



## **Bridgemarq Real Estate Services Reports Second Quarter Results and Monthly Dividend**

**(TORONTO, ON) August 9, 2019** - Bridgemarq Real Estate Services Inc. ("Bridgemarq") (TSX: BRE) announced today its second quarter financial results and the approval of a monthly dividend to holders of the Company's restricted voting shares.

### **HIGHLIGHTS**

- The Company's network of REALTORS® (the "Network") increased to 19,046, up from 18,780 as at June 30, 2018.
- Net earnings for the quarter were \$7.8 million as a result of a gain of \$6.7 million on the fair value of the exchangeable units issued by the Company.
- Distributable cash flow for the first six months was \$8.4 million compared to \$4.7 million for the same period in 2018.
- The Board of Directors of the Company approved a dividend of \$0.1125 per restricted voting share, payable September 30, 2019 to shareholders of record on August 30, 2019.

### **SECOND QUARTER OPERATING RESULTS**

Net earnings for the quarter was \$7.8 million, or \$0.82 per Share, compared to a net loss of \$3.7 million or \$0.39 per Share, for the same period in 2018. The primary driver of the net earnings is the determination of the fair value on the exchangeable units. The fair value of the exchangeable units is determined with reference to the trading price of the Company's restricted voting shares.

Distributable cash flow for the first six months of 2019 amounted to \$8.4 million, a substantial increase from the \$4.7 million generated in 2018. In the first quarter of 2018, the Company acquired Franchise Agreements from the Manager of \$8.6 million, negatively impacting distributable cash flow. No such acquisitions were completed in 2019 as a result of changes to the management services agreement which governs the management of the Company (the "MSA") For the quarter, distributable cash flow was \$4.5 million, compared to distributable cash flow of \$6.8 million generated in the second quarter of 2018. The primary driver of the decline in distributable cash flow for the quarter is higher management fees paid as a result of changes to the MSA partly offset by lower income tax payments and higher revenues.

Revenues during the second quarter were \$11.7 million, compared to \$11.5 million in the same period in 2018 with the increase being primarily due to the increase in the number of REALTORS® represented by the Company's real estate services brands. Ancillary revenues transferred to the Company under changes to the MSA effective January 1, 2019 served to substantially offset the loss of premium fee revenues earned in the second quarter of 2018. Revenues generated by the Company are primarily fixed in nature, based on the number of REALTORS® in the Network. This fixed nature of the Company's revenues provides the Company some protection from the impact of a changing housing market, but also reduces the degree to which the Company participates in periods of rapid market expansion.

“We are pleased with the Company’s financial performance this quarter. Of note are our two largest cities, Toronto and Vancouver, where home sale volumes appear to be returning to normal after the market correction of 2018,” said Phil Soper, President and Chief Executive Officer, Bridgemarq Real Estate Services. “Leveraging the industry’s best technology, training and support, our brands remain attractive to new brokerages and agent recruits. As a result, the Company continues to generate a healthy and reliable revenue stream that allows for increased investment in our leading delivery platform while supporting the goal of paying a significant portion of cash flow as dividends to shareholders.”

## **THE COMPANY NETWORK**

As at June 28, 2019, the Network was comprised of 19,046 REALTORS®, operating under 295 franchise agreements providing services from 671 locations, with an approximate one-fifth share of the Canadian residential real estate market (“Canadian Market”) based on 2018 transactional dollar volume.

Since 2003, the Company’s 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.

## **CASH DIVIDEND**

The Company declared a cash dividend of \$0.1125 per restricted voting share payable on September 30, 2019, to shareholders of record on August 30, 2019. This represents a targeted annual dividend of \$1.35 per restricted voting share.

## **CONFERENCE CALL**

Brookfield Real Estate Services Inc. will host a conference call on Friday, August 9, 2019 at 10 a.m. ET to discuss its second 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://event.on24.com/wcc/r/2051216/D454EFC54E92BEFF071EE4CB438ADA7D>

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 Wednesday, August 14, 2019.

## **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, “retaining”, “continues”, “steady”, “appear”, “allows”, “increased”, “supporting” “paying” and “targeted” 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: 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 strategy with respect to 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, 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](http://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.

