

Bridgemarq Real Estate Services, Inc.

Annual General Meeting

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Length: 69 minutes

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COORPORATE PARTICIPANTS

Spencer Enright

Bridgemarq Real Estate Services Inc. — Director and Chairman of the Board of Directors

Philip Soper

Bridgemarq Real Estate Services Inc. — President and Chief Executive Officer

Glen McMillan

Bridgemarq Real Estate Services Inc. — Chief Financial Officer

CONFERENCE CALL PARTICIPANTS

PRESENTATION

Spencer Enright — Director and Chairman of the Board of Directors, Bridgemarq Real Estate Services Inc.

Good morning ladies and gentlemen. It is now 10:00 AM and time to start the annual meeting of Bridgemarq Real Estate Services Inc. My name is Spencer Enright, and as Chairman of the Corporation, I will be chairing the meeting today.

In light turn regarding the COVID-19 pandemic and uncertainty around our ability to hold a meeting in-person given the frequency of changes to government restrictions, Bridgemarq will be holding its annual meeting of shareholders virtually. We are holding the meeting virtually primarily to protect our employees, shareholders, directors, and other stakeholders from the potential dangers of COVID-19 and it's variants. We did hold our AGM virtually last year and found that it ran much like our in-person meetings of prior years.

Before we begin with the formal business portion of the meeting, I will provide some comments on voting and asking questions at today's meeting. In making the decision to hold the meeting virtually, we have ensured that (inaudible) are protected. As such this meeting offers shareholders opportunities to participate as an in-person meeting. I welcome all guests who are not registered shareholders or holding proxies for registered (inaudible). As a reminder and as with in-person meetings, registered shareholders and duly appointed proxy holders are able to vote questions during the formal portion of

the meeting. Guests will be permitted to ask questions during the management presentation after the meeting.

We will conduct the votes on the matters before us by a poll. On a poll every shareholder entitled to vote has one vote for each share entitled to be voted on the matter and held by that shareholder. Voting during this meeting can only be done through virtual voting platform on the webcast. The polls are now open for all matters to be voted on in this meeting and you should see your voting options that are on the left side of the screen. Voting can be completed at anytime from now until the end of the formal business of the meeting.

Thank you to those of you who have already voted, votes collected by the (inaudible) will reflect selections at the time the poll closes. If you have already voted in advance to the meeting, you do not need to do anything as your vote has already been recorded. If you wish to change your vote or if you have not yet voted, we encourage you to vote now.

Shareholders and guests can submit questions at anytime during the meeting. There will be opportunities for registered shareholders and duly appointed proxy holders to ask questions specific to each resolution. If you have a question, click on the messaging tab at the top of the page. Please read the instructions for submitting your question. In particular, we ask that you identify whether your question related motion being considered as part of the formal business of this meeting, or whether it is of a general nature. We will address all questions that directly relate to a particular motion at the appropriate time of the meeting.

We will respond to general questions following the formal remarks of the meeting during the management presentation, time permitting. Once you have finished typing out your question, click the arrow beside where you typed your question. The secretary will receive the questions and at the appropriate time will read them out in order to be aware of the question being addressed.

With that I'd like to call the meeting to order. Again, I remind you that the polls are open for all matters to be voted on at this moment.

I will now ask ASD Trust Company through its representative to act as scrutineer to report on the restricted voting shareholders present online and the number of restricted voting shares represented by proxy at this meeting to compute the votes on any polls taken or ballots (inaudible) meeting, or any adjournment and in each case to report to me as Chairman.

Together with me today is Philip Sopor, the Corporation's President and Chief Executive. Also with us today is Glenn McMillan, Chief Financial Officer and Secretary of the Corporation who is to act as secretary of today's meeting. Mr. Sopor and Mr. McMillan have joined me in our offices for this meeting, and I can assure you that we have taken appropriate measures to conduct the meeting with all appropriate safety protocols in place.

First, I will deal with the formal business of the meeting as outlined in the management proxy circular you received in April. Mr. Sopor will then make a presentation on the corporation's financial and operating performance, and finally we'll be happy to answer your question.

In order to expedite the formal part of the meeting, I've asked certain individuals to nominate and second various resolutions. Although this procedure will assist in the handling of the formal matter, it is not intended to discourage anyone from participating in reference to any resolution that has been proposed and seconded. Any proposed amendments or objections to a motion will need to be submitted as questions using the messaging tab at the top of the webpage.

All proposed amendments or objections submitted by shareholders or duly appointed proxy holders who are entitled to vote at the meeting will be addressed during the meeting, provided that they are submitted before the polls are closed. As I previously mentioned, questions which do not specifically relate to the formal matters being addressed at the meeting will be considered during the presentation of management at the conclusion of the meeting time permitting.

