	(8)	(17)	19	(17)	14
Comprehensive income / (loss)	$ 53	$ 148	$ 40	$ 37	$ 24	$ 117	$ 50	$ 29
Common shareholders earnings per share	$ 0.25	$ 0.96	$ 0.16	$ 0.22	$ 0.20	$ 0.48	$ 0.33	$ 0.07

We have historically experienced variability in our results of operations from quarter to quarter due to the seasonal nature of the homebuilding business and the timing of new community openings and the closing out of projects. We typically experience the highest rate of orders for new homes and lots in the first nine months of the calendar year, although the rate of orders for new homes is highly dependent upon the number of active communities. As new home deliveries trail orders for new homes by several months, we typically deliver a greater percentage of new homes in the second half of the year compared with the first half of the year. As a result, our revenues from the sales of homes are generally higher in the second half of the year. In terms of land sales, results are more variable from year to year given the nature of the development and monetization cycle.

LIQUIDITY AND CAPITAL RESOURCES

Financial Position

The following is a summary of the Company's condensed consolidated balance sheets as at March 31, 2025 and December 31, 2024:

	As at			
(US$ millions)		March 31 2025		December 31 2024
Cash and restricted cash	$	498	$	58
Receivables and other assets		720		727
Investment company assets		475		470
Assets held for sale		110		918
Land and housing inventory		1,922		1,915
Investments in unconsolidated entities		489		406
Held-to-maturity investment		300		300
Commercial properties		327		321
Operating and financing lease right-of-use asset		53		61
Deferred income tax assets		82		91
Goodwill		16		16
	$	4,992	$	5,283
Accounts payable and other liabilities	$	569	$	621
Liabilities associated with assets held for sale		17		79
Bank indebtedness and other financings		541		563
Notes payable		1,612		1,612
Operating and financing lease liability		61		69
Total equity		2,192		2,339
	$	4,992	$	5,283

Assets

Our assets as at March 31, 2025 totaled $5.0 billion. Our land and housing inventory (including those presented as held for sale), investments in unconsolidated entities, and commercial properties have a combined book value of $2.8 billion, or approximately 57% of our total assets. Land and housing inventory (including those presented as held for sale) decreased $728 million when compared to December 31, 2024 primarily due to the sale of an 80% interest in the land operations of five MPCs. Our land and housing assets include land under development and land held for development, finished lots ready for construction, homes completed and under construction, and model homes.

A summary of our residential land and housing portfolio, excluding unconsolidated entities, and their stage of development as at March 31, 2025 compared with December 31, 2024 is as follows:

	As at					
	March 31, 2025			December 31, 2024		
(US$ millions, except units)	Units	Book Value		Units	Book Value	
Land held for development (lot equivalents)	41,279	$	714	41,336	$	705
Land under development and finished lots (single family units)	3,945		401	2,751		431
Consolidated land inventory not owned (single family units) [1]	973		104	1,617		140
Housing units, including models	1,988		640	1,790		579
	48,185	$	1,859	47,494	$	1,855
Multi-family, industrial and commercial parcels (acres)	201	$	63	220	$	60
Inventory held for sale (lot equivalents and single family units)	2,730	$	109	15,667	$	844

[1] *Inventory not owned includes consolidated land inventory relating to financing arrangements.*

Notes Payable

Notes payable consist of the following:

(US$ millions)	As at March 31 2025	As at December 31 2024
6.250% unsecured senior notes due September 15, 2027 (a)	600	600
4.875% unsecured senior notes due February 15, 2030 (b)	500	500
5.000% unsecured senior notes due June 15, 2029 (c)	350	350
5.125% unsecured senior notes due June 15, 2029 (d)	174	174
	1,624	1,624
Transaction costs	(12)	(12)
	$ 1,612	$ 1,612

(a) The Company's $600 million principal amount of 6.250% unsecured senior notes matures on September 15, 2027 with interest payable semi-annually. The notes may be redeemed at 101.04% of their principal amount plus any accrued and unpaid interest. In accordance with the indenture, the redemption price decreases annually and the notes can be redeemed at par on or after September 15, 2025 through maturity.

(b) The Company's $500 million principal amount of 4.875% unsecured senior notes matures February 15, 2030 with interest payable semi-annually. The notes may be redeemed at 102.44% of their principal amount plus any accrued and unpaid interest. In accordance with the indenture, the redemption price decreases annually thereafter and the notes can be redeemed at par on or after February 15, 2028 through maturity.

(c) The Company's $350 million principal amount of 5.000% unsecured senior notes matures on June 15, 2029, with interest payable semi-annually. The notes may be redeemed at 102.50% of their principal amount plus any accrued and unpaid interest. In accordance with the indenture, the redemption price decreases annually thereafter and the notes can be redeemed at par on or after June 15, 2026 through maturity.

(d) The Company's C$250 million principal amount of 5.125% unsecured senior notes matures on June 15, 2029, with interest payable semi-annually. The notes may be redeemed at 102.56% of their principal amount plus any accrued and unpaid interest. In accordance with the indenture, the redemption price decreases annually thereafter and the notes can be redeemed at par on or after June 15, 2026 through maturity.

The Company and Brookfield Residential U.S. LLC ("BRUS LLC") are co-issuers of all private placements of unsecured senior notes. All unsecured senior notes include covenants that, among other things, place limitations on incurring additional indebtedness and making restricted payments. Under the limitation on additional indebtedness, we are permitted to incur specified categories of indebtedness but are prohibited from incurring further indebtedness if we do not satisfy either a consolidated net indebtedness to tangible net worth ratio or a fixed charge coverage ratio, as applicable. The Company was in compliance with these debt incurrence covenants as at March 31, 2025.

Our actual fixed charge coverage and net indebtedness to tangible net worth ratio as at March 31, 2025 are reflected in the table below:

	Covenant	Actual as at March 31 2025
Minimum fixed charge coverage	2.0 to 1	4.04 to 1
Maximum net indebtedness to consolidated tangible net worth	3.0 to 1	0.99 to 1

Bank Indebtedness and Other Financings

Our bank indebtedness and other financings represent our corporate unsecured revolving credit facility and construction and development loans and facilities that are used to fund the operations of our communities as land is developed and homes and commercial properties are constructed. We also use secured vendor take back ("VTB") mortgages to secure and acquire land for future development. Our bank indebtedness and other financings as at March 31, 2025 were $541 million, a decrease of $23 million from December 31, 2024 which was primarily due to net repayments on our revolving credit facility. As at March 31, 2025 the weighted average interest rate on our bank indebtedness and other financings was 6.5% (December 31, 2024 – 7.1%).

Future debt maturities are expected to either be refinanced or repaid from home closings, lot closings, or proceeds from the sale of mixed-use developments. The "Cash Flow" section below discusses future available capital resources should proceeds from our future home and/or lot closings not be sufficient to repay our debt obligations.

Bank indebtedness and other financings consist of the following:

(US$ millions)	As at March 31 2025	As at December 31 2024
Bank indebtedness (a)	$ 313	$ 330
Project-specific financings (b)	185	189
Secured VTB mortgages (c)	46	47
	544	566
Transaction costs (a)(b)	(3)	(3)
	$ 541	$ 563

(a) Bank indebtedness

As at March 31, 2025, there were $313 million of borrowings outstanding under the North American unsecured revolving credit facility and we had available capacity of $311 million (December 31, 2024 – $330 million of borrowings outstanding and $286 million of available capacity, respectively). The Company is able to borrow in either Canadian or U.S. dollars with borrowings allowable up to $675 million.

