Brookfield Residential Properties ULC

Q2 2026 Interim Report

Second Quarter 2026 Overview and Outlook

Brookfield Residential continued to operate in a market environment characterized by affordability pressures, elevated mortgage rates, and broader economic uncertainty across both the U.S. and Canada, including geopolitical tensions arising from ongoing global conflicts and trade discussions. Consumer purchasing decisions remained measured in the current environment, resulting in a more moderate pace of demand across many of our markets. In response, we continue to utilize targeted incentives such as interest rate buydowns in the U.S. to support affordability and maintain sales pace. Despite these headwinds, underlying demand fundamentals remain supported by favorable demographic trends and a structural undersupply of housing. While near-term demand is expected to remain tempered by affordability pressures and economic uncertainty, we believe the quality and diversification of our portfolio, together with our disciplined operating approach, position us well to navigate the current environment and capitalize on opportunities as market fundamentals continue to evolve.

Brookfield Residential's second-quarter results reflect these conditions as well as the seasonality of our operating cycle. For the three months ended June 30, 2026, income before income taxes was $5 million compared to income before taxes of $34 million in the same period in 2025. Operating income for the three months ended June 30, 2026 was $8 million compared to $33 million in the same period in 2025. The prior year's operating income included a $21 million purchase price true-up related to the sale of an 80% interest in the land operations of five master-planned communities (the "MPC Recapitalization Transaction"). Excluding the impact of this gain, operating income for the prior year period was $12 million. The year-over-year decrease was primarily attributable to lower gross margins and earnings from unconsolidated entities in both the land and housing operations. Operating and financial highlights for the three months ended June 30, 2026 include:

Housing

- 582 home closings for the period which generated a gross margin percentage of 12%, compared to 515 home closings with a gross margin of 17% in 2025.
- 686 net new home orders (2025 - 589 net new home orders) contributing to the total backlog of 854 units with a value of $648 million (2025 - total backlog of 982 units with a value of $615 million).

Land

- 420 single family lot closings including our share of unconsolidated entities compared to 236 lot closings in the same period in the prior year. Land gross margin percentage was 45% (2025 - 62%).
- Earnings from unconsolidated entities of $10 million compared to $14 million in 2025.
- Earned development management fee income of $13 million (2025 - $11 million).

Corporate

- Net debt to capitalization ratio of 51% at June 30, 2026 reflecting cash of $336 million and our credit facility drawn at $587 million due to the normal seasonality of the homebuilding cycle.

Based on our outlook at this point in the year, we are generally maintaining our previously issued public guidance. For the U.S. operations, we continue to expect to close approximately 1,575 homes and 400 single family lots, excluding our share of unconsolidated entities. For our Canadian markets, we continue to expect to close approximately 825 homes and 325 single family lots. We continue to see the impact of higher incentives (particularly in the U.S.), with the general expectation that housing margins will continue to be pressured. We also project a number of multi-family commercial and industrial parcel sales in both countries, including a large opportunistic parcel sale in the U.S. located in our California market, which continues to be monitored for closing in late 2026. From an unconsolidated entity perspective, we expect single family lot closings to be in line with our 2025 results, albeit with limited material acre sales compared to last year. Our management of a growing portfolio of land assets is anticipated to drive a modest improvement in development management fee income. While we are currently on track for our land and housing sales targets, there continues to be timing risks around certain closings, which we are closely monitoring.

BROOKFIELD RESIDENTIAL PROPERTIES ULC

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

- the current business environment and outlook; economic and market conditions in the U.S. and Canadian housing markets and our ability to respond to such conditions; the impact of actual or potential interest rate changes in the U.S. and Canada and the resulting impact on consumer confidence and the housing market; the effect of inflation; changes in consumer behavior and preferences; current trends in home prices in our various markets and affordability levels generally; the impact of mortgage and financing rules on borrowers; the effect of seasonality on the homebuilding business; the impact and actions of current government administrations; home prices and affordability in our communities, home closings resulting therefrom, and the timing thereof; international trade factors, including changes in trade policy, such as trade sanctions and increased tariffs; volatility in the global price of commodities, including the price of oil and lumber; unexpected cost increases that could impact our margins; disruptions in the global supply chain adversely impacting product availability and causing delays; the economic and regulatory uncertainty surrounding the energy industry and the impact thereof on demand in our markets including future investment, particularly in Alberta; our relationship with operational jurisdictions and key stakeholders; the impacts and actions of current government administration, including any affordability programs; our costs to complete related to our letters of credit and performance bonds; expected project completion times; our ability to realize our deferred tax assets; recovery in the housing market and the pace thereof; reduction in our debt levels and the timing thereof; our expected unit and lot sales and the timing thereof; expectations for 2026 and beyond;
- possible or assumed future results, including our outlook and any updates thereto, how we intend to use and the availability of additional cash flow, the operative cycle of our business and expected timing of income, potential financial impairments or write-downs that may be incurred from time to time, the expected performance and features of our projects, the continued strategic expansion of our business operations, our assumptions regarding normalized sales, our projections regarding revenue and housing inventory, the impact of acquisitions on our operations in certain markets;
- factors affecting our competitive position within the homebuilding and land development industry;
- the ability to create value in our land development business and meet our development plans;
- expected inventory backlog and closings and the timing thereof;
- the expected closing of transactions generally;
- the expected exercise of options contracts and lease options;
- the effect on our business of business acquisitions;
- business goals, strategy and growth plans;
- the effect of challenging conditions on us;
- the ability to generate sufficient cash flow from our assets to repay maturing bank indebtedness, obligations under our bond indentures, project specific financings and to otherwise take advantage of new opportunities;
- the ability to meet our covenants and re-pay interest payments on our unsecured senior notes and the requirement to make payments under our construction guarantees;
- the impact of credit rating agencies' rating on our business;
- the sufficiency of our access to and the sources of our capital resources;
- the impact of foreign exchange rates on our financial performance and market opportunities;
- the timing of the effect of interest rate changes on our cash flows;
- the effect of debt and leverage on our business and financial condition;
- the visibility of our future cash flow;
- social and environmental conditions, policies and risks;
- governmental policies and risks;
- cyber-security and privacy related risks;
- health and safety risks;
- the effect on our business of existing lawsuits; and
- damage to our reputation from negative publicity.

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

Various factors, in addition to those discussed elsewhere in this Interim Report, that could affect the future results of Brookfield Residential and could cause actual results, performance, or achievements to differ materially from those expressed in the forward-looking statements and information include, but are not limited to, those factors included under the sections entitled “Cautionary Statement Regarding Forward-Looking Statements” and “Business Environment and Risks” of the Annual Report for the fiscal year ended December 31, 2025.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL RESULTS

ABOUT THIS MANAGEMENT’S DISCUSSION AND ANALYSIS

This management’s discussion and analysis ("MD&A") relates to the period ended June 30, 2026 and has been prepared with an effective date of July 29, 2026. It should be read in conjunction with the condensed consolidated financial statements and the related notes thereto included elsewhere in this Interim Report. Some of the numbers included herein have been rounded for presentation purposes, and accordingly, some amounts may not sum exactly due to rounding. All dollar amounts discussed herein are in U.S. dollars, unless otherwise stated. Amounts in Canadian dollars are identified as “C$.” The condensed consolidated financial statements referenced herein have been prepared in accordance with generally accepted accounting principles in the United States (“U.S. GAAP”).

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

OVERVIEW

Brookfield Residential Properties ULC (unless the context requires otherwise, references in this Interim Report to “we,” “our,” “us,” the “Company” and “Brookfield Residential” refer to Brookfield Residential Properties ULC and the subsidiaries through which it conducts all of its homebuilding and land development operations) is a wholly-owned subsidiary of Brookfield Corporation and has been in operation for 70 years. We are the flagship North American residential property company of Brookfield Corporation, (NYSE:BN; TSX:BN), a global alternative asset manager.

Brookfield Residential is a leading North American land developer and homebuilder, operating an integrated platform in the United States and Canada that spans the full residential lifecycle from land acquisition and entitlement through to community development and homebuilding. The business is anchored by a large-scale land platform that creates master-planned communities ("MPCs") in supply-constrained markets and establishes a controlled pipeline of finished lots, supporting both third-party builders and internal housing operations. This foundation is complemented by a diversified homebuilding business that delivers a range of housing products, informed by direct consumer insights and aligned to local market demand. Together, these capabilities enable a coordinated approach to planning, development, and delivery, allowing the business to manage risk, maintain visibility into future supply, and adapt to changing market conditions while capturing value across multiple stages of the residential cycle. Brookfield Residential also selectively participates in infill and mixed-use opportunities where it can leverage its scale, expertise, and relationships.

Our disciplined land acquisition process, synergistic operations and capital flexibility allow us to pursue land investment, traditional homebuilding and mixed-use development in supply-constrained markets. Canada, U.S. Housing and U.S. Land are the three operating segments that we focus on. Our Canadian operations are primarily in Calgary, Edmonton and the Greater Toronto Area and consist of both land development and housing operations. Our U.S. Housing and U.S. Land operating segments are active across the West and Central and East regions of the U.S. Our West operations within the U.S. include the Greater Los Angeles Area, the Greater Phoenix Area, Portland, Sacramento, San Diego, San Francisco Bay-Area, Seattle-Tacoma and Hawaii (Honolulu Mixed-Use). Our Central and East operations within the U.S. include Atlanta, Austin, Charleston, Columbus, Dallas, Denver, Houston, Lakeland, Raleigh-Durham, Tampa, the Washington D.C. Area and Wilmington.

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

Principal Business Activities

Land Operations

We operate a leading North American land development platform, managing a diversified portfolio of large-scale residential land assets across 25 markets, with a focus on acquiring, entitling, and developing land in locations with strong long-term economic fundamentals. The platform includes both owned and managed land interests, enabling scale, flexibility, and access to a controlled pipeline of future development opportunities, and positions us as one of the leading providers of finished lots in North America.

Through our land development and lot servicing capabilities, we convert raw land into finished lots that are delivered to both third-party builders and support our integrated housing operations, creating a consistent and scalable supply of lots across markets. The business also pursues opportunities to reposition and enhance land value through the entitlement and development of land and brownfield assets, leveraging our expertise to unlock embedded potential and improve overall asset performance.

Our developments are structured to support long-term value creation, with master-planned communities designed to accommodate evolving residential demand while integrating residential, and where appropriate, mixed-use and commercial components that contribute to the broader functionality and performance of each asset.

Our land platform employs a range of strategies, including developing land we control, participating in land joint ventures, providing landbanking services, and acting as development managers to earn development management fee income. By managing land development on behalf of various capital partners, we are able to align risk portfolios to various stages of the development cycle. Managing land assets of various sizes, duration and complexity allows us to generate returns and development fees throughout the land development process, maintain flexibility in capital deployment, and balance risk across market cycles while remaining responsive to local economic conditions.

Housing Operations

We operate a scaled North American homebuilding platform, delivering a diversified range of housing products across our markets, supported by a disciplined, land-enabled operating model. Our housing business is integrated with our land platform, providing access to a controlled pipeline of finished lots and enabling consistent, capital-efficient growth across markets. Our housing operations focus on the design, construction, marketing and sale of single family and multi-family homes in both our own communities and select third-party developments. These operations are carried out through our local business units, which oversee product design, construction, sales, marketing, and customer service.

Through the integration of our housing and land platforms, Brookfield Residential has developed a reputation for delivering innovative, award-winning communities and residential products. Our housing strategy is grounded in our commitment to create “The Best Places to Call Home,” which extends beyond the homes themselves to the broader communities in which they are located. The master-planned communities we develop typically include community centers, parks, recreational amenities, schools, and commercial areas designed to enhance quality of life and support long-term community sustainability.

Brookfield Residential Properties Portfolio

Our assets consist primarily of land and housing inventory and investments in unconsolidated entities that invest in land development and home construction activities. Our total assets as at June 30, 2026 were $5.3 billion.

As of June 30, 2026, Brookfield Residential's managed lot position was approximately 127,000 lots, with 58,309 controlled single family lots (serviced lots and future lot equivalents) and 527 multi-family, industrial and commercial serviced parcel acres. Total lots owned and controlled includes those we directly own, our share of those owned through our investment in 47 unconsolidated entities as well as inventory not owned. Our managed lots and acres provide a strong foundation for our future lot and acre sales and homebuilding business, as well as visibility on our future cash flow. The number of building lots and acre parcels in each of our primary markets as of June 30, 2026 is as follows:

	Single Family Housing & Land Under and Held for Development[1]						Multi-Family, Industrial & Commercial Parcels Under Development	
	Housing & Land	Unconsolidated Entities	Inventory Not Owned[2]	Total Lots Owned & Optioned	Status of Lots		Total Acres	Total Inventory Under Management[3]
	Owned	Owned			Entitled	Unentitled		
Calgary	6,899	2,228	—	9,127	5,630	3,497	40	13,012
Edmonton	7,334	445	—	7,779	2,467	5,312	6	8,268
Ontario	9,334	1,805	—	11,139	4,797	6,342	2	9,376
Canada	23,567	4,478	—	28,045	12,894	15,151	48	30,656
Northern California	1,137	532	11,253	12,922	1,856	11,066	—	14,335
Southern California	1,144	78	100	1,322	1,302	20	138	2,298
Arizona	441	377	—	818	818	—	52	2,327
Pacific Northwest	—	977	—	977	977	—	2	7,847
West	2,722	1,964	11,353	16,039	4,953	11,086	192	26,807
Denver	3,528	278	—	3,806	3,634	172	2	4,625
Texas	2,212	1,956	223	4,391	4,391	—	282	15,628
Washington DC	2,176	489	—	2,665	2,646	19	—	3,349
Carolinas	154	394	—	548	548	—	3	12,832
Florida	—	2,043	—	2,043	1,932	111	—	30,328
Northeast	—	772	—	772	7	765	—	3,011
Central and East	8,070	5,932	223	14,225	13,158	1,067	287	69,773
Total U.S.	10,792	7,896	11,576	30,264	18,111	12,153	479	96,580
Total - June 30, 2026	34,359	12,374	11,576	58,309	31,005	27,304	527	127,236
Total - December 31, 2025	34,213	12,432	11,510	58,155	30,361	27,794	193	135,087

[1] Land held for development will include some multi-family, industrial and commercial parcels once entitled.

