



Bridgemarq Real Estate Services Reports Second Quarter Results and Monthly Dividend

(TORONTO, ON) August 10, 2021 – Bridgemarq Real Estate Services Inc. (“Bridgemarq” or the “Company”) (TSX: BRE) announced today its second quarter consolidated financial results and the approval of a monthly dividend to holders of the Company’s restricted voting shares.

HIGHLIGHTS

- Revenue in the second quarter was \$14.0 million, an increase of 22% over the same period in 2020. Strong housing markets compared to a pandemic-impacted 2020 second quarter and an increase in the number of REALTORS® in the Company network contributed to the increase.
- Net earnings for the quarter were \$0.9 million or \$0.10 per share, on a fully-diluted basis compared to a loss of \$9.2 million in the second quarter of 2020. The results for the quarter reflect a loss on the fair valuation of the exchangeable units of \$2.5 million, compared to a loss of \$7.9 million last year.
- Distributable Cash Flow improved to \$6.4 million, an increase of 73% over the same period in the second quarter of 2020.
- The Board of Directors approved a dividend to shareholders of \$0.1125 per restricted voting share payable September 30, 2021 to shareholders of record on August 31, 2021.

SECOND QUARTER OPERATING RESULTS

Revenues during the second quarter were \$14.0 million, compared to \$11.4 million in the same period in 2020. Strong housing markets and an increase in the number of REALTORS® in the Company network supported the improvement. Revenues in 2020 were negatively impacted by the implementation of a temporary fee plan implemented to support our network of franchisees through the pandemic.

The Company generated net earnings for the quarter of \$0.9 million, or \$0.10 per share on a fully diluted basis. These results included a \$2.6 million increase in revenue as a result of the increase in agent count and the stronger real estate market. Revenue gains were substantially offset by a \$2.5 million loss on the fair value of the exchangeable units issued by the Company driven by an increase in the Company’s share price from \$16.41 at the start of the quarter to \$17.17 at June 30, 2021.

Distributable cash flow for the second quarter of 2021 amounted to \$6.4 million, compared to \$3.7 million generated during the second quarter of 2020. The increase in distributable cash flow was primarily due to higher revenues, partly offset by higher management fees and higher current income tax expenses.

“Our best-in-class technology and training helped the Company’s network of agents and brokers flourish while navigating the challenges of operating in the pandemic era. Canadians placed great

importance on housing during a time when public health authorities repeatedly asked us to shelter at home. As preparedness met strong demand, our brands were able to grow and profit,” said Phil Soper, President and Chief Executive Officer, Bridgemarq Real Estate Services Inc. “Through the second quarter, we saw overall demand began to moderate from record highs. And while property values continued to climb, it was at more modest rates of appreciation.

“Looking ahead, robust housing market activity should be sustained by pent-up demand from hopeful buyers who were unsuccessful during the inventory-constrained year just past. The recovery of hospitality and tourism jobs, the return of hundreds of thousands of foreign students, and soaring immigration levels bode well for our investment and rental sector. Canada welcomed over 25,000 immigrants in June,” Soper concluded.

MARKET UPDATE

Low interest rates and the desire for more living space drove the strong demand that characterized the second half of 2020 and the first quarter of 2021. While these factors remain, demand did begin to moderate in the second quarter of the year as some potential buyers were priced out of the market by rapidly rising home prices. While demand calmed to a more sustainable pace, it continued to outstrip supply and home prices rose, albeit at a moderating rate.

Housing market activity is expected to remain strong in the months ahead due in part to surging immigration and the return of rental demand. In October 2020, the federal government announced that it would accept over 1.2 million immigrants in the 2021 to 2023 time period. Company research reveals that new Canadians tend to rent homes during their first three years in the country. Add to this housing demand from numerous sectors, including employment recovery in travel, tourism and hospitality, and the return of in-person classes at universities and colleges, meaning both domestic and foreign students will be looking for places to live. This could revitalize the investor segment and support rising condominium prices. Buyers who paused their search due to lack of supply or other reasons are also expected to return to the market as the fierce competition for listed homes eases.

There remains a concern that if a new wave of COVID-19 infections occurs, it could impact the economy and employment, slowing housing demand.

CASH DIVIDEND

The Company declared a cash dividend of \$0.1125 cents per restricted voting share payable on September 30, 2021 to shareholders of record on August 31, 2021. The dividend distribution represents a target annual dividend of \$1.35 per restricted voting share, which is consistent with 2020.

