2023
Q2 REPORT

BRIDGEMARQ®
REAL ESTATE SERVICES

PROFILE

Bridgemarq Real Estate Services Inc. ("Bridgemarq" and, together with its subsidiaries the "Company"), through its relationship with Bridgemarq Real Estate Services Manager Limited (the "Manager"), is a leading provider of services to residential real estate brokers and REALTORS®[1] across Canada. The Company generates cash flow primarily from fixed and variable franchise fees that are received from real estate brokers and REALTORS® operating under the Royal LePage, Via Capitale and Johnston & Daniel brands. Approximately 81 per cent of the Company's franchise fees in 2022 were fixed in nature; this provides revenue stability and helps insulate cash flows from fluctuations in the Canadian real estate market. Franchise fee revenues are supported by long-term franchise agreements, predominantly driven by fixed fees based on the number of REALTORS® in the Company's network. As at December 31, 2022, the Company network consisted of 20,686 REALTORS® and participated in approximately 28% of all home resales in Canada during the year. Bridgemarq is listed on the TSX and trades under the symbol "BRE". For further information about the Company, please visit www.bridgemarq.com.

[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.

COMPANY OPERATIONS

The Company is a Canadian based real estate services firm that supplies REALTORS® with information, tools and services to assist them in providing efficient and effective delivery of real estate sales services in the communities they serve. Through a portfolio of highly regarded real estate services brands, the Company caters to the diverse service requirements of regional real estate professionals, in virtually all significant population centres across Canada.

Royal LePage

Serving Canadians since 1913, Royal LePage is the country's leading provider of services to real estate brokerages, with a network of more than 19,500 real estate professionals in over 670 locations nationwide. Since the mid-1990s, Royal LePage has more than tripled the size of its sales force. It offers its network of brokers and agents strong support with state-of-the-art marketing and lead generation tools, sophisticated business services, timely market data and analysis, as well as professional development through on-line and in-person training. Royal LePage is the only national real estate company in Canada to have its own charitable foundation, the Royal LePage Shelter Foundation, which has been dedicated to supporting women's shelters and domestic violence prevention programs for 25 years.

Johnston & Daniel

Founded in 1950, Johnston & Daniel is a leading residential real estate boutique firm with approximately 200 real estate professionals selling distinctive homes in southern Ontario. Johnston & Daniel operates as a division of Royal LePage Real Estate Services Ltd. and maintains its market leadership through a combination of rich training and development opportunities, strategic partnerships, in-house marketing services and powerful brand awareness.

Via Capitale

Via Capitale's mission is to deliver the best possible service by focusing on the human aspect of each transaction, professionalism and innovation. Via Capitale has approximately 900 brokers and agents in 50 locations across the province of Quebec. It has launched numerous innovative, client focused programs into the Quebec market through specialized web platforms, and has been a leading developer of real estate insurance programs for more than 20 years – making it the pioneer in this field and keeping the company at the forefront of the industry. Today, the Via Capitale name is synonymous with protection and innovation in the province of Quebec.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

INTRODUCTION

This management's discussion and analysis ("MD&A") of the financial results and financial condition of Bridgemarq Real Estate Services Inc. for the three and six months ended June 30, 2023, has been prepared as at August 9, 2023. The three months ended June 30, 2023 shall be referred to in this MD&A as the "Quarter" and the comparative period for the three months ended June 30, 2022 shall be referred to as the "Prior Year Quarter". The six-month period ended June 30, 2023 shall be referred as the "YTD" and the comparative period for the six-months ended June 30, 2022 shall be referred as the "Prior Year Period". The financial information presented herein has been prepared on the basis of International Financial Reporting Standards ("IFRS") and is expressed in Canadian dollars unless otherwise stated.

The definitions of terms capitalized in this MD&A are provided in the Glossary of Terms commencing on page 33.

This MD&A provides the reader with an assessment of the Company's past performance as well as its financial position, performance objectives and future outlook. The information in this document should be read in conjunction with the Company's unaudited interim condensed consolidated financial statements for the three and six months ended June 30, 2023 and the audited financial statements for the year ended December 31, 2022, which are prepared in accordance with IFRS. Additional information relating to the Company, including its 2022 Annual Information Form, is available on SEDAR at www.sedar.com or on the Company's website at www.bridgemarq.com.

This MD&A makes reference to Distributable Cash Flow and Distributable Cash Flow per Share which are non-GAAP financial measures. These financial measures do not have any standardized meaning under IFRS and, accordingly, may not be comparable to similar measures used by other companies. Distributable Cash Flow represents operating income before deducting amortization and net impairment of intangible assets, minus current income tax expense, minus cash used in investing activities. Distributable Cash Flow per Share is calculated by dividing the Distributable Cash Flow by the total number of Restricted Voting Shares outstanding, on a diluted basis. Management believes that Distributable Cash Flow and Distributable Cash Flow per Share are useful supplemental measures of performance as they provide investors with an indication of the amount of cash flow generated after investing activities which is available to holders of Restricted Voting Shares and Exchangeable Unitholders, subject to working capital and other investment requirements. Please see *Distributable Cash Flow reconciled to Cash Flow from Operating Activities* for a reconciliation of Distributable Cash Flow to cash flow from operating activities in the consolidated statements of cash flows and *Distributable Cash Flow* for further information about Distributable Cash Flow and Distributable Cash Flow per Share.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

Highlights

Highlights for the Quarter include:

- Revenues for the Quarter amounted to $12.8 million, compared to the $13.8 million generated in the Prior Year Quarter. The change in revenues is primarily due to weakness in the Canadian Market partly offset by an increase in the number of REALTORS® in the Company Network over the past twelve months.
- For the Quarter, the Company generated net earnings of $1.1 million or $0.12 per Share, compared to net earnings of $11.3 million or $0.36 per Share in the Prior Year Quarter. Net earnings decreased primarily due to a loss of $0.5 million on fair value of Exchangeable Units compared to a gain of $8.1 million in the Prior Year Quarter. The non-cash adjustment to the fair value of the Exchangeable Units is directly related to changes in the market price of the Corporation's Restricted Voting Shares.
- For the Quarter, Distributable Cash Flow amounted to $4.5 million, compared to $5.8 million in the Prior Year Quarter driven by lower revenues and higher administration expenses, partly offset by lower management fees and lower current income tax expense. Distributable Cash Flow per Share was $0.35 compared to dividends paid of $0.34 per share.
- The board of directors of Bridgemarq (the "Board") declared cash dividends of $0.34 per Restricted Voting Share during the Quarter, unchanged from the Prior Year Quarter.

The table below sets out selected historical information and other data for the Company.

(Unaudited) (in 000's) except per Share amounts and number of REALTORS®	**Three months ended June 30, 2023**	Three months ended June 30, 2022	**Six months ended June 30, 2023**	Six months ended June 30, 2022
Fixed franchise fees	**$ 8,367**	$ 8,258	**$ 16,747**	$ 16,253
Variable franchise fees	**3,388**	4,332	**6,187**	8,484
Other revenue	**1,086**	1,206	**1,898**	2,485
Revenues	**12,841**	13,796	**24,832**	27,222
Cost of other revenue	**(345)**	(288)	**(571)**	(539)
Administration expenses	**(948)**	(307)	**(1,315)**	(575)
Management fees	**(4,888)**	(5,276)	**(9,740)**	(10,492)
Interest expense	**(740)**	(743)	**(1,483)**	(1,457)
Current income tax expense	**(827)**	(1,222)	**(1,764)**	(2,369)
Cash used in investing activities	**(559)**	(107)	**(639)**	(173)
Distributable Cash Flow	**$ 4,535**	$ 5,853	**$ 9,320**	$ 11,617
Dividends	**$ 3,201**	$ 3,201	**$ 6,402**	$ 6,402
Interest on Exchangeable Units	**$ 1,452**	$ 1,452	**$ 2,904**	$ 2,904
Net and comprehensive earnings (loss)	**$ 1,139**	$ 11,339	**$ (3,566)**	$ 16,058
Number of REALTORS®	**20,752**	20,538	**20,752**	20,538
Net and comprehensive earnings (loss) per Share	**$ 0.12**	$ 0.36	**$ (0.38)**	$ 0.75
Dividends per Restricted Voting Share	**$ 0.34**	$ 0.34	**$ 0.68**	$ 0.68
Interest on Exchangeable Units per Exchangeable Unit	**$ 0.44**	$ 0.44	**$ 0.87**	$ 0.87
Distributable Cash Flow, rolling twelve-month period ended June 30,			**$ 17,859**	$ 20,884
Distributable Cash Flow per Share, rolling twelve-month period ended June 30,			**$ 1.39**	$ 1.63

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

From June of 2020 through the first quarter of 2022, real estate markets in Canada were strong. There was a significant slowdown in transaction volume during the last part of 2022 and the first quarter of 2023 as interest rates increased and overall economic growth showed signs of slowing. This weakness continued into the Quarter as transaction volumes were below 2022 levels.

Organization

Bridgemarq's Restricted Voting Shares are listed on the Toronto Stock Exchange ("TSX") under the symbol "BRE". Through its limited partnership holdings, Bridgemarq owns certain Franchise Agreements and Trademarks of real estate services Brands in Canada.

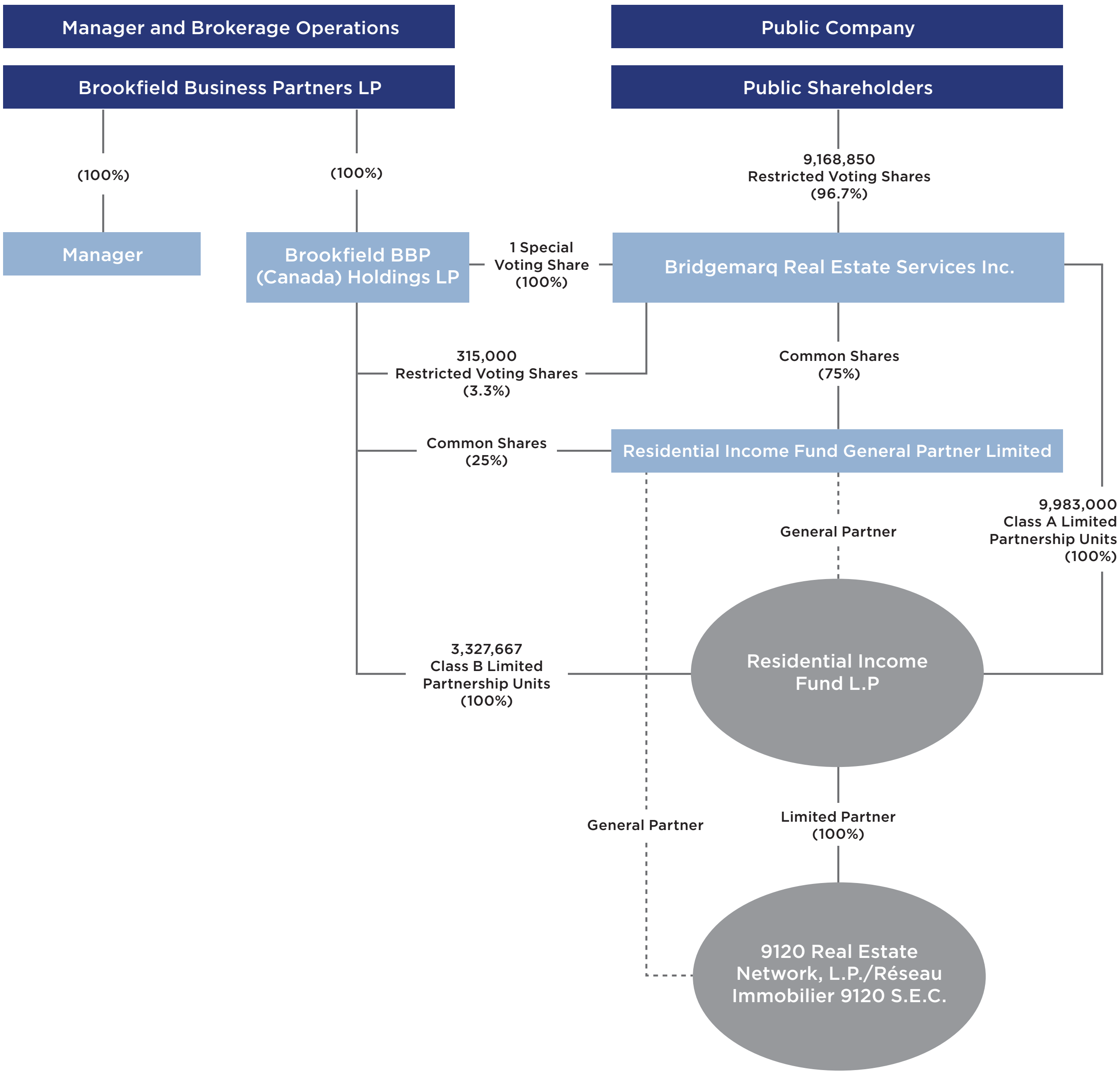
Bridgemarq directly owns a 75% interest in the Partnership which, in turn, owns VCLP. In addition, Bridgemarq directly owns a 75% interest in the General Partner. The Partnership and VCLP own and operate the assets from which Bridgemarq derives its revenue.

Brookfield owns the remaining 25% interest in the Partnership through its ownership of exchangeable units of the Partnership (the "Exchangeable Units"), the remaining 25% interest in the General Partner through its ownership of 25 common shares in the General Partner and one Special Voting Share of Bridgemarq. The Special Voting Share entitles Brookfield to a number of votes at any meeting of the restricted voting shareholders equal to the number of Restricted Voting Shares that may be obtained upon the exchange of all the Exchangeable Units held by the holder and/or its affiliates. In addition to its ownership of the Exchangeable Units, the common shares of the General Partner and the Special Voting Share, Brookfield indirectly owns 315,000 Restricted Voting Shares.

The Company receives certain management, administrative and support services from the Manager. Bridgemarq derives its revenue from franchise fees and other services it provides which are ancillary to the services it provides under Franchise Agreements.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

The ownership structure of the Company and the Manager is set out below:



2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

Business of the Company

The Company is a Canadian based real estate services firm that supplies REALTORS® with information, tools and services to assist them in providing efficient and effective delivery of real estate sales services in the communities they serve. Through a portfolio of prominent real estate services Brands, each of which offers a unique value proposition, the Company caters to the diverse service requirements of regional real estate professionals, in virtually all significant population centres across Canada.

Bridgemarq has historically paid a substantial amount of its Distributable Cash Flow to its shareholders in the form of dividends. The Company's revenue is driven primarily by franchise fees derived from long-term Franchise Agreements. These franchise fees have historically been weighted toward fees that are fixed in nature. The Company believes that this has proven to be effective in moderating the variations in overall industry activity that can occur in the Canadian Market.

The number of REALTORS® in the Company Network, the transaction volumes generated in the markets the Company serves, the transaction price of residential and commercial real estate, the manner in which the Company structures the contracted revenue streams, the success in attracting REALTORS® to the Company's Brands through their value propositions and the track record of the Company's Brands are all important factors in the Company's financial and operating performance. These factors, including, among others, general economic conditions and government and regulatory activity impact the Company's performance and are discussed in greater detail throughout this MD&A and in the Company's 2022 Annual Information Form, which is available at www.sedar.com or on the Company's website at www.bridgemarq.com.

The Company seeks to increase its revenues and Distributable Cash Flow by increasing the number of REALTORS® in the Company Network through entering into Franchise Agreements and by attracting and retaining REALTORS® through the provision of services and additional fee for service offerings, which increases the productivity of the REALTORS®.

Management Services Agreement

The Company is party to a Management Services Agreement (the "MSA"), which governs the management of the Company and the delivery of services to Brokers and REALTORS® by the Manager. The MSA has a term of ten years expiring on December 31, 2028. On expiry, the MSA automatically renews for an additional ten-year term unless the Company or the Manager provides notice of their intention to terminate the MSA no later than six months prior to expiry.

Under the terms of the MSA, the Company pays a monthly management fee to the Manager comprised of:

- a fixed management fee of $840,000, plus
- a variable management fee equal to the greater of a) 23.5% of Distributable Cash (as such term is defined in the MSA) or 0.342% of the market value of the Restricted Voting Shares on a diluted basis through December 31, 2023 and b) 25% of Distributable Cash or 0.375% of the market value of the Restricted Voting Shares on a diluted basis thereafter.

As a result of the capitalization of certain Franchise Agreements and other contracts transferred to the Company upon entering into the MSA, a portion of management fees paid to the Manager is allocated toward reducing the Company's contract transfer obligation and associated interest expense, with the remainder charged to the Company's consolidated statement of net and comprehensive earnings.

The Company has deferred the payment of certain management fees to the Manager totaling $5.6 million. These deferred payments are non-interest bearing, are due no later than 2025 and are repayable in cash or the issuance of Exchangeable Units, at the option of the Company.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

Company Revenues

As at June 30, 2023, the Company Network was comprised of 20,752 REALTORS® operating under 289 Franchise Agreements from 733 locations, providing services under the Royal LePage, Via Capitale and Johnston & Daniel Brands. During 2022, REALTORS® in the Company Network participated in approximately 28% of all home resales in Canada.

The Company generates revenue from franchise fees with both fixed and variable components as well as other revenues. Fixed franchise fees represent fees that are payable to the Company as a fixed monthly amount per REALTOR® without regard to transaction volumes generated by that REALTOR®. Approximately 65% of the Company's revenues for the Quarter (Prior Year Quarter – 60%) were derived from fixed franchise fees. Variable franchise fees represent franchise and other fees that are payable to the Company based on the transaction volumes generated by REALTORS®, subject to a cap. Approximately 26% of the Company's revenues for the Quarter (Prior Year Quarter – 31%) were derived from variable franchise fees. Other revenues are derived from ancillary services provided to Franchisees outside of the services provided under the Franchise Agreements and include lead management fees received from Franchisees and fees for referral services paid by third parties. During the Quarter, other revenues represented 8% of total revenues (Prior Year Quarter – 9%).