For U.S. dollar denominated borrowings, interest is charged on the facility at a rate equal to, at the borrower's option, either the adjusted SOFR plus an applicable rate between 2.0% and 2.8% per annum or an alternative base rate ("ABR") plus an applicable rate between 1.0% and 1.8% per annum. For Canadian dollar denominated borrowings, interest is charged on the facility at a rate equal to either CORRA plus an applicable rate between 2.0% and 2.8% per annum or the Canadian prime rate plus an applicable rate between 1.0% and 1.8% per annum.

The facility contains certain restrictive covenants including limitations on liens, dividends and other distributions, investments in subsidiaries and joint ventures that are not party to the loan. The facility requires the Company to maintain a minimum consolidated tangible net worth of $1.8 billion, as well as a consolidated total debt to consolidated total capitalization of no greater than 65%. As at March 31, 2025, the Company was in compliance with all of our covenants relating to this facility. The following table reflects consolidated tangible net worth and consolidated total debt to capitalization covenants:

(US$ millions, except percentages)	Covenant	Actual as at March 31 2025
Minimum tangible net worth	$ 1,805	$ 2,176
Maximum total debt to capitalization	65%	47%

(b) Project-specific financings

(i) On January 29, 2025, OliverMcMillan Kuhio LLC, a subsidiary of the Company, exercised its third and final extension option on its construction loan for the Lilia mixed-use project located in Honolulu, Hawaii. The construction loan was extended through March 2026. The loan allows OliverMcMillan Kuhio LLC to borrow up to $156 million. As at March 31, 2025, there were $148 million of borrowings outstanding under the construction loan (December 31, 2024 – $148 million).

Interest is charged on the loan at a rate equal to SOFR plus 1.5%, with a rate cap on SOFR of 7.66%.

The loan contains certain restrictive covenants including leasing and construction of the project. The loan requires BRUS LLC to maintain a minimum liquidity of $25 million and a minimum net worth of $250 million exclusive of BRUS LLC's equity in the project. The loan is secured by the assets of OliverMcMillan Kuhio LLC. The Company was in compliance with these covenants as at March 31, 2025. The following table reflects the covenants:

(US$ millions)	Covenant	Actual as at March 31 2025
Minimum liquidity	$ 25	$ 367
Minimum net worth	$ 250	$ 841

(ii) As at March 31, 2025, the Company has three Canadian project-specific financings totaling $37 million (C$53 million) provided by various lenders (December 31, 2024 – $41 million (C$60 million)).

Project-specific financing totaling $18 million (C$26 million) has an interest rate of Canadian prime + 0.5%, is due on demand with 240 days' notice, and is secured by certain land and housing inventory assets of the Company's Alberta operations and a general charge over the property of South Seton Limited Partnership, a consolidated subsidiary of the Company (December 31, 2024 – $28 million (C$40 million)). This borrowing includes a minimum debt to equity covenant for South Seton Limited Partnership of no greater than 1.50 to 1. The Company was in compliance with this covenant as at March 31, 2025.

The following table reflects the debt to equity ratio covenant:

	Covenant	Actual as at March 31 2025
Maximum debt to equity ratio	1.50 to 1	0.76 to 1

Project-specific financing totaling $14 million (C$20 million) is secured and is due upon the earlier of demand and the maturity date in August 2027 (December 31, 2024 – $9 million (C$13 million)). Interest is charged on the facility at the borrower's option, at a rate equal to either CORRA plus 1.7% or the Canadian prime rate. This borrowing includes a financial covenant of 75% loan to value and 120% debt service coverage. The Company was in compliance with these covenants.

Project-specific financing totaling $4 million (C$6 million) is held by a joint venture in our Alberta operations, a consolidated subsidiary of the Company, has an interest rate of Canadian prime + 0.5%, matures in November 30, 2025, and is secured and without covenants (December 31, 2024 – $5 million (C$7 million)).

(c) Secured VTB mortgages

Six secured VTB mortgages (December 31, 2024 – six secured VTB mortgages) in the amount of $46 million (December 31, 2024 – $47 million) relate to raw land held for development by Brookfield Residential (Alberta) LP and Brookfield Residential (Ontario) LP. This debt is repayable in Canadian dollars of C$66 million (December 31, 2024 – C$67 million). The interest rates on this debt range from fixed rates of 6.0% to 6.5% and variable rates of Canadian prime plus 1.0% to 2.0%, and the debt is secured by the related land. As at March 31, 2025, the borrowings are not subject to any financial covenants.

Net Debt to Capitalization Calculation

Brookfield Residential's net debt to total capitalization ratio is defined as total interest-bearing debt less cash divided by total capitalization. We define capitalization to include total equity and interest bearing debt, less cash.

Our net debt to total capitalization ratio as at March 31, 2025 and December 31, 2024 was as follows:

	As at	
(US$ millions, except percentages)	March 31 2025	December 31 2024
Bank indebtedness and other financings	$ 541	$ 563
Notes payable	1,612	1,612
Total interest bearing debt	2,153	2,175
Less: cash and cash equivalents	(494)	(52)
	1,659	2,123
Total equity	2,192	2,339
Total capitalization	$ 3,851	$ 4,462
Net debt to total capitalization	43%	48%

Credit Ratings

Our access to financing depends on, among other things, suitable market conditions and the maintenance of suitable long-term credit ratings. Our credit ratings may be adversely affected by various factors, including but not limited to, increased debt levels, decreased earnings, declines in our customer demand, increased competition, a further deterioration in general economic and business conditions, and adverse publicity. Any downgrades in our credit rating may impede our access to capital markets or raise our borrowing rates. We are currently rated by two credit rating agencies, Moody's and Standard & Poor's ("S&P"). We are committed to maintaining these ratings and improving them further over time. Our credit ratings at March 31, 2025 were as follows:

	Moody's	S&P
Corporate rating	B1	B+
Outlook	Stable	Stable

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issuer of securities. Agency ratings are subject to change, and there can be no assurance that a rating agency will rate us and/or maintain our rating. On March 31, 2025, S&P upgraded our Corporate rating to B+ and maintained the Stable outlook.

Cash Flow

Our principal uses of working capital include acquisitions of land, land development, home construction and mixed-use development. Cash flows for each of our communities depend upon the applicable stage of the development cycle and can differ substantially from reported earnings. Early stages of development require significant cash outlays for land acquisitions, site approvals and entitlements, construction of model homes, roads, certain utilities, other amenities and general landscaping. As these costs are capitalized, earnings reported for financial statement purposes during such early stages may significantly exceed cash flows. Later, cash flows can exceed earnings reported for financial statement purposes as cost of sales includes charges for substantial amounts of previously expended costs.

We believe that we currently have sufficient access to capital resources and will continue to use our available capital resources to fund our operations. Our future capital resources include cash flow from operations, borrowings under project-specific and other credit facilities and proceeds from potential future debt issues or equity offerings, if required.

At March 31, 2025, we had cash and cash equivalents, including restricted cash, of $498 million, compared to $58 million at December 31, 2024.

