

**Brookfield Residential**

**A LAND DEVELOPMENT AND HOMEBUILDING COMPANY**  
Active in Ten North American Markets



**Corporate Profile | November 2012**

## Notice to Recipients

This corporate profile contains “forward-looking statements” within the meaning of applicable Canadian securities laws and United States federal securities laws. Certain statements in this corporate profile that are not historical facts, including information concerning the current business environment and outlook, possible or assumed future results of operations of the company, intrinsic value and future cash flows, favourable long-term fundamentals, future lot availability, the company’s goals and business strategy, factors affecting our competitive position within the homebuilder industry, land development value creation, costs to complete, liquidity and the ability to participate in opportunities, and those statements preceded by, followed by, or that include the words “may,” “believe,” “planned,” “anticipate,” “should,” “goals,” “expected,” “potential,” “estimate,” “targeted,” “scheduled,” or similar expressions, constitute “forward-looking statements”. Undue reliance should not be placed on forward looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause the actual results to differ materially from the anticipated future results expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those set forward in the forward-looking statements include, but are not limited to: changes in general economic, real estate and other conditions; changes in interest rates; mortgage rate changes; availability of suitable undeveloped land at acceptable prices; adverse legislation or regulation; ability to obtain necessary permits and approvals for the development of our land; availability of labour or material or increases in their costs; ability to develop and market our master-planned communities successfully; laws and regulations related to property development and related to the environment that could lead to additional costs and delays; ability to obtain regulatory approvals; confidence levels of consumers; ability to raise capital on favourable terms; our debt and leverage; adverse weather conditions and natural disasters; relations with the residents of our communities; risks associated with increased insurance costs or unavailability of adequate coverage and ability to obtain surety bonds; competitive conditions in the homebuilding industry, including product and pricing pressures; ability to retain our executive officers; relationships with our affiliates; the seasonal nature of our business and its impact on quarterly operating results; changes to foreign currency exchanges rates; and additional risks and uncertainties referred to in our filings with the securities regulators in Canada and the United States, many of which are beyond our control. Except as required by law, we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. However, any further discussions made on related subjects in subsequent reports should be consulted.

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

**Company Overview**



## In Summary

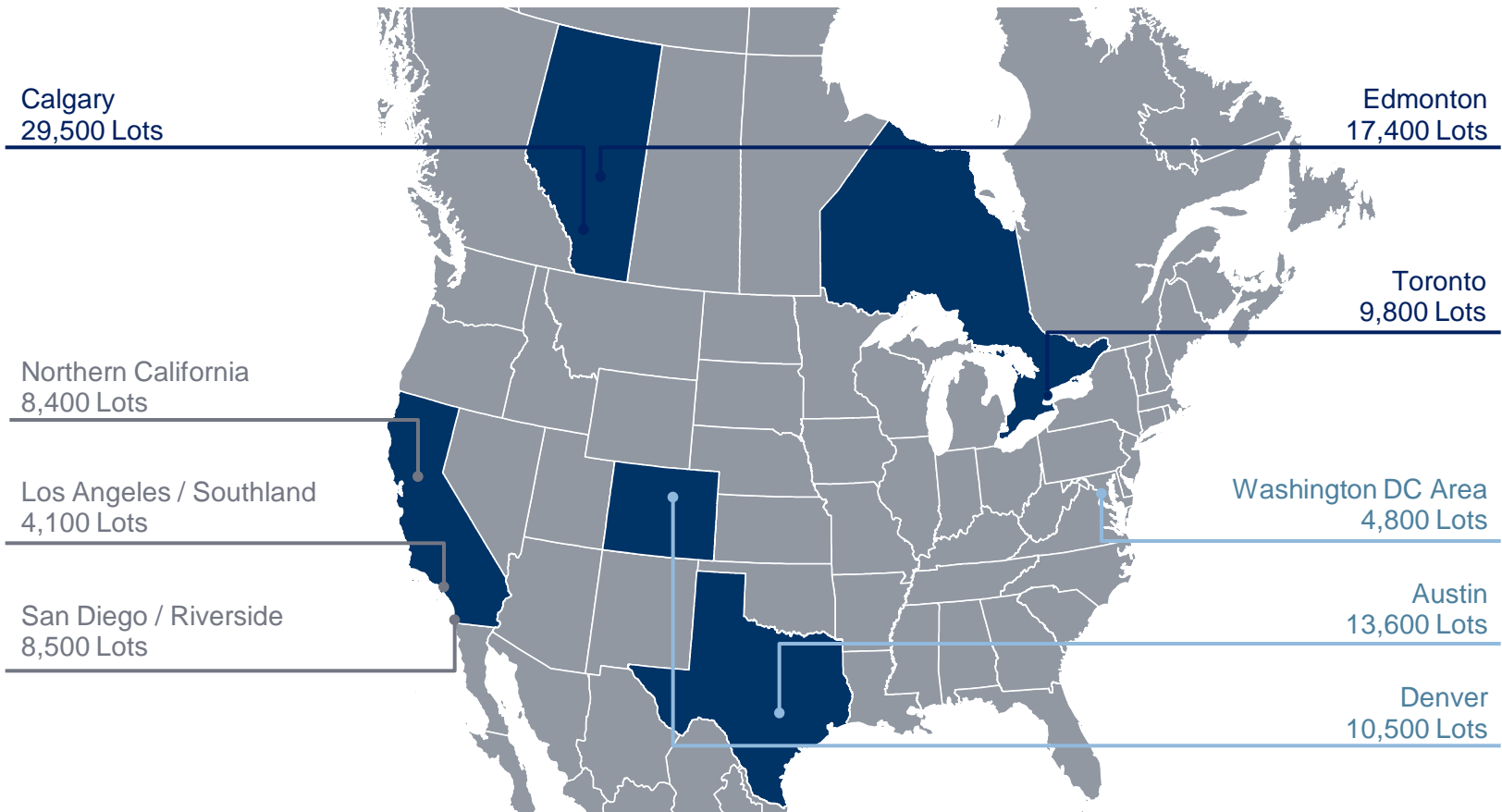
Brookfield Residential was launched as a new North American public company on March 31, 2011 by way of a merger between Brookfield Office Properties' residential land and housing division (BPO Residential) and Brookfield Homes Corporation.



- Fifth largest North American residential platform by land and housing assets, with over 100,000 lots controlled
- Land developer and homebuilder, with three active operating segments and approximately US\$2.8 billion in assets: Canada (3 markets), California (4 markets) and Central and Eastern U.S. (3 markets)
  - Land developer: Entitle and develop land in all ten of our markets
  - Homebuilder: Currently build homes in eight of our ten markets (Calgary, Edmonton, Greater Toronto Area, San Francisco Bay Area, Los Angeles/Southland, San Diego/Riverside, Washington D.C. Area and Denver)
  - Dominant developer in Western Canada; approximately 25% market share in Calgary; 1 in 5 Calgary residents live in a Brookfield community
- Geographically diverse portfolio provides the benefit of strong Canadian markets, while positioning the company for a recovery in the U.S.

## Market Diversity

- With assets split almost equally between Canada and the United States, Brookfield Residential's North American portfolio provides the benefits of strong and profitable Canadian markets while being well-positioned for a recovery in future growth markets in the US
- Invest in markets with resilient economies created by employment and quality of life
- Purchase land in growth corridors taking long range view of where master-planned opportunities exist



Note: Does not include 205 acres of multi-family, commercial and industrial parcels under development.

## Brookfield Residential Key Differentiators

### **Balance between land development and homebuilding**

- Diversified operations with both land and home development
- Value created at each stage of land entitlement and development
- Ability to bring lots to market quickly and not rely on third party providers
- Top-tier gross margins promotes strong profitability and cash flow flexibility to opportunistically pursue homebuilding or land investment

### **Large and irreplaceable land supply**

- 100,000 lots controlled in supply-constrained markets with attractive employment and quality of life characteristics
- Negligible development of lots in the US since 2006 – significant demand from homebuilders who have transitioned to “land lite” model
- Well-positioned in Canada to provide lots in markets where supplies are tightening

### **Unique geographic balance**

- Benefits of strong and profitable Canadian markets while positioned for a recovery in future growth markets in the US
- Located in dynamic and resilient markets with strong housing demand, barriers to entry and strong employment growth

### **Operating expertise supported by investment grade parent**

- Deep management team with more than 20 years average experience and in-depth local industry knowledge
- High customer satisfaction acknowledged through satisfaction surveys, industry awards and peer recognition
- Majority owned by Brookfield Asset Management, an investment grade global alternative asset manager

## Brookfield Residential Advantage

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

\* Please visit [http://www.brookfieldrp.com/content/our\\_markets/our\\_markets\\_overview-25864.html](http://www.brookfieldrp.com/content/our_markets/our_markets_overview-25864.html) to view award rankings by market

