

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited) (In thousands of Canadian dollars)	Note	September 30, 2023	December 31, 2022
Assets			
Current assets			
Cash		\$ 6,943	\$ 6,419
Accounts receivable	4,13	4,085	3,502
Current portion of notes receivable	5	168	21
Current income tax receivable		-	154
Prepaid expenses		385	406
Interest rate swap asset	8	436	1,386
		12,017	11,888
Non-current assets			
Notes receivable	5	191	55
Deferred income tax asset	7	6,081	5,744
Intangible assets	6	49,895	54,942
		\$ 68,184	\$72,629
Liabilities and shareholders' deficit			
Current liabilities			
Accounts payable and accrued liabilities		\$ 1,655	\$ 1,138
Contract transfer obligation	3,13	419	602
Current income taxes payable		73	-
Interest payable to Exchangeable Unitholders	10,13	484	484
Dividends payable to shareholders	12	1,067	1,067
Debt facilities	8	-	66,959
		3,698	70,250
Non-current liabilities			
Debt facilities	8	67,024	-
Deferred payments	9,13	6,173	5,992
Contract transfer obligation	3,13	1,708	1,974
Exchangeable Units	10	42,461	42,727
		121,064	120,943
Shareholders' deficit			
Restricted voting shares	11	140,076	140,076
Deficit		(192,956)	(188,390)
		(52,880)	(48,314)
		\$ 68,184	\$ 72,629

See accompanying notes to the interim condensed consolidated financial statements.

Approved on behalf of the Board



Gail Kilgour
Director



Lorraine Bell
Director

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF NET AND COMPREHENSIVE EARNINGS (LOSS)

(Unaudited) (In thousands of Canadian dollars, except share and per share amounts)	Note	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Revenues					
Fixed franchise fees		\$ 8,439	\$ 8,452	\$ 25,186	\$ 24,705
Variable franchise fees		3,413	2,732	9,600	11,216
Other revenue		945	1,041	2,843	3,526
		12,797	12,225	37,629	39,447
Expenses					
Cost of other revenue		266	353	837	892
Administration expenses	4,13	510	335	1,825	910
Management fees	3,13	4,997	4,884	14,737	15,376
Interest expense	3,8,9	746	754	2,229	2,211
Write-off of intangible assets	6	8	154	201	154
Amortization of intangible assets	6	1,711	1,771	5,186	5,407
		8,238	8,251	25,015	24,950
Operating income					
Interest on Exchangeable Units	10,13	(1,452)	(1,452)	(4,355)	(4,355)
Gain (loss) on fair value of Exchangeable Units	10	6,755	(3,028)	266	6,356
Gain (loss) on interest rate swap	8	(420)	368	(950)	2,155
Loss on debt facility amendment	8	-	-	(122)	-
		9,442	(138)	7,453	18,653
Earnings (loss) before income tax					
Current income tax expense		990	911	2,754	3,280
Deferred income tax expense (recovery)		(149)	47	(337)	410
Income tax expense	7	841	958	2,417	3,690
Net and comprehensive earnings (loss)					
		\$ 8,601	\$ (1,096)	\$ 5,036	\$ 14,963
Basic earnings (loss) per share					
Basic earnings (loss) per share	12	\$ 0.91	\$ (0.12)	\$ 0.53	\$ 1.58
Weighted average number of shares outstanding used in computing basic earnings per share		9,483,850	9,483,850	9,483,850	9,483,850
Diluted earnings (loss) per share					
Diluted earnings (loss) per share	12	\$ 0.26	\$ (0.12)	\$ 0.53	\$ 1.01
Weighted average number of shares outstanding used in computing diluted earnings per share		12,811,517	9,483,850	9,483,850	12,811,517

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

(Unaudited) For the six months ended September 30, (In thousands of Canadian dollars)	Restricted Voting Shares	Deficit	Shareholders' Deficit
Balance, December 31, 2022	\$ 140,076	\$ (188,390)	\$ (48,314)
Net earnings	-	5,036	5,036
Dividends paid	-	(9,602)	(9,602)
Balance, September 30, 2023	\$ 140,076	\$ (192,956)	\$ (52,880)
(In thousands of Canadian dollars)			
Balance, December 31, 2021	\$ 140,076	\$ (196,556)	\$ (56,480)
Net earnings	-	14,963	14,963
Dividends paid	-	(9,602)	(9,602)
Balance, September 30, 2022	\$ 140,076	\$ (191,195)	\$ (51,119)