I've been advised by the secretary that he has received the declaration from ASD Trust Company, dated April 14, 2021, that the notice in access calling this point and the accompanying management information circular form of proxy, and related financial statements for the year ended December 31st, 2020, and related auditors report were shareholders of record at the close of business on April 9th, 2020. Therefore, we will dispense with the reading of the notice of the meeting.

We received the scrutineers preliminary report on attendance, and I confirm that we have the required form for the meeting. A copy of the scrutineers final report on attendance will be filled with the records of the meeting and posted on SEDAR. I now declare the meeting to be properly constituted for the transaction of the business for which it has been called.

The minutes of the annual meeting of shareholders held on August 7, 2020 were reviewed by the Board of Directors of the Corporation at its quarterly meeting on November 5, 2020. Such minutes were found to be in order and were approved by the Board at that meeting and had been included in the minute books of the Corporation.

I trust that everyone has had an opportunity to read the materials that were provided prior to the meeting, including the annual report that includes the letter to shareholders, the management's discussion and analysis for the year ended September 31, 2020 and the audited financial statements for the Corporation, including the audit report thereon. Copies of these materials were made available to all shareholders and are available on SEDAR or on the corporation's website at www.bridgemarq.com.

Should anyone have any questions relating to these materials or questions of a more general nature, we will be pleased to respond to them during management presentation after the conclusion of the meeting. The Chief Financial Officer has tabled the consolidated financial statements of the Corporation for the year ended December 31, 2020. Together with the auditors report, and such financial statements will form part of the record of this meeting.

The next item of business is the appointment of auditors and the authorization to fix their remuneration. It is the intention of the persons named in the management committee sent to all shareholders to vote in favour of a resolution (inaudible) Deloitte LLP, as external auditor of the Corporation until the next annual meeting and authorizing the Board of Directors to fix the remuneration to be paid to the audit. As stated in the management information circular, the Audit

Committee of Board of Directors has recommended to shareholders that Deloitte LLP be reappointed as a Corporation's external auditor.

Will someone please move a resolution of the appointment of auditors.

Glen McMillan — Chief Financial Officer, Bridgemarq Real Estate Services Inc.

Mr. Chairman, I move that Deloitte LLP be reappointed auditors of the Corporation to hold office until the next annual meeting and the directors be authorized to fix their remuneration.

Spencer Enright — Director and Chairman of the Board of Directors, Bridgemarq Real Estate Services Inc.

Thank you Glen.

May I have a seconder?

Philip Soper — President and Chief Executive Officer, Bridgemarq Real Estate Services Inc.

Mr. Chairman, I second the motion.

Spencer Enright — Director and Chairman of the Board of Directors, Bridgemarq Real Estate Services Inc.

Thank you Philip.

(Inaudible) option of this motion requires the favourable vote of a majority of the vote cast at the meeting by the shareholders. Management has received proxies representing approximately 18 percent of the corporations restricted voting shares. In addition, management has received a proxy for the

special voting share, which is entitled to 3,327,666 votes. These proxies represent approximately 39 percent of the total votes eligible to be cast at this meeting and direct me to vote over 99 percent of the vote of eligible votes in favour of the resolution.

I will now ask the secretary to please advise if any questions specific to this motion were submitted, or if there are any objections or amendments to this. We will wait for a brief period of time to allow for the broadcast delay and to allow eligible shareholders to submit their questions related to this motion.

Glen McMillan — Chief Financial Officer, Bridgemarq Real Estate Services Inc.

Mr. Chairman, there have been no questions, specific motion or any objections to the four amendments submitted.

Spencer Enright — Director and Chairman of the Board of Directors, Bridgemarq Real Estate Services Inc.

Thank you. As there have been no questions or comments submitted related to this motion, we will now proceed with the vote. If you have not already recorded your vote, please record it now remembering that if you have already voted in advance of the meeting and do not wish (inaudible), no further action is required. We will wait for a brief moment to allow you to record your vote.

The next segment of business is the election of directors. The Corporation's Board is comprised of five persons: Brookfield Business Partners through its subsidiary, Brookfield BBP Canada Holdings LP is entitled to designate up to two fifths of the members of the Board and has chosen to designate myself Spencer Enright and Mr. Joe Friedman, as their representatives to the Board of Directors. With the

designation of two directors by Brookfield Business Partners, there are three directors to be elected at this meeting who will hold office to the earlier of the end of the next annual meeting or until their successors are elected or appointed.

The proposed nominees for election as directors are Colum Bastable, Lorraine Bell and Gail Kilgour. Mr. Bastable, Miss. Bell, and Miss. Kilgour all served on the Board of Directors of the Corporation this past year and our present virtually on this call today. Additional information on the proposed director nominees is noted in our management information circular which was sent to all shareholders.

I now declare the meeting open for nomination.

Philip Soper — President and Chief Executive Officer, Bridgemarq Real Estate Services Inc.

Mr. Chairman, I nominate for election of directors of the Corporation, the three nominees named in the Corporation's Management Information Circular relating to the Annual Meeting of Shareholders dated March 26, 2021.