## Long-Term Fundamentals Favourable

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



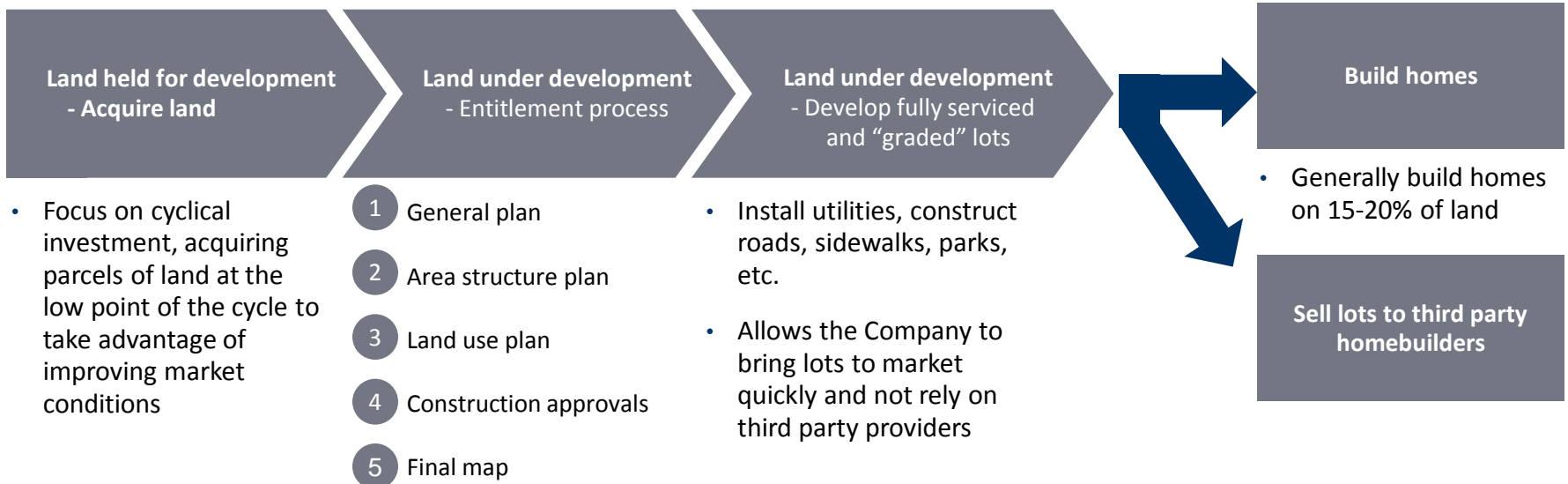
**Land Development**



## Diversified operations with both land and home development

- Brookfield Residential develops land for its own communities and sell lots to other homebuilders and third parties
  - In each of its markets, Brookfield Residential operates through local business units which are involved in all phases of the planning, building and marketing of the Company’s master-planned communities, infill and mixed-use developments
- Brookfield Residential constructs homes on lots it has developed or purchased from others
  - Having a homebuilding operation allows Brookfield Residential the opportunity to extract the value from the land and provides the Company with market knowledge through direct contact with the homebuyers
  - In markets where Brookfield Residential has significant land holdings, homebuilding is carried out on a portion of its land (typically 15%-20%) in specific market segments and the balance of lots are sold to and built on by third party builders

### Brookfield Residential’s land and development business model



## A General Overview of Land Entitlement and Development

- Land development is the process of taking land from a raw undeveloped stage through to a finished lot stage where it is available for the construction of homes, shopping centres, schools, parks and other structures
- In order to develop land, entitlements are required; entitlements are the legal method of obtaining approvals for the right to develop property for a particular use
- There are many different entitlements required through the regulatory approval process in order to develop land; most jurisdictions require similar approvals although they vary in what they are called
- The first level of entitlement is a General Plan which designates what general uses (residential, commercial, office, etc.) will be allowed on the lands under study; it also designates the general location of significant roads and school sites
- The second level of entitlement, usually called an Area Structure Plan, Community Plan or Specific Plan, is similar to a General Plan but is a more detailed look at the sequence of development, general land uses proposed for the area, the density of population, general location of major transportation routes and public utilities, school sites and other matters City Council considers necessary
- The next level of entitlements generally involves obtaining a Land Use Plan or Zoning or Tentative Map; this designates what use is allowed on a specific piece of land (single family housing, multi-family housing, shopping centre, park, etc.); once zoning is in place no other use on the piece of land will be allowed unless it is re-zoned; an Outline Plan may accompany the Land Use Plan; this plan identifies the road and utility layout for a community as well as the specific location of each Land Use

## A General Overview of Land Entitlement and Development cont'd

- Another level of entitlements involves obtaining engineering approval; engineering approval involves preparing detailed engineering drawings that outline the location and size of sanitary sewer, water and storm water pipes. It also designates the size and location of roads required and the size and location of storm water ponds
- The final level of entitlements involves preparing a Legal Survey Plan or Final Map, which is prepared by qualified Land Surveyors and the mechanism through which an individual titled lot is created
- Obtaining entitlements can be a difficult and lengthy process involving many studies and public engagement and often takes years to complete
- Once entitlements have been achieved, the land developer can physically install utilities, construct roads, sidewalks, parks etc. to create a finished lot available to homebuilders to construct homes on; in certain situations a developer may allow the homebuilder to install the infrastructure by selling the builder what's known as "graded lots"; the developer completes only the backbone infrastructure for the community and allows the homebuilder to complete the specific onsite servicing for the "graded lots" purchased
- In Canada, developers sell fully serviced lots to homebuilders; in the United States developers sell both fully serviced lots and "graded lots"

## Land Entitlement and Development – Examples of Land Development Stages in Alberta

- Value is created at each stage of land entitlement and development
  - Lots are entitled in markets that have barriers to entry (entitlement includes municipal approval of a master-planned community)
  - Development plans are prepared with final engineering, and includes completion of grading, sewers, utilities, parks, roads and sidewalks
- The following are generic examples of the metrics we have experienced in the past in Alberta. Results will vary project by project depending on parcel size, location and other market variables:

Year	Activity	2 Year Hold Period		
		\$	\$	\$
		Per Front Foot	Per Acre	Per Lot
0	Purchase land	(1,545)	(340,000)	(49,455)
1		–	–	–
2	Entitle land	(40)	(8,800)	(1,280)
3	Develop land	(1,800)	(396,000)	(57,600)
4	Sell lots	4,800	1,056,000	153,600
	Margin \$	1,415	311,200	45,265
	Margin %	29%	29%	29%

Front Feet Per Acre – 220

Front Feet Per Lot – 32

Year	Activity	7 Year Hold Period		
		\$	\$	\$
		Per Front Foot	Per Acre	Per Lot
0	Purchase land	(591)	(130,000)	(18,909)
1		–	–	–
2		–	–	–
3		–	–	–
4		(10)	(2,200)	(320)
5		(10)	(2,200)	(320)
6		(10)	(2,200)	(320)
7	Entitle land	(10)	(2,200)	(320)
8	Develop land	(1,800)	(396,000)	(57,600)
9	Sell lots	4,800	1,056,000	153,600
	Margin \$	2,369	521,200	75,811
	Margin %	49%	49%	49%

**Intrinsic Value**



## Cash Flow and Valuation Methodologies

- The following is an example of an approach to value the company:

<b>Stage of Development</b>	<b>Methodology</b>
Housing Inventory	Market price less cost to complete
Land Under Development	Market price less cost to complete
Land Held for Development	Discounted cash flow at 12% to 25% rate

- The discount rates used for Land Held For Development are directly correlated with risk. For example, where land is in a raw unentitled state, the appropriate discount rate could be in the 12% to 25% range to account for entitlement, development, timing and market risk

# Land and Housing Inventory

## Single Family Housing and Land Held for Development <sup>(1)</sup>

## Multi Family, Industrial, & Commercial Parcels Under Development

(lots)	Land & Housing		Unconsolidated Entities		Total Lots	Total Lots	Status of Lots		Total Acres	Total Acres
	Owned <sup>(1)</sup>	Options	Owned	Options	30-Sep-12	31-Dec-11	Entitled	Unentitled	30-Sep-12	31-Dec-11
Calgary	28,438	-	1,064	-	29,502	27,957	6,759	22,743	119	153
Edmonton	17,385	-	-	-	17,385	16,728	10,373	7,012	69	86
Toronto	9,760	-	-	-	9,760	9,369	987	8,773	7	8
<b>Canada</b>	<b>55,583</b>	<b>-</b>	<b>1,064</b>	<b>-</b>	<b>56,647</b>	<b>54,054</b>	<b>18,119</b>	<b>38,528</b>	<b>195</b>	<b>247</b>
Northern California	3,493	4,950	-	-	8,443	8,288	2,293	6,150	-	-
Southland/Los Angeles	801	-	1,505	1,842	4,148	4,216	1,608	2,540	-	-
San Diego/Riverside	8,430	-	8	-	8,438	8,999	5,638	2,800	-	-
Other	194	-	53	-	247	249	247	-	-	-
<b>California</b>	<b>12,918</b>	<b>4,950</b>	<b>1,566</b>	<b>1,842</b>	<b>21,276</b>	<b>21,752</b>	<b>9,786</b>	<b>11,490</b>	<b>-</b>	<b>-</b>
Denver	10,495	-	-	-	10,495	10,580	10,495	-	10	10
Austin	13,605	-	-	-	13,605	14,921	5,347	8,258	-	-
Washington D.C. Area	2,737	1,066	1,006	-	4,809	5,085	4,562	247	-	-
<b>Central and Eastern U.S.</b>	<b>26,837</b>	<b>1,066</b>	<b>1,006</b>	<b>-</b>	<b>28,909</b>	<b>30,586</b>	<b>20,404</b>	<b>8,505</b>	<b>10</b>	<b>10</b>
<b>Total September 30, 2012</b>	<b>95,338</b>	<b>6,016</b>	<b>3,636</b>	<b>1,842</b>	<b>106,832</b>		<b>48,309</b>	<b>58,523</b>	<b>205</b>	<b>257</b>
Entitled lots September 30, 2012	45,369	1,066	1,411	463	48,309					
Unentitled lots September 30, 2012	49,969	4,950	2,225	1,379	58,523					
<b>Total September 30, 2012</b>	<b>95,338</b>	<b>6,016</b>	<b>3,636</b>	<b>1,842</b>	<b>106,832</b>					
Total December 31, 2011	94,831	6,016	3,703	1,842		106,392				

