

2021 Management's Discussion and Analysis of Results and Financial Condition

Management's Discussion and Analysis

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INTRODUCTION

This management's discussion and analysis ("MD&A") of the financial results and financial condition of Bridgemarq Real Estate Services Inc. for the three and nine months ended September 30, 2021, has been prepared as at November 8, 2021. The three months ended September 30, 2021, shall be referred to in this MD&A as the "Quarter". The nine-month period ended September 30, 2021 shall be referred as the "YTD". The comparative period of the three months ended September 30, 2020, shall be referred to in this MD&A as the "Prior Year Quarter". The comparative period for the nine-months ended September 30, 2021 shall be referred as the "Prior Year Period". The financial information presented herein has been prepared on the basis of International Financial Reporting Standards ("IFRS") and is expressed in Canadian dollars unless otherwise stated.

The definitions of terms capitalized in this MD&A are provided in the Glossary of Terms commencing on page 35.

This MD&A is intended to provide the reader with an assessment of the Company's past performance as well as its financial position, performance objectives and future outlook. The information in this document should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2020, and the Company's unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2021, each of which are prepared in accordance with IFRS. Additional information relating to the Company, including its 2020 Annual Information Form, is available on SEDAR at www.sedar.com or on the Company's website at www.bridgemarq.com.

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

Management's Discussion and Analysis of Results and Financial Condition

Highlights

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

- Revenues for the Quarter amounted to \$12.4 million, an increase of 16% over the Prior Year Quarter. While housing markets were relatively flat compared to the Prior Year Quarter, the Company provided fee relief in 2020 under the Pandemic Fee Relief Plan which negatively impacted revenues in the Prior Year Quarter. The Company also benefitted from an increase in the number of REALTORS® in the Company Network in the Quarter.
- For the Quarter, the Company generated net earnings of \$3.9 million, compared to a net loss of \$2.2 million in the Prior Year Quarter. The improved results were driven by a \$1.7 million improvement in revenues and a gain on the fair valuation of the Company's Exchangeable Units of \$1.7 million compared to a loss of \$3.5 million in the Prior Year Quarter.
- Distributable Cash Flow for the Quarter was \$5.2 million or \$0.41 per Share, compared to Distributable Cash Flow of \$4.4 million or \$0.35 per share in the Prior Year Quarter. The increase in Distributable Cash Flow was driven by higher revenues, partly offset by higher administration expenses, higher management fees and higher income tax expenses.
- The board of directors of Bridgemarq (the "Board") declared a cash dividend of \$0.1125 per Restricted Voting Share payable on December 31, 2021, to shareholders of record on November 30, 2021. This represents a targeted annual dividend of \$1.35 per Restricted Voting Share.

(Unaudited) (in 000's) except per Share amounts and number of REALTORS®	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Fixed franchise fees	\$ 7,836	\$ 1,239	\$ 23,085	\$ 10,056
Variable franchise fees	3,483	8,038	12,034	19,124
Other revenue	1,115	1,460	4,366	4,073
Revenues	12,434	10,737	39,485	33,253
Cost of other revenue	(215)	(197)	(782)	(481)
Administration (expense) recovery	(264)	50	(406)	(779)
Management fees	(4,986)	(4,411)	(15,527)	(12,690)
Interest expense	(740)	(761)	(2,225)	(2,243)
Current income tax expense	(987)	(722)	(3,103)	(2,008)
Cash used in investing activities	(52)	(268)	(209)	(3,025)
Distributable Cash Flow	\$ 5,190	\$ 4,428	\$ 17,233	\$ 12,027
Dividends	\$ 3,201	\$ 3,201	\$ 9,602	\$ 9,602
Interest on Exchangeable Units	\$ 1,452	\$ 1,452	\$ 4,355	\$ 4,355
Net and comprehensive earnings (loss)	\$ 3,865	\$ (2,207)	\$ 2,244	\$ 8,744
Number of REALTORS®	19,934	18,930	19,934	18,930
Net and comprehensive earnings (loss) per Share	\$ 0.28	\$ (0.23)	\$ 0.24	\$ 0.53
Dividends per Restricted Voting Share	\$ 0.34	\$ 0.34	\$ 1.01	\$ 1.01
Interest on Exchangeable Units per Exchangeable Unit	\$ 0.44	\$ 0.44	\$ 1.31	\$ 1.31
Distributable Cash Flow, rolling twelve-month period ended September 30,			\$ 19,146	\$ 15,855
Distributable Cash Flow per Share, rolling twelve-month period ended September 30,			\$ 1.49	\$ 1.24

Management's Discussion and Analysis of Results and Financial Condition

In March 2020, the World Health Organization declared a global pandemic caused by the outbreak of the novel coronavirus, specifically identified as "COVID-19". The outbreak and the development of a number of variant strains of COVID-19, resulted in governments enacting emergency measures to combat the spread of the virus through the remainder of 2020 and into 2021. While many of these measures have been relaxed, they are continuing and include the implementation of travel restrictions, self-imposed quarantine, curfews, limitations on social gatherings, mandated reductions in retail and other economic activities and social distancing. These measures caused material disruption to the Company's business for a portion of 2020.

In response to the impact of COVID-19 on our Franchisees, the Company introduced the Pandemic Fee Relief Plan (the "Relief Plan") which was implemented to provide the support that was necessary to preserve our network and the presence of our Brands at a time when we believed the business revenues of our Franchisees could drop to unprecedented levels in a short period of time. The Relief Plan is further discussed under *Business Strategy*.

Since June of 2020, real estate markets in Canada have been very strong, and have set records for both the selling price of homes and number of homes sold at various times in 2021. While it appears that any negative impact of the pandemic on the Company's operations has lessened, management continues to closely evaluate the impact of COVID-19 and Canadian real estate markets in general on the Company's business. Despite the fact that case counts across Canada have declined and vaccinations have been approved in many countries and are being rapidly administered in Canada, it is not possible to estimate the impact the pandemic could have on the future financial results of the Company.

Organization

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

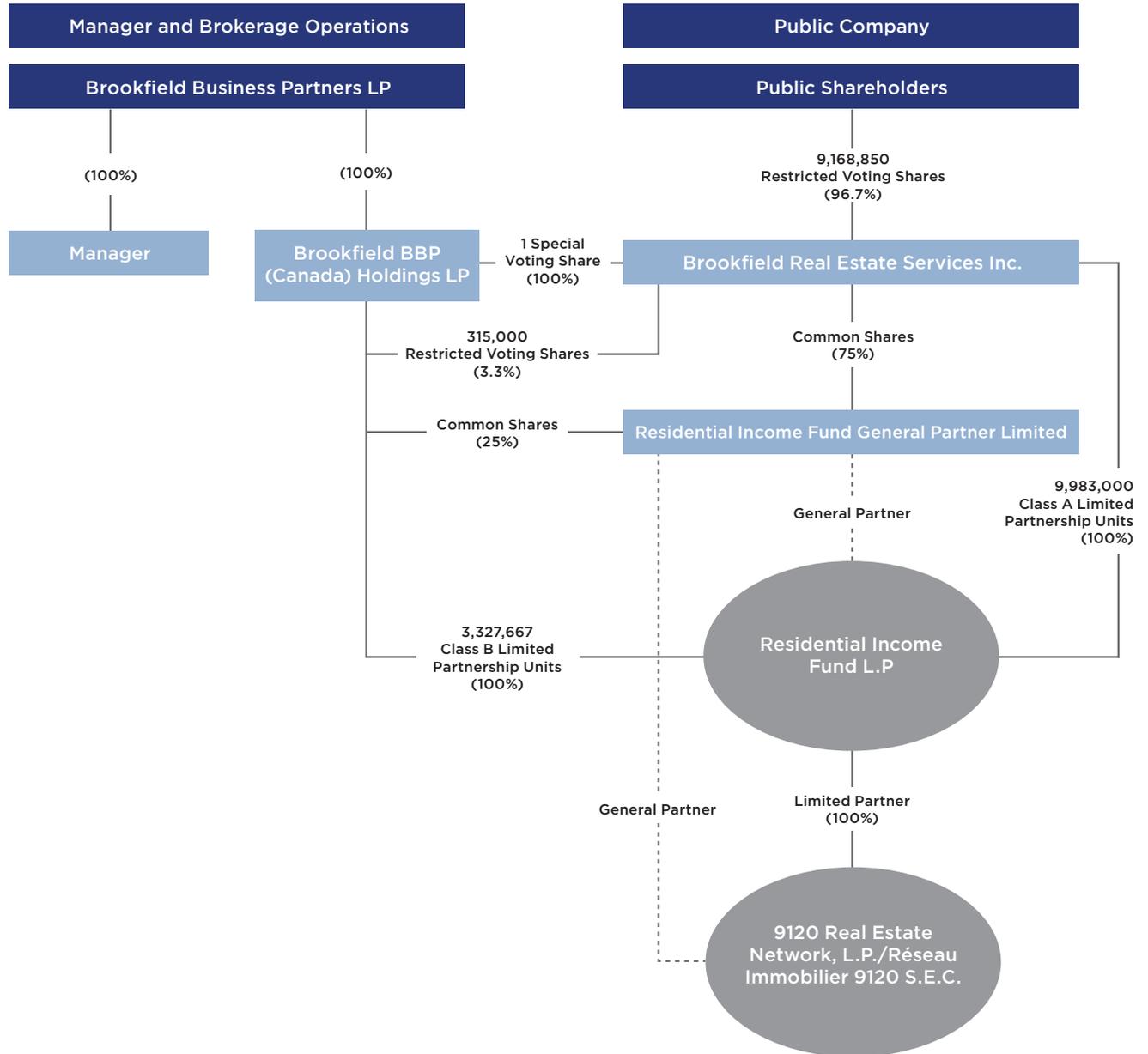
Bridgemarq directly owns a 75% interest in the Partnership which, in turn, owns VCLP. In addition, Bridgemarq directly owns a 75% interest in the General Partner. The Partnership and VCLP own and operate the assets from which Bridgemarq derives its revenue.

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

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

Management’s Discussion and Analysis of Results and Financial Condition

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



Management's Discussion and Analysis of Results and Financial Condition

Business Strategy

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

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

In response to the measures taken by governments across Canada to combat the spread of COVID-19, the Company implemented the Pandemic Fee Relief Plan for its Franchisees. This temporary fee plan provided fee rebates to the Company's Franchisees to support them during an uncertain period at the start of the pandemic. In addition, fixed franchise fees were suspended for the period from April 1, 2020 through December 31, 2020 and Franchisees were charged a higher variable franchise fee subject to a cap resulting in approximately 82% of the Company Network paying only variable fees for the period from April 2020 to December 2020, subject to a cap. Effective January 1, 2021, all Franchisees reverted back to the traditional fee plan, which is weighted towards fees that are fixed in nature.

The number of REALTORS[®] in the Company Network, the transaction volumes generated in the markets the Company serves, the manner in which the Company structures the contracted revenue streams, the success in attracting REALTORS[®] to the Company's Brands through their value propositions and the track record of the Company's Brands are all important factors in the Company's financial and operating performance. These factors, including, among others, general economic conditions and government and regulatory activity impact the Company's performance and are discussed in greater detail throughout this MD&A and in the Company's 2020 Annual Information Form, which is available at www.sedar.com or on the Company's website at www.bridgemarq.com.consolidated

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

Management Services Agreement

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

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

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

During the second quarter of 2020, the Company entered into an agreement with the Manager whereby the Company was permitted to defer payment of the monthly management fee payable under the MSA for the period from April, 2020 to December, 2020. Amounts deferred under this agreement are non-interest bearing and are due five years from the date of the deferral. Amounts owing under the agreement can be repaid in cash or through the issuance of Exchangeable Units at the option of the Company.

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

Management's Discussion and Analysis of Results and Financial Condition

Company Revenues

As at September 30, 2021, the Company received franchise fees under 285 Franchise Agreements representing 19,934 REALTORS® operating from 668 locations, providing services under the Royal LePage, Via Capitale and Johnston & Daniel Brands operating collectively as the Company Network, with an approximate 16% share of the Canadian Market, based on 2020 transactional dollar volume.