Spencer Enright — Director and Chairman of the Board of Directors, Bridgemarq Real Estate Services Inc.

Thank you Phil.

May I have a seconder?

Glen McMillan — Chief Financial Officer, Bridgemarq Real Estate Services Inc.

Mr. Chairman, I second the nomination.

Spencer Enright — Director and Chairman of the Board of Directors, Bridgemarq Real Estate Services Inc.

Thank you.

I have just been advised that for the (inaudible) portion of the broadcast that sound is rather poor and the organizers of the sound have asked to take a break to re-dial in. So, please take a minute to allow us to make this correction.

Operator

Excuse me, this is the Operator. I apologize, but there will be a slight delay in today's conference. Please hold and the conference will resume shortly. Thank you for your patience.

Spencer Enright — Director and Chairman of the Board of Directors, Bridgemarq Real Estate Services Inc.

Hi, this is Spencer Enright, your chair for the meeting. Thank you for your patience while we adjust our sound quality for the call and the webcast. I'll pick up where we left off on the matter of election of directors.

I will now ask the secretary to please advise if any questions specific to this motion were submitted, or if there are any additional director nominees to be proposed at this time. We will wait for a brief period of time to allow for the broadcast delay and to allow eligible shareholders to submit their questions related to this motion.

Glen McMillan — Chief Financial Officer, Bridgemarq Real Estate Services Inc.

Mr. Chairman, there have been no questions specific to this motion, nor any additional director nominees proposed at this time.

Spencer Enright — Director and Chairman of the Board of Directors, Bridgemarq Real Estate Services Inc.

Thank you ladies and gentlemen. I now declare the nominations closed.

If you have not already recorded your vote, please record it now, remembering that if you have already voted in advance of the meeting and do not wish to change your vote, no further action is required. We will wait for a brief moment to allow you to record your vote.

The voting for all resolutions brought before the meeting is now closed. Now that the voting is closed, I can declare the results of the votes. On the basis of the voting completed prior to the meeting, the proxy is received by management and the results of voting received online during this meeting, the motion to reappoint Deloitte LLP as auditors for the Corporation is carried. As to the election of directors, as there are three directors to be elected and the same number of nominees, I now declare that those nominated have been duly elected as directors of the Corporation until the next annual meeting or until their successors are elected or appointed.

Ladies and gentlemen, that brings us to the conclusion of the formal agenda of the meeting, and as such, may I please call for a motion to terminate the meeting.

Glen McMillan — Chief Financial Officer, Bridgemarq Real Estate Services Inc.

Mr. Chairman, I moved that the meeting be terminated.

Spencer Enright — Director and Chairman of the Board of Directors, Bridgemarq Real Estate Services Inc.

Thank you Glenn.

May I have a seconder?

Philip Soper — President and Chief Executive Officer, Bridgemarq Real Estate Services Inc.

Mr. Chairman, I second the motion.

Spencer Enright — Director and Chairman of the Board of Directors, Bridgemarq Real Estate Services Inc.

Thank you Philip.

I will now ask the secretary to please advise if any questions specific to this motion were submitted, or if there are any objections or amendments to this motion. We will wait for a brief period of time to allow for the broadcast delay and to allow eligible shareholders to submit their questions related to this motion.

Glen McMillan — Chief Financial Officer, Bridgemarq Real Estate Services Inc.

Mr. Chairman, there have been no questions specific to this motion, nor any objections or amendments submitted.

Spencer Enright — Director and Chairman of the Board of Directors, Bridgemarq Real Estate Services Inc.

Thank you.

As there have been no questions or comments submitted related to this motion, I declare the motion carried in this meeting to be concluded.

I will now turn the webcast over to Mr. Philip Soper, President and Chief Executive Officer of the Corporation who will provide a strategic update on the Corporation and present the Corporation's 2020 and first quarter 2021 financial results. After Philip's presentation, we will be happy to answer any questions that have been submitted. Again, if you wish to ask question, you can access the messaging tab on your screen.

Before Philip starts, I should caution that in talking about our strategic initiatives and our financial and operating performance and in answering any of your questions, we may make forward-looking statements. These statements are subject to known and unknown risks and future results may differ materially from those implied or imputed from those forward-looking statements. Further information on known risk factors, I would encourage you to review the risk factors section in our annual information form, which is posted on the Corporation's website and on SEDAR.

Philip Soper — President and Chief Executive Officer, Bridgemarq Real Estate Services Inc.

Thank you very much, Spencer.

At this point last year, things were very different. In April of 2020, thousands of our sales people prepared as they were for the best spring market since 2017, suddenly saw their business

practices disappear. Sales in the spring were down as much as 65 percent in our major market, and when those dark days might end was anybody's guess. Bridgemarq Board convened and launched the Pandemic Fear relief (phon) program. A program that supported thousands of the Company agents through uncertain times and into the strong recovery in late 2020. We believe that this important emergency measure is critically important step in the strong agent retention that we had through the pandemic's early challenges.

