

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

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## Introduction

This management's discussion and analysis ("MD&A") of the interim consolidated financial results and financial condition of Bridgemarq Real Estate Services Inc. for the three and nine months ended September 30, 2024, has been prepared as at November 14, 2024. The three months ended September 30, 2024 shall be referred to in this MD&A as the "Quarter" and the comparative period for the three months ended September 30, 2023 shall be referred to as the "Prior Year Quarter". The nine-months ended September 30, 2024 shall be referred to as the "YTD" and the comparative period for the nine-months ended September 30, 2023 shall be referred to 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 certain capitalized terms in this MD&A are provided in the Glossary of Terms commencing on page 34.

This MD&A provides 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 unaudited condensed consolidated financial statements for the three and nine months ended September 30, 2024 and the audited financial statements for the year ended December 31, 2023, which are prepared in accordance with IFRS. Additional information relating to the Company, including its 2023 Annual Information Form, is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) or on the Company's website at [www.bridgemarq.com](http://www.bridgemarq.com).

As discussed elsewhere in this MD&A, the Company internalized the management of the Company and acquired certain real estate brokerage operations earlier in the year in a transaction with Brookfield. As the acquisition of these businesses was completed on March 31, 2024, the results for the YTD include the operating results of the Acquired Businesses since March 31, 2024.

This MD&A makes reference to Free Cash Flow and Free Cash Flow per Share as well as Adjusted Net Earnings and Adjusted Net Earnings per Share which are non-GAAP financial measures. These financial measures do not have any standardized meaning under IFRS and, accordingly, may not be comparable to similar measures used by other companies.

Free Cash Flow represents operating income before deducting interest on leases, depreciation and amortization and net impairment and write-off of intangible assets, minus current income tax expense, minus additions to property and equipment and intangible assets, minus repayment of contract transfer obligations, minus lease payments. Free Cash

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Flow per Share is calculated by dividing Free Cash Flow by the total number of Restricted Voting Shares outstanding, on a diluted basis. The Company believes that Free Cash Flow and Free Cash Flow per Share are useful supplemental measures of performance as they provide investors with an indication of the amount of cash flow generated by the Company which is available to holders of Restricted Voting Shares and Exchangeable Unitholders, subject to working capital and other investment requirements and principal debt repayments, if any. Please see *Free Cash Flow reconciled to Cash Flow from Operating Activities* for a reconciliation of Free Cash Flow to cash flow from operating activities in the consolidated statements of cash flows and *Free Cash Flow* for further information about Free Cash Flow and Free Cash Flow per Share.

Adjusted Net Earnings represents operating income minus income tax expense. Adjusted Net Earnings per Share is calculated by dividing Adjusted Net Earnings by the total number of Restricted Voting Shares outstanding, on a diluted basis. Management believes that Adjusted Net Earnings and Adjusted Net Earnings per Share are useful supplemental measures as they provide investors with an indication of the operating results of the Company on a fully-diluted basis (excluding certain non-cash or non-recurring items that do not directly impact the ongoing operations of the Company) as if all Exchangeable Units had been converted into Restricted Voting Shares at the beginning of the period presented. Non-cash and non-recurring items excluded from the calculation of Adjusted Net Earnings are comprised of gains or losses on interest rate swaps, gains on settlement of liabilities and losses on amendment of the Company's debt facilities. Please see *Adjusted Net Earnings* for a reconciliation of Adjusted Net Earnings and Adjusted Net Earnings Per Share to operating income and net and comprehensive earnings (loss) in the consolidated statements of net and comprehensive earnings (loss).

## HIGHLIGHTS

Highlights for the Quarter and YTD include:

- Revenues for the Quarter amounted to \$126.8 million, compared to the \$12.8 million generated in the Prior Year Quarter. For the YTD, revenues increased from \$37.6 million in the Prior Year Period to \$249.2 million in the YTD. The increase in revenues is due to the inclusion of gross commission income and other revenues of the Acquired Businesses. Franchise fees for the Quarter and YTD are lower as they exclude franchise fees received from the Acquired Businesses, partly offset by fee increases implemented on January 1, 2024 and improving market conditions. The franchise fees received from the Acquired Businesses were treated as third party revenue prior to March 31, 2024.
- For the Quarter, the Company generated a net loss of \$10.8 million or \$1.14 per Share, compared to net earnings of \$8.6 million or \$0.26 per Share in the Prior Year Quarter. For the YTD, the Company generated a loss of \$2.2 million or \$0.23 per Share compared to earnings of \$5.0 million or \$0.53 per Share in the Prior Year Period. The lower earnings in 2024 are largely driven by a loss of \$10.8 million in the Quarter (\$2.9 million in the YTD) on the valuation of the Exchangeable Units, compared to a gain of \$6.8 million in the Prior Year Quarter (\$0.3 million in the Prior Year Period). The fair valuation adjustment on the Exchangeable Units is directly related to changes in the market price of Bridgemarq's Restricted Voting Shares.
- For the Quarter, cash provided by operating activities amounted to \$2.7 million, compared to \$4.5 million in the Prior Year Quarter. The decrease of \$1.8 million is driven primarily by higher interest payments. For the YTD, cash flow from operations increased by \$3.9 million compared to the Prior Year Period due to increased interest income and a reduction in working capital partly offset by higher interest costs.
- Adjusted Net Earnings amounted to \$2.7 million in the Quarter compared to \$3.7 million in the Prior Year Quarter. For the YTD, Adjusted Net Earnings was \$6.3 million compared to \$10.2 million in the Prior Year Period. The reduction in Adjusted Net Earnings is primarily due to higher interest expense, higher impairment of intangible assets and increased amortization of intangible assets which were acquired as part of the Transaction, partly offset by the operating results of the Acquired Businesses. Adjusted Net Earnings per Share is also lower in the Quarter and YTD due to the dilutive impact of issuing additional Exchangeable Units to complete the Transaction.
- The Company generated \$5.3 million in Free Cash Flow during the Quarter, slightly higher than the \$5.1 million generated in the Prior Year Quarter. For the YTD, Free Cash Flow amounted to \$15.0 million, marginally higher than the \$14.5 million in the Prior Year Period.
- On March 25, 2024, the shareholders of Bridgemarq® approved a transaction to acquire the Brokerage Operations, internalize the management of the Company and settle certain deferred payments owed to Brookfield. The Transaction was completed on March 31, 2024. As consideration for the Transaction, the Partnership issued 2,920,877 Exchangeable Units and paid \$131,000 in cash during the second quarter of 2024 as a final adjustment to the purchase price.
- The board of directors of Bridgemarq (the "Board") declared cash dividends of \$0.34 per Restricted Voting Share during the Quarter, unchanged from the Prior Year Quarter.