The net cash flows for the three months ended March 31, 2025 and 2024 were as follows:

	Three Months Ended March 31	
(US$ millions)	**2025**	**2024**
Net cash provided by / (used in) operating activities	$ 571	$ (47)
Net cash provided by / (used in) investing activities	114	(17)
Net cash (used in) / provided by financing activities	(246)	66
Effect of foreign exchange rates on cash	1	—
Net change in cash and cash equivalents	$ 440	$ 2

Cash Flow (Used in) / Provided by Operating Activities

Cash flows provided by operating activities during the three months ended March 31, 2025 totaled $571 million, compared to cash flows used in operating activities of $47 million for the same period in 2024. During the three months ended March 31, 2025, cash provided by operating activities was primarily impacted by our net income and and cash proceeds received related to the disposal of assets held for sale. This was partially offset by a decrease in accounts payable and other liabilities, and an increase in receivables and other assets. Acquisitions of land and housing inventory for the three months ended March 31, 2025 totaled $49 million, consisting of $13 million in Canada, $23 million in Pacific U.S. and $13 million in Central and Eastern U.S. During the three months ended March 31, 2024, cash used in operating activities was primarily impacted by an increase in land and housing inventory due to land development and home construction, a decrease in accounts payable and other liabilities, an increase in receivables and other assets, and an increase in commercial properties. This was partially offset by distributions of earnings from unconsolidated entities. Acquisitions of land and housing inventory for the three months ended March 31, 2024 totaled $37 million, consisting of $9 million in Canada, $21 million in Pacific U.S. and $7 million in Central and Eastern U.S.

Cash Flow (Used in) / Provided by Investing Activities

During the three months ended March 31, 2025, cash flows provided by investing activities totaled $114 million, compared to cash flows used in investing activities of $17 million for the same period in 2024. During the three months ended March 31, 2025, cash provided by investing activities was primarily impacted by $98 million of distributions of capital from our unconsolidated entities, and repayments on loans receivable of $40 million. This was partially offset by draws on loans receivable of $16 million and investments of $9 million in unconsolidated land and housing entities. During the three months ended March 31, 2024, cash used in investing activities was primarily impacted by net draws on loans receivable of $24 million and investments of $4 million in unconsolidated entities. This was partially offset by $10 million of distributions of capital from our unconsolidated entities.

Cash Flow (Used in) / Provided by Financing Activities

Cash flows used in financing activities for the three months ended March 31, 2025 totaled $246 million, compared to cash flows provided by financing activities of $66 million for the same period in 2024. During the three months ended March 31, 2025, cash used in financing activities was primarily related to $200 million of dividends paid to common shareholders, $22 million paid related to consolidated inventory not owned, $17 million of net repayments on bank indebtedness, and $15 million of repayments under project-specific financings. This was partially offset from $9 million of drawings under project-specific financings. During the three months ended March 31, 2024, cash provided by financing activities was primarily related to $275 million of net drawings on bank indebtedness, $21 million of proceeds from liabilities related to consolidated inventory not owned and $2 million of drawings under project-specific financings. This was partially offset by $120 million of dividends paid to common shareholders, a $91 million tax equivalent distribution, $13 million of repayments under project-specific financings, $6 million of payments related to consolidated inventory not owned and $3 million of distributions to non-controlling interests.

Contractual Obligations and Other Commitments

See Note 13 to the consolidated financial statements, "Commitments, Contingent Liabilities and Other" for detailed information.

Off-Balance Sheet Arrangements

In the ordinary course of business, and where market conditions permit, we enter into land and lot option contracts and invest in unconsolidated entities to acquire control of land to mitigate the risk of declining land values. Option contracts for the purchase of land permit us to control the land for an extended period of time until the options expire. This reduces our financial risk associated with land ownership and development and reduces our capital and financial commitments. As of March 31, 2025, we had $7 million of primarily non-refundable option deposits and entitlement costs. The total remaining exercise price of these options was $5 million.

We also own 12,763 lots through our proportionate share of unconsolidated entities. As of March 31, 2025, our investment in unconsolidated entities totaled $489 million. We have provided varying levels of guarantees of debt in our unconsolidated entities. As of March 31, 2025, we had recourse guarantees of $184 million with respect to debt in our unconsolidated entities. Please refer to Note 5 to the consolidated financial statements, “Investments in Unconsolidated Entities”, for additional information about our investments in unconsolidated entities.

We obtain letters of credit, performance bonds and other bonds to support our obligations with respect to the development of our projects. The amount of these obligations outstanding at any time varies in accordance with our development activities. If these letters of credit or bonds are drawn upon, we will be obligated to reimburse the issuer of the letter of credit or bonds. As of March 31, 2025, we had $50 million in letters of credit outstanding and $583 million in performance bonds for these purposes. The estimated costs to complete related to our letters of credit and performance bonds as at March 31, 2025 are $36 million and $203 million, respectively.

Transactions Between Related Parties

See Note 18 of the condensed consolidated financial statements, "Related Party Transactions", for detailed information.

Non-GAAP Financial Measures

Gross margin percentage on land and home sales are non-GAAP measures and are defined by the Company as gross margin of land and homes over respective revenues of land and homes. Management finds gross margin percentage to be an important and useful measurement, as the Company uses it to evaluate its performance and believes it is a widely accepted financial measure by users of its financial statements in analyzing its operating results. Gross margin percentage also provides comparability to similar calculations by its peers in the homebuilding industry. Additionally, gross margin percentage is important to the Company’s management because it assists its management in making strategic decisions regarding its construction pace, product mix and product pricing based upon the profitability generated on homes and land actually delivered during previous periods. However, gross margin percentage as presented may not be fully comparable to similarly titled measures reported by other companies because not all companies calculate this metric in an identical manner.

This measure is not intended to represent GAAP gross margin percentage and it should not be considered in isolation or as a substitute for measures of performance prepared in accordance with GAAP.

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

BROOKFIELD RESIDENTIAL PROPERTIES ULC
CONDENSED CONSOLIDATED BALANCE SHEETS
(all dollar amounts are in thousands of U.S. dollars)
(Unaudited)

	Note	As at March 31 2025	As at December 31 2024
Assets			
Cash and cash equivalents		$ 493,598	$ 51,980
Restricted cash		4,736	5,462
Receivables and other assets		719,954	726,894
Investment company assets	2	475,138	469,987
Assets held for sale	3	110,054	918,383
Land and housing inventory	4	1,921,822	1,914,961
Investments in unconsolidated entities	5	489,099	406,203
Held-to-maturity investment		300,000	300,000
Commercial properties	6	326,951	320,777
Operating and financing lease right-of-use asset		51,815	61,119
Deferred income tax assets	7	81,974	90,561
Goodwill		16,479	16,479
Total assets		$ 4,991,620	$ 5,282,806
Liabilities and Equity			
Accounts payable and other liabilities		$ 568,941	$ 621,295
Liabilities associated with assets held for sale	3	17,488	78,531
Bank indebtedness and other financings	8	540,528	563,358
Notes payable	9	1,612,383	1,611,689
Operating and financing lease liability		60,007	69,427
Total liabilities		2,799,347	2,944,300
Common shares	10	1,363,013	1,363,013
Additional paid-in-capital		36,308	36,308
Retained earnings		618,144	766,572
Non-controlling interest		373,655	372,464
Accumulated other comprehensive loss		(198,847)	(199,851)
Total equity		2,192,273	2,338,506
Total liabilities and equity		$ 4,991,620	$ 5,282,806
Commitments, contingent liabilities and other	13		
Guarantees	14		
Subsequent events	19		

See accompanying notes to the condensed consolidated financial statements

BROOKFIELD RESIDENTIAL PROPERTIES ULC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(all dollar amounts are in thousands of U.S. dollars, except per share amounts)
(Unaudited)