I'm very proud how the team managed through the pandemic. We launched programs to support our people virtually as our agents ventured out again into the marketplace, having been declared an essential service, the provision of housing by provincial governments from coast to coast. We enacted work safe programs, programs that supported our team in their efforts to keep their clients safe, to keep each other safe, to keep the administrative people in our large company safe, and I can say it was a resounding success. I'd also say that I was proud that we shared these programs—as the industry's largest firm, we shared these programs widely across the country and across the industry which allowed the entire real estate industry in Canada to safely serve people during these unusual times.

With that, I will launch into my presentation. I'm going to provide an update on the business itself to begin with, and then we'll dive into some of the things that the Company has done specifically to capture the business that we have, our leading share, and then finally a look at the Canadian real estate market itself. It's been a very unusual market, strong market, frustrating market at times, so I'll give you some of our thinking behind why it has evolved the way it has and where it might be going.

I will say before we get rolling, if you do have any questions, please use the messaging tab in the program. By now most people are quite comfortable with these online presentations and chat based questions and things, so if you have any, please do put them forward. Glenn and I and Spencer will be pleased to address them at the end of the presentation.

Let's start with a view of our basic strategy, which has allowed us to grow significantly by 9,500 agents since inception, and that 9,500 number, by the way, would alone place it among the largest real estate companies in this country. Firstly, starting at the top of the chart, we purposely deliver dividend income. This is an income producing investment. As I look back over the past year, an investor of a year ago would have returned over 18 percent, two years 14.5 percent, five years 10.9 percent, 10 years, 9 percent. Historically, it's been a very stable and reliable income producing investment.

We do this by leading with innovative effective technology and business services. We, dating back to our early days a century ago, were a company built on innovation. In the 1990's, we were the very first firm to launch a national web portal, and we remain the most popular real estate company web portal in the country, and I'll talk about that later in the session, and we're very pleased to have introduced in 2020 ROP Sphere (phon), a revolutionary new digital operating platform for the real estate to capitalize on opportunities in the real estate industry, so more on that later. We do leverage our size and scale as the industry's largest firm. We do so by operating in every nook and cranny of this country, centers large and small right across the nation.

We recruit and retain premium practitioners, and I'll dive into how our people are stronger than the industry in general in what they produce and the markets they serve.

Finally, we offer the security to investors of long term franchise agreements, typically 10 years in length.

We operate through recognized and celebrated brands. (Inaudible), Royal LePage which is the bedrock of our business operating since 1913. The countries oldest national real estate firm and largest, and I would say the most innovative. We operate in luxury boutiques in Ontario and Quebec through our Johnson and Daniel and Immeubles Mont Tremblant businesses, and specifically served the market of Quebec with the Via Capitale franchise system.

Let me move into our operating results. Focusing on the first quarter of 2021, we saw an increase of 18 percent compared to the first quarter of 2020, and I would remind listeners that the first quarter of 2020 was actually the strongest start to a year that we'd seen since 2017, and Bridgemarq Realtors do produce, they have higher production than the average in the Canadian real estate industry, which I'll talk about in more detail later.

We produce a healthy dividend that has been steady through both the market corrections of 2018 and 2019. If you recall in 2018, the National Stress Test, Bill B20 was introduced which caused major markets across the country to go into a correction mode after a strong growth in the middle of the previous decade, and then there was the pandemic of 2020, so the business has done well and produced steady dividends through that period.

In the first quarter, we saw our revenue increase from \$11 million to \$13.1 million, which is attributed to that strong housing market and an increase in the number of realtors we have in the company. We did report a net loss in the first quarter, and I'd remind viewers that a rise in our share

price also increases the value of exchangeable units and accounting principle statement earnings must be adjusted downward to reflect those higher values exchangeable units.

All right. Let's move on to key business drivers. Number 5, first, it's the stability of the companies of revenues. In very strong markets like we're seeing in the first quarter of 2021, a business does grow and you saw that, but it doesn't grow as strong as our say our agents themselves would see in their business is because so much of our revenue is fixed in nature, but in difficult times, such as in the 2018 time period when the National Mortgage Stress Test was implemented and sales volume fell, our revenues remained stable.

The number of realtors in the company's network is our second driver. More people means more Canadians served and more royalties for Bridgemarq. Transactional dollar volume or the revenue of our industry is the next driver and driving that is a combination of the number of realtors and their productivity. So, if they sell more, obviously the business does better. The final driver is our products and services. We offer products and services to our brokerages and to our agents directly.

We've enjoyed strong network growth since inception, what we call compound annual growth rate of 5 percent. Steady growth represented right across the country through 287 franchise agreements in 663 office locations which represents a 16 percent market share across the national and Canadian industry.

Our productivity is \$300,000 more on average for our realtors compared to the average Canadian realtor.