[2] Inventory not owned includes consolidated land inventory relating to financing arrangements and lots under option.

[3] Managed lots refer to 100% of assets under management by Brookfield Residential, irrespective of Brookfield Residential ownership interests.

RESULTS OF OPERATIONS

Key financial results and operating data for the three and six months ended June 30, 2026 compared to the three and six months ended June 30, 2025 are as follows:

(US$ millions, except percentages, unit activity and average selling price which is stated in US$ thousands)	Three Months Ended June 30		Six Months Ended June 30	
	2026	**2025**	**2026**	**2025**
Key Financial Results				
Housing				
Housing revenue	$ 320	$ 261	$ 562	$ 530
Housing gross margin ($)	38	43	68	90
Housing gross margin (%)	12%	17%	12%	17%
Land				
Land revenue	25	16	44	52
Land gross margin ($)	11	10	23	26
Land gross margin (%)	45%	62%	52%	50%
Earnings from unconsolidated entities	10	14	14	33
Gain on disposal of net assets held for sale	—	21	—	74
Development management fee income	13	11	23	22
Selling, general and administrative expense	(64)	(68)	(129)	(135)
Operating income	8	33	1	111
Income / (loss) before income taxes	5	34	(7)	103
Net income / (loss) attributable to Brookfield Residential	4	27	(2)	79
Key Operating Data				
Housing				
Home closings (units)	582	515	1,055	1,016
Average home selling price	$ 549	$ 506	$ 533	$ 522
Net new home orders for (units)	686	589	1,331	1,164
Backlog (units)	854	982	854	982
Backlog value	$ 648	$ 615	$ 648	$ 615
Active housing communities	113	89	113	89
Consolidated land				
Lot closings (single family units)	143	109	204	298
Average lot selling price (per single family unit)	$ 178	$ 146	$ 185	$ 142
Acre closings (multi-family, industrial and commercial)	—	—	5	5
Average per acre selling price (per multi-family, industrial and commercial acre)	$ —	$ —	$ 1,166	$ 1,488
Acre closings (raw and partially finished)	—	—	—	1
Average per acre selling price (per raw and partially finished acre)	$ —	$ —	$ —	$ 2,858
Active land communities	14	12	14	12
Unconsolidated land (Brookfield Residential's share)				
Lot closings for unconsolidated entities (single family units)	277	127	399	279
Average lot selling price for unconsolidated entities (per single family unit)	$ 153	$ 189	$ 156	$ 204
Acre closings for unconsolidated entities (multi-family, industrial and commercial)	—	2	—	25
Average per acre selling price for unconsolidated entities (per multi-family, industrial and commercial acre)	$ —	$ 453	$ —	$ 365
Acre closings for unconsolidated entities (raw and partially finished)	$ —	5	—	5
Average per acre selling price for unconsolidated entities (raw and partially finished)	$ —	$ 794	$ —	$ 794
Active land communities for unconsolidated entities	30	35	30	35

Net Income / (Loss)

Consolidated net income / (loss) for the three and six months ended June 30, 2026 and 2025 is as follows:

	Three Months Ended June 30		Six Months Ended June 30	
(US$ millions, except per share amounts)	2026	2025	2026	2025
Consolidated net income / (loss)	$ 5	$ 28	$ (1)	$ 82
Net income / (loss) attributable to Brookfield Residential	$ 4	$ 27	$ (2)	$ 79
Earnings / (loss) per share	$ 0.02	$ 0.14	$ (0.01)	$ 0.39

The decrease of $23 million in consolidated net income for the three months ended June 30, 2026 when compared to the same period in 2025, was primarily due to a $21 million gain on disposal of net assets held for sale on the MPC Recapitalization Transaction in the same period in the prior year, a decrease in housing gross margin of $5 million, a decrease in equity earnings of $4 million, a decrease in other income of $2 million and an increase in interest expense of $1 million. This was partially offset by a decrease in income tax expense of $6 million, a decrease in selling, general and administrative costs of $4 million, and and an increase in land gross margin of $1 million.

The decrease of $83 million in consolidated net income for the six months ended June 30, 2026 when compared to the same period in 2025, was primarily due to a $74 million gain on disposal of net assets held for sale on the MPC Recapitalization Transaction in the same period in the prior year, a decrease in housing gross margin of $22 million, a decrease in equity earnings of $19 million, a decrease in land gross margin of $3 million and a increase in interest expense of $1 million. This was partially offset by a decrease in income tax expense of $27 million, a decrease in selling, general and administrative costs of $6 million, an increase in development management fee income of $2 million, and a decrease in lease expense of $1 million.

Results of Operations – Housing

Consolidated

A breakdown of our consolidated results from housing operations for the three and six months ended June 30, 2026 and 2025 is as follows:

	Three Months Ended June 30					
	2026			2025		
(US$ millions, except unit activity, percentages and average selling price which is stated in US$ thousands)	Canada	U.S. Housing	Total	Canada	U.S. Housing	Total
Revenue	$ 116	$ 204	$ 320	$ 130	$ 131	$ 261
Gross margin	$ 14	$ 24	$ 38	$ 19	$ 24	$ 43
Gross margin (%)	12%	12%	12%	15%	18%	17%
Home closings	257	325	582	279	236	515
Average home selling price	$ 451	$ 627	$ 549	$ 464	$ 556	$ 506
Active housing communities	52	61	113	43	46	89

	Six Months Ended June 30					
	2026			2025		
(US$ millions, except unit activity, percentages and average selling price)	Canada	U.S. Housing	Total	Canada	U.S. Housing	Total
Revenue	$ 213	$ 350	$ 562	$ 249	$ 281	$ 530
Gross margin	$ 27	$ 42	$ 68	$ 39	$ 51	$ 90
Gross margin (%)	13%	12%	12%	16%	18%	17%
Home closings	470	585	1,055	535	481	1,016
Average home selling price	$ 452	$ 598	$ 533	$ 466	$ 584	$ 522
Active housing communities	52	61	113	43	46	89

Canada Segment

Our Canada operating segment consists of housing and land operations. A breakdown of the results of the housing operations within this segment for the three and six months ended June 30, 2026 and 2025 is detailed below.

(US$ millions, except unit activity, percentages and average selling price which is stated in US$ thousands)	**Three Months Ended June 30**		**Six Months Ended June 30**	
	2026	**2025**	**2026**	**2025**
Revenue	$ 116	$ 130	$ 213	$ 249
Gross margin	$ 14	$ 19	$ 27	$ 39
Gross margin (%)	12%	15%	13%	16%
Home closings	257	279	470	535
Average home selling price	$ 451	$ 464	$ 452	$ 466
Average home selling price (C$)	$ 624	$ 643	$ 623	$ 656
Active housing communities	52	43	52	43

Housing revenue for the three months ended June 30, 2026 decreased by $14 million when compared to the same period in 2025, primarily due to 22 fewer home closings in our Alberta markets. Gross margin decreased by $5 million and gross margin percentage decreased 3% when compared to 2025, primarily due to lower average selling prices resulting from product mix, particularly in our Toronto market as well as lower revenue and home closings during the period.

Housing revenue for the six months ended June 30, 2026 decreased by $36 million when compared to the same period in 2025, primarily due to 65 fewer home closings across our Alberta and Toronto markets. Gross margin decreased by $12 million and gross margin percentage decreased 3% when compared to 2025, primarily due to lower average selling prices resulting from product mix in our Toronto market where average selling prices decreased by 20%. This decrease was also driven by lower revenue and home closings during the period.

U.S. Housing Segment

Our U.S. Housing segment has operations located in the West and Central and East regions. A breakdown of the results from operations within the U.S. Housing segment for the three and six months ended June 30, 2026 and 2025 is as follows:

(US$ millions, except unit activity, percentages and average selling price which is stated in US$ thousands)	**Three Months Ended June 30**					
	2026			**2025**		
	West	**Central and East**	**Total**	**West**	**Central and East**	**Total**
Revenue	$ 96	$ 107	$ 204	$ 53	$ 78	$ 131
Gross margin	$ 14	$ 10	$ 24	$ 12	$ 12	$ 24
Gross margin (%)	15%	9%	12%	22%	16%	18%
Home closings	110	215	325	77	159	236
Average home selling price	$ 877	$ 499	$ 627	$ 686	$ 493	$ 556
Active housing communities	18	43	61	16	30	46

(US$ millions, except unit activity, percentages and average selling price which is stated in US$ thousands)	**Six Months Ended June 30**					
	2026			**2025**		
	West	**Central and East**	**Total**	**West**	**Central and East**	**Total**
Revenue	$ 168	$ 182	$ 350	$ 120	$ 161	$ 281
Gross margin	$ 26	$ 16	$ 42	$ 29	$ 22	$ 51
Gross margin (%)	15%	9%	12%	24%	14%	18%
Home closings	220	365	585	155	326	481
Average home selling price	$ 763	$ 498	$ 598	$ 777	$ 493	$ 584
Active housing communities	18	43	61	16	30	46

West

Housing revenue for the three months ended June 30, 2026 increased by $43 million when compared to 2025, primarily due to increased home closings in our Southern California market, particularly in our Vista community which had 7 home closings at an average selling price of $5 million during the period. Gross margin increased primarily due to 33 additional home closings mainly in our Southern California market as well as in Sacramento, where our first communities launched in 2025. Gross margin percentage decreased primarily due to higher incentive usage and a decrease in home closings from our Northern California market which typically generates higher margin closings.

Housing revenue for the six months ended June 30, 2026 increased by $48 million when compared to 2025, primarily due to increased home closings in our Southern California market, particularly in our Vista community which had 7 home closings at an average selling price of $5 million during the period. Gross margin and gross margin percentage decreased primarily due to higher incentive usage during the period and the geographic mix of homes closed, where prior year results included closings within higher margin communities in Northern California.

Central and East

Housing revenue for the three months ended June 30, 2026 increased by $29 million when compared to 2025, due to 56 additional home closings primarily in our Denver and Texas markets. Gross margin decreased by $2 million and gross margin percentage decreased by 7% primarily due to increased incentive usage and the community mix of homes closed.

Housing revenue for the six months ended June 30, 2026 increased by $21 million when compared to 2025, due to 39 additional home closings primarily in our Denver and Texas markets. Gross margin decreased by $6 million and gross margin percentage decreased by 5% primarily due to increased incentive usage and the community mix of homes sold.

Home Sales – Incentives

We grant our homebuyers sales incentives from time-to-time in order to promote sales of our homes. The type and amount of incentives will vary on a community-by-community and home-by-home basis. Incentives are recognized as a reduction to sales revenue at the time title passes to the homebuyer and the sale is recognized.