The Company generates revenue from franchise fees with both fixed and variable components as well as other revenues. Fixed franchise fees represent fees that are payable to the Company as a fixed monthly amount per REALTOR® without regard to transaction volumes generated by that REALTOR®. Approximately 63% of the Company's revenues for the Quarter (Prior Year Quarter- 12%) were derived from fixed franchise fees. Variable franchise fees represent franchise and other fees that are payable to the Company based on the transaction volumes generated by REALTORS®, subject to a cap. Approximately 28% of the Company's revenues for the Quarter (Prior Year Quarter - 75%) were derived from variable franchise fees. Other revenues are derived from ancillary services provided to Franchisees outside of the services provided under the Franchise Agreements and include lead management fees received from Franchisees and fees for referral services paid by third parties. During the Quarter, other revenues represented 9% of total revenues (Prior Year Quarter- 13%).

In 2020, approximately 65% of the Company's annual franchise fees were partly insulated from the fluctuations in the Canadian Market as they were not directly driven by transaction volumes. This includes a portion of variable franchise fees which are effectively fixed in nature due to the fact that they are subject to a cap. The Company believes that the combination of a revenue stream based on the number of REALTORS® in the Network, increasing REALTOR® productivity and steady growth in the Canadian Market provides the base for strong and stable cash flows. A description of each type of revenue follows:

Fixed Franchise Fees are paid based on the number of REALTORS® in the Company Network. For the Quarter and YTD, fixed franchise fees from Royal LePage Franchisees consisted of a fixed monthly fee of \$133 per REALTOR®. For the period from April 1, 2020 to December 31, 2020, fixed franchise fees were suspended under the Pandemic Fee Relief Plan for approximately 90% of the Royal LePage Network in favour of a higher variable fee, subject to a cap. Fixed fees from Via Capitale Franchisees consisted primarily of a fixed monthly fee of \$170 per REALTOR®. For those approximately 450 Royal LePage REALTORS® who participate in the Royal LePage commercial real estate program, an additional monthly fee of \$100 was paid to the Company during the Quarter and YTD.

Under the terms of the Relief Plan, Royal LePage Franchisees operating in Quebec received rebates equal to the monthly fixed franchise fee, of \$128 per REALTOR®, for March and April, 2020, while Via Capitale Franchisees received a rebate equal to \$150 for the month of April, 2020. These rebates amounted to a total rebate of \$0.6 million in the Prior Year Period.

Variable Franchise Fees are calculated as a percentage of Gross Revenues earned by the certain REALTORS® in the Company Network. Variable franchise fees are substantially all earned from Royal LePage Franchisees, are driven by the transactional dollar volume transacted by the REALTORS® and are derived as 1% of each REALTOR®'s Gross Revenues, subject to a cap of \$1,400 per year. Certain REALTORS® in the Royal LePage Network work as part of a Team. All REALTORS® who are members of a Team pay fixed franchise fees. However, for the purposes of the \$1,400 variable fee cap, the Gross Revenues of all Team members are aggregated to one cap.

Under the terms of the Relief Plan, fixed franchise fees were suspended from April 1, 2020 to December 31, 2020 for those Franchisees operating outside of Quebec and variable franchise fees were increased to 3% of each REALTOR®'s Gross Revenues, subject to a cap of \$2,295 for the period from April 1, 2020 until December 31, 2020. If that REALTOR® was a participant in the Royal LePage commercial program, the variable rate applied to Gross Revenue was 4.2% to a cap of \$3,213.

The amount of variable franchise fees paid by an individual REALTOR® can change depending upon, among other things, the total value of real estate they sell in a given year and increases or decreases in home prices. However, variable franchise fees are subject to a cap. For those REALTORS® or Teams who reach the cap, the variable franchise fee is effectively fixed in nature, in that the variable franchise fee paid by the REALTOR® will not change based on changes in the Canadian Market. In 2020 under the Relief Plan, the variable fees associated with approximately 4,710 REALTORS® and 1,172 Teams (representing more than 3,600 REALTORS® that exceeded the cap accounted for approximately 37% of revenues.

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As part of the transition to the Relief Plan, the Company provided certain rebates to Franchisees based on individual REALTOR® production from January 1, 2020 to March 31, 2020. These rebates amounted to \$0.6 million in the Prior Year Period. Under the Relief Plan, Franchisees representing approximately 82% of REALTORS® in the Company Network paid only variable franchise fees from April 1, 2020 through December 31, 2020.

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

Overview of Third Quarter 2021 Operating Results

(Unaudited)

(in 000's) except per Share amounts;

Restricted Voting Shares outstanding;

Exchangeable Units outstanding;

Number of REALTORS®

	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Fixed franchise fees	\$ 7,836	\$ 1,239	\$ 23,085	\$ 10,056
Variable franchise fees	3,483	8,038	12,034	19,124
Other revenue	1,115	1,460	4,366	4,073
Revenues	12,434	10,737	39,485	33,253
Less:				
Cost of other revenue	215	197	782	481
Administration expenses (recovery)	264	(50)	406	779
Management fees	4,986	4,411	15,527	12,690
Interest expense	740	761	2,225	2,243
	\$ 6,229	\$ 5,418	\$ 20,545	\$ 17,060
Impairment and write-off of intangible assets	-	(76)	-	(359)
Amortization of intangible assets	(1,905)	(2,041)	(5,769)	(6,488)
Interest expense on Exchangeable Units	(1,452)	(1,452)	(4,355)	(4,355)
Gain (loss) on fair value of Exchangeable Units	1,730	(3,527)	(6,157)	6,356
Gain (loss) on interest rate swap	254	133	1,199	(2,413)
Gain on deferred payments	-	310	-	1,191
Current income tax expense	(987)	(722)	(3,103)	(2,008)
Deferred income tax expense	(4)	(250)	(116)	(240)
Net and comprehensive earnings (loss)	\$ 3,865	\$ (2,207)	\$ 2,244	\$ 8,744
Basic earnings (loss) per Restricted Voting Share	\$ 0.41	\$ (0.23)	\$ 0.24	\$ 0.92
Diluted earnings (loss) per Share	\$ 0.28	\$ (0.23)	\$ 0.24	\$ 0.53
Dividends paid per Restricted Voting Share	\$ 0.34	\$ 0.34	\$ 1.01	\$ 1.01
Interest expense per Exchangeable Unit	\$ 0.44	\$ 0.44	\$ 1.31	\$ 1.31
Restricted Voting Shares outstanding	9,483,850	9,483,850	9,483,850	9,483,850
Exchangeable Units outstanding	3,327,667	3,327,667	3,327,667	3,327,667
Number of REALTORS®	19,934	18,930	19,934	18,930

(in 000's)

As at

	September 30, 2021	December 31, 2020
Total assets	\$ 84,256	\$ 88,959
Total liabilities	\$ 140,053	\$ 137,398

Management's Discussion and Analysis of Results and Financial Condition

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

Revenues:

Revenues have increased compared to the Prior Year Quarter as a result of an increase in agent count as well as the impact of the expiry of the Relief Plan.

Net Earnings:

For the Quarter, the Company generated net earnings of \$3.9 million or \$0.41 per Share, compared to a net loss of \$2.2 million or \$0.23 per Share in the Prior Year Quarter.

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

- A \$1.7 million increase in revenue as a result of the increase in agent count and the expiry of the Relief Plan;
- A \$1.7 million gain on the fair valuation of the Exchangeable Units compared to a loss of \$3.5 million in the Prior Year Quarter;
- A \$0.3 million gain on the fair value of the interest rate swap compared to \$0.1 million in the Prior Year Quarter; and
- A \$0.1 million decrease in amortization expense due to a number of intangible assets being fully amortized during the YTD; partly offset by
- A \$0.6 million increase in management fees as a result of higher revenues; and
- A \$0.3 million increase in administrative expense
- A \$0.3 million decrease in gain on deferred payments.

Total Assets:

Total assets decreased by \$4.7 million in the YTD. The main drivers of the net decrease were as follows:

- A \$6.0 million decrease in the carrying value of intangible assets, driven by amortization expense recorded in the YTD;
- A \$0.7 million reduction in income taxes receivable due to tax refunds received during the Quarter; and
- A \$0.1 million reduction in deferred income tax asset; partly offset by
- A \$0.5 million increase in cash;
- A \$1.5 million increase in accounts receivable due to higher revenues in the Quarter compared to the fourth quarter of 2020.

Total Liabilities:

Total liabilities increased by \$2.7 million in the YTD. The main drivers of the net increase were as follows:

- A \$6.2 million increase in the liability associated with the Exchangeable Units, which is tied to the trading value of the Restricted Voting Shares (see further discussion under *First Quarter Operating Results and Cash Flows – Gain (loss) on fair value of Exchangeable Units*);
- A \$0.3 million increase in current income taxes payable; partly offset by
- A \$2.5 million decrease in debt facilities due to a repayment during the second Quarter;
- A \$1.2 million decrease in the interest rate swap liability; and
- A \$0.4 million decrease in the contract transfer obligation.

DIVIDENDS AND DISTRIBUTIONS:

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

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

Management's Discussion and Analysis of Results and Financial Condition

Key Performance Drivers

Key performance drivers of the Company's business include:

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

STABILITY OF THE COMPANY'S REVENUE STREAMS

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

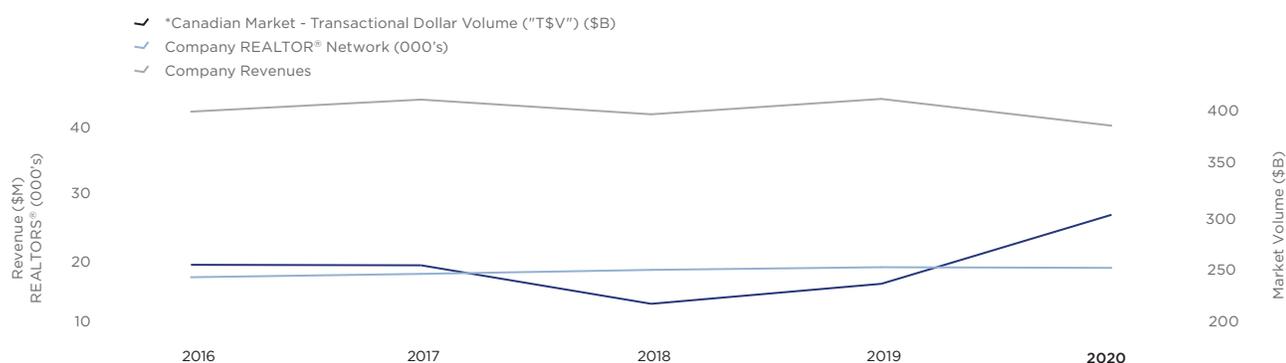
FIXED - FEE STRUCTURE

The Company estimates that for 2020, approximately 65% of its revenues were fixed in nature. In addition to its fixed franchise fees, a substantial portion of the Company's variable franchise fees were effectively fixed in nature.

The amount of variable franchise fees paid by an individual REALTOR® can change depending upon, among other things, the total value of real estate they sell in a given year and increases or decreases in home prices across Canada. However, variable franchise fees are subject to an annual cap of \$1,400 per REALTOR® or Team of REALTORS®. For the period from April 1, 2020 to December 31, 2020, variable franchise fees were subject to a cap of \$2,295 per REALTOR® (\$3,213 per REALTOR® who participated in the Royal LePage commercial program) or \$1,200 per Team member. For those REALTORS® or Teams who reach the relevant cap, the variable franchise fee is effectively fixed in nature, in that the variable franchise fee paid by the REALTOR® or Team does not change based on changes in the Canadian Market.

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

REVENUES, MARKET AND REALTOR® TRENDS



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

INCREASE IN FEES

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

In 2020, the Company implemented an increase in the monthly fixed franchise fees paid by Royal LePage and Johnston & Daniel Franchisees from \$128 to \$133 per REALTOR® and increased the maximum annual variable franchise fee payable under its standard fee plan based on 1% of each REALTOR®'s or Team's Gross Revenue from \$1,350 to \$1,400.

The impact of the increase in fees was not fully realized in 2020 as a result of the implementation of the Relief Plan in April 2020. Effective January 1, 2021, all Franchisees have reverted back to the standard fee plan which is biased towards fixed franchise fees.