In 2022, approximately 81% of the Company's annual franchise fees were partly insulated from the fluctuations in the Canadian Market as they were not directly driven by transaction volumes. This includes a portion of variable franchise fees, which are effectively fixed in nature due to the fact that they are subject to a cap. The Company believes that the combination of a revenue stream based on the number of REALTORS® in the Network, increasing REALTOR® productivity and steady, long-term growth in the Canadian Market provides the base for strong and stable cash flows. A description of each type of revenue follows:

Fixed Franchise Fees are earned based on the number of REALTORS® in the Company Network. Royal LePage Franchisees pay a fixed monthly fee of $136 per REALTOR® (prior to April 1, 2022 – $133 per REALTOR®). Fixed fees from Via Capitale Franchisees consist primarily of a fixed monthly fee of $180 per REALTOR® (prior to September 1, 2022 – $170 per REALTOR®). For those approximately 611 Royal LePage REALTORS® who participate in the Royal LePage commercial real estate program, an additional monthly fee of $100 is paid to the Company.

Variable Franchise Fees are calculated as a percentage of Gross Revenues earned by REALTORS® in the Company Network. Variable franchise fees are substantially all earned from Royal LePage Franchisees, are driven by the transactional dollar volume transacted by the REALTORS® and are derived as 1% of each REALTOR®'s Gross Revenues, subject to a cap of $1,450 per year. Certain REALTORS® in the Royal LePage Network work as part of a Team. All REALTORS® who are members of a Team pay fixed franchise fees. However, for the purposes of the variable fee cap of $1,450, the Gross Revenues of all Team members are aggregated to one cap.

The amount of variable franchise fees paid by an individual REALTOR® can change depending upon, among other things, the total value of real estate they sell in a given year and increases or decreases in home prices. However, variable franchise fees are subject to a cap. For those REALTORS® or Teams who reach the cap, the variable franchise fee is effectively fixed in nature, in that the variable franchise fee paid by the REALTOR® will not change based on changes in the Canadian Market. In 2022, the variable fees associated with approximately 3,608 REALTORS® and 1,502 Teams (representing more than 4,509 REALTORS®) that exceeded the cap accounted for approximately 15% of revenues.

Other Revenues consist of revenues earned for services provided to Franchisees and REALTORS® outside of the franchise fees earned under the Franchise Agreements. Other revenues include referral fees paid by financial institutions for mortgage referrals and fees earned from Franchisees and REALTORS® who purchase customer leads from the Company.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

Overview of Second Quarter Operating Results

(Unaudited) (in 000's) except per Share amounts; Restricted Voting Shares outstanding; Exchangeable Units outstanding; Number of REALTORS®	**Three months ended June 30, 2023**	Three months ended June 30, 2022	**Six months ended June 30, 2023**	Six months ended June 30, 2022
Fixed franchise fees	**$ 8,367**	$ 8,258	**$ 16,747**	$ 16,253
Variable franchise fees	**3,388**	4,332	**6,187**	8,484
Other revenue	**1,086**	1,206	**1,898**	2,485
Revenues	**12,841**	13,796	**24,832**	27,222
Less:				
Cost of other revenue	**345**	288	**571**	539
Administration expenses	**948**	307	**1,315**	575
Management fees	**4,888**	5,276	**9,740**	10,492
Interest expense	**740**	743	**1,483**	1,457
	$ 5,920	$ 7,182	**$ 11,723**	$ 14,159
Impairment and write-off of intangible assets	**(91)**	–	**(193)**	–
Amortization of intangible assets	**(1,734)**	(1,817)	**(3,475)**	(3,636)
Interest expense on Exchangeable Units	**(1,452)**	(1,452)	**(2,904)**	(2,904)
Gain (loss) on fair value of Exchangeable Units	**(499)**	8,119	**(6,489)**	9,384
Gain (loss) on interest rate swap	**(152)**	651	**(530)**	1,787
Loss on debt facility amendment	**–**	–	**(122)**	–
Current income tax expense	**(827)**	(1,222)	**(1,764)**	(2,369)
Deferred income tax recovery (expense)	**(26)**	(122)	**188**	(363)
Net and comprehensive earnings	**$ 1,139**	$ 11,339	**$ (3,566)**	$ 16,058
Basic earnings per Restricted Voting Share	**$ 0.12**	$ 1.20	**$ (0.38)**	$ 1.69
Diluted earnings per Share	**$ 0.12**	$ 0.36	**$ (0.38)**	$ 0.75
Dividends paid per Restricted Voting Share	**$ 0.34**	$ 0.34	**$ 0.68**	$ 0.68
Interest expense per Exchangeable Unit	**$ 0.44**	$ 0.44	**$ 0.87**	$ 0.87
Restricted Voting Shares outstanding	**9,483,850**	9,483,850	**9,483,850**	9,483,850
Exchangeable Units outstanding	**3,327,667**	3,327,667	**3,327,667**	3,327,667
Number of REALTORS®	**20,752**	20,538	**20,752**	20,538

(in 000's) As at	**June 30, 2023**	June 30, 2022
Total assets	**$ 69,409**	$ 76,997
Total liabilities	**$ 127,691**	$ 123,821

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

VARIATION OF OPERATING RESULTS FOR THE QUARTER COMPARED TO THE PRIOR YEAR QUARTER

Revenues:
Revenues for the Quarter have decreased compared to the Prior Year Quarter as a result of weakness in the Canadian Market, partly offset by an increase in the number of REALTORS® in the Company Network.

Net Earnings:
For the Quarter, the Company generated net earnings of $1.1 million or $0.12 per Share, compared to net earnings of $11.3 million or $0.36 per Share in the Prior Year Quarter.

The primary drivers of the decrease in net earnings compared to the Prior Year Quarter were:

- A $0.5 million loss on the fair valuation of the Exchangeable Units compared to an $8.1 million gain in the Prior Year Quarter;
- A $1.0 million decrease in revenue as a result of weakness in the Canadian Market;
- A $0.6 million increase in administration expenses due to higher directors' fees and legal and consulting costs;
- A $0.2 million loss on the fair value of the interest rate swap compared to a $0.7 million gain in the Prior Year Quarter;
- Write offs of intangible assets of $0.1 million during the Quarter; partly offset by
- A $0.5 million decrease in income tax expense; and
- A $0.4 million decrease in management fees.

Total Assets:
Total assets decreased by $3.2 million during the YTD. The main drivers of the net decrease were as follows:

- A $3.3 million decrease in the carrying value of intangible assets, driven by amortization expense during the YTD;
- A $0.5 million decrease in the interest rate swap asset; and
- A $0.5 million decrease in cash; partly offset by
- A $1.0 million increase in accounts receivable.

Total Liabilities:
Total liabilities increased by $6.7 million in the YTD. The main drivers of the net increase were as follows:

- A $6.5 million increase in the liability associated with the Exchangeable Units, which is tied to the trading value of the Restricted Voting Shares (see further discussion under *Fourth Quarter Operating Results and Cash Flows – Gain (loss) on fair value of Exchangeable Units*); and
- A $0.4 million increase in accounts payable; partly offset by
- A $0.3 million decrease in the contract transfer obligation.

DIVIDENDS AND DISTRIBUTIONS:

Dividends approved by the Board on the Restricted Voting Shares were $0.34 per share in the Quarter, consistent with the Prior Year Quarter.

Interest on Exchangeable Units also remained consistent with the Prior Year Quarter.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

Key Performance Drivers

Key performance drivers of the Company's business include:

1. The stability of the Company's revenue streams;
2. The number of REALTORS® in the Company Network;
3. Transactional dollar volumes of the Canadian Market;
4. REALTOR® Productivity; and
5. Products and services offered to REALTORS®.

STABILITY OF THE COMPANY'S REVENUE STREAMS

The stability of the Company's revenue streams is derived from a number of factors, including the fixed-fee structure of the Company's franchise fees, the ability to increase franchise fees under the terms of the Franchise Agreements, the geographic distribution of the Company Network, and the length and renewal of the Franchise Agreements owned by the Company.

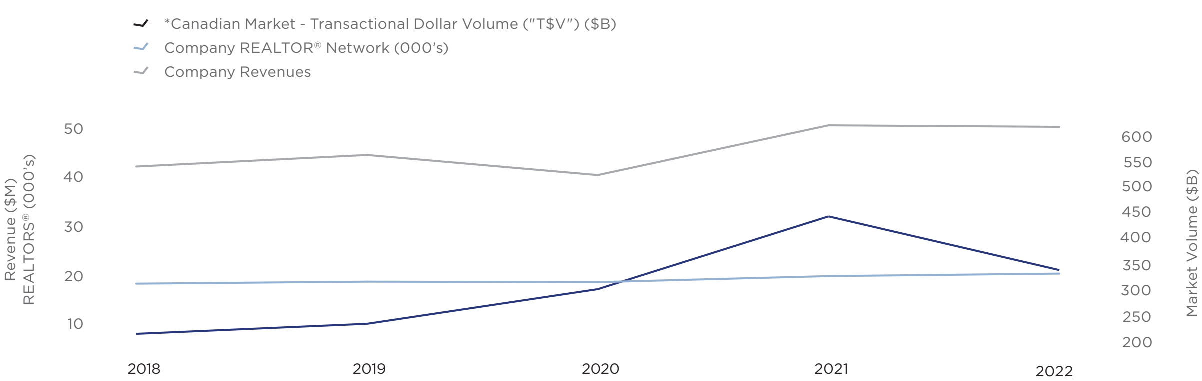
FIXED – FEE STRUCTURE

The Company estimates that for 2022, approximately 81% of its franchise fee revenues were fixed in nature. In addition to its fixed franchise fees, a substantial portion of the Company's variable franchise fees were effectively fixed in nature.

The amount of variable franchise fees paid by an individual REALTOR® can change depending upon, among other things, the total value of real estate they sell in a given year and increases or decreases in home prices across Canada. However, variable franchise fees are subject to an annual cap of $1,450 per REALTOR® or Team of REALTORS®. For those REALTORS® or Teams who reach the variable fee cap, the variable franchise fee is effectively fixed in nature, in that the variable franchise fee paid by the REALTOR® or Team does not change based on changes in the Canadian Market.

The chart below compares the Company's annual revenues to the Canadian Market and the underlying number of REALTORS® in the Company Network for the past five calendar years.

REVENUES, MARKET AND REALTOR® TRENDS



*Source: Canadian Real Estate Association ("CREA")

INCREASE IN FEES

Under the terms of the Franchise Agreements, the Company is permitted to increase the franchise fees it charges based on changes in the Canadian consumer price index.

Effective for 2022, the Company increased the maximum annual variable franchise fee payable under its standard fee plan, which is based on 1% of each REALTOR®'s or Team's Gross Revenue, from $1,400 to $1,450. Effective April 1, 2022, the Company announced an increase in the monthly fixed franchise fees paid by Royal LePage and Johnston & Daniel Franchisees from $133 to $136 per REALTOR®.

Effective September 1, 2022, the Company increased the monthly fixed franchise fees paid by Via Capitale Franchisees from $170 to $180 per REALTOR®.

On July 5, 2023, the Company announced an increase in the fees to be paid REALTORS® operating under the Royal LePage and Johnston Daniel Brands. Effective January 1, 2024, the monthly fixed fees will increase by $3 to $139 and the maximum annual variable franchise fee will increase to $1,500.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

GEOGRAPHIC DISTRIBUTION OF THE COMPANY NETWORK

As at June 30, 2023, the Company Network of 20,752 REALTORS® operated through 289 Franchise Agreements, providing services from 733 locations across the country. Of the Brokerages in the Company Network, approximately 58% operate with fewer than 50 REALTORS® and represent approximately 13% of the REALTORS® in the Company Network. The Company's smallest Franchisees have one REALTOR® while the largest has over 1,500 REALTORS®.

The Company Network is geographically dispersed. As compared to the distribution of REALTORS® across Canada, the Company strives to grow the Company Network in all regions of Canada.

As at Jun. 30, 2023	Canadian[1] REALTOR® Population	Company REALTOR® Population
Ontario	61%	58%
British Columbia	16%	13%
Quebec	10%	15%
Alberta	8%	6%
Maritimes	3%	4%
Prairies	3%	4%
Total	100%	100%

[1] *Source: CREA as at June 30, 2023*

FRANCHISE AGREEMENTS

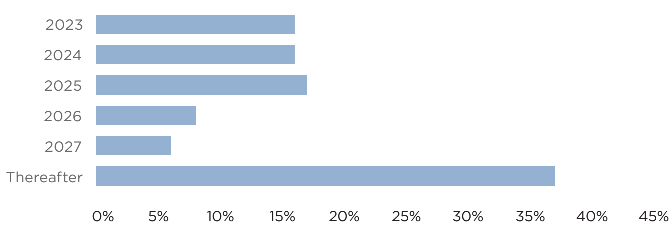
Franchise Agreements are contracts between the Company and Franchisees which govern matters such as use of the Trademarks, rights and obligations of Franchisees and the Company, renewal terms, services to be provided to Franchisees and franchise fees. Over the term of the Franchise Agreement, the Franchisee may undertake activities which require an amendment to the standard contract such as the opening of a new location. These changes are documented by way of an addendum to the standard contract and form part of the Franchise Agreement.

The Royal LePage Franchise Agreements, which represent 94% of the Company's REALTORS®, are for 10 to 20-year terms with a standard renewal term of ten years. These long-duration contracts exceed the industry standard of five years and thereby reduce agreement renewal risk. In addition, the Company regularly attempts to extend contract terms a further ten years in advance of renewal dates when opportunities present themselves.

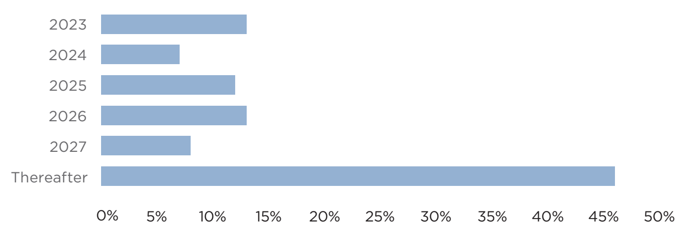
The Via Capitale Franchise Agreements, which represent 6% of the Company's REALTORS®, are typically five years in duration with standard renewal terms extending five years.

A summary of the Company's agreement renewal profiles as at June 30, 2023 for the Company Network is shown below.

% OF FRANCHISE AGREEMENTS UP FOR RENEWAL
(by Number of REALTORS®)



% OF FRANCHISE AGREEMENTS UP FOR RENEWAL
(by Number of Agreements)



2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

RENEWALS

The Company has historically been able to achieve renewal success in more than 98% of Franchise Agreements as they come due, expressed as a percentage of the underlying number of REALTORS® associated with those agreements, over the past five years. Due to the ongoing success of the Company's Franchisees, a number of opportunities, such as increasing Franchisee locations, present themselves to renew Franchise Agreements before they come due.

During the Quarter, two (Prior Year Quarter – one) Franchisees, representing 62 REALTORS® (Prior Year Quarter – 33), extended the term of their Franchise Agreements or renewed. During the YTD, twelve (Prior Year Period – three) franchisees representing 603 REALTORS® (Prior Year Period – 101) extended the term of their Franchise Agreements or renewed.

During the Quarter, three (Prior Year Quarter – one) Franchise Agreements were terminated, resulting in write-offs of intangible assets of $91, with the majority of the REALTORS® transferring to other franchises.

NUMBER OF REALTORS® IN THE COMPANY NETWORK

For the YTD, the Company Network of 20,752 REALTORS® increased by 66 REALTORS® compared to a net increase of 379 REALTORS® in the Prior Year Period.

As of December 31, except as noted	2018	2019	2020	2021	2022	**2023**
Company Network						
Opening REALTOR® Count	18,135	18,725	19,111	19,046	20,159	**20,686**
Net REALTOR® growth (attrition) for the period	590	386	(65)	1,113	527	**66**
Closing REALTOR® Count[1]	18,725	19,111	19,046	20,159	20,686	**20,752**
% Change in the period	3%	2%	0%	6%	3%	**0%**

Canadian REALTOR® Population[2]	2018	2019	2020	2021	2022	**2023**
CREA REALTOR® Membership	129,752	133,242	136,605	151,087	160,064	**163,188**
% Change in the period	4%	3%	3%	11%	6%	**2%**

[1] 2023 REALTOR® count is as at June 30, 2023
[2] Source: CREA, CREA Membership for 2023 is as at June 30, 2023

The Company strives to increase the number of REALTORS® in the Company Network through converting competing brokerages and REALTORS® to the Company's Brands and developing programs to increase REALTOR® growth. The number of REALTORS® in the Company Network increases when the Company enters into new Franchise Agreements with Franchisees and when our existing Franchisees are successful in increasing the number of REALTORS® at their Brokerage either through recruitment efforts or acquisitions.

Since January 1, 2018, the Company Network has grown by 14% from 18,135 REALTORS® to 20,752 at June 30, 2023. Growth in the Company Network in 2020 was negatively impacted by the pandemic but improved significantly in 2021 and 2022.