Our distribution is right across the country. You can see the black lines on this chart represent the total number of registrants of realtors in that province and—their percentage of the total in Canada and the gray line represent the company and they those lines match up very well. It's also important to note that we're very strong in markets where most of the realtors are in the country, like Ontario, British Columbia and Quebec. Canada is a market of markets and geographic diversity mitigates risk.

Our contract portfolio is spread out over time, so with 10 year contracts roughly speaking 10 percent of those contracts will come up for renewal in any one year, and this is generally a much more stable portfolio of contracts than the industry at large, which typically are five year contracts. We've enjoyed overtime very high renewal rates, about 98 percent contract renewal rate historically, and I'd liken this to the Golden Rule in client retention. If a client will do business with you again after they've done business with you that is the most sincere form of satisfaction that they can exhibit.

So, how do we grow? Our realty growth is achieved through increasing the number of realtors through organic recruitment at bringing both experienced and new people into our brokerages across the country. It is driven by converting competitive brokerages who are either independent or who have reached the end of their contract period with their existing franchisor and believe that their future would be better served with one of our brands.

Growth is achieved by increasing realtor productivity. This is where we focus on training and tools that allow our agents to spend less time on administrative tasks and more time with clients and driving their productivity and therefore the productivity of the company. We do it by introducing new products and services or expanding the existing products and services already in market, and we do it by

increasing the adoption of products and services through our internal marketing and communication processes and through training.

In the sales services industry, momentum is contagious, leading agents choose a winner. So, what is our focus for 2021? First and foremost, we are in the process of digital brokerage transformation. What I mean by that and I'm going to provide some detail later is the digitization of the end-to-end process that we use to prospect for, market to, transact with, account for, and keep track for future business in the marketplace. So, end-to-end the digitization of how our agents, our offices, and the national firm interacts with Canadian consumers.

We're going to focus on continuing to guide the company through pandemic related business challenges. Although the industry and the company has done very well through the pandemic, it has not been without its challenges. As I mentioned earlier, we have close to 700 offices and as the pandemic has affected different regions, different parts of the country at different times and with different severity, we've had to react accordingly.

We're going to continue to focus on offering competing brokerages an opportunity to do better, to be better, by joining our firm. We're going to capitalize in the growing number of real estate teams through the development of specialized team training tools and services. Our business development efforts increasingly focused on doing well in ethnic real estate markets, high growth markets that service new Canadians. I'll talk about the importance of new Canadians to our business when I move to an update on the market itself. Finally, we want to leverage the success and the growth of Royal LePage commercial during the economic recovery. It has been a difficult time for the commercial brokerage

industry in certain sectors, so office leasing has been difficult, industrial leasing and industrial brokerage has been incredibly strong. We believe as the economy recovers, the entire commercial sector is ripe for growth.

All right, let's shift to our focus on technology driven innovation, and with this I want to focus on our rlpSPHERE. This program or ecosystem, digital ecosystem is a cloud based AI driven end-to-end environment. We began development way back in 2018, we're into testing in 2019 and began rollout in 2020. Some have believed that we launched this in response to the pandemic because it allows our people to access what they need to get their jobs done on any device, smartphone, tablet, desktop, laptop, from anywhere. It is secure and has automation that will do things for them when it's difficult for administrators to help them. It's a perfect operating system for the pandemic era but it was conceived well before the pandemic era.

I'm not going to walk you through this entire chart, but I thought it would be useful just to understand the scope of what we're attempting to accomplish here, which is to pull together the external and internal touchpoints and eliminate islands of technology and human handoffs, places where errors can be made where additional cost is incurred and where cycle times to complete transactions expand and eat away at our people productivity and the companies profitability.

Tied to the architecture of rlpSPHERE is the country's oldest real estate portal and the most successful real estate company portal in Canada, generating incredible volumes. We're looking at 7 million people a month this spring, 90 million visits last year, and 363,000 leads, prospective buyers or

sellers who are interested in properties to begin their search interacting with our digital tools, our information rich website, and then are handed off to one of our realtors to consummate the sale.

Of course you can have the best solution, the best tool in the world, but if no one hears about it, it isn't of much use. In this end, we put a tremendous amount of focus on marketing and communication. We lead the industry, we are a trademark turn, the voice of Canadian industry and we take that responsibility very seriously. We lead the industry in medium impression, generating billions, literally billions of times that the company names, our brands are impressed upon Canadian consumers.

This earned media as opposed to purchased or advertised media, this earned media focus has won us considerable accolades in the marketplace for both managing important messaging on the health and the direction of the Canadian real estate industry, but also on managing internal communications and very specific studies such as the importance of millennials or newcomers to the Canadian market.

All of this work, our digital platform, our leading website portal, our excellent marketing communication process is used to generate leads. Leads are what feeds a real estate practice and it would attract in routine real estate professional. Part leads is our term for the programs we use to generate these leads and hand them off to agents and drive additional revenue for the company. Smart leads volumes were up 108 percent quarter-over-quarter driving 100 percent more revenue. So, we're very pleased with the direction of this ecommerce or digital business line on top of our traditional brokerage services.