Management's Discussion and Analysis of Results and Financial Condition

GEOGRAPHIC DISTRIBUTION OF THE COMPANY NETWORK

As at September 30, 2021, the Company Network of 19,588 REALTORS® operated through 286 Franchise Agreements, providing services to 663 locations across the country. Of the Brokerages in the Company Network, approximately 55% operate with fewer than 50 REALTORS® and represent 15% of the REALTORS® in the Company Network. The Company's smallest Franchisees have one REALTOR® while the largest has more than 1,700 REALTORS®.

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

As at Sep 30, 2021	Canadian ¹ REALTOR® Population	Company REALTOR® Population
Ontario	61%	59%
British Columbia	16%	12%
Quebec	10%	16%
Alberta	8%	5%
Maritimes	3%	4%
Prairies	2%	4%
Total	100%	100%

¹ Source: CREA

FRANCHISE AGREEMENTS

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

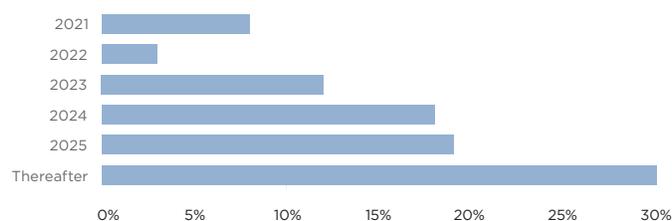
The Royal LePage Franchise Agreements, which represent 95% of the Company's REALTORS®, are for 10 to 20 year terms with a standard renewal term of ten years. These long-duration contracts exceed the industry standard of five years and thereby reduce agreement renewal risk. In addition, the Company regularly attempts to extend contract terms a further ten years in advance of renewal dates when opportunities present themselves.

The Via Capitale Franchise Agreements, which represent 5% of the Company's REALTORS®, are typically five years in duration with standard renewal terms extending five years.

A summary of the Company's agreement renewal profiles as at September 30, 2021 for the Company Network is shown below.

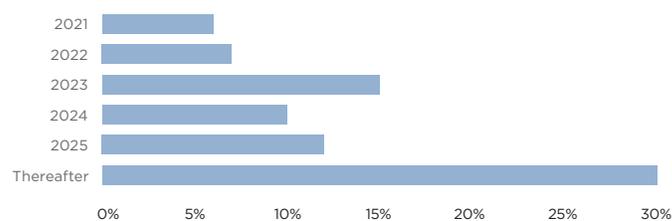
% OF FRANCHISE AGREEMENTS UP FOR RENEWAL

(by Number of REALTORS®)



% OF FRANCHISE AGREEMENTS UP FOR RENEWAL

(by Number of Agreements)



Management's Discussion and Analysis of Results and Financial Condition

RENEWALS

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

During the Quarter, three Franchise Agreements, representing 104 REALTORS®, extended their term or renewed early.

During the Prior Year Quarter, one Franchise Agreements, representing 94 REALTORS®, renewed its Franchise Agreement.

During the Quarter, one Franchise Agreement was terminated as a result of Franchisees merging operations and remaining a part of the Company Network.

During the Prior Year Quarter, one Franchise Agreements was terminated as a result of Franchisees merging operations.

NUMBER OF REALTORS® IN THE COMPANY NETWORK

For the YTD, the Company Network of 19,934 REALTORS® increased by 888 REALTORS® compared to a net decrease of 181 REALTORS® in the Prior Year Period.

	2016	2017	2018	2019	2020	2021 ²
Company Network						
Opening REALTOR® Count	16,794	17,580	18,135	18,725	19,111	19,046
Acquisition/transfer of franchise agreements	459	568	563	495	-	-
Net REALTOR® growth (attrition)	327	(13)	27	(109)	(65)	888
Closing REALTOR® Count	17,580	18,135	18,725	19,111	19,046	19,934
% Change in the period	5%	3%	3%	2%	0%	5%
Canadian REALTOR® Population¹						
CREA REALTOR® Membership	121,212	125,316	129,752	133,242	134,803	144,058
% Change in the period	6%	3%	4%	3%	1%	7%

¹ Source: CREA, CREA Membership data as of September 30, 2021 not available as of MDA date

² As at September 30, 2021

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

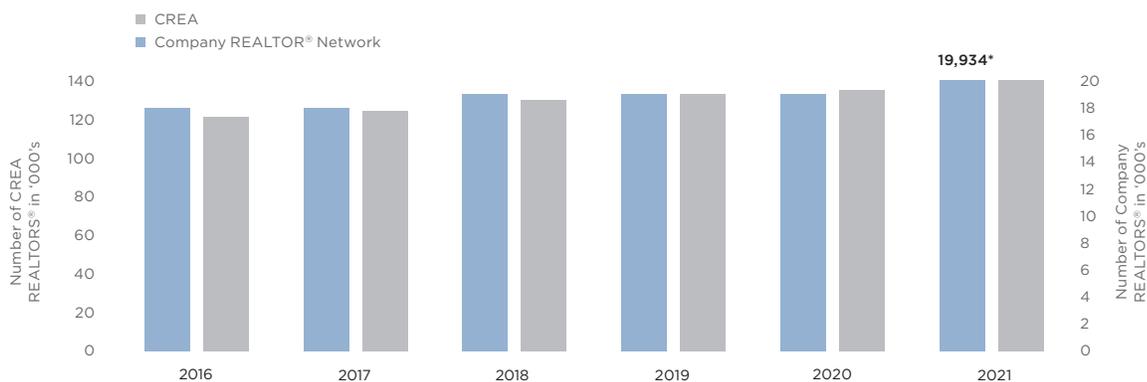
Since January 1, 2016, the Company Network has grown by 16% from 16,794 REALTORS® to 19,934 at September 30, 2021. Growth in the Company Network in 2020 was impacted by the pandemic.

During the YTD, the Company's net REALTOR® count grew by 888. This growth included the addition of one new Franchisee in southern Ontario who converted to Royal LePage from a competitor with 34 REALTORS®. The remainder of the growth was due primarily to successful recruitment efforts at our existing Franchisees.

Management's Discussion and Analysis of Results and Financial Condition

CANADIAN REAL ESTATE REALTORS®

(Years ended December 31, except as noted)

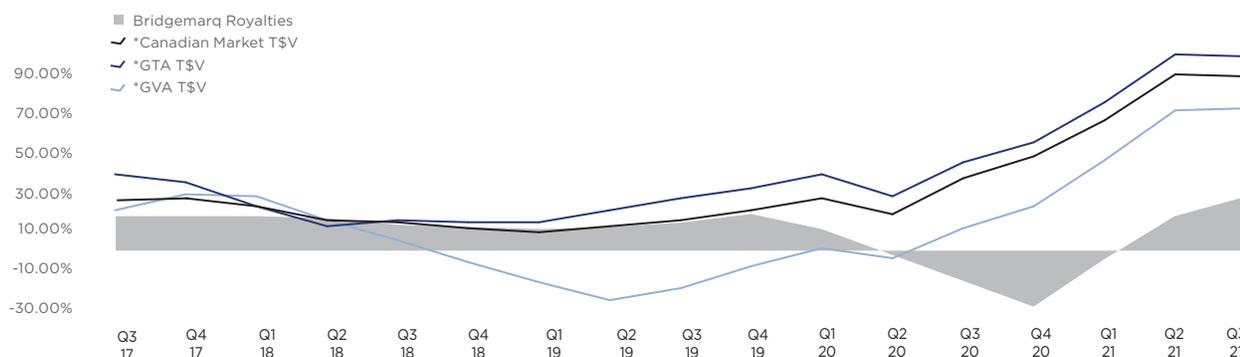


* As at September 30, 2021

TRANSACTIONAL DOLLAR VOLUMES

The chart below shows the cumulative growth in the Canadian Market and select urban markets as compared to the growth in the Company's revenues since the second quarter of 2017.

QUARTERLY ROLLING TWELVE-MONTH % CHANGE



*Source: CREA

Transactional dollar volume of real estate in Canada began to decline nationally during the first quarter of 2017 as real estate values and volumes weakened. This downward trend continued until the first quarter of 2019 when the GTA showed its first year-over-year quarterly improvement in twelve months. This momentum continued into the second quarter of 2019 when the GVA market came off of 30-year lows. After four consecutive quarters of growth in transaction dollar volume, home sale volumes fell dramatically in the face of government actions to combat the spread of COVID-19 during the second quarter of 2020. However, during the last half of 2020, and into 2021, activity across Canada rebounded dramatically (to record levels in many markets) as pent-up demand, low interest rates, changing work and commuting patterns, increasing requirements for people to work from home and other factors increased the demand for housing. The Company's revenues however fell during the fourth quarter of 2020 compared to the fourth quarter of 2019 as a result of revenues being capped under the Relief Plan. Upon expiry of the Relief Plan, the Company's revenues rebounded and improved by 19% during the YTD compared to the Prior Year Period.

During the Quarter, the Canadian Market closed down 4%, at \$104.3 billion, as compared to the Prior Year Quarter at \$109.1 billion. The decrease in transaction dollar volume was driven by a 16% decrease in units sold partly offset by a 13% increase in price.

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During the Quarter, the GTA market closed down 6%, at \$29.3 billion, as compared to the Prior Year Quarter. The decrease in transaction dollar volume was driven by an 18% decrease in units sold partly offset by a 17% increase in units sold.

During the Quarter, the GVA market closed up 5%, at \$11.4 billion, as compared to the Prior Year Quarter, driven by a 7% increase in price partly offset by a 3% decrease in units sold.

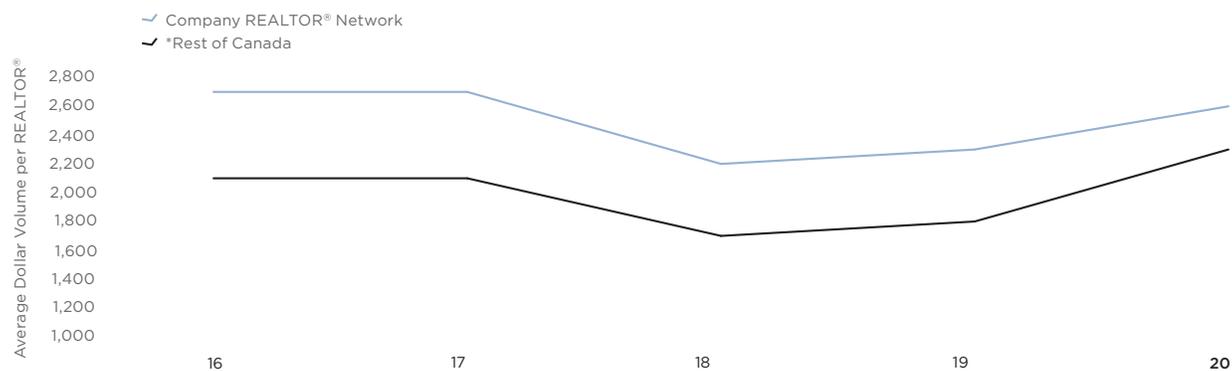
During the Quarter, the Greater Montreal Area market closed down 19%, at \$5.9 billion, as compared to the Prior Year Quarter, driven by a 30% decrease in units sold partly offset by an 11% increase in prices.

REALTOR® Productivity

The average REALTOR® in the Company Network generated approximately \$2.6 million in transactional dollar volume for the twelve months ended December 31, 2020, compared to an estimated \$2.3 million in transactional dollar volume generated by an average Canadian REALTOR®, outside the Company Network. Management believes that the higher productivity of the Company's Network of REALTORS®, makes the Company less prone to a loss of REALTORS® during a period of reduced transactional dollar volume. The average transactional dollar volume per REALTOR® for the past five calendar years is summarized in the chart below.

CANADIAN RESIDENTIAL REAL ESTATE MARKET REALTOR® PRODUCTIVITY

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



*Source: CREA

PRODUCTS AND SERVICES OFFERED TO REALTORS®

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

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

The Manager, on behalf of the Company, invests in new products, tools and services to assist Franchisees in managing their businesses. In the Quarter, the Manager launched an agent-focused recruitment campaign in Quebec to grow Royal LePage franchisees' business in the region. The Brand also launched a consumer media campaign to amplify brand sponsored research authored by a renowned housing market expert. During the quarter, Royal LePage received three awards from the Canadian Public Relations Society for excellence in media relations.