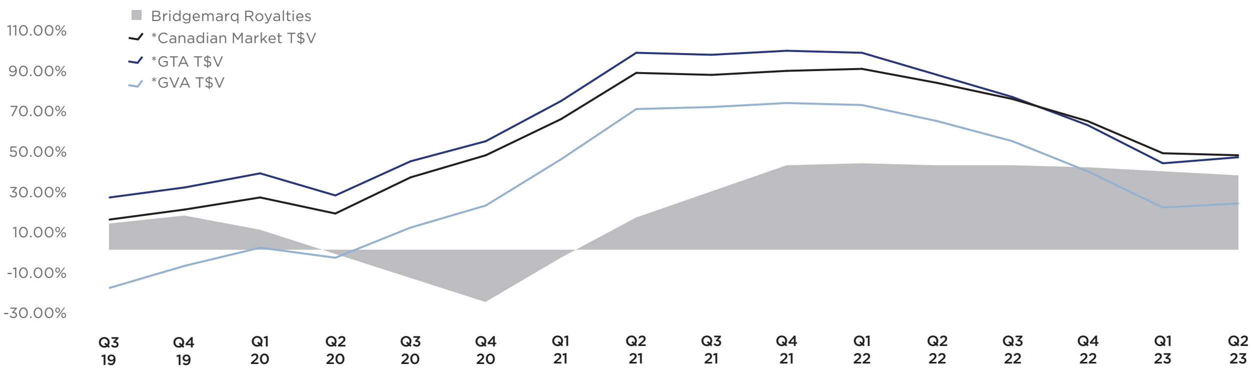
During the Quarter, growth in the REALTOR® base included the conversion of four new Franchisees (Prior Year Quarter – none) representing 121 REALTORS®. Net attrition from existing franchisees was due to weaker real estate markets and the termination of three franchisees during the Quarter. While sales volumes declined 21% nationally in the YTD compared to the Prior Year Period, the Company's total agent count has remained stable.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

TRANSACTIONAL DOLLAR VOLUMES OF THE CANADIAN MARKET

The chart below shows the cumulative growth in the Canadian Market and select urban markets as compared to the growth in the Company's revenues since the third quarter of 2019.

QUARTERLY ROLLING TWELVE-MONTH % CHANGE



*Source: CREA

After four consecutive quarters of growth in transactional dollar volume through Q1 2020, home sale volumes fell dramatically in the face of government actions to combat the spread of COVID-19 during the second quarter of 2020. However, during the last half of 2020, through the second quarter of 2021, activity across Canada rebounded dramatically (to record levels in many markets) as pent-up demand, low interest rates, changing work and commuting patterns, increasing requirements for people to work from home and other factors increased the demand for housing. Housing market activity tempered somewhat in the last half of 2021 but continued near historic highs supported by continued increases in selling prices. The first quarter of 2022 represented the strongest first quarter ever in the Canadian Market with transactional dollar volumes improving marginally over the first quarter of 2021. However, this increase was a result of a 12% drop in home sale volumes offset by significantly increased prices. In the second quarter of 2022, the market began to retreat from its historic highs. Commencing in March 2022, the Bank of Canada embarked on an aggressive campaign to increase interest rates in an effort to curb inflationary pressures. Higher borrowing costs, as well as concerns over affordability in general, dampened consumer demand through the last three quarters of 2022 and the first and second quarters of 2023. This weakness has slowed as transaction dollar volume fell 4% in the Quarter compared to the Prior Year Quarter.

The Company's revenues fell during the third and fourth quarters of 2020 compared to 2019 as a result of revenues being lower under a temporary fee plan implemented during the COVID-19 pandemic. This temporary fee plan expired at the start of 2021 when the Company's revenues rebounded and improved by 24% compared to 2020. The Company's revenues in 2022 were flat compared to 2021 as the impact of a higher REALTOR® count substantially offset the impact of the weaker Canadian Market. During the Quarter, the Company's revenues decreased by 7% compared to Prior Year Quarter due to continued weakness in the Canadian Market.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

During the Quarter, the Canadian Market closed down 4%, at $106.5 billion, as compared to the Prior Year Quarter at $110.7 billion. The decrease in transactional dollar volume was driven by a 5% decrease in units.

During the Quarter, the GTA market closed up 8%, at $28.2 billion, as compared to the Prior Year Quarter. The increase in transactional dollar volume was driven by an 11% increase in units.

During the Quarter, the GVA market closed up 6%, at $11.8 billion, as compared to the Prior Year Quarter, driven by a 5% increase in units sold.

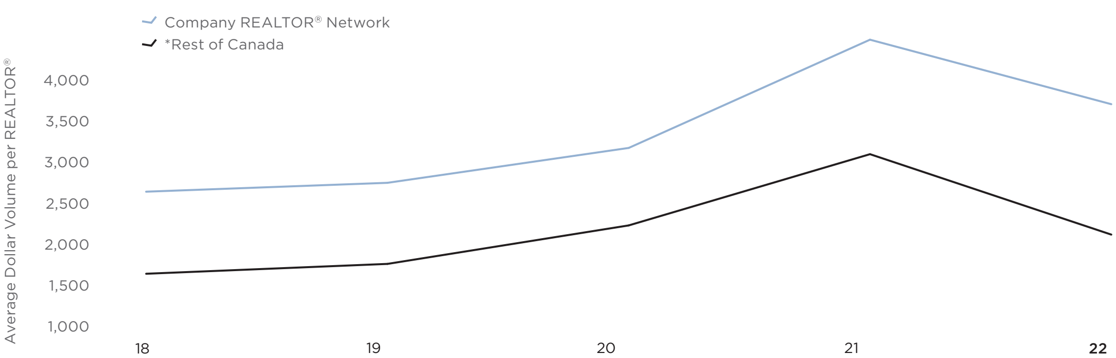
During the Quarter, the Greater Montreal Area market closed down 19%, at $6.8 billion, as compared to the Prior Year Quarter, driven by a 16% decrease in units sold.

REALTOR® Productivity

The average REALTOR® in the Company Network generated approximately $3.7 million in transactional dollar volume in 2022, compared to an estimated $2.1 million in transactional dollar volume generated by an average Canadian REALTOR®, outside the Company Network. Management believes that the higher productivity of the Company's Network of REALTORS®, makes the Company less prone to a loss of REALTORS® during a period of reduced transactional dollar volume. The average transactional dollar volume per REALTOR® for the past five calendar years is summarized in the chart below.

CANADIAN RESIDENTIAL REAL ESTATE MARKET REALTOR® PRODUCTIVITY

(Average T$V per REALTOR®, in '000 of Canadian dollars)



*Source: CREA

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

PRODUCTS AND SERVICES PROVIDED TO REALTORS®

The Company provides a broad array of innovative products and services to Franchisees and REALTORS®. Most of these products and services are provided in exchange for the franchise fees paid by our Franchisees. These include, among others, the use of our real estate Brands to promote their businesses, use of and access to internal and external communication tools including our websites and intranets, education and learning services, recruiting support, business development coaching and consulting, and access to fully integrated technology tools to help them manage their business.

In addition to those products and services, the Company provides additional services, which are useful to REALTORS® and Franchisees, but are not provided under the Franchise Agreements. These include access to branded promotional materials, including office supplies and clothing, a lead referral service and mortgage referral services on behalf of certain financial institutions. Certain of these products and services provide incremental revenue to the Company.

The Manager, on behalf of the Company, invests in new products, tools and services to assist Franchisees in managing their businesses. During the Quarter, the Company launched the spring series of in-person training opportunities aimed at helping agents reach their lead generation and conversion goals through the rlpSPHERE platform, the fully customized and Canadianized cloud-based AI-driven CRM ecosystem, exclusive to Royal LePage.

In addition, the Company rebranded and relaunched its commercial website, including the integration of external listings and the addition of a new lead source for Royal LePage Commercial participants through Smart Leads. The Company continued to improve its corporate offering of training and marketing support, available to members of the Johnston & Daniel brand. Also, Via Capitale continued to provide agents with access to important news, training, and events information through its new online video platform.

The Canadian Residential Real Estate Market

The Canadian residential real estate market posted a national decline in sales volumes of 5% in Q2 of 2023, compared to the Prior Year Quarter; a significantly smaller gap than the decline recorded in Q1.[1] In the second quarter of 2022, the Bank of Canada continued increasing interest rates to combat inflation, marking the start of sales and price declines after two years of pandemic-fueled growth. According to the Canadian Real Estate Association, the national average selling price remained flat, increasing just 1% in the Quarter compared to the same period last year, and increased 9% on a quarter-over-quarter basis.

Following two consecutive rate holds in March and April, the Bank of Canada raised interest rates by 25 basis points in June and again in July, bringing the its key lending rate to 5%.[2] The central bank noted the continued strength of Canada's economy, including a pickup in the housing market. In June, Canada's Consumer Price Index was up 2.8% compared to the same month last year; down from the 3.4% increase recorded in May.[3]

The Bank of Canada acknowledged that while inflation has come down much as expected this year, downward momentum is coming from reduced energy prices, while core inflation remains elevated, due in part to newcomers to Canada adding both supply and demand to the economy; filling labour shortages and adding to real estate demand. The central bank remains committed to achieving its target inflation rate of 2%, which it does not expect it will reach before the middle of 2025.

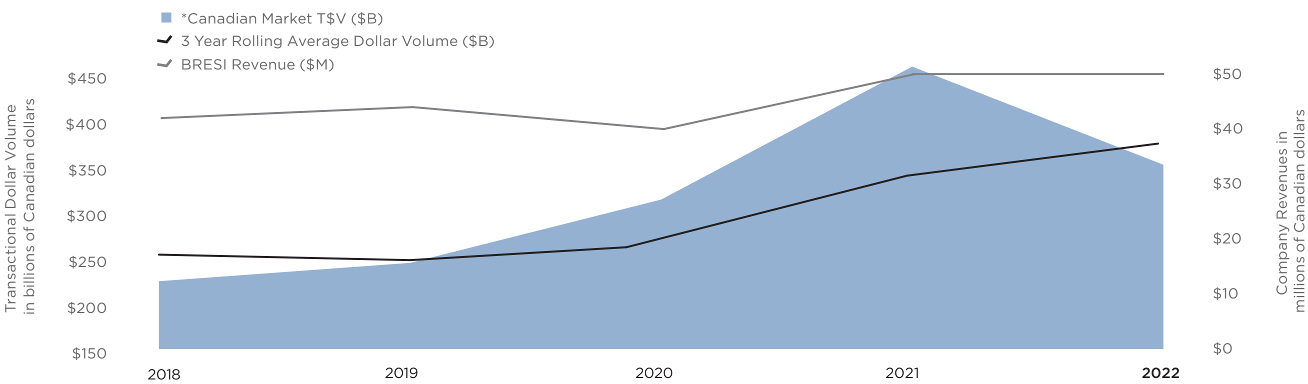
Despite the central bank's decision to reignite its campaign to increase interest rates, homebuyers continue to be active in the market. Meanwhile, some would-be sellers have put their plans to list on hold, waiting for interest rates and the economy to stabilize, further shrinking the low supply of housing, and putting continued upward pressure on home prices.

[1] *CREA Canadian Housing Market Statistics*
[2] *Bank of Canada raises policy rate 25 basis points, continues quantitative tightening, July 12, 2023*
[3] *Consumer Price Index, June 2023, July 18, 2023*

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

TRANSACTION DOLLAR VOLUME – CANADIAN RESIDENTIAL REAL ESTATE MARKET

(2018-2022)

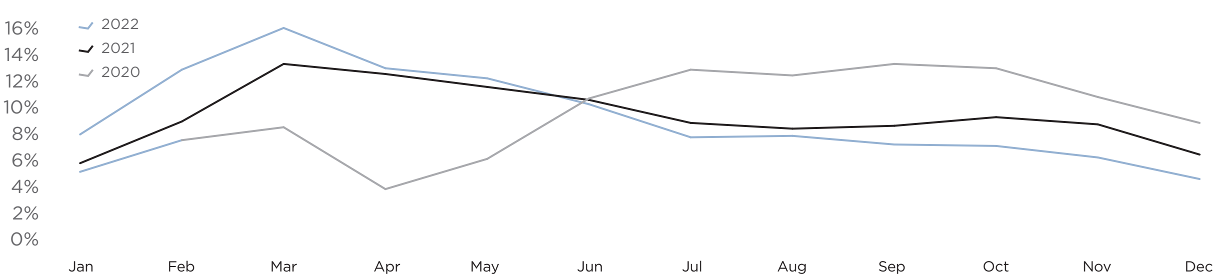


*Source: CREA

The Company's revenues are affected by the seasonality of the Canadian Market, which typically sees stronger transactional dollar volumes in the second and third quarters of each year. The impact of the seasonality of the Canadian Market is somewhat mitigated by the fixed-fee nature of the Company's revenues. In the latter part of the year, variable franchise fees can be negatively impacted by the Royal LePage REALTORS® and Teams who have capped with respect to variable franchise fees.

CANADIAN RESIDENTIAL REAL ESTATE MARKET – SEASONALITY

(% Canadian Market T$V by month)



*Source: CREA

In the chart above, we can see that historical seasonality patterns for the Canadian Market did not hold true for 2020, primarily due to the pandemic. Government restrictions around social interaction and travel and economic uncertainty emerged in March 2020, contributing to the Canadian Market experiencing its largest ever year-over-year declines in April and May 2020. From May 2020 through December 2020, real estate markets were very strong with much of the Canadian Market experiencing all-time monthly highs during this period, as low interest rates, pent-up demand and changing work-from-home patterns emerged. The strength in the Canadian Market continued into 2021, when the Canadian Market saw unusually strong activity in the first quarter. Historical seasonality patterns emerged through the remainder of 2021 and 2022 with second quarter results higher than the last half of the year.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

Second Quarter Operating Results and Cash Flows

(Unaudited) (in 000's) except per Share amounts and number of REALTORS®;	**Three months ended June 30, 2023**	Three months ended June 30, 2022	**Six months ended June 30, 2023**	Six months ended June 30, 2022
Revenues				
Fixed franchise fees	**$ 8,367**	$ 8,258	**$ 16,747**	$ 16,253
Variable franchise fees	**3,388**	4,332	**6,187**	8,484
Other revenue	**1,086**	1,206	**1,898**	2,485
	12,841	13,796	**24,832**	27,222
Less:				
Cost of other revenue	**345**	288	**571**	539
Administration expenses	**948**	307	**1,315**	575
Management fees	**4,888**	5,276	**9,740**	10,492
Interest expense	**740**	743	**1,483**	1,457
	$ 5,920	$ 7,182	**$ 11,723**	$ 14,159
Amortization of intangible assets	**(1,734)**	(1,817)	**(3,475)**	(3,636)
Interest on Exchangeable units	**(1,452)**	(1,452)	**(2,904)**	(2,904)
Gain (loss) on fair value of Exchangeable Units	**(499)**	8,119	**(6,489)**	9,384
Gain (loss) on interest rate swap	**(152)**	651	**(530)**	1,787
Loss on debt facility amendment	**–**	–	**(122)**	–
Earnings before income taxes	**$ 1,992**	$ 12,683	**$ (1,990)**	$ 18,790
Current income tax expense	**827**	1,222	**1,764**	2,369
Deferred income tax expense (recovery)	**26**	122	**(188)**	363
Net and comprehensive earnings (loss)	**$ 1,139**	$ 11,339	**$ (3,566)**	$ 16,058
Basic earnings (loss) per Restricted Voting Share	**$ 0.12**	$ 1.20	**$ (0.38)**	$ 1.69
Diluted earnings (loss) per Share	**$ 0.12**	$ 0.36	**$ (0.38)**	$ 0.75
Number of REALTORS®	**20,752**	20,538	**20,752**	20,538

Cash Flow Information (in 000's)				
Cash provided by (used for):				
Operating activities	**$ 3,520**	$ 4,887	$ 6,601	$ 8,394
Investing activities	**(559)**	(107)	(639)	(173)
Financing activities	**(3,206)**	(4,701)	(6,465)	(7,902)

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

SECOND QUARTER OPERATING RESULTS AND CASH FLOWS

During the Quarter, the Company generated net earnings of $1.1 million compared to net earnings of $11.3 million in the Prior Year Quarter.

Revenues for the Quarter totaled $12.8 million, compared to $13.8 million for the Prior Year Quarter. Fixed franchise fees represented 65% of revenues for the Quarter (Prior Year Quarter – 60%). Variable franchise fees represented 26% of revenues for the Quarter (Prior Year Quarter – 31%). Revenues decreased due to weakness in the Canadian Market partly offset by an increase in the number of REALTORS® in the Company Network.

Fixed franchise fees for the Quarter increased by 1% as compared to the Prior Year Quarter, due to an increase in the number of REALTORS® in the Company Network over the past twelve months as well as the implementation of an increase in fixed fees during 2022.

Variable franchise fees for the Quarter decreased by 22%, due to weakness in the Canadian Market partly offset by an increase in the number of REALTORS® in the Company Network.

Other Revenues for the Quarter decreased by 10% driven primarily by a decrease in mortgage referrals from financial institutions and a decline in lead referral volumes due to lower housing activity during the Quarter.

Cost of other revenue represents the direct costs associated with lead management referrals and other revenues. These costs increased during the Quarter due to the costs associated with the QuickQuote program, which was launched in 2022.

Administration expenses of $0.9 million for the Quarter increased by $0.6 million compared to the Prior Year Quarter due to higher directors' fees and legal and consulting costs.

Management fee expense of $4.9 million for the Quarter decreased compared to the Prior Year Quarter due to lower revenues and higher administration expenses.

Interest expense of $0.7 million was marginally lower than the Prior Year Quarter.

Amortization of Intangible Assets for the Quarter totaled $1.7 million compared to $1.8 million in the Prior Year Quarter. The lower charge is due to a number of intangible assets becoming fully amortized during 2022.

Interest on Exchangeable Units represents the distributions to Exchangeable Unitholders. For the Quarter, total distributions amounted to $1.5 million, unchanged from the Prior Year Quarter. Distributions to Exchangeable Unitholders are determined with reference to dividends paid on Bridgemarq's Restricted Voting Shares.

Gain (loss) on fair value of Exchangeable Units represents the change in the fair value of the Exchangeable Units. The Exchangeable Units are valued based on the market value of the Company's Restricted Voting Shares. At June 30, 2023, the Company's Restricted Voting Shares were valued at $14.79 per share compared to $14.64 at March 31, 2023, resulting in a loss of $0.5 million for the Quarter. This loss represents an increase in the obligation associated with the conversion features of the Exchangeable Units. For the Prior Year Quarter, the price of the Company's Restricted Voting Shares decreased from $15.93 per share at March 31, 2022 to $13.49 at June 30, 2022 resulting in a gain of $8.1 million for the Prior Year Quarter.