See accompanying notes to the interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited) (In thousands of Canadian dollars)	Note	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Cash provided by:					
Operating activities					
Net earnings (loss) for the period		\$ 8,601	\$ (1,096)	\$ 5,036	\$ 14,963
Adjusted for					
Loss (gain) on fair value of Exchangeable Units	10	(6,755)	3,028	(266)	(6,356)
Loss (gain) on interest rate swap	8	420	(368)	950	(2,155)
Loss on debt facility amendment	8	-	-	122	-
Interest expense	3,8,9,10	2,266	2,213	6,757	6,513
Interest paid		(2,246)	(2,224)	(6,684)	(6,476)
Interest income		(111)	(37)	(290)	(57)
Interest received		111	37	290	57
Current income tax expense	7	990	911	2,754	3,280
Income taxes paid		(900)	(750)	(2,700)	(3,250)
Deferred income tax expense (recovery)	7	(149)	47	(337)	410
Write-off of intangible assets	6	8	154	201	154
Amortization of intangible assets	6	1,711	1,771	5,186	5,407
Net changes in non-cash working capital		433	811	(40)	400
		4,379	4,497	10,979	12,890
Investing activities					
Payment of contract transfer obligation	3,13	(152)	(145)	(449)	(427)
Recovery (payment) of franchise agreement expenses, net	6	2	(84)	(341)	25
Interest expense on contract transfer obligation	3,13	28	35	88	110
Interest expense paid on contract transfer obligation	3,13	(28)	(35)	(88)	(110)
		(150)	(229)	(790)	(402)
Financing activities					
Repayments under debt facilities	8	-	-	-	(1,500)
Financing fees	8	-	-	(63)	-
Dividends paid to shareholders	12	(3,201)	(3,201)	(9,602)	(9,602)
		(3,201)	(3,201)	(9,665)	(11,102)
Increase in cash during the period		1,028	1,067	524	1,386
Cash, beginning of the period		5,915	6,536	6,419	6,217
Cash, end of the period		\$ 6,943	\$ 7,603	\$ 6,943	\$ 7,603

See accompanying notes to the interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless stated otherwise)

1. Organization

Bridgemarq Real Estate Services Inc. (“Bridgemarq” and, together with its subsidiaries the “Company”), is incorporated under the *Ontario Business Corporations Act*. Bridgemarq is listed on the Toronto Stock Exchange (“TSX”) under the symbol “BRE”. Through its ownership interest in Residential Income Fund L.P. (the “Partnership”), Bridgemarq owns certain Franchise Agreements (“Franchise Agreements”) and Trademark Rights (“Trademarks”) of residential real estate brands in Canada.

Bridgemarq directly owns a 75% interest in the Partnership which, in turn, owns 100% of 9120 Real Estate Network, L.P. (“VCLP”). In addition, Bridgemarq directly owns a 75% interest in the general partner of the Partnership, Residential Income Fund General Partner Limited (“RIFGP”) (Collectively, the Partnership, VCLP and RIFGP represent the Company’s subsidiaries). The Partnership and VCLP own and operate the assets from which the Company derives its revenue.

Brookfield BBP (Canada) Holdings L.P. (“BBP”), a subsidiary of Brookfield Business Partners L.P, 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 RIFGP through its ownership of 25 common shares in RIFGP and one special voting share of Bridgemarq. In addition, BBP indirectly owns 315,000 restricted voting shares. The special voting share entitles BBP to a number of votes at any meeting of the restricted voting shareholders equal to the number of restricted voting shares that would be obtained upon the exchange of all the Exchangeable Units held by the holder.

The Company receives certain management, administrative and support services from Bridgemarq Real Estate Services Manager Ltd. (“BRESML”, and together with its subsidiaries, the “Manager”), an indirect wholly owned subsidiary of BBP. The Company is party to an amended and restated Management Services Agreement (the “MSA”) with the Manager which governs the relationship between the Manager and the Company. The MSA has an initial 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.

During the three and nine months ended September 30, 2023, the Company derived approximately 93% and 92% of its revenues from franchise fees it receives under the Franchise Agreements (2022 – 91% and 91%).

2. Material Accounting Policies

BASIS OF PRESENTATION

These interim condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board using the accounting policies described herein and the accounting policies used to prepare the audited annual financial statements of the Company as of and for the year ended December 31, 2022.

These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors of the Company on November 8, 2023 and should be read in conjunction with the audited annual financial statements of the Company for the year ended December 31, 2022.

The interim condensed consolidated financial statements have been prepared on a going concern basis and include the accounts of the Company.

ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE

Accounts receivables and notes receivable are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for uncollectable amounts.

INTANGIBLE ASSETS

Intangible assets, consisting of Franchise Agreements, Trademarks, other agreements purchased or transferred from the Manager (“Ancillary Agreements”) and franchise agreement expenses, are accounted for using the cost method. Intangible assets are recorded at initial cost less accumulated amortization and accumulated net impairment losses.