Management's Discussion and Analysis of Results and Financial Condition

The Canadian Residential Real Estate Market

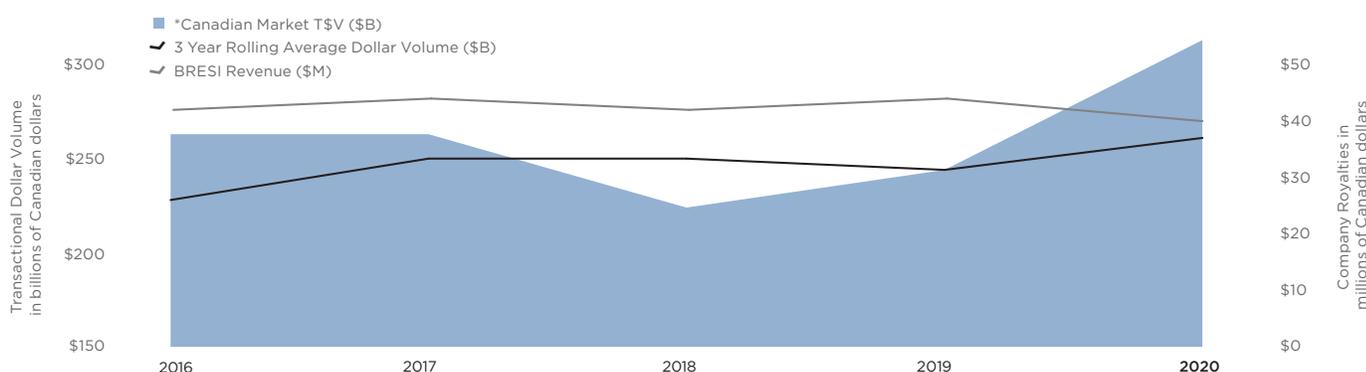
Sales activity was high compared to historic third quarter levels as Canadians continued to prioritize home ownership during the pandemic. As demand continued to outstrip available inventory, sales activity during the quarter was constrained by available product resulting in slightly lower year-over-year activity. Canada's inventory shortage is evident in cities from coast-to-coast. As buyers struggle to transact, the pipeline of demand continues to grow and is expected to put further upward pressure on home prices.

In addition to pent-up demand from buyers unable to transact due to low inventory, new demand from expected high immigration levels should further strain inventory and contribute to home price gains through 2022. In October 2020, the federal government announced that it would accept over 1.2 million immigrants in the 2021 to 2023 time period. As newcomers to Canada tend to rent for their first few years, condominium markets across major urban centres could be quite active as investors seek to meet this demand.

Partially offsetting demand, rising interest rates coupled with record-high home prices could push some buyers to the sidelines. There also remains a concern that if a new wave of COVID-19 infections occurs, it could impact the economy and employment, slowing housing demand.

TRANSACTION DOLLAR VOLUME - CANADIAN RESIDENTIAL REAL ESTATE MARKET

(2016-2020)



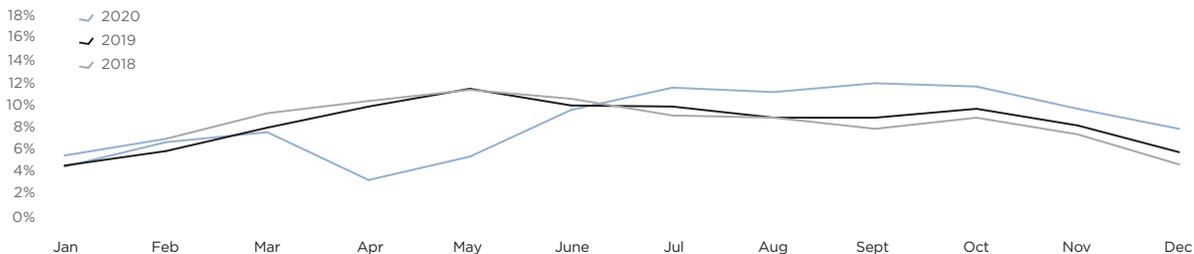
*Source: CREA

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

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CANADIAN RESIDENTIAL REAL ESTATE MARKET

(*% Canadian Market T\$V by month)



*Source: CREA

In the chart above, we can see that historical seasonality patterns for the Canadian Market did not hold true for 2020, primarily due to the pandemic. Government restrictions around social interaction and travel and economic uncertainty emerged in March 2020, contributing to the Canadian Market experiencing its largest ever year-over-year declines in April and May, 2020. From May, 2020 through December, 2020, real estate markets were very strong with many Canadian markets experiencing all-time monthly highs during this period, as low interest rates, pent-up demand and changing work-from-home patterns emerged.

Canadian Market Outlook

A summary of key commentary on the Canadian Market, as reported by the Canadian Real Estate Association ("CREA"), the Toronto Real Estate Board ("TREB") and the Bank of Canada ("BoC") follows:

From CREA¹: On September 15, 2021, CREA updated its forecast for home sales activity via the Multiple Listing Service[®] (MLS[®]) Systems of Canadian real estate boards and associations.

Over the past several years, record levels of international immigration (not including 2020), low interest rates, and an increasingly middle-aged Millennial cohort have come together to fuel very strong household formation and housing demand in Canada. Recall that prior to COVID-19, the number of available listings nationally was already at a 14-year low and the national number of months of inventory on the eve of the lockdowns had fallen to below 4 months (seller's market territory).

COVID-19 only served to supercharge trends that were already present, with even stronger first-time home buying activity teaming up with a surge in existing owners choosing to pull up stakes – everyone trying to find the right place to ride out the pandemic. At the same time, many other existing owners who may have made their homes available to buy in a normal year simply hunkered down. This served to drive prices sharply higher while supply fell further to reach all-time lows. The good news is that the urgency and frenzy of earlier in 2021 have started to fade and the market has settled down a bit, at least in a relative sense.

At this point most housing market indicators appear to be leveling off at a cruising altitude somewhere in between pre- and peak-pandemic levels. The exception is the end-of-month inventory of properties for sale, which continues to hit fresh lows. As such, the market remains historically imbalanced, which could have unprecedented implications for, and presents unprecedented risks in forecasting, both the number of sales and the price of those sales.

Supply concerns aside, the mass vaccination of society and (eventual) reopening of our lives and economies along with the associated migration and international immigration also present a considerable amount of uncertainty to the outlook over the balance of 2021 and into 2022, but only from a timing standpoint. It is hard to see how these will not ultimately act as tailwinds for housing demand. 2021 will almost certainly be a record year for home sales in Canada. While 2022 is expected to see significantly fewer MLS[®] transactions than in 2021, it is nonetheless still expected to mark the second-best year on record for Canadian home sales.

¹ Source: Housing activity forecast to continue easing over the second half of 2021 and into 2022, published September 15, 2021

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Of course, another risk to the forecast is the federal election in which ideas on how to fix the housing market have taken a prominent place. While it has been encouraging to see all the major parties looking at longer-term solutions to the supply shortage issue, it also highlights how there are no quick fixes. As anyone who has tried to get even a small project done in the last year knows, availability of materials and skilled labour are not dials that can simply be turned up to 11 whenever we decide we need them. And that's not to mention all the other barriers to building, of which there are many. So it may be easier said than done, but the conversation is a welcome change after a decade of demand-side tweaks. We'll see what initiatives are kicked off after September 20 (the date of the federal election).

Some 656,300 properties are forecast to trade hands via Canadian MLS® systems in 2021. This would be a record-setting number, and an increase of 18.8% over 2020. That said, this forecast does represent a downward revision from previous estimates, as sales fell more rapidly than predicted this spring.

The strength of demand in 2021 has been geographically broad-based and CREA anticipates strong sales growth in every province with the exception of Quebec, where the second half of 2020 was comparatively stronger than the first five months of 2021. That said, timing aside, we are well past the peak of activity everywhere at this point.

The national average home price is forecast to rise by 19.9% on an annual basis to \$680,000 in 2021, little changed from CREA's previous forecast. This historically large increase reflects the current unprecedented imbalance of supply and demand, still close to 2 months of inventory nationally.

On a monthly and quarterly basis, sales are forecast to continue trending slowly back towards more typical levels through the latter months of 2021 and into 2022; although, it is possible that most of that has already happened. Limited supply and higher prices are expected to tap the brakes on activity in 2022 compared to 2021, although increased churn in resale markets resulting from the COVID-related shake-up to so many people's lives may continue to boost activity above what was normal before COVID-19. Indeed, it is possible that many of the moves associated with changes related to remote work won't play out until further down the road when we have more certainty about what the future will look like post-COVID.

National home sales are forecast to fall by 12.1% to around 577,000 units in 2022. This easing trend is expected to play out across Canada with buyers facing both higher prices and a lack of available supply, while at the same time the urgency to purchase a home base to ride out the pandemic continuing to fade. Still, with supply at record lows, the national average home price is forecast to rise by 5.6% on an annual basis to around \$718,000 in 2022.

From TRREB²: On October 5, 2021, TRREB published its review of housing activity in the GTA for the month of September 2021.

September marked the transition from the slower summer market to the busier fall market in the Greater Toronto Area (GTA). Every year, we generally see an uptick in sales, average selling price and listings after Labour Day, and September 2021 was no different. Sales increased relative to August and were also at the third-highest mark on record for the month of September. The average selling price was up both month-over-month and year-over-year.

GTA REALTORS® reported 9,046 sales through TRREB's MLS® System in September 2021 – up in line with the regular seasonal trend from August. Compared to last year, market conditions tightened noticeably, with sales representing a substantially higher share of listings, and a significantly lower number of new listings across the board. Resurgence in the condo market was a factor in the higher share of listings sold. The total number of sales was down 18 per cent from 2020's record September result, in large part due to the lower number of new listings, which were down 34 per cent from the same time last year.

"Demand has remained incredibly robust throughout September with many qualified buyers who would buy a home tomorrow provided they could find a suitable property. With new listings in September down by one third compared to last year, purchasing a home for many is easier said than done. The lack of housing supply and choice has reached a critical juncture. Bandaid policies to artificially suppress demand have not been effective. This is not an issue that can be solved by one level of government alone. There needs to be collaboration federally, provincially, and locally on a solution," said Kevin Crigger, TRREB President.

The MLS® Home Price Index Composite Benchmark was up by 19.1 per cent year-over-year in September 2021. The average selling price for all home types combined was up by 18.3 per cent year-over-year to \$1,136,280.

² Source: TREB Tight GTA Housing Market Sustains strong Price Growth, published July 6, 2021

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"Price growth in September continued to be driven by the low-rise market segments, including detached and semi-detached houses and townhouses. However, competition between buyers for condo apartments has picked up markedly over the past year, which has led to an acceleration in price growth over the past few months as first-time buyers re-entered the ownership market. Look for this trend to continue," said Jason Mercer, TRREB Chief Market Analyst. "Housing was a key issue in last month's federal election. Ontario provincial and municipal elections are on the horizon in 2022. Much of the heavy lifting required to bring more housing online, from a policy perspective, happens at the provincial and local levels. These levels of government need to be on the same page. This should be an important topic for debate during the upcoming elections," said John DiMichele, TRREB CEO.

From the BoC³: On October 27, 2021, The Bank of Canada announced it was holding its target for the overnight rate at the effective lower bound of 1/4 percent, with the Bank Rate at 1/2 percent and the deposit rate at 1/4 percent. The Bank's extraordinary forward guidance on the path for the overnight rate is being maintained. The Bank is ending quantitative easing (QE) and moving into the reinvestment phase, during which it will purchase Government of Canada bonds solely to replace maturing bonds.

The global economic recovery from the COVID-19 pandemic is progressing. Vaccines are proving highly effective against the virus, although their availability and distribution globally remain uneven and COVID variants pose risks to health and economic activity. In the face of strong global demand for goods, pandemic-related disruptions to production and transportation are constraining growth. Inflation rates have increased in many countries, boosted by these supply bottlenecks and by higher energy prices. While bond yields have risen in recent weeks, financial conditions remain accommodative and continue to support economic activity.