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

(millions, except per unit activity)	Land & Unconsolidated	Total 9/30/2012		Total 12/31/2011		
	Housing <sup>(1)</sup>	Entities	Units	\$	Units	\$
Land Held For Development (lots)	1,396	112	91,571	1,508	91,446	1,856
Land Under Development - Single Family (lots)	489	20	6,054	509	6,291	52
Optioned (lots)	68	34	7,858	102	7,858	95
Housing inventory (lots)	264	4	1,242	268	702	144
Model homes (lots)	30	1	107	31	95	27
Unconsolidated entity debt	-	(15)	-	(15)	-	(16)
<b>Sub total</b>	<b>2,247</b>	<b>156</b>	<b>106,832</b>	<b>2,403</b>	<b>106,392</b>	<b>2,158</b>
Multi Family, Commercial & Industrial Parcels (Acres)	81	-	205	81	257	99
<b>Total</b>	<b>2,328</b>	<b>156</b>		<b>2,484</b>		<b>2,257</b>



## Housing Inventory

- Our Housing Inventory at September 30, 2012 consisted of the following:

	<b>Model Homes</b>	<b>Housing Inventory</b>
<b>City</b>	<b>Units</b>	<b>Units</b>
Calgary	36	259
Edmonton	22	233
Toronto	9	297
Northern California	10	89
Los Angeles / Southland	10	69
San Diego / Riverside	11	94
Denver	3	-
Washington D.C. Area	6	198
Other	-	3
<b>Total</b>	<b>107</b>	<b>1,242</b>
<b>Book Value</b>	<b>\$31 million</b>	<b>\$267 million</b>

- Housing Inventory is defined as completed housing or in the process of being constructed
- Included in Housing Inventory is associated land as well as construction costs
- As at September 30, 2012 the cost to complete Housing Inventory was approximately \$146 million. Cost to complete is defined as the costs required to bring partially finished homes to a completed stage
- Having a homebuilding operation allows us the opportunity to monetize our land and provides us with market knowledge through direct contact with the homebuyers

## Land Under Development

- Our Land Under Development Inventory at September 30, 2012 consisted of the following:

	Single Family	Multi-Family / Industrial / Commercial Parcels
City	Lots	Acres
Calgary	1,263	119
Edmonton	1,107	69
Toronto	174	7
Northern California	290	-
Los Angeles / Southland	438	-
San Diego / Riverside	1,190	-
Austin	168	-
Denver	1,063	10
Washington D.C. Area	333	-
Other	28	-
<b>Total</b>	<b>6,054</b>	<b>205</b>
<b>Book Value</b>	<b>\$509 million</b>	<b>\$81 million</b>

- We develop land for our own communities and then sell lots to other homebuilders and third parties. In our own and others' communities, we may also design, construct and market single family and multi-family homes
- Once development of a phase begins, the associated costs with that phase are transferred from Land Held for Development to Land Under Development, which includes all underlying costs that are attributable to the phase of saleable lots, including costs of the underlying land, consulting costs and backbone infrastructure of major roads, parks and sewers
- As at September 30, 2012 the cost to complete for single family and multi-family Land Under Development was approximately \$249 million and \$43 million, respectively. Cost to complete is defined as the costs required to bring partially finished lots and parcels to a completed stage
- 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

## Land Held for Development

- Our Land Held for Development Inventory at September 30, 2012 consisted of the following:

City	Acres	Lot Unit Equivalents*
Calgary	3,990	27,944
Edmonton	2,289	16,023
Toronto	1,549	9,280
Northern California	648	3,104
Los Angeles / Southland	716	1,789
San Diego / Riverside	2,511	7,143
Austin	3,360	13,437
Denver	2,358	9,429
Washington D.C. Area	1,233	3,206
Other	22	216
<b>Total</b>	<b>18,676</b>	<b>91,571</b>
<b>Book Value</b>	<b>\$1.493 billion</b>	

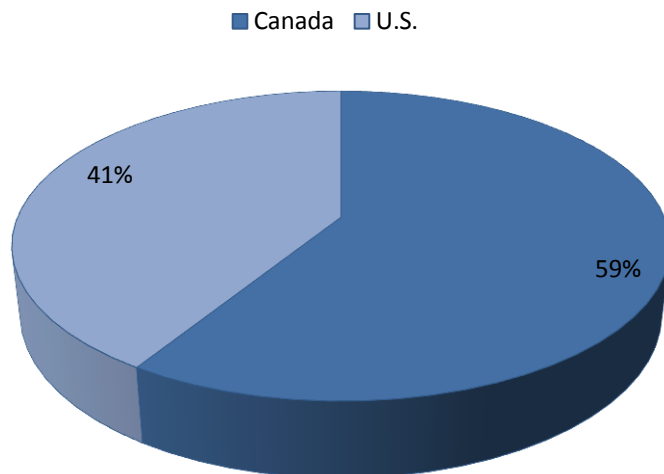
- Cash flows are based on current projections taking into account many variables and assumptions and as a result are subject to change

\* Lot unit equivalents for most regions have assumed a conversion rate of between 4 to 7 units per acre. The final plan may change through the entitlement process

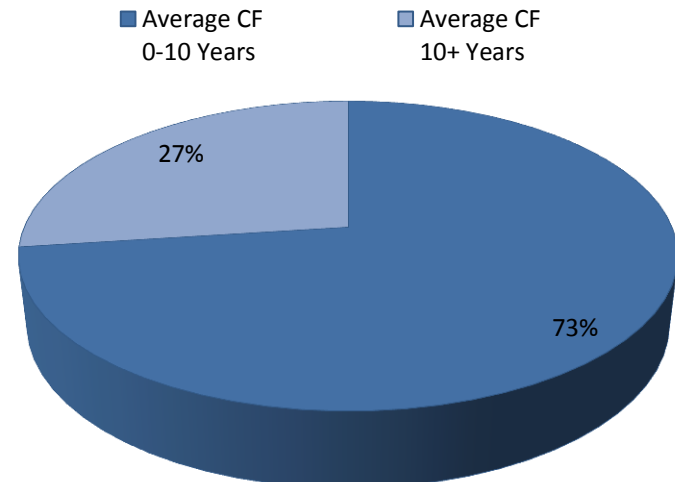
## Land Held for Development - Continued

- Our projections for cash flow from our Land Held for Development and Optioned Land totals over \$4.5 billion with an average life of 10 years
- The projected undiscounted cash flow for land held for development and optioned lands split out by country and average life is as follows:

### Undiscounted Cash flow Split



### Undiscounted Cash flow Split by Year



## Optioned Land

- Our inventory of optioned land at September 30, 2012 consisted of the following:

City	Land and Housing	Unconsolidated Entities
Northern California	4,950	-
Los Angeles / Southland	-	1,842
Washington D.C. Area	1,066	-
<b>Total</b>	6,016	1,842
<b>Book Value</b>	\$68 million	\$34 million

- In the ordinary course of business, and where market conditions permit, we use land and lot option contracts and 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 options expire; this reduces our financial risk associated with these land holdings
- As at September 30, 2012 the total exercise price of these consolidated and unconsolidated options was \$148 million and \$84 million, respectively

## Financial Profile



## Selected Financial Information

<i>(Millions, except per unit activity and per share amounts)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
<b>Results of Operations</b>				
Total revenue	\$ 245	\$ 228	\$ 625	\$ 644
Land revenue - total	62	116	215	359
Land revenue - normalized	62	73	215	206
Land revenue - non-recurring	-	43	-	153
Housing revenue	183	112	410	285
Gross margin - total (\$)	69	70	181	180
Gross margin - normalized (\$)	69	53	181	122
Gross margin - non-recurring (\$)	-	17	-	58
Gross margin - total (%)	28%	31%	29%	28%
Gross margin - normalized (%)	28%	29%	29%	25%
Gross margin - non-recurring (%)	-	40%	-	38%
Income before income taxes	25	29	64	81
Income tax expense	(11)	(10)	(27)	(101)
Net income / (loss) attributable to Brookfield Residential	15	19	37	(19)
Basic income / (loss) per share	\$ 0.15	\$ 0.19	\$ 0.37	\$ (0.19)
Diluted income / (loss) per share	\$ 0.15	\$ 0.19	\$ 0.37	\$ (0.19)
<b>Operating Data</b>				
Lot closings - normalized (single family units)	386	413	1,123	1,136
Lot closings - non-recurring (single family units)	-	237	-	842
Acres closings - normalized (multi-family, industrial and commercial parcel sales)	2	9	25	9
Acres closings - non-recurring (multi-family, industrial and commercial parcel sales)	-	6	-	15
Average land selling price - normalized (per lot equivalent)	\$ 156,000	\$ 162,000	\$ 151,000	\$ 174,000
Average land selling price - non-recurring (per lot equivalent)	\$ -	\$ 166,000	\$ -	\$ 166,000
Average per acre selling price (multi-family, industrial and commercial parcel sales)	\$ 778,000	\$ 633,000	\$ 1,092,000	\$ 843,000
Home closings for Brookfield Residential (units)	477	307	1,083	767
Home closings for unconsolidated entities (units)	13	10	44	15
Average home selling price (per unit)	\$ 384,000	\$ 366,000	\$ 379,000	\$ 371,000
Average home selling price for unconsolidated entities (per unit)	\$ 224,000	\$ 373,000	\$ 209,000	\$ 365,000
Net new orders for Brookfield Residential (units)	461	389	1,533	1,226
Net new orders for unconsolidated entities (units)	21	19	58	39
Backlog for Brookfield Residential (units at end of period)	1,095	813	1,095	813
Backlog for unconsolidated entities (units at end of period)	28	14	28	14