Gain (loss) on interest rate swap is a non-cash item which represents the change in fair value of the Company's interest rate swaps. The Company has entered into an interest rate swap agreement to swap the variable interest rate obligation on $55.0 million of the Company's outstanding debt facilities to a fixed rate obligation of 3.94% through to December 28, 2023.

Income tax expense. The effective income tax rate paid by the Company for the Quarter was 43% (Prior Year Quarter – 11%). The Company's effective income tax rate is significantly different than the Company's enacted income tax rate of 26.5%. The difference in the effective income tax rate is driven by a number of items that are included in the determination of net earnings but excluded from the determination of taxable income (including, among other things, non-deductible amortization of intangible assets, interest on Exchangeable Units, fair valuation adjustments on Exchangeable Units, interest expense on accretion of deferred payments and gains or losses associated with the interest rate swaps) as well as items that are excluded from the determination of net earnings but included in the determination of taxable income (including, among other things, payments associated with the contract transfer obligation and franchise agreement expenses).

Cash provided by operating activities decreased by $1.4 million compared to the Prior Year Quarter, primarily due to decreased revenues and higher administration expenses.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

Cash used in investing activities increased by $0.5 million due to higher franchise agreement expenses.

Cash used in financing activities decreased by $1.5 million due to a $1.5 million debt repayment in the Prior Year Quarter. Dividends paid to shareholders were consistent with the Prior Year Quarter.

YEAR TO DATE OPERATING RESULTS AND CASH FLOWS

For the YTD, the Company generated a net loss of $3.6 million compared to net earnings of $16.1 million in the Prior Year Period.

Revenues for the YTD totaled $24.8 million, compared to $27.2 million for the Prior Year Period. Fixed franchise fees represented 67% of revenues for the YTD (Prior Year Period – 60%). Variable franchise fees represented 25% of revenues for the YTD (Prior Year Period – 31%). Revenues decreased due to weakness in the Canadian Market partly offset by an increase in the number of REALTORS® in the Company Network.

Fixed franchise fees for the YTD increased by 3% compared to the Prior Year Period, due to an increase in the number of REALTORS® in the Company Network over the past twelve months.

Variable franchise fees for the YTD decreased by 27%, due to weakness in the Canadian Market partly offset by an increase in the number of REALTORS® in the Company Network.

Other Revenues for the YTD decreased by 24% due to a weaker Canadian Market. Other revenues consist of revenues earned from referral fees (including mortgage referrals and lead referrals to franchisees) which experienced significant decreases in volumes due to lower web traffic and lower mortgage initiations during the weaker real estate markets in the YTD.

Cost of other revenue represents the direct costs associated with lead management referrals and other revenues.

Administration expenses of $1.3 million for the YTD were higher than the Prior Year Period primarily due to higher directors' fees and legal and consulting costs.

Management fee expense of $9.7 million for the YTD were lower than the Prior Year Period primarily due to lower revenues and higher administration expenses.

Interest expense of $1.5 million was consistent compared to the Prior Year Period due to interest accretion on deferred payments and the impact of higher interest rates being substantially offset by debt repayments in the Prior Year Period.

Amortization of Intangible Assets for the YTD totaled $3.5 million compared to $3.6 million in the Prior Year Period. The lower charge is due a number of intangible assets becoming fully amortized.

Interest on Exchangeable Units represents the distributions to Exchangeable Unitholders. For the YTD, total distributions amounted to $2.9 million unchanged from the Prior Year Period. Distributions to Exchangeable Unitholders are determined with reference to dividends paid on Bridgemarq's Restricted Voting Shares.

Loss on fair value of Exchangeable Units represents the change in the fair value of the Exchangeable Units. The Exchangeable Units are valued based on the value of the Company's Restricted Voting Shares. At June 30, 2023, the Company's Restricted Voting Shares were valued at $14.79 per share compared to $12.84 at December 31, 2022, resulting in a loss of $6.5 million for the YTD. This loss represents an increase in the obligation associated with the conversion features of the Exchangeable Units. For the Prior Year Period, the price of the Company's Restricted Voting Shares decreased from $16.31 at December 31, 2021 to $13.49 at June 30, 2022, resulting in a gain of $9.4 million.

Loss on interest rate swap of $0.5 million is a non-cash item which represents the change in fair value of the Company's interest rate swaps. The Company has entered into an interest rate swap agreement to swap the variable interest rate obligation on $55.0 million of the Company's outstanding debt facilities to a fixed rate obligation of 3.94% through to December 28, 2023.

Income tax expense. The effective income tax rate paid by the Company for the YTD was -79% (Prior Year Period – 15%). The Company's effective income tax rate is significantly different than the Company's enacted income tax rate of 26.5%. The difference in the effective income tax rate is driven by a number of items that are included in the determination of net earnings but excluded from the determination of taxable income (including, among other things, non-deductible amortization of intangible assets, interest on Exchangeable Units, fair valuation adjustments on Exchangeable Units, interest expense on accretion of deferred payments and gains or losses associated with the interest rate swaps) as well as items that are excluded from the determination of net earnings but included in the determination of taxable income (including, among other things, payments associated with the contract transfer obligation and franchise agreement expenses).

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

Cash provided by operating activities decreased by $1.8 million compared to the Prior Year Period as a result of lower revenues and higher administration expenses partly offset by lower income tax payments.

Cash used in investing activities increased by $0.5 million compared to the Prior Year Period primarily due to higher franchise agreement expenses.

Cash used in financing activities decreased by $1.4 million due to a $1.5 million debt repayment in the Prior Year Period. Dividends paid to shareholders were consistent with the Prior Year Period.

Summary of Quarterly Results

(Unaudited) For three months ended	**2023**		2022				2021	
(in 000's) except per Share amounts and number of REALTORS®; number of REALTORS®;	**June 30**	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30
Revenues								
Fixed franchise fees	**$ 8,367**	$ 8,380	$ 8,445	$ 8,452	$ 8,258	$ 7,995	$ 7,931	$ 7,836
Variable franchise fees	**3,388**	2,799	1,249	2,732	4,332	4,152	1,716	3,483
Other revenue	**1,086**	812	730	1,041	1,206	1,279	1,070	1,115
	12,841	11,991	10,424	12,225	13,796	13,426	10,717	12,434
Less:								
Cost of other revenue	**345**	226	315	353	288	251	253	215
Administration expenses	**948**	367	210	335	307	268	240	264
Management fees	**4,888**	4,852	4,496	4,884	5,276	5,216	4,631	4,986
Interest expense	**740**	743	759	754	743	714	735	740
	5,920	5,803	4,644	5,899	7,182	6,977	4,858	6,229
Impairment and write-off of intangible assets, net	**(91)**	(102)	–	(154)	–	–	–	–
Amortization of intangible assets	**(1,734)**	(1,741)	(1,761)	(1,771)	(1,817)	(1,819)	(1,862)	(1,905)
Interest on Exchangeable units	**(1,452)**	(1,452)	(1,452)	(1,452)	(1,452)	(1,452)	(1,451)	(1,452)
Gain (loss) on fair value of Exchangeable Units	**(499)**	(5,990)	5,191	(3,028)	8,119	1,265	1,132	1,730
Gain (loss) on interest rate swap	**(152)**	(378)	48	368	651	1,136	688	254
Loss on debt facility amendment	**–**	(122)	–	–	–	–	–	–
Earnings (loss) before income tax	**1,992**	(3,982)	6,670	(138)	12,683	6,107	3,365	4,856
Current income tax expense	**827**	937	668	911	1,222	1,147	715	987
Deferred income tax expense (recovery)	**26**	(214)	(3)	47	122	241	132	4
Net and comprehensive earnings (loss)	**$ 1,139**	$ (4,705)	$ 6,005	$ (1,096)	$ 11,339	$ 4,719	$ 2,518	$ 3,865
Basic earnings (loss) per Restricted Voting Share	**$ 0.12**	$ (0.50)	$ 0.63	$ (0.12)	$ 1.20	$ 0.50	$ 0.27	$ 0.41
Diluted earnings (loss) per Share	**$ 0.12**	$ (0.50)	$ 0.18	$ (0.12)	$ 0.36	$ 0.38	$ 0.22	$ 0.28
Number of REALTORS®	**20,752**	20,619	20,686	20,761	20,538	20,321	20,159	19,934

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

Distributable Cash Flow

Distributable Cash Flow represents operating income, before deducting amortization and net impairment of intangible assets, minus current income tax expense 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 for distribution to the Company's shareholders on a diluted basis, subject to working capital and other investment requirements.

The calculation of Distributable Cash Flow for the Quarter and the YTD is presented in the table below with comparative amounts for the Prior Year Quarter and the Prior Year Period.

(Unaudited) ($ 000's)	**Three months ended June 30, 2023**	Three months ended June 30, 2022	**Six months ended June 30, 2023**	Six months ended June 30, 2022
Revenues	**12,841**	13,796	**24,832**	27,222
Less:				
Cost of other revenue	**345**	288	**571**	539
Administration expenses	**948**	307	**1,315**	575
Management fees	**4,888**	5,276	**9,740**	10,492
Interest expense	**740**	743	**1,483**	1,457
Current income tax expense	**827**	1,222	**1,764**	2,369
Cash used for investing activities	**559**	107	**639**	173
Distributable Cash Flow	**$ 4,535**	$ 5,853	**$ 9,320**	$ 11,617
Distributable Cash Flow per Share	**$ 0.35**	$ 0.46	**$ 0.73**	$ 0.91

Distributable Cash Flow per Share is calculated by dividing Distributable Cash Flow by the number of outstanding Restricted Voting Shares on a diluted basis. Distributable Cash Flow per Share is used by the Company to measure the amount of cash per Share generated from operations, which is available for distribution to the Company's shareholders on a diluted basis, subject to working capital and other investment requirements.

Distributable Cash Flow for the Quarter totaled $4.5 million, a decrease of $1.3 million from the $5.8 million generated in the Prior Year Quarter. The reduction is primarily due to lower revenues and higher administration expenses partly offset by lower income tax expenses and lower management fees.

The calculation of Distributable Cash Flow for the trailing twelve-month period ended June 30, 2023 is presented in the table below with comparative amounts for 2022.

For twelve months ended, (in 000's) except per Share amounts	**June 30, 2023**	June 30, 2022
Revenues	**$ 47,481**	$ 50,373
Less:		
Cost of other revenue	**1,239**	1,007
Administration expenses	**1,860**	1,079
Management fees	**19,120**	20,109
Interest expense	**2,996**	2,932
Current income tax expense	**3,343**	4,071
Cash used for investing activities	**1,064**	291
Distributable Cash Flow	**$ 17,859**	$ 20,884
Distributable Cash Flow per Share	**$ 1.39**	$ 1.63

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

For the twelve-month period ending June 30, 2023, the Company generated Distributable Cash Flow of $17.9 million or $1.39 per Share, as compared to $20.9 million or $1.63 per Share generated for the twelve month period ended June 30, 2022. The decrease of $3.0 million in Distributable Cash is primarily driven by a decrease in revenues and increased administration expenses partly offset by a decrease in management fees and lower current income tax expenses.

Distributable Cash Flow and Distributable Cash Flow per Share are non-GAAP financial measures and do not have standardized meanings under IFRS and, accordingly, may not be comparable to similar measures used by other companies. Management believes that Distributable Cash Flow and Distributable Cash Flow per Share are useful supplemental measures of performance as they provide investors with an indication of the amount of cash flow generated after investing activities which is available to holders of Restricted Voting Shares and Exchangeable Unitholders, subject to working capital and other investment requirements. Investors are cautioned, however, that Distributable Cash Flow and Distributable Cash Flow per Share should not be interpreted as alternatives to using net earnings or net earnings per Share (as measures of profitability) or cash provided by operating activities (as a measure for cash flows) to evaluate the Company's financial performance.

Distributable Cash Flow Reconciled to Cash Flow from Operating Activities

The tables below present reconciliations of cash flow from operating activities, as presented in the consolidated statements of cash flows, to Distributable Cash Flow for the Quarter and the twelve-month period ending June 30, 2023. Distributable Cash Flow is a measure used by the Company to assess the resources available to the Company for distribution to holders of Restricted Voting Share and holders of Exchangeable Units subject to other uses for the cash.

(Unaudited) ($ 000's)	**Three months ended June 30, 2023**	Three months ended June 30, 2022	**Six months ended June 30, 2023**	Six months ended June 30, 2022
Cash flow from operating activities	**$ 3,520**	$ 4,887	**$ 6,601**	$ 8,394
Add (deduct):				
Interest on Exchangeable Units	**1,452**	1,452	**2,904**	2,904
Current Income tax expense	**(827)**	(1,222)	**(1,764)**	(2,369)
Income taxes paid	**900**	1,150	**1,800**	2,500
Changes in non-cash working capital	**28**	(301)	**470**	409
Interest expense	**(2,243)**	(2,171)	**(4,491)**	(4,300)
Interest paid	**2,264**	2,165	**4,438**	4,252
Interest income	**95**	14	**179**	14
Interest received	**(95)**	(14)	**(179)**	(14)
Cash used for investing activities	**(559)**	(107)	**(639)**	(173)
Distributable Cash Flow	**$ 4,535**	$ 5,853	**$ 9,320**	$ 11,617

(Unaudited) For twelve months ended, ($ 000's)	**June 30, 2023**	June 30, 2022
Cash flow from operating activities	**13,311**	15,023
Add (deduct):		
Interest on Exchangeable Units	**5,806**	5,806
Current Income tax expense	**(3,343)**	(4,071)
Income taxes paid	**3,375**	5,350
Net changes in non-cash working capital	**(181)**	(758)
Interest expense	**(8,954)**	(8,599)
Interest paid	**8,908**	8,424
Interest income	**288**	8
Interest received	**(288)**	(8)
Cash used for investing activities	**(1,064)**	(291)
Distributable Cash Flow	**$ 17,859**	$ 20,884

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

The Company has paid out, in the past, and could pay out, in any given period, cash in excess of net earnings to shareholders as a significant portion of the Company's operating expenses is made up of non-cash amortization of intangible assets and other non-cash charges to net earnings. Management does not view the payment of cash in excess of net earnings as an economic return of capital as these intangible assets and other non-cash charges are not expected to require a further cash outlay in the future. The Company has paid out a significant portion of its Distributable Cash Flow in the past in the form of dividends to holders of Restricted Voting Shares and interest to Exchangeable Unitholders. It is management's expectation, at the discretion of the Board, that for the foreseeable future, the Company will continue to pay out a significant portion of its Distributable Cash Flow to holders of Restricted Voting Shares and Exchangeable Unitholders, subject to working capital requirements and other investment opportunities.

Debt Facilities

As at June 30, 2023 the Company's $90.0 million financing is comprised of the following three arrangements:

- A $55.0 million term facility (the "Term Facility"). The Term Facility bears interest at a variable rate of Banker's Acceptances ("Bas") +1.70% or Prime + 0.5%;
- A $30.0 million acquisition facility (the "Acquisition Facility") to support acquisitions pursued by the Company, bearing interest at a variable rate of Bas +1.70% or Prime + 0.5%. A standby fee of 0.15% applies on undrawn amounts under this facility; and
- A $5.0 million revolving operating facility (the "Operating Facility") to meet the Company's day-to-day operating requirements, bearing interest at a variable rate of Bas +1.70% or Prime + 0.5%.

As at June 30, 2023, the Company has drawn $55.0 million on the Term Facility, $12 million on the Acquisition Facility and nil on the Operating Facility.

Borrowings under each of these arrangements are secured by a first ranking security interest in substantially all assets of the Company.

The Company has reached an agreement with the lender to extend the term of the debt facilities through to December 31, 2026 ("Maturity") and increase the interest charged on borrowings under the debt facilities by 0.3% effective January 1, 2024. The Company recognized a loss of $0.1 million as a result of the amendments to the debt facilities. The Company's debt facilities were classified as current liabilities on December 31, 2022 as the maturity was less than twelve months as at that date.

The covenants of this financing prescribe that the Company must maintain a ratio of Consolidated EBITDA to Senior Interest Expense at a minimum of 3:1 and a ratio of Senior Indebtedness to Consolidated EBITDA at a maximum of 4:1 as outlined in the loan agreement. Consolidated EBITDA is defined as earnings before income tax adjusted for amortization and net impairment or recovery of intangible assets, interest expense, hedging activities and fair value adjustments on the Exchangeable Units. Senior Indebtedness is defined as borrowings on the Company's debt facilities. Senior Interest Expense is defined as interest on Senior Indebtedness. The Company is compliant with these covenants for all periods presented.

The Company has entered into an interest rate swap agreement to swap the variable interest rate obligation on the $55.0 million Term Facility to a fixed rate obligation of 3.94% through December 28, 2023. This interest rate swap is a financial instrument and is disclosed at its fair value with any change in that fair value recorded as a gain or loss in the Company's consolidated statements of net and comprehensive earnings. At June 30, 2023 the Company determined that the fair value of the interest rate swap represents an asset of $0.9 million (December 31, 2022 – $1.4 million). The interest rate swap matures on December 28, 2023 and has been classified as a current asset as at June 30, 2023. For the Quarter, the Company recognized a fair value loss of $0.2 million (Prior Year Quarter– a gain of $0.7 million).

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

Liquidity

Revenues from franchise fees and other services provided to Franchisees are the largest source of liquidity for the Company. Given that Franchisees are contractually obligated to pay franchise fees for up to ten years under the Franchise Agreements and given the high degree of success the Company has had in renewing its Franchise Agreements in the past when they come due, the Company believes that the existing portfolio of Franchise Agreements, along with its non-cash working capital and capital resources, will generate sufficient cash flow for the Company to meet its operating commitments.