		Three Months Ended March 31	
	Note	2025	2024
Revenue			
Housing		$ 269,769	$ 287,447
Land		36,399	87,327
Total revenue		306,168	374,774
Direct Cost of Sales			
Housing		(222,898)	(228,841)
Land		(20,412)	(50,411)
Total direct cost of sales		(243,310)	(279,252)
Gross margin		62,858	95,522
Selling, general and administrative expense		(66,946)	(59,536)
Interest expense		(17,247)	(11,445)
Earnings from unconsolidated entities	5	18,915	8,989
Gain on disposal of net assets held for sale	3	52,634	—
Other income	12	25,577	38,700
Lease expense		(3,911)	(3,038)
Depreciation		(2,646)	(2,359)
Income Before Income Taxes		69,234	66,833
Current income tax expense	7	(7,395)	(359)
Deferred income tax expense	7	(8,598)	(5,225)
Net Income		53,241	61,249
Other Comprehensive Income / (Loss)			
Unrealized foreign exchange gain / (loss) on:			
Translation of the net investment in Canadian subsidiaries		929	(20,476)
Translation of the Canadian dollar denominated debt designated as a hedge of the net investment in Canadian subsidiaries	15	75	4,050
Comprehensive Income		$ 54,245	$ 44,823
Net Income Attributable To:			
Consolidated		$ 53,241	$ 61,249
Non-controlling interest		1,669	20,420
Brookfield Residential		$ 51,572	$ 40,829
Comprehensive Income Attributable To:			
Consolidated		$ 54,245	$ 44,823
Non-controlling interest		1,669	20,420
Brookfield Residential		$ 52,576	$ 24,403
Common Shareholders Earnings Per Share	11	$ 0.25	$ 0.20
Weighted Average Common Shares Outstanding (in thousands)	11	202,733	202,733

See accompanying notes to the condensed consolidated financial statements

BROOKFIELD RESIDENTIAL PROPERTIES ULC
CONDENSED CONSOLIDATED STATEMENTS OF EQUITY
(all dollar amounts are in thousands of U.S. dollars)
(Unaudited)

		Three Months Ended March 31	
	Note	2025	2024
Common Shares	10		
Opening balance		$ 1,363,013	$ 1,363,013
Ending balance		1,363,013	1,363,013
Additional Paid-in-Capital			
Opening balance		36,308	34,225
Ending balance		36,308	34,225
Retained Earnings			
Opening balance		766,572	1,020,325
Common share dividends		(200,000)	(120,000)
Net income attributable to Brookfield Residential		51,572	40,829
Tax equivalent distributions		—	(90,937)
Ending balance		618,144	850,217
Accumulated Other Comprehensive Loss			
Opening balance		(199,851)	(136,518)
Other comprehensive gain / (loss)		1,004	(16,426)
Ending balance		(198,847)	(152,944)
Total Brookfield Residential Equity		$ 1,818,618	$ 2,094,511
Non-Controlling Interest			
Opening balance		$ 372,464	$ 341,691
Net income attributable to non-controlling interest		1,669	20,420
Distributions		(478)	(2,816)
Ending balance		$ 373,655	$ 359,295
Total Equity		$ 2,192,273	$ 2,453,806

See accompanying notes to the condensed consolidated financial statements

BROOKFIELD RESIDENTIAL PROPERTIES ULC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(all dollar amounts are in thousands of U.S. dollars)
(Unaudited)

	Three Months Ended March 31	
Cash Flows (Used in) / Provided by Operating Activities	**2025**	**2024**
Net income	$ 53,241	$ 61,249
Adjustments to reconcile net income to net cash (used in) / provided by operating activities:		
Earnings from unconsolidated entities	(18,915)	(8,989)
Deferred income tax expense	8,598	5,225
Share-based compensation expense	—	172
Depreciation	2,646	2,359
Right-of-use asset depreciation	1,072	1,392
Disposal of operating leases	(1,157)	—
Amortization of non-cash interest	574	1,103
Gain on disposal of net assets held for sale	(52,634)	—
Unrealized loss / (gain) on investment company assets	4,366	(15,859)
Dividend income on held-to-maturity investment	(5,918)	(5,984)
Distributions of earnings from unconsolidated entities	6,633	10,284
Changes in operating assets and liabilities:		
Increase in receivables and other assets	(21,522)	(1,573)
Decrease / (Increase) in land and housing inventory	1,341	(42,098)
Increase in commercial properties	(5,690)	(6,534)
Cash proceeds on disposal of assets held for sale	637,920	—
Decrease in operating lease liabilities	229	(1,166)
Decrease in accounts payable and other liabilities	(39,321)	(46,887)
Net cash provided by / (used in) operating activities	571,463	(47,306)
Cash Flows (Used in) / Provided by Investing Activities		
Investments in unconsolidated entities	(8,887)	(3,953)
Distribution of capital from unconsolidated entities	98,484	10,472
Draws on loans receivable	(15,644)	(132,196)
Repayments on loans receivable	40,000	108,612
Net cash provided by / (used in) investing activities	113,953	(17,065)
Cash Flows (Used in) / Provided by Financing Activities		
Drawings under project-specific and other financings	9,013	1,974
Repayments under project-specific and other financings	(15,284)	(13,043)
Net (repayments) / drawings on bank indebtedness	(16,963)	275,208
Proceeds from liabilities related to consolidated inventory not owned	—	21,229
Payments related to consolidated inventory not owned	(21,820)	(5,822)
Distributions to non-controlling interest	(478)	(2,816)
Tax equivalent distributions paid	—	(90,937)
Dividends paid to common shareholders	(200,000)	(120,000)
Payments made on the principal of financing leases	(208)	(190)
Net cash (used in) / provided by financing activities	(245,740)	65,603
Effect of foreign exchange rates on cash and cash equivalents	1,216	(1,063)
Change in cash, cash equivalents and restricted cash	440,892	169
Cash, cash equivalents and restricted cash at beginning of period	57,442	40,698
Cash, cash equivalents and restricted cash at end of period	$ 498,334	$ 40,867
Supplemental Cash Flow Information		
Cash interest paid	$ 38,771	$ 37,010
Cash taxes paid	$ 1,131	$ 6,726

See accompanying notes to the condensed consolidated financial statements

Note 1. Significant Accounting Policies

a. Basis of Presentation

Brookfield Residential Properties ULC (the "Company" or "Brookfield Residential") is a corporation existing under the laws of the Province of Alberta and is a wholly-owned subsidiary of Brookfield Corporation. The Company has been developing land and building homes for over 60 years.

The accompanying condensed consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and include the consolidated accounts of Brookfield Residential, its subsidiaries, investments in unconsolidated entities and variable interest entities in which the Company is the primary beneficiary. All intercompany accounts, transactions and balances have been eliminated upon consolidation.

All dollar amounts discussed herein are in U.S. dollars and in thousands, unless otherwise stated. Amounts in Canadian dollars are identified as “C$.”

b. Future Accounting Pronouncements

ASU 2024-03, *Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses*, was issued in November 2024, and is effective for fiscal years beginning after December 15, 2026, and interim periods within those fiscal periods beginning after December 15, 2027. This ASU requires public business entities to provide detailed disclosures about specific expense categories within relevant expense captions in the income statement. The Company is currently evaluating the impact of this ASU on its consolidated financial statements, and the effect, if any, has not yet been determined.