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## OPERATING RESULTS SUMMARY

(Unaudited) (in 000's) except per Share amounts	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Revenues	126,811	12,797	249,172	37,629
Expenses				
Commissions	(104,444)	-	(191,496)	-
Cost of other revenue	(1,973)	(266)	(4,436)	(837)
Operating Expenses	(11,563)	(5,507)	(29,730)	(16,562)
Interest on debt	(1,102)	(746)	(3,590)	(2,229)
Interest on lease obligation	(314)	-	(634)	-
Depreciation and amortization (and impairment)	(3,351)	(1,719)	(10,120)	(5,387)
Operating Income	\$ 4,064	\$ 4,559	\$ 9,166	\$ 12,614
Cash provided by operating activities	\$ 2,673	\$ 4,503	\$ 15,296	\$ 11,396
Dividends	\$ 3,201	\$ 3,201	\$ 9,602	\$ 9,602
Interest on Exchangeable Units	\$ 2,726	\$ 1,452	\$ 6,903	\$ 4,355
Net and comprehensive earnings (loss)	\$ (10,788)	\$ 8,601	\$ (2,179)	\$ 5,036
Diluted earnings (loss) per Share	\$ (1.14)	\$ 0.26	\$ (0.23)	\$ 0.53
Adjusted Net Earnings	\$ 2,748	\$ 3,718	\$ 6,251	\$ 10,197
Adjusted Net Earnings Per Share	\$ 0.17	\$ 0.29	\$ 0.42	\$ 0.80

## 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 the Brokerage Operations, and certain Franchise Agreements and Trademarks of real estate services Brands in Canada.

Bridgemarq directly owns a 61.5% 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.

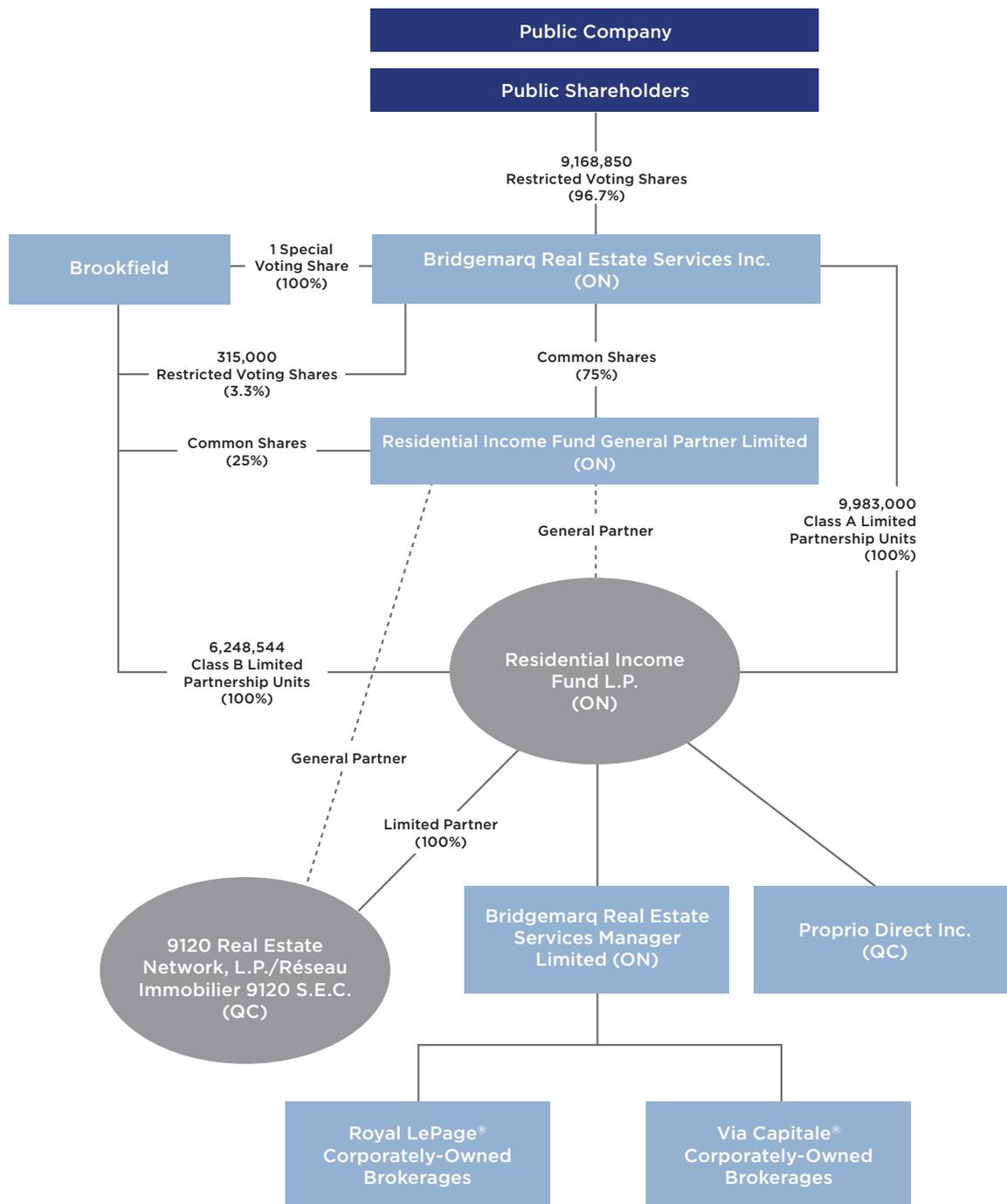
Brookfield owns the remaining 38.5% interest in the Partnership through its ownership of the Exchangeable Units, the remaining 25% interest in the General Partner through its ownership of 25 common shares in the General Partner and one Special Voting Share of Bridgemarq. The Special Voting Share entitles Brookfield to a number of votes at any meeting of the holders of Restricted Voting Shares 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, except that the holder of the Special Voting Share is not entitled to vote to approve or elect the directors elected by holders of Restricted Voting Shares. 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.