Our incentives on homes closed by operating segment for the three and six months ended June 30, 2026 and 2025 were as follows:

	Three Months Ended June 30			
	2026		2025	
(US$ millions, except percentages)	Incentives Recognized	% of Gross Revenues	Incentives Recognized	% of Gross Revenues
Canada	$ 5	4%	$ 4	3%
U.S. Housing				
West	7	7%	3	6%
Central and East	11	10%	5	7%
Total U.S. Housing	18	8%	8	6%
Total	$ 23	7%	$ 12	5%

	Six Months Ended June 30			
	2026		2025	
(US$ millions, except percentages)	Incentives Recognized	% of Gross Revenues	Incentives Recognized	% of Gross Revenues
Canada	$ 10	4%	$ 7	3%
U.S. Housing				
West	14	8%	7	5%
Central and East	18	9%	10	6%
Total U.S. Housing	32	8%	17	6%
Total	$ 41	7%	$ 23	4%

Home Sales – Net New Home Orders

Net new home orders for any period represents the aggregate of all homes ordered by customers, net of cancellations. Average monthly sales per community by reportable segment for the three and six months ended June 30, 2026 were: Canada – 1 and 2 units (2025 – 2 and 2 units); U.S. Housing – 3 and 3 units (2025 – 3 and 3 units). We were selling from 113 active housing communities at June 30, 2026 compared to 89 communities at June 30, 2025. The net new home orders for the three and six months ended June 30, 2026 and 2025 by our operating segments were as follows:

	Three Months Ended June 30		Six Months Ended June 30	
(Units)	**2026**	**2025**	**2026**	**2025**
Canada	219	242	449	425
U.S. Housing				
West	166	156	355	329
Central and East	301	191	527	410
Total U.S. Housing	467	347	882	739
Total	686	589	1,331	1,164

Home Sales – Cancellations

The cancellation rates for the three and six months ended June 30, 2026 and 2025 for our operating segments were as follows:

	Three Months Ended June 30			
	2026		**2025**	
(Units, except percentages)	**Units**	**% of Gross Home Orders**	**Units**	**% of Gross Home Orders**
Canada	2	1%	7	3%
U.S. Housing				
West	10	6%	7	5%
Central and East	20	6%	20	9%
Total U.S. Housing	30	6%	27	7%
Total	32	4%	34	5%

	Six Months Ended June 30			
	2026		**2025**	
(Units, except percentages)	**Units**	**% of Gross Home Orders**	**Units**	**% of Gross Home Orders**
Canada	3	1%	16	4%
U.S. Housing				
West	26	7%	15	5%
Central and East	44	8%	40	9%
Total U.S. Housing	70	7%	55	7%
Total	73	5%	71	6%

Home Sales – Backlog

Our backlog, which represents the number of new homes under sales contracts, as at June 30, 2026 and 2025 by operating segment, was as follows:

	As at June 30			
	2026		2025	
(US$ millions, except unit activity)	**Units**	**Value**	**Units**	**Value**
Canada	267	$ 138	441	$ 234
U.S. Housing				
West	250	320	244	207
Central and East	337	190	297	175
Total U.S. Housing	587	510	541	382
Total	854	$ 648	982	$ 615

We expect substantially all of our backlog to close in 2026, 2027 and 2028, subject to future cancellations. The units in backlog as at June 30, 2026 decreased by 128 units when compared to June 30, 2025. Total backlog value increased by $33 million when compared to the same period in 2025 mainly due to increased home sales in Southern California on certain homes with average selling prices exceeding $5 million. This was partially offset by a decrease in backlog value for our Canadian operating segment due to fewer units in backlog compared to the prior period.

Results of Operations – Land

Consolidated

A breakdown of our consolidated results from land operations for the three and six months ended June 30, 2026 and 2025 is as follows:

	Three Months Ended June 30					
	2026			2025		
(US$ millions, except unit activity, percentages and average selling price which is stated in US$ thousands)	Canada	U.S. Land	Total	Canada	U.S. Land	Total
Consolidated land						
Revenue	$ 5	$ 20	$ 25	$ 11	$ 5	$ 16
Gross margin	$ 6	$ 5	$ 11	$ 8	$ 2	$ 10
Gross margin (%)	122 %	24%	45%	77%	34%	62%
Development management fee income	$ 2	$ 11	$ 13	$ 1	$ 10	$ 11
Lot closings (single family units)	46	97	143	73	36	109
Average lot selling price (single family units)	$ 114	$ 208	$ 178	$ 144	$ 148	$ 146
Active land communities	8	6	14	6	6	12
Unconsolidated land						
Earnings from unconsolidated entities	$ 4	$ 6	$ 10	$ 9	$ 6	$ 14
Lot closings (single family units)	91	186	277	71	56	127
Average lot selling price (single family units)	$ 166	$ 147	$ 153	$ 167	$ 217	$ 189
Acre closings (multi-family, industrial and commercial)	—	—	—	—	2	2
Average per acre selling price (multi-family, industrial and commercial)	$ —	$ —	$ —	$ —	$ 453	$ 453
Acre closings (raw and partially finished)	—	—	—	—	5	5
Average per acre selling price (raw and partially finished)	$ —	$ —	$ —	$ —	$ 794	$ 794
Active land communities for unconsolidated entities	10	20	30	9	26	35

(US$ millions, except unit activity, percentages and average selling price which is stated in US$ thousands)	Six Months Ended June 30					
	2026			2025		
	Canada	U.S. Land	Total	Canada	U.S. Land	Total
Consolidated land						
Revenue	$ 19	$ 25	$ 44	$ 46	$ 6	$ 52
Gross margin	$ 17	$ 5	$ 23	$ 24	$ 2	$ 26
Gross margin (%)	92 %	22%	52%	51%	36%	50%
Development management fee income	$ 3	$ 20	$ 23	$ 3	$ 19	$ 22
Lot closings (single family units)	83	121	204	253	45	298
Average lot selling price (single family units)	$ 150	$ 209	$ 185	$ 142	$ 142	$ 142
Acre closings (multi-family, industrial and commercial)	5	—	5	5	—	5
Average per acre selling price (multi-family, industrial and commercial)	$ 1,166	$ —	$ 1,166	$ 1,488	$ —	$ 1,488
Acre closings (raw and partially finished)	—	—	—	1	—	1
Average per acre selling price (raw and partially finished)	$ —	$ —	$ —	$ 2,858	$ —	$ 2,858
Active land communities	8	6	14	6	6	12
Unconsolidated land						
Earnings from unconsolidated entities	$ 7	$ 7	$ 14	$ 15	$ 18	$ 33
Lot closings (single family units)	145	254	399	163	116	279
Average lot selling price (single family units)	$ 175	$ 146	$ 156	$ 190	$ 223	$ 204
Acre closings (multi-family, industrial and commercial)	—	—	—	—	25	25
Average per acre selling price (multi-family, industrial and commercial)	$ —	$ —	$ —	$ —	$ 365	$ 365
Acre closings (raw and partially finished)	—	—	—	—	5	5
Average per acre selling price (raw and partially finished)	$ —	$ —	$ —	$ —	$ 794	$ 794
Active land communities for unconsolidated entities	10	20	30	9	26	35

Canada Segment

Our Canada operating segment consists of housing and land operations. A breakdown of the results of the land operations within this segment for the three and six months ended June 30, 2026 and 2025 is detailed below.

(US$ millions, except unit activity, percentages and average selling price which is stated in US$ thousands)	**Three Months Ended June 30**		**Six Months Ended June 30**	
	2026	**2025**	**2026**	**2025**
Consolidated land				
Revenue	$ 5	$ 11	$ 19	$ 46
Gross margin	$ 6	$ 8	$ 17	$ 24
Gross margin (%)	122%	77%	92%	51%
Development management fee income	$ 2	$ 1	$ 3	$ 3
Lot closings (single family units)	46	73	83	253
Average lot selling price (single family units)	$ 114	$ 144	$ 150	$ 142
Average lot selling price (C$) (single family units)	$ 157	$ 200	$ 206	$ 201
Acre closings (multi-family, industrial and commercial)	—	—	5	5
Average per acre selling price (multi-family, industrial and commercial)	$ —	$ —	$ 1,166	$ 1,488
Average per acre selling price (C$) (multi-family, industrial and commercial)	$ —	$ —	$ 1,600	$ 2,135
Acre closings (raw and partially finished)	—	—	—	1
Average per acre selling price (raw and partially finished)	$ —	$ —	$ —	$ 2,858
Average per acre selling price (C$) (raw and partially finished)	$ —	$ —	$ —	$ 4,100
Active land communities	8	6	8	6
Unconsolidated land				
Earnings from unconsolidated entities	$ 4	$ 9	$ 7	$ 15
Lot closings (single family units)	91	71	145	163
Average lot selling price (single family units)	$ 166	$ 167	$ 175	$ 190
Average lot selling price (C$) (single family units)	$ 230	$ 238	$ 241	$ 272
Active land communities for unconsolidated entities	10	9	10	$ 9

Land revenue for the three months ended June 30, 2026 was $5 million and gross margin was $6 million, which represented a decrease of $6 million and $2 million, respectively, when compared to the same period in 2025. The decrease in revenue and gross margin was primarily due to 27 fewer single family lot closings due to timing of sales and a decrease in average lot selling price. Gross margin percentage increased 45% when compared to the same period during 2025 due to cost to complete adjustments.

Land revenue for the six months ended June 30, 2026 was $19 million and gross margin was $17 million, which represented a decrease of $27 million and $7 million, respectively, when compared to the same period in 2025. The decrease in revenue and gross margin was primarily due to 170 fewer single family lot closings, partially offset by higher average lot selling prices in the current year due to product mix. Gross margin percentage increased 41% when compared to the same period during 2025 primarily as a result of higher average selling prices and cost to complete adjustments.

Earnings from unconsolidated entities for the three months ended June 30, 2026 was $4 million, a decrease of $5 million compared to the same period in 2025. This decrease mainly due to $4 million of promote fee income recognized in one of our joint ventures in the prior year with no comparable transactions in the current period. This was partially offset by 20 additional lot closings in the quarter.

Earnings from unconsolidated entities for the six months ended June 30, 2026 was $7 million, a decrease of $8 million compared to the same period in 2025. This decrease is related to $4 million of promote fee income in one of our joint ventures in the prior year. Additionally, there were 18 fewer lot closings and an 8% decrease in the average lot selling price.

U.S. Land Segment

Our U.S. Land segment has operations located in the West and Central and East regions. A breakdown of our results within the U.S. Land segment for the three and six months ended June 30, 2026 and 2025 is as follows:

	Three Months Ended June 30					
	2026			2025		
(US$ millions, except unit activity, percentages and average selling price which is stated in US$ thousands)	**West**	**Central and East**	**Total**	**West**	**Central and East**	**Total**
Consolidated land						
Revenue	$ 12	$ 8	$ 20	$ —	$ 5	$ 5
Gross margin	$ 3	$ 2	$ 5	$ 1	$ 1	$ 2
Gross margin (%)	23%	27%	24%	—%	16%	34%
Development management fee income	$ 4	$ 7	$ 11	$ 3	$ 7	$ 10
Lot closings (single family units)	41	56	97	—	36	36
Average lot selling price (single family units)	$ 293	$ 146	$ 208	$ —	$ 148	$ 148
Active land communities	2	4	6	2	4	6
Unconsolidated land						
Earnings from unconsolidated entities	$ 5	$ 1	$ 6	$ 4	$ 2	$ 6
Lot closings (single family units)	108	78	186	25	31	56
Average lot selling price (single family units)	$ 166	$ 121	$ 147	$ 236	$ 202	$ 217
Acre closings (multi-family, industrial and commercial)	—	—	—	—	2	2
Average per acre selling price (multi-family, industrial and commercial)	$ —	$ —	$ —	$ —	$ 453	$ 453
Acre closings (raw and partially finished)	—	—	—	5	—	5
Average per acre selling price (raw and partially finished)	$ —	$ —	$ —	$ 794	$ —	$ 794
Active land communities for unconsolidated entities	7	13	20	9	17	26

(US$ millions, except unit activity, percentages and average selling price which is stated in US$ thousands)	Six Months Ended June 30					
	2026			2025		
	West	Central and East	Total	West	Central and East	Total
Consolidated land						
Revenue	$ 15	$ 10	$ 25	$ —	$ 6	$ 6
Gross margin	$ 3	$ 2	$ 5	$ 1	$ 1	$ 2
Gross margin (%)	24%	18%	22%	—%	12%	36%
Development management fee income	$ 7	$ 13	$ 20	$ 7	$ 12	$ 19
Lot closings (single family units)	53	68	121	—	45	45
Average lot selling price (single family units)	$ 282	$ 152	$ 209	$ —	$ 142	$ 142
Active land communities	2	4	6	2	4	6
Unconsolidated land						
Earnings from unconsolidated entities	$ 5	$ 2	$ 7	$ 13	$ 5	$ 18
Lot closings (single family units)	126	128	254	41	75	116
Average lot selling price (single family units)	$ 172	$ 120	$ 146	$ 268	$ 198	$ 223
Acre closings (multi-family, industrial and commercial)	—	—	—	23	2	25
Average per acre selling price (multi-family, industrial and commercial)	$ —	$ —	$ —	$ 363	$ 451	$ 365
Acre closings (raw and partially finished)	—	—	—	5	—	5
Average per acre selling price (raw and partially finished)	$ —	$ —	$ —	$ 794	$ —	$ 794
Active land communities for unconsolidated entities	7	13	20	9	17	26

West

Land revenue for the three months ended June 30, 2026 was $12 million, an increase of $12 million when compared to 2025. The increase in revenue, gross margin and gross margin percentage is attributable to 41 single family lot closings in the current period with no closings in the same period in the prior year.

Land revenue for the six months ended June 30, 2026 was $15 million, an increase of $15 million when compared to 2025. The increase in revenue, gross margin and gross margin percentage is attributable to 53 single family lot closings in the current period with no closings in the same period in the prior year.

Earnings from unconsolidated entities for the three months ended June 30, 2026 was $5 million, an increase of $1 million compared to the period in 2025. The current period benefited from higher lot closing activity which was offset by the sale of five raw and partially finished acres in the prior period which generated $2 million of earnings at our share with no comparable transactions in the current year.

Earnings from unconsolidated entities for the six months ended June 30, 2026 was $5 million, a decrease of $8 million when compared to the same period in 2025. This decrease was primarily attributed to an industrial acre sale in one of our Arizona joint ventures in the prior year which generated earnings attributable to the Company of $7 million with no comparable sale in the current year.

Central and East

Land revenue for the three months ended June 30, 2026 was $8 million and gross margin was $2 million, an increase of $3 million and $1 million, respectively, when compared to the same period in 2025. The increase in land revenue and gross margin was primarily due to 20 additional single family lot closings partially offset by lower average lot selling prices.