The Company's ability to grow its revenues and Distributable Cash Flow is dependent upon its ability to increase the size of the Network, which it can do by, a) supporting Franchisees in their efforts to recruit REALTORS® to their Brokerages, b) assisting Franchisees to acquire Brokerages from outside the Network and, c) entering into new Franchise Agreements. In addition, the Company has the opportunity to grow its sources of other revenue and may consider other types of investments in the future. The Company has entered into the Acquisition Facility to provide capital resources for the Company to pursue growth opportunities. The Company meets regularly with the Manager during the year to determine the Manager's progress in identifying potential new Franchise Agreements.

During the Quarter, the Company generated Distributable Cash Flow of $4.5 million, compared to $5.9 million in the Prior Year Quarter. The decrease is due to lower revenues and higher administration expenses, partly offset by lower management fees and lower income taxes.

The Company paid dividends to shareholders and interest to holders of Exchangeable Units totaling $4.7 million for the Quarter, unchanged from the Prior Year Quarter.

WORKING CAPITAL

Changes in the Company's net working capital are primarily driven by cash flow from operating activities, collections of accounts receivable, payments of accounts payable and payment of dividends and interest.

Overall, working capital increased from $7.9 million as at June 30, 2022 to $8.3 million as at June 30, 2023. The increase in working capital resulted primarily from:

- The reclassification of the interest rate swap asset from non-current assets to current assets;
- A $0.2 million decrease in accounts payable; and
- A $0.1 million increase in prepaid expenses; partly offset by
- A $0.6 million decrease in cash; and
- A $0.3 million decrease in current income tax receivable.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

A summary of the Company's working capital is presented below:

($ 000's) As at	**June 30, 2023**	Mar. 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sept 30, 2021	Change in Quarter	Change in Year
Current assets										
Cash	**$ 5,915**	$ 6,160	$ 6,419	$ 7,603	$ 6,536	$ 6,457	$ 6,217	$ 9,666	$ (245)	$ (621)
Accounts receivable and current portion of notes receivable	**4,497**	4,345	3,523	3,821	4,484	4,593	3,458	3,918	152	13
Prepaid expenses	**362**	371	406	342	223	154	139	139	(9)	139
Current income tax receivable	**190**	117	154	–	450	523	320	–	73	(260)
Interest rate swap asset	**857**	1,008	1,386	–	-	–	–	–	(151)	857
	11,821	12,001	11,888	11,766	11,693	11,727	10,134	13,273	(180)	128
Current liabilities										
Accounts payable and accrued liabilities	**$ 1,508**	$ 1,475	$ 1,138	$ 1,594	$ 1,701	$1,516	$ 1,107	$ 1,377	$ 33	$ (193)
Contract transfer obligation	**481**	542	602	595	588	580	573	566	(61)	(107)
Current income tax liability	**-**	–	–	–	–	–	–	315	–	–
Interest payable to Exchangeable Unitholders	**484**	484	484	484	484	484	484	484	–	–
Dividends payable to Restricted Voting shareholders	**1,067**	1,067	1,067	1,067	1,067	1,067	1,067	1,067	–	–
Debt facilities	**-**	–	66,959						–	–
	3,540	3,568	70,250	3,740	3,840	3,647	3,231	3,809	(28)	(300)
Net working capital	**$ 8,281**	$ 8,433	$(58,362)	$ 8,026	$ 7,853	$ 8,080	$ 6,903	$ 9,914	$ (152)	$ 428

Cash and Capital Resources

A summary of cash and capital resources available to the Company as at June 30, 2023 and December 31, 2022 is presented below:

(in 000's) As at	**June 30, 2023**	December 31, 2022
Cash	**$ 5,915**	$ 6,419
Acquisition Facility	**18,000**	8,000
Operating Facility	**5,000**	5,000
Net borrowing capacity	**$ 23,000**	$ 13,000
Available resources	**$ 28,915**	$ 19,419

As at June 30, 2023, $12.0 million of the Acquisition Facility has been drawn by the Company, leaving $23.0 million of net borrowing capacity under the debt facilities.

In addition to the cash and capital resources included in the table above, the Company generates substantial Distributable Cash Flow, which can be used to fund dividend payments and interest on Exchangeable Units and to repay amounts owing under the debt facilities, subject to working capital and other investment requirements.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

Commitments and Contingencies

The estimated contractual liabilities and their dates of maturity are summarized in the chart below.

As at June 30,	2023	2024	2025	2026	2027	Beyond 2027	Total
Accounts payable and accrued liabilities	$ 1,508	$ –	$ –	$ –	$ –	$ –	$ 1,508
Current contract transfer obligation	481	–	–	–	–	–	$ 481
Interest payable to Exchangeable Unitholders	484	–	–	–	–	–	$ 484
Dividends payable to shareholders	1,067	–	–	–	–	–	$ 1,067
Interest on long-term debt	1,353	3,002	3,002	3,002	–	–	$ 10,359
Interest on contract transfer obligation	53	90	72	53	33	12	$ 313
Long term contract transfer obligation	–	356	374	393	413	262	$ 1,798
Debt facilities	–	–	–	67,000	–	–	$ 67,000
Deferred payments	–	–	6,616	–	–	–	$ 6,616
Exchangeable Units	–	–	–	–	–	49,216	$ 49,216
Total	$ 4,946	$ 3,448	$ 10,064	$ 70,448	$ 446	$ 49,490	$ 138,842

The Company has been named as a defendant in a legal action which includes, among other things, allegations of anti-competitive behaviour against various real estate entities and/or the Company. The Company is preparing responses to these allegations, and believes them to be entirely without merit. The claim is in the very early stages, however management believes that the likelihood of any negative impact on the Company is remote.

Off-Balance Sheet Arrangements

The Company has no off–balance sheet arrangements.

Transactions with Related Parties

As at the date of this MD&A, Brookfield controlled approximately 28.4% of the Company through its ownership of the Exchangeable Units of the Partnership and 315,000 Restricted Voting Shares. The Exchangeable Units were issued by the Company at its inception to affiliates of Brookfield as consideration for certain assets purchased from those affiliates. These assets included the Trademarks and existing Franchise Agreements related to the business of its Royal LePage residential real estate brokerage franchise operations.

The Manager operates 25 corporately owned Royal LePage residential Brokerage locations. These locations are serviced by more than 1,900 REALTORS® with 1,489 REALTORS® operating out of 17 locations in the GTA market, 432 REALTORS® operating from 6 locations in the GVA market and 26 REALTORS® operating from two locations in Quebec.

The Manager also operates three corporately owned Via Capitale residential Brokerage locations in the greater Montreal region of Quebec serviced by more than 130 REALTORS®.

All of the corporately owned operations operate under Franchise Agreements with standard fixed and variable franchise fees. The Franchise Agreements for GTA based locations are up for renewal in 2023, while the Franchise Agreements for the GVA operations are up for renewal between 2023-2024. The Franchise Agreements for the Royal LePage Quebec locations are up for renewal in 2028. The Franchise Agreements for the Via Capitale Brokerages expire between 2023-2025.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

The management of the Company is provided by the Manager under the terms of the MSA. The Manager is a company controlled by the Exchangeable Unitholders. Under the MSA, the Manager provides certain management, administrative and support services to the Company and its subsidiaries and, in return, is paid a monthly fee equal to $840,000 plus a variable management fee equal to the greater of a) 23.5% of Distributable Cash (as such term is defined in the MSA) or 0.342% of the market value of the Restricted Voting Shares on a diluted basis through December 31, 2023 and b) 25% of Distributable Cash or 0.375% of the market value of the Restricted Voting Shares on a diluted basis thereafter.

Under certain circumstances, the Company can pay the monthly fees to the Manager through the issuance of Exchangeable Units of the Partnership.

As a result of the capitalization of certain Franchise Agreements and other contracts transferred to the Company upon entering into the MSA, a portion of future payments for management fees is allocated toward reducing the Company's contract transfer obligation and associated interest expense, with the remainder charged to the Company's consolidated statement of net and comprehensive earnings.

The Company licenses certain products from RPS Real Property Solutions (a wholly-owned subsidiary of Brookfield) that are utilized to support some of the tools provided to the Company Network. The cost of these licenses are recognized as "Cost of other revenue".

The related party transactions entered into by the Company were transacted at contracted rates or at exchange amounts approximating fair market value. A summary of these amounts can be found in Note 13 of the consolidated financial statements.

Critical Accounting Estimates and Assumptions

Substantially all of the Company's activities are based on cash transactions, with revenue and expenditures based on contracted terms. The operating activities not based on contractual terms include bad debt expense (which is included in the Company's administration costs), and the amortization of intangible assets.

The Company's intangible assets are regularly monitored for indications of impairment and reversal of impairment in the carrying value of these assets. The Company's accounts receivable are regularly monitored to determine their collectability.

The preparation of financial statements requires management to select appropriate accounting policies and to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In particular, critical accounting policies and estimates utilized in the normal course of preparing the Company's consolidated financial statements require the determination of cash generating units, estimating of future cash flows utilized in assessing the fair value and related net impairment or recovery of intangible assets, determining the useful life of intangible assets, assessing the recoverability of accounts receivable, measuring deferred income taxes, measuring the fair value of deferred payments, measuring the fair value of the Exchangeable Units and the interest rate swap and measuring fair values used for disclosure purposes.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates have been applied in a manner consistent with prior periods. These external conditions and information are subject to change as a result of matters which are beyond the control of management including, among other things, changes to government policies, changes in global economic factors, changes in consumer demand and the supply of homes available for sale, changes in interest rates and general economic growth in Canada. Accordingly, estimates used in the preparation of our financial statements including those associated with evaluations of intangible assets and collectability of accounts receivable involve judgements and are uncertain and may be subject to significant adjustments in future periods. The interrelated nature of these factors prevents the Company from quantifying the overall impact of these movements on the Company's consolidated financial statements in a meaningful way. These sources of estimation uncertainty relate in varying degrees to virtually all asset and liability account balances.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The following are the critical judgements that have been made in applying the Company's accounting policies and that have the most significant impact on the amounts recorded in the consolidated financial statements.

Forward Looking Information for Accounts Receivable and Notes Receivable

The measurement of estimated credit losses for accounts receivable and notes receivable and the assessment of increases in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement and is uncertain. In assessing the valuation of accounts receivable, the Company evaluates the franchisee's historical payment patterns, the current financial health of the franchisee and expected or possible changes in future events or market conditions to determine whether an allowance for doubtful accounts should be recorded or reversed.

Impairment of Intangible Assets and recovery of impairment

Under IAS 36, Impairment of Assets, the Company ensures that the carrying value of intangible assets are not more than their recoverable amount (i.e. the higher of: a) fair value less costs of disposal, and b) value-in-use). The Company regularly reviews intangible assets to determine whether indicators of impairment or a reversal of impairment exist on individual Franchise Agreements, other contracts or Trademarks. Determining whether the value of an intangible asset or the portfolio of intangible assets is impaired or has increased requires considerable judgement. When reviewing indicators of impairment for Franchise Agreements or other contracts or recovery of previously impaired intangible assets, the Company considers certain factors including, financial performance of the business, franchise fees earned, term to maturity, historical REALTOR® count, collectability of receivables, estimated future revenues expected to be earned and underlying market conditions. Where indicators of impairment exist, the Company recognizes impairment charges if the carrying amount of a Franchise Agreement exceeds its recoverable amount or if the recovery of the carrying amount is no longer reasonably assured. The estimation of future cash flows and other forward-looking information requires significant judgement and is highly uncertain. When an intangible asset has been previously written down to its recoverable amount as a result of recording an impairment loss and the conditions causing such an impairment loss have become more favourable, the previously recorded impairment loss may be reversed and is recorded as a recovery of impairment.

Financial Instruments

The Company's financial instruments consist of cash, accounts receivable, notes receivable, interest rate swap asset, accounts payable and accrued liabilities, contract transfer obligation, interest payable to Exchangeable Unitholders, dividends payable to holders of Restricted Voting Shares, debt facilities and deferred payments.

The Company is exposed to credit risk with respect to accounts and notes receivable to the extent that any Franchisees are unable to pay their fees. The Company's credit risk is limited to the recorded amount of accounts and notes receivable. Management reviews the financial position of all Franchisees during the application process and closely monitors outstanding amounts receivable on an ongoing basis to evaluate the risk of a default occurring over the expected life of the accounts receivable. This monitoring includes evaluating the franchisee's historical payment patterns, the current financial health of the franchisee and expected or possible changes in future events or market conditions to determine whether an allowance for doubtful accounts should be recorded.

The Company is party to an interest rate swap agreement which swaps the variable interest rate obligation on the $55.0 million Term Facility to a fixed rate obligation of 3.94% through to December 28, 2023.

The Company is exposed to the risk of interest rate fluctuations on its $30.0 million Acquisition Facility and its $5.0 million Operating Facility as the interest rates on these facilities are based on Prime or Banker's Acceptance interest rates. As at June 30, 2023, the Company has drawn $12.0 million on the Acquisition Facility, and nil on the Operating Facility.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

Disclosure Controls and Internal Controls over Financial Reporting

The Company takes all necessary steps to ensure that material information regarding the Company's reports filed or submitted under securities legislation fairly presents the financial information of the Company. Responsibility for this resides with management, including the President and Chief Executive Officer and the Chief Financial Officer. Management is responsible for establishing, maintaining and evaluating disclosure controls and procedures as well as internal control over financial reporting.

DISCLOSURE CONTROLS AND PROCEDURES ("DC&P")

The evaluation of the effectiveness of DC&P, as defined in National Instrument 52-109 *Certification of Disclosures in Issuers' Annual and Interim Filings*, was performed under the supervision of the President and Chief Executive Officer and the Chief Financial Officer. They conclude that these DC&P were adequate and effective as at June 30, 2023. The Company's management can therefore provide reasonable assurance that it receives material information relating to the Company in a timely manner so that it can provide investors with complete and reliable information.

INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Management has designed ICFR to provide reasonable assurance that the Company's financial reporting is reliable and that the Company's consolidated financial statements were prepared in accordance with IFRS. The design and effectiveness of ICFR was evaluated as defined in National Instrument 52-109 under the supervision of the President and Chief Executive Officer and the Chief Financial Officer. Based on the evaluations, they conclude that ICFR is adequate and effective to provide such assurance as at June 30, 2023. The design of ICFR is undertaken in accordance with the 2013 COSO framework.

Outstanding Restricted Voting Shares

Bridgemarq is authorized to issue an unlimited number of Restricted Voting Shares, an unlimited number of preferred shares and one Special Voting Share. As of August 9, 2023, Bridgemarq has issued 9,483,850 Restricted Voting Shares, no preferred shares and one Special Voting Share.

Each Restricted Voting Share represents a proportionate voting right in Bridgemarq, and holders of Bridgemarq's Restricted Voting Shares are entitled to dividends declared and distributed by Bridgemarq.

The Special Voting Share is owned by Brookfield and represents the proportionate voting rights of Exchangeable Unitholders in the Company. The Special Voting Share is not eligible to receive dividends and can be redeemed at $0.01 per share.

Risk Factors

Risks related to the real estate brokerage industry and the business of the Company are outlined in the Company's Annual Information Form, which is available at www.sedar.com and on the Company's website at www.bridgemarq.com under *Investor Centre/Other Disclosure Reports*. Additional discussion regarding these risks as appropriate is provided in this MD&A.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

Forward-Looking Statements

This MD&A contains forward-looking information and other "forward-looking statements" within the meaning of applicable securities legislation. Words such as "ability", "anticipated", "are", "assessing", "automatically", "believes", "can", "can be", "can change", "could", "decreases", "dependent", "determination", "determining", "estimated", "estimating", "estimation", "expect", "expectation", "expected", "extend", "forecasts", "further", "future", "grow", "growth", "if", "increase", "increases", "increasing", "may", "measuring", "not expected to", "ongoing", "outlook", "possible", "potential", "renewal", "seeks", "should be", "to", "to be", "will", "will not", 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: any changes in credit markets that affect the availability of credit or changes in interest rates, 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 or profitability, 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, 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 level of residential real estate transactions, other developments in the residential real estate brokerage industry or the Company that reduce the number of REALTORS® in the Company's Network or revenue from the Company's Network, 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. The factors underlying current expectations are dynamic and subject to change. Although the forward-looking statements contained in this MD&A 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.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

Supplemental Information

HISTORY OF DIVIDENDS DECLARED

(per Restricted Voting Share*)

Month Declared	**2023**	2022	2021	2020	2019
January	**$ 0.1125**	$ 0.1125	$ 0.1125	$ 0.1125	$ 0.1125
February	**$ 0.1125**	$ 0.1125	$ 0.1125	$ 0.1125	$ 0.1125
March	**$ 0.1125**	$ 0.1125	$ 0.1125	$ 0.1125	$ 0.1125
April	**$ 0.1125**	$ 0.1125	$ 0.1125	$ 0.1125	$ 0.1125
May	**$ 0.1125**	$ 0.1125	$ 0.1125	$ 0.1125	$ 0.1125
June	**$ 0.1125**	$ 0.1125	$ 0.1125	$ 0.1125	$ 0.1125
July		$ 0.1125	$ 0.1125	$ 0.1125	$ 0.1125
August		$ 0.1125	$ 0.1125	$ 0.1125	$ 0.1125
September		$ 0.1125	$ 0.1125	$ 0.1125	$ 0.1125
October		$ 0.1125	$ 0.1125	$ 0.1125	$ 0.1125
November		$ 0.1125	$ 0.1125	$ 0.1125	$ 0.1125
December		$ 0.1125	$ 0.1125	$ 0.1125	$ 0.1125
	$ 0.6750	$ 1.3500	$ 1.3500	$ 1.3500	$ 1.3500