Prior to March 31, 2024, the Company received certain management, administrative and support services from the Manager. As part of the Transaction, the Company has internalized the management of the Company by acquiring the Manager. As such, the employees of the Manager are now employees of the Company, eliminating all payments of management fees to external parties.

After the closing of the Transaction, Bridgemarq generates revenue from two operating segments. The Franchise Operations derives its revenue from franchise fees and other ancillary services it provides to its franchisees and REALTORS®. The Brokerage Operations derives its revenue through the operation of full service real estate brokerage locations in British Columbia, Ontario and Québec operating under the Royal LePage®, Via Capitale®, Proprio Direct®, Johnston & Daniel® and Les Immeubles Mont-Tremblant real estate brands. The Brokerage Operations provide services to REALTORS® which are complementary to those services provided under the Company's Franchise Operations.

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

The ownership structure of the Company subsequent to the completion of the Transaction is set out below:



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## BUSINESS OF THE COMPANY

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 prominent 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. The Company operates in two distinct business segments:

- The Company's Brokerage Operations operate full-service real estate brokerages under the Royal LePage®, Proprio Direct®, Via Capitale®, Johnston & Daniel® and Les Immeubles Mont-Tremblant Brands. As at September 30, 2024, the Brokerage Operations were comprised of 2,724 REALTORS® operating out of 37 operating locations providing services to REALTORS® and their clients in the greater Toronto area, greater Vancouver area and in various locations within the province of Quebec.
- The Company's Franchise Operations provide franchise services to Brokerages under the Royal LePage® Brand across Canada, the Via Capitale® Brand in the province of Quebec and Johnston & Daniel® in southern Ontario. As at September 30, 2024, the Franchise Network was comprised of 20,430 REALTORS® operating under 279 Franchise Agreements from 679 locations, including 2,010 REALTORS® and 36 locations operated by the Brokerage Operations.

The complementary nature of these two businesses allows Bridgemarq to generate revenues at various points in the real estate transaction including the sale and purchase of real estate, the generation and sale of leads to Brokerages and REALTORS®, and providing services to real estate practitioners through the franchising of the Company's brands.

The number of REALTORS® in the Franchise Network and at the Company's Brokerage Operations, the transaction volumes generated in the markets the Company serves, the transaction price of residential and commercial real estate, 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 2023 Annual Information Form, which is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) or on the Company's website at [www.bridgemarq.com](http://www.bridgemarq.com).

The Company seeks to increase its revenues and cash flow by:

- increasing the number of REALTORS® in the Franchise Network through entering into new Franchise Agreements;
- attracting and retaining REALTORS® to the Franchise Network and its Brokerage Operations; and
- providing services and additional fee for service offerings, which increase the productivity of REALTORS®.

## MANAGEMENT SERVICES AGREEMENT

The Company was party to a Management Services Agreement (the "MSA"), which, prior to March 31, 2024, governed the management of the Company and the delivery of services to Brokers and REALTORS® by the Manager. The MSA had a term of ten years expiring on December 31, 2028.

Under the terms of the MSA, the Company paid 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.

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 management fees paid to the Manager was 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 loss. Management fees are no longer payable to a third party and the contract transfer obligation was settled upon closing of the Transaction.

The Company had deferred the payment of certain management fees to the Manager totaling \$5.6 million. These deferred payments were non-interest bearing and were due no later than 2025. These deferred payments have been settled as a result of the Transaction.

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## ACQUISITION OF REAL ESTATE BROKERAGES AND INTERNALIZATION OF MANAGEMENT

On December 14, 2023, the Company announced that it had entered into a share purchase agreement among Bridgemaq, the Partnership and Brookfield to acquire all of the issued and outstanding shares in the capital of the Manager and Proprio Direct® from Brookfield and to settle certain deferred payments owing to Brookfield in consideration for the issuance of Exchangeable Units.

Bridgemaq was required to seek the approval of shareholders for the issuance of the Exchangeable Units pursuant to the Transaction in accordance with the rules of the TSX. At a meeting of shareholders held on March 25, 2024, the shareholders of Bridgemaq approved the issuance of those Exchangeable Units. Brookfield was not entitled to vote at the meeting. The Transaction closed on March 31, 2024.

Upon closing of the Transaction, the Partnership acquired the Acquired Businesses and settled the deferred payments owing to Brookfield by issuing 2,920,877 Exchangeable Units. During the second quarter of 2024, the Company paid \$131,000 to Brookfield representing the difference between the actual working capital acquired in the Transaction and the working capital that was estimated on the closing date for the Transaction. The total value of the Transaction is approximately \$40.9 million based on the closing price of Bridgemaq's Restricted Voting Shares of \$13.97 on the TSX as of March 28, 2024 the last trading day prior to the closing of the Transaction. The value ascribed to the Transaction was apportioned between i) the acquisition of the brokerages and internalization of the management of the Company of \$40.0 million, and ii) the settlement of certain deferred fees owing to Brookfield of \$0.9 million. As a result of the Transaction, Brookfield's ownership interest in the Company (on a fully-diluted basis) increased from approximately 28.4% prior to the closing of the Transaction to approximately 41.7%.