Land revenue for the six months ended June 30, 2026 was $10 million and gross margin was $2 million, an increase of $4 million and $1 million, respectively, when compared to the same period in 2025. The increase in land revenue and gross margin was primarily due to 23 additional single family lot closings as well as an increase in average lot selling prices due to geographic mix.

Earnings from unconsolidated entities for the three months ended June 30, 2026 was $1 million, a decrease of $1 million compared to the same period in 2025. This was driven by a decrease in average selling price as a result of geographic mix, partially offset by an increase in lot closings during the period.

Earnings from unconsolidated entities for the six months ended June 30, 2026 was $2 million, a decrease of $3 million compared to the same period in 2025. This was primarily driven by a decrease in average selling prices, which was partially offset by an additional 53 lot closings during the period.

OTHER CONSOLIDATED ACTIVITY

Selling, General and Administrative Expense

The components of selling, general and administrative expense for the three and six months ended June 30, 2026 and 2025 are summarized as follows:

	Three Months Ended June 30		Six Months Ended June 30	
(US$ millions)	**2026**	**2025**	**2026**	**2025**
General and administrative expense	$ 43	$ 48	$ 87	$ 96
Sales and marketing expense	21	20	42	39
	$ 64	$ 68	$ 129	$ 135

General and administrative expense decreased by $5 million and $9 million for the three and six months ended June 30, 2026, primarily due to the timing of recognition of long-term incentive compensation accruals. Sales and marketing expense increased by $1 million and $3 million primarily due to increased home closings compared to the prior period.

Gain on Disposal of Net Assets Held for Sale

On January 8, 2025, the Company completed the MPC Recapitalization Transaction. Subsequent to the completion of the sale, during the six months ended June 30, 2025, the Company completed a true-up of the purchase price as outlined in the original contract. During the comparative period, the sale generated cash proceeds of $655 million and a realized gain of $74 million was recognized.

Other Income

The components of other income for the three and six months ended June 30, 2026 and 2025 are summarized as follows:

	Three Months Ended June 30		Six Months Ended June 30	
(US$ millions)	**2026**	**2025**	**2026**	**2025**
Income from commercial properties	$ 7	$ 5	$ 13	$ 10
Preferred share dividend income	6	6	12	12
Investment income	5	12	10	22
Income from investment company assets	5	2	6	1
Other	(1)	(2)	(1)	(7)
	$ 22	$ 23	$ 40	$ 38

For the three months ended June 30, 2026, other income decreased by $1 million when compared to the same period in 2025. This was primarily attributable to a decrease in investment income in the current period due to lower average cash balances. This was partially offset by a $3 million increase in income from investment company assets and a $2 million increase in income from commercial properties.

For the six months ended June 30, 2026, other income increased by $2 million when compared to the same period in 2025. This was primarily attributable to a $6 million decrease in other expenses due to costs associated with the MPC Recapitalization Transaction in the prior year with no comparable transactions in the current period. This increase was further driven by a $5 million increase in income from investment company assets and a $3 million increase in income from commercial properties. These increases were partially offset by a decrease in investment income as a result of lower average cash balances.

Income Tax Expense / (Recovery)

Income tax recovery for the three and six months ended June 30, 2026 was $1 million and $6 million, an increase of $6 million and $27 million, respectively when compared to the same period in 2025. The components of current and deferred income tax (recovery) / expense are summarized as follows:

	Three Months Ended June 30		Six Months Ended June 30	
(US$ millions)	**2026**	**2025**	**2026**	**2025**
Current income tax expense	$ 2	$ 4	$ 4	$ 12
Deferred income tax (recovery) / expense	(3)	1	(10)	9
	$ (1)	$ 5	$ (6)	$ 21

For the three and six months ended June 30, 2026, current income tax expense decreased $2 million and $8 million, respectively when compared to the same period in 2025. The decrease is primarily due to a $6 million decrease in Corporate Alternative Minimum Tax ("CAMT") incurred in our US operations for the six months period ended June 30, 2026, when compared to the same period in 2025.

For the three and six months ended June 30, 2026, deferred income tax expense decreased $4 million and $19 million, respectively when compared to the same period in 2025. The decrease is primarily due to lower taxable income in both our Canadian and U.S. operating segments compared to the same period in 2025, and a decrease in deferred tax expense relating to gains realized on the MPC Recapitalization Transaction in 2025, with no comparable transaction in the current period.

Foreign Exchange Translation

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

Assets and liabilities of subsidiaries or unconsolidated entities having a functional currency other than the U.S. dollar are translated at the rate of exchange on the balance sheet date. As at June 30, 2026, the rate of exchange was C$1.4196 equivalent to US$1 (December 31, 2025 – C$1.3725 equivalent to US$1). Revenues and expenses are translated at average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. For the three months ended June 30, 2026, the average rate of exchange was C$1.3842 equivalent to US$1 (June 30, 2025 – C$1.3839 equivalent to US$1). The resulting foreign currency translation adjustments are recognized in other comprehensive income ("OCI"). Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the balance sheet date. Gains and losses on translation of monetary items are recognized in the condensed consolidated statements of operations and comprehensive income as other income, except for those related to monetary liabilities qualifying as hedges of the Company's investment in foreign operations or certain intercompany loans to or from a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future, which are included in OCI.

The financial results of our Canadian operations are translated into U.S. dollars for financial reporting purposes. Foreign currency translation gains and losses are recorded as the exchange rate between the two currencies fluctuates. These gains and losses are included in OCI and accumulated OCI. The translation of our Canadian operations and hedging instrument resulted in a net loss of $18 and $30 million, respectively for the three and six months ended June 30, 2026, compared to a net gain of $43 and $44 million for the same periods in 2025.

QUARTERLY OPERATING AND FINANCIAL DATA

(US$ millions, except unit activity and per share amounts)	2026 Q2	2026 Q1	2025 Q4	2025 Q3	2025 Q2	2025 Q1	2024 Q4	2024 Q3
Quarterly Operating Data								
Home closings (units)	582	473	784	627	515	501	886	553
Lot closings (single family units)	143	61	369	153	109	189	918	197
Acre closings (multi-family, industrial and commercial)	—	5	16	1	—	5	160	—
Acre closings (raw and partially finished)	—	—	282	—	—	1	233	—
Net new home orders (units)	686	645	536	470	589	575	464	499
Backlog (units)	854	749	577	825	982	908	834	1,256
Backlog value	$ 648	$ 589	$ 407	$ 568	$ 615	$ 517	$ 459	$ 749
Quarterly Financial Data								
Revenue	$ 345	$ 261	$ 627	$ 374	$ 277	$ 306	$ 928	$ 354
Direct cost of sales	(295)	(220)	(496)	(311)	(223)	(243)	(615)	(274)
Inventory impairments [1]	—	—	(78)	—	—	—	(4)	—
Gross margin	50	41	53	63	53	63	309	81
Earnings from unconsolidated entities	10	4	59	16	14	19	19	13
Gain on disposal of net assets held for sale	—	—	—	—	21	53	—	—
Development management fee income [1]	13	13	15	15	13	11	6	2
Selling, general and administrative expense	(64)	(65)	(82)	(74)	(68)	(67)	(73)	(65)
Operating income / (loss)	8	(7)	45	20	33	79	261	31
Other income [1]	22	18	20	81	23	15	33	35
Interest expense	(19)	(17)	(22)	(19)	(18)	(17)	(17)	(14)
Lease and depreciation expenses	(5)	(6)	(6)	(5)	(5)	(8)	(5)	(5)
Income / (loss) before income taxes	5	(11)	39	77	34	69	271	47
Income tax recovery / (expense)	1	5	(4)	(7)	(5)	(16)	(66)	—
Net income / (loss)	5	(6)	35	70	28	53	204	46
Net income / (loss) attributable to non-controlling interest	1	(1)	8	44	1	2	9	15
Net income / (loss) attributable to Brookfield Residential	$ 4	$ (6)	$ 27	$ 26	$ 27	$ 52	$ 195	$ 31
Foreign currency translation	(18)	(12)	12	(18)	44	1	(47)	9
Comprehensive (loss) / income	$ (14)	$ (18)	$ 39	$ 8	$ 71	$ 53	$ 148	$ 40
Common shareholders earnings / (loss) per share	$ 0.02	$ (0.03)	$ 0.13	$ 0.13	$ 0.14	$ 0.25	$ 0.96	$ 0.16

[1] *Prior period comparatives figures have been disaggregated to conform with current period presentation.*

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

LIQUIDITY AND CAPITAL RESOURCES

Financial Position

The following is a summary of the Company's condensed consolidated balance sheets as at June 30, 2026 and December 31, 2025:

	As at	
(US$ millions)	June 30 2026	December 31 2025
Cash and restricted cash	$ 342	$ 367
Receivables and other assets	928	892
Investment company assets	517	524
Land and housing inventory	2,111	1,965
Investments in unconsolidated entities	514	506
Held-to-maturity investment	300	300
Commercial properties	356	353
Operating and financing lease right-of-use asset	50	50
Deferred income tax assets	120	89
Goodwill	16	16
	$ 5,254	$ 5,062
Accounts payable and other liabilities	$ 550	$ 593
Bank indebtedness and other financings	896	593
Notes payable	1,619	1,623
Operating and financing lease liabilities	59	58
Total equity	2,130	2,195
	$ 5,254	$ 5,062

A breakdown of our total assets by operating segment as at June 30, 2026 and December 31, 2025 is as follows:

	As at	
(US$ millions)	June 30 2026	December 31 2025
Total assets		
Canada	$ 1,136	$ 1,250
U.S. Land	1,261	1,190
U.S. Housing	1,337	1,109
Corporate and Intersegment Eliminations	1,520	1,514
Total	$ 5,254	$ 5,062

Assets

Our assets as at June 30, 2026 totaled $5.3 billion. Our land and housing inventory, investments in unconsolidated entities, real estate receivables and other assets, and commercial properties have a combined book value of $3.5 billion, or approximately 67% of our total assets. Land and housing inventory increased by $146 million when compared to December 31, 2025 primarily due to acquisitions, continued land and housing development and the build up of inventory as part of the normal seasonality of the homebuilding construction cycle. This was partially offset by sales activity and the turnover of inventory. Our land and housing assets include land under development and land held for development, finished lots ready for construction, homes completed and under construction, and model homes.

A summary of our residential land and housing portfolio, excluding unconsolidated entities, and their stage of development as at June 30, 2026 compared with December 31, 2025 is as follows:

	As at					
	June 30, 2026			December 31, 2025		
(US$ millions, except units)	Units	Book Value		Units	Book Value	
Land held for development (lot equivalents)	37,821	$	668	39,564	$	668
Land under development and finished lots (single family units)	4,852		529	3,934		504
Consolidated land inventory not owned (single family units) [1]	323		30	532		57
Housing units, including models	1,999		803	1,693		661
	44,995	$	2,030	45,723	$	1,890
Multi-family, industrial and commercial parcels (acres)	181	$	81	189	$	75

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

Notes Payable

Notes payable consist of the following:

	As at			
(US$ millions)	June 30 2026		December 31 2025	
6.250% unsecured senior notes due September 15, 2027 (a)		600		600
4.875% unsecured senior notes due February 15, 2030 (b)		500		500
5.000% unsecured senior notes due June 15, 2029 (c)		350		350
5.125% unsecured senior notes due June 15, 2029 (d)		176		182
		1,626		1,632
Transaction costs		(8)		(9)
	$	1,618	$	1,623

(a) The Company's $600 million principal amount of 6.250% unsecured senior notes mature on September 15, 2027, with interest payable semi-annually. The notes may be redeemed at their principal amount plus any accrued and unpaid interest through maturity.

(b) The Company's $500 million principal amount of 4.875% unsecured senior notes mature on February 15, 2030, with interest payable semi-annually. The notes may be redeemed at 101.625% of their principal amount plus any accrued and unpaid interest. In accordance with the indenture, the redemption price decreases annually thereafter and the notes can be redeemed at par on or after February 15, 2028 through maturity.

(c) The Company's $350 million principal amount of 5.000% unsecured senior notes mature on June 15, 2029, with interest payable semi-annually. The notes may be redeemed at their principal amount plus any accrued and unpaid interest through maturity.

(d) The Company's C$250 million principal amount of 5.125% unsecured senior notes mature on June 15, 2029, with interest payable semi-annually. The notes may be redeemed at their principal amount plus any accrued and unpaid interest through maturity.

The Company and Brookfield Residential U.S. LLC ("BRUS LLC") are co-issuers of all private placements of unsecured senior notes. All unsecured senior notes include covenants that, among other things, place limitations on incurring additional indebtedness and making restricted payments. Under the limitation on additional indebtedness, we are permitted to incur specified categories of indebtedness but are prohibited from incurring further indebtedness if we do not satisfy either a consolidated net indebtedness to tangible net worth ratio or a fixed charge coverage ratio, as applicable. The Company was in compliance with these debt incurrence covenants as at June 30, 2026.