SHARE PERFORMANCE

(in Canadian dollars) except shares outstanding and average daily volume For three months ended,	**June 30, 2023**	Mar. 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022	Mar. 31, 2022	Dec. 31, 2021	Sep. 30, 2021
Trading price range of units (TSX: "BRE")								
Close	**$ 14.79**	$ 14.64	$ 12.84	$ 14.40	$ 13.49	$ 15.93	$ 16.31	$ 16.65
High	**$ 15.15**	$ 14.86	$ 15.13	$ 14.70	$ 16.31	$ 17.13	$ 17.44	$ 17.46
Low	**$ 14.00**	$ 12.82	$ 12.54	$ 12.40	$ 13.10	$ 14.99	$ 16.19	$ 16.07
Average daily volume	**8,087**	11,698	12,131	11,454	13,394	10,490	7,651	8,578
Number of restricted voting shares outstanding at period end	**9,483,850**	9,483,850	9,483,850	9,483,850	9,483,850	9,483,850	9,483,850	9,483,850
Market capitalization ($000's)	**$189,482**	$ 187,561	$164,500	$184,486	$ 172,827	$204,087	$208,956	$ 213,312

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

CANADIAN REAL ESTATE MARKET

For Three months ended	**June 30 2023**	Mar. 31 2023	Dec. 31 2022	Sep. 30 2022	June 30 2022	Mar. 31 2022	Dec. 31 2021	Sep. 30 2021
Canada								
Transaction dollar volume[1]	**$ 106,545**	$ 60,928	$ 54,104	$ 70,044	$ 110,678	$ 115,894	$ 98,999	$ 104,328
Average selling price	**$ 718,874**	$ 661,867	$ 631,959	$ 635,733	$ 708,655	$ 792,176	$ 716,728	$ 680,485
Number of units sold	**148,211**	92,054	85,613	110,178	156,180	146,298	138,126	155,849
Number of REALTORS® at period end[2]	**163,188**	160,586	160,064	158,905	153,744	151,087	147,556	144,058
Housing starts	**63,264**	40,066	60,801	67,146	67,660	44,983	61,761	61,380
Greater Toronto Area								
Transaction dollar volume[1]	**$ 28,213**	$ 16,075	$ 13,428	$ 16,553	$ 26,100	$ 33,324	$ 28,620	$ 29,275
Average selling price	**$1,178,202**	$1,089,819	$1,074,049	$1,076,779	$1,207,055	$1,299,591	$1,158,686	$1,079,381
Number of units sold	**23,946**	14,750	12,502	15,373	21,623	25,642	24,700	26,879
Housing starts	**15,665**	10,103	12,209	13,380	9,599	9,921	11,813	11,872
Greater Vancouver Area								
Transaction dollar volume[1]	**$ 11,837**	$ 6,646	$ 5,864	$ 6,647	$ 11,171	$ 13,540	$ 12,070	$ 11,414
Average selling price	**$1,295,055**	$ 1,233,197	$1,208,656	$1,209,223	$ 1,284,773	$ 1,325,262	$1,234,888	$ 1,175,834
Number of units sold	**9,140**	5,389	4,852	5,497	8,695	10,217	9,774	9,779
Housing starts	**10,340**	7,118	7,626	6,647	7,402	4,308	5,527	5,192
Greater Montreal Area								
Transaction dollar volume[1]	**$ 6,839**	$ 4,717	$ 4,243	$ 4,644	$ 8,462	$ 7,380	$ 7,028	$ 5,898
Average selling price	**$ 581,647**	$ 540,979	$ 554,311	$ 567,804	$ 605,958	$ 579,785	$ 566,879	$ 556,034
Number of units sold	**11,758**	8,719	7,654	8,178	13,964	12,728	12,397	10,842
Housing starts	**2,945**	2,982	4,442	5,597	9,053	5,057	7,362	7,660

[1] (in millions Canadian dollars)
[2] CREA Membership data as of June 30, 2023
Source: CREA, CMHC, TREB

For Twelve months ended	**June 30 2023**	Mar. 31 2023	Dec. 31 2022	Sep. 30 2022	June 30 2022	Mar. 31 2022	Dec. 31 2021	Sep. 30 2021
Canada								
Transaction dollar volume[1]	**$ 291,620**	$ 295,753	$ 350,719	$ 395,614	$ 429,899	$ 460,967	$ 458,886	$ 449,958
Average selling price	**$ 668,768**	$ 666,073	$ 703,875	$ 718,277	$ 720,758	$ 712,968	$ 687,990	$ 663,965
Number of units sold	**436,056**	444,025	498,269	550,782	596,453	646,547	666,995	677,683
Housing starts	**231,277**	235,673	240,590	241,550	235,784	234,622	244,141	239,837
Greater Toronto Area								
Transaction dollar volume[1]	**$ 74,269**	$ 72,156	$ 89,405	$ 104,597	$ 117,319	$ 131,358	$ 133,332	$ 129,874
Average selling price	**$ 1,115,638**	$1,123,087	$1,189,850	$ 1,197,613	$ 1,186,912	$ 1,153,774	$1,095,475	$1,052,716
Number of units sold	**66,571**	64,248	75,140	87,338	98,844	113,851	121,712	123,370
Housing starts	**51,357**	45,291	45,109	44,713	43,205	42,194	41,898	38,587
Greater Vancouver Area								
Transaction dollar volume[1]	**$ 30,994**	$ 30,328	$ 37,223	$ 43,428	$ 48,195	$ 52,810	$ 53,353	$ 52,270
Average selling price	**$1,245,840**	$ 1,241,284	$1,272,096	$1,270,462	$ 1,252,957	$ 1,229,531	$ 1,188,693	$ 1,156,789
Number of units sold	**24,878**	24,433	29,261	34,183	38,465	42,951	44,884	45,185
Housing starts	**31,731**	28,793	25,983	23,884	22,429	22,999	26,013	26,678
Greater Montreal Area								
Transaction dollar volume[1]	**$ 20,442**	$ 22,065	$ 24,727	$ 27,512	$ 28,766	$ 29,142	$ 29,481	$ 30,171
Average selling price	**$ 563,001**	$ 572,883	$ 581,490	$ 582,059	$ 576,119	$ 558,042	$ 536,826	$ 518,395
Number of units sold	**36,309**	38,515	42,524	47,267	49,931	52,221	54,918	58,200
Housing starts	**15,966**	22,074	24,149	27,069	29,132	29,320	32,343	32,962

[1] (in millions Canadian dollars)
Source: CREA, CMHC, TREB

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

DISTRIBUTABLE CASH FLOW AND ITS UTILIZATION

($ 000's)	Three months ended June 30, 2023	Six months ended June 30, 2023	Year ended Dec. 31, 2022	Year ended Dec. 31, 2021	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Fixed franchise fees	$ 8,367	$ 16,747	$ 33,150	$ 31,016	$ 11,247	$ 29,285
Variable franchise fees	3,388	6,187	12,465	13,750	23,900	10,638
Other revenue	1,086	1,898	4,256	5,436	5,192	4,426
Revenues	12,841	24,832	49,871	50,202	40,339	44,349
Less:						
Cost of other revenue	345	571	1,207	1,035	716	524
Administration expenses	948	1,315	1,120	646	608	1,196
Management fees	4,888	9,740	19,872	20,158	16,875	15,478
Interest Expense	740	1,483	2,970	2,960	3,001	3,031
Current income tax expense	827	1,764	3,948	3,818	2,090	2,989
Cash used for investing activities	559	639	598	275	3,109	3,934
Distributable Cash Flow	$ 4,535	$ 9,320	$ 20,156	$ 21,310	$ 13,940	$ 17,197
Distributions:						
Dividends to shareholders	3,201	6,402	12,803	12,803	12,803	12,803
Interest to Exchangeable Unitholders	1,452	2,904	5,806	5,806	5,806	5,806
Total distributions	$ 4,653	$ 9,306	$ 18,609	$ 18,609	$ 18,609	$ 18,609
Total distributions as a percentage of Distributable Cash Flow[1]	103%	100%	92%	87%	133%	108%

[1] This represents the total distributions paid as a percentage of Distributable Cash Flow. A percentage greater than 100% indicates periods where the Company utilized its existing cash resources or its debt facilities to finance certain of its investing activities or its distributions to shareholders and holders of Exchangeable Units.

CASH FLOW FROM OPERATING ACTIVITIES RECONCILED TO DISTRIBUTABLE CASH FLOW

($ 000's)	Three months ended June 30, 2023	Six months ended June 30, 2023	Year ended Dec. 31, 2022	Year ended Dec. 31, 2021	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019
Cash Flow from Operating activities	$ 3,520	$ 6,601	$ 15,103	$ 15,139	$ 19,866	$ 15,600
Add (deduct):						
Changes in non-cash working capital items	28	470	(241)	358	(2,585)	(924)
Interest on Exchangeable Units	1,452	2,904	5,806	5,806	5,806	5,806
Change in accrued income taxes	73	36	127	532	790	698
Change in accrued interest expense	21	(52)	(41)	(249)	(209)	(49)
Change in accrued interest income	–	–	–	(1)	(3)	–
Deferral of payments	–	–	–	–	(6,616)	–
Cash used in investing activities	(559)	(639)	(598)	(275)	(3,109)	(3,934)
Distributable Cash Flow	$ 4,535	$ 9,320	$ 20,156	$ 21,310	$ 13,940	$ 17,197

SELECTED OPERATING INFORMATION

As at	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019
Number of REALTORS®	20,752	20,619	20,686	20,159	19,046	19,111
Number of locations	733	726	725	723	662	678
Number of franchise agreements	289	286	283	281	289	301

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

Glossary of Terms

"Brands" means the real estate services brands owned or controlled by Bridgemarq namely, Royal LePage, Johnston & Daniel and Via Capitale.

"Bridgemarq" means Bridgemarq Real Estate Services Inc., a corporation incorporated under the laws of the Province of Ontario.

"Broker" means a REALTOR® who is licensed with the relevant regulatory body to manage a Brokerage.

"Broker-Owner" means the individual or a controlling group of individuals who have entered into Franchise Agreements to provide services under the Royal LePage, Johnston & Daniel or Via Capitale brands and are licensed with the relevant regulatory body to manage a Brokerage.

"Brokerage" means a real estate brokerage company, usually owned or controlled by a Broker, which may operate one or more offices or divisions.

"Brookfield" means Brookfield BBP (Canada) Holdings LP, a limited partnership governed by the laws of Ontario and a subsidiary of Brookfield Business Partners LP, together with its affiliates but excluding the Manager and the subsidiaries of the Manager.

"Canadian Market" means the real estate market in Canada.

"Company" means Bridgemarq, together with its subsidiaries.

"Company Network" means collectively the Royal LePage Network and the Via Capitale Network.

"Distributable Cash Flow" means 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 and holders of Exchangeable Units, subject to working capital and other investment requirements. Distributable Cash Flow is a non-GAAP financial measure and does not have any standard meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies.

"Distributable Cash Flow per Share" means Distributable Cash Flow divided by the number of outstanding Restricted Voting Shares 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 those Units into Restricted Voting Shares. Distributable Cash Flow per Share is a non-GAAP financial ratio and does not have any standard meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies.

"Exchangeable Units" means the 3,327,667 Class B LP Units the Partnership issued at the inception of the Company to an affiliate of Brookfield in partial consideration for the Partnership's acquisition of the assets of the Partnership from that affiliate. The Class B LP Units, except as otherwise noted, have economic and voting rights equivalent in all material respects to the Class A LP Units which are owned by Bridgemarq. The Class B LP Units are indirectly exchangeable, on a one-for-one basis, subject to adjustment, for Restricted Voting Shares.

"Franchise" means a residential real estate Brokerage franchise operated pursuant to a Franchise Agreement with the Manager's comprehensive systems consisting of proprietary technological, marketing, promotional, communication and support systems.

"Franchise Agreements" means the franchise agreements and addendums thereto pursuant to which Brokerage offices offer residential brokerage services to their REALTORS®, including use of the Trademarks.

"Franchisees" means Brokerages which pay franchise fees under the Franchise Agreements.

"General Partner" means Residential Income Fund General Partner Limited, a corporation incorporated under the laws of the Province of Ontario to be the general partner of the Partnership and a subsidiary of Bridgemarq.

"Gross Revenue" means, in respect of a Franchisee, the gross commission income (net of payments to cooperating Brokerages) earned in respect of the closings of residential resale real estate transactions through REALTORS® associated with such Franchisee.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

"International Financial Reporting Standards" or **"IFRS"** means a set of accounting standards developed by an independent, not-for-profit organization called the International Accounting Standards Board (IASB). IFRS is a global framework that provides general guidance for the preparation of financial statements and its disclosure to the public to convey measurable and comparable financial information.

"Interest Rate Swap" means the financial arrangements entered into with a Canadian Chartered Bank to fix the interest rate on the Company's $55.0 million Term Facility at 3.94% from October 29, 2019 to December 28, 2023. The fluctuation of the fair value of the Interest Rate Swaps is primarily driven by changes in the expected variable interest rate yield curve from the expected variable interest rate yield curve at the inception of the financial arrangements.

"Management Services Agreement" or **"MSA"** means the fourth amended and restated management services agreement, made effective November 6, 2018, together with any amendments thereto, between the Company and the Manager pursuant to which, among other things, the Manager provides management and administrative services to the Company including management of the assets of the Company.

"Manager" means Bridgemarq Real Estate Services Manager Limited (formerly known as Brookfield Real Estate Services Manager Limited), a corporation incorporated under the laws of the Province of Ontario and an indirectly, wholly-owned subsidiary of Brookfield, together with its subsidiaries. The Manager provides management and administrative services to the Company, including management of the assets of the Company.

"Network" means the collection of Brokerages and REALTORS® which operate under one of the Brands controlled by the Company.

"Partnership" means Residential Income Fund L.P., a limited partnership established under the laws of the Province of Ontario, and a subsidiary of Bridgemarq.

"REALTOR®" and **"REALTORS®"** are the exclusive designation for a member/members of The Canadian Real Estate Association and are defined as an individual/group of individuals licensed to trade in real estate.

"Restricted Voting Share(s)" means the restricted voting shares in the capital of Bridgemarq.

"Royal LePage" means a nationally recognized real estate Brand controlled by the Company.

"Royal LePage Network" means the network of Franchisees operating under the Royal LePage and Johnston & Daniel Brands.

"Share" means a Restricted Voting Share 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.

"Special Voting Share" means the share of Bridgemarq issued to the holder of the Exchangeable Units to represent voting rights in Bridgemarq proportionate to the number of votes the Exchangeable Unitholders would obtain if they converted their Exchangeable Units to Restricted Voting Shares.

"System for Electronic Document Analysis and Retrieval" or **"SEDAR"** means a Canadian mandatory document filing and retrieval system for all Canadian public companies where documents such as prospectuses, financial statements and material change reports are filed and are accessible by the public to further the goal of transparency and full disclosure.

"Team" means a group of REALTORS® who work together and market themselves as part of a team rather than as individual REALTORS®.

"Trademarks" means the trade-mark rights related to Bridgemarq's business.

"Via Capitale" means a real estate Brand controlled by the Company which operates primarily in the province of Quebec.

"Via Capitale Network" means the network of Franchisees operating under the Via Capitale Brand.

"VCLP" means 9120 Real Estate Network, L.P./Réseau Immobilier 9120 S.E.C., a limited partnership established under the laws of the Province of Quebec, and a subsidiary of Bridgemarq.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited) (In thousands of Canadian dollars)	Note	**June 30, 2023**	December 31, 2022
Assets			
Current assets			
Cash		**$ 5,915**	$ 6,419
Accounts receivable	4,13	**4,472**	3,502
Current portion of notes receivable	5	**25**	21
Current income tax receivable		**190**	154
Prepaid expenses		**362**	406
Interest rate swap asset	8	**857**	1,386
		11,821	11,888
Non-current assets			
Notes receivable	5	**40**	55
Deferred income tax asset	7	**5,932**	5,744
Intangible assets	6	**51,616**	54,942
		$ 69,409	$ 72,629
Liabilities and shareholders' deficit			
Current liabilities			
Accounts payable and accrued liabilities		**$ 1,508**	$ 1,138
Contract transfer obligation	3,13	**481**	602
Interest payable to Exchangeable Unitholders	10,13	**484**	484
Dividends payable to shareholders	12	**1,067**	1,067
Debt facilities	8	**–**	66,959
		3,540	70,250
Non-current liabilities			
Debt facilities	8	**67,026**	–
Deferred payments	9,13	**6,111**	5,992
Contract transfer obligation	3,13	**1,798**	1,974
Exchangeable Units	10	**49,216**	42,727
		127,691	120,943
Shareholders' deficit			
Restricted voting shares	11	**140,076**	140,076
Deficit		**(198,358)**	(188,390)
		(58,282)	(48,314)
		$ 69,409	$ 72,629

See accompanying notes to the interim condensed consolidated financial statements.

