



Bridgemarq Real Estate Services Reports Annual Financial Results and Monthly Dividend

(TORONTO, ON) March 5, 2021 – Bridgemarq Real Estate Services Inc. (“Bridgemarq” or the “Company”) (TSX: BRE) announced today its annual consolidated financial results for 2020 and the approval of a monthly dividend to holders of the Company’s restricted voting shares.

HIGHLIGHTS

- Revenue for 2020 was \$40.3 million compared to \$44.3 million for 2019.
- The Company recorded net earnings of \$0.8 million or \$0.08 per share, on a fully diluted basis compared to earnings of \$3.1 million or \$0.32 per share in 2019.
- The Company generated Distributable Cash Flow for the year of \$13.9 million compared to \$17.2 million in 2019 as the Company implemented an alternative fee plan in April to support its network of franchisees in the face of the pandemic.
- Despite lower Distributable Cash Flow, Bridgemarq was able to maintain its dividends consistent with 2019 levels as a result of a previously announced agreement to defer certain payments of management fees and distributions payable to holders of the Company’s Exchangeable Units.
- The Board of Directors approved a dividend to shareholders of \$0.1125 per restricted voting share payable April 30, 2021 to shareholders of record on March 31, 2021.

FOURTH QUARTER OPERATING RESULTS

For the twelve months ending December 31, 2020, Revenues were \$40.3 million compared to \$44.3 million in 2019. During the fourth quarter, revenues were \$7.1 million, compared to \$10.7 million in the same period in 2019. In April, 2020, as major market sales volumes fell significantly below historical levels, the Company introduced the Pandemic Fee Relief Plan (the “Relief Plan”). Under this temporary alternative to its standard fee plan, the Company suspended fixed franchise fees for approximately 82% of its network of REALTORS® and implemented an increased variable fee of 3%-4.2% of gross commission income, up to a cap. Strong real estate markets in the third quarter contributed to large number of REALTORS® reaching their cap, at which point they pay no franchise fees for the rest of the year, negatively impacting Q4 revenues.

“The Pandemic Fee Relief Plan, introduced in the second quarter of 2020 when our agents were facing sales volumes that had dropped as much as two-thirds under national shelter-at-home orders, helped them weather the unprecedented economic slowdown,” said Phil Soper, President and Chief Executive Officer, Bridgemarq Real Estate Services Inc. “Effective January 1, 2021, we reverted to our traditional fee plan which is bias to fixed franchise fees. It is worth noting that 2020’s Relief Plan was effective in limiting salesforce attrition to less than one half of one per cent.”

For the year, the Company recorded net earnings of \$0.8 million compared to \$3.1 million in 2019. Lower revenues and a larger loss on the revaluation of the Company’s interest rate swap were partly offset by lower amortization expense and a gain related to the deferral of certain payments of management fees and distributions payable to holders of the Company’s Exchangeable

Units. For the fourth quarter, the Company generated a net loss of \$8.0 million, compared to net earnings of \$1.3 million in the fourth quarter of 2019, impacted by lower revenues and a loss on the revaluation of the Exchangeable Units issued by the Company as a result of an increase in the value of the Company's restricted voting shares.

Distributable Cash Flow for the year amounted to \$13.9 million, \$3.3 million lower than the \$17.2 million generated in 2019 primarily due to the implementation of the Relief Plan. Similarly, for the fourth quarter Distributable Cash Flow amounted to \$1.9 million, compared to \$4.0 million in 2019.

In May, the Company announced 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. Payment deferred under this agreement amounted to \$5.6 million and provided financial support for the Company to maintain its distributions to shareholders in 2020 at the same level as 2019.

"Growing demand for housing began mid-year and extended through the second half," continued Soper. "This resulted in record breaking sales in many regions from coast-to-coast. While the economic drag from the pandemic-triggered recession continues to pose an economic threat, market fundamentals, including low borrowing costs, are supportive of the real estate industry."

"During 2020, the Company adapted swiftly to pandemic triggered business and safety challenges, modifying services and introducing new resources to our network of real estate professionals. The May 2020 launch of the cloud-based operating and lead generation platform, rlpSPHERE provides a future-proof digital ecosystem to enhance agent and brokerage productivity and profitably," he concluded.

MARKET UPDATE

The market improvement that began in the second quarter of 2019 continued into the first quarter of 2020 until mid-March when governments across Canada began placing restrictions on the operation of businesses and social interaction in an effort to fight the spread of COVID-19. COVID-19 has had dramatic impacts on the Canadian economy and the Canadian Market. The second quarter of 2020 started off very weak with the Canadian Market off 58% in April compared to 2019. After continued weakness in May, June results showed a strong bounce back with a 13% year-over-year improvement. Demand for real estate in Canada continued to improve through the rest of 2020, reaching record levels in many areas. Overall, the Canadian market improved by 28% compared to 2019. While the market appears to have to have come back quickly, it remains to be seen how broader economic factors such as unemployment, GDP contraction and immigration policy as well as efforts to vaccinate against the virus will impact this trend.

CASH DIVIDEND

The Company declared a cash dividend of \$0.1125 cents per restricted voting share payable on April 30, 2021 to shareholders of record on March 31, 2021. The dividend distribution represents a target annual dividend of \$1.35 per restricted voting share.

THE COMPANY NETWORK

As at December 31, 2020, the Network was comprised of 19,046 REALTORS®, operating under 289 franchise agreements providing services from 662 locations, with an approximate 16% share of the Canadian residential real estate market based on 2020 transactional dollar volume.

CONFERENCE CALL

Bridgemarq Real Estate Services Inc. will host a conference call on Friday, March 5, 2021 at 10 a.m. ET to discuss its fourth 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=1435761&tp_key=c2cabd7cd4

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, March 19, 2021.

DISTRIBUTABLE CASH FLOW

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

FORWARD-LOOKING STATEMENTS

This news release contains forward-looking information and other "forward-looking statements". Words such as "are", "continues", "enhance", "is", "provides", "remains", "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 press release are based upon what management believes are reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

About Bridgemarq Real Estate Services

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

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

For more information, please contact:

Sarah Louise Gardiner
Director of Investor Relations
Bridgemarq Real Estate Services
info@bridgemarq.com
Tel: 416-510-5783

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