All right. With that, I want to bridge into looking at the Canadian market itself, and looking at the Canadian market, there's no better place to start than Canada itself. So, as Canada's real estate company, another trademark term, we are very proud of Canada but it's important to realize it's more than pride, it is understanding that we're in a competitive world, and just like a company, a real estate company needs to attract and retain the best agents. If you recruit more of the best agents, you're going to be more successful. A country needs to attract the best and brightest people from around the world in order to grow their economy, and attracting those people and bringing those people to the shores drives the real estate market forward.

So starting with Canada, let me describe just why Canada has become such an important driver of newcomer real estate sales. First of all, in independent global rankings, Canada moved up to number one globally. This is a U.S. News and World Report, Wharton Business School analysis, Canada scored number one in quality of life which is a subcategory here for a number of years, but just unseated Switzerland in 2020 to become the number one ranked country globally on a wide variety of economic and social categories.

This is an interesting one. A study that looked at countries as if they were brand, as if they were Royal LePage or TD Bank or Microsoft or Google, and put a value against those brands, and in this study Canada was rated as the number one national or country brand in the world for its people, governance, immigration, and investment etc. This ranking where Canada also ranked number one specifically looks at professionals and at business owners and says, if you were to move somewhere in the world, where would you choose. Canada won by a large margin. You can see on the chart, a huge number of people said if I was to relocate my career somewhere in the world, I don't know where I'm

living, I would choose Canada. Interestingly, number two Japan was the country that Canadians themselves went out. If they were to relocate, I would choose Japan, but I contrast the Japanese real estate market to the Canadian real estate market as it ties to our brand overall and attracting people globally. Japan had the poorly functioning immigration program or culture. Canada has arguably the best in the world.

In Japan today, in stark contrast to the situation we find ourselves in Canada, there is an oversupply of hope, and it is the oldest country in the world and because it does not have a significant number of immigrants, people get older and older, they have excellent health care, but they find themselves with excess housing supply, so there is approximately one million abandoned homes in Japan. People just simply there's no market for them till they walk away from them, and of course our challenge for the past decade and I will say likely for the decade ahead is that we have a housing shortage. There's more demand for housing and therefore more demand for real estate brokerage services in Canada that we can even supply.

Moving to our economy, you can see that 2020, when we artificially or purposely shut down the economy to keep each other safe during the peak early months of the pandemic took a real hit to GDP, and we've seen a tremendous bounce back. You see the port as 6.5 percent from the Bank of Canada forecast in 2021 and very strong growth in 2022. If you look at GDP in the fourth quarter, it was very strong. That's just a quarter growth, but look at real estate, up 39 percent in the fourth quarter. So, real estate was the leading economic category of growth during the Canadian recovery, very strong growth.

Home sales climbed in March month-over-month to set a new record. If you look at the February to March climb, it was 5.2 percent, but look at the the year-over-year in March, 76 percent more volume in March, and although March 2020 was impacted in the later part of the month by the pandemic, it started very strong, but this March and this first quarter was among the strongest we've ever seen in the industry.

Sales activity was coast to coast lifted. I'm very, very pleased to see sales volumes up in places like Alberta, Saskatchewan and Newfoundland that have struggled since the end of 2014, fourth quarter of 2014 when oil lost 70 percent of its value. So, we see that the COVID catalyst, the pandemic driven interest to improve one's housing situation has lifted real estate markets everywhere in the country. One of the things I was very pleased to see in March, and I will say in April as well as we were finally starting to see an increase in inventory level. So, particularly through the fourth quarter of 2020 and January and February and the first week of March, sales volumes were growing faster than inventories, so the inventory crisis, the lack of homes to sell was getting worse each week as opposed to improving, and we appear to have turned a corner in late March and through April, where people are encouraged to come into the market. While it is still a strong market and there's more demand than there are properties for sale, at least it's not getting worse and in many parts of the country, it's getting better.

Why is this so important? Well, for the industry, obviously more inventory means more product to sell, but more importantly for the Canadian economy and for Canadians, this should keep a lid on price inflation. It should moderate and mitigate the sharp upward pressure on home prices, which is good for the industry and good for Canadian consumers.

Of course, all of this required a desire to own home, all of this growth, all of the strength we've seen in the marketplace. What you're looking at here is a study that focuses on expectations of—this is first time home buyers are buying a home done by (inaudible) mortgage professionals Canada. In 2019, the blue line showed how many first time homebuyers, people who didn't have a home yet expected to buy a home, that's the light blue line. In the middle of 2020, the dark blue line, the navy blue line shows how their expectation of near term getting into the market leapt up and the red line was conducted at the end of 2020. What you see is a sharp pull ahead and very strong interest in homeownership among people who didn't own a home. Generally these are millennials, people in the 25 to 35 year age group. In a Royal LePage page study of this age group, we saw the fastest increase in the homeownership rate of the 25 to 35 year cohort that we never mentioned. In fact, we found that by the end of 2028, a full 50 percent of people, young adults 25 to 35 year olds own their home, and 25 percent of them purchased in just the seven months in 2020.

