FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Brookfield Real Estate Services Inc. (the “Company”)
39 Wynford Drive
Toronto, Ontario M3C 3K5

Item 2 Date of Material Change

November 7, 2018

Item 3 News Release

A news release was issued by the Company on November 7, 2018, and disseminated via Cision. The new release is available on SEDAR at www.sedar.com.

Item 4 Summary of Material Change

On November 7, 2018, the Company announced that it will continue its relationship and enter into an amended Management Services Agreement (the “Amended MSA”) with Brookfield Real Estate Services Manager Limited (the “Manager”), a subsidiary of Brookfield Business Partners LP (TSX:BBU) (”BBP”). The Amended MSA provides for certain amendments to the existing Management Services Agreement intended to, among other things, improve certain economic aspects of the agreement for the Company. These amendments will become effective immediately, except for the changes to the compensation of the Manager which will be effective January 1, 2019. The Amended MSA will have an initial term expiring on December 31, 2028, with provisions for automatic ten-year renewals thereafter.

Item 5 Full Description of Material Change

The Company has been managed pursuant to the Management Services Agreement (“MSA”) which initially had a five-year term expiring December 31, 2018 and which had recently been extended to June 30, 2019. In April 2018, the Manager requested that the board of directors approve amendments to the MSA to update it to better align with current market practices and provide better visibility of fees for both the Company and the Manager in a way that better aligns interests. The Manager’s compensation formula has remained largely unchanged since 2003 when the Company was established as an income trust. Since that time, the Network has grown and, as a result, the costs to support the expanded Network have also increased. As such, the Special Committee has approved an increase in management fees in order for the Company to maintain its market leadership in the range and quality of franchise services being offered throughout the next ten-year term.

The Amended MSA was negotiated on behalf of the Company by a Special Committee of the Board of Directors of the Company comprised exclusively of Independent Directors. This negotiation process was commenced by the Special Committee in May of

2018. The Special Committee engaged independent legal counsel and an independent financial advisor to assist in negotiating and evaluating the terms of the Amended MSA. As part of this process, the Special Committee considered various alternatives to entering into the Amended MSA available to the Company. Following this thorough process conducted with the assistance of its external advisors, the Special Committee determined that the terms of the Amended MSA are reasonable and in the best interests of the Company.

The Amended MSA contains a number of changes which have been made to simplify the relationship between the Manager and the Company as well as improve certain economic aspects of the agreement for the Company and the Manager. These changes include:

- The Company (through its operating subsidiaries) will directly enter into new franchise agreements with franchisees. This will eliminate the need to purchase franchise agreements from the Manager and will allow the Company to earn revenue from these agreements from their inception.
- The Manager will assign to the Company at no cost, all existing franchise agreements not previously purchased by the Company. These contracts would otherwise have been eligible for purchase on January 1, 2019 under the previous MSA.
- The Manager will also assign to the Company at no cost, contracts associated with revenue streams that it has developed outside of the franchise agreements owned by the Company. These ancillary revenues include, for example, mortgage referral fee revenues generated through associations with various Canadian residential mortgage lenders. This will result in an immediate increase in revenues for the Company and provide revenue diversification beyond royalty fees.
- The obligation of the Company to acquire franchise agreements from the Manager is discontinued under the Amended MSA. In lieu of the Company acquiring franchise agreements annually, the Company will pay the Manager a fixed management fee of $840,000 per month.
- The variable management fee paid to the Manager will increase to 23.5% of CFFO before management fees from the current 20%. After five years, the variable fee will increase to 25% of CFFO before management fees. The Manager will have the opportunity to earn a higher management fee if the Company's market capitalization reaches certain thresholds. This strengthens the alignment of interests between the Company and the Manager.
- The Amended MSA results in the elimination of historically large, unpredictable capital expenditure requirements from franchise agreement purchases, thus reducing the volatility of cash requirements of the Company.

In conjunction with the changes to the MSA, the Company has agreed to certain amendments to its financing arrangements with Canadian Imperial Bank of Commerce. These amended banking arrangements are subject to completion of final agreements and are expected to be effective from January 1, 2019.

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

Not Applicable.

Item 7 Omitted Information

None.

Item 8 Executive Officer

The name and business telephone number of the Officer who is knowledgeable about the material change and this report is:

Name: Glen McMillan,
Position: Chief Financial Officer
Tel: (416) 510 - 5605

Item 9 Date of Report

November 13, 2018

FORWARD-LOOKING STATEMENTS

This report contains forward-looking information and other "forward-looking statements". Words such as "will", "continue", "expected", "improve", "remains" and "supports" and other expressions that are predictions of or could indicate future events and trends and that do not relate to historical matters identify forward-looking statements. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those indicated in the forward-looking statements include: changes in the Company's strategy with respect to dividends, changes in the supply of houses for sale in Canada or in any particular region within Canada, changes in the demand for houses in Canada or any particular region within Canada, changes in general economic conditions (including interest rates, consumer confidence and other general economic factors or indicators), changes in global and regional economic growth, the demand for and prices of natural resources on local and international markets, the level of residential real estate transactions, the availability of attractive investment opportunities, the average rate of commissions charged, competition from other real estate brokers or from discount and/or Internet-based real estate alternatives, the closing of existing real estate brokerage offices, other developments in the residential real estate brokerage industry or the Company that could reduce the number of REALTORS® in the Company's Network or royalty revenue from the Company's Network, our ability to maintain brand equity through the use of trademarks, the methods used by shareholders or analysts to evaluate the value of the Company and its publicly traded securities, the availability of equity and debt financing, changes in tax laws or regulations, changes in the corporate structure of the Company or its affiliates, demand for the services the Company provides to REALTORS ® , and other risks detailed in the Company's annual information form, which is filed with securities commissions and posted on SEDAR at www.sedar.com. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.