



CORPORATE PROFILE

FEBRUARY | 2017

NOTICE TO RECIPIENT

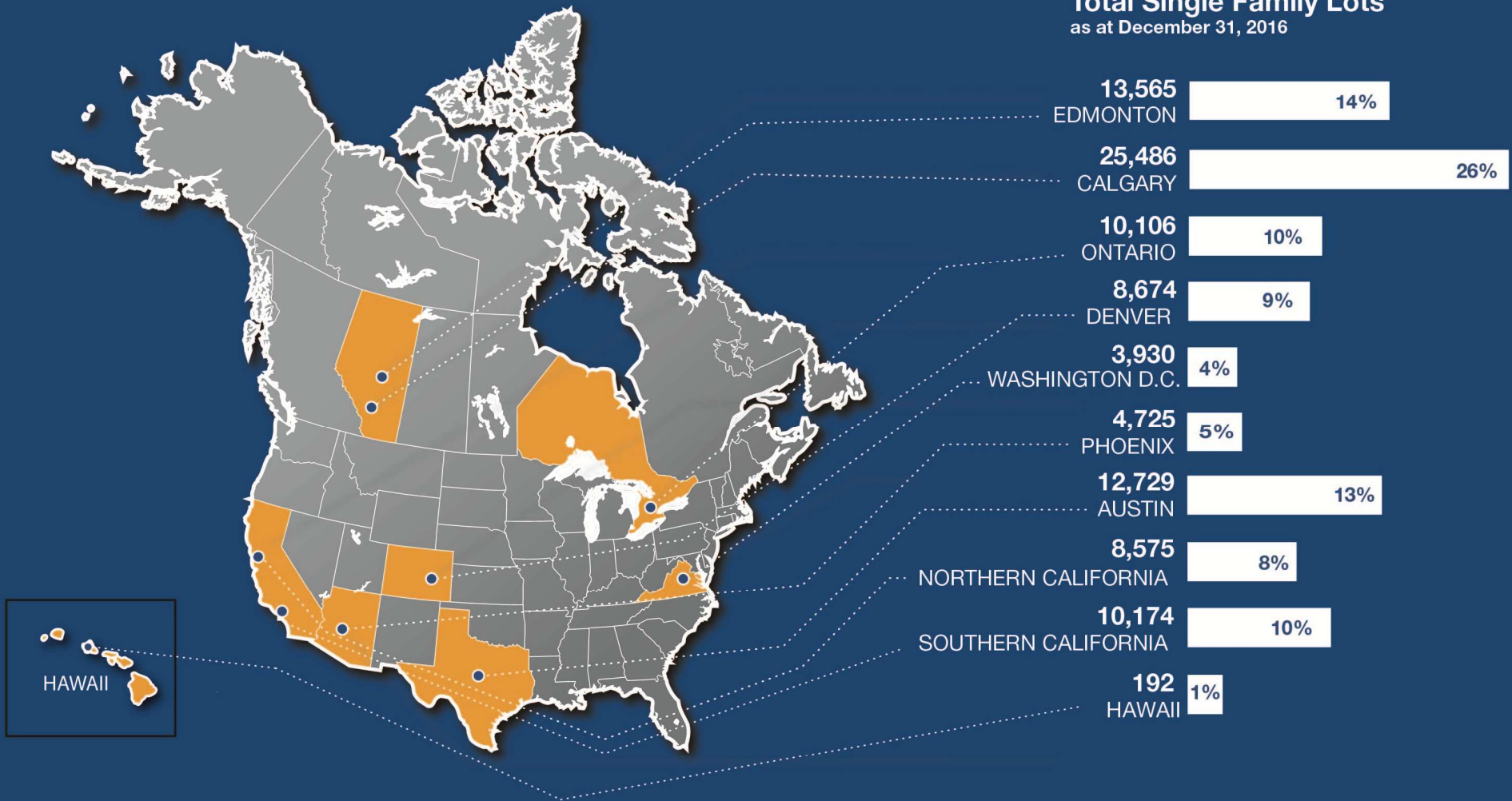
This corporate profile may contain “forward-looking statements” within the meaning of applicable Canadian securities laws and United States federal securities laws. The words “may,” “believe,” “will,” “anticipate,” “expect,” “planned,” “estimate,” “project,” “future,” and other expressions that are predictions of or indicate future events and trends and that do not relate to historical matters identify forward-looking statements. Such statements reflect management’s current beliefs and are based on information currently available to management. The forward-looking statements in this corporate profile include, among others, statements with respect to the current business environment and outlook, including statements regarding: economic and market conditions in the U.S. and Canadian housing markets; the effect of positive job numbers and the quality of jobs created, first-time buyer demand, and increasing consumer confidence on continued recovery of the housing market; the impact of changes to mortgage lending rules in Canada on the Canadian housing market and in the U.S. on the U.S. housing market; the stability of interest rates into the foreseeable future; our ability to benefit from continued improvement in the U.S. housing market and growth in our U.S. operations; recovery in the housing market and the pace thereof; forecasts regarding our land supply; our expected unit and lot sales and the timing thereof; expectations for 2017 and beyond; reduction in our debt levels and the timing thereof; the impact of energy and commodity prices and the approval of key pipelines on the Alberta housing markets and the homebuilding industry generally; long-term fundamental demand growth in the U.S. housing market; and home price growth rates and affordability levels; possible or assumed future results, including our outlook and limited guidance for 2017, how we intend to use additional cash flow, the operative cycle of our business and expected timing of income. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause the actual results to differ materially from the anticipated future results expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to changes in general economic, real estate and other conditions; changes in interest rates and foreign exchange; mortgage rate and availability changes; availability of suitable undeveloped land and lots at acceptable prices and having sufficient liquidity to acquire all such properties; adverse legislation or regulation, including changes to tax laws; ability to obtain necessary permits and approvals for the development of our land; availability of labour or materials or increases in their costs; ability to develop and market our master-planned communities successfully; laws and regulations related to property development and to the environment that could lead to additional costs and delays, including laws and regulations that may limit municipality growth in the areas in which we operate; ability to obtain regulatory approvals; confidence levels of consumers; ability to raise capital on favourable terms; our debt and leverage; adverse weather conditions and natural disasters; relations with the residents of our communities; risks associated with increased insurance costs or unavailability of adequate coverage; ability to obtain surety bonds; competitive conditions in the homebuilding industry, including product and pricing pressures; ability to retain our executive officers; relationships with our affiliates; the seasonal nature of our business and its impact on operating results; operational risks including, but not limited to home warranty claims, liabilities resulting from our role as a general contractor, workers’ compensation claims and other health and safety liabilities, and civil enforcement of liabilities and judgments against our assets; changes to foreign currency exchange rates; and additional risks and uncertainties, many of which are beyond our control, referred to in this corporate profile. Except as required by law, we undertake no obligation to publicly update any forward-looking statements whether as a result of new information, future events or otherwise. However, any further disclosures made on related subjects in subsequent reports should be consulted.

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

COMPANY OVERVIEW

WHERE WE BUILD

Total Single Family Lots as at December 31, 2016



COMPANY OVERVIEW

Brookfield Residential Properties Inc. is a leading land developer and homebuilder in North America. We entitle and develop land to create master-planned communities, 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 Asset Management, a leading global alternative asset manager with approximately \$250 billion of assets under management. Further information is available at BrookfieldResidential.com or Brookfield.com.

- Large North American residential platform with land and housing assets and a strong and unique geographical diversification in three active operating segments and the following major markets:
 - Canada** - Calgary, Edmonton, Greater Toronto Area
 - California** - Greater Los Angeles Area, Sacramento, San Diego, San Francisco Bay Area, Hawaii
 - Central and Eastern U.S.** - Austin, Denver, Phoenix, Washington D.C. Area
- Our disciplined land entitlement process, synergistic operations and capital flexibility allow us to pursue homebuilding or land investments.

PRESIDENT & CHIEF EXECUTIVE OFFICER'S REPORT

As we reflect on our many accomplishments in 2016, Brookfield Residential continued to deliver strong results across its various markets throughout North America. As anticipated, a significant amount of closings occurred in the fourth quarter where a high proportion of the year's income was achieved. For the year ended December 31, 2016, our income before income taxes was \$198 million, a 29% increase when compared to 2015.

Operational and financial highlights for the year, including our share of unconsolidated entities:

- Achieved previously provided guidance in Canada and the U.S. for lot and home closings
- Home closings of 3,198 homes, increased 17% when compared to 2015
- Net new home orders of 3,400, increased 16% when compared to 2015
- Strong backlog with 1,542 units valued at \$784 million, an increase of 15% and 37%, respectively when compared to 2015
- Single-family lot closings of 2,835 lots, a decrease of 3% when compared to 2015
- Sale of our Auburn Bay commercial asset in Calgary for a pre-tax gain of \$14 million
- As a result of the fourth quarter's cash flow, ended the year with \$94 million of cash while paying down our U.S. and Canadian credit facilities
- Net debt to total capitalization was reduced to 47% (compared to 55% in 2015) as a result of fourth quarter earnings and cash flow combined with a \$300 million Common Share issuance

Strategic Initiative with Brookfield Asset Management Inc.

During the fourth quarter, we announced that we had issued \$300 million of Brookfield Residential Common Shares to Brookfield Investment Corporation, a wholly-owned subsidiary of Brookfield Asset Management Inc. as consideration for the purchase of \$300 million Class B Junior Preferred Shares of Brookfield BPY Holdings Inc.

PRESIDENT & CHIEF EXECUTIVE OFFICER'S REPORT - CONTINUED

Our View Going Forward

In the U.S., the housing market has continued to improve at a steady pace and we believe that there is still pent-up demand for homes. With recent improvement in employment numbers, the quality of jobs created and increased consumer confidence, this should facilitate the continued return of the first-time homebuyer and overall improved demand in the housing market.

In Canada, the recent changes to mortgage rules aiming to ensure Canadians are taking on manageable levels of debt have had minimal impact on our business. The Greater Toronto Area continues to see high demand for homes, driven by an overall lack of supply. In this market, we currently have all homes under contract necessary to achieve our projected 2017 closings. Going forward, collaborative work needs to be done to change the regulatory environment and pace of approvals so there is more product in the market to address the supply deficit and the resultant affordability challenges.