THE COMPANY NETWORK

As at June 30, 2021, the Network was comprised of 19,588 REALTORS®, operating under 286 franchise agreements providing services from 663 locations, with an approximate 16% share of the Canadian residential real estate market based on 2020 transactional dollar volume.

CONFERENCE CALL

Bridgemarq Real Estate Services Inc. will host a conference call on Tuesday, August 10, 2021 at 10 a.m. ET to discuss its second quarter financial results.

To access the call by telephone, please dial 1-888-664-6392 or 416-764-8659.

To access the call online, please visit:

https://produceredition.webcasts.com/starthere.jsp?ei=1484472&tp_key=99c2ab872f

Please connect approximately ten minutes prior to the beginning of the call to ensure participation.

A recording of the conference call will be available in the Investor Centre section of the Company's website by Friday, August 20, 2021.

DISTRIBUTABLE CASH FLOW

This news release and accompanying financial statements make reference to distributable cash flow. Distributable cash flow is defined as operating income before deducting amortization and net impairment or recovery of intangible assets, minus current income tax expense and minus cash used in investing activities. Distributable cash flow is used by the Company to measure the amount of cash generated from operations which is available to the Company's shareholders on a diluted basis, where such dilution represents the total number of shares of the Company that would be outstanding if holders of exchangeable units converted Class B LP units into restricted voting shares. The Company uses distributable cash flow to assess its operating results and the value of its business and believes that many of its shareholders and analysts also find this measure useful. Distributable cash flow does not have any standard meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies.

FORWARD-LOOKING STATEMENTS

This news release contains forward-looking information and other "forward-looking statements". Words such as "are", "begin", "continued", "could", "demand", "desire", "driven", "eases", "expected", "flourish", "have", "looking", "met", "navigating", "impact", "improved", "including", "increase", "is", "low", "recovery", "remains", "return", "rising", "should", "soaring", "surging", "sustained", "sustainable", "tend", and other expressions that are predictions of or could indicate future events and trends and that do not relate to historical matters identify forward-looking statements. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those indicated in the forward-looking statements include: the duration and effects of the COVID-19 pandemic, including the impact of COVID-19 on the economy and the Company's business, the impact of government or other regulatory initiatives to address the impact of the spread of COVID-19 on the Canadian economy, including the impact on real estate markets, changes in the supply or demand of houses for sale in Canada or in any particular region within Canada, changes in the selling price for houses in Canada or any particular region within Canada, changes in the Company's cash flow as a result of COVID-19, changes in the Company's strategy with respect to and/or ability to pay dividends, changes in the productivity of the Company's REALTORS® or the commissions they charge their customers, changes in government policy, laws or regulations which could reasonably affect the housing markets in Canada, consumer response to any changes in the housing markets in Canada or any changes in government policy, laws or regulations, changes in general economic conditions (including interest rates, consumer confidence and other general economic factors or indicators), changes in global and regional economic growth, the demand for and prices of natural resources on local and international markets, the level of residential real estate transactions, competition from other real estate brokers or from discount and/or Internet-based real estate alternatives, the closing of existing real estate brokerage offices as a result of COVID-19 or otherwise, other developments in the residential real estate brokerage industry or the Company that reduce the number of REALTORS® in the Company's Network or royalty revenue from the Company's Network, our ability to maintain brand equity through the use of

trademarks, the methods used by shareholders or analysts to evaluate the value of the Company and its publicly traded securities, changes in tax laws or regulations, and other risks detailed in the Company's annual information form, which is filed with securities commissions and posted on SEDAR at www.sedar.com. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to management. Material factors or assumptions that were applied in drawing conclusions or making estimates set out in the forward-looking statements include, but are not limited to: anticipated economic conditions, anticipated impact of government policies, anticipated financial performance, anticipated market conditions, business prospects, the successful execution of the Company's business strategies and recent regulatory developments, including as the foregoing relate to COVID-19. The factors underlying current expectations are dynamic and subject to change. Although the forward-looking statements contained in this press release are based upon what management believes are reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

About Bridgemarq Real Estate Services

Bridgemarq is a leading provider of services to residential real estate brokers and a network of approximately 19,000 REALTORS®.¹ We operate in Canada under the Royal LePage, Via Capitale and Johnston & Daniel brands. For more information, go to bridgemarq.com.