ASU 2023-09, *Improvements to the Income Tax Disclosure requirements* was issued in December 2023 and is effective for annual periods beginning after December 15, 2024. This ASU requires public business entities to annual disclose specific categories in the rate reconciliation and provide additional information for reconciling items that meet a quantitative threshold. The Company is still evaluating the impact of this ASU on its consolidated financial statements, and the effect, if any, has not yet been determined.

Note 2. Investment Company Assets

The components of investment company assets are summarized as follows:

	As at	
	March 31 2025	**December 31 2024**
Brookfield Single Family Rental Investment[1]	$ 388,031	$ 392,397
Homebuilder Finance Investments[2]	87,107	77,590
	$ 475,138	$ 469,987

(1) See Note 15 "Fair Value Measurements" for further details. The Company has a 25.5% share of the Brookfield Single Family Rental fund as at March 31, 2025.

(2) The Homebuilder Finance Investments include a 49.0% interest in Brookfield Residential US Land Holdings LLC, a 22.2% interest in Brookfield Residential US Land Holdings II LLC and a 26.5% interest in Brookfield Residential US Land Holdings III (collectively "Homebuilder Finance").

(all dollar amounts are in thousands of U.S. dollars)

Note 3. Assets and Liabilities Held for Sale

On January 8, 2025, the Company completed the sale of an 80% interest in five subsidiaries which hold the net assets of five MPCs. The transaction was accounted for under ASC 610, and the impact on the condensed consolidated financial statements is reflected below for the three months ended March 31, 2025 and had the following impact on the condensed consolidated financial statements:

	Three Months Ended March 31, 2025
Cash consideration received	637,920
Fair value of retained non-controlling interest at close	159,480
Less: Carrying value of disposal group	(744,766)
Gain on disposal of net assets held for sale	$ 52,634

Concurrent with the sale transaction, the Company received distributions from the five joint ventures totaling $95.7 million, which reduced the retained non-controlling interest to $64.1 million. The retained non-controlling interest was deconsolidated and is included within investments in unconsolidated entities. Refer to Note 5 "Investments in Unconsolidated Entities" for further details regarding our investments in unconsolidated entities.

As of March 31, 2025, there was one disposal group that continued to be classified as held for sale which included the net assets of one subsidiary of the Company. This subsidiary includes the land inventory of an MPC in the U.S. as well as its related assets and liabilities. No gain or loss was recorded upon reclassification of the disposal group as held for sale. The assets and liabilities classified as held for sale are as follows:

	As at	
	March 31 2025	December 31 2024
Assets		
Land and housing inventory	$ 108,859	$ 843,944
Receivables and other assets	1,195	74,439
Assets held for sale	$ 110,054	$ 918,383
Liabilities		
Accounts payable and other liabilities	17,488	78,531
Liabilities associated with assets held for sale	$ 17,488	$ 78,531

Note 4. Land and Housing Inventory

The following summarizes the components of land and housing inventory:

	As at	
	March 31 2025	December 31 2024
Land held for development	$ 714,342	$ 704,530
Land under development	463,579	491,569
Consolidated land inventory not owned	104,220	139,717
Housing inventory	546,003	502,080
Model homes	93,678	77,065
	$ 1,921,822	$ 1,914,961

The Company has reviewed all of its projects for indicators of impairment in accordance with the provisions of ASC Topic 360 *Property, Plant and Equipment* and ASC Topic 820 *Fair Value Measurements and Disclosures.* As at March 31, 2025, based on the analysis performed, no indicators of impairment were identified and no impairment charges were recognized (December 31, 2024 - $3.7 million).

(all dollar amounts are in thousands of U.S. dollars)

Interest capitalized and expensed during the three months ended March 31, 2025 and 2024 was as follows:

	Three Months Ended March 31	
	2025	**2024**
Interest capitalized, beginning of period	$ 230,712	$ 204,503
Interest capitalized	17,306	20,445
Interest released to income in the period	(97,050)	(13,501)
Interest capitalized, end of period	$ 150,968	$ 211,447

Land and housing inventory includes non-refundable deposits and other entitlement costs totaling $7.0 million (December 31, 2024 – $7.0 million) in connection with options that are not required to be consolidated in accordance with the guidance incorporated in ASC Topic 810. The total remaining exercise price of these options is $4.9 million (December 31, 2024 – $16.6 million), including the non-refundable deposits and other entitlement costs identified above.

Note 5. Investments in Unconsolidated Entities

As part of its land and housing operations, the Company participates in joint ventures and partnerships to explore opportunities while minimizing risk. As of March 31, 2025, the Company is invested in 40 unconsolidated entities (December 31, 2024 – 36 unconsolidated entities) in which it has less than a controlling interest. Summarized financial information on a 100% basis for the combined unconsolidated entities is as follows:

	As at	
	March 31 2025	**December 31 2024**
Assets		
Land and housing inventory	$ 2,383,142	$ 1,548,450
Investments in unconsolidated entities	9,665	27,811
Other assets	757,396	639,707
	$ 3,150,203	$ 2,215,968
Liabilities and Equity		
Bank indebtedness and other financings	$ 968,351	$ 475,140
Accounts payable and other liabilities	348,442	276,727
Brookfield Residential's interest	489,099	406,203
Others' interest	1,344,311	1,057,898
	$ 3,150,203	$ 2,215,968

	Three Months Ended March 31	
	2025	**2024**
Revenue and Expenses		
Revenue	$ 155,714	$ 129,738
Direct cost of sales	(39,817)	(85,141)
Other income and expenses	(13,017)	(1,008)
Net income	$ 102,880	$ 43,589
Total equity earnings	$ 18,915	$ 8,989

In reporting the Company's share of net income, all intercompany profits from unconsolidated entities are eliminated on lots purchased by the Company from unconsolidated entities until such time that the associated home is sold to a third party.

The Company and/or its unconsolidated entity partners have provided varying levels of guarantees of debt on its unconsolidated entities. As at March 31, 2025, the Company had recourse guarantees of $183.5 million (December 31, 2024 – $87.0 million) with respect to debt of its unconsolidated entities.

(all dollar amounts are in thousands of U.S. dollars)

Note 6. Commercial Properties

The Company's components of commercial properties consist of the following:

	As at	
	March 31 2025	December 31 2024
Finished properties	$ 326,473	$ 323,747
Work in progress	23,397	17,973
	349,870	341,720
Less: accumulated depreciation	(22,919)	(20,943)
	$ 326,951	$ 320,777

Interest capitalized to commercial properties and expensed during the three months ended March 31, 2025 and 2024 was as follows:

	Three Months Ended March 31	
	2025	2024
Interest capitalized, beginning of period	$ 10,025	$ 9,673
Interest capitalized	204	81
Interest expensed to depreciation	(43)	(43)
Interest capitalized, end of period	$ 10,186	$ 9,711

Note 7. Income Taxes

The Company recorded an aggregate income tax expense of $16.0 million for the three months ended March 31, 2025 (three months ended March 31, 2024 – $5.6 million), which is comprised of current income tax expense of $7.4 million (three months ended March 31, 2024 – $0.4 million) and deferred income tax expense of $8.6 million (three months ended March 31, 2024 – $5.2 million).