In Alberta, the market continues to be impacted by the layoffs in the energy sector over the past two years, however we have maintained consistent levels of home closings in both Calgary and Edmonton when compared to 2015, and we continue to see good traffic and net new home orders throughout our communities, particularly in the affordable and higher end product. With the recent stabilization of oil prices and political support for the approval of key pipelines, we believe that this will bring some confidence back into the Alberta market.

We anticipate that in 2017, our homebuilding operations will achieve similar growth rates when compared to the past two years as we believe current market conditions will continue in both the U.S. and Canada. We remain on track to reduce our land inventory to an 8-to-10 year supply by getting our operations to approximately 5,000 homes and 5,000 lots being absorbed per year. For instance, in 2016, we absorbed approximately 7,800 lot equivalents, through home closings, lot and acre parcel sales. As previously mentioned, we plan to use the additional cash flow provided by this strategy to service debt, develop existing assets and take advantage of new opportunities as they arise.

We extend our sincere thanks to all our Brookfield Residential team members, building trade, joint venture and lending partners for your contributions in 2016. We look forward to building on our relationships in 2017 for continued overall success.

Alan Norris
President & Chief Executive Officer
February 7, 2017

OUR PROCESS

BUSINESS MODEL

LAND ACQUISITION

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

ENTITLEMENT PROCESS

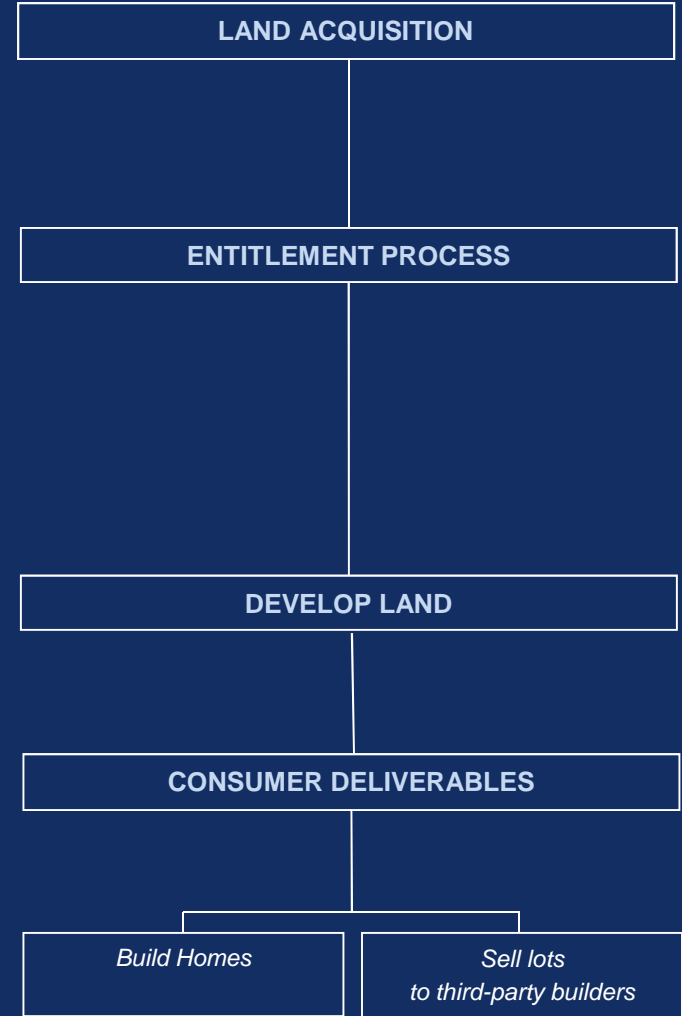
- Obtain approvals necessary to develop land for specific purposes. This process typically includes:
 - General Plan
 - Land Use Plan
 - Tentative Map
 - Legal Survey Plan
 - Area Structure Plan
 - Zoning
 - Construction Approvals
 - Final Map

DEVELOP LAND

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

CONSUMER DELIVERABLES

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



OUR PROCESS

STEP 1. LAND ACQUISITION: **Land Held for Development**

- Land developer in all of our markets
- Acquisition of raw land ideally during the low point of the cycle or when investment opportunities arise
- Strategic land study conducted to review growth patterns in the market in order to determine where future acquisitions should take place

STEP 2 & 3. ENTITLEMENT PROCESS & DEVELOP LAND: **Land Under Development**

- Obtaining entitlements can be a difficult and lengthy process involving many studies and public engagement, taking years to complete. But once entitlements are achieved, the developer installs infrastructure and either fully services the lots and sells them to homebuilders (Canada/U.S.) or simply grades the lots (U.S.) and sells them to third-party homebuilders
- Entitlement is the process of taking raw land to the finished lot stage by obtaining regulatory legal approval for the right to develop land for a particular use. The process varies by jurisdiction but essentially follows a similar sequence:
 - General Plan: designates land use (residential, commercial, office, etc.), school sites and significant roads
 - Area Structure / Community / Specific Plan: more detailed look at sequence of development, population density, transportation routes, public utilities, other items the jurisdiction would like to have studied
 - Land Use / Zoning / Tentative Map Plan: designates what is allowed on a specific piece of land and once zoning is in place, no other use of the land will be allowed unless it is re-zoned
 - Construction / Engineering Approvals: detailed drawings outline the location and size of sewers, water and storm pipes, size and location of roads and storm water ponds
 - Final Map / Legal Survey Plan: prepared by a land surveyor so that an individual titled lot is created
- All underlying costs attributable to each phase of development including costs of the underlying land, consulting costs and backbone infrastructure of major roads, parks and sewers and other associated costs are transferred from Land Held for Development to Land Under Development when on-site servicing commences

OUR PROCESS (CONTINUED)

STEP 4. CONSUMER DELIVERABLES: **Housing Inventory**

- Homebuilding may be carried out on a portion of our land and the balance of lots are sold to and built on by third-party builders. Having a homebuilding operation allows us the opportunity to monetize our land and provides us with market knowledge through direct contact with the homebuyers to understand customer desires and product choices
- We are a homebuilder in ten markets (Calgary, Edmonton, Greater Toronto Area, San Francisco Bay Area, Greater Los Angeles Area, San Diego, Hawaii, Denver, Austin and the Washington D.C. Area). 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 and cost to complete. Cost to complete is defined as the costs required to bring partially finished homes to a completed stage