I'm going to talk about this in just a few minutes when I talk about what we see is three waves or periods of growth during this expansionary period 2020 to 2022. Of course behind all of this are historically low interest rates, with the cost of money so low it positively impacted affordability across the country, and the pandemic turned Canadians into super savers. Typically we save 2 percent to 3 percent of disposable income. That jumped to 28.2 percent in the second quarter of 2020; just a massive madness of saving. In a separate Royal LePage survey, we found that one fifth of Canadians used those savings to invest in the real estate market.

This is a very interesting thing. Studies have shown over a long period of time that people that own their homes do better financially. Of course, it's difficult to isolate the socioeconomic factors

specifically to home ownership, but this looks at the economic position of people who own homes versus those who don't own homes at the end of 2020 versus the beginning and you could see that there was a massive increase in the wealth of those in homeownership. It's not surprising that young people and older people put so much value on their housing and homeownership.

I mentioned that there had been an upward pressure on prices. We've had spikes that are higher than this, but if you look at the first quarter of 2021, you can see across the country ranging from healthy increases in Calgary to very, very strong and you know bordering on unhealthy high jumps in real estate prices in places like Ottawa, Montreal, and Halifax.

But, it's important to realize that the combination of the drop in transactional volumes in the early part of 2020 through the second quarter, and the very low interest rates that policymakers implemented to support the economy in trouble resulted in the biggest improvement in housing affordability that we've seen since the middle of the last decade. Some people, it's lost in the headlines about spiking prices in the suburbs, etc. The fact that the combination of very inexpensive money and the drop in competition for housing did make housing very affordable during 2020, which is part of the reason we saw this spike in young people ownership rates.

What about unemployment, mortgage deferrals expiring, that sort of thing. Well, unemployment is that it continues to be a real challenge in this country. Large swaths of people have been out of work for a year. Full time employment is coming back strong though, and there's a high degree of correlation between employment status and the probability that someone will become one of the 68 percent, 69 percent of Canadians that owns their home. If you look at peoples wage category, you can see that

higher wage earners were not only hardly hit by the economic impact of the pandemic, they in fact saw incomes rise, and there are numerous sectors in the North American economy where there are acute labor shortages and upward pressure on wages and salaries. These upper wage earners tended to correlate to our customers. They weren't impacted by the pandemic, they worked from home, and they put additional and new focus on housing and their personal family situation.

What about deferred mortgages? This is a modeling chart done by the Bank of Canada and released early 2020. The blue line shows if they had not implemented and this was a model. This is an actual—this is the Bank of Canada model from the first quarter of 2020. They felt that mortgage defaults failures to meet commitments to financial institutions would spike if there was no policy move taken to support homeowners. The yellow line is what they felt would happen if a mortgage deferral program was in place and we were very pleased that the major financial institution and policymakers got together, put in place the mortgage deferral program. This chart goes back a little longer and it shows in the blue line the default rate on mortgages in the United States versus Canada in the red line, and you can see we have a very different appetite in history for writing mortgages where there's a greater opportunity for people not to meet their commitments, and helping people stay in their homes if they do run into trouble.

Our mortgage deferral rate is very, very low, and after the financial crisis, it was actually tightened up further. You can see in 2018 there with the implementation of the mortgage stress test, it got tighter yet, and it remained about 12 times lower than the American default rate coming into the pandemic. This is what it looked like through 2020 and you can see that as a result of the mortgage deferral program and tight lending standards, we actually saw a drop in the delinquency rate in Canada,

not an increase as we had forecast, so it is a very tightly managed book of business, and it's part of the reason that we have great faith in Canadian housing stock and Canadians ability to own housing.

What about condominiums? They lacked other housing classes and investors which make up an important part of the rental accommodation that we have in Canada. Well, the first thing we saw in the first quarter of 2021 was a huge bounce back in interest in the condominium sector after lagging detached housing in urban, suburban, and rural, call it recreational areas through 2020, condos made a real bounce back, and I'm going to talk a little bit about that as I get into the three waves of consumer demand next.

Suffice to say that sales volumes are up sharply, particularly as the first quarter marched along. We expect home prices which have been flat and the economy in sector will follow as the year progresses.

This chart looks at spikes in home prices over the last few decades, and I thought it was important to put it in perspective. Roughly once a decade, we see a combination of factors come together to drive a rise to uncomfortable levels of home prices, and you can see in the 2020s that we've reached this, an uncomfortable level of home price appreciation, and we believe that this period will run itself out through the spring of 2022 as it did in previous decades.

These are price charts. This is looking at how a benchmark home prices change during each of these periods.