A reconciliation of the Company's effective tax rate from the Canadian statutory tax rate for the three months ended March 31, 2025 and 2024 is as follows:

	Three Months Ended March 31	
	2025	2024
Statutory rate	23.0%	23.0%
Non-temporary differences	2.5	—
Rate difference from statutory rate	0.4	(3.8)
Non-taxable preferred share dividends	(2.3)	(2.4)
Taxable income attributable to non-controlling interests	(0.9)	(8.3)
Other	0.4	(0.1)
Effective tax rate	23.1 %	8.4 %

The increase in the effective tax rate when compared to the same period in 2024 was primarily due to the change in taxable income attributable to non-controlling interests and a change in the proportion of income earned in jurisdictions with different tax rates.

As at March 31, 2025, the Company recorded deferred tax assets of $90.0 million (December 31, 2024 - $98.3 million) which were partially offset by valuation allowances of $8.0 million (December 31, 2024 - $7.7 million). The valuation allowance relates to the realized capital losses in Canada and the unrealized foreign exchange losses on the Company's U.S. denominated notes that have not met the more-likely-than-not realization threshold. In evaluating the need for a valuation allowance against the Company's deferred tax assets at March 31, 2025, the Company considered all available and objectively verifiable positive and negative evidence, including future reversals of existing temporary differences, projected future taxable income, tax planning strategies and recent financial operations. The Company concluded it is more-likely-than-not that all of its remaining U.S. and Canadian deferred tax assets will be realized in the future.

(all dollar amounts are in thousands of U.S. dollars)

Note 8. Bank Indebtedness and Other Financings

Bank indebtedness and other financings consist of the following:

	As at	
	March 31 2025	**December 31 2024**
Bank indebtedness (a)	$ 313,000	$ 329,963
Project-specific financings (b)	184,711	189,574
Secured VTB mortgages (c)	45,771	46,807
	543,482	566,344
Transaction costs (a)(b)	(2,954)	(2,986)
	$ 540,528	$ 563,358

(a) Bank indebtedness

As at March 31, 2025, there were $313.0 million of borrowings outstanding under the North American unsecured revolving credit facility, and available capacity of $311.2 million (December 31, 2024 – $330.0 million borrowings outstanding and $285.7 million of available capacity, respectively). The Company is able to borrow in either Canadian or U.S. dollars with borrowings allowable up to $675 million.

For U.S. dollar denominated borrowings, interest is charged on the facility at a rate equal to, at the borrower's option, either the adjusted SOFR plus an applicable rate between 2.0% and 2.75% per annum or an ABR plus an applicable rate between 1.0% and 1.75% per annum. For Canadian dollar denominated borrowings, interest is charged on the facility at a rate equal to either the CORRA plus an applicable rate between 2.0% and 2.75% per annum or the Canadian prime rate plus an applicable rate between 1.0% and 1.75% per annum.

The facility contains certain restrictive covenants including limitations on liens, dividends and other distributions, investments in subsidiaries and joint ventures that are not party to the loan. The facility requires the Company to maintain a minimum consolidated tangible net worth of $1.8 billion, as well as a consolidated total debt to consolidated total capitalization of no greater than 65%. As at March 31, 2025, the Company was in compliance with all of its covenants relating to this facility.

(b) Project-specific financings

(i) On January 29, 2025, OliverMcMillan Kuhio LLC, a subsidiary of the Company, exercised its third and final extension option on its construction loan for the Lilia mixed-use project located in Honolulu, Hawaii. The construction loan was extended through March 2026. The loan allows OliverMcMillan Kuhio LLC to borrow up to $155.7 million. As at March 31, 2025, the Company has $148.2 million of borrowings outstanding under the construction loan (December 31, 2024 – $148.2 million).

Interest is charged on the loan at a rate equal to SOFR plus 1.5%, with a rate cap on SOFR of 7.66%.

The loan contains certain restrictive covenants including leasing and construction of the project. The loan requires BRUS LLC to maintain a minimum liquidity of $25.0 million and a minimum net worth of $250.0 million exclusive of BRUS LLC's equity in the project. The loan is secured by the assets of OliverMcMillan Kuhio LLC. The Company was in compliance with these covenants as at March 31, 2025.

(ii) As at March 31, 2025, the Company has three Canadian project-specific financings (December 31, 2024 – three project-specific financings) totaling $36.5 million (C$52.5 million) provided by various lenders (December 31, 2024 – $41.4 million (C$59.5 million)).

Project-specific financing totaling $18.3 million (C$26.3 million) has an interest rate of Canadian prime + 0.50%, is due on demand with 240 days' notice, and is secured by certain land and housing inventory assets of the Company's Alberta operations and a general charge over the property of South Seton Limited Partnership, a consolidated subsidiary of the Company (December 31, 2024 – $27.8 million (C$40.0 million)). This borrowing includes a minimum debt to equity covenant for South Seton Limited Partnership of no greater than 1.50 to 1. The Company was in compliance with this covenant as at March 31, 2025.

Project-specific financing totaling $13.9 million (C$20.1 million) is secured and is due upon the earlier of demand and the maturity date in August 2027 (December 31, 2024 – $8.7 million (C$12.5 million)). Interest is charged on the facility at the borrower's option, at a rate equal to either the CORRA plus 1.65% or the Canadian prime rate. This borrowing includes a financial covenant of 75% loan to value and 120% debt service coverage. The Company was in compliance with these covenants.

(all dollar amounts are in thousands of U.S. dollars)

Project-specific financing totaling $4.3 million (C$6.1 million), held by a joint venture in our Alberta operations, a consolidated subsidiary of the Company, has an interest rate of Canadian prime + 0.50%, matures in November 2025, and is secured without covenants (December 31, 2024 – $4.8 million (C$7.0 million)).

(c) Secured VTB mortgages

Six secured VTB mortgages (December 31, 2024 – six secured VTB mortgages) in the amount of $45.8 million (December 31, 2024 – $46.8 million) relate to raw land held for development by Brookfield Residential (Alberta) LP and Brookfield Residential (Ontario) LP, wholly-owned subsidiaries of the Company. This debt is repayable in Canadian dollars of C$65.9 million (December 31, 2024 – C$67.3 million). The interest rates on the debt range from fixed rates of 6.0% to 6.5% and variable rates of Canadian prime plus 1.0% to 2.0% and the debt is secured by the related land. As at March 31, 2025, the borrowings are not subject to any financial covenants.

Note 9. Notes Payable

	As at	
	March 31 2025	**December 31 2024**
6.250% unsecured senior notes due September 15, 2027 (a)	$ 600,000	$ 600,000
4.875% unsecured senior notes due February 15, 2030 (b)	500,000	500,000
5.000% unsecured senior notes due June 15, 2029 (c)	350,000	350,000
5.125% unsecured senior notes due June 15, 2029 (d)	173,750	173,825
	1,623,750	1,623,825
Transaction costs	(11,367)	(12,136)
	$ 1,612,383	$ 1,611,689

(a) The Company’s $600 million principal amount of 6.250% unsecured senior notes matures on September 15, 2027 with interest payable semi-annually. The notes may be redeemed at 101.04% of their principal amount plus any accrued and unpaid interest. In accordance with the indenture, the redemption price decreases annually and the notes can be redeemed at par on or after September 15, 2025 through maturity.

(b) The Company’s $500 million principal amount of 4.875% unsecured senior notes mature February 15, 2030 with interest payable semi-annually. The notes may be redeemed at 102.44% of their principal amount plus any accrued and unpaid interest. In accordance with the indenture, the redemption price decreases annually thereafter and the notes can be redeemed at par on or after February 15, 2028 through maturity.

