

BROOKFIELD REAL ESTATE SERVICES INC.

GOVERNANCE POLICY

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BROOKFIELD REAL ESTATE SERVICES INC.

BOARD OF DIRECTORS CHARTER

1. ROLE OF BOARD

The role of the Brookfield Real Estate Services Inc. (the “Corporation”) board of directors is to oversee, directly and through its committees, the business and affairs of the Corporation, which are conducted by the officers and employees of the Corporation’s manager, Brookfield Real Estate Services Manager Limited (the “Manager”). In doing so, the board acts at all times with a view to the best interests of the Corporation and its shareholders.

The board is elected by the shareholders to oversee management to ensure that the best interest of the shareholders are advanced by enhancing shareholder value in a manner that recognizes the concerns of other stakeholders in the Corporation including its agents, brokers, franchisees, suppliers, customers and the communities in which they operate.

2. AUTHORITY AND RESPONSIBILITIES

The board of directors meets regularly to review reports by the Manager on the performance of the Corporation and the Residential Income Fund L.P. (the “Partnership”) which owns the assets from which the Corporation currently derives its sole source of revenue. In addition to the general supervision of the Manager, the board performs the following functions:

- (a) **strategic planning** – overseeing the strategic planning process for the Corporation together with the Manager and reviewing, approving and monitoring the strategic plan for the Corporation and the Partnership including fundamental financial and business strategies and objectives;
- (b) **risk management** – assessing the major risks facing the Corporation and reviewing, approving and monitoring the manner of managing those risks;
- (c) **Manager** – monitoring the performance of the Manager on behalf of the Corporation and the Partnership, with reference to the Management Services Agreement among the Corporation, the Manager, the Partnership, its general partner, and others;
- (d) **Incremental Franchises** - reviewing and evaluating the purchase of Incremental Franchises by the Partnership, as contemplated in the Corporation’s prospectus, including determining or amending appropriate criteria to be used as a basis for selecting Incremental Franchises; and

- (e) **maintaining integrity** - reviewing and monitoring the controls and procedures within the Corporation to maintain its integrity including its disclosure controls and procedures, its internal controls and procedures for financial reporting and compliance with its code of ethics.

3. COMPOSITION AND PROCEDURES

(a) **Size of board and selection process** – The directors of the Corporation are elected each year by the shareholders at the annual meeting of shareholders. Any shareholder may propose a nominee for election to the board at the annual meeting. The board also recommends the number of directors on the board to shareholders for approval. Between annual meetings, the board may appoint directors to fill vacancies until the next annual meeting.

(b) **Qualifications** – Directors should have the highest personal and professional ethics and values and be committed to advancing the best interests of the shareholders of the Corporation. They should possess skills and competencies in areas that are relevant to the Corporation’s and Partnership’s activities. A majority of the directors will be “unrelated” directors within the meaning of The Toronto Stock Exchange guidelines.

(c) **Meetings** – The Board of Directors has at least four scheduled meetings each year. The Manager will be responsible for presenting an agenda to the Board for consideration. Prior to each board meeting, the Manager will present agenda items for the meeting with the Directors for consideration. Materials for each meeting will be distributed to the Directors in advance of the meetings.

(d) **Committees** – The board has established the following standing committees to assist the board in discharging its responsibilities – Audit and Governance. Special committees may be established from time to time to assist the board in connection with specific matters. The chair of each committee reports to the board following meetings of the committee. The terms of reference of each standing committee will be reviewed annually by the board.

(e) **Access to independent advisors** – The board and any committee may at any time retain outside financial, legal or other advisors at the expense of the Corporation.

BROOKFIELD REAL ESTATE SERVICES INC.

AUDIT COMMITTEE CHARTER

A committee of the board of directors of the Corporation to be known as the Audit Committee (the “Committee”) shall have the following terms of reference set out below.

The following terms of reference are intended to comply with the corporate governance guidelines of The Toronto Stock Exchange (the “TSX Guidelines”).

1. MEMBERSHIP AND CHAIRPERSON

(a) Following each annual meeting of shareholders, the board of directors of the Corporation (the “board”) shall appoint from its number three or more directors (the “members”) to serve on the Committee until the close of the next annual meeting of shareholders of the Corporation or until the member ceases to be a director, resigns or is replaced, whichever first occurs.

(b) All of the members of the Committee shall be unrelated directors, within the meaning of the TSX Guidelines. No member of the Committee shall be an officer or employee of the Corporation or Brookfield Real Estate Services Manager Limited (the “Manager”), who manages the Corporation pursuant to a Management Services Agreement. A majority of the members of the Committee shall be directors who are resident Canadians.

(c) No director who receives any compensation from the Corporation, its affiliates or the Manager, other than director’s fees, shall be eligible for membership on the Audit Committee. Disallowed compensation for a Committee member includes fees paid directly or indirectly for services as a consultant or a legal or financial advisor, regardless of the amount. Disallowed compensation also includes compensation paid to such director’s firm for such consulting or advisory services, even if the director is not the actual service provider.

(d) Each member of the Committee shall, in the judgment of the board, be financially literate. In addition, at least one member of the Committee shall, in the judgment of the board, have accounting or related financial management expertise.

(e) The board shall appoint one of the directors as the chairperson of the Committee. If the chairperson is absent from a meeting, the members shall select a chairperson from those in attendance to act as chairperson of the meeting.