# Quarterly Financial Information

	2012			2011				2010
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
<i>(millions, except per share amounts)</i>								
Lots closings (single family lots) - normalized	386	463	274	733	413	489	234	629
Lots closings (single family lots) - non-recurring	-	-	-	201	237	270	335	-
Acre sales (multi-family, industrial and commercial parcels) - normalized	2	22	1	25	7	2	-	3
Acre sales (multi-family, industrial and commercial parcels) - non-recurring	-	-	-	3	6	6	3	-
Acre sales (raw and partially finished parcels)	-	438	-	-	-	41	-	-
Home closings	477	355	251	528	307	240	220	504
Revenue	\$ 244.9	\$ 248.3	\$ 132.1	\$ 364.5	\$ 227.9	\$ 235.5	\$ 180.1	\$ 299.5
Direct cost of sales	(175.9)	(175.1)	(93.4)	(276.7)	(157.8)	(180.7)	(124.8)	(227.5)
Gross Margin	69.0	73.2	38.7	87.8	70.1	54.8	55.3	72.0
Selling, general and administrative expense	(32.2)	(29.4)	(26.1)	(28.7)	(26.7)	(19.2)	(26.4)	(26.8)
Interest expense	(10.6)	(10.3)	(10.2)	(11.6)	(11.3)	(10.9)	(3.3)	-
Other income/ (expense)	(0.9)	0.8	1.5	1.5	(3.1)	1.5	0.3	14.3
<b>Income before income taxes</b>	<b>25.3</b>	<b>34.3</b>	<b>3.9</b>	<b>49.0</b>	<b>29.0</b>	<b>26.2</b>	<b>25.9</b>	<b>59.5</b>
Income tax expense	(10.8)	(12.8)	(3.7)	(24.0)	(10.3)	(7.4)	(83.7)	(18.7)
<b>Net income / (loss)</b>	<b>14.5</b>	<b>21.5</b>	<b>0.2</b>	<b>25.0</b>	<b>18.7</b>	<b>18.8</b>	<b>(57.8)</b>	<b>40.8</b>
Net loss attributable to non-controlling interest and other interests in consolidated subsidiaries	0.4	0.3	0.4	0.8	0.5	0.4	0.8	0.2
<b>Net income / (loss) attributable to Brookfield Residential</b>	<b>\$ 14.9</b>	<b>\$ 21.8</b>	<b>\$ 0.6</b>	<b>\$ 25.8</b>	<b>\$ 19.2</b>	<b>\$ 19.2</b>	<b>\$ (57.0)</b>	<b>\$ 41.0</b>
Foreign currency translation	6.2	(3.0)	3.1	1.5	(4.0)	0.3	13.4	18.2
<b>Comprehensive income / (loss) attributable to Brookfield Residential</b>	<b>\$ 21.1</b>	<b>\$ 18.8</b>	<b>\$ 3.7</b>	<b>\$ 27.3</b>	<b>\$ 15.2</b>	<b>\$ 19.5</b>	<b>\$ (43.6)</b>	<b>\$ 59.2</b>
<b>Earnings / (loss) per common share attributable to Brookfield</b>								
Basic	\$ 0.15	\$ 0.22	\$ 0.01	\$ 0.25	\$ 0.19	\$ 0.19	\$ (0.56)	\$ 0.36
Diluted	\$ 0.15	\$ 0.22	\$ 0.01	\$ 0.25	\$ 0.19	\$ 0.19	\$ (0.56)	\$ 0.35
<b>Weighted average common shares outstanding (in thousands)</b>								
Basic	99,819	99,812	99,606	99,343	99,343	101,187	101,343	101,343
Diluted	100,335	100,200	99,945	99,611	99,410	101,356	101,343	101,431
<b>Non-Recurring</b>								
Land revenue	\$ -	\$ -	\$ -	\$ 36.0	\$ 43.0	\$ 49.0	\$ 61.0	\$ -
Direct cost of sales	-	-	-	(44.0)	(26.0)	(34.0)	(35.0)	-
Gross margin	-	-	-	\$ (8.0)	\$ 17.0	\$ 15.0	\$ 26.0	\$ -
	-	-	-	-22%	40%	31%	43%	-



## Condensed Consolidated Balance Sheets

<i>(thousands)</i>	<b>As at September 30, 2012</b>	As at June 30, 2012	As at March 31, 2012	As at December 31, 2011	As at September 30, 2011
<b>Assets</b>					
Land and housing inventory	\$ 2,327,819	\$ 2,212,184	\$ 2,194,447	\$ 2,113,245	\$ 2,129,333
Investments in unconsolidated entities	155,544	153,654	150,746	143,821	141,850
Receivables and other assets	306,495	328,891	303,921	310,443	262,389
Restricted cash	8,511	8,600	8,578	9,128	9,128
Cash and cash equivalents	10,373	7,801	12,667	2,162	1,276
	<b>\$ 2,808,742</b>	<b>\$ 2,711,130</b>	<b>\$ 2,670,359</b>	<b>\$ 2,578,799</b>	<b>\$ 2,543,976</b>
<b>Liabilities and Equity</b>					
Project specific and other financings	\$ 972,380	\$ 932,724	\$ 928,993	\$ 825,687	\$ 842,490
Notes payable	488,016	472,128	481,248	469,776	457,152
Total financings	1,460,396	1,404,852	1,410,241	1,295,463	1,299,642
Accounts payable and other liabilities	262,928	243,357	216,259	247,420	254,211
Deferred income tax liabilities	22,912	22,619	24,948	27,773	9,371
Total liabilities	1,746,236	1,670,828	1,651,448	1,570,656	1,563,224
Other interests in consolidated subsidiaries	31,047	31,801	31,235	32,434	34,326
Total equity	1,031,459	1,008,501	987,676	975,709	946,426
	<b>\$ 2,808,742</b>	<b>\$ 2,711,130</b>	<b>\$ 2,670,359</b>	<b>\$ 2,578,799</b>	<b>\$ 2,543,976</b>
Debt to Total Capitalization	58%	57%	58%	56%	57%

# Condensed Consolidated Statements of Operations

<i>(thousands, except per share amounts)</i>	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
<b>Revenue</b>				
Land	\$ 61,590	\$ 115,498	\$ 215,160	\$ 358,979
Housing	183,321	112,414	410,161	284,605
	244,911	227,912	625,321	643,584
<b>Direct Cost of Sales</b>				
Land	(24,947)	(62,919)	(103,849)	(220,229)
Housing	(150,968)	(94,919)	(340,496)	(243,172)
	68,996	70,074	180,976	180,183
Selling, general and administrative expense	(32,185)	(26,745)	(87,691)	(72,339)
Equity in earnings from unconsolidated entities	623	(13)	3,499	3,928
Depreciation	(865)	(862)	(2,475)	(2,734)
Interest expense	(10,562)	(11,286)	(31,001)	(25,452)
Other income	(709)	(2,127)	206	(2,403)
	25,298	29,041	63,514	81,183
Current income tax expense	(10,112)	(2,033)	(31,730)	(17,594)
Deferred income tax expense	(715)	(8,270)	4,443	(83,780)
<b>Net Income</b>	14,471	18,738	36,227	(20,191)
Net loss attributable to noncontrolling interest and other interests in consolidated subsidiaries	403	463	1,036	1,676
<b>Net Income / (Loss) Attributable to Brookfield Residential</b>	\$ 14,874	\$ 19,201	\$ 37,263	\$ (18,515)
<b>Other Comprehensive Income</b>				
Unrealized foreign exchange gain / (loss) on translation of:				
The net investment in Canadian subsidiaries	22,067	(45,089)	24,569	(27,742)
The Canadian dollar denominated debt designated as a hedge of the net investment in Canadian subsidiaries	(15,888)	41,083	(18,240)	37,387
<b>Comprehensive Income / (Loss) Attributable to Brookfield Residential</b>	\$ 21,053	\$ 15,195	\$ 43,592	\$ (8,870)
<b>Earnings / (Loss) per Common Share Attributable to Brookfield Residential</b>				
Basic	\$ 0.15	\$ 0.19	\$ 0.37	\$ (0.19)
Diluted	\$ 0.15	\$ 0.19	\$ 0.37	\$ (0.19)
<b>Weighted Average Common Shares Outstanding (in thousands)</b>				
Basic	99,819	99,343	99,746	100,255
Diluted	100,335	99,410	100,262	100,255

## Selected Operating Information - Land

(millions, except per unit activity)	Three Months Ended September 30				Nine Months Ended September 30			
	2012		2011		2012		2011	
	Units	\$	Units	\$	Units	\$	Units	\$
<b>Lot Closings (single family lots)</b>								
Canada - normalized	314	\$ 53	379	\$ 62	928	\$ 155	873	\$ 143
Canada - non-recurring	-	-	237	39	-	-	842	140
California	-	-	-	-	-	-	158	43
Central and Eastern U.S.	72	7	34	5	195	14	105	12
	386	60	650	106	1,123	169	1,978	338
Unconsolidated Entities	-	-	-	-	-	-	179	11
Total	386	\$ 60	650	\$ 106	1,123	\$ 169	2,157	\$ 349