INVENTORY PROFILE

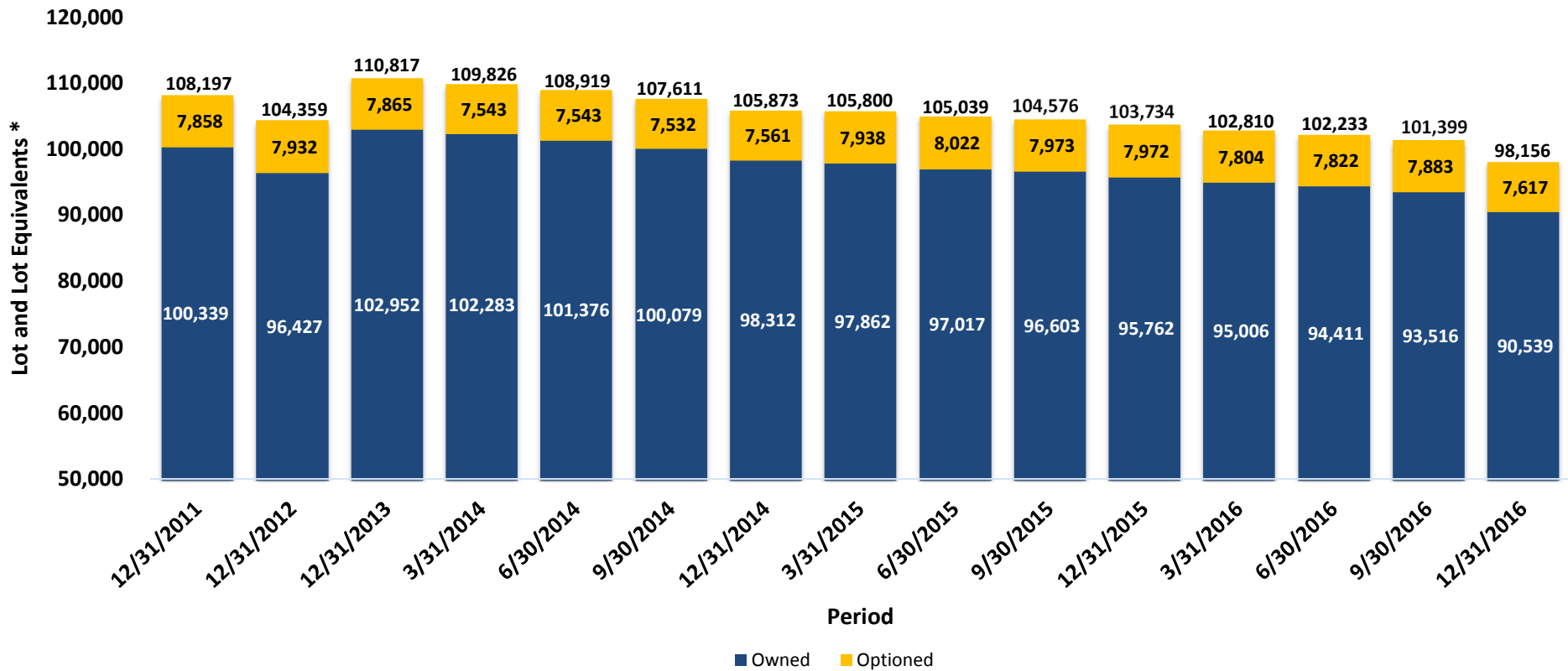
LAND & HOUSING INVENTORY

	Single Family Housing & Land Under and Land Held for Development ⁽¹⁾								Multi-Family, Industrial & Commercial Parcels Under Development	
	Housing & Land		Unconsolidated Entities		Total Lots		Status of Lots 31-Dec-16		Total Acres	
	Owned	Options	Owned	Options	31-Dec-16	31-Dec-15	Entitled	Unentitled	31-Dec-16	31-Dec-15
Calgary	22,934	-	2,552	-	25,486	26,242	5,740	19,746	62	79
Edmonton	13,565	-	-	-	13,565	14,180	6,553	7,012	25	30
Ontario	9,006	-	1,100	-	10,106	10,329	2,519	7,587	-	-
Canada	45,505	-	3,652	-	49,157	50,751	14,812	34,345	87	109
Northern California	3,185	4,950	440	-	8,575	9,023	3,625	4,950	-	-
Southern California	7,377	-	1,469	1,328	10,174	12,052	8,054	2,120	-	-
Hawaii	166	-	26	-	192	221	192	-	-	-
California	10,728	4,950	1,935	1,328	18,941	21,296	11,871	7,070	-	-
Denver	8,674	-	-	-	8,674	9,108	8,674	-	10	10
Austin	12,394	335	-	-	12,729	13,501	12,729	-	-	-
Phoenix	690	-	4,035	-	4,725	4,995	4,725	-	2	3
Washington D.C. Area	2,161	1,004	765	-	3,930	4,083	3,893	37	23	17
Central and Eastern U.S.	23,919	1,339	4,800	-	30,058	31,687	30,021	37	35	30
Total	80,152	6,289	10,387	1,328	98,156	103,734	56,704	41,452	122	139
Entitled lots	48,311	1,339	7,054	-	56,704					
Unentitled lots	31,841	4,950	3,333	1,328	41,452					
Total December 31, 2016	80,152	6,289	10,387	1,328	98,156					
Total December 31, 2015	85,889	6,450	9,873	1,522		103,734				

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

<i>(millions, except per unit activity)</i>	Housing & Land	Unconsol. Entities	Total 31-Dec-16		Total 31-Dec-15	
			Units	\$	Units	\$
Land Held For Development (lots)	1,268	265	80,559	1,533	85,695	1,545
Land Under Development - Single Family (lots)	856	100	8,114	956	8,142	760
Optioned (lots)	91	27	7,617	118	7,972	116
Housing inventory (units)	467	5	1,665	472	1,754	548
Model homes (units)	113	1	201	114	171	88
Unconsolidated entity net debt	-	(54)	-	(54)	-	(48)
Sub total	2,795	344	98,156	3,139	103,734	3,009
Multi Family, Commercial & Industrial Parcels (Acres)	53	-	122	53	139	69
Total	2,848	344		3,192		3,078

LAND & HOUSING INVENTORY



* Includes Single Family Housing & Land Under and Held for Development

FINANCIAL PROFILE

SELECT FINANCIAL INFORMATION

<i>(millions, except percentages, unit activity and average selling price)</i>	THREE MONTHS ENDED DEC 31		TWELVE MONTHS ENDED DEC 31	
	2016	2015	2016	2015
RESULTS FROM OPERATIONS				
Total revenue	\$ 853	\$ 609	\$ 1,903	\$ 1,591
Housing revenue	674	449	1,604	1,249
Land revenue	179	160	299	342
Gross margin (\$)	207	163	429	417
Gross margin (%)	24%	27%	23%	26%
Income before income taxes	154	102	198	153
Income tax expense	(46)	(31)	(52)	(41)
Net income attributable to Brookfield Residential	\$ 108	\$ 71	\$ 146	\$ 112
OPERATING DATA				
Home closings for Brookfield Residential (units)	1,214	991	3,193	2,656
Home closings for unconsolidated entities (units)	-	22	5	73
Average home selling price for Brookfield Residential (per unit)	\$ 556,000	\$ 453,000	\$ 502,000	\$ 470,000
Average home selling price for unconsolidated entities (per unit)	\$ -	\$ 565,000	\$ 1,592,000	\$ 563,000
Net new home orders for Brookfield Residential (units)	855	703	3,394	2,890
Net new home orders for unconsolidated entities (units)	1	-	6	40
Backlog for Brookfield Residential (units at end of period)	1,541	1,340	1,541	1,340
Backlog for unconsolidated entities (units at end of period)	1	-	1	-
Backlog value for Brookfield Residential	\$ 783	\$ 573	\$ 783	\$ 573
Backlog value for unconsolidated entities	\$ 1	\$ -	\$ 1	\$ -
Lot closings for Brookfield Residential (single family units)	1,347	1,316	2,403	2,760
Lot closings for unconsolidated entities (single family units)	118	26	432	176
Acre closings for Brookfield Residential (multi-family, industrial and commercial parcels)	16	12	26	35
Acre closings for Brookfield Residential (raw and partially finished parcels)	1,994	23	2,082	31
Average lot selling price for Brookfield Residential (single family units)	\$ 84,000	\$ 112,000	\$ 89,000	\$ 115,000
Average lot selling price for unconsolidated entities (single family units)	\$ 103,000	\$ 136,000	\$ 87,000	\$ 96,000
Average per acre selling price for Brookfield Residential (multi-family, industrial and commercial parcels)	\$ 297,000	\$ 942,000	\$ 545,000	\$ 667,000
Average per acre selling price for Brookfield Residential (raw and partially finished parcels)	\$ 19,000	\$ 33,000	\$ 22,000	\$ 66,000

CONDENSED CONSOLIDATED BALANCE SHEETS

	DEC 31	SEPT 30	JUN 30	MAR 31
<i>(thousands, except percentages)</i>	2016	2016	2016	2016
ASSETS				
Land and housing inventory	\$ 2,848,230	\$ 3,091,247	\$ 2,987,723	\$ 2,938,297
Investments in unconsolidated entities	343,543	347,886	368,345	347,741
Commercial properties	32,880	32,830	27,909	-
Commercial assets held for sale	-	18,850	15,108	-
Receivables and other assets	253,283	272,651	288,685	270,826
Held-to-maturity investments	300,000	-	-	-
Restricted cash	4,932	3,251	2,022	3,664
Cash and cash equivalents	94,187	23,590	66,345	40,217
Deferred income tax assets	79,580	88,478	89,871	90,033
	\$ 3,956,635	\$ 3,878,783	\$ 3,846,008	\$ 3,690,778
LIABILITIES				
Notes payable	\$ 1,615,205	\$ 1,618,662	\$ 1,620,602	\$ 1,618,278
Bank indebtedness and other financings	57,442	357,583	351,565	233,345
Total financings	1,672,647	1,976,245	1,972,167	1,851,623
Accounts payable and other liabilities	499,538	476,868	461,569	444,387
Total liabilities	2,172,185	2,453,113	2,433,736	2,296,010
EQUITY	1,784,450	1,425,670	1,412,272	1,394,768
	\$ 3,956,635	\$ 3,878,783	\$ 3,846,008	\$ 3,690,778
Net debt to total capitalization	47%	58%	57%	56%

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

<i>(thousands)</i>	THREE MONTHS ENDED DEC 31		TWELVE MONTHS ENDED DEC 31	
	2016	2015	2016	2015
REVENUE				
Housing	\$ 674,432	\$ 449,406	\$ 1,603,924	\$ 1,248,562
Land	178,945	159,965	299,482	342,270
	853,377	609,371	1,903,406	1,590,832
DIRECT COST OF SALES				
Housing	(518,416)	(355,999)	(1,284,582)	(972,697)
Land	(128,450)	(90,451)	(189,197)	(201,327)
Gross Margin	206,511	162,921	429,627	416,808
Gain on commercial assets held for sale	14,048	-	14,048	-
Selling, general and administrative expense	(57,173)	(55,262)	(206,902)	(217,901)
Interest expense	(11,811)	(12,625)	(53,498)	(62,270)
Equity in earnings from unconsolidated entities	(797)	3,496	9,161	12,470
Other income	4,519	4,234	9,544	7,916
Depreciation	(1,064)	(1,006)	(3,629)	(3,986)
Income before income taxes	154,233	101,758	198,351	153,037
Current income tax expense	(39,767)	(3,376)	(48,223)	(9,843)
Deferred income tax expense	(6,410)	(27,147)	(4,258)	(31,401)
NET INCOME	108,056	71,235	145,870	111,793
Net loss attributable to non-controlling interest	(91)	(92)	(332)	(414)
NET INCOME ATTRIBUTABLE TO BROOKFIELD RESIDENTIAL	\$ 108,147	\$ 71,327	\$ 146,202	\$ 112,207
OTHER COMPREHENSIVE (LOSS) / INCOME				
Unrealized foreign exchange (loss) / gain on:				
Translation of the net investment in Canadian subsidiaries	(22,123)	(34,008)	24,070	(155,977)
Translation of the Canadian dollar denominated debt designated as a hedge of the net investment in Canadian subsidiaries	4,450	7,150	(5,300)	27,875
COMPREHENSIVE INCOME / (LOSS) ATTRIBUTABLE TO BROOKFIELD RESIDENTIAL	\$ 90,474	\$ 44,469	\$ 164,972	\$ (15,895)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(thousands)</i>	TWELVE MONTHS ENDED DEC 31	
	2016	2015
Cash Flows Provided by / (Used in) Operating Activities:		
Net income	\$ 145,870	\$ 111,793
Adjustments to reconcile net income to net cash used in operating activities:		
Undistributed earnings from unconsolidated entities	(2,939)	(5,811)
Deferred income tax expense	4,258	31,401
Share-based compensation costs	5,434	39,455
Depreciation	3,629	3,986
Amortization of non-cash interest	3,417	224
Gain on commercial assets held for sale	(14,048)	-
Interest income on held-to-maturity investments	(1,422)	-
Changes in operating assets and liabilities:		
Decrease / (increase) in receivables and other assets	49,319	(32,506)
Increase in land and housing inventory	(127,127)	(307,150)
Increase / (decrease) in accounts payable and other liabilities	27,207	(15,605)
Net cash provided by / (used in) operating activities	\$ 93,598	\$ (174,213)
Cash Flows Provided by / (Used in) Investing Activities:		
Investments in unconsolidated entities	\$ (79,341)	\$ (106,112)
Distributions from unconsolidated entities	43,838	7,933
Increase in commercial properties	(2,169)	-
Increase in commercial assets held for sale	(8,290)	-
Change in restricted cash	(666)	1,073
Interest income on held-to-maturity investments	1,422	-
Proceeds on commercial assets held for sale	37,020	-
Net cash used in investing activities	\$ (8,186)	\$ (97,106)
Cash Flows Provided by / (Used in) Financing Activities:		
Drawings under project-specific and other financings	\$ 21,450	\$ 61,972
Repayments under project-specific and other financings	(50,580)	(36,668)
Drawings on bank indebtedness	-	10,194
Repayments on bank indebtedness	(62,325)	(116,939)
Drawings under unsecured senior notes payable	-	558,550
Net distributions from non-controlling interest	-	4,854
Settlement of share-based compensation awards	-	(46,072)
Repurchase of Common Shares for cancellation	-	(59,512)
Dividends paid to common shareholders	-	(176,623)
Net cash (used in) / provided by financing activities	\$ (91,455)	\$ 199,756
Effect of foreign exchange rates on cash and cash equivalents	(99)	(18,587)
Change in cash and cash equivalents	\$ (6,142)	\$ (90,150)
Cash and cash equivalents at beginning of year	100,329	190,479
Cash and cash equivalents at end of year	\$ 94,187	\$ 100,329