(c) The Company's $350 million principal amount of 5.000% unsecured senior notes matures on June 15, 2029, with interest payable semi-annually. The notes may be redeemed at 102.50% of their principal amount plus any accrued and unpaid interest. In accordance with the indenture, the redemption price decreases annually thereafter and the notes can be redeemed at par on or after June 15, 2026 through maturity.

(d) The Company's C$250 million principal amount of 5.125% unsecured senior notes matures on June 15, 2029, with interest payable semi-annually. The notes may be redeemed at 102.56% of their principal amount plus any accrued and unpaid interest. In accordance with the indenture, the redemption price decreases annually thereafter and the notes can be redeemed at par on or after June 15, 2026 through maturity.

The Company and BRUS LLC are co-issuers of all private placements of unsecured senior notes. All unsecured senior notes include covenants that, among others, place limitations on incurring additional indebtedness and restricted payments. Under the limitation on additional indebtedness, Brookfield Residential is permitted to incur specified categories of indebtedness, but is prohibited from incurring further indebtedness if it does not satisfy either a net indebtedness to tangible net worth ratio of 3.0 to 1, or a fixed charge coverage ratio of 2.0 to 1, as applicable. The Company was in compliance with these financial covenants as at March 31, 2025.

Note 10. Equity

The authorized Common Share capital of the Company consists of an unlimited number of voting Common Shares and Non-Voting Class B Common Shares.

There were no Common Shares issued during the three months ended March 31, 2025 or during the year ended December 31, 2024.

	For the Period Ended	
	March 31 2025	**December 31 2024**
Common Shares issued, beginning of period	202,732,644	202,732,644
Common Shares issued and outstanding, end of period	202,732,644	202,732,644

The Company had no Non-Voting Class B Common Shares issued and outstanding as at March 31, 2025 and December 31, 2024.

Note 11. Earnings Per Share

Earnings per share for the three months ended March 31, 2025 and 2024 was calculated as follows:

	Three Months Ended March 31	
	2025	**2024**
Numerator:		
Net income attributable to Brookfield Residential	$ 51,572	$ 40,829
Denominator (in ‘000s of shares):		
Weighted average shares outstanding	202,733	202,733
Earnings per share	$ 0.25	$ 0.20

Note 12. Other Income

The Company’s components of other income consist of the following:

	Three Months Ended March 31	
	2025	**2024**
Development management fee income	(10,596)	(1,723)
Investment income	(10,070)	(5,377)
Preferred share dividend income	(5,918)	(5,984)
Income from commercial properties	(5,049)	(4,819)
Other	4,407	(2,114)
Loss / (Income) from investment company assets	1,649	(18,683)
	$ (25,577)	$ (38,700)

Note 13. Commitments, Contingent Liabilities and Other

As at March 31, 2025, $52.8 million of the amounts held in other assets related to deposits on land purchase obligations (December 31, 2024 – $51.5 million). The total amount committed on these obligations is $561.0 million (December 31, 2024 – $540.0 million).

(all dollar amounts are in thousands of U.S. dollars)

Note 14. Guarantees

In the ordinary course of business, the Company has provided construction guarantees in the form of letters of credit and performance bonds. As at March 31, 2025, these guarantees amounted to $632.9 million (December 31, 2024 – $638.8 million) and have not been recognized in the condensed consolidated financial statements. However, the proportionate development costs that relate to lots that have been sold are accrued in accounts payable and other liabilities. Such guarantees are required by the municipalities in which the Company operates before construction permission is granted.

Note 15. Fair Value Measurements

Fair Value Hierarchy

Fair value hierarchical levels are directly determined by the amount of subjectivity associated with the valuation inputs of these assets and liabilities. The fair value hierarchy requires a company to prioritize the use of observable inputs and minimize the use of unobservable inputs in measuring fair value.

The BSFR investment is recorded at its fair value. The Company has determined that the valuation of the BSFR Investment under the fair value hierarchy falls under Level 3, due to the lack of observable pricing inputs and related market activity.

The change in fair value of the investment has used Level 3 inputs to determine fair value is as follows:

	Three Months Ended March 31, 2025
Balance, beginning of period	$ 392,397
Change in unrealized loss from investment	(4,366)
Balance, end of period	$ 388,031

The following table summarizes the quantitative inputs and assumptions used to determine the investment fair value as of March 31, 2025:

Financial Instrument	Fair value as of 3/31/2025	Valuation technique	Unobservable inputs	Range (where applicable)
Single Family Rental Investment	$ 388,031	Discounted cash flow	Discount rate Capitalization rate	7.5% 5.3%

The notes payable are not recorded at fair value. The following table presents both their respective carrying value and fair value at March 31, 2025 and 2024:

	As at	
	March 31 2025	December 31 2024
Carrying value	$ 1,612,383	$ 1,611,689
Fair value (Level 2)	1,508,706	1,535,232

Net Investment Hedge

For the three months ended March 31, 2025, a gain of $0.1 million (March 31, 2024 – gain of $4.1 million, respectively), was recorded in other comprehensive income for hedges of net investments in foreign operations.

(all dollar amounts are in thousands of U.S. dollars)

Note 16. Managing Risks

The Company is exposed to the following risks as a result of holding financial instruments: (a) market risk (i.e. interest rate risk, currency risk and other price risk that impact the fair values of financial instruments); (b) credit risk; and (c) liquidity risk. There have been no material changes to the Company's financial risk exposure or risk management activities since December 31, 2024.

Note 17. Segmented Information

In operating the business, management, including our Chief Executive Officer, who also serves as the CODM, reviews financial information and reporting packages such as segmented internal profit and loss statements. Metrics such as selling, general and administrative are analyzed to evaluate the efficiency of management teams across segments and assess the cost effectiveness of each segment. Additionally, the CODM relies on income before income taxes as a metric to assess segment profitability. This metric guides decisions on whether to reinvest in a particular segment or allocate resources to other parts of the organization. Income before income taxes is also used to monitor budget to actual performance and serves as a benchmark for comparing the company’s results against competitors.

The following tables summarize select information on the Company’s consolidated statements of operations by reportable segments:

	Three Months Ended March 31, 2025				
	Canada	**Pacific U.S.**	**Central and Eastern U.S.**	**Corporate and Other**	**Total**
Housing revenue	$ 119,813	$ 67,576	$ 82,380	$ —	$ 269,769
Land revenue	35,363	—	1,036	—	36,399
	155,176	67,576	83,416	—	306,168
Housing cost of sales	(99,820)	(50,659)	(72,419)	—	(222,898)
Land cost of sales	(19,844)	566	(1,134)	—	(20,412)
	(119,664)	(50,093)	(73,553)	—	(243,310)
Gross margin	35,512	17,483	9,863	—	62,858
Earnings from unconsolidated entities	6,350	9,206	3,210	149	18,915
Selling, general and administrative expense	(18,730)	(18,958)	(23,411)	(5,847)	(66,946)
Other segment items (1)	1,678	152,017	(97,640)	(1,648)	54,407
Income before income taxes	$ 24,810	$ 159,748	$ (107,978)	$ (7,346)	$ 69,234

(1) Other segments items include other income, lease expense, financing lease interest and amortization, depreciation, gain on disposal of net assets held for sale and interest expense.