Approved on behalf of the Board

Gail Kilgour
Director

Lorraine Bell
Director

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET AND COMPREHENSIVE EARNINGS (LOSS)

(Unaudited) (In thousands of Canadian dollars, except share and per share amounts)	Note	**Three months ended June 30, 2023**	Three months ended June 30, 2022	**Six months ended June 30, 2023**	Six months ended June 30, 2022
Revenues					
Fixed franchise fees		**$ 8,367**	$ 8,258	**$ 16,747**	$ 16,253
Variable franchise fees		**3,388**	4,332	**6,187**	8,484
Other revenue		**1,086**	1,206	**1,898**	2,485
		12,841	13,796	**24,832**	27,222
Expenses					
Cost of other revenue		**345**	288	**571**	539
Administration expenses	4,13	**948**	307	**1,315**	575
Management fees	3,13	**4,888**	5,276	**9,740**	10,492
Interest expense	3,8,9	**740**	743	**1,483**	1,457
Write-off of intangible assets	6	**91**	–	**193**	–
Amortization of intangible assets	6	**1,734**	1,817	**3,475**	3,636
		8,746	8,431	**16,777**	16,699
Operating income		**4,095**	5,365	**8,055**	10,523
Interest on Exchangeable Units	10,13	**(1,452)**	(1,452)	**(2,904)**	(2,904)
Gain (loss) on fair value of Exchangeable Units	10	**(499)**	8,119	**(6,489)**	9,384
Gain (loss) on interest rate swap	8	**(152)**	651	**(530)**	1,787
Loss on debt facility amendment	8	**–**	–	**(122)**	–
Earnings (loss) before income tax		**1,992**	12,683	**(1,990)**	18,790
Current income tax expense		**827**	1,222	**1,764**	2,369
Deferred income tax expense (recovery)		**26**	122	**(188)**	363
Income tax expense	7	**853**	1,344	**1,576**	2,732
Net and comprehensive earnings (loss)		**$ 1,139**	$ 11,339	**$ (3,566)**	$ 16,058
Basic earnings (loss) per share	12	**$ 0.12**	$ 1.20	**$ (0.38)**	$ 1.69
Weighted average number of shares outstanding used in computing basic earning per share		**9,483,850**	9,483,850	**9,483,850**	9,483,850
Diluted earnings (loss) per share	12	**$ 0.12**	$ 0.36	**$ (0.38)**	$ 0.75
Weighted average number of shares outstanding used in computing diluted earnings per share		**9,483,850**	12,811,517	**9,483,850**	12,811,517

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

(Unaudited) For the six months ended June 30, (In thousands of Canadian dollars)	Restricted Voting Shares	Deficit	Shareholders' Deficit
Balance, December 31, 2022	$ 140,076	$ (188,390)	$ (48,314)
Net loss	–	(3,566)	(3,566)
Dividends paid	–	(6,402)	(6,402)
Balance, June 30, 2023	**$ 140,076**	**$ (198,358)**	**$ (58,282)**

(In thousands of Canadian dollars)	Restricted Voting Shares	Deficit	Shareholders' Deficit
Balance, December 31, 2021	$ 140,076	$ (196,556)	$ (56,480)
Net earnings	–	16,058	16,058
Dividends paid	–	(6,402)	(6,402)
Balance, June 30, 2022	**$ 140,076**	**$ (186,900)**	**(46,824)**

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited) (In thousands of Canadian dollars)	Note	**Three months ended June 30, 2023**	Three months ended June 30, 2022	**Six months ended June 30, 2023**	Six months ended June 30, 2022
Cash provided by:					
Operating activities					
Net earnings (loss) for the period		**$ 1,139**	$ 11,339	**$ (3,566)**	$ 16,058
Adjusted for					
Loss (gain) on fair value of Exchangeable Units	10	**499**	(8,119)	**6,489**	(9,384)
Loss (gain) on interest rate swap	8	**152**	(651)	**530**	(1,787)
Loss on debt facility amendment	8	**–**	–	**122**	–
Interest expense	3,8,9,10	**2,243**	2,171	**4,491**	4,300
Interest paid		**(2,264)**	(2,165)	**(4,438)**	(4,252)
Interest income		**(95)**	(13)	**(179)**	(14)
Interest received		**95**	13	**179**	14
Current income tax expense	7	**827**	1,222	**1,764**	2,369
Income taxes paid		**(900)**	(1,150)	**(1,800)**	(2,500)
Deferred income tax expense (recovery)	7	**26**	122	**(188)**	363
Write-off of intangible assets	6	**91**	–	**193**	–
Amortization of intangible assets	6	**1,734**	1,817	**3,475**	3,636
Net changes in non-cash working capital		**(28)**	301	**(470)**	(409)
		3,520	4,887	**6,601**	8,394
Investing activities					
Payment of contract transfer obligation	3,13	**(150)**	(141)	**(297)**	(282)
Recovery (payment) of franchise agreement expenses, net	6	**(409)**	34	**(342)**	109
Interest expense on contract transfer obligation	3,13	**29**	37	**61**	75
Interest expense paid on contract transfer obligation	3,13	**(29)**	(37)	**(61)**	(75)
		(559)	(107)	**(639)**	(173)
Financing activities					
Repayments under debt facilities	8	**–**	(1,500)	**–**	(1,500)
Financing fees	8	**(5)**	–	**(63)**	–
Dividends paid to shareholders	12	**(3,201)**	(3,201)	**(6,402)**	(6,402)
		(3,206)	(4,701)	**(6,465)**	(7,902)
Increase (decrease) in cash during the period		**(245)**	79	**(504)**	319
Cash, beginning of the period		**6,160**	6,457	**6,419**	6,217
Cash, end of the period		**$ 5,915**	$ 6,536	**$ 5,915**	$ 6,536

See accompanying notes to the interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless stated otherwise)

1. Organization

Bridgemarq Real Estate Services Inc. ("Bridgemarq" and, together with its subsidiaries the "Company"), is incorporated under the *Ontario Business Corporations Act*. Bridgemarq is listed on the Toronto Stock Exchange ("TSX") under the symbol "BRE". Through its ownership interest in Residential Income Fund L.P. (the "Partnership"), Bridgemarq owns certain Franchise Agreements ("Franchise Agreements") and Trademark Rights ("Trademarks") of residential real estate brands in Canada.

Bridgemarq directly owns a 75% interest in the Partnership which, in turn, owns 100% of 9120 Real Estate Network, L.P. ("VCLP"). In addition, Bridgemarq directly owns a 75% interest in the general partner of the Partnership, Residential Income Fund General Partner Limited ("RIFGP") (Collectively, the Partnership, VCLP and RIFGP represent the Company's subsidiaries). The Partnership and VCLP own and operate the assets from which the Company derives its revenue.

Brookfield BBP (Canada) Holdings L.P ("BBP"), a subsidiary of Brookfield Business Partners L.P, owns the remaining 25% interest in the Partnership through its ownership of exchangeable units of the Partnership (the "Exchangeable Units"), the remaining 25% interest in RIFGP through its ownership of 25 common shares in RIFGP and one special voting share of Bridgemarq. In addition, BBP indirectly owns 315,000 restricted voting shares. The special voting share entitles BBP to a number of votes at any meeting of the restricted voting shareholders equal to the number of restricted voting shares that would be obtained upon the exchange of all the Exchangeable Units held by the holder.

The Company receives certain management, administrative and support services from Bridgemarq Real Estate Services Manager Ltd. ("BRESML", and together with its subsidiaries, the "Manager"), an indirect wholly owned subsidiary of BBP. The Company is party to an amended and restated Management Services Agreement (the "MSA") with the Manager which governs the relationship between the Manager and the Company. The MSA has an initial term of ten-years expiring on December 31, 2028. On expiry, the MSA automatically renews for an additional ten-year term unless the Company or the Manager provides notice of their intention to terminate the MSA no later than six months prior to expiry.

During the three and six months ended June 30, 2023, the Company derived approximately 93% and 92% of its revenues from franchise fees it receives under the Franchise Agreements (2022 – 91% and 91%).

2. Material Accounting Policies

BASIS OF PRESENTATION

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board using the accounting policies described herein and the accounting policies used to prepare the audited annual financial statements of the Company as of and for the year ended December 31, 2022.

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on August 9, 2023 and should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2022.

The interim condensed consolidated financial statements have been prepared on a going concern basis and include the accounts of the Company.

ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE

Accounts receivables and notes receivable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for uncollectable amounts.

INTANGIBLE ASSETS

Intangible assets, consisting of Franchise Agreements, Trademarks, other agreements purchased or transferred from the Manager ("Ancillary Agreements") and franchise agreement expenses, are accounted for using the cost method. Intangible assets are recorded at initial cost less accumulated amortization and accumulated net impairment losses.

Franchise Agreements and Ancillary Agreements are amortized over the term of the agreements plus one renewal period using the straight-line method on an agreement-by-agreement basis. Trademarks are amortized on a straight-line basis over their expected useful lives.

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The Company may incur franchise agreement expenses prior to or concurrent with entering into Franchise Agreements, including payments to franchisees or prospective franchisees to defray the costs of converting REALTORS® or brokerages to the Company's brands, as well as contract specific legal costs, if any. Certain of these franchise agreement expenses may be repayable by franchisees if specific conditions aren't met. The Company may also provide fee rebates to franchisees under certain circumstances. These costs and rebates (net of any amounts recovered from franchisees) are capitalized on an agreement-by-agreement basis and amortized over the same term as the agreement to which they relate or, where the underlying agreement is less than a year, charged to the consolidated statement of net and comprehensive earnings. The amortization charge for these fee rebates and any franchise agreement expenses represented by cash payments or rebates to franchisees is recorded as a reduction in revenues.

The Company reviews intangible assets each reporting period to determine whether indicators of impairment or a reversal of impairment exists on individual Franchise Agreements, Trademarks and Ancillary Agreements. When reviewing for indicators of impairment or recovery of impairment of Franchise Agreements, the Company considers certain factors including, the financial performance of the business, franchise fees earned, term to maturity, historical REALTOR® count, collectability of receivables, estimated future revenues expected to be earned and underlying market conditions. When reviewing indicators of impairment on individual Ancillary Agreements, the Company considers certain factors including, prior year's revenues and estimated future revenues under each Ancillary Agreement as well as underlying market conditions. Where indicators of impairment exist, the Company recognizes impairment charges if the carrying amount of a Franchise Agreement or Ancillary Agreement exceeds its recoverable amount (recoverable amount is determined as the higher of a) estimated fair value less costs of disposal and b) value-in-use). Where the counterparties of one or more Franchise Agreements combine their operations by way of a merger, acquisition or other combination subsequent to the acquisition of the underlying Franchise Agreement, the carrying value of the underlying intangible assets are combined for purposes of evaluating impairment. Cash flows that are not allocable to individual Franchise Agreements, Trademarks or Ancillary Agreements are considered on an aggregate basis for purposes of evaluating impairment on the Company's portfolio of intangible assets.

If the carrying value of the intangible asset exceeds the recoverable amount, the intangible asset is written down to the recoverable amount and an impairment loss is charged to net and comprehensive earnings in the period. When an intangible asset has been previously written down to its recoverable amount as a result of recording an impairment loss and the conditions causing such an impairment loss have become more favourable, the previously recorded impairment loss may be reversed. Where an impairment loss is reversed, the carrying value of the intangible asset is increased to its revised recoverable amount (the lesser of a) the revised estimate of its recoverable amount, and b) the carrying amount that would have been recorded had no impairment loss been recognized previously) and an impairment reversal is recognized as income in the period.

Franchise Agreements subject to early termination or non-renewal, are written off in the period of termination or when non-renewal becomes reasonably assured.

REVENUE RECOGNITION

The Company is in the business of providing information and services to REALTORS® and real estate brokers in Canada through a portfolio of highly regarded real estate services brands. Certain of these information and services (the "Service Offering") are provided in exchange for franchise fees received from franchisees. The Service Offering is offered as a complete suite of services. Franchisees who pay franchise fees under the Franchise Agreements cannot elect to purchase any service under the Service Offering individually or on a stand-alone basis.

Franchise fees have both fixed and variable components. Fixed franchise fees are payable to the Company as a fixed monthly amount per REALTOR® without regard to transaction volumes generated by that REALTOR®. Fixed franchise fees are recognized over time, which is when the control of the services and the right to use the Trademarks are transferred to the customer.

Variable franchise fees are payable to the Company based on the transaction volumes generated by REALTORS®, subject to a cap. Variable franchise fees are a percentage of a REALTORS®'s gross revenue, which is the gross commission income earned on a transaction. Variable franchise fees are recognized at the point in time when a residential real estate transaction is closed and finalized by the REALTOR® and/or a lease is signed by the vendor or lessor.

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In addition to the Service Offering, the Company provides certain ancillary services to franchisees under the Ancillary Agreements. These include information and services provided outside of those provided in the Franchise Agreements. Each franchisee has the option of purchasing or utilizing the services provided under the Ancillary Agreements independent of the Service Offering. Revenues under the Ancillary Agreements are derived primarily from referral fees charged to external companies, lead management services provided to franchisees and other miscellaneous revenues. The direct costs associated with lead management and other revenues are recorded as cost of other revenue in the consolidated statements of net and comprehensive earnings.

External referral fee revenues are generated from external parties who receive service referrals from the Company or its franchisees. External referral fees are recognized as revenue net of their direct costs at the point in time when the Company has completed its obligation under the agreement, which is when the control of the services are transferred to the customer.

Lead management services represent leads captured by the company that are provided to REALTORS® and franchisees on a subscription basis. Lead management revenue is recognized at the point in time when the performance obligation has been satisfied, which is when a lead is assigned to the REALTOR® or the franchisee.

The Company's revenues are affected by the seasonality of Canadian real estate markets, which historically have seen stronger transactional dollar volumes in the second and third quarters of each year. A worldwide pandemic and other changes in the economy in general impacted the Canadian real estate market, the home buying and selling behaviour of consumers and the seasonality of real estate transactions throughout 2022. In 2022, the seasonality of Canadian real estate markets were also impacted by changes in the Canadian interest rate environment. There can be no certainty that this historical seasonality pattern will recur in any future year.

EXCHANGEABLE UNITS

Exchangeable Units represent the future distribution obligation of the Company in respect of Class B LP units of the Partnership, and are convertible, on a one-for-one basis, subject to adjustment, into restricted voting shares of Bridgemarq. These financial instruments are classified as a financial liability as the holder can "put" these instruments to the Company as well as by virtue of the Partnership agreement, whereby the Partnership is required to distribute all of its income to the partners. The Company records any changes in the fair value of the Exchangeable Units through net and comprehensive earnings in the period the change occurs. The fair value of these financial liabilities is based on the market price of Bridgemarq's restricted voting shares and the number of Exchangeable Units outstanding at the reporting date.

3. Management Services Agreement

Under the terms of the MSA, the Manager provides certain management, administrative and support services to the Company.

The monthly fee payable to the Manager is equal to a fixed management fee of $840 plus a variable management fee equal to a) the greater of i) 23.5% of the distributable cash (as defined in the MSA) of the Company before management fees or ii) 0.342% of the market value of the restricted voting shares on a diluted basis through December 31, 2023, and b) the greater of i) 25% of the distributable cash (as defined in the MSA) of the Company before management fees or ii) 0.375% of the market value of the restricted voting shares on a diluted basis thereafter.

For the three and six months ended June 30, 2023, the Company incurred management fees of $5,067 and $10,098 (2022 – $5,454 and $10,849) for these services, $4,888 and $9,740 of which was charged to the interim condensed consolidated statements of net and comprehensive earnings (2022 – $5,276 and $10,492) and $179 and $358 was used to reduce the contract transfer obligation owing to the Manager plus related interest (2022 – $178 and $357).

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4. Accounts Receivable

Accounts receivable represent amounts due from the Company's franchise network for franchise fees plus amounts due pursuant to the Ancillary Agreements. As at June 30, 2023, the Company had accounts receivable of $4,472 (December 31, 2022 – $3,502) net of an allowance for doubtful accounts of $139 (December 31, 2022 – $73). During the three and six months ended June 30, 2023, administration expense included a bad debt expense of $12 and $71 (2022 – $26 and $38).

Management reviews accounts receivable to determine whether an allowance for doubtful accounts is required by assessing the collectability of receivables owing from each individual franchisee. This assessment takes into consideration certain factors including the aging of outstanding balances, franchisee operating performance, historical payment patterns, current collection efforts, relevant forward looking information and the Company's security interests, if any.

The table below summarizes the aging of accounts receivable as at June 30, 2023.

As at,	June 30, 2023	December 31, 2022
Current	$ 3,769	$ 2,649
30 days past due	451	466
60 days past due	132	187
90+ days past due	259	273
Subtotal	$ 4,611	$ 3,575
Allowance for doubtful acccounts	(139)	(73)
Accounts receivable	$ 4,472	$ 3,502

The Company recognizes revenues in income to the extent that collection is reasonably assured at the time the revenue is earned.

5. Notes Receivable

The Company has entered into a formalized payment plan through December 2026 in respect of franchise fees due to the Company which were in arrears. Amounts under this payment plan which are due greater than one year from the financial statement date have been classified as non-current.

6. Intangible Assets

Franchise agreement expenses are recorded as additions to intangible assets net of any recovery of previously paid franchise agreement expenses and net of any amortization of previously capitalized franchise agreement expenses. For the three and six months ended June 30, 2023, the Company recorded a net increase of intangible assets related to franchise agreement expenses of $408 and $342 (2022 – reduction of $34 and $109). The net increase of intangible assets related to franchise agreement expenses is net of amortization of previously capitalized franchise agreement expenses of $292 (2022 – $218) which were recorded as a reduction of revenues.

For the three months ended June 30, 2023, three Franchise Agreements (2022 – nil) were terminated resulting in a write-off of intangible assets of $91 (2022 – nil).

For the six months ended June 30, 2023, four Franchise Agreements (2022 – nil) were terminated resulting in a write-off of intangible assets of $193 (2022 – nil).

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A summary of intangible assets as at June 30, 2023 and December 31, 2022 is provided in the charts below.

	Franchise Agreements & Ancillary Agreements	Trademarks	Total
Cost			
At December 31, 2022	$ 243,868	$ 5,427	$ 249,295
Franchise agreement expenses and rebates, net	342	–	342
Write-off	(1,042)	–	(1,042)
At June 30, 2023	**$ 243,168**	**$ 5,427**	**$ 248,595**
Accumulated amortization			
At December 31, 2022	$ (190,782)	$ (3,571)	$ (194,353)
Amortization expense	(3,383)	(92)	(3,475)
Write-off	849	–	849
At June 30, 2023	**$ (193,316)**	**$ (3,663)**	**$ (196,979)**
Carrying value			
At December 31, 2022	$ 53,086	$ 1,856	$ 54,942
At June 30, 2023	**$ 49,852**	**$ 1,764**	**$ 51,616**

7. Income Taxes

The Company uses the liability method of tax allocation in accounting for income taxes. Under this method, temporary differences between the carrying amount of balance sheet items and their corresponding tax basis result in either deferred income tax assets or liabilities. Deferred income taxes are computed using substantively enacted tax rates applicable to the years in which the temporary differences are expected to reverse.