The Bank projects global GDP will grow by 6 1/2 percent in 2021 – a strong pace but less than projected in the July Monetary Policy Report (MPR) – and by 4 1/4 percent in 2022 and about 3 1/2 percent in 2023.

In Canada, robust economic growth has resumed, following a pause in the second quarter. Strong employment gains in recent months were concentrated in hard-to-distance sectors and among workers most affected by lockdowns. This has significantly reduced the very uneven impact of the pandemic on workers. As the economy reopens, it is taking time for workers to find the right jobs and for employers to hire people with the right skills. This is contributing to labour shortages in certain sectors, even as slack remains in the overall labour market.

The Bank now forecasts Canada's economy will grow by 5 percent this year before moderating to 4 1/4 percent in 2022 and 3 3/4 percent in 2023. Demand is expected to be supported by strong consumption and business investment, and a rebound in exports as the US economy continues to recover. Housing activity has moderated, but is expected to remain elevated. On the supply side, shortages of manufacturing inputs, transportation bottlenecks, and difficulties in matching jobs to workers are limiting the economy's productive capacity. Although the impact and persistence of these supply factors are hard to quantify, the output gap is likely to be narrower than the Bank had forecast in July.

The recent increase in CPI inflation was anticipated in July, but the main forces pushing up prices – higher energy prices and pandemic-related supply bottlenecks – now appear to be stronger and more persistent than expected. Core measures of inflation have also risen, but by less than the CPI. The Bank now expects CPI inflation to be elevated into next year, and ease back to around the 2 percent target by late 2022. The Bank is closely watching inflation expectations and labour costs to ensure that the temporary forces pushing up prices do not become embedded in ongoing inflation.

The Governing Council judges that in view of ongoing excess capacity, the economy continues to require considerable monetary policy support. We remain committed to holding the policy interest rate at the effective lower bound until economic slack is absorbed so that the 2 percent inflation target is sustainably achieved. In the Bank's projection, this happens sometime in the middle quarters of 2022. In light of the progress made in the economic recovery, the Governing Council has decided to end quantitative easing and keep its overall holdings of Government of Canada bonds roughly constant.

The Bank will continue to provide the appropriate degree of monetary policy stimulus to support the recovery and achieve the inflation target.

³ Source: BoC press release published October 27, 2021

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Third Quarter Operating Results and Cash Flows

(Unaudited) (in 000's) except per Share amounts and Number of REALTORS®;	Three months September 30, ended 2021	Three months September 30, ended 2020	Nine months September 30, ended 2021	Nine months September 30, ended 2020
Revenues				
Fixed franchise fees	\$ 7,836	\$ 1,239	\$ 23,085	\$ 10,056
Variable franchise fees	3,483	8,038	12,034	19,124
Other revenue	1,115	1,460	4,366	4,073
	12,434	10,737	39,485	33,253
Less:				
Cost of other revenue	215	197	782	481
Administration expense (recovery)	264	(50)	406	779
Management fees	4,986	4,411	15,527	12,690
Interest expense	740	761	2,225	2,243
	\$ 6,229	\$ 5,418	\$ 20,545	\$ 17,060
Impairment and write-off of intangible assets	-	(76)	-	(359)
Amortization of intangible assets	(1,905)	(2,041)	(5,769)	(6,488)
Interest on Exchangeable units	(1,452)	(1,452)	(4,355)	(4,355)
Gain (loss) on fair value of Exchangeable Units	1,730	(3,527)	(6,157)	6,356
Gain (loss) on interest rate swap	254	133	1,199	(2,413)
Gain on deferred payments	-	310	-	1,191
Earnings (loss) before income taxes	\$ 4,856	\$ (1,235)	\$ 5,463	\$ 10,992
Current income tax expense	987	722	3,103	2,008
Deferred income tax expense	4	250	116	240
Net and comprehensive earnings (loss)	\$ 3,865	\$ (2,207)	\$ 2,244	\$ 8,744
Basic earnings (loss) per Restricted Voting Share	\$ 0.41	\$ (0.23)	\$ 0.24	\$ 0.92
Diluted earnings (loss) per Share	\$ 0.28	\$ (0.23)	\$ 0.24	\$ 0.53
Number of REALTORS®	19,934	18,930	19,934	18,930

Cash Flow Information (in 000's)

Cash provided by (used for):				
Operating activities	\$ 4,311	\$ 4,699	\$ 12,821	\$ 18,073
Investing activities	(52)	(268)	(209)	(3,025)
Financing activities	(3,201)	(3,201)	(12,102)	(9,602)

THIRD QUARTER OPERATING RESULTS AND CASH FLOWS

During the Quarter, the Company generated net earnings of \$3.9 million and cash provided by operating activities of \$4.3 million, as compared to a net loss of \$2.2 million and cash provided by operating activities of \$4.7 million in the Prior Year Quarter.

Revenues for the Quarter totaled \$12.4 million, compared to \$10.7 million for the Prior Year Quarter. Fixed franchise fees represented 63% of revenues for the Quarter (Prior Year Quarter - 12%). Revenues increased due to an increase in agent count and the expiry of the Relief Plan on January 1, 2021.

Fixed franchise fees for the Quarter increased significantly as compared to the Prior Year Quarter, due to the expiry of the Relief Plan, which suspended fixed fees and charged increased variable fees for approximately 82% of the company network for the period from April 1 to December 31, 2020. The increase is also due to an increase in the number of agents in the Company Network compared to 2020.

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Variable franchise fees for the Quarter decreased by 57% compared to the Prior Year Quarter as a result of the expiry of the Relief Plan.

Other Revenues for the Quarter decreased by 24% compared to the Prior Year Quarter due to lower commissions on mortgage referrals partly offset by higher leads revenues.

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

Administration expenses for the Quarter increased to \$0.3 million due to bad debt expense of \$0.1 million in the Quarter compared to a recovery of bad debt expense of \$0.2 million in the Prior Year Quarter.

Management fee expense was \$5.0 million for the Quarter, which was 13% higher than the Prior Year Quarter due to higher revenues and a reduction in the portion of management fee payments allocated to the amortization of the contract transfer obligation.

Interest expense of \$0.7 million was consistent compared to the Prior Year Quarter due to the interest accretion on deferred payments being substantially offset by the benefit of lower interest rates.

Amortization of Intangible Assets for the Quarter totaled \$1.9 million, a decrease of \$0.1 million compared to the Prior Year Quarter as a result of a number of intangible assets becoming fully amortized in 2020 and 2021.

Interest on Exchangeable Units represents the distributions to Exchangeable Unitholders. For the Quarter, total distributions amounted to \$0.44 per Exchangeable Unit, unchanged from the Prior Year Quarter. Distributions to Exchangeable Unitholders are determined with reference to dividends paid on Bridgemarq's Restricted Voting Shares.

Gain on fair value of Exchangeable Units represents the change in the fair value of the Exchangeable Units. The Exchangeable Units are valued based on the value of the Company's Restricted Voting Shares. At September 30, 2021, the Company's Restricted Voting Shares were valued at \$16.65 per share down from \$17.17 at June 30, 2021, resulting in a loss in the Quarter of \$1.7 million. For the Prior Year Quarter, the price of the Company's Restricted Voting Shares increased from \$11.75 per share at June 30, 2020 to \$12.81 per share at September 30, 2020 resulting in a loss of \$3.5 million for the Prior Year Quarter.

Gain on interest rate swap of \$0.3 million is a non-cash item which represents the change in fair value of the Company's interest rate swap which swaps the variable interest rate obligation on \$55.0 million of the Company's outstanding debt facilities to a fixed rate of 3.94% through December 31, 2023.

Income tax expense The effective income tax rate for the Quarter was 20% (Prior Year Quarter – greater than 100%). The Company's effective income tax rate is significantly different than the Company's enacted income tax rate of 26.5%. The difference in the effective income tax rate is driven by a number of items that are included in the determination of net earnings but excluded from the determination of taxable income (including, among other things, non-deductible amortization of intangible assets, interest on Exchangeable Units, fair valuation adjustments on Exchangeable Units, interest expense on accretion of deferred payments and gains or losses associated with the interest rate swaps.) as well as items that are excluded from the determination of net earnings but included in the determination of taxable income (including, payments associated with the contract transfer obligation and franchise agreement expenses).

Cash provided by operating activities decreased by \$0.4 million compared to the Prior Year Quarter as result of higher management fee payments (partly as a result of a deferral of management fee payments in the Prior Year Quarter and a smaller portion of the management fee being allocated to the contract transfer obligation) and higher income tax payments, partly offset by working capital reductions and higher revenues.

Cash used in investing activities decreased by \$0.2 million as a result of reduction in the amount of management fees allocated to repayment of the contract transfer obligation.

Cash used for financing activities represent dividends paid to shareholders which were consistent with the Prior Year Quarter.

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YEAR TO DATE OPERATING RESULTS AND CASH FLOWS

For the YTD, the Company generated net earnings of \$2.2 million compared to net earnings of \$8.7 million in the Prior Year Period.

Revenues for the YTD totaled \$39.5 million, compared to \$33.3 million for the Prior Year Period. Fixed franchise fees represented 58% of revenues for the YTD (Prior Year Period – 30%). Variable franchise fees represented 30% of revenues for the YTD (Prior Year Period – 58%). Revenues increased due to an increase in agent count, the expiry of the Relief Plan on January 1, 2021 and improvements in the Canadian Market.

Fixed franchise fees for the YTD increased by 130% as compared to the Prior Year Period, due to the expiration of the Relief Plan on December 31, 2020 and an increase in the number of agents compared to 2020.

Variable franchise fees for the YTD decreased by 37%, due to the expiration of the Relief Plan, partially offset by significant improvements in the Canadian Market.

Other Revenues for the YTD increased by 7% due to the strong Canadian Market. Other revenues consist of revenues earned from referral fees (including mortgage referrals and lead referrals to franchisees) which experienced significant increases in volumes due to greater web traffic and higher mortgage initiations during the strong real estate markets in the YTD.

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

Administration expenses of \$0.4 million for the YTD were lower than the Prior Year Period primarily due to a recovery of bad debt expenses of \$0.3 million compared to a bad debt expense of \$0.1 million in the Prior Year Period.

Management fee expense of \$15.5 million for the YTD increased due to the increase in revenues compared to Prior Year Period. In addition, a smaller portion of the management fee paid to the Manager was allocated to the contract transfer obligation.

Interest expense of \$2.2 million was consistent compared to the Prior Year Period due to the interest accretion on deferred payments being substantially offset by the benefit of lower interest rates in the YTD.

Amortization of Intangible Assets for the YTD totaled \$5.8 million compared to \$6.5 million in the Prior Year Period. The lower charge is due a number of intangible assets becoming fully amortized during 2020 and 2021.

Interest on Exchangeable Units represents the distributions to Exchangeable Unitholders. For the YTD, total distributions amounted to \$1.32 per Exchangeable Unit unchanged from the Prior Year Period. Distributions to Exchangeable Unitholders are determined with reference to dividends paid on Bridgemarq's Restricted Voting Shares.

Loss on fair value of Exchangeable Units represents the change in the fair value of the Exchangeable Units. The Exchangeable Units are valued based on the value of the Company's Restricted Voting Shares. At September 30, 2021, the Company's Restricted Voting Shares were valued at \$16.65 per share compared to \$14.80 at December 31, 2020, resulting in a loss of \$6.2 million for the YTD. This loss represents an increase in the obligation associated with the conversion features of the Exchangeable Units. For the Prior Year Period, the price of the Company's Restricted Voting Shares increased from \$14.72 at December 31, 2019 to \$12.81 at September 30, 2020, resulting in a gain of \$6.4 million.

Gain on interest rate swap of \$1.2 million is a non-cash item which represents the change in fair value of the Company's interest rate swaps. In March of 2019, the Company entered into an interest rate swap agreement to swap the variable interest rate obligation on \$55.0 million of the Company's outstanding debt facilities to a fixed rate obligation of 3.94% for the period from November 2019 through December 31, 2023.