### **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®<sup>1</sup>. We operate in Canada under the Royal LePage, Via Capitale and Johnston & Daniel brands. For more information, go to [bridgemarq.com](http://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](http://bbu.brookfield.com).

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## Bridgemarq Real Estate Services

(Unaudited, in thousands of Canadian dollars, except per share information)

### Interim Balance Sheet Highlights

As at	June 30, 2019	December 31, 2018
Cash	\$ 4,090	\$ 4,339
Other current assets	6,716	4,954
Total current assets	10,806	9,293
Non-current assets	90,246	86,366
<b>Total assets</b>	<b>\$ 101,052</b>	<b>\$ 95,659</b>

Accounts payable and accrued liabilities	\$ 1,347	\$ 1,003
Interest payable on Exchangeable Units	484	484
Dividends payable to shareholders	1,067	1,067
Other current liabilities	3,213	-
Total current liabilities	6,111	2,554
Debt facilities	73,317	71,297
Other non-current liabilities	5,726	-
Exchangeable Units	49,616	48,484
Total Liabilities	134,770	122,335
Shareholders' deficit	(33,718)	(26,676)
<b>Total Liabilities and Shareholders' deficit</b>	<b>\$ 101,052</b>	<b>\$ 95,659</b>

### Interim Earnings Highlights

	Three Months ended June 30, 2019	Three Months ended June 30, 2018	Six Months ended June 30, 2019	Six Months ended June 30, 2018
Revenues	\$ 11,685	\$ 11,472	\$ 21,693	\$ 21,942
Administration, Management Fee and Interest Expense	(5,086)	(3,062)	(9,943)	(5,977)
	6,599	8,410	11,750	15,965
Impairment, write-off and amortization of intangible assets	(2,807)	(2,055)	(5,945)	(4,064)
Interest on Exchangeable Units	(1,452)	(1,452)	(2,904)	(2,904)
Gain (loss) on fair value of Exchangeable Units	6,655	(6,988)	(1,132)	(9,916)
Gain (loss) on interest rate swap	(460)	4	(1,429)	63
Loss on fair value of purchase obligation	-	(26)	-	(544)
Income tax expense	(783)	(1,558)	(980)	(2,630)
<b>Net and comprehensive earnings (loss)</b>	<b>\$ 7,752</b>	<b>\$ (3,665)</b>	<b>\$ (640)</b>	<b>\$ (4,030)</b>
<b>Basic earnings (loss) per Restricted Voting Share</b>	<b>\$ 0.82</b>	<b>\$ (0.39)</b>	<b>\$ (0.07)</b>	<b>\$ (0.42)</b>
<b>Diluted earnings (loss) per Share</b>	<b>\$ 0.20</b>	<b>\$ (0.39)</b>	<b>\$ (0.07)</b>	<b>\$ (0.42)</b>

### Interim Cash Flow Highlights

Cash provided by operating activities:	\$ 4,658	\$ 5,447	\$ 6,117	\$ 9,168
Cash used for investing activities:	(1,002)	(6)	(1,964)	(8,536)
Cash used for financing activities:	(3,201)	(3,201)	(4,402)	798
<b>Change in cash for the period</b>	<b>455</b>	<b>2,240</b>	<b>(249)</b>	<b>1,430</b>
<b>Cash, beginning of the period</b>	<b>3,635</b>	<b>2,648</b>	<b>4,339</b>	<b>3,458</b>
<b>Cash, end of the period</b>	<b>\$ 4,090</b>	<b>\$ 4,888</b>	<b>\$ 4,090</b>	<b>\$ 4,888</b>

### Interim Distributable Cash Flow Highlights

Distributable Cash Flow	\$ 4,854	\$ 6,836	\$ 8,354	\$ 4,659
Distributable Cash Flow per Share	\$ 0.38	\$ 0.53	\$ 0.65	\$ 0.36

	Twelve Months ended June 30, 2019	Twelve Months ended June 30, 2018
Distributable Cash Flow	\$ 18,131	\$ 16,678
Distributable Cash Flow per Share	\$ 1.42	\$ 1.30