Franchise Agreements are amortized over the term of the agreements plus one renewal period using the straight-line method on an agreement-by-agreement basis. Trademarks are amortized on a straight-line basis over their expected useful lives.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless stated otherwise)

The Company may incur franchise agreement expenses prior to or concurrent with entering into Franchise Agreements, including payments to franchisees or prospective franchisees to defray the costs of converting REALTORS® or brokerages to the Company's brands, as well as contract specific legal costs, if any. Certain of these franchise agreement expenses may be repayable by franchisees if specific conditions aren't met. The Company may also provide fee rebates to franchisees under certain circumstances. These costs and rebates (net of any amounts recovered from franchisees) are capitalized on an agreement-by-agreement basis and amortized over the same term as the agreement to which they relate or, where the underlying agreement is less than a year, charged to the consolidated statement of net and comprehensive earnings. The amortization charge for these fee rebates and any franchise agreement expenses represented by cash payments or rebates to franchisees is recorded as a reduction in revenues.

The Company reviews intangible assets each reporting period to determine whether indicators of impairment or a reversal of impairment exists on individual Franchise Agreements and Trademarks. When reviewing for indicators of impairment or recovery of impairment of Franchise Agreements, the Company considers certain factors including, the financial performance of the business, franchise fees earned, term to maturity, historical REALTOR® count, collectability of receivables, estimated future revenues expected to be earned 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 (recoverable amount is determined as the higher of a) estimated fair value less costs of disposal and b) value-in-use). Where the counterparties of one or more Franchise Agreements combine their operations by way of a merger, acquisition or other combination subsequent to the acquisition of the underlying Franchise Agreement, the carrying value of the underlying intangible assets are combined for purposes of evaluating impairment. Cash flows that are not allocable to individual Franchise Agreements or Trademarks are considered on an aggregate basis for purposes of evaluating impairment on the Company's portfolio of intangible assets.

If the carrying value of the intangible asset exceeds the recoverable amount, the intangible asset is written down to the recoverable amount and an impairment loss is charged to net and comprehensive earnings in the period. 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. Where an impairment loss is reversed, the carrying value of the intangible asset is increased to its revised recoverable amount (the lesser of a) the revised estimate of its recoverable amount, and b) the carrying amount that would have been recorded had no impairment loss been recognized previously) and an impairment reversal is recognized as income in the period.

Franchise Agreements subject to early termination or non-renewal, are written off in the period of termination or when non-renewal becomes reasonably assured.

REVENUE RECOGNITION

The Company is in the business of providing information and services to REALTORS® and real estate brokers in Canada through a portfolio of highly regarded real estate services brands. Certain of these information and services (the "Service Offering") are provided in exchange for franchise fees received from franchisees. The Service Offering is offered as a complete suite of services. Franchisees who pay franchise fees under the Franchise Agreements cannot elect to purchase any service under the Service Offering individually or on a stand-alone basis.

Franchise fees have both fixed and variable components. Fixed franchise fees are payable to the Company as a fixed monthly amount per REALTOR® without regard to transaction volumes generated by that REALTOR®. Fixed franchise fees are recognized over time, which is when the control of the services and the right to use the Trademarks are transferred to the customer.

Variable franchise fees are payable to the Company based on the transaction volumes generated by REALTORS®, subject to a cap. Variable franchise fees are a percentage of a REALTORS®'s gross revenue, which is the gross commission income earned on a transaction. Variable franchise fees are recognized at the point in time when a residential real estate transaction is closed and finalized by the REALTOR® and/or a lease is signed by the vendor or lessor.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless stated otherwise)

In addition to the Service Offering, the Company provides certain ancillary services to franchisees under the Ancillary Agreements. These include information and services provided outside of those provided in the Franchise Agreements. Each franchisee has the option of purchasing or utilizing the services provided under the Ancillary Agreements independent of the Service Offering. Revenues under the Ancillary Agreements are derived primarily from referral fees charged to external companies, lead management services provided to franchisees and other miscellaneous revenues. The direct costs associated with lead management and other revenues are recorded as cost of other revenue in the consolidated statements of net and comprehensive earnings.

External referral fee revenues are generated from external parties who receive service referrals from the Company or its franchisees. External referral fees are recognized as revenue net of their direct costs at the point in time when the Company has completed its obligation under the agreement, which is when the control of the services are transferred to the customer.

Lead management services represent leads captured by the company that are provided to REALTORS® and franchisees on a subscription basis. Lead management revenue is recognized at the point in time when the performance obligation has been satisfied, which is when a lead is assigned to the REALTOR® or the franchisee.

