



**BROOKFIELD**

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**H O M E S**

**Supplemental Information  
For The Nine Months Ended  
September 30, 2006**

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*All amounts denominated in U.S. dollars*

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# Forward-Looking Statements



Certain statements in this supplemental information package that are not historical facts, including information concerning financial statistic targets, projected future home closings and deliveries (and the timing thereof), expected dividend payments, possible or assumed results of operations of the company and those statements preceded by, followed by, or that include the words “estimate”, “target”, “planned”, “expected,” “future”, or similar expressions, constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Undue reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause the actual results to differ materially from the anticipated future results expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those set forward in the forward-looking statements include, but are not limited to: changes in general economic, real estate and other conditions; mortgage rate changes; availability of suitable undeveloped land at acceptable prices; adverse legislation or regulation; ability to obtain necessary permits and approvals for the development of our land; availability of labor or materials or increases in their costs; ability to develop and market our master-planned communities successfully; confidence levels of consumers; ability to raise capital on favorable terms; adverse weather conditions and natural disasters; relations with the residents of our communities; risks associated with increased insurance costs or unavailability of adequate coverage and ability to obtain surety bonds; competitive conditions in the homebuilding industry, including product and pricing pressures; and additional risks and uncertainties referred to in our Form 10-K and other SEC filings, many of which are beyond our control. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

# Corporate Profile

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Brookfield Homes Corporation is a residential homebuilder and land developer, building homes and developing land in master-planned communities and infill locations. We design, construct and market single-family and multi-family homes primarily to move-up and luxury homebuyers. We also entitle and develop land for our own communities and sell lots to other homebuilders. Our portfolio includes approximately 30,000 lots owned and controlled in the San Francisco Bay Area; Southland / Los Angeles; San Diego / Riverside; Sacramento; and Washington D.C. Area. For more information, visit the Brookfield Homes website at [www.brookfieldhomes.com](http://www.brookfieldhomes.com).

*(All figures in US\$)*

# Investor Information



## Common Shares

Brookfield Homes trades on the New York Stock Exchange under the symbol "BHS".

Brookfield Homes currently pays a semi-annual dividend of \$0.20 per share. The next semi-annual dividend is expected to be paid December 29, 2006 to stockholders of record on December 15, 2006.

## BHS Trading Statistics - New York Stock Exchange

Source: NYSE net

	<i>For The Three Months Ended</i>			
	<b>30-Sep-06</b>	30-Jun-06	31-Mar-06	31-Dec-05
<b>Share Price</b>				
High	\$ <b>33.14</b>	\$ 52.44	\$ 53.45	\$ 56.40
Low	\$ <b>22.04</b>	\$ 29.36	\$ 45.27	\$ 46.30
Close	\$ <b>28.16</b>	\$ 32.95	\$ 51.86	\$ 49.73
<b>Volume</b>	<b>27,299,300</b>	22,678,100	10,103,000	18,820,500

## Common Shares Outstanding

	<b>30-Sep-06</b>	30-Jun-06	31-Mar-06	31-Dec-05
Common shares issued and outstanding	<b>26,554,506</b>	26,604,506	27,287,206	27,378,181
Unexercised options	<b>678,051</b>	678,051	710,051	678,576
Total common shares outstanding	<b>27,232,557</b>	27,282,557	27,996,257	28,056,757

## **Announcement of Results**

- 2006 year end results are scheduled to be announced February 6, 2007.
- Press releases and other investor information are available on the company's web site at:  
[www.brookfieldhomes.com](http://www.brookfieldhomes.com)

## **Inquiries**

- Brookfield Homes Corporation welcomes inquiries from shareholders, analysts, media representatives and other interested parties. Questions relating to investor relations or media inquiries can be directed to Linda Northwood, Director, Investor Relations at (858) 481-2567 or via e-mail at [lnorthwood@brookfieldhomes.com](mailto:lnorthwood@brookfieldhomes.com). Inquiries regarding financial results should be directed to Paul Kerrigan, Executive Vice President and Chief Financial Officer at (858) 481-2568 or via e-mail at [pkerrigan@brookfieldhomes.com](mailto:pkerrigan@brookfieldhomes.com).