### Acre Sales (multi-family, industrial and commercial parcels)

Canada - normalized	2	\$ 2	9	\$ 6	25	\$ 28	9	\$ 7
Canada - non-recurring	-	-	6	4	-	-	15	13
California	-	-	-	-	-	-	-	-
Central and Eastern U.S.	-	-	-	-	-	-	-	-
	2	2	15	10	25	28	24	20
Unconsolidated Entities	-	-	-	-	-	-	-	-
Total	2	\$ 2	15	\$ 10	25	\$ 28	24	\$ 20

### Acre Sales (raw and partially finished parcels)

Canada - normalized	-	\$ -	-	\$ -	-	\$ -	41	\$ 1
California	-	-	-	-	438	18	-	-
Central and Eastern U.S.	-	-	-	-	-	-	-	-
	-	-	-	-	438	18	41	1
Unconsolidated Entities	-	-	-	-	-	-	-	-
Total	-	\$ -	-	\$ -	438	\$ 18	41	\$ 1

Land Sales	Three Months Ended September 30				Nine Months Ended September 30			
	2012	2011	Non-Recurring Timing Difference	Adjusted 2011	2012	2011	Non-Recurring Timing Difference	Adjusted 2011
Lot closings	386	650	237	413	1,123	2,157	842	1,315
Acre closings (multi-family, industrial, commercial parcels)	2	15	6	9	25	24	15	9
Acre closings (raw and partially finished parcels)	-	-	-	-	438	41	-	41
Revenue	\$ 62	\$ 116	\$ 43	\$ 73	\$ 215	\$ 359	\$ 153	\$ 206
Direct cost of sales	(25)	(63)	(26)	(37)	(104)	(220)	(95)	(125)
Gross margin	\$ 37	\$ 53	\$ 17	\$ 36	\$ 111	\$ 139	\$ 58	\$ 81

## Selected Operating Information – Land (Continued)

(in units, except average selling price)	Three Months Ended September 30		Nine Months Ended September 30	
	2012	2011	2012	2011
<b>Average Land Selling Price (per single family lot)</b>				
Canada - normalized	\$ 169,000	\$ 162,000	\$ 167,000	\$ 164,000
Canada - non-recurring	-	166,000	-	166,000
California	-	-	-	272,000
Central and Eastern U.S.	93,000	150,000	70,000	112,000
	156,000	163,000	151,000	171,000
Unconsolidated Entities	-	-	-	63,000
Average selling price	\$ 156,000	\$ 170,000	\$ 151,000	\$ 162,000
<b>Average Per Acre Selling Price (multi-family, industrial and commercial parcels)</b>				
Canada- normalized	\$ 778,000	\$ 525,000	\$ 1,092,000	\$ 666,000
Canada- non-recurring	-	795,000	-	950,000
California	-	-	-	-
Central and Eastern U.S.	-	-	-	-
	778,000	633,000	1,092,000	843,000
Unconsolidated Entities	-	-	-	-
Average selling price	\$ 778,000	\$ 633,000	\$ 1,092,000	\$ 843,000
<b>Average Per Acre Selling Price (raw and partially finished parcels)</b>				
Canada	\$ -	\$ -	\$ -	\$ 28,000
California	-	-	41,000	-
Central and Eastern U.S.	-	-	-	-
	-	-	41,000	28,000
Unconsolidated Entities	-	-	-	-
Average selling price	\$ -	\$ -	\$ 41,000	\$ 28,000
<b>Active Land Communities</b>				
	9/30/2012	12/31/2011	9/30/2011	
Canada	11	11	11	
California	2	1	2	
Central and Eastern U.S.	8	8	8	
	21	20	21	
Unconsolidated Entities	1	1	1	
Total	22	21	22	

## Selected Operating Information - Housing

<i>(in millions, except per units activity and average selling price)</i>	Three Months Ended September 30				Nine Months Ended September 30			
	2012		2011		2012		2011	
	Units	\$	Units	\$	Units	\$	Units	\$
<b>Home Closings</b>								
Canada	352	\$ 121	230	\$ 75	791	\$ 273	536	\$ 173
California	58	30	61	28	133	66	161	82
Central and Eastern U.S.	67	32	16	9	159	71	70	30
	477	183	307	112	1,083	410	767	285
Unconsolidated Entities	13	6	10	4	44	18	15	5
<b>Total</b>	<b>490</b>	<b>\$ 189</b>	<b>317</b>	<b>\$ 116</b>	<b>1,127</b>	<b>\$ 428</b>	<b>782</b>	<b>\$ 290</b>

<b>Average Home Selling Price</b>	Three Months Ended September 30				Nine Months Ended September 30			
	2012		2011		2012		2011	
	\$		\$		\$		\$	
Canada	\$ 344,000		\$ 328,000		\$ 345,000		\$ 323,000	
California	512,000		456,000		498,000		508,000	
Central and Eastern U.S.	486,000		577,000		446,000		424,000	
	384,000		366,000		379,000		371,000	
Unconsolidated Entities	224,000		373,000		209,000		377,000	
<b>Average selling price</b>	<b>\$ 386,000</b>		<b>\$ 355,000</b>		<b>\$ 380,000</b>		<b>\$ 364,000</b>	

<b>Net New Home Orders (units)</b>	Three Months Ended September 30				Nine Months Ended September 30			
	2012		2011		2012		2011	
Canada		273		311		1,051		928
California		133		34		269		173
Central and Eastern U.S.		55		44		213		125
		461		389		1,533		1,226
Unconsolidated Entities		21		19		58		39
<b>Total</b>		<b>482</b>		<b>408</b>		<b>1,591</b>		<b>1,265</b>

<b>Active Housing Communities / Backlog at End of Period</b>	Active Housing Communities			Backlog (units)		
	9/30/2012	12/31/2011	9/30/2011	9/30/2012	12/31/2011	9/30/2011
Canada	14	14	15	814	554	681
California	11	8	8	160	24	41
Central and Eastern U.S.	9	8	8	121	67	91
	34	30	31	1,095	645	813
Unconsolidated Entities	2	3	3	28	14	14
<b>Total</b>	<b>36</b>	<b>33</b>	<b>34</b>	<b>1,123</b>	<b>659</b>	<b>827</b>

## Selected Operating Information - Gross Margin

(\$ millions)	Three Months Ended September 30				Nine Months Ended September 30			
	2012		2011		2012		2011	
	\$	%	\$	%	\$	%	\$	%
<b>Land Gross Margin</b>								
Canada - normalized	\$ 37	60%	\$ 37	54%	\$ 109	60%	\$ 86	57%
Canada - non-recurring	-	-	17	40%	-	-	58	38%
California	-	-	-	-	5	28%	(3)	-7%
Central and Eastern U.S.	-	-	(1)	-20%	(3)	-21%	(2)	-17%
<b>Total</b>	<b>\$ 37</b>	<b>60%</b>	<b>\$ 53</b>	<b>46%</b>	<b>\$ 111</b>	<b>52%</b>	<b>\$ 139</b>	<b>39%</b>
<b>Housing Gross Margin</b>								
Canada	\$ 24	20%	\$ 14	19%	\$ 52	19%	\$ 28	16%
California	3	10%	2	7%	6	9%	8	10%
Central and Eastern U.S.	5	16%	1	11%	12	17%	5	17%
<b>Total</b>	<b>\$ 32</b>	<b>17%</b>	<b>\$ 17</b>	<b>15%</b>	<b>\$ 70</b>	<b>17%</b>	<b>\$ 41</b>	<b>14%</b>
<b>Total Gross Margin</b>								
Canada - normalized	\$ 61	35%	\$ 51	36%	\$ 161	35%	\$ 114	35%
Canada - non-recurring	-	-	17	40%	-	-	58	38%
California	3	10%	2	7%	11	13%	5	4%
Central and Eastern U.S.	5	13%	-	-	9	11%	3	7%
<b>Total</b>	<b>\$ 69</b>	<b>28%</b>	<b>\$ 70</b>	<b>31%</b>	<b>\$ 181</b>	<b>29%</b>	<b>\$ 180</b>	<b>28%</b>

## Market Areas and Projects



**Note:** Multi-family, Industrial and Commercial parcels under development have been disclosed using acres  
Single family units and land held for development remain classified as lots and lot equivalents

# Market Areas and Projects — Calgary, Alberta



**Number of Lots: 29,502**  
 Entitled: 6,759  
 Unentitled: 22,743  
**Acres: 119**

Project Name	Total Lots	Entitled Lots	Unentitled Lots	Developed Acres
Auburn Bay	2,063	2,063	-	-
Bearspaw	2,583	-	2,583	-
Cranston	2,683	2,683	-	5
McKenzie Towne	104	104	-	-
New Brighton	522	522	-	42
North Stoney	12,926	-	12,926	-
Seton	1,180	1,180	-	58
South Seton	4,579	-	4,579	-
Other	2,862	207	2,655	14



Cranston



Seton



# Market Areas and Projects — Edmonton, Alberta



**Number of Lots: 17,385**  
**Entitled: 10,373**  
**Unentitled: 7,012**  
**Acres: 69**

Project Name	Total Lots	Entitled Lots	Unentitled Lots	Developed Acres
Chappelle Gardens	2,925	2,925	-	10
Ellerslie	7,012	-	7,012	-
Gateway Industrial	134	134	-	44
Lake Summerside	1,400	1,400	-	4
Orchards	2,994	2,994	-	-
Parkland	130	130	-	-
West Edmonton	707	707	-	-
Other	2,083	2,083	-	11