The Company's revenues are affected by the seasonality of Canadian real estate markets, which historically have seen stronger transactional dollar volumes in the second and third quarters of each year. A worldwide pandemic and other changes in the economy in general impacted the Canadian real estate market, the home buying and selling behaviour of consumers and the seasonality of real estate transactions throughout 2022 and 2023. In 2022 and 2023, the seasonality of Canadian real estate markets were also impacted by changes in the Canadian interest rate environment. There can be no certainty that this historical seasonality pattern will recur in any future year.

EXCHANGEABLE UNITS

Exchangeable Units represent the future distribution obligation of the Company in respect of Class B LP units of the Partnership, and are convertible, on a one-for-one basis, subject to adjustment, into restricted voting shares of Bridgemarq. These financial instruments are classified as a financial liability as the holder can "put" these instruments to the Company as well as by virtue of the Partnership agreement, whereby the Partnership is required to distribute all of its income to the partners. The Company records any changes in the fair value of the Exchangeable Units through net and comprehensive earnings in the period the change occurs. The fair value of these financial liabilities is based on the market price of Bridgemarq's restricted voting shares and the number of Exchangeable Units outstanding at the reporting date.

3. Management Services Agreement

Under the terms of the MSA, the Manager provides certain management, administrative and support services to the Company.

The monthly fee payable to the Manager is equal to a fixed management fee of \$840 plus a variable management fee equal to a) the greater of i) 23.5% of the distributable cash (as defined in the MSA) of the Company before management fees or ii) 0.342% of the market value of the restricted voting shares on a diluted basis through December 31, 2023, and b) the greater of i) 25% of the distributable cash (as defined in the MSA) of the Company before management fees or ii) 0.375% of the market value of the restricted voting shares on a diluted basis thereafter.

For the three and nine months ended September 30, 2023, the Company incurred management fees of \$5,177 and \$15,274 (2022 - \$5,064 and \$15,913) for these services, \$4,997 and \$14,737 of which was charged to the interim condensed consolidated statements of net and comprehensive earnings (2022 - \$4,884 and \$15,376) and \$180 and \$537 was used to reduce the contract transfer obligation owing to the Manager plus related interest (2022 - \$180 and \$537).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless stated otherwise)

4. Accounts Receivable

Accounts receivable represent amounts due from the Company's franchise network for franchise fees plus amounts due pursuant to the Ancillary Agreements. As at September 30, 2023, the Company had accounts receivable of \$4,085 (December 31, 2022 - \$3,502) net of an allowance for doubtful accounts of \$112 (December 31, 2022 - \$73). During the three and nine months ended September 30, 2023, administration expense included a bad debt expense of \$1 and \$72 (2022 - \$13 and \$51).

Management reviews accounts receivable to determine whether an allowance for doubtful accounts is required by assessing the collectability of receivables owing from each individual franchisee. This assessment takes into consideration certain factors including the aging of outstanding balances, franchisee operating performance, historical payment patterns, current collection efforts, relevant forward looking information and the Company's security interests, if any.

The table below summarizes the aging of accounts receivable as at September 30, 2023.

As at,	September 30, 2023	December 31, 2022
Current	\$ 3,436	\$ 2,649
30 days past due	424	466
60 days past due	161	187
90+ days past due	176	273
Subtotal	\$ 4,197	\$ 3,575
Allowance for doubtful accounts	(112)	(73)
Accounts receivable	\$ 4,085	\$ 3,502

The Company recognizes revenues in income to the extent that collection is reasonably assured at the time the revenue is earned.

5. Notes Receivable

The Company has entered into a formalized payment plan through December 2026 in respect of franchise fees due to the Company which were in arrears. Amounts under this payment plan which are due greater than one year from the financial statement date have been classified as non-current.

6. Intangible Assets

Franchise agreement expenses are recorded as additions to intangible assets net of any recovery of previously paid franchise agreement expenses and net of any amortization of previously capitalized franchise agreement expenses. For the three months ended September 30, 2023 the Company recorded a net decrease of intangible assets related to franchise agreement expenses of \$1 and for the nine months ended September 30, 2023 the Company recorded a net increase of \$340 (2022 - increase of \$84 for the three months ended September 30, 2022 and a decrease of \$25 for the nine months ended September 30, 2022). The net increase of intangible assets related to franchise agreement expenses for the nine months ended September 30, 2023 is net of amortization of previously capitalized franchise agreement expenses of \$290 (2022 - \$328) which were recorded as a reduction of revenues.

For the three months ended September 30, 2023, one Franchise Agreements (2022 - one) was terminated resulting in a write-off of intangible assets of \$8 (2022 - \$154).

For the nine months ended September 30, 2023, five Franchise Agreements (2022 - one) were terminated resulting in a write-off of intangible assets of \$201 (2022 - \$154).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless stated otherwise)

A summary of intangible assets as at September 30, 2023 and December 31, 2022 is provided in the charts below.