# Selected Financial Information



<i>(Millions, except per unit activity and per share amounts)</i>	<i>Three Months Ended September 30,</i>		<i>Nine Months Ended September 30,</i>	
	<b>2006</b>	2005	<b>2006</b>	2005
<b>Results of Operations</b>				
Housing revenue	\$ 160	\$ 253	\$ 475	\$ 634
Housing gross margin	42	73	132	186
Total revenue	176	267	551	672
Total gross margin	51	81	176	205
Selling, general and administrative expenses	14	28	35	69
Net income	28	38	90	89
Contribution from bulk land sales to net income	5	2	20	5
Basic earnings per share	1.04	1.22	3.32	2.88
Diluted earnings per share	1.03	1.20	3.27	2.83
<b>Financial Position - Period End</b>				
Total assets	\$ 1,263	\$ 1,262	\$ 1,263	\$ 1,262
Total debt	666	591	666	591
<b>Operating Data</b>				
Net new orders (units)	261	246	743	1,265
Backlog (units at end of period)	516	939	516	939
Home closings (units)	228	365	682	942
Average selling price (per unit)	\$ 702,000	\$ 693,000	\$ 697,000	\$ 673,000

# Condensed Balance Sheets



<i>(thousands)</i>	<i>As at September 30,</i>		<i>As at December 31,</i>
	<u>2006</u>	<u>2005</u>	<u>2005</u>
<b>Assets</b>			
Housing and land inventory	\$ 1,049,544	\$ 884,022	\$ 912,617
Investments in housing and land joint ventures	103,044	57,590	53,260
Consolidated land inventory not owned	16,925	23,100	22,100
Receivables and other assets	36,177	50,266	94,081
Cash and cash equivalents	12,421	211,538	198,411
Deferred income taxes	44,894	35,588	49,417
	<b>\$ 1,263,005</b>	<b>\$ 1,262,104</b>	<b>\$ 1,329,886</b>
<b>Liabilities and Stockholders' Equity</b>			
Project specific and other financings	\$ 665,718	\$ 590,736	\$ 691,410
Accounts payable and other liabilities	217,615	290,289	320,787
Minority interest	61,778	52,342	53,040
Stockholders' equity	317,894	328,737	264,649
	<b>\$ 1,263,005</b>	<b>\$ 1,262,104</b>	<b>\$ 1,329,886</b>

# Condensed Statements of Income



<i>(thousands, except per share amounts)</i>	<i>Three Months Ended September 30,</i>		<i>Nine Months Ended September 30,</i>	
	<b>2006</b>	2005	<b>2006</b>	2005
<b>Revenue</b>				
Housing	\$ 160,025	\$ 253,059	\$ 475,530	\$ 633,566
Land and other revenues	16,159	14,650	76,014	38,728
	<b>176,184</b>	267,709	<b>551,544</b>	672,294
<b>Direct cost of sales</b>	<b>(125,322)</b>	(186,319)	<b>(375,507)</b>	(466,854)
	<b>50,862</b>	81,390	<b>176,037</b>	205,440
Equity in earnings from housing and land joint ventures	11,204	15,658	12,874	25,249
Selling, general and administrative expense	(13,592)	(28,907)	(34,664)	(69,894)
Minority interest	(3,737)	(6,888)	(9,141)	(15,877)
<b>Net income before taxes</b>	<b>44,737</b>	61,253	<b>145,106</b>	144,918
Income tax expense	(17,134)	(23,431)	(55,575)	(55,797)
<b>Net income</b>	<b>\$ 27,603</b>	\$ 37,822	<b>\$ 89,531</b>	\$ 89,121
<b>Earnings per share - basic</b>	<b>\$ 1.04</b>	\$ 1.22	<b>\$ 3.32</b>	\$ 2.88
<b>Earnings per share - diluted</b>	<b>\$ 1.03</b>	\$ 1.20	<b>\$ 3.27</b>	\$ 2.83