CONDENSED CONSOLIDATED STATEMENTS OF EQUITY

<i>(thousands)</i>	TWELVE MONTHS ENDED DEC 31	
	2016	2015
Common Shares		
Opening Balance	\$ 326,594	\$ 329,474
Issuance of Common Shares	300,000	-
Settlement of escrowed stock plan	-	4,212
Common Shares repurchased for cancellation	-	(7,092)
Ending Balance	626,594	326,594
Additional Paid-in-Capital		
Opening balance	399,035	423,893
Share-based compensation costs	-	2,167
Fair value adjustment on common control acquisition*	(31,602)	-
Settlement of share-based compensation awards	-	(27,025)
Ending balance	367,433	399,035
Retained Earnings		
Opening balance	751,249	868,336
Net income attributable to Brookfield Residential	146,202	112,207
Common Shares repurchased for cancellation	-	(52,420)
Dividends on Common Shares	-	(176,623)
Other	-	(251)
Ending balance	897,451	751,249
Accumulated Other Comprehensive Loss		
Opening balance	(169,185)	(41,083)
Other comprehensive income / (loss)	18,770	(128,102)
Ending balance	(150,415)	(169,185)
Total Brookfield Residential Equity	\$ 1,741,063	\$ 1,307,693
Non-Controlling Interest		
Opening balance	\$ 43,719	\$ 38,438
Acquisitions	-	2,126
Net loss attributable to non-controlling interest	(332)	(414)
Contributions	-	3,569
Ending balance	\$ 43,387	\$ 43,719
Total Equity	\$ 1,784,450	\$ 1,351,412

*During the year ended December 31, 2016, the Company acquired a 23.75% undivided interest in a joint venture in Ontario from a subsidiary of our sole shareholder, Brookfield Asset Management Inc. for cash consideration of \$35.8 million. Brookfield Asset Management Inc. indirectly controlled the 23.75% undivided interest in the joint venture prior to the transaction and continues to control the undivided interest in the joint venture subsequent to the transaction through its interests in the Company. As a result of this continuing common control, there is insufficient substance to justify a change in the measurement of the undivided interest in the joint venture. Accordingly, the Company has reflected the transaction in its consolidated balance sheet and statement of operations using the carrying values prior to the transaction. The difference between the consideration paid and the carrying amount of the undivided interest transferred was \$31.6 million and has been recorded in equity as a reduction to additional paid-in-capital. The undivided interest in the joint venture agreement is accounted for in accordance with the equity method as an investment in unconsolidated entities.

QUARTERLY FINANCIAL INFORMATION

<i>(millions, except per unit activity)</i>	2016				2015			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Home closings (units)	1,214	788	675	516	991	684	543	438
Lots closings (single family units)	1,347	325	454	277	1,316	441	568	435
Acre closings (multi-family, industrial and commercial parcels)	16	6	-	4	12	-	3	20
Acre closings (raw and partially finished parcels)	1,994	-	8	80	23	-	8	-
Net new home orders (units)	855	816	922	801	703	612	857	718
Backlog (units at end of period)	1,541	1,900	1,872	1,625	1,340	1,581	1,654	1,339
Backlog value	\$ 783	\$ 977	\$ 930	\$ 751	\$ 573	\$ 682	\$ 776	\$ 629
Revenue	\$ 853	\$ 421	\$ 363	\$ 267	\$ 609	\$ 394	\$ 311	\$ 277
Direct cost of sales	(646)	(330)	(284)	(214)	(446)	(288)	(237)	(203)
Gross margin	207	91	79	53	163	106	74	74
Gain on commercial assets held for sale	14	-	-	-	-	-	-	-
Selling, general and administrative expense	(57)	(52)	(52)	(45)	(55)	(48)	(47)	(68)
Interest expense	(12)	(14)	(14)	(14)	(13)	(17)	(18)	(15)
Equity in earnings from unconsolidated entities	(1)	5	3	2	4	3	3	3
Other income / (expense)	3	1	-	1	3	2	1	(2)
Income / (loss) before income taxes	154	31	16	(3)	102	46	13	(8)
Income tax (expense) / recovery	(46)	(6)	(3)	3	(31)	(11)	5	(5)
Net income / (loss)	108	25	13	-	71	35	18	(13)
Net income attributable to non-controlling interest	-	-	-	-	-	-	-	-
Net income / (loss) attributable to Brookfield Residential	\$ 108	\$ 25	\$ 13	\$ -	\$ 71	\$ 35	\$ 18	\$ (13)
Foreign currency translation	(18)	(12)	5	43	(27)	(40)	9	(69)
Comprehensive income / (loss)	\$ 90	\$ 13	\$ 18	\$ 43	\$ 44	\$ (5)	\$ 27	\$ (82)

SELECT OPERATING INFORMATION – HOUSING

<i>(millions, except per unit activity and average selling price)</i>	THREE MONTHS ENDED DEC 31				TWELVE MONTHS ENDED DEC 31			
	2016		2015		2016		2015	
	UNITS	\$	UNITS	\$	UNITS	\$	UNITS	\$
HOME CLOSINGS								
Canada	582	\$ 242	605	\$ 213	1,531	\$ 563	1,513	\$ 497
California	403	335	207	157	948	717	602	505
Central and Eastern U.S.	229	97	179	79	714	324	541	247
	1,214	674	991	449	3,193	1,604	2,656	1,249
Unconsolidated Entities	-	-	22	12	5	7	73	41
Total	1,214	\$ 674	1,013	\$ 461	3,198	\$ 1,611	2,729	\$ 1,290

AVERAGE HOME SELLING PRICE	THREE MONTHS ENDED DEC 31		TWELVE MONTHS ENDED DEC 31	
	2016	2015	2016	2015
Canada	\$ 415,000	\$ 352,000	\$ 368,000	\$ 328,000
California	831,000	762,000	756,000	839,000
Central and Eastern U.S.	426,000	440,000	454,000	457,000
	556,000	453,000	502,000	470,000
Unconsolidated Entities	-	565,000	1,592,000	563,000
Average selling price	\$ 556,000	\$ 456,000	\$ 504,000	\$ 473,000

NET NEW HOME ORDERS (UNITS)	2016	2015	2016	2015
Canada	434	399	1,664	1,655
California	262	185	1,004	655
Central and Eastern U.S.	159	119	726	580
	855	703	3,394	2,890
Unconsolidated Entities	1	-	6	40
Total	856	703	3,400	2,930

SELECT OPERATING INFORMATION – HOUSING (CONTINUED)

(millions, except active housing communities and per unit activity)

	AS AT DEC 31	
ACTIVE HOUSING COMMUNITIES	2016	2015
Canada	31	19
California	32	29
Central and Eastern U.S.	22	20
	85	68
Unconsolidated Entities	1	-
Total	86	68

	AS AT DEC 31			
BACKLOG AT END OF PERIOD	2016		2015	
	Units	Value	Units	Value
Canada	1,046	\$ 477	913	\$ 338
California	254	192	198	127
Central and Eastern U.S.	241	114	229	108
	1,541	783	1,340	573
Unconsolidated Entities	1	1	-	-
Total	1,542	\$ 784	1,340	\$ 573

SELECT OPERATING INFORMATION – LAND

	THREE MONTHS ENDED DEC 31				TWELVE MONTHS ENDED DEC 31			
	2016		2015		2016		2015	
	UNITS	\$	UNITS	\$	UNITS	\$	UNITS	\$
<i>(millions, except per unit activity)</i>								
LOT CLOSINGS (SINGLE FAMILY UNITS)								
Canada	294	\$ 35	375	\$ 54	632	\$ 77	800	\$ 109
California	634	76	741	76	983	111	1,197	155
Central and Eastern U.S.	419	24	200	18	788	51	763	53
	1,347	135	1,316	148	2,403	239	2,760	317
Unconsolidated Entities	118	12	26	4	432	38	176	17
Total	1,465	\$ 147	1,342	\$ 152	2,835	\$ 277	2,936	\$ 334
ACRE CLOSINGS (MULTI-FAMILY, INDUSTRIAL AND COMMERCIAL PARCELS)								
Canada	-	\$ -	10	\$ 10	9	\$ 9	33	\$ 22
California	-	-	-	-	-	-	-	-
Central and Eastern U.S.	16	5	2	1	17	5	2	1
	16	5	12	11	26	14	35	23
Unconsolidated Entities	-	-	-	-	-	-	-	-
Total	16	\$ 5	12	\$ 11	26	\$ 14	35	\$ 23
ACRE CLOSINGS (RAW AND PARTIALLY FINISHED PARCELS)								
Canada	100	\$ 1	-	\$ -	180	\$ 1	-	\$ -
California	1,894	38	-	-	1,902	45	-	-
Central and Eastern U.S.	-	-	23	1	-	-	31	2
	1,994	39	23	1	2,082	46	31	2
Unconsolidated Entities	-	-	-	-	-	-	-	-
Total	1,994	\$ 39	23	\$ 1	2,082	\$ 46	31	\$ 2