All right, the three waves of pandemic driven demand. You can see that buyers and sellers are spread across various generations. We see quite a few younger people, young millennials, older Millennials, Gen X buying, but as we get older people become more sellers than buyers. In 2020, 2021 and 2022 we see three distinct buying waves. In 2020 it was the young. I've already described about how they used the period with lower interest rates, lower competition for home, and the fact that they were looking to markedly improved their housing situation to get into the market.

They are the largest population cohort in Canadian history, larger than baby boomers and they have 30 percent higher after tax household incomes than previous generations. Higher assets, higher net worth but also carry more debt. The good news is the debt is predominantly a real property secured debt appreciating typically appreciating assets, if you look at what they say, what millennials say, 92 percent believe in homeownership. A significant percentage of people have purchased their homes since the onset of the pandemic, and almost 70 percent of people intend to purchase a home in the next five years.

We moved to the older group, so this is Gen Xer's in their early 40s into early 50s and the baby boomers. We're seeing lots of retirement and lots of interest in changing their housing situation. If you look specifically at boomers and their intention to purchase home, we see \$1.4 million of them expect to transact over the next five years, and moving over to the right of that chart 52 percent say they will be buying a home that's the same size or larger.

Finally, the third wave so we've got 2020 the demand from new buyers, 2021 we see older existing homebuyers upgrading their housing, causing more inventory to come into market but

extending the real estate expansion we thought in 2020, and now through the back half of 2021 and into 2022 we see the new buyer and these are new Canadians.

Firstly, you notice that in 2020, we missed our immigration target by the biggest amount in recent history, a huge drop. Its borders were closed and governments and provinces intend to make up for lost time with hard higher targets in the coming three years, and I started the presentation focusing on how Canada stands out in the world. That this is where we intend to use our brand, to use our reputation on the global stage to attract the best and brightest families with skills and people with capital to invest in our country, and to invest in our housing market.

If you look at these people, 620,000 are expected to purchase a home in the next five years. That's one in five home sales across the country, 75 percent arrived in Canada with savings that allowed them to make a down payment or purchase a home outright, 55 percent buy a home within the first three years, and interestingly, 75 percent didn't even consider the United States. These are people focused on wanting to move and make a life in Canada.

If look at new immigrants to Canada, we call people who are relatively recent immigrants, people have been here for less than a decade as newcomers and those who have been here longer in the second part of that circled area, and you could see that gap, the 35 percent versus 72 percent. That's our potential moving the newcomers into homeownership and that's a huge number. If you look at transactions on a region by region basis, you can see how important newcomers, recent immigrants are to the real estate markets across the country, and interestingly, in the more sparsely populated areas of

the country, newcomers are even more important than they are in places like British Columbia and Ontario.

Finally this ties into my statement on the recovery of condos and investors and condos. We're seeing not only a wave of new Canadians coming, but also temporary residents. Canada is the number three country in the world in inviting students, foreign students to study at our great institutions of higher learning. We have a full 830,000 of them are typically in the country and they have just not been here, and the housing that they have rented and the investors they support have suffered. Now those investors have sold many of their properties to first time home buyers who are now homeowners, but they're getting back into the market ahead of the September wave of international students who have been welcomed back into the country.

All right, my final piece of the presentation is just a nod to our social philanthropic leadership. We believe that because we are such a big and important part of our industry and because it is a community based industry, our people are frontline agents or franchisees, or they live and work in their communities across the country and thus, we focus very deeply on social philanthropic initiatives. Our Royal LePage Shelter Foundation is the largest foundation in the country focused on eliminating domestic violence from our communities and supporting women and children to flee from it. Via Capitale in Quebec focuses on food bank support, and the Bridgemarq Charitable Foundation helps employees of the company support the United Way on other educational and health related charities.

It was a very difficult time during the pandemic to raise money. Very proud of our people for stepping up and getting behind online auctions and things and please that in 2021 and the back half of

the year, we are planning a return to major fund raising events. We have set higher fundraising targets for 2021, and I believe we'll be able to help significant number of Canadians.

With that, I'll wrap things up and say we believe that Bridgemarq real estate services remains a compelling investment with a strong track record of attractive annual dividends, financial stability and liquidity support, a strong network of realtors that is supported by the leading digital technology in the industry, we have long term franchise agreements which mitigates risks, we have iconic brands and a proven successful growth strategy.

With that, I'll wrap things up and turn it over to the Operator to see if we have any questions.

Glen McMillan — Chief Financial Officer, Bridgemarq Real Estate Services Inc.

If anybody does have any questions, please do so using the messaging tab. Spencer, we don't have any questions at this time.

Spencer Enright — Director and Chairman of the Board of Directors, Bridgemarq Real Estate Services Inc.

Thank you everyone for participating on our Annual General Meeting and webcast. At this time, we'll conclude the virtual meeting and presentation. Thank you again for everything.