Income tax expense The effective income tax rate paid by the Company for the YTD was 59% (Prior Year Period – 20%). The Company's effective income tax rate is significantly different than the Company's enacted income tax rate of 26.5%. The difference in the effective income tax rate is driven by a number of items that are included in the determination of net earnings but excluded from the determination of taxable income (including, among other things, non-deductible amortization of intangible assets, interest on Exchangeable Units, fair valuation adjustments on Exchangeable Units, interest expense on accretion of deferred payments and gains or losses associated with the interest rate swaps.) as well as items that are excluded from the determination of net earnings but included in the determination of taxable income (including, payments associated with the contract transfer obligation and franchise agreement expenses).

Management's Discussion and Analysis of Results and Financial Condition

Cash provided by operating activities decreased to \$12.8 million compared to \$18.1 million in the Prior Year Period as a result of higher management fee payments (partly as result of a deferral of management fee payments in the Prior Year Period and a smaller portion of the management fee being allocated to the contract transfer obligation) increased investment in working capital and higher income tax payments, partly offset by higher revenues and lower administration expenses.

Cash used in investing activities amounted to \$0.2 million compared to \$3.0 million in the Prior Year Period as a result of rebates provided under the Relief Plan in the Prior Year Period and lower management fee payments allocated to the contract transfer obligation.

Cash used in financing activities increased by \$2.8 million compared to the Prior Year Period due to a repayment under the debt facilities in the second quarter of 2021.

Summary of Quarterly Results

(Unaudited)

For three months ended,

2021

2020

2019

(in 000's) except per Share amounts
and number of REALTORS®;
number of REALTORS®;

	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31
Revenues								
Fixed franchise fees	\$ 7,836	\$ 7,665	\$ 7,584	\$ 1,191	\$ 1,239	\$ 1,276	\$ 7,541	\$ 7,303
Variable franchise fees	3,483	4,806	3,745	4,776	8,038	8,467	2,619	2,183
Other revenue	1,115	1,481	1,770	1,119	1,460	1,651	962	1,182
	12,434	13,952	13,099	7,086	10,737	11,394	11,122	10,668
Less:								
Cost of other revenue	215	294	273	235	197	165	119	107
Administration expenses (recovery)	264	90	52	(171)	(50)	174	655	429
Management fees	4,986	5,364	5,177	4,185	4,411	4,203	4,076	3,730
Interest expense	740	745	740	758	761	732	750	761
	6,229	7,459	6,857	2,079	5,418	6,120	5,522	5,641
Impairment and write-off of intangible assets, net	-	-	-	(9)	(76)	(113)	(170)	(32)
Amortization of intangible assets	(1,905)	(1,913)	(1,951)	(2,017)	(2,041)	(2,198)	(2,249)	(2,631)
Interest on Exchangeable Units	(1,452)	(1,452)	(1,452)	(1,451)	(1,452)	(1,452)	(1,452)	(1,451)
Gain (loss) on fair value of Exchangeable Units	1,730	(2,529)	(5,358)	(6,622)	(3,527)	(11,048)	20,931	-
Gain (loss) on interest rate swap	254	380	565	205	133	(211)	(2,335)	659
Gain on deferred payments	-	-	-	-	310	881	-	-
Earnings (loss) before income tax	4,856	1,945	(1,339)	(7,815)	(1,235)	(8,021)	20,247	2,186
Current income tax expense	987	1,008	1,108	82	722	556	730	675
Deferred income tax expense (recovery)	4	23	89	80	250	599	(609)	218
Net and comprehensive earnings (loss)	\$ 3,865	\$ 914	\$ (2,536)	\$ (7,977)	\$ (2,207)	\$ (9,176)	\$ 20,126	\$ 1,293
Basic earnings (loss) per Restricted Voting Share	\$ 0.41	\$ 0.10	\$ (0.27)	\$ (0.84)	\$ (0.23)	\$ (0.97)	\$ 2.12	\$ 0.14
Diluted earnings (loss) per Share	\$ 0.28	\$ 0.10	\$ (0.27)	\$ (0.84)	\$ (0.23)	\$ (0.97)	\$ 0.05	\$ 0.14
Number of REALTORS®	19,934	19,588	19,316	19,046	18,930	18,921	19,120	19,111

Management's Discussion and Analysis of Results and Financial Condition

DISTRIBUTABLE CASH FLOW

Distributable Cash Flow represents operating income before deducting amortization and net impairment of intangible assets minus current income tax expense minus cash used in investing activities. Distributable Cash Flow is used by the Company to measure the amount of cash generated from operations, which is available for distribution to the Company's shareholders on a diluted basis, subject to working capital and other investment requirements.

The calculation of Distributable Cash Flow for the three and nine months ended September 30, 2021 is presented in the table below with comparative amounts for 2020.

(Unaudited) (\$ 000's)	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Revenues	12,434	10,737	39,485	33,253
Less:				
Cost of other revenue	215	197	782	481
Administration expense (recovery)	264	(50)	406	779
Management fees	4,986	4,411	15,527	12,690
Interest expense	740	761	2,225	2,243
Current income tax expense	987	722	3,103	2,008
Cash used for investing activities	52	268	209	3,025
Distributable Cash Flow	\$ 5,190	\$ 4,428	\$ 17,233	\$ 12,027
Distributable Cash Flow per Share	\$ 0.41	\$ 0.35	\$ 1.35	\$ 0.94

Distributable Cash Flow for the Quarter totaled \$5.2 million, an increase of \$0.8 million primarily due to higher revenues, partly offset by higher management fees, higher administration expenses and higher current income tax expenses.

The calculation of Distributable Cash Flow for the trailing twelve-month period ended September 30, 2021 is presented in the table below with comparative amounts for 2020.

For twelve months ended, (in 000's) except per Share amounts	September 30, 2021	September 30, 2020
Revenues	\$ 46,571	\$ 43,921
Less:		
Cost of other revenue	1,017	588
Administration expense	235	1,208
Management fees	19,712	16,420
Interest expense	2,983	3,004
Current income tax expense	3,185	2,683
Cash used for investing activities	293	4,163
Distributable Cash Flow	\$ 19,146	\$ 15,855
Distributable Cash Flow per Share	\$ 1.49	\$ 1.24

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

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For the twelve-month period ended September 30, 2021, the Company generated Distributable Cash Flow of \$19.1 million or \$1.49 per Share, as compared to \$15.9 million or \$1.24 per Share generated for the twelve-month period ended September 30, 2020. Distributable Cash Flow increased for the twelve-month period ended September 30, 2021 compared to the twelve month period ended September 30, 2020 Prior Year Quarter primarily due to higher revenues, lower administration expenses and the impact of rebates provided under the Relief Plan in 2020, partly offset by higher management fees and higher current income tax expense.

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

DISTRIBUTABLE CASH FLOW RECONCILED TO CASH FLOW FROM OPERATING ACTIVITIES

The table below presents a reconciliation of cash flow from operating activities, as presented in the consolidated statements of cash flows, to Distributable Cash Flow, a measure used by the Company to assess the resources available to the Company for distribution to holders of Restricted Voting Share and holders of Exchangeable Units subject to other uses for the cash.

(Unaudited) (\$ 000's)	Three months ended September 30, 2021	Three months ended September 30, 2020	Nine months ended September 30, 2021	Nine months ended September 30, 2020
Cash flow from operating activities	\$ 4,311	\$ 4,699	\$ 12,821	\$ 18,073
Add (deduct):				
Interest on Exchangeable Units	1,452	1,452	4,355	4,355
Income tax expense	(987)	(722)	(3,103)	(2,008)
Income taxes paid	1,380	720	2,880	1,980
Changes in non-cash working capital items	(849)	336	677	(583)
Interest expense	(2,151)	(2,162)	(6,454)	(6,456)
Interest paid	2,086	2,098	6,267	6,311
Interest income	(6)	(36)	(28)	(88)
Interest received	6	34	27	84
Deferral of payments	-	(1,413)	-	(5,425)
Gain on deferred payments	-	(310)	-	(1,191)
Cash used in investing activities	(52)	(268)	(209)	(3,025)
Distributable Cash Flow	\$ 5,190	\$ 4,428	\$ 17,233	\$ 12,027

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

Management's Discussion and Analysis of Results and Financial Condition

Debt Facilities

As at September 30, 2021 the Company's \$80.0 million financing is comprised of the following three arrangements, maturing December 31, 2023:

- A \$55.0 million term facility (the "Term Facility"). The Term Facility bears interest at a variable rate of Banker's Acceptances ("BAs") +1.70% or Prime + 0.5%;
- A \$20.0 million acquisition facility (the "Acquisition Facility") to support acquisitions pursued by the Company, bearing interest at a variable rate of BAs +1.70% or Prime + 0.5%. A standby fee of 0.15% applies on undrawn amounts under this facility; and
- A \$5.0 million revolving operating facility (the "Operating Facility") to meet the Company's day-to-day operating requirements, bearing interest at a variable rate of BAs +1.70% or Prime + 0.5%.

During the second quarter of 2021, the Company repaid \$2.5 million of the amount outstanding on the Acquisition Facility. As at September 30, 2021, the Company has drawn \$55.0 million on the Term Facility, \$16.0 million on the Acquisition Facility and nil on the Operating Facility.

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

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

The Company has entered into an interest rate swap agreement to swap the variable interest rate obligation on the \$55.0 million Term Facility to a fixed rate obligation of 3.94% through December 31, 2023. This interest rate swap is a financial instrument and is disclosed at its fair value with any change in that fair value recorded as a gain or loss in the Company's consolidated statements of net and comprehensive earnings. At September 30, 2021 the Company determined that the fair value of the interest rate swap represents a liability of \$1.5 million (December 31, 2020 - \$2.7 million). For the Quarter, the Company recognized a fair value gain of \$0.3 million (Prior Year Quarter - gain of \$0.1 million).

Liquidity

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

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

During the Quarter, the Company generated Distributable Cash Flow of \$5.2 million, compared to \$4.4 million in the Prior Year Quarter. The increase is due primarily to higher revenues partly offset by higher management fees, higher administration expenses and higher current income tax expenses.

Management's Discussion and Analysis of Results and Financial Condition

In 2020, the Company entered into an agreement with the Manager and Brookfield whereby the Company deferred certain payments of management fees payable to the Manager and payments of interest on the Exchangeable Units. Amounts deferred under this agreement are non-interest bearing, are due in 2025 and can be repaid in cash or through the issuance of Exchangeable Units, at the option of the Company.

The Company paid dividends to shareholders and interest to holders of Exchangeable Units totaling \$14.0 million for the YTD, unchanged from the Prior Year Period.

WORKING CAPITAL

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

Overall, working capital increased by \$1.0 million from \$8.9 million as at December 31, 2020 to \$9.9 million at September 30, 2021. The increase in working capital resulted primarily from:

- A \$1.5 million increase in accounts receivable due to higher revenues in the Quarter relative to the fourth quarter of 2020;
- A \$0.5 million increase in cash;
- A \$0.1 million increase in accounts payable and accrued liabilities; partly offset by
- A \$1.0 million change in current income taxes receivable/owing.