As a result of the acquisition of the Brokerage Operations, the Company benefits from a broader revenue base and earns revenues from the Gross Revenue of the acquired brokerages in addition to the franchise fees and ancillary revenues it has historically generated from Franchisees. The completion of the Transaction adds to the Company's capability to capture future growth across a broader spectrum of the real estate industry through both organic growth and potential acquisition opportunities. In addition, the Transaction deleverages the business through the settlement of the deferred payments owing to the Manager and to Brookfield, and provides a simplified organizational structure, which eliminates the requirement to pay management fees to a third party.

The Company has consolidated the operating results of the Acquired Businesses starting on March 31, 2024.

The Company reviews the value of its intangible assets at each reporting period to determine whether the carrying value of those intangible assets is impaired. As a result of the acquisition of the Manager, the Company changed the methodology by which it allocates its expenses in determining the net recoverable amount of its franchise agreements resulting in a \$1.7 million impairment charge during the YTD.

Prior to the completion of the Transaction, the Company owed certain deferred fees and other obligations to the Manager and to Brookfield. When the Manager was acquired, these obligations were effectively settled, resulting in settlement gains of \$1.3 million recorded in the first quarter of 2024.

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## COMPANY REVENUES

The primary source of revenue earned by the Franchise Operations is franchise fees it receives from Franchisees. Fixed franchise fees represent approximately 74% of total franchise fees and are payable to the Company as a fixed monthly amount per REALTOR® without regard to transaction volumes generated by that REALTOR®. Variable franchise fees represent franchise fees that are payable to the Company based on the transaction volumes generated by REALTORS®, subject to a cap.

Fixed franchise fees are earned based on the number of REALTORS® in the Franchise Network. Royal LePage Franchisees pay a fixed monthly fee of \$139 per REALTOR® (2023 - \$136 per REALTOR®). An additional monthly fee of \$100 is charged for each REALTOR® who participates in the Royal LePage Commercial™ program. Fixed fees from Via Capitale Franchisees consist primarily of a fixed monthly fee of \$180 per REALTOR®.

Variable franchise fees are calculated as 1% of Gross Revenues earned by REALTORS® in the Royal LePage Franchise Network, subject to a cap of \$1,500 per year (2023 - \$1,450). 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 variable fee cap of \$1,500 (2023 - \$1,450), the Gross Revenues of all Team members are aggregated to one cap.

Other revenues earned by the Franchise Operations are derived from ancillary services provided to Franchisees outside of the services provided under the Franchise Agreements or amounts received from third parties and include the sale of leads and lead management fees received from Franchisees, conference and event registration fees and fees for referral services paid by third parties.

The Company's Brokerage operations generate revenue primarily from Gross Revenue (or gross commission income ("GCI")) received through serving as the broker at the closing of real estate transactions. The percentage of GCI paid to each sales representative is negotiated between the brokerage and the individual sales representative and is included in an agent agreement.

Other revenues earned by the Brokerage Operations include transaction processing fees, rent charged for sales representatives' office space, interest revenue earned on deposits, advertising and sponsorship and marketing support services.

## KEY PERFORMANCE DRIVERS

Key performance drivers of the Company's operating performance include:

1. The composition of the Company's revenue streams;
2. The number of REALTORS® in the Franchise Network and at the Brokerage Operations;
3. Transactional dollar volumes of the Canadian Market;
4. REALTOR® Productivity; and
5. Products and services offered to REALTORS®.

### Composition of the Company's revenue streams

As a result of the Transaction, the Company has broadened its business to capture additional revenue which is more closely correlated with the cyclicity of the Canadian real estate market. Gross commission income generated by the Brokerage Operations tends to increase or decrease depending on home sale activity. This revenue diversification complements the revenues of the Franchise Operations which are primarily fixed in nature and have provided a reliable base of cash flow to support the Company's operations, dividends and distributions to holders of Exchangeable Units. The Company estimates that for 2023, approximately 82% of its franchise fee revenues were fixed in nature which includes a substantial portion of variable franchise fees which were effectively fixed in nature. For those REALTORS® or Teams who reach the variable fee 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.

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## Number of REALTORS® in the Franchise Network

The Franchise Network of 20,430 REALTORS® decreased by 99 REALTORS® compared to a net increase of 110 in the Prior Year Period.

As of December 31, except as noted	2019	2020	2021	2022	2023	2024
<b>Company Network</b>						
Opening REALTOR® Count	18,725	19,111	19,046	20,159	20,686	<b>20,529</b>
Net REALTOR® growth (attrition) for the period	386	(65)	1,113	527	(157)	<b>(99)</b>
Closing REALTOR® Count <sup>1</sup>	19,111	19,046	20,159	20,686	20,529	<b>20,430</b>
% Change in the period	2%	0%	6%	3%	-1%	<b>0%</b>
<b>Canadian REALTOR® Population</b>						
CREA REALTOR® Membership	133,242	136,605	151,087	160,064	164,598	<b>163,002</b>
% Change in the period	3%	3%	11%	6%	9%	<b>2%</b>

<sup>1</sup>2024 data is as at September 30, 2024

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

The Franchise Network is geographically dispersed. The Company strives to grow the Franchise Network in all regions of Canada targeting proportionate participation across the country.

As at Sept. 30, 2024	Canadian <sup>1</sup> REALTOR® Population	Company REALTOR® Population
Ontario	59%	55%
British Columbia	16%	13%
Quebec	10%	18%
Alberta	9%	6%
Maritimes	3%	4%
Prairies	3%	3%
Total	100%	100%

<sup>1</sup> Source: CREA

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## 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.