	Franchise Agreements & Ancillary Agreements	Trademarks	Total
Cost			
At December 31, 2022	\$ 243,868	\$ 5,427	\$ 249,295
Franchise agreement expenses and rebates, net	340	-	340
Write-off	(1,131)	-	(1,131)
At September 30, 2023	\$ 243,077	\$ 5,427	\$ 248,504
Accumulated amortization			
At December 31, 2022	\$ (190,782)	\$ (3,571)	\$ (194,353)
Amortization expense	(5,048)	(138)	(5,186)
Write-off	930	-	930
At September 30, 2023	\$ (194,899)	\$(3,709)	\$ (198,609)
Carrying value			
At December 31, 2022	\$ 53,086	\$ 1,856	\$ 54,942
At September 30, 2023	\$ 48,177	\$ 1,718	\$ 49,895

7. Income Taxes

The Company uses the liability method of tax allocation in accounting for income taxes. Under this method, temporary differences between the carrying amount of balance sheet items and their corresponding tax basis result in either deferred income tax assets or liabilities. Deferred income taxes are computed using substantively enacted tax rates applicable to the years in which the temporary differences are expected to reverse.

A reconciliation of income taxes at Canadian statutory rates with reported income taxes is as follows:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Earnings (loss) before income tax recovery for the period:	\$ 9,440	\$ (138)	\$ 7,451	\$ 18,653
Expected income tax expense (recovery) at statutory rate of 26.5% (2022 - 26.5%)	2,502	(37)	1,975	4,943
Increase (decrease) in income tax expense due to the following:				
Non-deductible amortization	114	118	356	359
Non-deductible loss (non-taxable gain) on fair value of Exchangeable Units	(1,790)	803	(71)	(1,684)
Non-deductible interest on Exchangeable Units	385	385	1,154	1,154
Income allocated to Exchangeable Unitholders	(350)	(311)	(963)	(1,109)
Recognition of deferred tax assets and other	(20)	-	(34)	27
Total income tax expense	\$ 841	\$ 958	\$ 2,417	\$ 3,690

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless stated otherwise)

The major components of income tax expense include the following:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Current income tax expense	\$ 990	\$ 1,222	\$ 2,754	\$ 2,369
Deferred income tax expense (recovery)	(149)	122	(337)	363
Total income tax expense	\$ 841	\$ 1,344	\$ 2,417	\$ 2,732

The significant components of the Company's deferred tax assets are as follows:

	Intangible Assets	Contract transfer obligation	Other	Total
Deferred income tax assets (liabilities):				
At December 31, 2022	\$ 5,605	\$ 683	\$ (544)	\$ 5,744
Deferred income tax recovery (expense)	156	(119)	300	337
At September 30, 2023	\$ 5,761	\$ 564	\$ (244)	\$ 6,081

	Intangible Assets	Contract transfer obligation	Other	Total
Deferred income tax assets (liabilities):				
At December 31, 2021	\$ 5,327	\$ 834	\$ (11)	\$ 6,150
Deferred income tax recovery (expense)	278	(151)	(533)	(406)
At December 31, 2022	\$ 5,605	\$ 683	\$ (544)	\$ 5,744

8. Debt Facilities

The Company's debt is comprised of the following debt facilities:

As at	September 30, 2023	December 31, 2022
Term facility	\$ 55,000	\$ 55,000
Acquisition facility	12,000	12,000
	\$ 67,000	\$ 67,000
Debt facility amendment adjustments and financing fees	24	(41)
Debt facilities	\$ 67,024	\$ 66,959

The Company has \$90,000 (December 31, 2022 - \$80,000) in financing available under a borrowing agreement with a Canadian Chartered Bank. On March 31, 2023, the Company reached an agreement with the lender to, among other things, increase the borrowings available under the debt facilities to \$90,000, extend the term of the debt facilities through to December 31, 2026 ("Maturity") and amend the interest charged on borrowings under the debt facilities effective January 1, 2024. The Company paid fees and expenses of \$63 to amend the debt facilities, which amounts have been capitalized as financing fees. The Company recognized a loss of \$122 as a result of the amendments to the debt facilities. The resulting debt facility amendment adjustment will be credited against interest expense on a straight-line basis over the amended term of the debt facilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless stated otherwise)

The debt facilities under this agreement are comprised of the following;

A \$55,000 non-revolving term variable rate facility (the "Term Facility"). Repayment of the principal outstanding is due on Maturity.

A \$30,000 revolving acquisition facility (December 31, 2022 - \$20,000) (the "Acquisition Facility") is available to support acquisitions pursued by the Company. A standby fee of 0.15% applies on undrawn amounts under the Acquisition Facility. Repayment of the principal outstanding is due on Maturity.