2. RESPONSIBILITIES

(a) The Committee shall generally assume responsibility for developing the approach of the Corporation to the following matters; publicly disclosed financial information; financial accounting and reporting; internal control; risk management and

insurance; and external and internal audit; and shall review and make recommendations to the board on all such matters.

(b) The Committee shall review and, where appropriate, recommend for approval by or report to the board on the following:

- (i) interim financial statements;
- (ii) audited annual financial statements, in conjunction with the report of the external auditor;
- (iii) public disclosure documents containing audited or unaudited financial information, including management's discussion and analysis of financial condition and results of operations;
- (iv) the effectiveness of management's policies and practices concerning financial reporting and any proposed changes in major accounting policies; and
- (v) any report, which accompanies published financial statements (to the extent such a report discusses financial condition or operating results) for consistency of disclosure with the financial statements themselves.

(c) The Audit Committee shall have the following responsibilities in relations with the external and internal auditors of the Corporation:

- (i) to have the sole responsibility to retain or terminate the external auditor, subject to ratification by the shareholders, and to approve the fees and expenses of such auditor;
- (ii) to receive, at least annually, a report from the external auditor on their independence and to review any relationship between the auditor and the Corporation and the Manager or any other relationship that may adversely affect the independence of the auditor and, based on such review, to assess the independence of the auditor;
- (iii) to determine, through discussion with the external and internal auditors, that no restrictions were placed by the Manager on the scope of their examination or on its implementation;
- (iv) to approve the Corporation's policy on non-audit related work by its external auditor, and pre-approve or reject any proposed non-audit related work to be conducted by the external auditor for the Corporation;
- (v) to meet with the external and internal auditors in private session, at least annually, to review any matters arising from the annual external audit and internal audits conducted throughout the year; and
- (vi) to review and approve the annual Internal Audit Plan and Budget.

(d) In addition, the Committee shall:

- (i) review such litigation, claims, tax assessments, transactions or other contingencies as the external auditor or any officer of the Corporation may bring to its attention and which may have a material impact on financial results or which may otherwise adversely affect the financial well-being of the Corporation; and
- (ii) consider other matters of a financial nature as directed by the board.

3. Meetings

(a) Meetings of the Committee may be called by the chairperson of the Committee, the Chairman of the board of the Corporation or the Manager. Meetings will normally be held each quarter and shall be called not less than once annually.

(b) The powers of the Committee shall be exercisable by a meeting at which a quorum is present. A quorum shall be not less than a majority of the members of the Committee from time to time. Subject to the foregoing and unless otherwise determined by the board, the Committee shall have the power to fix its quorum and to regulate its procedure.

(c) Notice of each meeting shall be given to each member, and to the Chairman and the Manager. Notice of meeting may be given verbally or by letter, email, telephone facsimile transmission or telephone not less than 24 hours before the time fixed for the meeting. Members may waive notice of any meeting. The notice need not state the purpose or purposes for which the meeting is being held.

(d) Matters decided by the Committee shall be decided by majority vote.

(e) The Committee may invite from time to time such persons as it may see fit to attend its meetings and to take part in discussion and consideration of the affairs of the Committee.

(f) The Committee shall report to the board on its proceedings, review undertaken and any associated recommendations.

BROOKFIELD REAL ESTATE SERVICES INC.

GOVERNANCE COMMITTEE CHARTER

A committee of the board of directors of the Corporation to be known as the Governance Committee (the “Committee”) shall have the following terms of reference set out below.

The following terms of reference are intended to comply with the corporate governance guidelines of The Toronto Stock Exchange (the “TSX Guidelines”).

1. MEMBERSHIP AND CHAIRPERSON

(a) Following each annual meeting of shareholders, the board of directors of the Corporation (the “board”) shall appoint from its number three or more directors (the “members”) to serve on the Committee until the close of the next annual meeting of shareholders of the Corporation or until the member ceases to be a director, resigns or is replaced, whichever first occurs.

(b) A majority of the members of the Committee shall be unrelated directors, within the meaning of the TSX Guidelines.

(c) The board shall appoint one of the directors as the chairperson of the Committee. If the chairperson is absent from a meeting, the members shall select a chairperson from those in attendance to act as chairperson of the meeting.

2. RESPONSIBILITIES

(a) The Committee shall generally assume responsibility for developing the approach of the Corporation to the following matters; board nominations, size and composition of the Board, board member effectiveness, board member orientation, directors’ compensation.

(b) Evaluation - The Governance Committee will perform an annual evaluation of the effectiveness of the board as a whole, the committees of the board and the contributions of individual directors.

(c) Compensation – The Governance Committee will recommend to the board the compensation and benefits for non-management directors. In reviewing the adequacy and form of compensation and benefits, the committee seeks to ensure that the compensation and benefits reflect the responsibilities and risks involved in being a director of the Corporation and align the interests of the directors with the best interests of the shareholders.

(d) The Committee shall consider other matters as directed by the board.

3. Meetings

(a) Meetings of the Committee may be called by the chairperson of the Committee, the Chairman of the board of the Corporation or the Manager. Meetings will be called not less than once annually.

(b) The powers of the Committee shall be exercisable by a meeting at which a quorum is present. A quorum shall be not less than a majority of the members of the Committee from time to time. Subject to the foregoing, and unless otherwise determined by the board, the Committee shall have the power to fix its quorum and to regulate its procedure.

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