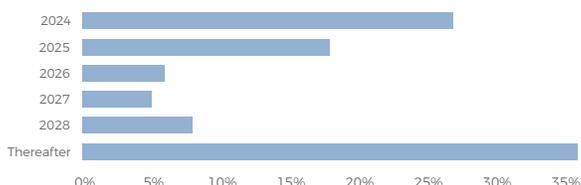
The Royal LePage Franchise Agreements, which represent 96% of REALTORS® in the Franchise Network, are for 10 to 20-year terms with a standard renewal term of ten years. These long-duration contracts exceed the industry standard of five years and thereby reduce agreement renewal risk. In addition, the 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 4% of REALTORS® in the Franchise Network, are typically between five to seven years in duration with standard renewal terms extending between five to seven years.

A summary of the Company's agreement renewal profiles as at September 30, 2024 for the Franchise Network is shown below.

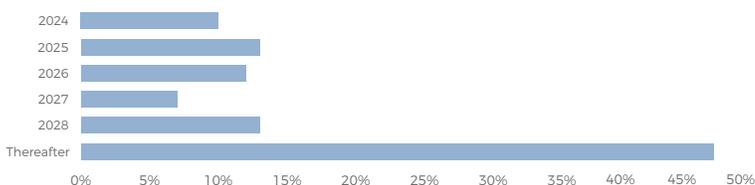
### % Of Franchise Agreements Up For Renewal

(by Number of REALTORS®)



### % Of Franchise Agreements Up For Renewal

(by Number of Agreements)



## RENEWALS

The Company has historically achieved a very high renewal success rate with more than 96% of Franchise Agreements renewing in the past five years (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.

Via Capitale renewed two Franchise agreements in the YTD and was successful in increasing the term of one of these Franchise Agreements on renewal for a seven year term.

During the Quarter, seven Franchisees (Prior Year Quarter – six), representing 2,183 REALTORS® (Prior Year Quarter – 99), extended the term of their Franchise Agreements or renewed. During the YTD, twelve Franchisees (Prior Year Period – 18) representing 2,518 REALTORS® (Prior Year Period – 702) extended the term of their Franchise Agreements or renewed.

### Number of REALTORS® Affiliated with the Brokerage Operations

For the Quarter, the Brokerage operations declined by 27 REALTORS®. The second quarter of each calendar year is when many provinces require sales representatives to renew their licenses and confirm completion of their professional development requirements, prompting some REALTORS® to leave the industry.

The Brokerage Operations employ a number of tools and techniques to recruit new and experienced REALTORS® into their operation. Of the 2,724 REALTORS® at the Brokerage operations, 2,010 also form part of the Franchise Network and benefit from recruiting programs offered by the Franchise Operations.

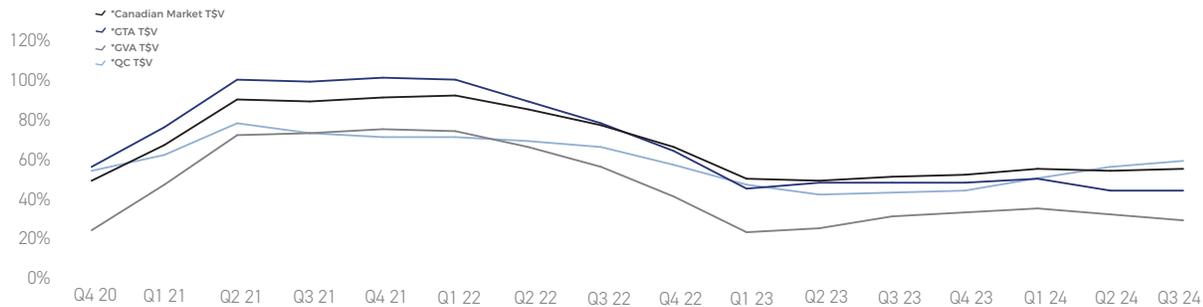
### Transactional Dollar Volumes of the Canadian Market

The charts below show the cumulative growth in the Canadian Market and select urban markets since the third quarter of 2020.

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## QUARTERLY ROLLING TWELVE-MONTH % CHANGE