# Condensed Statements of Cash Flow



<i>(thousands)</i>	<i>Three Months Ended September 30</i>		<i>Nine Months Ended September 30</i>	
	<b>2006</b>	2005	<b>2006</b>	2005
<b>Cash flows from operating activities:</b>				
Net income	\$ 27,603	\$ 37,822	\$ 89,531	\$ 89,121
Adjustments to reconcile net income to net cash provided by operating activities:				
(Undistributed)/distributed income from housing and land joint ventures	(10,977)	1,796	(9,987)	2,034
Minority interest	3,737	6,888	9,141	15,877
Deferred income taxes	898	(703)	4,676	(1,664)
Other changes in operating assets and liabilities:				
Decrease/(increase) in receivables and other assets	5,130	(19,192)	57,904	23,720
Increase in housing and land inventory	(46,852)	(61,469)	(138,478)	(206,359)
(Decrease)/increase in accounts payable and other	1,339	39,519	(79,808)	49,583
Net cash (used in)/provided by operating activities	<b>(19,122)</b>	4,661	<b>(67,021)</b>	(27,688)
<b>Cash flows from investing activities:</b>				
Net (investment in)/ recovery from housing and land joint ventures	(27,336)	(19,042)	(39,797)	186
Net cash (used in)/provided by investing activities	<b>(27,336)</b>	(19,042)	<b>(39,797)</b>	186
<b>Cash flows from financing activities:</b>				
Net borrowings/(repayments) under revolving project specific and other financings	(15,486)	55,184	(25,692)	78,638
Net contributions/(distributions) to minority interest	849	(544)	(10,379)	(12,084)
Repurchase of common shares	(1,251)	(3,971)	(37,922)	(9,521)
Exercise of stock options	-	-	164	244
Dividends paid in cash	-	-	(5,343)	(4,968)
Net cash (used in)/provided by financing activities	<b>(15,888)</b>	50,669	<b>(79,172)</b>	52,309
(Decrease)/increase in cash and cash equivalents	<b>(62,346)</b>	36,288	<b>(185,990)</b>	24,807
Cash and cash equivalents at beginning of period	<b>74,767</b>	175,250	<b>198,411</b>	186,731
Cash and cash equivalents at end of period	\$ 12,421	\$ 211,538	\$ 12,421	\$ 211,538
<b>Supplemental cash flow information:</b>				
Interest paid	\$ 15,531	\$ 9,935	\$ 40,628	\$ 26,547
Income taxes paid	\$ 13,375	\$ 20,900	\$ 52,185	\$ 64,895
Non-cash (decrease)/increase in consolidated land inventory not owned	\$ 531	\$ (13,102)	\$ (6,726)	\$ (26,407)

# Statistical Information



	<b>Long Term Targets</b>	2005A	2004A	2003A
Return on Average Net Assets (Net income before interest expense, income taxes and minority interest expense / average total assets less cash, deferred taxes and payables)	<b>20%</b>	61%	49%	31%
Inventory Turnover (Total revenue / average housing and land inventory)	<b>1.5x</b>	1.5x	1.9x	1.7x
Net Debt to Total Book Capitalization (Total debt minus cash / net debt plus minority interest plus stockholders' equity)	<b>40%</b>	61%	51%	32%
Interest Coverage Ratio (Net income before interest expense, income taxes and minority interest expense / interest incurred)	<b>6x</b>	11.0x	9.3x	10.4x
Return on Opening Stockholders' Equity	<b>20%</b>	89%	38%	28%
EPS Growth	<b>10% - 15%</b>	52%	69%	104%

