



Bridgemarq Real Estate Services Reports First Quarter Results, Monthly Dividend and Business Support Measures

(TORONTO, ON) May 14, 2020 – Bridgemarq Real Estate Services Inc. (“Bridgemarq” or the “Company”) (TSX: BRE) announced today its first quarter consolidated financial results and the approval of a monthly dividend to holders of the Company’s restricted voting shares.

Following a strong performance in 2019, the Company began 2020 with positive momentum. Late in the first quarter, the COVID-19 pandemic began to significantly disrupt business operations. The Company has taken supportive measures to protect business continuity and distributions to shareholders. These measures include introducing the previously announced Pandemic Fee Relief Plan for franchisees and entering into an agreement with Brookfield Business Partners L.P. (NYSE: BBU) (TSX: BBU.UN) (“Brookfield Business Partners”) and Bridgemarq Real Estate Services Manager Limited (the “Manager”) to defer the payment of a portion of management fees payable to the Manager and distributions on exchangeable units owned by Brookfield Business Partners for up to 5 years.

HIGHLIGHTS

- Net earnings for the quarter were \$20.1 million or \$0.05 per share, on a fully diluted basis.
- Distributable cash flow for the first quarter was \$3.9 million compared to \$3.5 million for the same period in 2019.
- The Board of Directors of the Company approved a dividend to shareholders of \$0.1125 per restricted voting share payable June 30, 2020 to shareholders of record on May 29, 2020.
- Subsequent to the end of the quarter, the Company reached an agreement with the Manager and Brookfield Business Partners to defer certain payments to support the Company’s liquidity.

FIRST QUARTER OPERATING RESULTS

Net earnings for the quarter were \$20.1 million, or \$0.05 per share on a fully diluted basis, compared to a loss of \$8.4 million or \$0.88 per fully diluted share, for the same period in 2019. Results for the first quarter include a non-cash gain on the determination of the fair value of the Company’s exchangeable units of \$20.9 million compared to a loss of \$7.8 million in the first quarter of 2019.

Revenues during the first quarter were \$11.1 million, compared to \$10.1 million in the same period in 2019. The increase is primarily due to the strength of real estate markets throughout Canada during the first quarter and an increase in franchise fees charged to franchisees implemented on January 1, 2020.

Distributable cash flow for the first three months of 2020 amounted to \$3.9 million, compared to \$3.5 million generated during the first quarter of 2019. The increase in distributable cash flow for the quarter is due primarily to higher revenues partly offset by higher management fees.

The non-cash gain on the determination of the fair value of the exchangeable units is determined with reference to the trading price of the Company's restricted voting shares. The gain recorded on the determination of fair value of the exchangeable units is reflective of the lower liability associated with those exchangeable units, as further described in the Company's quarterly financial statements.

On March 11, 2020, the World Health Organization declared the spread of the novel coronavirus, known as COVID-19, a world-wide pandemic. The spread of COVID-19 has impacted all aspects of society. The Company noted that, while operating results have improved year-over-year, the full impact of COVID-19 is yet to be reflected in the Company's operating results.

The Company and the Manager are committed to the health and safety of all staff and the success of the Company's network of brokerages and REALTORS®. The Manager and the Company responded quickly to government mandated social distancing by moving all employees to work from home, supporting enhanced technology solutions to minimize social contact (such as virtual open houses) and providing enhanced education and communication programs to support REALTORS®.

"While we are pleased with the first quarter results, management continues to closely evaluate the impact of COVID-19 on the Company's business. The Company has implemented necessary temporary measures to continue its operations and protect its liquidity and distributions to shareholders in the short-term," said Phil Soper, President and Chief Executive Officer, Bridgemarq Real Estate Services Inc. "The Company's brands, franchisees and network of REALTORS® have maintained a high level of service throughout the pandemic. Our brands have adapted quickly by leveraging best-in-class technology while providing continued support and resources specific to operating productively and safely in this new business environment."

COMPANY AND MARKET UPDATE

The spread of COVID-19 has resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine and social distancing, have had an immediate and negative impact on the Canadian economy and the real estate services industry. The duration and impact of the COVID-19 outbreak as well as the impact of government actions to control the spread of the disease and the economic impacts are unknown at this time. Due to the uncertainty of the duration and magnitude of the pandemic, the Company cannot quantify the impact to the Company's future results of operations or financial position.