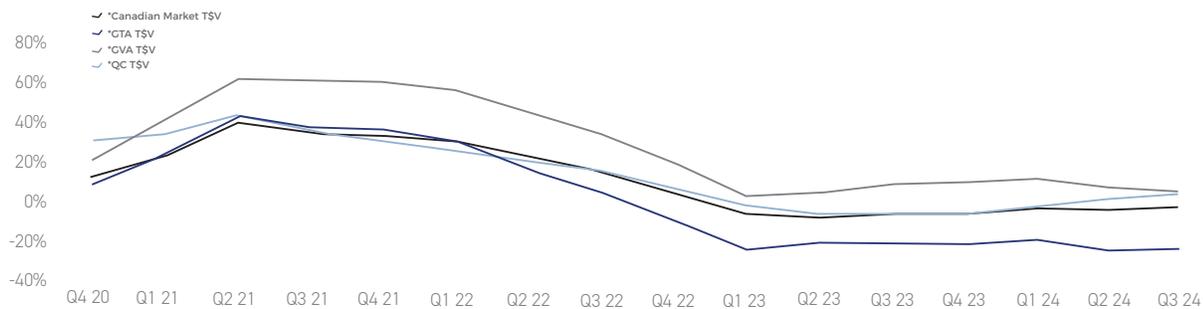
### Transaction Dollar Volume



During the pandemic, housing activity across Canada rebounded dramatically to record levels in many markets. Pent-up demand, low interest rates, changing work and commuting patterns, increasing requirements for people to work from home during the pandemic and other factors increased the demand for housing. The first quarter of 2022 represented the strongest first quarter ever in the Canadian Market with transactional dollar volumes improving marginally over the first quarter of 2021. However, this increase was a result of increased prices substantially offset by a 12% drop in home sale volumes. In the second quarter of 2022, house prices began to retreat from their historic highs as demand moved downward. Commencing in March 2022, the Bank of Canada embarked on a campaign to increase interest rates in an effort to curb inflationary pressures. Higher borrowing costs, as well as concerns over affordability in general, dampened consumer demand through the last three quarters of 2022. Overall for 2022, the Canadian Market dropped 24% compared to 2021, represented by a 25% reduction in home sale volumes and a 2% reduction in the selling price of homes. Borrowing costs climbed in 2022 and into 2023, as the Bank of Canada prioritized inflation control in tightening monetary policy. From March, 2022 to July, 2023, the bank rate increased from 0.5% to 5.25% pushing many would-be buyers to the sidelines and contributing to slowing increases in home prices. Transaction dollar volume was down 26% year-over-year for the first half of 2023, but was higher by 7% in the second half. Overall, transaction dollar volume in 2023 was down 14% from 2022 as a result of an 11% drop in volumes and a 4% drop in average selling price. During the first quarter, the Canadian Market saw a year-over-year increase in transactional dollar volume of 17%, albeit comparing to a very weak first quarter of 2023. Market growth had tempered in the second quarter with year-over-year transaction volumes lower by 2% and prices lower by 3%. There was a slight improvement in the Quarter with year-over-year transaction volumes higher by 5% and prices higher by 1%.

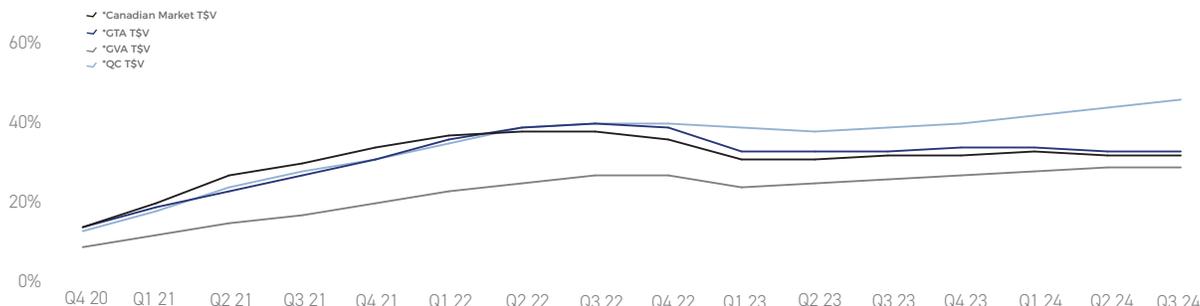
The Canadian Market is generally measured in terms of transactional dollar volume which is the gross value of all homes sold in Canada for a given period. The charts below show the historical volume of homes sold in Canada and the average selling price on a quarterly basis.

### Residential Home Sales Volume



# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

## Average Home Selling Price



During the Quarter, the Canadian Market closed up 5%, at \$80.2 billion, as compared to the Prior Year Quarter at \$76.7 billion. The increase in transactional dollar volume was driven by an increase of 4% in the number of units sold and a 1% increase in price.

During the Quarter, the Greater Toronto Area (“GTA”) market closed at \$16.7 billion, flat as compared to the Prior Year Quarter.

During the Quarter, the Quebec market closed up 18%, at \$10.3 billion, as compared to the Prior Year Quarter, driven by a 12% increase in units sold and by a 5% increase in selling price.

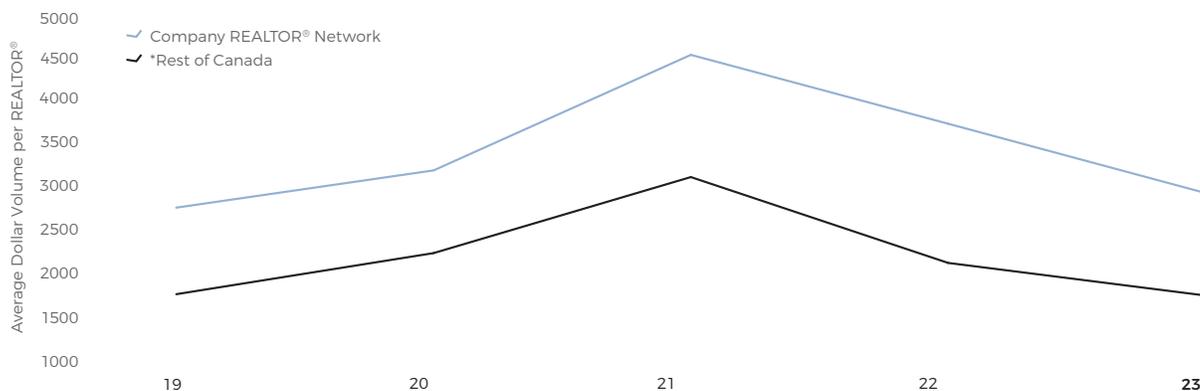
During the Quarter, the Greater Vancouver market closed down 9%, at \$7.7 billion, as compared to the Prior Year Quarter, driven by an 8% decrease in units sold and by a 1% decrease in selling price.

## REALTOR® Productivity

The average REALTOR® in the Franchise Network generated approximately \$2.9 million in transactional dollar volume for the twelve months ended December 31, 2023, compared to an estimated \$1.7 million in transactional dollar volume generated by an average Canadian REALTOR®, outside the Franchise Network. Management believes that the higher productivity of the Franchise Network 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



# 2024 MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

## Products and Services Provided 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.

During the Quarter, the Company launched RLP **InvestorsEdge™** – which is targeted at training and generating leads for our REALTORS® who work with individuals interested in owning real estate for investment purposes. In addition, a new national brand campaign “Royal LePage®. The Results People®” was launched, providing the Company’s sales representatives with various bilingual graphic and video assets for digital promotion across multiple platforms. Tailored marketing materials were also created for members of the Johnston & Daniel luxury brand, including new shareable economic and industry-related content to support agents’ thought leadership initiatives and digital marketing efforts.