Chappelle Gardens, Axio



Lake Summerside

# Market Areas and Projects — Greater Toronto Area



**Number of Lots: 9,760**  
 Entitled: 987  
 Unentitled: 8,773  
**Acres: 7**

Project Name	Total Lots	Entitled Lots	Unentitled Lots	Developed Acres
Bradford	158	158	-	-
Brantford	116	116	-	2
Caledon East	100	100	-	3
Niagara-On-The-Lake	129	83	46	1
Peterborough	7,768	-	7,768	-
Other	1,489	530	959	1

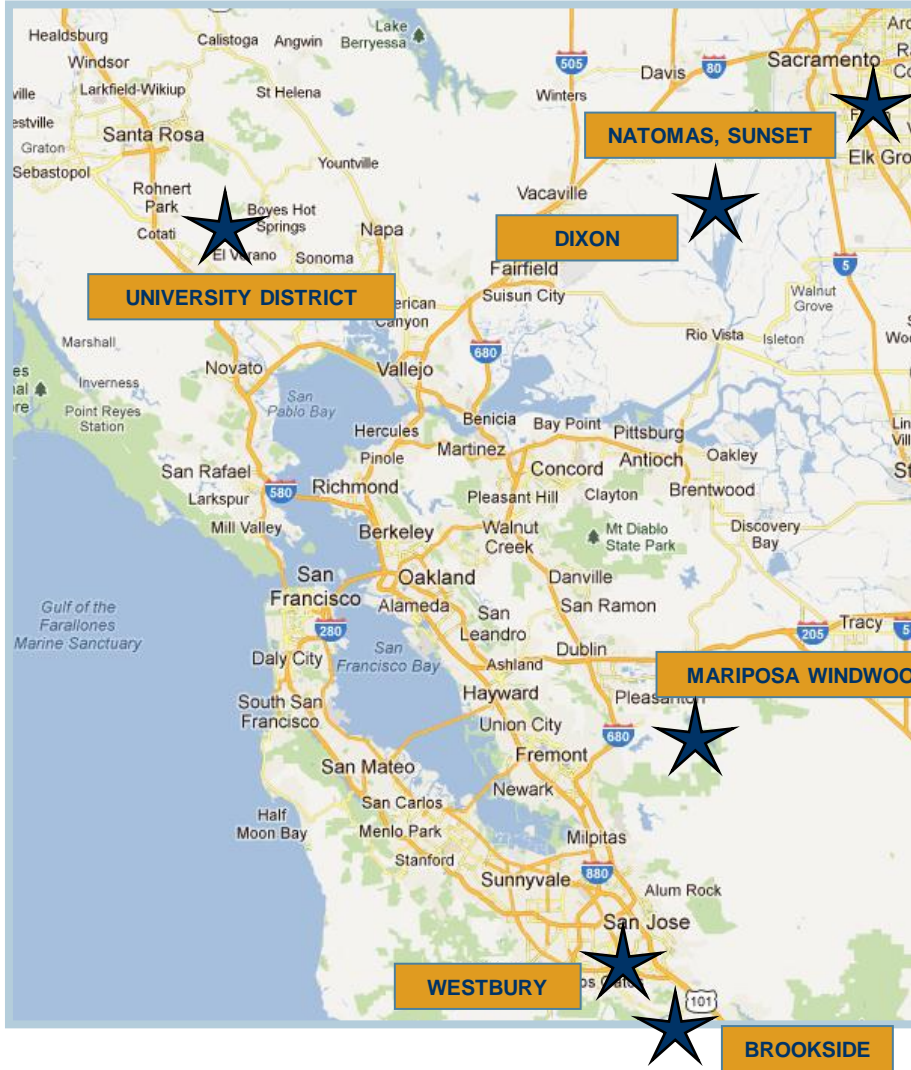


Bradford, Grand Central



Niagara-on-the-Lake, The Village

# Market Areas and Projects — Northern California



**Number of Lots: 8,443**  
 Entitled: 2,293  
 Unentitled: 6,150

Project Name	Total Lots	Entitled Lots	Unentitled Lots
Brookside	89	89	-
Dixon	900	450	450
Mariposa Windwood	134	134	-
Westbury	86	86	-
Natomas, Sunset	5,700	-	5,700
University District	1,454	1,454	-
Other	80	80	-

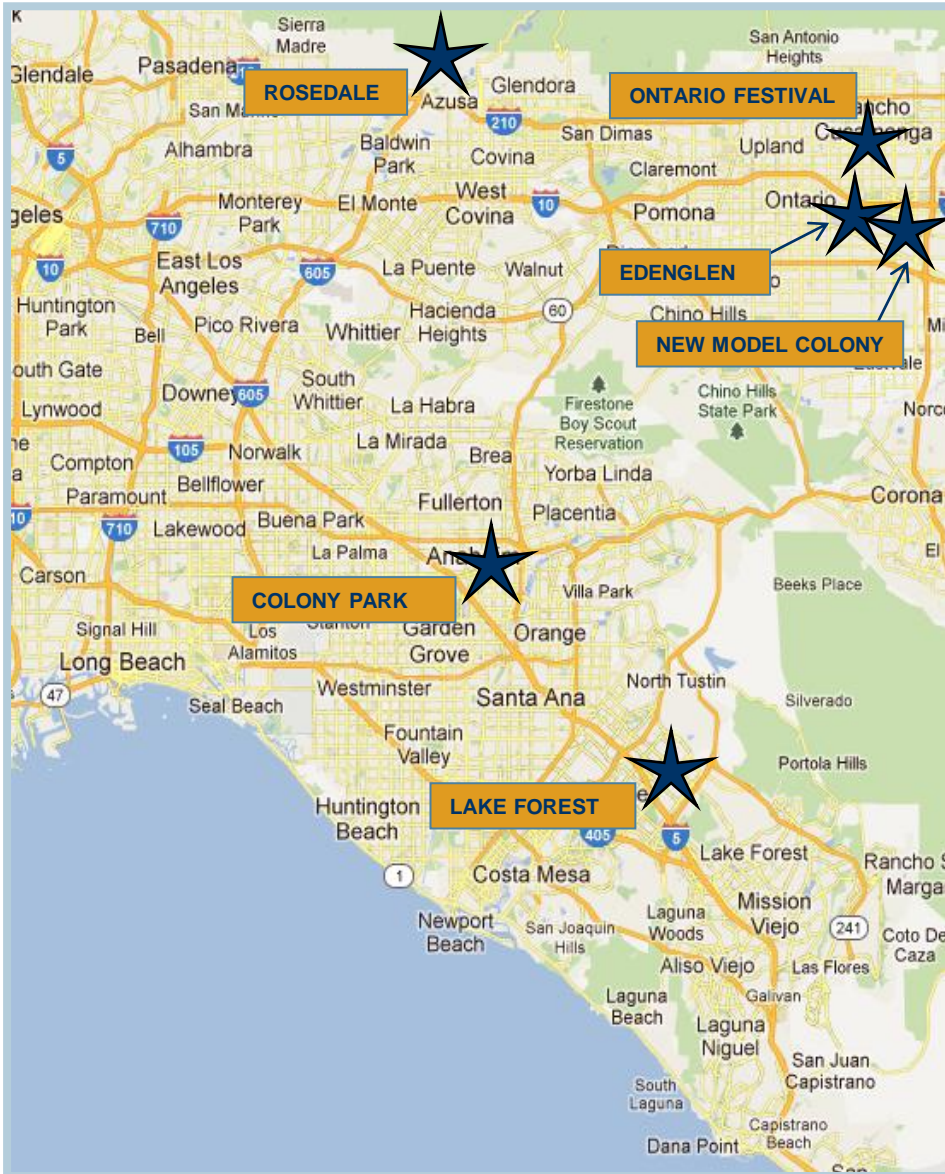


Windwood, Jordan Ranch



Brookside

# Market Areas and Projects — Los Angeles/Southland



**Number of Lots: 4,148**  
 Entitled: 1,608  
 Unentitled: 2,540

Project Name	Total Lots	Entitled Lots	Unentitled Lots
Colony Park	58	58	-
Edenglen	252	252	-
Lake Forest	78	-	78
New Model Colony	2,679	463	2,216
Ontario Festival	129	129	-
Rosedale	207	207	-
Other	745	499	246