The strength of the Company's first quarter financials is a result of a vibrant real estate market leading up to mid-March compared to the first quarter of 2019. While real estate services have been deemed an essential service in all Canadian provinces (with Quebec recently announcing that real estate services are now essential), COVID-19 has resulted in our network of REALTORS® conducting significantly fewer transactions compared to the first quarter of 2020. Recent information released from real estate boards servicing some of Canada's largest markets indicate activity in April 2020 to be as much as 70% lower than April 2019.

While in the past, Canadian real estate markets have shown resiliency in times of economic slowdown, management believes that the timing of any recovery in real estate activity is too difficult to determine in today's unprecedented environment.

The Company and the Manager have taken measures to support and preserve the Company's network of REALTORS®. On March 27, 2020, the Company announced a temporary fee relief program to reduce or eliminate the potential deterioration of the network at a time when REALTORS® will see an unprecedented drop in their transaction volumes. The program has been well-received and is expected to position the Company to maintain the strength of its network through and beyond the pandemic.

In addition, the Company has improved its communication platform to maximize network engagement as well as provide training and resources to support the network to be productive and successful during these challenging times and when the impact of the pandemic subsides.

BUSINESS SUPPORT MEASURES

Brookfield Business Partners is the Company's largest investor and owner of the Manager. The Company has recently entered into an agreement with Brookfield Business Partners and the Manager to provide the Company with alternate sources of liquidity to support the Company's operations and dividends to shareholders in the short-term.

Under the terms of the agreement, the Company may defer the payment of a portion of management fees to the Manager, in certain circumstances, and payment of distributions on the exchangeable units to Brookfield Business Partners for the period from April, 2020 to September, 2020 for up to 5 years. At any point during that time, the Company can elect to pay the balance of deferred management fees or interest on exchangeable units in cash or by issuing additional exchangeable units.

These accommodations increase Bridgemarq's financial flexibility to manage through a period of uncertainty and expected market disruption, while protecting distributions to existing shareholders in the short-term.

CASH DIVIDEND

The Company declared a cash dividend of \$0.1125 cents per restricted voting share payable on June 30, 2020, to shareholders of record on May 29, 2020. The dividend distribution represents a target annual dividend of \$1.35 per restricted voting share, which is consistent with 2019.

THE COMPANY NETWORK

As at March 31, 2020, the Network was comprised of 19,120 REALTORS®, operating under 296 franchise agreements providing services from 677 locations, with an approximate 17% share of the Canadian residential real estate market based on 2019 transactional dollar volume.

Since 2003, the Network has grown at a 5% compound annual growth rate, outperforming the 4% growth in the industry despite the addition of competitive offerings over the same time period.

CORPORATE MATTERS

As previously announced, the Company's annual meeting of shareholders, originally scheduled for May 12, 2020, has been delayed until a later date in connection with the Government of Ontario's cessation of non-essential business activities and the Company's commitment to combating the potential spread of COVID-19 through minimal human contact and social distancing.

The Company is relying on Ontario Instrument 51-504 – Temporary Exemptions from Certain Requirements to File or Send Securityholder Materials to be exempted from the requirement in National Instrument 51-102 – Continuous Disclosure Obligations for a reporting issuer to file its

executive compensation disclosure by the deadlines set out therein. The Company will include its executive compensation disclosure in its management information circular when it is sent to shareholders in advance of the rescheduled meeting.

CONFERENCE CALL

Bridgemarq Real Estate Services Inc. will host a conference call on Thursday, May 14, 2020 at 10 a.m. ET to discuss its first quarter financial results.

To access the call by telephone, please dial 1-888-231-8191 or 647-427-7450.

To access the call online, please visit:

https://produceredition.webcasts.com/starthere.jsp?ei=1311935&tp_key=890bb8a241

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

A recording of the conference call will be available in the Investor Centre section of the Company's website by Friday, May 22, 2020.