A = Actual

# Selected Operating Information



<i>(in units, except average selling price)</i>	<i>Three Months Ended September 30</i>		<i>Nine Months Ended September 30</i>	
	<b>2006</b>	2005	<b>2006</b>	2005
<b>Net New Orders</b>				
San Francisco Bay Area	<b>36</b>	26	<b>81</b>	143
Southland/Los Angeles	<b>100</b>	55	<b>298</b>	210
San Diego/Riverside	<b>77</b>	59	<b>171</b>	401
Washington D.C. Area	<b>48</b>	106	<b>193</b>	511
<b>Total</b>	<b>261</b>	246	<b>743</b>	1,265
<b>Home closings</b>				
San Francisco Bay Area	<b>29</b>	59	<b>59</b>	118
Southland/Los Angeles	<b>84</b>	61	<b>203</b>	138
San Diego/Riverside	<b>43</b>	153	<b>162</b>	418
Washington D.C. Area	<b>72</b>	92	<b>258</b>	268
<b>Consolidated total</b>	<b>228</b>	365	<b>682</b>	942
<b>Average selling price</b>				
San Francisco Bay Area	<b>\$ 999,000</b>	\$ 1,032,000	<b>\$ 1,089,000</b>	\$ 928,000
Southland/Los Angeles	<b>756,000</b>	651,000	<b>773,000</b>	971,000
San Diego/Riverside	<b>555,000</b>	629,000	<b>618,000</b>	594,000
Washington D.C. Area	<b>607,000</b>	611,000	<b>597,000</b>	530,000
<b>Average selling price</b>	<b>\$ 702,000</b>	\$ 693,000	<b>\$ 697,000</b>	\$ 673,000
<b>Active Communities / Backlog at End of Period</b>				
	<b>Active Communities</b>		<b>Backlog</b>	
San Francisco Bay Area	<b>2</b>	2	<b>34</b>	79
Southland/Los Angeles	<b>8</b>	4	<b>260</b>	158
San Diego/Riverside	<b>9</b>	6	<b>91</b>	264
Washington D.C. Area	<b>12</b>	12	<b>131</b>	438
<b>Total</b>	<b>31</b>	24	<b>516</b>	939

# Residential Building Lots



## Ownership

<i>(lots)</i>	Owned	Joint	Under	Total Lots	Total Lots
	Directly	Ventures	Option	9/30/2006	12/31/2005
San Francisco Bay Area	599	381	3,754	4,734	4,633
Southland/Los Angeles	793	304	1,873	2,970	2,895
San Diego/Riverside	4,403	2,200	1,500	8,103	8,249
Sacramento	-	310	4,810	5,120	5,120
Washington D.C. Area	2,483	950	4,888	8,321	8,615
<b>Total September 30, 2006</b>	<b>8,278</b>	<b>4,145</b>	<b>16,825</b>	<b>29,248</b>	
<b>Total December 31, 2005</b>	<b>8,443</b>	<b>3,890</b>	<b>17,179</b>		<b>29,512</b>

## Book Value

<i>(millions, except per lot activity)</i>	Owned	Joint	Under	Total 9/30/2006		Total 12/31/2005	
	Directly	Ventures	Option	Lots	\$	Lots	\$
Housing inventory	\$478	\$12	-	1,991	\$490	2,041	\$453
Model homes	33	-	-	66	33	41	21
Land & land under development	442	176	113	27,191	731	27,430	608
Joint venture debt	-	(85)	-	-	(85)	-	(94)
	<b>\$953</b>	<b>\$103</b>	<b>\$113</b>	<b>29,248</b>	<b>\$1,169</b>	<b>29,512</b>	<b>\$988</b>

# Visibility on Home Closings



*Ownership in larger master-planned communities provides strong visibility on future home deliveries.*

	Targeted Last Closing	Lots at Sept 30/06	Targeted Annual Closings
Windemere, San Francisco Bay Area	2009	592	150
University District, San Francisco Bay Area	2015	1,454	150
Edenglen, Southland	2009	271	100
Morningstar Ranch, Riverside	2009	608	150
Audie Murphy, Riverside	2010	1,069	150
Calavera Hills, San Diego	2009	260	100
Sycamore Canyon, San Diego	2010	281	50
Winding Walk, Otay Ranch, San Diego	2008	508	200
Braemar / Morris, Washington D.C. Area	2008	598	250
Dunbarton at Braemar, Washington D.C. Area	2007	72	50
		5,713	1,350