Our actual fixed charge coverage and net indebtedness to tangible net worth ratio as at June 30, 2026 are reflected in the table below:

	Covenant	Actual as at June 30 2026
Minimum fixed charge coverage	2.0 to 1	2.27 to 1
Maximum net indebtedness to consolidated tangible net worth	3.0 to 1	1.18 to 1

Bank Indebtedness and Other Financings

Our bank indebtedness and other financings represent our corporate unsecured revolving credit facility and construction and development loans and facilities that are used to fund the operations of our communities as land is developed and homes and commercial properties are constructed. We also use secured vendor take back ("VTB") mortgages to secure and acquire land for future development. Our bank indebtedness and other financings as at June 30, 2026 were $896 million, an increase of $303 million from December 31, 2025 which was primarily due to increased drawings on our bank indebtedness and project-specific borrowings. As at June 30, 2026 the weighted average interest rate on our bank indebtedness and other financings was 6.1% (December 31, 2025 – 6.2%).

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

Bank indebtedness and other financings consist of the following:

	As at	
(US$ millions)	**June 30 2026**	**December 31 2025**
Bank indebtedness (a)	$ 587	$ 333
Project-specific financings (b)	281	225
Secured VTB mortgages (c)	32	36
	900	594
Transaction costs (a)(b)	(4)	(2)
	$ 896	$ 593

(a) Bank indebtedness

As at June 30, 2026, there were $587 million of borrowings outstanding under the North American unsecured revolving credit facility and we had available capacity of $13 million (December 31, 2025 – $333 million of borrowings outstanding and $277 million of available capacity, respectively). The Company is able to borrow in either Canadian or U.S. dollars with borrowings allowable up to $675 million.

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

The facility contains certain restrictive covenants including limitations on liens, dividends and other distributions, investments in subsidiaries and joint ventures that are not party to the loan. The facility requires the Company to maintain a minimum consolidated tangible net worth of $1.9 billion, as well as a consolidated total debt to consolidated total capitalization of no greater than 65%. As at June 30, 2026, the Company was in compliance with all of our covenants relating to this facility. The following table reflects consolidated tangible net worth and consolidated total debt to capitalization covenants:

(US$ millions, except percentages)	**Covenant**	**Actual as at June 30 2026**
Minimum tangible net worth	$ 1,857	$ 2,114
Maximum total debt to capitalization	65%	54%

(b) Project-specific financings

(i) On January 9, 2026, OliverMcMillan Kuhio LLC, a subsidiary of the Company, completed the refinancing of its project-specific loan for the Lilia mixed-use project located in Honolulu, Hawaii. The new secured term loan facility provides OliverMcMillan Kuhio LLC with a borrowing capacity of $210 million and extends the maturity through to January 2031. As at June 30, 2026, the Company has $210 million of borrowings outstanding under the loan (December 31, 2025 – $148 million).

Interest is charged on the loan at a rate equal to SOFR plus 1.5%, with a rate cap on SOFR of 5.0%.

The loan contains certain restrictive covenants including leasing of the project. The loan requires BRUS LLC to maintain a minimum net worth of $210 million exclusive of BRUS LLC's equity in the project. The loan is secured by certain assets of OliverMcMillan Kuhio LLC. The Company was in compliance with this covenant as at June 30, 2026. The following table reflects the covenant:

(US$ millions)	Covenant	Actual as at June 30 2026
Minimum net worth	$ 210	$ 328

(ii) As at June 30, 2026, the Company has three Canadian project-specific financings totaling $71 million (C$100 million) provided by various lenders (December 31, 2025 – $78 million (C$107 million)).

Project-specific financing totaling $34 million (C$48 million) has an interest rate equal to, at the borrowers option, either the adjusted term CORRA plus 2.1%, the adjusted daily compounded CORRA plus 2.0%, or Canadian prime plus 0.2%. The facility is due on demand with 240 days' notice, and is secured by certain land and housing inventory assets of the Company's Alberta operations and a general charge over the property of South Seton Limited Partnership, a consolidated subsidiary of the Company (December 31, 2025 – $41 million (C$56 million)). This borrowing includes a minimum debt to equity covenant for South Seton Limited Partnership of no greater than 1.50 to 1. The Company was in compliance with this covenant as at June 30, 2026.

The following table reflects the debt to equity ratio covenant:

	Covenant	Actual as at June 30 2026
Maximum debt to equity ratio	1.50 to 1	1.20 to 1

Project-specific financing totaling $32 million (C$46 million) is held by and secured by certain land and inventory assets of Brookfield Residential (Alberta) LP, a wholly-owned subsidiary of the Company. Interest is charged on the facility at the borrower's option, at a rate equal to either CORRA plus 1.7% or the Canadian prime rate. The facility is due upon the earlier of demand and the maturity date in August 2027 (December 31, 2025 – $30 million (C$42 million)). This borrowing includes a semi-annual financial covenant of 75% loan to value and 120% debt service coverage. The Company was in compliance with these covenants.

Project-specific financing totaling $5 million (C$7 million) is held by Edgemont Properties (Edmonton) Inc., a wholly-owned subsidiary of the Company, is secured and has an interest rate of Canadian prime + 0.4%. The facility matures in November 30, 2026, and is without covenants (December 31, 2025 – $7 million (C$9 million)).

(c) Secured VTB mortgages

Two secured VTB mortgages (December 31, 2025 – four secured VTB mortgages) in the amount of $32 million (December 31, 2025 – $36 million) relate to land in various stages of development by Brookfield Residential (Ontario) LP, a wholly-owned subsidiary of the Company. This debt is repayable in Canadian dollars of C$46 million (December 31, 2025 – C$50 million). The interest rates on the debt range from a fixed rate of 6.0% and a variable rate of Canadian prime plus 2.0%. The debt is secured by the related land. As at June 30, 2026, the borrowings are not subject to any financial covenants.

Net Debt to Capitalization Calculation

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

Our net debt to total capitalization ratio as at June 30, 2026 and December 31, 2025 was as follows:

	As at	
(US$ millions, except percentages)	**June 30 2026**	**December 31 2025**
Bank indebtedness and other financings	$ 896	$ 593
Notes payable	1,619	1,623
Total interest bearing debt	2,515	2,216
Less: cash and cash equivalents	(336)	(362)
	2,179	1,854
Total equity	2,130	2,195
Net capitalization	$ 4,309	$ 4,049
Net debt to capitalization	51%	46%

Credit Ratings

Our access to financing depends on, among other things, suitable market conditions and the maintenance of suitable long-term credit ratings. Our credit ratings may be adversely affected by various factors, including but not limited to, increased debt levels, decreased earnings, declines in our customer demand, increased competition, a further deterioration in general economic and business conditions, and adverse publicity. Any downgrades in our credit rating may impede our access to capital markets or raise our borrowing rates. We are currently rated by two credit rating agencies, Moody's and Standard & Poor's ("S&P"). We are committed to maintaining these ratings and improving them further over time. Our credit ratings as at June 30, 2026 were as follows:

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

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issuer of securities. Agency ratings are subject to change, and there can be no assurance that a rating agency will rate us and/or maintain our rating.

Cash Flow

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

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

At June 30, 2026, we had cash and cash equivalents, including restricted cash, of $342 million, compared to $367 million at December 31, 2025.

The net cash flows for the six months ended June 30, 2026 and 2025 were as follows:

	Six Months Ended June 30	
(US$ millions)	**2026**	**2025**
Net cash (used in) / provided by operating activities	$ (248)	$ 463
Net cash (used in) / provided by investing activities	(9)	110
Net cash provided by / (used in) financing activities	237	(144)
Effect of foreign exchange rates on cash	(5)	3
Net change in cash and cash equivalents	$ (25)	$ 432

Cash Flow (Used in) / Provided by Operating Activities

Cash flows used in operating activities during the six months ended June 30, 2026 totaled $248 million, compared to cash flows provided in operating activities of $463 million in 2025. During the six months ended June 30, 2026, cash used in operating activities was primarily impacted by our net loss and by an increase in land and housing inventory due to land development and home construction. This was partially offset by distributions of earnings from unconsolidated entities. Acquisitions of land inventory for the six months ended June 30, 2026 totaled $221 million, consisting of $141 million in West, $56 million in Central and East, and $24 million in Canada. During the six months ended June 30, 2025, cash provided by operating activities was primarily impacted by our net income and cash proceeds received related to the disposal of assets held for sale. This was partially offset by an increase of land and housing inventory, a decrease in accounts payable and other liabilities, an increase in receivables and other assets and an increase in commercial properties. Acquisitions of land inventory for the six months ended June 30, 2025 totaled $96 million, consisting of $42 million in West, $29 million in Central and East, and $25 million in Canada.

Cash Flow (Used in) / Provided by Investing Activities

During the six months ended June 30, 2026, cash flows used in investing activities totaled $9 million, compared to cash flows provided by investing activities of $110 million in 2025. During the six months ended June 30, 2026, cash used in investing activities was primarily impacted by investments of $34 million in unconsolidated entities. This was partially offset by $15 million of distributions of capital from our unconsolidated entities. During the six months ended June 30, 2025, cash provided by investing activities was primarily impacted by $104 million of distributions of capital from our unconsolidated entities, and repayments on loans receivable of $67 million. This was partially offset by draws on loans receivable of $40 million and investments of $21 million in unconsolidated land and housing entities.

Cash Flow (Used in) / Provided by Financing Activities

Cash flows provided by financing activities for the six months ended June 30, 2026 totaled $237 million, compared to cash flows used in financing activities of $144 million in 2025. During the six months ended June 30, 2026, cash provided by financing activities was primarily related to $254 million of net drawings on bank indebtedness and $213 million of drawings under project-specific financings. This was partially offset by $158 million of repayments under project-specific financings, $37 million of payments related to consolidated inventory not owned, and $35 million of distributions to non-controlling interests. During the six months ended June 30, 2025, cash used in financing activities was primarily related to $200 million of dividends paid to common shareholders, $45 million paid related to consolidated inventory not owned, and $27 million of repayments under project-specific financings. This was partially offset by $102 million of net drawings on bank indebtedness, and $29 million of drawings under project-specific financings.

Contractual Obligations and Other Commitments

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

Off-Balance Sheet Arrangements

In the ordinary course of business, and where market conditions permit, we enter into land and lot option contracts and invest in unconsolidated entities to acquire control of land to mitigate the risk of declining land values. Option contracts for the purchase of land permit us to control the land for an extended period of time until the options expire. This reduces our financial risk associated with land ownership and development and reduces our capital and financial commitments. As of June 30, 2026, we had $56 million (December 31, 2025 - $21 million) of primarily non-refundable option deposits and entitlement costs. The total remaining exercise price of these options was $283 million (December 31, 2025 - $180 million).

We also own 12,374 lots through our proportionate share of unconsolidated entities. As of June 30, 2026, our investment in unconsolidated entities totaled $514 million (December 31, 2025 - $506 million). We have provided varying levels of guarantees of debt in our unconsolidated entities. As of June 30, 2026, we had guarantees of $221 million (December 31, 2025 - $186 million) with respect to debt in our unconsolidated entities. Please refer to Note 5 of the condensed consolidated financial statements, “Investments in Unconsolidated Entities”, for additional information.

We obtain letters of credit, performance bonds and other bonds to support our obligations with respect to the development of our projects. The amount of these obligations outstanding at any time varies in accordance with our development activities. If these letters of credit or bonds are drawn upon, we will be obligated to reimburse the issuer of the letter of credit or bonds. As of June 30, 2026, we had $75 million in letters of credit outstanding (December 31, 2025 - $65 million) and $569 million in performance bonds (December 31, 2025 - $553 million) for these purposes. The estimated costs to complete related to our letters of credit and performance bonds as at June 30, 2026 were $29 million and $201 million, respectively (December 31, 2025 - $19 million and $244 million).

Transactions Between Related Parties

See accompanying notes to the condensed consolidated financial statements including Note 5 "Investments in Unconsolidated Entities", Note 12 "Other Income" and Note 18 "Related Party Transactions" for detailed information.