A \$5,000 revolving operating facility (the "Operating Facility") is available to meet the Company's day-to-day operating requirements. No amounts have been drawn on this facility at September 30, 2023.

Borrowings under each of these arrangements are secured by a first ranking security interest in substantially all assets of the Company and bear interest at a variable rate of Banker's Acceptances (BAs) +1.70% or Prime + 0.5%, at the option of the Company. Under the renewal terms agreed with the lender, the interest rate will increase to BAs + 2.00% or Prime +0.8%, at the option of the Company, effective January 1, 2024.

The Company's ability to borrow under these arrangements is subject to the Company maintaining certain financial covenants. Under these covenants, the Company must maintain a ratio of Consolidated EBITDA to Interest Expense on Senior Indebtedness at a minimum of 3.0 to 1 and a ratio of Senior Indebtedness to Consolidated EBITDA at a maximum of 4.0 to 1. The Company is obligated to make limited principal repayments under the Debt Facilities in circumstances where the ratio of Senior Indebtedness to Consolidated EBITDA exceeds 3.4:1. Such payments shall continue until the ratio of Senior Indebtedness to Consolidated EBITDA is less than 3.25:1. Consolidated EBITDA is defined as net earnings before interest expense, income taxes, fair value adjustments on interest rate swaps and Exchangeable Units, loss on debt facility amendment and impairment, write-off and amortization of intangible assets. Senior Indebtedness is defined as borrowings on the Company's debt facilities. At September 30, 2023 and December 31, 2022, the Company complied with all covenants under the debt facilities.

The Company has entered into an interest rate swap agreement to swap the variable interest rate obligation on the \$55,000 Term Facility to a fixed rate obligation of 3.94% through to December 28, 2023. The interest rate swap is a financial instrument and is disclosed at its fair value with any change in the fair value recorded as a gain or loss in the Company's interim condensed consolidated statements of net and comprehensive earnings. The fair value is determined using a discounted cash flow model using observable yield curves and applicable credit spreads at a credit adjusted rate. At September 30, 2023, the Company determined that the fair value of the interest rate swaps represents an asset of \$436 (December 31, 2022 - \$1,386). For the three and nine months ended September 30, 2023, the Company recognized fair value losses of \$420 and \$950 (2022 - gains of \$368 and \$2,155).

9. Deferred Payments

The Company owes certain management fees to the Manager and interest on Exchangeable Units to BBP totaling \$6,616 that were deferred in a prior year. These deferred payments are non-interest bearing, are due no later than 2025 and are repayable in cash or the issuance of Exchangeable Units, at the option of the Company. On initial recognition, the Company recorded these deferred payments at their fair value using an income approach to determine fair value. For the three and nine months ended September 30, 2023, the Company recorded interest expense of \$62 and \$181 (2022 - \$59 and \$174) reflecting accretion of the carrying value of the deferred payments using the effective interest rate method.

10. Exchangeable Units

The Exchangeable Units are exchangeable on a one-for-one basis for restricted voting shares of Bridgemarq at the option of the holder. The Company measures the Exchangeable Units at their fair value using the closing price of the Company's restricted voting shares listed on the TSX. At September 30, 2023, the Company used the closing market price of Bridgemarq's restricted voting shares of \$12.76 (December 31, 2022 - \$12.84). During the three and nine months ended September 30, 2023, the Company recorded a gain of \$6,755 and \$266 related to the fair value of the Exchangeable Units (2022 - a loss of \$3,028 and a gain of \$6,356).

The Exchangeable Unitholders are entitled to cash distributions from the Partnership in respect of their economic interest in the Partnership as and when declared by the Board of Directors of RIFGP. Such distributions are made on a before tax basis and are directly taxable in the hands of the Exchangeable Unitholders. For the three and nine months ended September 30, 2023 the Board of Directors of RIFGP declared distributions payable to the Exchangeable Unitholders of \$1,452 and \$4,355 (2022 - \$1,452 and \$4,355).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless stated otherwise)

11. Share Capital

Bridgemarq is authorized to issue an unlimited number of restricted voting shares, an unlimited number of preferred shares and one special voting share.

Each restricted voting share represents a proportionate voting right in Bridgemarq and holders of the restricted voting shares are entitled to dividends declared and distributed by Bridgemarq. No additional restricted voting shares were issued during the nine months ended September 30, 2023 or the year ended December 31, 2022.

No preferred shares were issued or outstanding as at September 30, 2023 or December 31, 2022.

The special voting share represents the proportionate voting rights of the Exchangeable Unitholders of the Partnership. The special voting share is redeemable by the holder at \$0.01 per share, and the holder is not entitled to dividends declared by Bridgemarq.