SELECT OPERATING INFORMATION – LAND (CONTINUED)

	THREE MONTHS ENDED DEC 31		TWELVE MONTHS ENDED DEC 31	
	2016	2015	2016	2015
AVERAGE LOT SELLING PRICE (SINGLE FAMILY UNITS)				
Canada	\$ 120,000	\$ 143,000	\$ 122,000	\$ 136,000
California	105,000	103,000	87,000	130,000
Central and Eastern U.S.	58,000	92,000	65,000	69,000
	84,000	112,000	89,000	115,000
Unconsolidated Entities	103,000	136,000	87,000	96,000
Average selling price	\$ 85,000	\$ 113,000	\$ 89,000	\$ 114,000
AVERAGE PER ACRE SELLING PRICE (MULTI-FAMILY, INDUSTRIAL AND COMMERCIAL PARCELS)				
Canada	\$ -	\$ 1,031,000	\$ 985,000	\$ 677,000
California	-	-	-	-
Central and Eastern U.S.	297,000	503,000	312,000	503,000
	297,000	942,000	545,000	667,000
Unconsolidated Entities	-	-	-	-
Average selling price	\$ 297,000	\$ 942,000	\$ 545,000	\$ 667,000
AVERAGE PER ACRE SELLING PRICE (RAW AND PARTIALLY FINISHED PARCELS)				
Canada	\$ 5,000	\$ -	\$ 4,000	\$ -
California	20,000	-	24,000	-
Central and Eastern U.S.	-	33,000	-	66,000
	19,000	33,000	22,000	66,000
Unconsolidated Entities	-	-	-	-
Average selling price	\$ 19,000	\$ 33,000	\$ 22,000	\$ 66,000
ACTIVE LAND COMMUNITIES				
	AS AT DEC 31			
	2016	2015		
Canada	12	10		
California	5	6		
Central and Eastern U.S.	12	12		
	29	28		
Unconsolidated Entities	2	3		
Total	31	31		

SELECT OPERATING INFORMATION – GROSS MARGIN

<i>(millions, except percentages)</i>	THREE MONTHS ENDED DEC 31				TWELVE MONTHS ENDED DEC 31			
	2016		2015		2016		2015	
	\$	%	\$	%	\$	%	\$	%
HOUSING GROSS MARGIN								
Canada	\$ 64	26%	\$ 48	23%	\$ 121	21%	\$ 116	23%
California	77	23%	35	22%	147	21%	127	25%
Central and Eastern U.S.	15	15%	10	13%	51	16%	33	13%
Total	\$ 156	23%	\$ 93	21%	\$ 319	20%	\$ 276	22%
LAND GROSS MARGIN								
Canada	\$ 17	48%	\$ 41	64%	\$ 49	56%	\$ 91	69%
California	23	20%	22	29%	43	28%	36	23%
Central and Eastern U.S.	11	36%	7	35%	18	32%	14	25%
Total	\$ 51	28%	\$ 70	44%	\$ 110	37%	\$ 141	41%
TOTAL GROSS MARGIN								
Canada	\$ 81	29%	\$ 89	32%	\$ 170	26%	\$ 207	33%
California	100	22%	57	24%	190	22%	163	25%
Central and Eastern U.S.	26	20%	17	17%	69	18%	47	16%
Total	\$ 207	24%	\$ 163	27%	\$ 429	23%	\$ 417	26%

HISTORICAL PRO FORMA FINANCIAL INFORMATION

BROOKFIELD RESIDENTIAL PROPERTIES

(millions, except unit activity)

	YEAR ENDED DECEMBER 31										
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Home Closings (units)	3,193	2,656	2,204	2,216	1,808	1,295	1,600	1,347	1,490	1,875	1,977
Lot Closings (single family units)	2,403	2,760	2,107	2,402	2,142	2,912	2,017	1,682	2,422	4,050	3,716
Acre Closings	2,108	66	34	247	543	94	68	412	342	85	63
Revenue											
Housing	\$ 1,604	\$ 1,249	\$ 1,136	\$ 983	\$ 718	\$ 484	\$ 599	\$ 491	\$ 638	\$ 837	\$ 957
Land	299	342	340	373	622	524	355	263	389	420	318
Total Revenues	1,903	1,591	1,476	1,356	1,340	1,008	954	754	1,027	1,257	1,275
Direct cost of sales	(1,474)	(1,174)	(1,031)	(981)	(1,048)	(740)	(687)	(604)	(739)	(913)	(909)
Impairment of land inventory	-	-	-	-	-	-	-	(41)	(118)	(88)	(10)
Gross margin	429	417	445	375	292	268	267	109	170	256	356
Selling, general and administrative	(207)	(218)	(192)	(170)	(128)	(101)	(99)	(79)	(106)	(106)	(83)
Equity in earnings of unconsolidated entities	9	12	26	9	10	4	-	3	4	15	61
Impairment of unconsolidated entities	-	-	-	-	-	-	-	(13)	(38)	(15)	-
Other (expense) / income	(33)	(58)	(10)	(42)	(45)	(41)	21	16	(10)	4	18
Income before income taxes	\$ 198	\$ 153	\$ 269	\$ 172	\$ 129	\$ 130	\$ 189	\$ 36	\$ 20	\$ 154	\$ 352

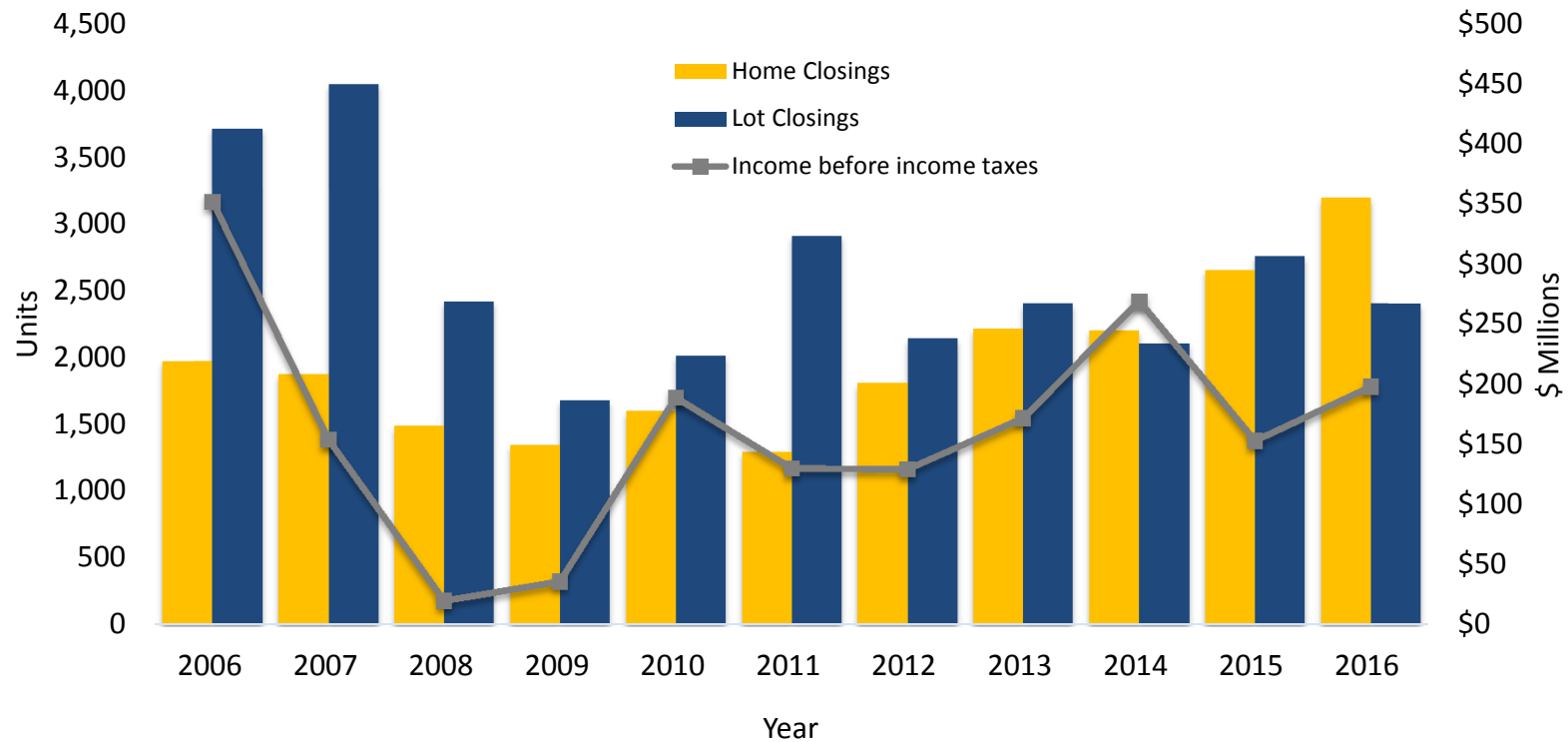
Prior to January 1, 2011, the Company's business practice in Alberta was to not transfer title on its lots sold to the homebuilder who built the home and ultimately sold the home to the consumer, but to wait and transfer title of the lot to the ultimate homebuyer at the time of the home closing. As a result of the change in business practice, 2011 revenue was higher when compared to previous and future periods. In 2011, there were non-recurring revenues and direct costs of sales due to the change in business practice. Single-family lots of 1,043 and multi-family acres of 19 were non-recurring. This equates to \$189 million of revenues, \$140 million of direct costs of sales and \$49 million of gross margin.

Note: 2006-2010 comparative results shown are pro-forma of Brookfield Residential and combined the results of Brookfield Homes Corporation and Brookfield Office Properties' residential land and housing division as the merger transaction occurred on March 31, 2011.