Bridgemarq is an affiliate of Brookfield Business Partners, a business services and industrials company focused on owning and operating high-quality businesses that benefit from barriers to entry and/or low production costs. Brookfield Business Partners is listed on the New York and Toronto stock exchanges. Further information is available at bbu.brookfield.com.

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¹ The trademarks REALTOR®, REALTORS® and the REALTOR® logo are controlled by The Canadian Real Estate Association (CREA) and identify real estate professionals who are members of CREA.

Bridgemarq Real Estate Services Inc.

<u>Interim Balance Sheet Highlights</u>	June 30, 2021	December 31, 2020
Cash	\$ 8,608	\$ 9,156
Other current assets	4,591	3,171
Total current assets	13,199	12,327
Non-current assets	72,531	76,632
Total assets	\$ 85,730	\$ 88,959

Accounts payable and accrued liabilities	\$ 1,778	\$ 1,282
Interest payable on Exchangeable Units	484	484
Dividends payable to shareholders	1,067	1,067
Contract transfer obligation	559	549
Total current liabilities	3,888	3,382
Debt facilities	70,899	73,379
Other non-current liabilities	10,270	11,388
Exchangeable Units	57,136	49,249
Total Liabilities	142,193	137,398
Shareholders' deficit	(56,463)	(48,439)
Total Liabilities and Shareholders' deficit	\$ 85,730	\$ 88,959

<u>Interim Earnings Highlights</u>	Three months ended June 30, 2021	Three months ended June 30, 2020	Six Months ended June 30, 2021	Six Months ended June 30, 2020
Fixed franchise fees	\$ 7,665	\$ 1,276	\$ 15,249	\$ 8,817
Variable franchise fees	4,806	8,467	8,551	11,086
Other revenue	1,481	1,651	3,251	2,613
Revenues	13,952	11,394	27,051	22,516
Cost of other revenue	(294)	(165)	(567)	(284)
Administration expenses	(90)	(174)	(142)	(829)
Management fees	(5,364)	(4,203)	(10,541)	(8,279)
Interest expense	(745)	(732)	(1,485)	(1,482)
	7,459	6,120	14,316	11,642
Impairment, write-off and amortization of intangible assets	(1,913)	(2,311)	(3,864)	(4,730)
Interest on Exchangeable Units	(1,452)	(1,452)	(2,904)	(2,904)
Gain (loss) on fair value of Exchangeable Units	(2,529)	(11,048)	(7,887)	9,883
Gain (loss) on interest rate swap	380	(211)	945	(2,546)
Gain on deferred payments	-	881	-	881
Income tax expense	(1,008)	(556)	(2,116)	(1,286)
Deferred income tax recovery (expense)	(23)	(599)	(112)	10
Net and comprehensive (loss) earnings	914	(9,176)	(1,622)	10,950
Basic (loss) earnings per Restricted Voting Share	\$ 0.10	\$ (0.97)	\$ (0.17)	\$ 1.15
Diluted (loss) earnings per Share	\$ 0.10	\$ (0.97)	\$ (0.17)	\$ 0.31

<u>Cash Flow Highlights</u>	Three months ended June 30, 2021	Three months ended June 30, 2020	Six Months ended June 30, 2021	Six Months ended June 30, 2020
Cash provided by operating activities:	\$ 5,291	\$ 10,485	\$ 8,511	\$ 13,375
Cash used for investing activities:	(47)	(1,845)	(157)	(2,757)
Cash used for financing activities:	(5,701)	(3,201)	(8,902)	(6,402)
Change in cash for the period	(457)	5,439	(548)	4,216
Cash, beginning of the period	9,065	3,979	9,156	5,202
Cash, end of the period	\$ 8,608	\$ 9,418	\$ 8,608	\$ 9,418

<u>Distributable Cash Flow Highlights</u>	Three months ended June 30, 2021	Three months ended June 30, 2020	Six Months ended June 30, 2021	Six Months ended June 30, 2020
Distributable Cash Flow	\$ 6,404	\$ 3,719	\$ 12,043	\$ 7,599
Distributable Cash Flow per Share	\$ 0.50	\$ 0.29	\$ 0.94	\$ 0.59

<u>Distributable Cash Flow Highlights</u>	Twelve months ended June 30, 2021	Twelve months ended June 30, 2020
Distributable Cash Flow	\$ 18,190	\$ 16,988
Distributable Cash Flow per Share	\$ 1.42	\$ 1.33