The following table summarizes the outstanding shares of Bridgemarq:

As at,	September 30, 2023	December 31, 2022
Restricted voting shares	9,483,850	9,483,850
Special voting share	1	1

12. Earnings Per Share

Basic and diluted earnings (loss) per share has been determined as follows:

(In thousands of Canadian dollars, except share and per share amounts)	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Net earnings (loss) available to restricted voting shareholders – basic	\$ 8,601	\$ (1,096)	\$ 5,036	\$ 14,963
Interest on Exchangeable Units	1,452	1,452	4,355	4,355
Loss (gain) on fair value of Exchangeable Units	(6,755)	3,028	(266)	(6,356)
Net earnings available to restricted voting shareholders – diluted	\$ 3,298	\$ 3,384	\$ 9,125	\$ 12,962
Weighted average number of shares outstanding used in computing basic earnings per share	9,483,850	9,483,850	9,483,850	9,483,850
Total outstanding Exchangeable Units	3,327,667	3,327,667	3,327,667	3,327,667
Weighted average number of shares outstanding used in computing diluted earnings per share	9,483,850	12,811,517	9,483,850	12,811,517
Basic earnings (loss) per share	\$ 0.91	\$ (0.12)	\$ 0.53	\$ 1.58
Diluted earnings (loss) per share	\$ 0.26	\$ (0.12)	\$ 0.53	\$ 1.01
Dividends declared	\$ 3,201	\$ 3,201	\$ 9,602	\$ 9,602
Restricted voting shares	9,483,850	9,483,850	9,483,850	9,483,850
Dividends per restricted voting share	\$ 0.34	\$ 0.34	\$ 1.01	\$ 1.01

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless stated otherwise)

13. Related Party Transactions

The Company had the following transactions with related parties during the three and nine months ended September 30, 2023 and September 30, 2022. These transactions have been recorded at the exchange amount as agreed between the parties.

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
a) Revenues				
Fixed franchise fees	\$ 730	\$ 713	\$ 2,169	\$ 2,071
Variable franchise fees	\$ 221	\$ 191	\$ 733	\$ 863
Other revenue, net	\$ 39	\$ 33	\$ 111	\$110
b) Expenses				
Cost of other revenue	\$ 24	\$ 65	\$ 181	\$ 65
Management fees	\$ 4,996	\$ 4,884	\$ 14,736	\$ 15,376
Insurance premiums and other	\$ 9	\$ 8	\$ 24	\$ 23
Interest on contract transfer obligation	\$ 28	\$ 35	\$ 88	\$ 110
c) Interest				
Interest to Exchangeable Unitholders	\$ 1,452	\$ 1,452	\$ 4,355	\$ 4,355

The following amounts due to/from related parties are included in the account balance as described;

As at,	September 30, 2023	December 31, 2022
d) Accounts receivable		
Franchise fees receivable and other	\$ 346	\$ 315
e) Management fee and interest on contract transfer obligation	\$ 898	\$ 712
f) Contract transfer obligation	\$ 2,127	\$ 2,576
g) Interest payable to Exchangeable Unitholders	\$ 484	\$ 484
h) Deferred payments	\$ 6,173	\$ 5,992

Certain members of the Company's board of directors are compensated for their services. During the three and nine months ended September 30, 2023, the Company incurred \$77 and \$473 in directors' fees (2022 - \$77 and \$235). Directors' fees are included in administration expense.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless stated otherwise)

14. Financial Instruments

In the normal course of business, the Company is exposed to a number of financial risks that can affect its operating performance. These risks are outlined below:

A) CREDIT RISK

Credit risk arises from the possibility that franchisees may not pay amounts owing to the Company. The Company's credit risk is limited to the recorded amount of accounts receivable and notes receivable. The Manager reviews the financial position of all franchisees during the application process and closely monitors outstanding accounts 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 a provision should be recorded. The estimation and application of monitoring future events or market conditions requires significant judgment and is uncertain.

As at September 30, 2023, the Company has recorded an allowance for doubtful accounts related to accounts receivable and notes receivable of \$112 (December 31, 2022 - \$73).

B) LIQUIDITY RISK

The Company is exposed to liquidity risk in its ability to finance its working capital requirements and meet its cash flow needs, including paying dividends to shareholders of restricted voting shares and interest to Exchangeable Unitholders. The Company manages liquidity risk by maintaining conservative debt levels compared with those required by the covenants associated with the debt facilities. The Company has a \$30,000 Acquisition Facility, of which \$12,000 has been drawn, and a \$5,000 undrawn Operating Facility.

On March 31, 2023, the Company reached an agreement with its lender to, among other things, extend the Maturity of the debt facilities to December 31, 2026.