HISTORICAL PRO FORMA FINANCIAL INFORMATION

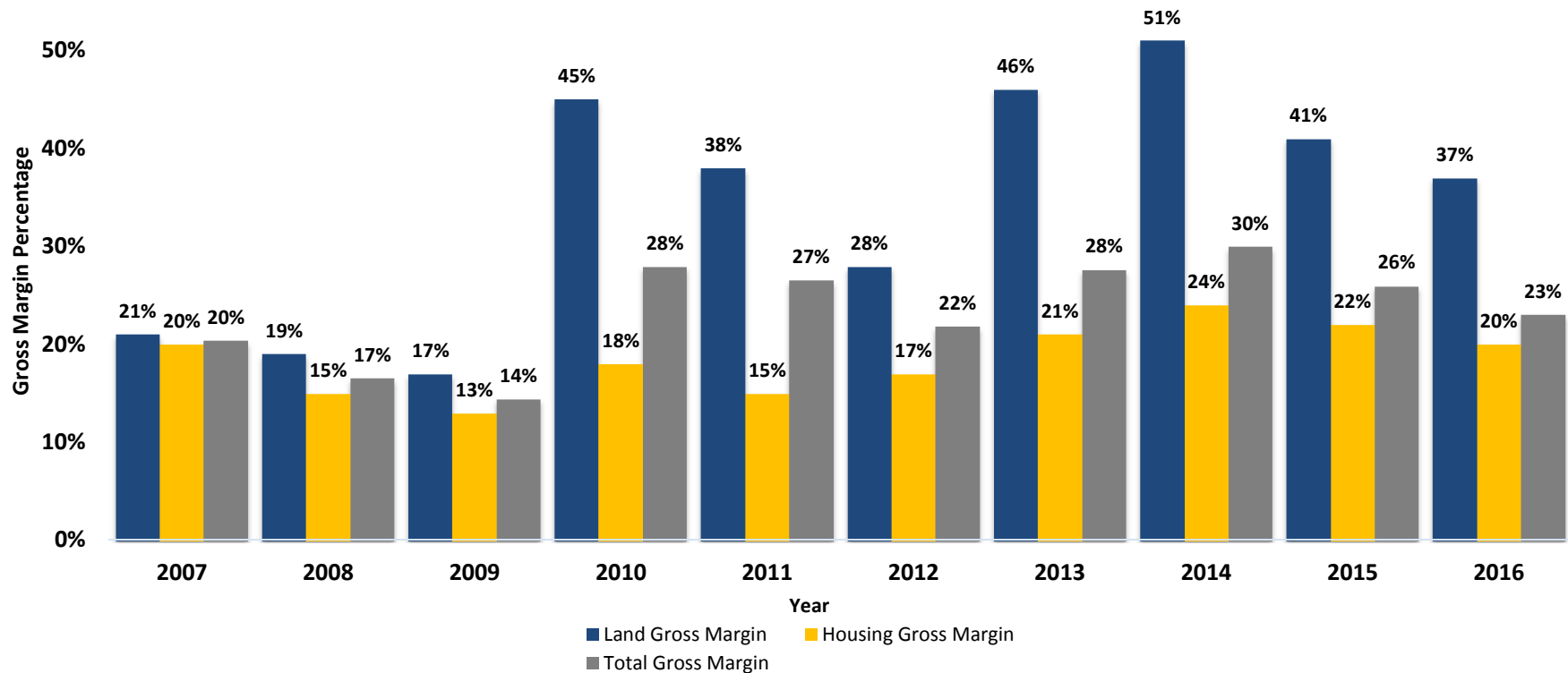
<i>(millions, except unit activity)</i>	YEAR ENDED DECEMBER 31			
	2009	2008	2007	2006
<u>BPO RESIDENTIAL</u>				
Home Closings (units)	648	745	1,050	818
Lot Closings (single family units)	1,213	1,806	2,722	2,882
Acre Closings	412	342	85	63
Revenue				
Housing	\$ 151	\$ 223	\$ 296	\$ 173
Land	227	355	378	230
Total Revenues	378	578	674	403
Direct cost of sales	(250)	(323)	(432)	(292)
Impairment of land inventory	(17)	(3)	-	-
Gross margin	111	252	242	111
Selling, general and administrative	(27)	(37)	(37)	(24)
Equity in earnings of unconsolidated entities	2	1	2	3
Impairment of unconsolidated entities	-	-	-	-
Other income / (expense)	3	8	10	9
Income before income taxes	\$ 89	\$ 224	\$ 217	\$ 99
<u>BROOKFIELD HOMES CORPORATION</u>				
Home Closings (units)	699	745	825	1,159
Lot Closings (single family units)	469	616	1,328	834
Acre Closings	-	-	-	-
Revenue				
Housing	\$ 340	\$ 415	\$ 541	\$ 784
Land	36	34	42	88
Total Revenues	376	449	583	872
Direct cost of sales	(354)	(416)	(481)	(617)
Impairment of land inventory	(24)	(115)	(88)	(10)
Gross margin	(2)	(82)	14	245
Selling, general and administrative	(52)	(69)	(69)	(59)
Equity in earnings of unconsolidated entities	1	3	13	58
Impairment of unconsolidated entities	(13)	(38)	(15)	-
Other income / (expense)	13	(18)	(6)	9
Income / (Loss) before income taxes	\$ (53)	\$ (204)	\$ (63)	\$ 253

CONSISTENT PROFITABILITY



Note: 2006-2010 comparative results shown are pro forma of Brookfield Residential and combined the results of Brookfield Homes Corporation and Brookfield Office Properties' residential land and housing division as the merger transaction occurred on March 31, 2011.

HISTORICAL GROSS MARGIN

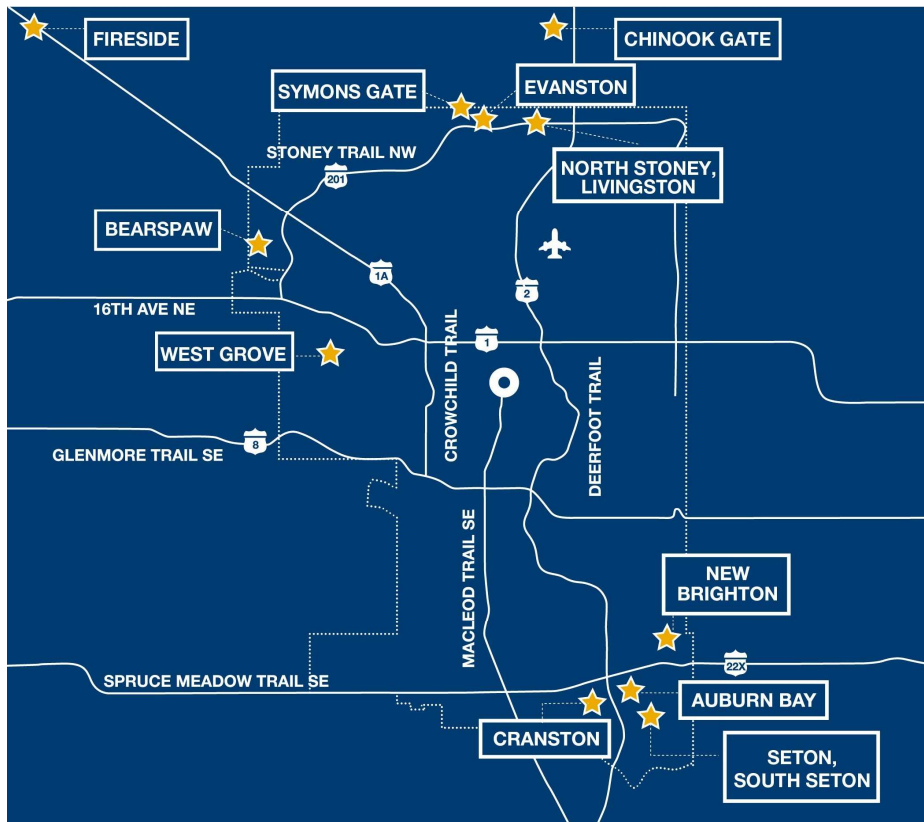


Note: 2006-2010 comparative results shown are pro forma of Brookfield Residential and combined the results of Brookfield Homes Corporation and Brookfield Office Properties' residential land and housing division as the merger transaction occurred on March 31, 2011.

OUR MARKETS

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 lot and lot equivalents.

CALGARY, ALBERTA

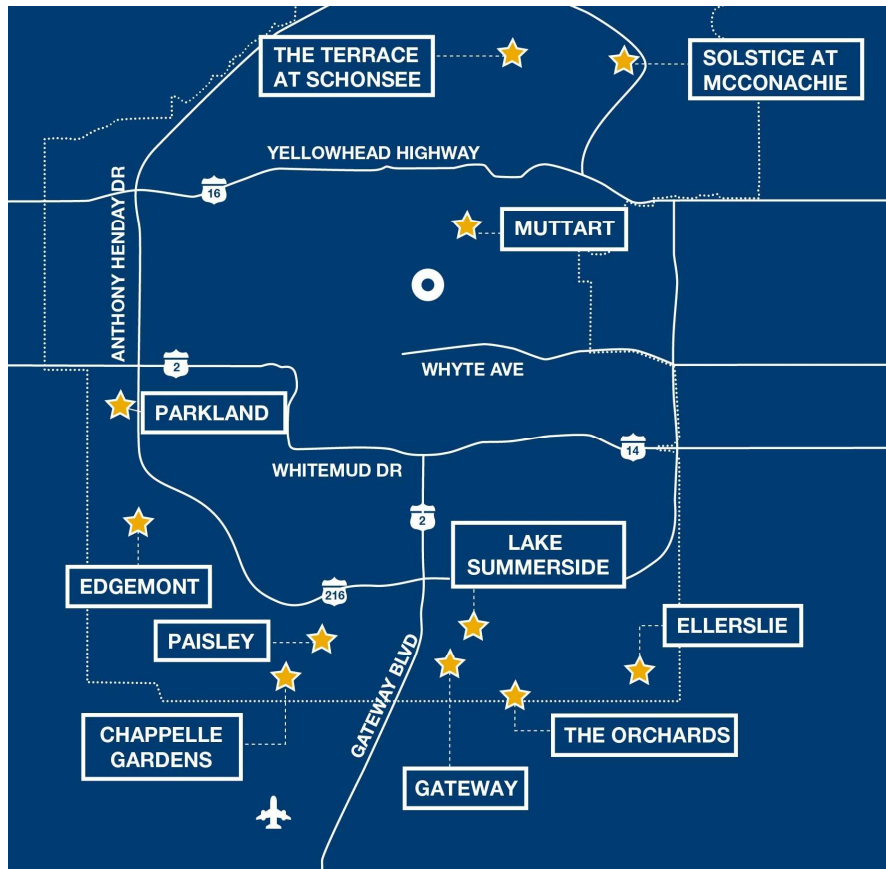


25,486 LOTS
62 ACRES (MULTI-FAMILY,
INDUSTRIAL AND
COMMERCIAL PARCELS)