	Three Months Ended March 31, 2024				
	Canada	**Pacific U.S.**	**Central and Eastern U.S.**	**Corporate and Other**	**Total**
Housing revenue	$ 77,477	$ 123,061	$ 86,909	$ —	$ 287,447
Land revenue	28,128	56,240	2,959	—	87,327
	105,605	179,301	89,868	—	374,774
Housing cost of sales	(65,081)	(90,233)	(73,527)		(228,841)
Land cost of sales	(14,621)	(35,081)	(709)	—	(50,411)
	(79,702)	(125,314)	(74,236)	—	(279,252)
Gross margin	25,903	53,987	15,632	—	95,522
Earnings from unconsolidated entities	3,707	3,571	1,461	250	8,989
Selling, general and administrative expense	(14,393)	(20,180)	(19,785)	(5,176)	(59,534)
Other segment items (1)	1,939	(69)	(163)	20,149	21,856
Income before income taxes	$ 17,156	$ 37,309	$ (2,855)	$ 15,223	$ 66,833

(1) Other segments items include other income, lease expense, financing lease interest and amortization, depreciation, and interest expense.

(all dollar amounts are in thousands of U.S. dollars)

The following tables summarize select information on the Company's consolidated balance sheets by reportable segments:

	As at March 31, 2025				
	Canada	Pacific U.S.	Central and Eastern U.S.	Corporate and Other	Total
Land held for development	$ 314,304	$ 171,603	$ 228,435	$ —	$ 714,342
Land under development	212,058	89,829	161,692	—	463,579
Consolidated inventory not owned	—	59,078	45,142	—	104,220
Housing inventory	233,899	139,751	172,353	—	546,003
Model homes	21,417	49,086	23,175	—	93,678
Total land and housing inventory	781,678	509,347	630,797	—	1,921,822
Commercial properties	68,410	251,675	6,866	—	326,951
Assets held for sale	—	—	110,054	—	110,054
Investments in unconsolidated entities	120,984	187,112	180,909	94	489,099
Held-to-maturity investment	—	—	—	300,000	300,000
Operating and financing lease right-of-use asset	9,461	38,610	3,744	—	51,815
Goodwill	—	—	—	16,479	16,479
Other assets (1)	152,086	102,716	156,294	1,364,304	1,775,400
Total assets	$ 1,132,619	$ 1,089,460	$ 1,088,664	$ 1,680,877	$ 4,991,620

(1) Other assets presented in above table within the operating segments note includes receivables and other assets, cash, restricted cash, investment company assets and deferred income tax assets.

	As at December 31, 2024				
	Canada	Pacific U.S.	Central and Eastern U.S.	Corporate and Other	Total
Land held for development	$ 306,371	$ 170,666	$ 227,493	$ —	$ 704,530
Land under development	233,214	101,561	156,794	—	491,569
Consolidated inventory not owned	—	67,703	72,014	—	139,717
Housing inventory	249,296	103,986	148,798	—	502,080
Model homes	17,959	36,392	22,714	—	77,065
Total land and housing inventory	806,840	480,308	627,813	—	1,914,961
Commercial properties	60,561	253,317	6,899	—	320,777
Assets held for sale	—	452,674	465,709	—	918,383
Investments in unconsolidated entities	120,993	130,413	117,005	37,792	406,203
Held-to-maturity investment	—	—	—	300,000	300,000
Operating and financing lease right-of-use asset	9,599	39,114	3,975	8,431	61,119
Goodwill	—	—	—	16,479	16,479
Other assets (1)	147,851	84,026	144,425	968,582	1,344,884
Total assets	$ 1,145,844	$ 1,439,852	$ 1,365,826	$ 1,331,284	$ 5,282,806

(1) Other assets presented in above table within the operating segments note includes receivables and other assets, cash, restricted cash, investment company assets and deferred income tax assets.

Note 18. Related Party Transactions

Related parties include the directors, executive officers, director nominees or shareholders, and their respective immediate family members. There are agreements among our affiliates to which we are a party or subject to, including a name license. The Company’s additional significant related party transactions as at and for the three months ended March 31, 2025 and 2024 were as follows:

- During the three months ended March 31, 2025, the Company declared and paid dividends to its common shareholder, Brookfield Corporation, of $200 million (three months ended March 31, 2024 – $120 million). These transactions were recorded at the exchange amount.
- During the three months ended March 31, 2025, the Company entered into an interest agreement with Brookfield Corporation. As at March 31, 2025 the Company had $400 million on deposit related to this agreement. During the three months ended March 31, 2025 the Company earned $3.1 million of interest income related this interest agreement, recorded in the condensed consolidated statements of operations within other income. The transactions were recorded at the exchange amount.
- During the three months ended March 31, 2025, the Company incurred $4.3 million of asset management fees, respectively, with Brookfield Residential Real Estate JV Management and Brookfield Property Group (Canada) ULC, subsidiaries of Brookfield Asset Management Ltd. (three months ended March 31, 2024 – $5.2 million). These transactions were recorded at the exchange amount within selling, general and administrative expense.
- During the three months ended March 31, 2025, the Company paid $21.8 million to purchase lots associated with the agreements with Brookfield Wealth Solutions ("BWS") (three months ended March 31, 2024 – $nil). The book value of inventory remaining on our balance sheet related to our financing arrangements with BWS was $104.2 million as at March 31, 2025 (December 31, 2024 - $122.1 million). The balance of the associated liability as at March 31, 2025 was $99.3 million (December 31, 2024 - $117.3 million), and is recorded within accounts payable and other liabilities.
- As at March 31, 2025, the Company has a loan to Homebuilder Finance with an outstanding balance of $21.2 million that was recorded within receivables and other assets (December 31, 2024 - $56.8 million). During the three months ended March 31, 2025, the Company recorded $1.0 million of interest income within other income (three months ended March 31, 2024 - $1.4 million).
- As at March 31, 2025, the Company has a loan to BPD with an outstanding balance of $119.0 million that was recorded within receivables and other assets (December 31, 2024 – $112.8 million). During the three months ended March 31, 2025, the Company recorded $1.8 million of interest income, and this income was recorded at the exchange amounts within other income (three months ended March 31, 2024 – $2.4 million).
- During the three months ended March 31, 2025, the Company earned $5.9 million of dividends from the preferred shares of Brookfield International Ltd. (three months ended March 31, 2024 – $6.0 million) that have been recorded in the condensed consolidated statements of operations within other income. As at March 31, 2025, a total of $137.6 million of accrued dividends is recorded within receivables and other assets (December 31, 2024 – $131.7 million). These transactions were recorded at the exchange amounts.

Note 19. Subsequent Events

The Company performed an evaluation of subsequent events through April 30, 2025, which is the date that these financial statements were approved, and has determined that there were no subsequent events that require disclosure.

CORPORATE INFORMATION

CORPORATE PROFILE

Brookfield Residential Properties ULC is a leading land developer and homebuilder in North America. We entitle and develop land to create MPCs, build and sell lots to third-party builders, and conduct our own homebuilding operations. We also participate in select, strategic real estate opportunities, including infill projects, mixed-use developments, and joint ventures. We are the flagship North American residential property company of Brookfield Corporation, (NYSE: BN; TSX: BN), a global alternative asset manager. Further information is available at BrookfieldResidential.com or Brookfield.com or contact:

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BONDHOLDER INQUIRIES

Brookfield Residential welcomes inquiries from bondholders, analysts, media representatives and other interested parties. Questions relating to bondholder relations or media inquiries can be directed to Thomas Lui, Executive Vice President & Chief Financial Officer via e-mail at thomas.lui@brookfieldrp.com.