Estimated contractual maturities of the Company's financial liabilities are as follows:

As at September 30,	2023	2024	2025	2026	2027	Beyond 2027	Total
Accounts payable and accrued liabilities	\$ 1,655	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,655
Current contract transfer obligation	419	-	-	-	-	-	\$ 419
Interest payable to Exchangeable Unitholders	484	-	-	-	-	-	\$ 484
Dividends payable to shareholders	1,067	-	-	-	-	-	\$ 1,067
Interest on long-term debt	676	3,002	3,002	3,002	-	-	\$ 9,682
Interest on contract transfer obligation	26	90	72	53	33	12	\$ 286
Long term contract transfer obligation	-	356	374	393	413	172	\$ 1,708
Debt facilities	-	-	-	67,000	-	-	\$ 67,000
Deferred payments	-	-	6,616	-	-	-	\$ 6,616
Exchangeable Units	-	-	-	-	-	42,461	\$ 42,461
Total	\$ 4,327	\$ 3,448	\$ 10,064	\$ 70,448	\$ 446	\$ 42,645	\$ 131,378

C) INTEREST RATE RISK

The Company is exposed to the risk of interest rate fluctuations on its debt facilities as the interest rates on these facilities are based on the Prime rate and Banker's Acceptance rates.

The Acquisition Facility bears interest at a variable rate of BAs + 1.70% or Prime + 0.5% through to December 31, 2023 and at BAs + 2.00% or Prime + 0.8% thereafter. Management has elected to pay interest at variable interest rates on the Acquisition Facility and monitors this position on an ongoing basis. An increase of 1% in the Company's effective interest rate on its variable rate debt would result in an increase in its annual interest expense on the Acquisition Facility of approximately \$120.

The Company has entered into a five-year interest rate swap to fix the interest rate on the Company's \$55,000 Term Facility at 3.94% until December 28, 2023. A change in the Company's effective interest rate on its variable rate debt would not affect interest expense on the Term Facility prior to December 28, 2023. Upon maturity of the swap, an increase of 1% in the Company's effective interest rate on its variable rate debt would result in an increase in its annual interest expense on the Term Facility of approximately \$550.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and nine months ended September 30, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless stated otherwise)

D) FAIR VALUE

The fair value of certain of the Company's financial instruments, including cash, accounts receivable, notes receivable, accounts payable and accrued liabilities, interest payable to Exchangeable Unitholders and dividends payable to holders of restricted voting shares, are estimated by management to approximate their carrying values due to their short-term nature. The fair value of deferred payments is estimated to approximate its carrying value of \$6,173 due to the Company's option to settle this amount through the issuance of Exchangeable Units at any time. The fair value of the Company's outstanding borrowings of \$67,000 approximate their carrying value of \$67,024 and the fair value of the Company's outstanding contract transfer obligation approximates the carrying value of \$2,127 as a result of their floating rate terms.

E) FAIR VALUE HIERARCHY

The following table summarizes the financial instruments measured at fair value in the consolidated balance sheets, classified using the fair value hierarchy.

As at September 30, 2023	Level 1	Level 2	Level 3	Total
Financial liabilities (assets):				
Exchangeable Units	42,461	-	-	42,461
Interest rate swap asset	-	(436)	-	(436)
Total	\$ 42,461	\$ (436)	\$ -	\$ 42,025

As at December 31, 2022	Level 1	Level 2	Level 3	Total
Financial liabilities (assets):				
Exchangeable Units	42,727	-	-	42,727
Interest rate swap asset	-	(1,386)	-	(1,386)
Total	\$ 42,727	\$ (1,386)	\$ -	\$ 41,341

See Note 10 for disclosures related to Level 1 fair values and Note 8 for disclosures related to the Level 2 fair values. There were no transfers between fair value hierarchy levels during the period.

15. Management of Capital

The Company's capital is made up of its cash on hand, debt facilities, Exchangeable Units and shareholders' deficit.

The Company's objectives in managing its capital include; a) maintaining a capital structure that provides financing options to the Company while remaining compliant with the covenants associated with the debt facilities; b) maintaining financial flexibility to preserve its ability to meet financial obligations, including debt servicing and dividends to shareholders; and c) deploying capital to provide an appropriate investment return to its shareholders.

The Company's financial strategy is designed to maintain a flexible capital structure consistent with these objectives and to be in a position to respond to changes in economic conditions.

There were no changes in the Company's approach to capital management during the period.

16. Segmented Information

The Company has only one business segment which is providing information and services to REALTORS® and real estate brokerages in Canada through a portfolio of highly regarded real estate services brands. The economic characteristics are consistent across the Company's brands as they each provide services, similar in nature, in the Canadian residential real estate market. Of the Company's revenues for the three and nine months ended September 30, 2023, 95% (2022 - 95%) are generated from services provided under the Royal LePage and Johnston and Daniel brands and 5% (2022 - 5%) are generated from services provided under the Via Capitale brand.