With the addition of more than 100 commercial real estate professionals this year, Royal LePage Commercial continued to grow in popularity nationally, and has the largest number of REALTORS® under any commercial real estate brand in Canada. During the quarter, Proprio Direct focused on increasing the brand’s industry presence and reimaged its recruiting strategy, resulting in a greater number of established professionals joining the Quebec-based company. To help develop the next generation of industry professionals, Via Capitale began collaborating with a real estate training academy in Montreal. The brand continues to improve its online presence, increasing visibility on Google and engagement on Facebook.

## THE CANADIAN RESIDENTIAL REAL ESTATE MARKET

The Canadian residential real estate market expanded by 5% in the Quarter compared to the Prior Year Quarter.<sup>1</sup> According to the Canadian Real Estate Association, the national average selling price remained essentially flat, increasing by less than 1% in the Quarter compared to the same period last year, despite a 4% rise in sales. On a quarter-over-quarter basis, transaction volume and average selling price posted declines of 17% and 5%, respectively.

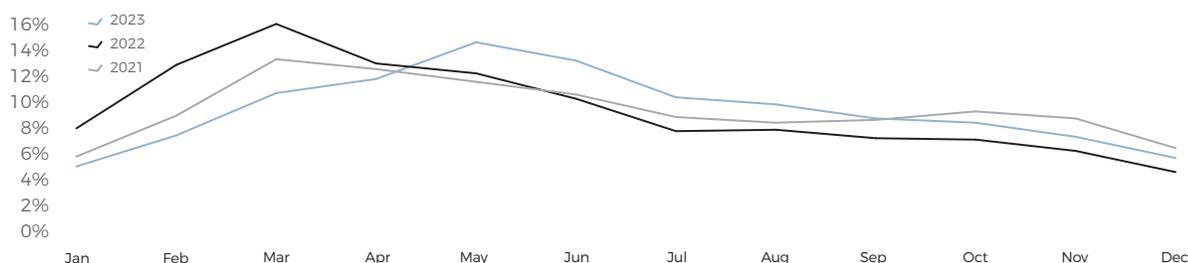
Signs of a market recovery began to appear in the third quarter, although buyer demand remained somewhat sluggish through the summer months in Canada’s largest and most expensive real estate markets. After successive interest rate cuts by the Bank of Canada, activity increases appears to be gradual.

For the fourth consecutive announcement this year, the Bank of Canada reduced interest rates in October – this time by 50 basis points – to reach 3.75%.<sup>2</sup> This is the first time in two years the overnight lending rate has been below 4%. Governor Tiff Macklem cited falling inflation as one of the key factors in the central bank’s decision to make a larger cut. In September, Canada’s Consumer Price Index recorded the lowest yearly increase since February 2021, rising 1.6% year over year and landing below the Bank’s 2% target rate for the second consecutive month.<sup>3</sup>

The market is widely expecting that the Bank of Canada will cut rates further in its December announcement. As borrowing costs become more favourable for consumers, more potential homebuyers are expected to re-enter the market.

## CANADIAN RESIDENTIAL REAL ESTATE MARKET- SEASONALITY

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



<sup>1</sup> CREA Canadian Housing Market Statistics

<sup>2</sup> Bank of Canada reduces policy rate by 50 basis points to 3¾%, October 23, 2024

<sup>3</sup> Consumer Price Index, September 2024, October 15, 2024

\*Source: CREA

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

Historically, the second quarter of each year, often referred to as the "spring market", has seen the highest value of real estate traded in a given year. However, the pandemic fueled strength in the markets in 2021 and the first quarter of 2022 followed by a sharp increase in interest rates in 2022 and 2023 contributed to the first quarter of those years being unusually strong. Historical seasonality patterns re-emerged in 2023 and 2024 with second quarter volumes being the strongest for the year.

## ANALYSIS OF THIRD QUARTER 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, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Gross Commission Income	\$ 109,624	\$ -	\$ 201,661	\$ -
Franchise fees	11,522	11,852	34,528	34,786
Other revenue	5,665	945	12,983	2,843
Revenues	126,811	12,797	249,172	37,629
Less:				
Commissions	104,444	-	191,496	-
Cost of other revenue	1,973	266	4,436	837
Compensation	6,642	-	13,640	-
General and administration	1,884	510	4,869	1,825
Software, hosting and licensing	1,225	-	2,475	-
Premises	778	-	1,622	-
Marketing and communications	746	-	1,466	-
Other operating	288	-	916	-
Management fees	-	4,997	4,742	14,737
Interest on debt	1,102	746	3,590	2,229
Interest on lease obligation	314	-	634	-
	\$ 7,415	\$ 6,278	\$ 19,286	\$ 18,001
Impairment and write-off of intangible assets	(53)	(8)	(1,775)	(201)
Depreciation and amortization	(3,298)	(1,711)	(8,345)	(5,186)
Interest on Exchangeable Units	(2,726)	(1,452)	(6,903)	(4,355)
Gain (loss) on fair value of Exchangeable Units	(10,810)	6,755	(2,850)	266
Gain on settlement of deferred payments	-	-	1,224	-
Gain on settlement of contract transfer obligation	-	-	99	-
Loss on interest rate swap	-	(420)	-	(950)
Loss on debt facility amendment	-	-	-	(122)
Current income tax expense	(1,246)	(990)	(2,315)	(2,754)
Deferred income tax expense (recovery)	(70)	149	(600)	337
Net and comprehensive earnings (loss)	\$ (10,788)	\$ 8,601	\$ (2,179)	\$ 5,036
Basic earnings (loss) per Restricted Voting Share	\$ (1.14)	\$ 0.91	\$ (0.23)	\$ 0.53
Diluted earnings (loss) per Share	\$ (1.14)	\$ 0.26	\$ (0.23)	\$ 0.53
Dividends paid per Restricted Voting Share	\$ 3,201	\$ 3,201	\$ 9,602	\$ 9,602
Interest expense per Exchangeable Unit	\$ 2,726	\$ 1,452	\$ 6,903	\$ 4,355
Restricted Voting Shares outstanding	9,483,850	9,483,850	9,483,850	9,483,850
Exchangeable Units outstanding	6,248,544	3,327,667	6,248,544	3,327,667
Number of REALTORS®	21,144	20,796	21,144	20,796