Non-GAAP Financial Measures

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

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

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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

	Note	As at June 30 2026	As at December 31 2025
Assets			
Cash and cash equivalents		$ 336,456	$ 362,092
Restricted cash		5,461	4,538
Receivables and other assets		928,381	892,083
Investment company assets	2	516,953	523,880
Land and housing inventory	4	2,110,831	1,965,419
Investments in unconsolidated entities	5	513,706	506,204
Held-to-maturity investment		300,000	300,000
Commercial properties	6	355,806	352,866
Operating and financing lease right-of-use asset		50,349	49,357
Deferred income tax assets	7	119,742	89,261
Goodwill		16,479	16,479
Total assets		$ 5,254,164	$ 5,062,179
Liabilities and Equity			
Accounts payable and other liabilities		$ 549,855	$ 592,919
Bank indebtedness and other financings	8	896,139	592,744
Notes payable	9	1,618,566	1,623,045
Operating and financing lease liabilities		59,269	58,173
Total liabilities		3,123,829	2,866,881
Common shares	10	1,363,013	1,363,013
Additional paid-in-capital		36,308	36,308
Retained earnings		546,739	548,518
Non-controlling interest		375,602	409,211
Accumulated other comprehensive loss		(191,327)	(161,752)
Total equity		2,130,335	2,195,298
Total liabilities and equity		$ 5,254,164	$ 5,062,179
Commitments, contingent liabilities and other	13		
Guarantees	14		
Subsequent events	19		

See accompanying notes to the condensed consolidated financial statements

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

		Three Months Ended June 30		Six Months Ended June 30	
	Note	2026	2025	2026	2025
Revenue					
Housing		$ 319,585	$ 260,727	$ 562,346	$ 530,496
Land		25,416	15,866	43,980	52,265
Total revenue		345,001	276,593	606,326	582,761
Direct Cost of Sales					
Housing		(281,327)	(217,443)	(494,001)	(440,341)
Land		(14,104)	(5,953)	(21,323)	(26,365)
Total direct cost of sales		(295,431)	(223,396)	(515,324)	(466,706)
Gross Margin					
Housing		38,258	43,284	68,345	90,155
Land		11,312	9,913	22,657	25,900
Total gross margin		49,570	53,197	91,002	116,055
Earnings from unconsolidated entities	5	9,644	14,049	13,551	32,964
Gain on disposal of net assets held for sale	3	—	21,067	—	73,701
Development management fee income	5	12,729	13,075	25,435	23,671
Selling, general and administrative expense		(64,302)	(68,083)	(129,190)	(135,029)
Operating Income		7,641	33,305	798	111,362
Other income	12	21,519	23,387	39,700	38,369
Interest expense		(19,037)	(17,932)	(36,276)	(35,179)
Lease expense		(2,688)	(2,494)	(5,436)	(6,405)
Depreciation		(2,792)	(2,640)	(5,641)	(5,286)
Income / (Loss) Before Income Taxes		4,643	33,626	(6,855)	102,861
Current income tax expense	7	(2,618)	(4,601)	(4,126)	(11,996)
Deferred income tax recovery / (expense)	7	3,403	(704)	9,967	(9,302)
Net Income / (Loss)		5,428	28,321	(1,014)	81,563
Other Comprehensive (Loss) / Income					
Unrealized foreign exchange gain / (loss) on:					
Translation of the net investment in Canadian subsidiaries		(21,177)	53,081	(35,625)	54,010
Translation of the Canadian dollar denominated debt designated as a hedge of the net investment in Canadian subsidiaries	15	3,575	(9,975)	6,050	(9,900)
Comprehensive (Loss) / Income		$ (12,174)	$ 71,427	$ (30,589)	$ 125,673
Net Income / (Loss) Attributable To:					
Consolidated		$ 5,428	$ 28,321	$ (1,014)	$ 81,563
Non-controlling interest		1,374	844	765	2,513
Brookfield Residential		$ 4,054	$ 27,477	$ (1,779)	$ 79,050
Comprehensive (Loss) / Income Attributable To:					
Consolidated		$ (12,174)	$ 71,427	$ (30,589)	$ 125,673
Non-controlling interest		1,374	844	765	2,513
Brookfield Residential		$ (13,548)	$ 70,583	$ (31,354)	$ 123,160
Common Shareholders Earnings Per Share	11	$ 0.02	$ 0.14	$ (0.01)	$ 0.39
Weighted Average Common Shares Outstanding (in thousands)	11	202,733	202,733	202,733	202,733

See accompanying notes to the condensed consolidated financial statements

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

		Six Months Ended June 30	
	Note	**2026**	**2025**
Common Shares	10		
Opening balance		$ 1,363,013	$ 1,363,013
Ending balance		1,363,013	1,363,013
Additional Paid-in-Capital			
Opening balance		36,308	36,308
Ending balance		36,308	36,308
Retained Earnings			
Opening balance		548,518	766,572
Common share dividends	18	—	(200,000)
Net (loss) / income attributable to Brookfield Residential		(1,779)	79,050
Ending balance		546,739	645,622
Accumulated Other Comprehensive Loss			
Opening balance		(161,752)	(199,851)
Other comprehensive (loss) / gain		(29,575)	44,111
Ending balance		(191,327)	(155,740)
Total Brookfield Residential Equity		$ 1,754,733	$ 1,889,203
Non-Controlling Interest			
Opening balance		$ 409,211	$ 372,464
Net (loss) / income attributable to non-controlling interest		765	2,513
Distributions		(34,567)	(2,900)
Contributions		193	189
Ending balance		$ 375,602	$ 372,266
Total Equity		$ 2,130,335	$ 2,261,469

See accompanying notes to the condensed consolidated financial statements

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

	Six Months Ended June 30	
Cash Flows (Used in) / Provided by Operating Activities	**2026**	**2025**
Net (loss) / income	$ (1,014)	$ 81,563
Adjustments to reconcile net (loss) / income to net cash (used in) / provided by operating activities:		
Earnings from unconsolidated entities	(13,551)	(32,964)
Deferred income tax (recovery) / expense	(9,967)	9,302
Share-based compensation expense	565	615
Depreciation	5,641	5,286
Right-of-use asset depreciation	2,653	2,184
Disposal of operating leases	—	(1,157)
Amortization of non-cash interest	2,237	1,895
Gain on disposal of net assets held for sale	—	(73,701)
Unrealized gain on investment company assets	(2,376)	7,929
Dividend income on held-to-maturity investment	(11,901)	(11,901)
Distributions of earnings from unconsolidated entities	18,919	28,369
Changes in operating assets and liabilities:		
Increase in receivables and other assets	(29,934)	(46,378)
Increase in land and housing inventory	(166,708)	(127,454)
Increase in commercial properties	(10,942)	(13,944)
Cash proceeds on disposal of assets held for sale	—	654,773
Purchase of tax credits	(18,849)	—
Decrease in operating lease liabilities	(2,400)	(732)
Decrease in accounts payable and other liabilities	(10,374)	(21,113)
Net cash (used in) / provided by operating activities	(248,001)	462,572
Cash Flows (Used in) / Provided by Investing Activities		
Investments in unconsolidated entities	(34,051)	(21,266)
Distribution of capital from unconsolidated entities	14,982	104,260
Draws on loans receivable	(26,382)	(40,302)
Repayments on loans receivable	36,096	66,883
Net cash (used in) / provided by investing activities	(9,355)	109,575
Cash Flows (Used in) / Provided by Financing Activities		
Drawings under project-specific and other financings	212,768	29,483
Repayments under project-specific and other financings	(158,053)	(26,959)
Net drawings on bank indebtedness	254,000	101,537
Payments related to consolidated inventory not owned	(36,775)	(45,300)
Contributions from non-controlling interest	193	189
Distributions to non-controlling interest	(34,567)	(2,900)
Dividends paid to common shareholders	—	(200,000)
Payments made on the principal of financing leases	(159)	(236)
Net cash provided by / (used in) financing activities	237,407	(144,186)
Effect of foreign exchange rates on cash and cash equivalents	(4,764)	2,778
Change in cash, cash equivalents and restricted cash	(24,713)	430,739
Cash, cash equivalents and restricted cash at beginning of period	366,630	57,442
Cash, cash equivalents and restricted cash at end of period	$ 341,917	$ 488,181
Supplemental Cash Flow Information		
Cash interest paid	$ 59,756	$ 64,134
Cash taxes paid	$ 3,483	$ 32,465

See accompanying notes to the condensed consolidated financial statements

Note 1. Significant Accounting Policies

a. Basis of Presentation

Brookfield Residential Properties ULC (the "Company" or "Brookfield Residential") is a corporation existing under the laws of the Province of Alberta and is a wholly-owned subsidiary of Brookfield Corporation. The Company has been developing land and building homes for 70 years.

The accompanying condensed consolidated financial statements have been prepared in conformity with U.S. GAAP and include the consolidated accounts of Brookfield Residential, its subsidiaries, investments in unconsolidated entities and variable interest entities in which the Company is the primary beneficiary. All intercompany accounts, transactions and balances have been eliminated upon consolidation.

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

b. Change in Comparative Financial Information

Comparative financial information has been updated related to our development management fee income to improve reporting consistency on these transactions. Development management fee income has been disaggregated from other income in the comparative period figures to align with current presentation.

Comparative financial information on our balance sheet and income statement by reportable segment has been restated to reflect changes made to our reportable segments on January 1, 2026. See Note 17 "Segmented Information" for further details.

c. Future Accounting Pronouncements

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

ASU 2025-11, Interim Reporting (Topic 270): Narrow-Scope Improvements, was issued in December 2025, and is effective for interim reporting periods within annual reporting periods beginning after December 15, 2027, for public business entities and for interim reporting with annual reporting periods beginning after December 15, 2028, for entities other than public business entities. This ASU clarifies interim reporting by improving the navigability of Topic 270, specifying the disclosures required in an interim reporting period, and introducing a disclosure principle for material events occurring since the most recent annual reporting period. The Company is currently evaluating the impact of this ASU on its consolidated financial statements, and the effect, if any, has not yet been determined.

Note 2. Investment Company Assets

The components of investment company assets are summarized as follows:

	As at	
	June 30 2026	**December 31 2025**
Brookfield Single Family Rental Investment (a)	$ 448,252	$ 445,876
Homebuilder Finance Investments (b)	68,701	78,004
	$ 516,953	$ 523,880

(a) See Note 15 "Fair Value Measurements" for further details. The Company has a 25.5% share of the Brookfield Single Family Rental fund ("BSFR") as at June 30, 2026.

(b) The Homebuilder Finance Investments include varying ownership interests in certain landbanking investments.

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

Note 3. Assets and Liabilities Held for Sale

On January 8, 2025, the Company completed the sale of an 80% interest in five subsidiaries which hold the net assets of five MPCs for cash consideration of $637.9 million. The transaction was accounted for under ASC 610, and the impact on the consolidated financial statements is reflected below for the six months ended June 30, 2025:

	Six Months Ended June 30, 2025
Cash consideration received	$ 654,774
Fair value of retained non-controlling interest at close	163,693
Less: Change in carrying value of disposal group	(744,766)
Gain on disposal of net assets held for sale	$ 73,701

Concurrent with the sale transaction, the Company received distributions from the five joint ventures totaling $95.7 million, which reduced the retained non-controlling interest to $68.0 million. The retained interest was deconsolidated and is included within investments in unconsolidated entities. Refer to Note 5 "Investments in Unconsolidated Entities" for further details regarding our investments in unconsolidated entities.

Note 4. Land and Housing Inventory

The following summarizes the components of land and housing inventory:

	As at	
	June 30 2026	December 31 2025
Land held for development	$ 668,433	$ 668,398
Land under development	609,727	578,880
Housing inventory	690,678	551,191
Model homes	111,915	109,462
Consolidated land inventory not owned	30,078	57,488
	$ 2,110,831	$ 1,965,419

The Company has reviewed all projects for indicators of impairment in accordance with the provisions of ASC Topic 360 Property, Plant and Equipment and ASC Topic 820 Fair Value Measurements and Disclosures. As at June 30, 2026, based on the analysis performed, no indicators of impairment were identified and no impairment charges were recognized (year ended December 31, 2025 - $77.7 million).

Interest capitalized and expensed during the three and six months ended June 30, 2026 and 2025 was as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Interest capitalized, beginning of period	$ 165,366	$ 150,968	$ 159,744	$ 230,712
Interest capitalized	15,859	16,257	30,322	33,563
Interest released to income in the period	(10,775)	(9,275)	(19,616)	(106,325)
Interest capitalized, end of period	$ 170,450	$ 157,950	$ 170,450	$ 157,950

Land and housing inventory includes lot option fees and other entitlement costs totaling $9.5 million (December 31, 2025 – $4.0 million) in connection with options that are not required to be consolidated in accordance with the guidance incorporated in ASC Topic 810. The total remaining exercise price of these options is $47.2 million (December 31, 2025 – $4.5 million), including the lot option fees and other entitlement costs. The Company has evaluated these options in accordance with ASC Topic 810, and has concluded that it is not the primary beneficiary. As such, they are not required to be consolidated.

The Company has paid $46.6 million of deposits and option payments related to option agreements, which are recorded within receivables and other assets (December 31, 2025 - $17.2 million). As of June 30, 2026, the remaining exercise price associated with these options was $235.4 million, inclusive of option fees and other entitlement costs (December 31, 2025 - $175.5 million). The Company has evaluated these options in accordance with ASC Topic 810, and has concluded that it is not the primary beneficiary. As such, they are not required to be consolidated.

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

Note 5. Investments in Unconsolidated Entities

As part of its land and housing operations, the Company participates in joint ventures and partnerships to explore opportunities while minimizing risk. As of June 30, 2026, the Company is invested in 47 unconsolidated entities (December 31, 2025 – 45 unconsolidated entities) in which it has less than a controlling interest. Summarized financial information on a 100% basis for the combined unconsolidated entities is as follows:

	As at	
	June 30 2026	December 31 2025
Assets		
Land and housing inventory	$ 2,582,515	$ 2,632,438
Investments in unconsolidated entities	21,231	18,653
Other assets	868,966	843,998
	$ 3,472,712	$ 3,495,089
Liabilities and Equity		
Bank indebtedness and other financings	$ 1,065,459	$ 1,037,067
Accounts payable and other liabilities	385,046	511,101
Brookfield Residential's interest	513,706	506,204
Others' interest	1,508,501	1,440,717
	$ 3,472,712	$ 3,495,089

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Revenue and Expenses				
Revenue	$ 292,394	$ 146,054	$ 404,971	$ 301,768
Direct cost of sales	(222,020)	(87,791)	(297,686)	(172,584)
Other income and expenses	(17,360)	(16,414)	(29,568)	(29,433)
Net income	$ 53,014	$ 41,849	$ 77,716	$ 99,751
Total equity earnings	$ 9,644	$ 14,049	$ 13,551	$ 32,964

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

The Company and/or its unconsolidated entity partners have provided varying levels of guarantees of debt on its unconsolidated entities. As at June 30, 2026, the Company had guarantees of $221.4 million (December 31, 2025 – $186.4 million) with respect to the debt of its unconsolidated entities.