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

(\$ 000's) As at	Sept. 30, 2021	June 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Change in Quarter	Change in Year
Current assets										
Cash	\$ 9,666	\$ 8,608	\$ 9,065	\$ 9,156	\$10,648	\$ 9,418	\$ 3,979	\$ 5,202	\$ 1,058	\$ 510
Accounts receivable and current portion of notes receivable	3,918	4,436	4,260	2,376	4,132	5,139	5,038	4,559	(518)	1,542
Prepaid expenses	139	120	131	143	130	124	256	211	19	(4)
Current income tax receivable	-	35	294	652	145	147	73	173	(35)	(652)
Goods and Services tax receivable	-	-	-	-	-	-	-	-	-	-
	\$ 13,723	\$ 13,199	\$ 13,750	\$ 12,327	\$ 15,055	\$ 14,828	\$ 9,346	\$ 10,145	\$ 524	\$ 1,396
Current liabilities										
Accounts payable and accrued liabilities	\$ 1,377	\$ 1,778	\$ 1,650	\$ 1,283	\$ 1,342	\$ 2,197	\$ 1,172	\$ 1,210	\$ (401)	\$ 94
Contract transfer obligation	566	559	552	549	604	842	1,280	1,920	7	17
Current income tax liability	315	-	-	-	-	-	-	-	315	315
Interest payable to Exchangeable Unitholders	484	484	484	484	484	968	484	484	-	-
Dividends payable to Restricted Voting shareholders	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	-	-
	3,809	3,888	3,753	3,383	3,497	5,074	4,003	4,681	(79)	426
Net working capital	\$ 9,914	\$ 9,311	\$ 9,997	\$ 8,944	\$ 11,558	\$ 9,754	\$ 5,343	\$ 5,464	\$ 603	\$ 970

Management's Discussion and Analysis of Results and Financial Condition

Cash and Capital Resources

A summary of cash and capital resources available to the Company as at September 30, 2021 and December 31, 2020 is presented below:

(in 000's) As at	September 30, 2021	December 31, 2020
Cash	\$ 9,666	\$ 9,156
Term Facility	-	-
Acquisition Facility	4,000	1,500
Operating Facility	5,000	5,000
Net borrowing capacity	\$ 9,000	\$ 6,500
Available resources	\$ 18,666	\$ 15,656

As at September 30, 2021, \$16.0 million of the Acquisition Facility has been drawn by the Company, leaving \$9.0 million available under the debt facilities. This improvement over net borrowing capacity at December 31, 2020 is due to a repayment on the Acquisition Facility of \$2.5 million in the second quarter of 2021.

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

Commitments and Contingencies

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

As at September 30,	2021	2022	2023	2024	2025	Beyond 2025	Total
Accounts payable and accrued liabilities	\$ 1,377	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,377
Current contract transfer obligation	566	-	-	-	-	-	\$ 566
Interest payable to Exchangeable Unitholders	484	-	-	-	-	-	\$ 484
Dividends payable to shareholders	1,067	-	-	-	-	-	\$ 1,067
Interest on long-term debt	2,098	2,797	2,797	-	-	-	\$ 7,692
Interest on contract transfer obligation	40	143	114	90	72	97	\$ 556
Long term contract transfer obligation	-	290	602	356	375	1,099	\$ 2,722
Interest rate swap liability	-	-	1,505	-	-	-	\$ 1,505
Debt facilities	-	-	71,000	-	-	-	\$ 71,000
Deferred payments	-	-	-	-	6,616	-	\$ 6,616
Exchangeable Units	-	-	-	-	-	55,406	\$ 55,406
Total	\$ 5,632	\$ 3,230	\$ 76,018	\$ 446	\$ 7,063	\$ 56,602	\$ 148,991

The Company has been named as a defendant in a claim filed against numerous real estate companies and other real estate entities, including CREA and TRREB, alleging anti-competitive behaviour. The Company is preparing a response to those allegations, and believes them to be entirely without merit. The claim is in its very early stages however management believes that the likelihood of any negative impact on the Company is remote.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Management's Discussion and Analysis of Results and Financial Condition

Transactions with Related Parties

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

The Manager operates 26 corporately owned Royal LePage residential Brokerage locations. These locations are serviced by approximately 1,700 REALTORS® with 1,237 REALTORS® operating out of 15 locations in the GTA market, 442 REALTORS® operating from 9 locations in the GV market and 21 REALTORS® operating from two locations in Quebec.

All of the corporately owned operations operate under Franchise Agreements with standard fixed and variable franchise fees and participated in the Relief Plan. The Franchise Agreements for GTA based locations are up for renewal in 2023, while the Franchise Agreements for the GV operations are up for renewal between 2023-2024. The Franchise Agreements for the Quebec locations are up for renewal in 2028.

The management of the Company is provided by the Manager under the terms of the MSA. The Manager is a company controlled by the Exchangeable Unitholders. Under the MSA, the Manager provides certain management, administrative and support services to the Company and its subsidiaries and, in return, is paid a monthly fee equal to \$840,000 plus:

- a) during the first five years of the initial term of the MSA, the greater of:
 - (i) 23.5% of the Distributable Cash (as such term is defined in the MSA) of the Company; and
 - (ii) 0.342% of the Current Market Value (as such term is defined in the MSA), and
- b) after the first five years of the initial term of the MSA, the greater of:
 - (i) 25.0% of the Distributable Cash of the Company; and
 - (ii) 0.375% of the Current Market Value.

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

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

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

Critical Accounting Estimates and Assumptions

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

The Company's intangible assets are regularly monitored for indications of impairment and reversal of impairment in the carrying value of these assets.

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

Management's Discussion and Analysis of Results and Financial Condition

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis and, where applicable, relevant forward-looking information, as required. These estimates have been prepared in a manner consistent with prior periods, and management is not aware of any trends, commitments, events or uncertainties that will materially affect the methodology or assumptions utilized in these interim condensed consolidated financial statements. The estimates are impacted by, among other things, movements in interest rates and cash flow forecasts, which are judgements and are uncertain. The interrelated nature of these factors prevents management from quantifying the overall impact of these movements on the Company's interim condensed consolidated financial statements in a meaningful way. These sources of estimation uncertainty relate in varying degrees to virtually all asset and liability account balances.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

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

Forward Looking Information for Accounts Receivable and Notes Receivable

The measurement of estimated credit losses for accounts receivable and notes receivable and the assessment of increases in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement and is uncertain, particularly as a result of impact of the COVID-19 pandemic. In assessing the valuation of accounts receivable, the Company evaluates the franchisee's historical payment patterns, the current financial health of the franchisee and expected or possible changes in future events or market conditions to determine whether an allowance for doubtful accounts should be recorded.

Impairment of Intangible Assets and recovery of impairment

Under IAS 36, Impairment of Assets, the Company ensures that the carrying value of intangible assets are not more than their recoverable amount (i.e. the higher of; a) fair value less costs of disposal, and b) value-in-use). The Company regularly reviews intangible assets to determine whether indicators of impairment exist on individual Franchise Agreements, other contracts or Trademarks. When reviewing indicators of impairment for Franchise Agreements or other contracts, the Company considers certain factors including, franchise fees or other revenues earned, term to maturity, historical REALTOR® count, collectability of receivables, estimated future revenues to be earned, estimated future costs appropriately allocable to intangible assets and underlying market conditions. Where indicators of impairment exist, the Company recognizes impairment charges if the carrying amount of a Franchise Agreement exceeds its recoverable amount or if the recovery of the carrying amount is no longer reasonably assured. The estimation of future cash flows and other forward-looking information requires significant judgement and is highly uncertain as a result of, among other things, the potential impact of the COVID-19 pandemic. When an intangible asset has been previously written down to its recoverable amount as a result of recording an impairment loss and the conditions causing such an impairment loss have become more favourable, the previously recorded impairment loss may be reversed and is recorded as a recovery of impairment.

Financial Instruments

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

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

The Company is party to an interest rate swap agreement which swaps the variable interest rate obligation on the \$55.0 million Term Facility to a fixed rate obligation of 3.94% through to the expiry of the Company's Term Facility on December 31, 2023. The Company is exposed to the risk of interest rate fluctuations on its \$20.0 million Acquisition Facility and its \$5.0 million Operating Facility as the interest rates on these facilities are based on Prime or Banker's Acceptance interest rates. As at September 30, 2021, the Company has drawn \$16.0 million on the Acquisition Facility, and nil on the Operating Facility.

Management's Discussion and Analysis of Results and Financial Condition

Disclosure Controls and Internal Controls over Financial Reporting

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

DISCLOSURE CONTROLS AND PROCEDURES ("DC&P")

The evaluation of the effectiveness of DC&P, as defined in National Instrument 52-109 *Certification of Disclosures in Issuers' Annual and Interim Filings*, was performed under the supervision of the President and Chief Executive Officer and the Chief Financial Officer. They conclude that these DC&P were adequate and effective as at September 30, 2021. The Company's management can therefore provide reasonable assurance that it receives material information relating to the Company in a timely manner so that it can provide investors with complete and reliable information.

INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Management has designed ICFR to provide reasonable assurance that the Company's financial reporting is reliable and that the Company's interim condensed consolidated financial statements were prepared in accordance with IFRS. The design and effectiveness of ICFR was evaluated as defined in National Instrument 52-109 under the supervision of the President and Chief Executive Officer and the Chief Financial Officer. Based on the evaluations, they conclude that ICFR is adequate and effective to provide such assurance as at September 30, 2021. The design of ICFR is undertaken in accordance with the 2013 COSO framework.

Outstanding Restricted Voting Shares

Bridgemarq is authorized to issue an unlimited number of Restricted Voting Shares, an unlimited number of preferred shares and one Special Voting Share. As of November 8, 2021, Bridgemarq has issued 9,483,850 Restricted Voting Shares, no preferred shares and one Special Voting Share.

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

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

Risk Factors

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

Management's Discussion and Analysis of Results and Financial Condition

Forward-Looking Statements

This MD&A contains forward-looking information and other "forward-looking statements" within the meaning of applicable securities legislation. Words such as "all", "anticipates", "appears", "assist", "attempts", "attracting", "are", "believes", "bottlenecks", "can", "caters", "choosing", "continue(s)", "continued", "contributing", "consist", "could", "demand", "derives", "does", "ease", "estimate(s)", "exceed(s)", "expected", "expects", "exposed", "forecast(s)", "further", "future", "gains", "generates", "governs", "grow", "growing", "growth", "happens", "has", "have", "holding", "impact", "include", "increase(s)", "increasing", "invest", "is", "judges", "keep", "lack", "levelling", "limiting", "makes", "many", "may", "moderating", "momentum", "moving", "needs", "objective(s)", "offers", "on", "ongoing", "operate(s)", "outlook", "outstrip", "owing", "play", "pose", "potential", "presents", "persistence", "pressure", "projection", "projects", "provide(s)", "provided", "purchase", "pushing", "rebound", "receives", "recovering", "recovery", "reflects", "remain(s)", "remaining", "reopens", "represent(s)", "represent(ing)", "resulting", "retaining", "return", "rise", "sees", "seek(s)", "setting", "shortage", "should", "strives", "struggle", "substantially", "supercharge", "surge", "supplies", "teaming", "tend", "temporary", "trying", "typical(ly)", "uncertain(ly)", "upward", "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, but are not limited to: the duration and effects of the COVID-19 pandemic, including the impact of COVID-19 on the economy, the Company's business, government or other regulatory initiatives to address the spread of COVID-19 and changes in government policy, laws or regulations which could reasonably affect the housing market in Canada and consumer response thereto, a change in general economic conditions (including interest rates, consumer confidence, commodity prices, real estate legislation and regulations and other general economic factors or indicators), the level of residential real estate transactions, the availability of attractive investment opportunities, the average rate of commissions charged, 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 revenue from the Company's Network, availability to generate sufficient cash flows in the future to pay dividends to holders of Restricted Voting Shares and interest to Exchangeable Unitholders, ability to acquire, renew and/or extend Franchise Agreements, the ability to increase fees, the 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, the availability of equity and debt financing, conversion of Exchangeable Units into Restricted Voting Shares, a change in tax law 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, regulatory developments and the ability to obtain financing on acceptable terms, 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 forward-looking statements in this MD&A are made as of the date of this MD&A and 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.

Management's Discussion and Analysis of Results and Financial Condition

Supplemental Information HISTORY OF DIVIDENDS DECLARED

(per Restricted Voting Share*)

Month Declared	2021	2020	2019	2018	2017	2016
January	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1083	\$ 0.1083
February	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1083	\$ 0.1083
March	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1083	\$ 0.1083
April	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1083	\$ 0.1083
May	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1083	\$ 0.1083
June	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1083	\$ 0.1083
July	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1083	\$ 0.1083
August	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1083
September	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1083
October	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1083
November	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1083
December	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1125	\$ 0.1083
	\$ 1.0125	\$ 1.3500	\$ 1.3500	\$ 1.3500	\$ 1.3206	\$ 1.2996

* Amounts declared prior to 2011 represent distributions declared to unitholders, prior to the Company's re-organization from an income trust to a corporate structure on December 31, 2010.