A reconciliation of income taxes at Canadian statutory rates with reported income taxes is as follows:

	Three months ended June 30, 2023	Three months ended June 30, 2022	**Six months ended June 30, 2023**	Six months ended June 30, 2022
Earnings (loss) before income tax recovery for the period:	**$ 1,992**	$ 12,683	**$ (1,990)**	$ 18,790
Expected income tax expense (recovery) at statutory rate of 26.5% (2022 – 26.5%)	**528**	3,361	**(527)**	4,979
Increase (decrease) in income tax expense due to the following:				
Non-deductible amortization	**117**	120	**242**	242
Non-deductible loss (non-taxable gain) on fair value of Exchangeable Units	**132**	(2,152)	**1,720**	(2,487)
Non-deductible interest on Exchangeable Units	**385**	385	**769**	769
Income allocated to Exchangeable Unitholders	**(294)**	(396)	**(612)**	(798)
Recognition of deferred tax assets and other	**(15)**	26	**(16)**	27
Total income tax expense	**$ 853**	$ 1,344	**$ 1,576**	$ 2,732

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The major components of income tax expense include the following:

	Three months ended June 30, 2023	Three months ended June 30, 2022	Six months ended June 30, 2023	Six months ended June 30, 2022
Current income tax expense	$ 827	$ 1,222	$ 1,764	$ 2,369
Deferred income tax expense (recovery)	26	122	(188)	363
Total income tax expense	$ 853	$ 1,344	$ 1,576	$ 2,732

The significant components of the Company's deferred tax assets are as follows:

	Intangible Assets	Contract transfer obligation	Other	Total
Deferred income tax assets (liabilities):				
At December 31, 2022	$ 5,605	$ 683	$ (544)	$ 5,744
Deferred income tax recovery (expense)	95	(79)	172	188
At June 30, 2023	**$ 5,700**	**$ 604**	**$ (372)**	**$ 5,932**

	Intangible Assets	Contract transfer obligation	Other	Total
Deferred income tax assets (liabilities):				
At December 31, 2021	$ 5,327	$ 834	$ (11)	$ 6,150
Deferred income tax recovery (expense)	278	(151)	(533)	(406)
At December 31, 2022	**$ 5,605**	**$ 683**	**$ (544)**	**$ 5,744**

8. Debt Facilities

The Company's debt is comprised of the following debt facilities:

As at	June 30, 2023	December 31, 2022
Term facility	$ 55,000	$ 55,000
Acquisition facility	12,000	12,000
	$ 67,000	$ 67,000
Debt facility amendment adjustments and financing fees	26	(41)
Debt facilities	**$ 67,026**	$ 66,959

The Company has $90,000 (December 31, 2022 – $80,000) in financing available under a borrowing agreement with a Canadian Chartered Bank. On March 31, 2023, the Company reached an agreement with the lender to, among other things, increase the borrowings available under the debt facilities to $90,000, extend the term of the debt facilities through to December 31, 2026 ("Maturity") and amend the interest charged on borrowings under the debt facilities effective January 1, 2024. The Company paid fees and expenses of $63 to amend the debt facilities, which amounts have been capitalized as financing fees. The Company recognized a loss of $122 as a result of the amendments to the debt facilities. The resulting debt facility amendment adjustment will be credited against interest expense on a straight-line basis over the amended term of the debt facilities.

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The debt facilities under this agreement are comprised of the following;

A $55,000 non-revolving term variable rate facility (the "Term Facility"). Repayment of the principal outstanding is due on Maturity.

A $30,000 revolving acquisition facility (December 31, 2022 – $20,000) (the "Acquisition Facility") is available to support acquisitions pursued by the Company. A standby fee of 0.15% applies on undrawn amounts under the Acquisition Facility. Repayment of the principal outstanding is due on Maturity.

A $5,000 revolving operating facility (the "Operating Facility") is available to meet the Company's day-to-day operating requirements. No amounts have been drawn on this facility at June 30, 2023.

Borrowings under each of these arrangements and under the renewal terms are secured by a first ranking security interest in substantially all assets of the Company and bear interest at a variable rate of Banker's Acceptances (BAs) +1.70% or Prime + 0.5%, at the option of the Company. Under the renewal terms agreed with the lender, the interest rate will increase to BAs + 2.00% or Prime +0.8%, at the option of the Company, effective January 1, 2024.

The Company's ability to borrow under these arrangements is subject to the Company maintaining certain financial covenants. Under these covenants, the Company must maintain a ratio of Consolidated EBITDA to Interest Expense on Senior Indebtedness at a minimum of 3.0 to 1 and a ratio of Senior Indebtedness to Consolidated EBITDA at a maximum of 4.0 to 1. The Company is obligated to make limited principal repayments under the Debt Facilities in circumstances where the ratio of Senior Indebtedness to Consolidated EBITDA exceeds 3.4:1. Such payments shall continue until the ratio of Senior Indebtedness to Consolidated EBITDA is less than 3.25:1. As at June 30, 2023 and December 31, 2022, the Company was compliant with all financial covenants.

Consolidated EBITDA is defined as net earnings before interest expense, income taxes, fair value adjustments on interest rate swaps and Exchangeable Units, loss on debt facility amendment and impairment, write-off and amortization of intangible assets. Senior Indebtedness is defined as borrowings on the Company's debt facilities. At June 30, 2023 and December 31, 2022, the Company complied with all covenants under the debt facilities.

The Company has entered into an interest rate swap agreement to swap the variable interest rate obligation on the $55,000 Term Facility to a fixed rate obligation of 3.94% through to December 28, 2023. The interest rate swap is a financial instrument and is disclosed at its fair value with any change in the fair value recorded as a gain or loss in the Company's interim condensed consolidated statements of net and comprehensive earnings. The fair value is determined using a discounted cash flow model using observable yield curves and applicable credit spreads at a credit adjusted rate. At June 30, 2023, the Company determined that the fair value of the interest rate swaps represents an asset of $857 (December 31, 2022 – $1,386). For the three and six months ended June 30, 2023, the Company recognized fair value losses of $152 and $530 (2022 – gains of $651 and $1,787).

9. Deferred Payments

The Company owes certain management fees to the Manager and interest on Exchangeable Units to BBP totaling $6,616 that were deferred in a prior year. These deferred payments are non-interest bearing, are due no later than 2025 and are repayable in cash or the issuance of Exchangeable Units, at the option of the Company. On initial recognition, the Company recorded these deferred payments at their fair value using an income approach to determine fair value. For the three and six months ended June 30, 2023, the Company recorded interest expense of $59 and $119 (2022 – $57 and $114) reflecting accretion of the carrying value of the deferred payments using the effective interest rate method.

10. Exchangeable Units

The Exchangeable Units are exchangeable on a one-for-one basis for restricted voting shares of Bridgemarq at the option of the holder. The Company measures the Exchangeable Units at their fair value using the closing price of the Company's restricted voting shares listed on the TSX. At June 30, 2023, the Company used the closing market price of Bridgemarq's restricted voting shares of $14.79 (December 31, 2022 – $12.84). During the three and six months ended June 30, 2023, the Company recorded a loss of $499 and a loss of $6,489 related to the fair value of the Exchangeable Units (2022 – gains of $8,119 and $9,348).

The Exchangeable Unitholders are entitled to cash distributions from the Partnership in respect of their economic interest in the Partnership as and when declared by the Board of Directors of RIFGP. Such distributions are made on a before tax basis and are directly taxable in the hands of the Exchangeable Unitholders. For the three and six months ended June 30, 2023 the Board of Directors of RIFGP declared distributions payable to the Exchangeable Unitholders of $1,452 and $2,904 (2022 – $1,452 and $2,904).

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11. Share Capital

Bridgemarq is authorized to issue an unlimited number of restricted voting shares, an unlimited number of preferred shares and one special voting share.

Each restricted voting share represents a proportionate voting right in Bridgemarq and holders of the restricted voting shares are entitled to dividends declared and distributed by Bridgemarq. No additional restricted voting shares were issued during the six months ended June 30, 2023 or the year ended December 31, 2022.

No preferred shares were issued or outstanding as at June 30, 2023 or December 31, 2022.

The special voting share represents the proportionate voting rights of the Exchangeable Unitholders of the Partnership. The special voting share is redeemable by the holder at $0.01 per share, and the holder is not entitled to dividends declared by Bridgemarq.

The following table summarizes the outstanding shares of Bridgemarq:

As at,	**June 30, 2023**	December 31, 2022
Restricted voting shares	**9,483,850**	9,483,850
Special voting share	**1**	1

12. Earnings Per Share

Basic and diluted earnings (loss) per share has been determined as follows:

(In thousands of Canadian dollars, except share and per share amounts)	**Three months ended June 30, 2023**	Three months ended June 30, 2022	**Six months ended June 30, 2023**	Six months ended June 30, 2022
Net earnings (loss) available to restricted voting shareholders – basic	**$ 1,139**	$ 11,339	**$ (3,566)**	$ 16,058
Interest on Exchangeable Units	**1,452**	1,452	**2,904**	2,904
Loss (gain) on fair value of Exchangeable Units	**499**	(8,119)	**6,489**	(9,384)
Net earnings available to restricted voting shareholders – diluted	**$ 3,091**	$ 4,672	**$ 5,827**	$ 9,578
Weighted average number of shares outstanding used in computing basic earnings per share	**9,483,850**	9,483,850	**9,483,850**	9,483,850
Total outstanding Exchangeable Units	**3,327,667**	3,327,667	**3,327,667**	3,327,667
Weighted average number of shares outstanding used in computing diluted earnings per share	**9,483,850**	12,811,517	**9,483,850**	12,811,517
Basic earnings (loss) per share	**$ 0.12**	$ 1.20	**$ (0.38)**	$ 1.69
Diluted earnings (loss) per share	**$ 0.12**	$ 0.36	**$ (0.38)**	$ 0.75
Dividends declared	**$ 3,201**	$ 3,201	**$ 6,402**	$ 6,402
Restricted voting shares	**9,483,850**	9,483,850	**9,483,850**	9,483,850
Dividends per restricted voting share	**$ 0.34**	$ 0.34	**$ 0.68**	$ 0.68

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13. Related Party Transactions

In addition to transactions disclosed elsewhere in the consolidated financial statements, the Company had the following transactions with related parties during the three and six months ended June 30, 2023 and June 30, 2022. These transactions have been recorded at the exchange amount as agreed between the parties.

	Three months ended June 30, 2023	Three months ended June 30, 2022	**Six months ended June 30, 2023**	Six months ended June 30, 2022
a) Revenues				
Fixed franchise fees	**$ 723**	$ 685	**$ 1,439**	$ 1,358
Variable franchise fees	**$ 245**	$ 291	**$ 512**	$ 672
Other revenue, net	**$ 38**	$ 44	**$ 73**	$ 78
b) Expenses				
Cost of other revenue	**$ 78**	$ –	**$ 157**	$ –
Management fees	**$ 4,888**	$ 5,276	**$ 9,740**	$ 10,492
Insurance premiums and other	**$ 8**	$ 8	**$ 16**	$ 15
Interest on contract transfer obligation	**$ 29**	$ 37	**$ 61**	$ 75
c) Interest				
Interest to Exchangeable Unitholders	**$ 1,452**	$ 1,452	**$ 2,904**	$ 2,904

The following amounts due to/from related parties are included in the account balance as described;

As at,	**June 30, 2023**	December 31, 2022
d) Accounts receivable		
Franchise fees receivable and other	**$ 384**	$ 315
e) Management fee and interest on contract transfer obligation	**$ 1,011**	$ 712
f) Contract transfer obligation	**$ 2,279**	$ 2,576
g) Interest payable to Exchangeable Unitholders	**$ 484**	$ 484
h) Deferred payments	**$ 6,111**	$ 5,992

Certain members of the Company's board of directors are compensated for their services. During the three and six months ended June 30, 2023, the Company incurred $320 and $397 in directors' fees (2022 – $73 and $139). Directors' fees are included in administration expense.

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14. Financial Instruments

In the normal course of business, the Company is exposed to a number of financial risks that can affect its operating performance. These risks are outlined below:

A) CREDIT RISK

Credit risk arises from the possibility that franchisees may not pay amounts owing to the Company. The Company's credit risk is limited to the recorded amount of accounts receivable and notes receivable. The Manager reviews the financial position of all franchisees during the application process and closely monitors outstanding accounts receivable on an ongoing basis to evaluate the risk of a default occurring over the expected life of the accounts receivable. This monitoring includes evaluating the franchisee's historical payment patterns, the current financial health of the franchisee and expected or possible changes in future events or market conditions to determine whether a provision should be recorded. The estimation and application of monitoring future events or market conditions requires significant judgment and is uncertain.

As at June 30, 2023, the Company has recorded an allowance for doubtful accounts related to accounts receivable and notes receivable of $139 (December 31, 2022 – $73).

B) LIQUIDITY RISK

The Company is exposed to liquidity risk in its ability to finance its working capital requirements and meet its cash flow needs, including paying dividends to shareholders of restricted voting shares and interest to Exchangeable Unitholders. The Company manages liquidity risk by maintaining conservative debt levels compared with those required by the covenants associated with the debt facilities. The Company has a $30,000 Acquisition Facility, of which $12,000 has been drawn, and a $5,000 undrawn Operating Facility.

On March 31, 2023, the Company reached an agreement with its lender to, among other things, extend the Maturity of the debt facilities to December 31, 2026.

Estimated contractual maturities of the Company's financial liabilities are as follows:

As at June 30,	2023	2024	2025	2026	2027	Beyond 2027	Total
Accounts payable and accrued liabilities	$ 1,508	$ –	$ –	$ –	$ –	$ –	$ 1,508
Current contract transfer obligation	481	–	–	–	–	–	$ 481
Interest payable to Exchangeable Unitholders	484	–	–	–	–	–	$ 484
Dividends payable to shareholders	1,067	–	–	–	–	–	$ 1,067
Interest on long-term debt	1,353	3,002	3,002	3,002	–	–	$ 10,359
Interest on contract transfer obligation	53	90	72	53	33	12	$ 313
Long term contract transfer obligation	–	356	374	393	413	262	$ 1,798
Debt facilities	–	–	–	67,000	–	–	$ 67,000
Deferred payments	–	–	6,616	–	–	–	$ 6,616
Exchangeable Units	–	–	–	–	–	49,216	$ 49,216
Total	$ 4,946	$ 3,448	$ 10,064	$ 70,448	$ 446	$ 49,490	$ 138,842

C) INTEREST RATE RISK

The Company is exposed to the risk of interest rate fluctuations on its debt facilities as the interest rates on these facilities are based on the Prime rate and Banker's Acceptance rates.

The Acquisition Facility bears interest at a variable rate of BAs + 1.70% or Prime + 0.5% through to December 31, 2023 and at BAs + 2.00% or Prime + 0.8% thereafter. Management has elected to pay interest at variable interest rates on the Acquisition Facility and monitors this position on an ongoing basis. An increase of 1% in the Company's effective interest rate on its variable rate debt would result in an increase in its annual interest expense on the Acquisition Facility of approximately $120.

The Company has entered into a five-year interest rate swap to fix the interest rate on the Company's $55,000 Term Facility at 3.94% until December 28, 2023. A change in the Company's effective interest rate on its variable rate debt would not affect interest expense on the Term Facility prior to December 28, 2023. Upon maturity of the swap, an increase of 1% in the Company's effective interest rate on its variable rate debt would result in an increase in its annual interest expense on the Term Facility of approximately $550.

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(Expressed in thousands of Canadian dollars, unless stated otherwise)

D) FAIR VALUE

The fair value of certain of the Company's financial instruments, including cash, accounts receivable, notes receivable, accounts payable and accrued liabilities, interest payable to Exchangeable Unitholders and dividends payable to holders of restricted voting shares, are estimated by management to approximate their carrying values due to their short-term nature. The fair value of deferred payments is estimated to approximate its carrying value of $6,111 due to the Company's option to settle this amount through the issuance of Exchangeable Units at any time. The fair value of the Company's outstanding borrowings of $67,000 approximate their carrying value of $67,026 and the fair value of the Company's outstanding contract transfer obligation approximates the carrying value of $2,279 as a result of their floating rate terms.

E) FAIR VALUE HIERARCHY

The following table summarizes the financial instruments measured at fair value in the consolidated balance sheets, classified using the fair value hierarchy.

As at June 30, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities (assets):				
Exchangeable Units	49,216	–	–	49,216
Interest rate swap asset	–	(857)	–	(857)
Total	$ 49,216	$ (857)	$ -	$ 48,359

As at December 31, 2022	Level 1	Level 2	Level 3	Total
Financial liabilities (assets):				
Exchangeable Units	42,727	–	–	42,727
Interest rate swap liability	–	(1,386)	–	(1,386)
Total	$ 42,727	$ (1,386)	$ –	$ 41,341

See Note 10 for disclosures related to Level 1 fair values and Note 8 for disclosures related to the Level 2 fair values. There were no transfers between fair value hierarchy levels during the period.

15. Management of Capital

The Company's capital is made up of its cash on hand, debt facilities, Exchangeable Units and shareholders' deficit.

The Company's objectives in managing its capital include; a) maintaining a capital structure that provides financing options to the Company while remaining compliant with the covenants associated with the debt facilities; b) maintaining financial flexibility to preserve its ability to meet financial obligations, including debt servicing and dividends to shareholders; and c) deploying capital to provide an appropriate investment return to its shareholders.

The Company's financial strategy is designed to maintain a flexible capital structure consistent with these objectives and to be in a position to respond to changes in economic conditions.

There were no changes in the Company's approach to capital management during the period.

16. Segmented Information

The Company has only one business segment which is providing information and services to REALTORS® and real estate brokerages in Canada through a portfolio of highly regarded real estate services brands. The economic characteristics are consistent across the Company's brands as they each provide services, similar in nature, in the Canadian residential real estate market. Of the Company's revenues for the three and six months ended June 30, 2023, 95% (2022 – 95%) are generated from services provided under the Royal LePage and Johnston and Daniel brands and 5% (2022 – 5%) are generated from services provided under the Via Capitale brand.

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