- 5,740 entitled
- 19,746 unentitled

PROJECT NAME	TOTAL LOTS	ENTITLED LOTS	UNENTITLED LOTS	DEVELOPED ACRES
ALBI Homes (various communities)	86	86	-	-
Auburn Bay	153	153	-	5
Bearspaw	1,290	-	1,290	-
Chinook Gate	198	-	198	-
Cranston	1,156	1,156	-	8
Evanston	15	15	-	1
Fireside	71	71	-	-
Livingston	8,491	2,240	6,251	-
New Brighton	111	111	-	-
North Stoney	3,826	-	3,826	-
Seton	663	663	-	42
South Seton	6,303	158	6,145	-
Symons Gate	382	382	-	6
West Grove	82	82	-	-
Other	2,659	623	2,036	-

EDMONTON, ALBERTA

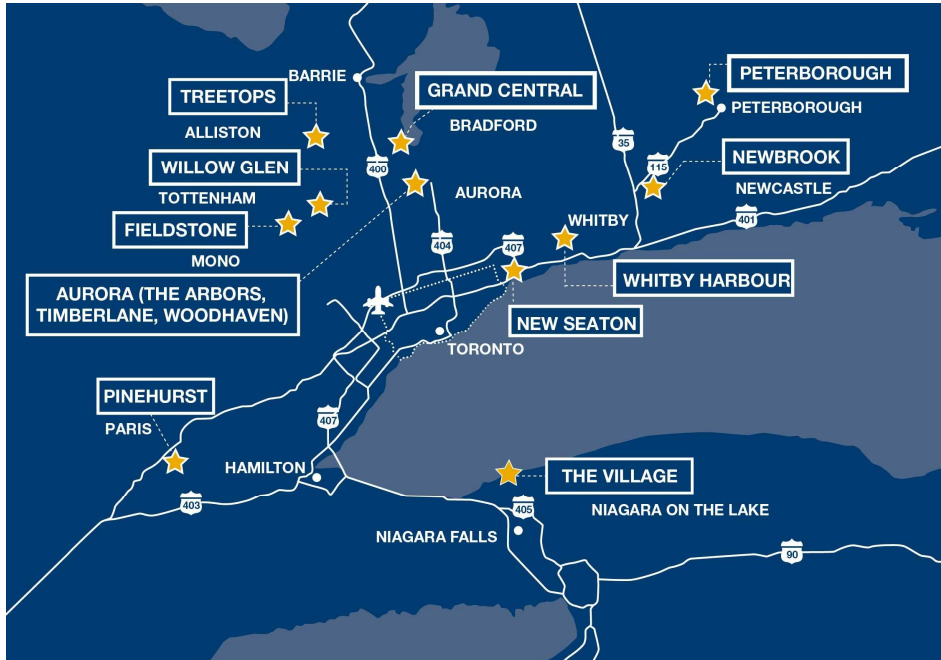


13,565 LOTS
25 ACRES (MULTI-FAMILY,
INDUSTRIAL AND
COMMERCIAL PARCELS)

- 6,553 entitled
- 7,012 unentitled

PROJECT NAME	TOTAL LOTS	ENTITLED LOTS	UNENTITLED LOTS	DEVELOPED ACRES
Chappelle Gardens	1,785	1,785	–	15
Edgemont	1,093	1,093	–	3
Ellerslie	7,012	–	7,012	–
Gateway	134	134	–	–
Lake Summerside	339	339	–	–
Muttart	63	63	–	–
The Orchards	2,020	2,020	–	4
Paisley	659	659	–	3
Parkland	49	49	–	–
Solstice at McConachie	284	284	–	–
The Terrace at Schonsee	57	57	–	–
Other	70	70	–	–

ONTARIO

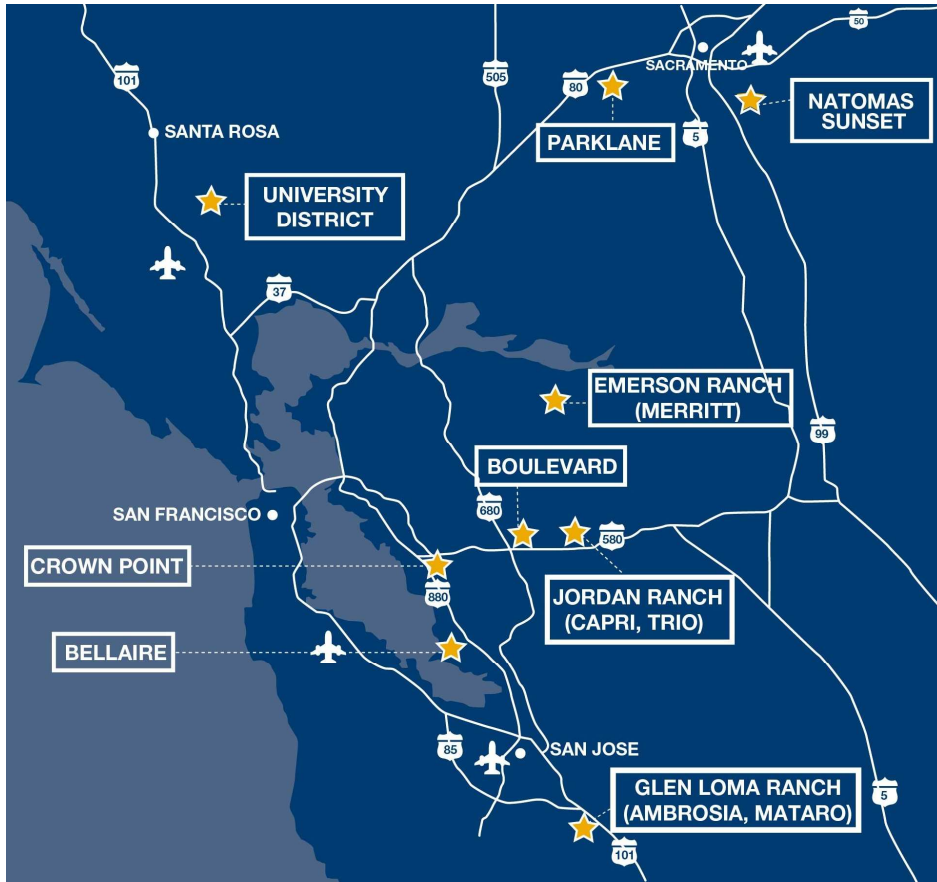


10,106 LOTS

- 2,519 entitled
- 7,587 unentitled

PROJECT NAME	TOTAL LOTS	ENTITLED LOTS	UNENTITLED LOTS
Aurora (The Arbors, Timberlane, Woodhaven)	466	466	–
Fieldstone	79	79	–
Grand Central	36	36	–
Newbrook	540	270	270
New Seaton	1,100	811	289
Pinehurst	413	413	–
Peterborough	6,863	–	6,863
The Village	17	17	–
Treetops	81	81	–
Whitby Harbour	132	132	–
Willow Glen	175	175	–
Other	204	39	165

NORTHERN CALIFORNIA

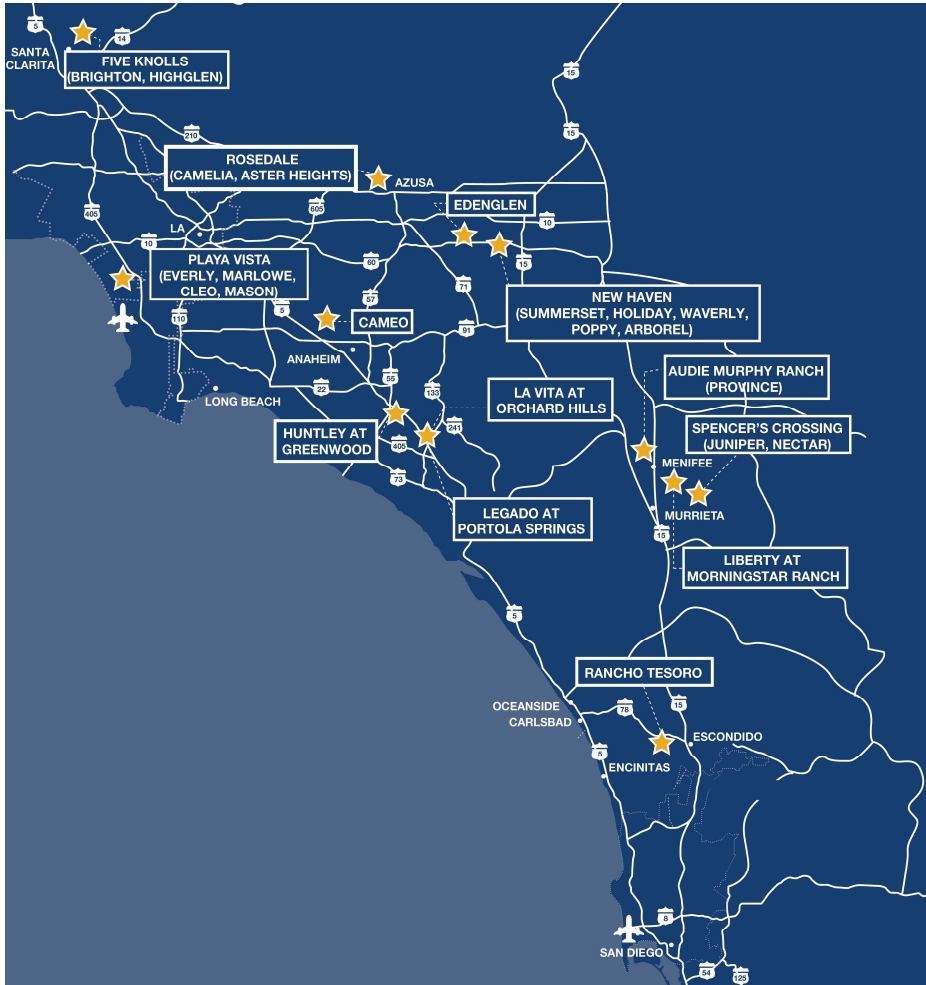


8,575 LOTS

- 3,625 entitled
- 4,950 unentitled

PROJECT NAME	TOTAL LOTS	ENTITLED LOTS	UNENTITLED LOTS
Bellaire	21	21	–
Boulevard	640	640	–
Crown Point	48	48	–
Emerson Ranch (Merritt)	211	211	–
Glen Loma Ranch (Ambrosia, Mataro)	100	100	–
Jordan Ranch (Capri, Trio)	39	39	–
Natomas, Sunset	5,700	1,200	4,500
Parklane	654	204	450
University District	1,162	1,162	–