SHARE PERFORMANCE

(in Canadian dollars)

except shares outstanding
and average daily volume
For three months ended,

	Sept. 30, 2021	June 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	Mar. 31, 2020	Dec. 31, 2019	Sept. 30, 2019
Trading price range of units (TSX: "BRE")									
Close	\$ 16.65	\$ 17.17	\$ 16.41	\$ 14.80	\$ 12.81	\$ 11.75	\$ 8.43	\$ 14.72	\$ 14.72
High	\$ 17.46	\$ 18.00	\$ 17.00	\$ 14.88	\$ 14.19	\$ 11.99	\$ 15.85	\$ 15.38	\$ 14.92
Low	\$ 16.07	\$ 15.80	\$ 14.33	\$ 14.75	\$ 11.14	\$ 6.59	\$ 6.31	\$ 14.02	\$ 12.87
Average daily volume	8,578	11,397	14,371	10,677	11,576	17,592	27,027	19,317	15,546
Number of restricted voting shares outstanding at period end	9,483,850	9,483,850	9,483,850	9,483,850	9,483,850	9,483,850	9,483,850	9,483,850	9,483,850
Market capitalization (\$'000's)	\$ 213,312	\$ 219,974	\$ 210,237	\$ 189,610	\$ 164,116	\$ 150,535	\$ 108,001	\$ 188,586	\$ 188,586

Management's Discussion and Analysis of Results and Financial Condition

CANADIAN REAL ESTATE MARKET

For Three months ended	Sept. 30 2021	June 30 2021	Mar. 31 2021	Dec. 31 2020	Sept. 30 2020	June 30 2020	Mar. 31 2020	Dec. 31 2019
Canada								
Transaction dollar volume ¹	\$ 104,328	\$ 141,746	\$ 113,813	\$ 90,071	\$ 109,085	\$ 55,949	\$ 57,920	\$ 57,324
Average selling price	\$ 680,485	\$ 685,108	\$ 682,552	\$ 607,280	\$ 604,211	\$ 538,831	\$ 531,722	\$ 500,938
Number of units sold	155,849	206,274	166,746	148,814	185,561	108,087	108,930	109,381
Number of REALTORS® at period end ²	144,058	140,331	136,605	134,803	133,120	133,476	133,242	133,242
Housing starts	61,380	66,498	54,502	57,457	58,971	47,525	38,170	49,954
Greater Toronto Area								
Transaction dollar volume ¹	\$ 29,275	\$ 40,139	\$ 35,298	\$ 25,161	\$ 31,244	\$ 14,401	\$ 17,656	\$ 16,803
Average selling price	\$ 1,079,381	\$ 1,075,636	\$ 1,053,585	\$ 929,699	\$ 920,168	\$ 891,167	\$ 890,822	\$ 819,319
Number of units sold	26,879	36,630	33,503	26,358	32,821	16,152	19,820	19,868
Housing starts	11,872	8,588	9,625	8,502	12,155	11,090	6,840	6,513
Greater Vancouver Area								
Transaction dollar volume ¹	\$ 11,414	\$ 15,786	\$ 14,084	\$ 10,986	\$ 10,839	\$ 5,343	\$ 6,536	\$ 7,463
Average selling price	\$ 1,175,834	\$ 1,179,171	\$ 1,159,167	\$ 1,079,033	\$ 1,103,099	\$ 1,049,475	\$ 1,029,394	\$ 982,541
Number of units sold	9,779	13,181	12,150	10,075	10,065	5,122	6,349	7,484
Housing starts	5,192	7,972	7,322	6,192	6,415	5,384	4,380	5,912
Greater Montreal Area								
Transaction dollar volume ¹	\$ 5,898	\$ 8,837	\$ 7,719	\$ 7,717	\$ 7,291	\$ 4,329	\$ 6,004	\$ 4,963
Average selling price	\$ 556,034	\$ 551,624	\$ 534,155	\$ 501,339	\$ 499,339	\$ 465,748	\$ 435,379	\$ 408,401
Number of units sold	10,842	16,254	15,425	15,679	15,381	10,156	14,661	11,828
Housing starts	7,660	9,241	8,080	7,981	8,017	6,268	5,008	5,997

¹ (in millions Canadian dollars)

² CREA Membership data as of Sep 30, 2021 not available as of MDA date

Source: CREA, CMHC, TREB

For Twelve months ended	Sept. 30 2021	June 30 2021	Mar. 31 2021	Dec. 31 2020	Sept. 30 2020	June 30 2020	Mar. 31 2020	Dec. 31 2019
Canada								
Transaction dollar volume ¹	\$ 449,958	\$ 454,715	\$ 368,917	\$ 313,025	\$ 280,278	\$ 238,014	\$ 258,379	\$ 244,872
Average selling price	\$ 663,965	\$ 642,802	\$ 605,569	\$ 567,699	\$ 547,462	\$ 517,728	\$ 513,347	\$ 500,938
Number of units sold	677,683	707,395	609,208	551,392	511,959	459,729	503,322	488,828
Housing starts	239,837	237,428	218,455	202,123	194,620	190,727	199,324	196,729
Greater Toronto Area								
Transaction dollar volume ¹	\$ 129,874	\$ 131,842	\$ 106,104	\$ 88,462	\$ 80,104	\$ 68,385	\$ 77,058	\$ 71,957
Average selling price	\$ 1,052,716	\$ 1,019,568	\$ 974,916	\$ 929,699	\$ 903,484	\$ 856,453	\$ 842,465	\$ 819,319
Number of units sold	123,370	129,312	108,834	95,151	88,661	79,847	91,467	87,825
Housing starts	38,587	38,870	41,372	38,587	36,598	33,094	29,911	30,462
Greater Vancouver Area								
Transaction dollar volume ¹	\$ 52,270	\$ 51,695	\$ 41,252	\$ 33,704	\$ 30,180	\$ 26,327	\$ 27,624	\$ 25,342
Average selling price	\$ 1,156,789	\$ 1,136,872	\$ 1,102,638	\$ 1,066,198	\$ 1,039,979	\$ 1,006,457	\$ 998,948	\$ 986,796
Number of units sold	45,185	45,471	37,412	31,611	29,020	26,158	27,653	25,681
Housing starts	26,678	27,901	25,313	22,371	22,091	22,182	26,749	28,141
Greater Montreal Area								
Transaction dollar volume ¹	\$ 30,171	\$ 31,564	\$ 27,056	\$ 25,341	\$ 22,586	\$ 19,681	\$ 21,481	\$ 20,284
Average selling price	\$ 518,395	\$ 503,100	\$ 477,680	\$ 453,505	\$ 434,135	\$ 415,008	\$ 405,084	\$ 394,661
Number of units sold	58,200	62,739	56,641	55,877	52,026	47,422	53,029	51,396
Housing starts	32,962	33,319	30,346	27,274	25,290	23,052	25,031	25,112

¹ (in millions Canadian dollars)

Source: CREA, CMHC, TREB

Management's Discussion and Analysis of Results and Financial Condition

DISTRIBUTABLE CASH FLOW AND ITS UTILIZATION

(\$ 000's)	Three months ended September 30, 2021	Nine months ended September 30, 2021	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018	Year ended Dec. 31, 2017	Year ended Dec. 31, 2016
Fixed franchise fees	\$ 7,836	\$ 23,085	\$ 11,247	\$ 29,285	\$ 28,326	\$ 26,816	\$ 25,844
Variable franchise fees	3,483	12,034	23,900	10,638	10,737	10,853	10,229
Other revenue	1,115	4,366	5,192	4,426	-	-	-
Premium franchise fees	-	-	-	-	2,964	6,569	6,363
Revenues	12,434	39,485	40,339	44,349	42,027	44,238	42,436
Less:							
Cost of other revenue	215	782	716	524	-	-	-
Administration expenses	264	406	608	1,196	1,259	816	1,058
Management fees	4,986	15,527	16,875	15,478	7,616	8,178	7,754
Interest Expense	740	2,225	3,001	3,031	2,686	2,532	2,606
Current income tax expense	987	3,103	2,090	2,989	5,183	5,280	4,893
Cash used for investing activities	52	209	3,109	3,934	10,849	10,119	9,366
Distributable Cash Flow	\$ 5,190	\$ 17,233	\$ 13,940	\$ 17,197	\$ 14,434	\$ 17,313	\$ 16,759
Less:							
Dividends to shareholders	3,201	9,602	12,803	12,803	12,803	12,485	12,325
Interest to Exchangeable Unitholders	1,452	4,355	5,806	5,806	5,806	5,750	5,710
Total distributions	\$ 4,653	\$ 13,957	\$ 18,609	\$ 18,609	\$ 18,609	\$ 18,235	\$ 18,035
Distributions payment rate ¹	90%	81%	133%	108%	129%	105%	108%

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

Management's Discussion and Analysis of Results and Financial Condition

CASH FLOW FROM OPERATING ACTIVITIES RECONCILED TO DISTRIBUTABLE CASH

(\$ 000's)	Three months ended June 30, 2021	Six months ended June 30, 2021	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018	Year ended Dec. 31, 2017	Year ended Dec. 31, 2016
Cash Flow from Operating activities	\$ 4,311	\$ 12,821	\$ 19,866	\$ 15,600	\$ 18,971	\$ 21,060	\$ 20,148
Add (deduct):							
Changes in non-cash working capital items	(849)	677	(2,585)	(924)	(229)	608	111
Interest on Exchangeable Units	1,452	4,355	5,806	5,806	5,806	5,750	5,710
Change in accrued income taxes	393	(233)	790	698	758	35	205
Change in accrued interest expense	(65)	(187)	(209)	(49)	(23)	(21)	(49)
Change in accrued interest income	-	(1)	(3)	-	-	-	-
Deferral of payments	-	-	(6,616)	-	-	-	-
Cash used in investing activities	(52)	(209)	(3,109)	(3,934)	(10,849)	(10,119)	(9,366)
Distributable Cash Flow	\$ 5,190	\$ 17,233	\$ 13,940	\$ 17,197	\$ 14,434	\$ 17,313	\$ 16,759

SELECTED OPERATING INFORMATION

As at	Sept. 30, 2021	June 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2016
Number of REALTORS®	19,934	19,588	19,316	19,046	19,111	18,725	18,135	17,580
Number of locations	668	663	663	662	678	673	658	667
Number of franchise agreements	285	286	287	289	301	291	293	297

Management's Discussion and Analysis of Results and Financial Condition

Glossary of Terms

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

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

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

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

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

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

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

"Company" means Bridgemarq, together with its subsidiaries.

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

"Distributable Cash Flow" means operating income before deducting amortization and net impairment or recovery of intangible assets minus current income tax expense and minus cash used in investing activities. Distributable Cash Flow is used by the Company to measure the amount of cash generated from operations which is available to the Company's shareholders and holders of Exchangeable Units, subject to working capital and other investment requirements. Distributable Cash Flow is a non-GAAP financial measure and does not have any standard meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies.

"Distributable Cash Flow per Share" means Distributable Cash Flow divided by the number of outstanding Restricted Voting Shares on a diluted basis where such dilution represents the total number of shares of the Company that would be outstanding if holders of Exchangeable Units converted those Units into Restricted Voting Shares. Distributable Cash Flow per Share is a non-GAAP financial measure and does not have any standard meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies.

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

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

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

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

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

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

Management’s Discussion and Analysis of Results and Financial Condition

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

“**Interest Rate Swaps**” means the financial arrangements entered into with a Canadian Chartered Bank to fix the interest rate on \$53.0 million of the Company’s Term Facility at 3.64% to October 28, 2019 and to fix the interest rate on the Company’s \$55.0 million Term Facility at 3.94% from October 29, 2019 to December 31, 2023. The fluctuation of the fair value of the Interest Rate Swaps is primarily driven by changes in the expected variable interest rate yield curve from the expected variable interest rate yield curve at the inception of the financial arrangements.

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

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

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

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

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

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

“**Royal LePage**” means a nationally recognized real estate Brand controlled by the Company.

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

“**Share**” means a Restricted Voting Share on a diluted basis, where such dilution represents the total number of shares of the Company that would be outstanding if holders of Exchangeable Units converted Class B LP units into Restricted Voting Shares.

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

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

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

“**Trademarks**” means the trade-mark rights related to Bridgemarq’s business.

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

“**Via Capitale Network**” means the network of Franchisees operating under the Via Capitale Brand.

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