In the normal course of business, the Company purchases finished lots from unconsolidated entities that it participates in for the Company's homebuilding operations. During the three and six months ended June 30, 2026, these purchases were $110.2 million and $146.4 million, respectively (three and six months ended June 30, 2025 - $29.3 million and $51.4 million).

During the three and six months ended June 30, 2026, the Company earned $12.0 million and $23.7 million of development management fee income (three and six months ended June 30, 2025 – $11.9 million and $21.8 million), respectively, from unconsolidated entities.

As at June 30, 2026, the Company has a total balance of $119.0 million of loan receivables from unconsolidated entities that it holds an investment in (December 31, 2025 – $121.2 million). Within the balance there are five loans which provide financing of up to $151.4 million (C$215.0 million) and bear interest at Canadian prime plus 0.25%. These amounts are recorded within receivables and other assets.

As at June 30, 2026, the Company has a total balance of $49.0 million receivable from unconsolidated joint ventures for costs paid that are reimbursable to the Company (December 31, 2025 – $50.8 million).

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

Note 6. Commercial Properties

Commercial properties include any properties that are currently leased out by Brookfield Residential and produce leasing revenue for the Company, are being developed to produce leasing revenue at a future date, or are being developed for eventual sale as income producing properties. Completed commercial properties are stated at cost, less accumulated depreciation. Commercial properties under development are stated at cost. See Note 12 "Other Income" for the income from commercial properties. The Company's components of commercial properties consist of the following:

	As at	
	June 30 2026	December 31 2025
Finished properties	$ 368,530	$ 357,551
Work in progress	20,964	24,655
	389,494	382,206
Less: accumulated depreciation	(33,688)	(29,340)
	$ 355,806	$ 352,866

Interest capitalized to commercial properties and expensed during the three and six months ended June 30, 2026 and 2025 was as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Interest capitalized, beginning of period	$ 11,357	$ 10,185	$ 11,215	$ 10,025
Interest capitalized	111	448	296	652
Interest expensed to depreciation	(43)	(43)	(86)	(86)
Interest capitalized, end of period	$ 11,425	$ 10,590	$ 11,425	$ 10,590

Note 7. Income Taxes

The Company recorded an aggregate income tax recovery of $5.8 million for the six months ended June 30, 2026 (six months ended June 30, 2025 – aggregate income tax expense of $21.3 million), which is comprised of current income tax expense of $4.1 million (six months ended June 30, 2025 – current income tax expense $12.0 million) and deferred income tax recovery of $9.9 million (six months ended June 30, 2025 – deferred income tax expense $9.3 million). The effective tax rate was 85.2% for the six months ended June 30, 2026, compared to 20.7% for the same period in 2025. The increase in the effective tax rate is mainly due to tax expense relating to interest limitations in Canada, change in the proportion of income earned in jurisdictions with different tax rates and non-taxable preferred share dividends.

As at June 30, 2026, the Company recorded deferred tax assets of $127.1 million (December 31, 2025 - $95.3 million) which were partially offset by valuation allowances of $7.4 million (December 31, 2025 - $6.1 million). The valuation allowance relates to the realized capital losses in Canada and the unrealized foreign exchange losses on the Company's U.S. denominated notes that have not met the more-likely-than-not realization threshold. In evaluating the need for a valuation allowance against the Company's deferred tax assets at June 30, 2026, the Company considered all available and objectively verifiable positive and negative evidence, including future reversals of existing temporary differences, projected future taxable income, tax planning strategies and recent financial operations. The Company concluded it is more-likely-than-not that all its remaining U.S. and Canadian deferred tax assets will be realized in the future.

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

Note 8. Bank Indebtedness and Other Financings

Bank indebtedness and other financings consist of the following:

	As at	
	June 30 2026	**December 31 2025**
Bank indebtedness (a)	$ 587,000	$ 333,000
Project-specific financings (b)	280,607	225,531
Secured VTB mortgages (c)	32,378	36,460
	899,985	594,991
Transaction costs (a)(b)	(3,846)	(2,247)
	$ 896,139	$ 592,744

(a) Bank indebtedness

As at June 30, 2026, there were $587.0 million of borrowings outstanding under the North American unsecured revolving credit facility, and available capacity of $13.4 million (December 31, 2025 – $333.0 million borrowings outstanding and $276.7 million of available capacity, respectively). The Company is able to borrow in either Canadian or U.S. dollars with borrowings allowable up to $675 million.

For U.S. dollar denominated borrowings, interest is charged on the facility at a rate equal to, at the borrower's option, either the adjusted SOFR plus an applicable rate between 2.00% and 2.75% per annum or an ABR plus an applicable rate between 1.00% and 1.75% per annum. For Canadian dollar denominated borrowings, interest is charged on the facility at a rate equal to either the CORRA plus an applicable rate between 2.00% and 2.75% per annum or the Canadian prime rate plus an applicable rate between 1.00% and 1.75% per annum.

The facility contains certain restrictive covenants including limitations on liens, dividends and other distributions, investments in subsidiaries and joint ventures that are not party to the loan. The facility requires the Company to maintain a minimum consolidated tangible net worth of $1.9 billion, as well as a consolidated total debt to consolidated total capitalization of no greater than 65%. As at June 30, 2026, the Company was in compliance with all of its covenants relating to this facility.

(b) Project-specific financings

(i) On January 9, 2026, OliverMcMillan Kuhio LLC, a subsidiary of the Company, completed the refinancing of its project-specific loan for the Lilia mixed-use project in Honolulu, Hawaii. The new secured term loan facility provides OliverMcMillan Kuhio LLC with a borrowing capacity of $210.0 million and extends the maturity through January 2031. As at June 30, 2026, the Company has $210.0 million of borrowings outstanding under the loan (December 31, 2025 – $147.5 million).

Interest is charged on the loan at a rate equal to SOFR plus 1.50%, with a rate cap on SOFR of 5.00%.

The loan contains certain restrictive covenants including leasing of the project. The loan requires BRUS LLC to maintain a minimum net worth of $210.0 million exclusive of BRUS LLC's equity in the project. The loan is secured by certain assets of OliverMcMillan Kuhio LLC. The Company was in compliance with this covenant as at June 30, 2026.

(ii) As at June 30, 2026, the Company has three Canadian project-specific financings (December 31, 2025 – three project-specific financings) totaling $70.6 million (C$100.2 million) provided by various lenders (December 31, 2025 – $78.0 million (C$107.1 million)).

Project-specific financing totaling $33.9 million (C$48.1 million) has an interest rate equal to, at the borrowers option, either the adjusted term CORRA plus 2.10%, the adjusted daily compounded CORRA plus 2.00%, or Canadian prime plus 0.20%. The facility is due on demand with 240 days' notice, and is secured by certain land and housing inventory assets of the Company's Alberta operations and a general charge over the property of South Seton Limited Partnership, a consolidated subsidiary of the Company (December 31, 2025 – $40.9 million (C$56.1 million)). This borrowing includes a minimum debt-to-equity covenant for South Seton Limited Partnership of no greater than 1.50 to 1. The Company was in compliance with this covenant as at June 30, 2026.

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

Project-specific financing totaling $32.1 million (C$45.6 million) is held by and secured by certain land and inventory assets of Brookfield Residential (Alberta) LP, a wholly-owned subsidiary of the company. Interest is charged on the facility at the borrower's option, at a rate equal to either the CORRA plus 1.65% or the Canadian prime rate. The facility is due upon the earlier of demand and the maturity date in August 2027 (December 31, 2025 – $30.4 million (C$41.8 million)). This borrowing includes a semi-annual financial covenant of no greater than 75% loan to value and a minimum of 120% debt service coverage. The Company was in compliance with these covenants as at June 30, 2026.

Project-specific financing totaling $4.6 million (C$6.6 million), held by Edgemont Properties (Edmonton) Inc., a wholly-owned subsidiary of the Company, is secured and has an interest rate of Canadian prime + 0.35%. The facility is due at the earlier of on demand or in November 2026 and is without covenants (December 31, 2025 – $6.7 million (C$9.2 million)).

(c) Secured VTB mortgages

Two secured VTB mortgages (December 31, 2025 – four secured VTB mortgages) in the amount of $32.4 million (December 31, 2025 – $36.5 million) relate to raw land held for development by Brookfield Residential (Ontario) LP, a wholly-owned subsidiary of the Company. This debt is repayable in Canadian dollars of C$46.0 million (December 31, 2025 – C$50.0 million). The interest rates on the debt range from a fixed rate of 6.00% and a variable rate of Canadian prime plus 2.00%. The debt is secured by the related land. As at June 30, 2026, the borrowings are not subject to any financial covenants.

Note 9. Notes Payable

	As at	
	June 30 2026	**December 31 2025**
6.250% unsecured senior notes due September 15, 2027 (a)	$ 600,000	$ 600,000
4.875% unsecured senior notes due February 15, 2030 (b)	500,000	500,000
5.000% unsecured senior notes due June 15, 2029 (c)	350,000	350,000
5.125% unsecured senior notes due June 15, 2029 (d)	176,100	182,150
	1,626,100	1,632,150
Transaction costs	(7,534)	(9,105)
	$ 1,618,566	$ 1,623,045

(a) The Company’s $600 million principal amount of 6.250% unsecured senior notes matures on September 15, 2027 with interest payable semi-annually. The notes may be redeemed at their principal amount plus any accrued and unpaid interest through maturity.

(b) The Company’s $500 million principal amount of 4.875% unsecured senior notes mature February 15, 2030 with interest payable semi-annually. The notes may be redeemed at 101.625% of their principal amount plus any accrued and unpaid interest. In accordance with the indenture, the redemption price decreases annually thereafter and the notes can be redeemed at par on or after February 15, 2028 through maturity.

(c) The Company's $350 million principal amount of 5.000% unsecured senior notes matures on June 15, 2029, with interest payable semi-annually. The notes may be redeemed at their principal amount plus any accrued and unpaid interest through maturity.

(d) The Company's C$250 million principal amount of 5.125% unsecured senior notes matures on June 15, 2029, with interest payable semi-annually. The notes may be redeemed at their principal amount plus any accrued and unpaid interest through maturity.

The Company and BRUS LLC are co-issuers of all private placements of unsecured senior notes. All unsecured senior notes include covenants that, among others, place limitations on incurring additional indebtedness and restricted payments. Under the limitation on additional indebtedness, Brookfield Residential is permitted to incur specified categories of indebtedness, but is prohibited from incurring further indebtedness if it does not satisfy either a net indebtedness to tangible net worth ratio of no greater than 3.0 to 1, or a minimum fixed charge coverage ratio of 2.0 to 1, as applicable. The Company was in compliance with these financial covenants as at June 30, 2026.

Note 10. Equity

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

There were no Common Shares issued during the six months ended June 30, 2026 or during the year ended December 31, 2025.

	For the Period Ended	
	June 30 2026	December 31 2025
Common Shares issued, beginning of period	202,732,644	202,732,644
Common Shares issued and outstanding, end of period	202,732,644	202,732,644

The Company had no Non-Voting Class B Common Shares issued and outstanding as at June 30, 2026 and December 31, 2025.

Note 11. Earnings Per Share

Earnings per share for the three and six months ended June 30, 2026 and 2025 was calculated as follows:

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Numerator:				
Net income / (loss) attributable to Brookfield Residential	$ 4,054	$ 27,477	$ (1,779)	$ 79,050
Denominator (in ‘000s of shares):				
Weighted average shares outstanding	202,733	202,733	202,733	202,733
Earnings per share	$ 0.02	$ 0.14	$ (0.01)	$ 0.39

Note 12. Other Income

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

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Income from commercial properties	$ 6,751	$ 4,976	$ 12,603	$ 10,025
Preferred share dividend income (a)	5,984	5,984	11,901	11,901
Investment income	5,176	11,877	10,418	21,947
Income from investment company assets (Note 2)	5,165	2,427	6,186	778
Other	(1,557)	(1,877)	(1,408)	(7,282)
	$ 21,519	$ 23,387	$ 39,700	$ 37,369

(a) During the three and six months ended June 30, 2026, the Company earned $6.0 and $11.9 million, respectively, of dividends from the preferred shares of Brookfield International Ltd. (three and six months ended June 30, 2025 – $6.0 and $11.9 million) that have been recorded within other income. As at June 30, 2026, a total of $167.6 million of accrued dividends is recorded within receivables and other assets (December 31, 2025 – $155.7 million). These transactions were recorded at the exchange amount.

Note 13. Commitments, Contingent Liabilities and Other

As at June 30, 2026, $131.2 million of the amounts held in other assets related to deposits on land purchase obligations (December 31, 2025 – $82.0 million). The total amount committed on these obligations is $1,307.7 million (December 31, 2025 – $637.4 million).

Note 14. Guarantees

In the ordinary course of business, the Company has provided construction guarantees in the form of letters of credit and performance bonds. As at June 30, 2026, these guarantees amounted to $643.4 million (December 31, 2025 – $617.9 million) and have not been recognized in the condensed consolidated financial statements. However, the proportionate development costs that relate to lots that have been sold are accrued in accounts payable and other liabilities. Such guarantees are required by the municipalities in which the Company operates before construction permission is granted.