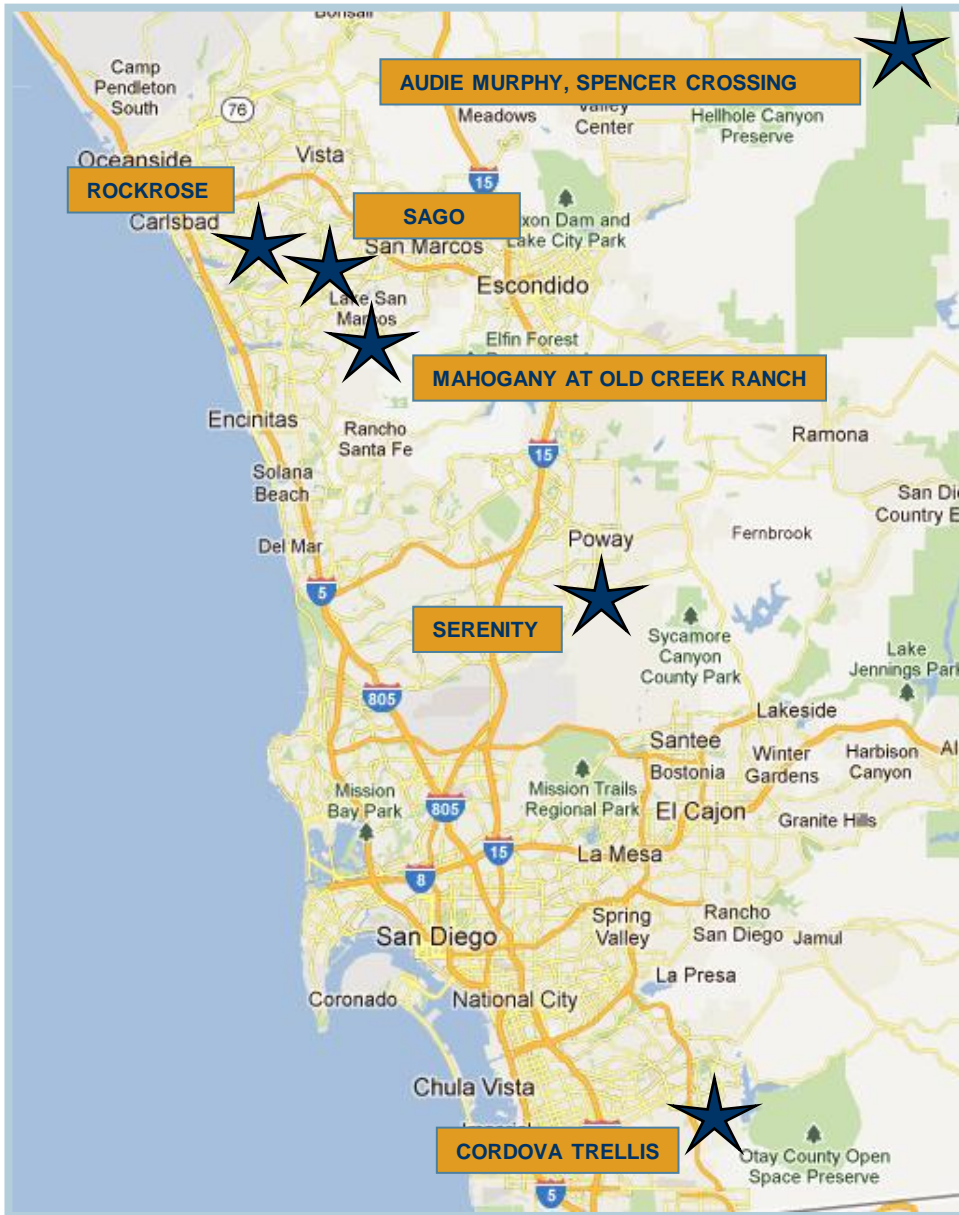


Rosedale, Azusa



Compass Park, New Model Colony

# Market Areas and Projects — San Diego/Riverside



**Number of Lots: 8,438**  
**Entitled: 5,638**  
**Unentitled: 2,800**

Project Name	Total Lots	Entitled Lots	Unentitled Lots
Audie Murphy, Spencer's Crossing	3,521	3,521	-
Cordova Trellis	73	73	-
Mahogany At Old Creek Ranch	1	1	-
Rockrose	43	43	-
Sago	43	43	-
Serenity	2	2	-
Other	4,755	1,955	2,800

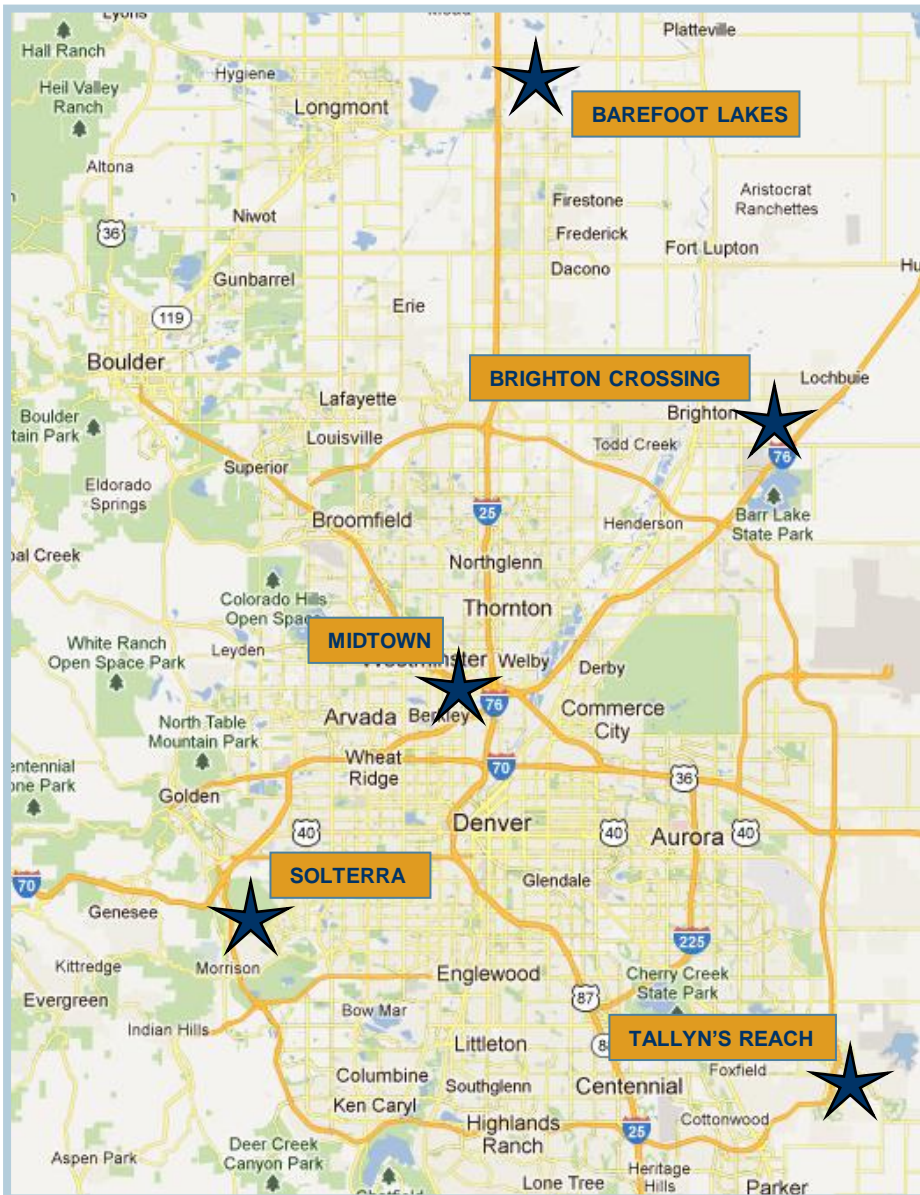


Mahogany at Old Creek



Serenity

# Market Areas and Projects — Denver, Colorado

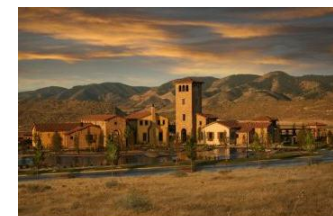


**Number of Lots: 10,495**  
**Entitled: 10,495**  
**Unentitled: -**  
**Acres: 10**

Project Name	Total Lots	Entitled Lots	Unentitled Lots	Developed Acres
Barefoot Lakes	4,053	4,053	-	-
Brighton Crossing	2,499	2,499	-	10
Midtown	580	580	-	-
Solterra	773	773	-	-
Tallyn's Reach	228	228	-	-
Other	2,362	2,362	-	-