DISTRIBUTABLE CASH FLOW

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

FORWARD-LOOKING STATEMENTS

This news release contains forward-looking information and other "forward-looking statements". Words such as "believes", "continues", "eliminate", "expected", "has", "have", "maintain", "maximize", "outperforming", "positions", "protect", "provide", "reduce", "support", "target", "will", and other expressions that are predictions of or could indicate future events and trends and that do not relate to historical matters identify forward-looking statements. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those indicated in the forward-looking statements include: the duration and effects of the COVID-19 pandemic, including the impact of COVID-19 on the economy and the Company's business, the impact of government or other regulatory initiatives to address the impact of the spread of COVID-19 on the Canadian economy, including the impact on real estate markets, changes in the supply or demand of houses for sale in Canada or in any particular region within Canada, changes in the selling price for houses in Canada or any particular region within Canada, changes in the Company's cash flow as a result of COVID-19, changes in the Company's strategy with respect to and/or ability to pay dividends, changes in the productivity of the Company's REALTORS® or the commissions they charge their customers, changes in government policy, laws or regulations which could reasonably

affect the housing markets in Canada, consumer response to any changes in the housing markets in Canada or any changes in government policy, laws or regulations, changes in general economic conditions (including interest rates, consumer confidence and other general economic factors or indicators), changes in global and regional economic growth, the demand for and prices of natural resources on local and international markets, the level of residential real estate transactions, competition from other real estate brokers or from discount and/or Internet-based real estate alternatives, the closing of existing real estate brokerage offices as a result of COVID-19 or otherwise, other developments in the residential real estate brokerage industry or the Company that reduce the number of REALTORS® in the Company's Network or royalty revenue from the Company's Network, our ability to maintain brand equity through the use of trademarks, the methods used by shareholders or analysts to evaluate the value of the Company and its publicly traded securities, changes in tax laws or regulations, and other risks detailed in the Company's annual information form, which is filed with securities commissions and posted on SEDAR at www.sedar.com. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to management. Material factors or assumptions that were applied in drawing conclusions or making estimates set out in the forward-looking statements include, but are not limited to: anticipated economic conditions, anticipated impact of government policies, anticipated financial performance, anticipated market conditions, business prospects, the successful execution of the Company's business strategies and recent regulatory developments, including as the foregoing relate to COVID-19. The factors underlying current expectations are dynamic and subject to change. Although the forward-looking statements contained in this 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.

About Bridgemarq Real Estate Services

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

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

For more information, please contact:

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

Bridgemarq Real Estate Services Inc.

	March 31, 2020	December 31, 2019
Interim Balance Sheet Highlights		
Cash	\$ 3,979	\$ 5,202
Other current assets	5,367	4,943
Total current assets	9,346	10,145
Non-current assets	83,097	84,648
Total assets	\$ 92,443	\$ 94,793

Accounts payable and accrued liabilities	\$ 1,172	\$ 1,210
Interest payable on Exchangeable Units	484	484
Dividends payable to shareholders	1,067	1,067
Contract transfer obligation	1,280	1,020
Total current liabilities	4,003	4,681
Debt facilities	73,347	73,338
Other non-current liabilities	6,519	4,194
Exchangeable Units	28,052	48,983
Total Liabilities	111,921	131,196
Shareholders' deficit	(19,478)	(36,403)
Total Liabilities and Shareholders' deficit	\$ 92,443	\$ 94,793

	Three months ended March 31, 2020	Three months ended March 31, 2019
Interim Earnings Highlights		
Fixed franchise fees	\$ 7,541	\$ 7,326
Variable franchise fees	2,619	2,145
Other revenue	962	646
Revenues	11,122	10,117
Cost of other revenue	(119)	(109)
Administration expenses	(655)	(398)
Management fees	(4,076)	(3,694)
Interest expense	(750)	(765)
	5,522	5,151
Impairment, write-off and amortization of intangible assets	(2,419)	(3,138)
Interest on Exchangeable Units	(1,452)	(1,452)
Gain (loss) on fair value of Exchangeable Units	20,931	(7,787)
Loss on interest rate swap	(2,335)	(989)
Income tax expense	(730)	(729)
Deferred income tax recovery	609	532
Net and comprehensive earnings (loss)	\$ 20,126	\$ (8,392)
Basic earnings (loss) per Restricted Voting Share	\$ 2.12	\$ (0.88)
Diluted earnings (loss) per Share	\$ 0.05	\$ (0.88)

Cash Flow Highlights		
Cash provided by operating activities:	\$ 2,800	\$ 1,459
Cash used for investing activities:	(912)	(962)
Cash used for financing activities:	(3,201)	(1,201)
Change in cash for the period	(1,223)	(704)
Cash, beginning of the period	5,202	4,339
Cash, end of the period	\$ 3,979	\$ 3,635

	Twelve months ended 31-Mar-20	Twelve months ended 31-Mar-19
Distributable Cash Flow Highlights		
Distributable Cash Flow	\$ 18,151	\$ 20,073
Distributable Cash Flow per Share	\$ 1.42	\$ 1.57