SOUTHERN CALIFORNIA



10,174 LOTS

- 8,054 entitled
- 2,120 unentitled

PROJECT NAME	TOTAL LOTS	ENTITLED LOTS	UNENTITLED LOTS
Audie Murphy Ranch (Province)	1,187	1,187	-
Cameo	56	56	-
Edenglen	165	165	-
Five Knolls (Brighton, Highglen)	352	306	46
Huntley at Greenwood	6	6	-
La Vita at Orchard Hills	4	4	-
Legado at Portola Springs	42	42	-
Liberty at Morningstar Ranch	4	4	-
New Haven (Summerset, Holiday, Waverly, Poppy, Arborel)	2,447	593	1,854
Playa Vista (Everly, Marlowe, Cleo, Mason)	161	161	-
Rancho Tesoro	495	275	220
Rosedale (Camelia, Aster Heights)	53	53	-
Spencer's Crossing (Juniper, Nectar)	729	729	-
Other	4,473	4,473	-

HAWAII

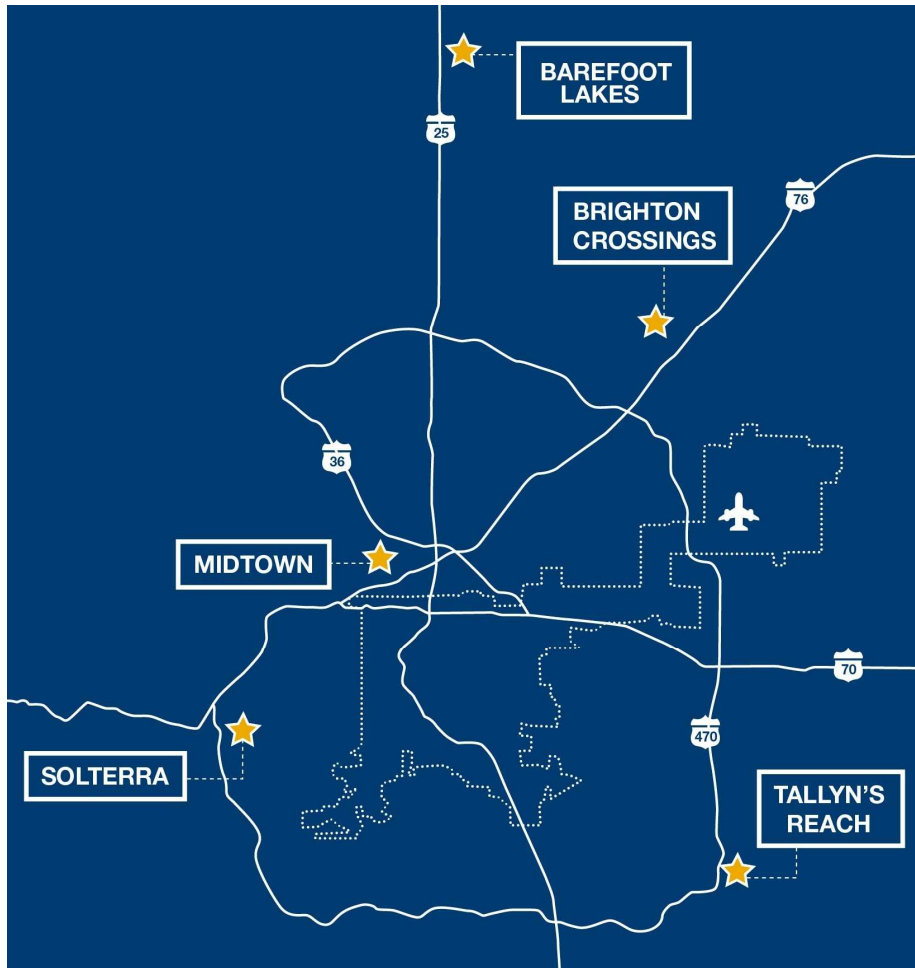


192 LOTS

- 192 entitled

PROJECT NAME	TOTAL LOTS	ENTITLED LOTS	UNENTITLED LOTS
Holua Kai	4	4	–
KaMilo	26	26	–
Pili Mai	162	162	–

DENVER, COLORADO



8,674 LOTS
 10 ACRES (MULTI-FAMILY,
 INDUSTRIAL AND COMMERCIAL
 PARCELS)

- 8,674 entitled

PROJECT NAME	TOTAL LOTS	ENTITLED LOTS	UNENTITLED LOTS	DEVELOPED ACRES
Barefoot Lakes	3,741	3,741	–	–
Brighton Crossings	1,974	1,974	–	10
Midtown	368	368	–	–
Solterra	285	285	–	–
Tallyn's Reach	14	14	–	–
Other	2,292	2,292	–	–

AUSTIN, TEXAS

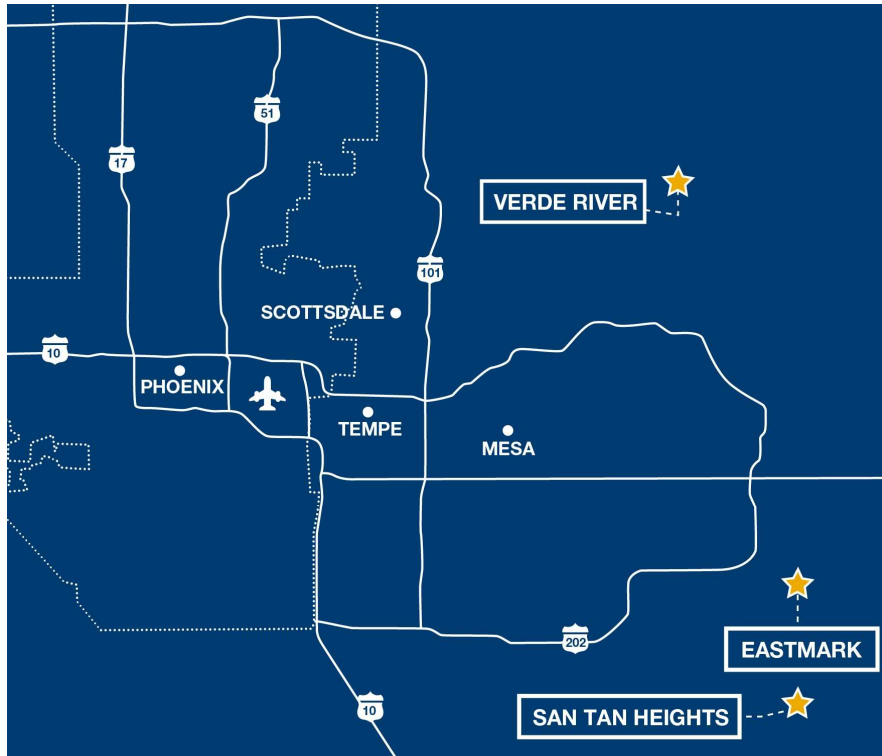


12,729 LOTS

- 12,729 entitled

PROJECT NAME	TOTAL LOTS	ENTITLED LOTS	UNENTITLED LOTS
Addison	491	491	–
Blanco Vista	874	874	–
Easton Park	5,467	5,467	–
Easton South	2,097	2,097	–
Grand Haven Homes (various communities)	702	702	–
Kissing Tree	3,027	3,027	–
Retreat at Dripping Springs	71	71	–

PHOENIX, ARIZONA



4,725 LOTS
 2 ACRES (MULTI-FAMILY,
 INDUSTRIAL AND
 COMMERCIAL PARCELS)

- 4,725 entitled

PROJECT NAME	TOTAL LOTS	ENTITLED LOTS	UNENTITLED LOTS	DEVELOPED ACRES
Eastmark	3,974	3,974	–	2
San Tan Heights	690	690	–	–
Verde River	61	61	–	–

WASHINGTON, D.C. AREA



3,930 LOTS
 23 ACRES (MULTI-FAMILY,
 INDUSTRIAL AND
 COMMERCIAL PARCELS)

- 3,893 entitled
- 37 unentitled

PROJECT NAME	TOTAL LOTS	ENTITLED LOTS	UNENTITLED LOTS	DEVELOPED ACRES
Admirals Square	89	89	–	–
Avendale	176	176	–	–
Heritage Shores	1,288	1,288	–	–
Mayfair	211	211	–	8
Oakview Village	88	88	–	–
Preserve at Goose Creek	1	1	–	–
Saranac at Lake Manassas	2	2	–	–
Snowden Bridge	765	765	–	–
Swan Point	765	765	–	–
Travilah Station	131	131	–	–
Wilson's Grove	50	50	–	–
Waterford Manor	61	61	–	–
Other	303	266	37	15

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Brookfield Residential's press releases, unaudited interim reports and audited annual reports can also be found on the Company's website at: www.BrookfieldResidential.com. Hard copies of the interim and annual reports can be obtained free of charge upon request.

For all Brookfield Residential bondholder inquiries, please call 1.855.235.8362 or email investor.relations@brookfieldrp.com.

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Residential | *to Call Home*