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

The Company has provided varying levels of guarantees of debt for its unconsolidated entities. Refer to Note 5 "Investments in Unconsolidated Entities" for more detail.

Note 15. Fair Value Measurements

Fair Value Hierarchy

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

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

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

	Six Months Ended June 30, 2026
Balance, beginning of period	$ 445,876
Unrealized gain from investment	2,376
Balance, end of period	$ 448,252

The following table summarizes the quantitative inputs and assumptions used to determine the investment fair value as of June 30, 2026:

Financial Instrument	Fair value as of 6/30/2026	Valuation technique	Unobservable inputs	Range (where applicable)
Single Family Rental Investment	$ 448,252	Discounted cash flow	Discount rate Capitalization rate	7.4% 5.0%

The following table presents both the carrying value and fair value of financial instruments which are disclosed but not measured at fair value at June 30, 2026 and December 31, 2025:

		As at June 30, 2026		As at December 31, 2025	
Financial Instrument	Fair Value Hierarchy	Carrying Value	Fair Value	Carrying Value	Fair Value
Held-to-maturity investment	Level 3	$ 300,000	$ 300,000	$ 300,000	$ 300,000
Real estate receivables	Level 3	$ 84,372	$ 84,372	$ 91,905	$ 91,905
Loan receivables	Level 3	$ 239,005	$ 239,005	$ 268,880	$ 268,880
Preferred shares dividends receivable	Level 3	$ 167,566	$ 167,566	$ 155,664	$ 155,664
Notes payable	Level 1	$ 1,618,566	$ 1,569,712	$ 1,623,045	$ 1,581,337

Net Investment Hedge

For the three and six months ended June 30, 2026, a gain of $3.6 million and $6.1 million, respectively (three and six months ended June 30, 2025 – loss of $10.0 million and $9.9 million), was recorded in OCI for hedges of net investments in foreign operations.

Note 16. Managing Risks

The Company is exposed to the following risks as a result of holding financial instruments: (a) market risk (i.e. interest rate risk, currency risk and other price risk that impact the fair values of financial instruments); (b) credit risk; and (c) liquidity risk. There have been no material changes to the Company's financial risk exposure or risk management activities since December 31, 2025.

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

Note 17. Segmented Information

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

On January 1, 2026, the Company changed its operating segments to reflect changes in how the business is managed and resources are allocated by the CODM. The Company’s reportable segments are Canada, U.S. Land, and U.S. Housing, which reflect how management organizes the business and how the CODM reviews results for performance assessment and resource allocation. The Canada segment comprises our integrated Canadian land development and homebuilding operations, including select commercial developments within master-planned communities, which are managed as a single platform. The U.S. Land segment develops land we control, participates in land joint ventures, provides landbanking services, and acts as a development manager for a portfolio of managed land with a variety of asset owners. The U.S. Housing segment consists of homebuilding activities, including designing, constructing, marketing, and selling single-family and multi-family homes (and related community commercial components) to end homebuyers, with operations and performance measures distinct from U.S. Land.

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

	Three Months Ended June 30, 2026				
	Canada	U.S. Land	U.S. Housing	Corporate and Intersegment Eliminations	Total
Housing revenue	$ 115,925	$ —	$ 203,660	$ —	$ 319,585
Land revenue	5,221	20,195	—	—	25,416
Intersegment revenue	—	3,580	—	(3,580)	—
	121,146	23,775	203,660	(3,580)	345,001
Housing cost of sales	(101,815)	—	(179,512)	—	(281,327)
Land cost of sales	1,164	(18,386)	—	3,118	(14,104)
Total direct cost of sales	(100,651)	(18,386)	(179,512)	3,118	(295,431)
Gross margin	20,495	5,389	24,148	(462)	49,570
Earnings from unconsolidated entities	4,172	5,800	(328)	—	9,644
Development management fee income	1,512	10,681	536	—	12,729
Selling, general and administrative expense	(14,649)	(17,121)	(28,339)	(4,193)	(64,302)
Operating Income / (Loss)	11,530	4,749	(3,983)	(4,655)	7,641
Other segment items (1)	1,123	401	(1,591)	(2,931)	(2,998)
Income / (Loss) before income taxes	$ 12,653	$ 5,150	$ (5,574)	$ (7,586)	$ 4,643

(1) Other segment items include other income, lease expense, depreciation, and interest expense.

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

	Three Months Ended June 30, 2025				
	Canada	U.S. Land	U.S. Housing	Corporate and Intersegment Eliminations	Total
Housing revenue	$ 129,551	$ —	$ 131,176	$ —	$ 260,727
Land revenue	10,526	5,340	—	—	15,866
Intersegment revenue	—	13,118	—	(13,118)	—
	140,077	18,458	131,176	(13,118)	276,593
Housing cost of sales	(110,021)	—	(107,422)	—	(217,443)
Land cost of sales	(2,445)	(14,750)	—	11,242	(5,953)
Total direct cost of sales	(112,466)	(14,750)	(107,422)	11,242	(223,396)
Gross margin	27,611	3,708	23,754	(1,876)	53,197
Earnings from unconsolidated entities	8,727	6,253	(931)	—	14,049
Gain on disposal of net assets held for sale	—	21,067	—	—	21,067
Development management fee income	1,266	10,088	1,721	—	13,075
Selling, general and administrative expense	(19,604)	(16,807)	(29,253)	(2,421)	(68,083)
Operating Income / (Loss)	18,000	24,309	(4,709)	(4,297)	33,305
Other segment items (1)	$ 210	$ 7,959	$ (7,906)	$ 58	$ 321
Income / (Loss) before income taxes	$ 18,210	$ 32,268	$ (12,615)	$ (4,239)	$ 33,626

(1) Other segment items include other income, lease expense, depreciation, and interest expense.

	Six Months Ended June 30, 2026				
	Canada	U.S. Land	U.S. Housing	Corporate and Intersegment Eliminations	Total
Housing revenue	$ 212,515	$ —	$ 349,831	$ —	$ 562,346
Land revenue	18,663	25,317	—	—	43,980
Intersegment revenue	—	8,844	—	(8,844)	—
	231,178	34,161	349,831	(8,844)	606,326
Housing cost of sales	(185,737)	—	(308,265)	—	(494,001)
Land cost of sales	(1,474)	(27,366)	—	7,517	(21,323)
Total direct cost of sales	(187,211)	(27,366)	(308,265)	7,517	(515,324)
Gross margin	43,967	6,795	41,566	(1,327)	91,002
Earnings from unconsolidated entities	6,792	7,477	(718)	—	13,551
Development management fee income	3,036	20,360	2,039	—	25,435
Selling, general and administrative expense	(30,503)	(39,265)	(56,708)	(2,713)	(129,190)
Operating Income / (Loss)	23,292	(4,633)	(13,821)	(4,040)	798
Other segment items (1)	$ 1,755	$ 1,837	$ (2,893)	$ (8,352)	$ (7,653)
Income / (Loss) before income taxes	$ 25,047	$ (2,796)	$ (16,714)	$ (12,392)	$ (6,855)

(1) Other segment items include other income, lease expense, depreciation, and interest expense.

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

	Six Months Ended June 30, 2025				
	Canada	**U.S. Land**	**U.S. Housing**	**Corporate and Intersegment Eliminations**	**Total**
Housing revenue	$ 249,364	$ —	$ 281,132	$ —	$ 530,496
Land revenue	45,889	6,376	—	—	52,265
Intersegment revenue	—	19,938	—	(19,938)	—
	295,253	26,314	281,132	(19,938)	582,761
Housing cost of sales	(209,841)	—	(230,500)	—	(440,341)
Land cost of sales	(22,289)	(22,910)	—	18,834	(26,365)
Total direct cost of sales	(232,130)	(22,910)	(230,500)	18,834	(466,706)
Gross margin	63,123	3,404	50,632	(1,104)	116,055
Earnings from unconsolidated entities	15,076	18,013	(125)	—	32,964
Gain on disposal of net assets held for sale	—	73,701	—	—	73,701
Development management fee income	2,982	18,667	2,022	—	23,671
Selling, general and administrative expense	(38,333)	(34,193)	(56,302)	(6,201)	(135,029)
Operating Income / (Loss)	42,848	79,592	(3,773)	(7,305)	111,362
Other segment items [(1)]	$ 172	$ 8,082	$ (11,060)	$ (5,695)	$ (8,501)
Income / (Loss) before income taxes	$ 43,020	$ 87,674	$ (14,833)	$ (13,000)	$ 102,861

(1) Other segment items include other income, lease expense, depreciation, and interest expense.

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

	As at June 30, 2026				
	Canada	**U.S. Land**	**U.S. Housing**	**Corporate and Intersegment Eliminations**	**Total**
Land and housing inventory	$ 658,352	$ 674,920	$ 777,559	$ —	$ 2,110,831
Commercial properties	102,354	—	253,452	—	355,806
Investments in unconsolidated entities	117,605	366,468	29,633	—	513,706
Held-to-maturity investment	—	—	—	300,000	300,000
Goodwill	—	—	16,479	—	16,479
Other assets [(1)]	257,251	219,637	260,295	1,220,159	1,957,342
Total assets	$ 1,135,562	$ 1,261,025	$ 1,337,418	$ 1,520,159	$ 5,254,164

(1) Other assets presented in above table within the operating segments note includes receivables and other assets, cash, restricted cash, operating and financing lease right-of-use asset, investment company assets and deferred income tax assets.

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

	As at December 31, 2025				
	Canada	**U.S. Land**	**U.S. Housing**	**Corporate and Intersegment Eliminations**	**Total**
Land and housing inventory	$ 732,998	$ 635,090	$ 597,331	$ —	$ 1,965,419
Commercial properties	96,447	—	256,419	—	352,866
Investments in unconsolidated entities	133,263	344,445	28,496	—	506,204
Held-to-maturity investment	—	—	—	300,000	300,000
Goodwill	—	—	16,479	—	16,479
Other assets (1)	286,878	210,228	210,283	1,213,822	1,921,211
Total assets	$ 1,249,586	$ 1,189,763	$ 1,109,008	$ 1,513,822	$ 5,062,179

(1) Other assets presented in above table within the operating segments note includes receivables and other assets, cash, restricted cash, operating and financing lease right-of-use asset, investment company assets and deferred income tax assets.

Note 18. Related Party Transactions

Related parties include the directors, executive officers, director nominees or shareholders, and their respective immediate family members. There are agreements among our affiliates to which we are a party or subject to, including a name license. The Company's additional significant related party transactions as at and for the three and six months ended June 30, 2026 and 2025 were as follows:

- During the three and six months ended June 30, 2026, the Company incurred $3.4 million and $5.8 million of asset management fees, respectively, with Brookfield Residential Real Estate JV Management and Brookfield Property Group (Canada) ULC, subsidiaries of Brookfield Asset Management Ltd. (three and six months ended June 30, 2025 – $3.6 million and $7.9 million). These transactions were recorded at the exchange amount within selling, general and administrative expense.
- During the three and six months ended June 30, 2026, the Company paid $22.3 million and $36.8 million, respectively, to purchase lots associated with the agreements with Brookfield Wealth Solutions ("BWS") (three and six months ended June 30, 2025 – $23.5 million and $45.3 million). The book value of inventory remaining on our balance sheet related to our financing arrangements with BWS was $30.1 million as at June 30, 2026 (December 31, 2025 – $57.5 million). As at June 30, 2026, there was $14.4 million of deposits recorded within receivables and other assets related to these transactions to secure future land purchases (December 31, 2025 – $9.5 million). The balance of the associated liability as at June 30, 2026 was $27.9 million (December 31, 2025 – $53.7 million), and is recorded within accounts payable and other liabilities.
- During the three and six months ended June 30, 2026, the Company purchased land assets from BWS for total cash consideration of $5.5 million and $11.3 million, respectively (three and six months ended June 30, 2025 – $nil). These assets were recorded at the exchange amount within land and housing inventory.
- As at June 30, 2026, there were $24.5 million of deposits recorded within receivables and other assets related to our land option agreements with BWS (December 31, 2025 – $15.5 million).
- As at June 30, 2026, the Company has a loan to Brookfield Properties Development with an outstanding balance of $120.8 million that was recorded within receivables and other assets (December 31, 2025 – $121.8 million).
- During the three and six months ended June 30, 2026, the Company purchased $18.8 million of tax credits from a portfolio company of Brookfield Renewable Partners, a subsidiary of Brookfield Corporation. This transaction was recorded at the exchange amount.
- During the six months ended June 30, 2025, the Company declared and paid dividends to its common shareholder, Brookfield Corporation, of $200.0 million. This transaction was recorded at the exchange amount.

Note 19. Subsequent Events

The Company performed an evaluation of subsequent events through July 29, 2026, which is the date that these financial statements were approved and has determined that there were no subsequent events that require disclosure.

CORPORATE INFORMATION

CORPORATE PROFILE

Brookfield Residential Properties ULC is a leading land developer and homebuilder in North America. We entitle and develop land to create 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 Corporation, (NYSE: BN; TSX: BN), a global alternative asset manager. Further information is available at BrookfieldResidential.com or Brookfield.com or contact:

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BONDHOLDER INQUIRIES

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