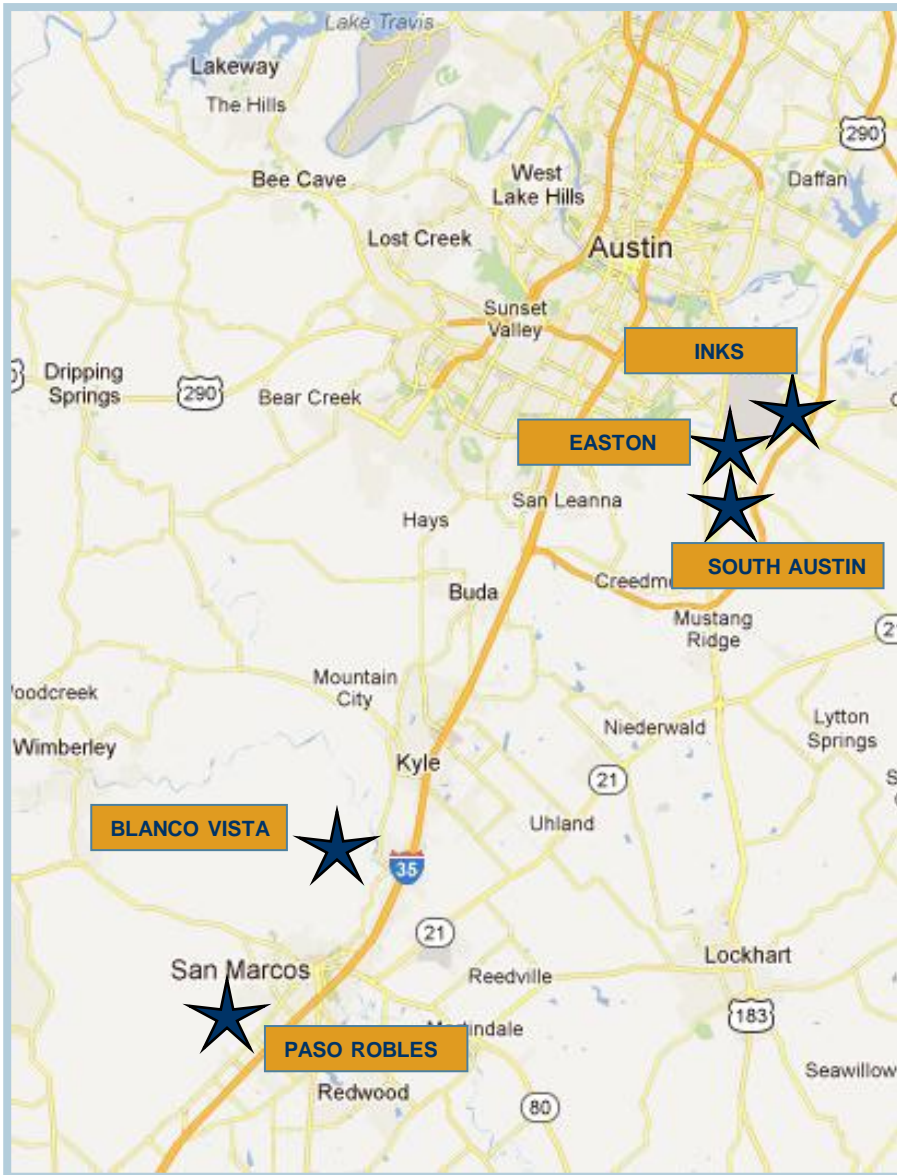


Brighton Crossing



Solterra

# Market Areas and Projects — Austin, Texas



**Number of Lots: 13,605**  
 Entitled: 5,347  
 Unentitled: 8,258

Project Name	Total Lots	Entitled Lots	Unentitled Lots
Blanco Vista	1,679	1,679	-
Easton	5,297	-	5,297
Inks	747	-	747
Paso Robles	3,668	3,668	-
South Austin	2,214	-	2,214

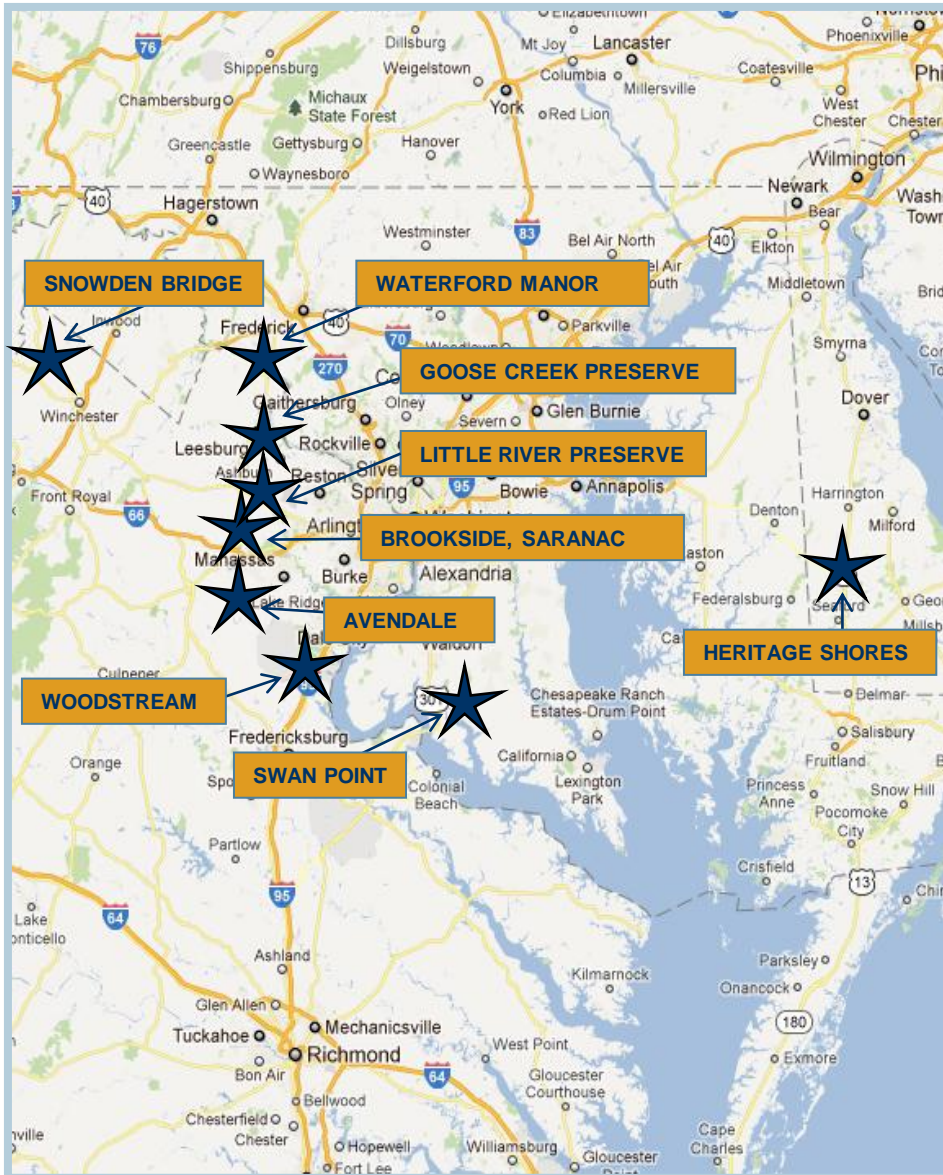


Blanco Vista



Blanco Vista

# Market Areas and Projects — Washington, D.C. Area



**Number of Lots: 4,809**  
**Entitled: 4,562**  
**Unentitled: 247**

Project Name	Total Lots	Entitled Lots	Unentitled Lots
Avendale	295	295	-
Brookside, Saranac	44	44	-
Heritage Shores	1,472	1,472	-
Little River Preserve	34	34	-
Goose Creek Preserve	244	244	-
Snowden Bridge	1,126	1,126	-
Swan Point	765	765	-
Waterford Manor	32	32	-
Woodstream	259	259	-
Other	538	291	247



**Woodstream**



**Goose Creek**



## Brookfield Residential – By the Numbers

### ANNOUNCEMENT OF RESULTS

- 2012 quarterly results are expected to be announced as noted below:
  - Fourth Quarter February 2013
- Press releases and other investor information are available on the company's web site at:  
[www.brookfieldrp.com](http://www.brookfieldrp.com).

### MAJOR INSTITUTIONAL SHAREHOLDERS \*

Owning over 0.5 million common shares:

RBC Global Asset Management  
Horizon Kinetics LLC  
Marcato Capital Management  
WEDGE Capital Management  
Davenport Asset Management  
Polar Securities

Note:

Brookfield Asset Management owns approx. 72% of Brookfield Residential

\* Based on most recent regulatory filings as of Q2 2012

# Share Information

## Common Shares

Brookfield Residential is listed on the New York Stock Exchange and the Toronto Stock Exchange under the symbol "BRP".

Brookfield Residential Trading Statistics - New York Stock Exchange		For The Three Months Ended				
		30-Sep-12	30-Jun-12	31-Mar-12	31-Dec-11	30-Sep-11
<i>Source: NYSE</i>						
<b>Share Price</b>						
High	\$ 15.39	\$ 11.95	\$ 11.72	\$ 8.10	\$ 10.27	
Low	\$ 10.60	\$ 10.10	\$ 7.99	\$ 6.27	\$ 6.42	
Close	\$ 13.98	\$ 10.90	\$ 10.58	\$ 7.81	\$ 6.65	
<b>Total Volume</b>	<b>6,863,100</b>	6,776,400	6,505,354	4,777,623	6,609,696	
Brookfield Residential Trading Statistics - Toronto Stock Exchange		For The Three Months Ended				
		30-Sep-12	30-Jun-12	31-Mar-12	31-Dec-11	30-Sep-11
<i>Source: TSX</i>						
<b>Share Price</b>						
High	\$ 14.84	\$ 11.69	\$ 11.66	\$ 8.28	\$ 9.86	
Low	\$ 10.85	\$ 10.30	\$ 7.98	\$ 6.44	\$ 6.59	
Close	\$ 13.81	\$ 11.00	\$ 10.67	\$ 8.08	\$ 6.97	
<b>Total Volume</b>	<b>988,000</b>	365,556	528,957	549,343	873,547	
Common Shares Issued		As at				
		30-Sep-12	30-Jun-12	31-Mar-12	31-Dec-11	30-Sep-11
Common shares issued	101,839,540	101,813,683	101,811,659	101,342,718	101,342,718	
Unexercised options	3,299,485	3,814,485	3,814,485	3,173,426	3,173,426	
Total common shares issued	105,139,025	105,628,168	105,626,144	104,516,144	104,516,144	
Convertible Preferred Shares Issued and Outstanding		As at				
		30-Sep-12	30-Jun-12	31-Mar-12	31-Dec-11	30-Sep-11
Convertible preferred shares outstanding	65,286	69,261	70,002	70,002	70,002	
Common share equivalent at a conversion rate of 2.731787607	178,347	189,206	191,231	191,231	191,231	

## Contact Information

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### Offices

Calgary, Alberta (Corporate Office)  
Edmonton, Alberta  
Markham, Ontario  
Austin, Texas  
Englewood, Colorado

Danville, California  
Roseville, California  
Costa Mesa, California  
Del Mar, California  
Fairfax, Virginia

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