Cash Flow Information  
(in 000's)

Cash provided by (used for):				
Operating activities	\$ 2,673	\$ 4,503	\$ 15,296	\$ 11,396
Investing activities	(319)	(274)	2,946	(1,206)
Financing activities	(4,299)	(3,201)	(11,850)	(9,665)

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

(in 000's) As at	September 30, 2024	December 31, 2023
Total assets	\$ 163,380	\$ 64,892
Total liabilities	\$ 232,281	\$ 122,012

## THIRD QUARTER OPERATING RESULTS AND CASH FLOWS

During the Quarter, the Company generated a net loss of \$10.8 million compared to net earnings of \$8.6 million in the Prior Year Quarter.

**Revenues** for the Quarter totaled \$126.8 million, compared to \$12.8 million for the Prior Year Quarter. The increase in revenues is due to the inclusion of gross commission income and other revenues of the Acquired Businesses. Franchise fees for the Quarter decreased, driven by the elimination of franchise fees received from the Acquired Businesses for the Quarter partly offset by fee increases implemented on January 1, 2024 and improving market conditions. The franchise fees received from the Acquired Businesses were treated as third party revenue prior to March 31, 2024.

**Commissions expense** represents commissions paid to sales representatives who sell real estate in the Company's Brokerage Operations.

**Cost of other revenue** represents the direct costs associated with ancillary and other revenues.

**Compensation** represents compensation expense paid to employees. Prior to the completion of the Transaction, the Company had no employees. All management services were provided under the terms of the MSA prior to March 31, 2024.

**General and administration expenses** of \$1.9 million for the Quarter increased compared to the Prior Year Quarter due to the inclusion of costs of the Brokerage Operations and the Manager, which were acquired on completion of the Transaction.

**Software, hosting and licensing, premises, marketing and communications other operating expenses** represent the expenses incurred by the Acquired Businesses in the quarter. These represent the expenses of operating the Brokerage Operations as well as expenses that were previously incurred by the Manager in fulfilling its obligation to the Company under the terms of the MSA.

**Management fee expenses** are nil in the Quarter as management of the Company has been internalized as a result of the Transaction.

**Interest on debt** of \$1.1 million was higher than the Prior Year Quarter due to higher interest rates.

**Interest on lease obligation** represents the interest charge related to the leased premises of the Brokerage Operations.

**Depreciation and amortization** for the Quarter of \$3.3 million increased by \$1.6 million compared to the Prior Year Quarter due to the acquisition of the Brokerage Operations. Under the Transaction, the Company acquired a number of sales agreements associated with the Brokerage Operations, which are amortized over a period of five years.

**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. Aggregate payments however, totaled \$2.7 million compared to \$1.5 million in the Prior Year Quarter due to the additional Exchangeable Units issued as consideration in the Transaction. Distributions to Exchangeable Unitholders are determined with reference to dividends paid on Bridgemarq's Restricted Voting Shares.

**Gain (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 market value of the Company's Restricted Voting Shares. At September 30, 2024, the Company's Restricted Voting Shares were valued at \$14.00 per share compared to \$12.27 per share at June 30, 2024, resulting in a loss of \$10.8 million for the Quarter. This gain represents an increase in the obligation associated with the conversion features of the Exchangeable Units. For the Prior Year Quarter, the price of the Company's Restricted Voting Shares decreased from \$14.79 per share at June 30, 2023 to \$12.76 per share at September 30, 2023 resulting in a gain of \$6.8 million.

**Loss on interest rate swap** was a non-cash item which represented the change in fair value of the Company's interest rate swaps. The interest rate swap matured in December 2023.

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

**Income tax expense.** The effective income tax rate paid by the Company for the Quarter was -14% (Prior Year Quarter - 9%).

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 and fair valuation adjustments on Exchangeable Units) as well as items that are excluded from the determination of net earnings but included in the determination of taxable income (including, among other things, payments associated with franchise agreement expenses).

**Cash provided by operating activities** decreased by \$1.8 million compared to the Prior Year Quarter. The decrease is driven primarily by higher interest payments.

**Cash used in investing activities** was consistent with the Prior Year Quarter.

**Cash used in financing activities** is comprised of dividends paid to shareholders and lease payments. The increase in cash used in financing activities is due to the payment of office leases at the Brokerage Operations, which were assumed on completion of the Transaction.

## YEAR TO DATE OPERATING RESULTS AND CASH FLOWS

For the YTD, the Company generated a net loss of \$2.2 million compared to net earnings of \$5.0 million in the Prior Year Period.

**Revenues** for the YTD totaled \$249.0 million, compared to \$37.6 million for the Prior Year Period. The increase in revenues is due to the inclusion of gross commission income and other revenues of the Acquired Businesses. Franchise fees for the YTD decreased, driven by the elimination of franchise fees received from the Acquired Businesses during the second and third quarters partly offset by fee increases implemented on January 1, 2024 and improving market conditions. The franchise fees received from the Acquired Businesses were treated as third party revenue prior to March 31, 2024.

**Commissions expense** represents commissions paid to sales representatives who sell real estate in the Company's Brokerage Operations.

**Cost of other revenue** represents the direct costs associated with ancillary and other revenues.

**Compensation** represents compensation expense paid to employees. Prior to the completion of the Transaction, the Company had no employees. All management services were provided under the terms of the MSA prior to March 31, 2024.

**General and administration expenses** of \$4.9 million for the YTD increased compared to the Prior Year Period due to the inclusion of costs of the Brokerage Operations and the Manager which were acquired on completion of the Transaction as well as professional fees incurred to complete the Transaction.

**Software, hosting and licensing, premises, marketing and communications other operating expenses** represent the expenses incurred by the Acquired Businesses during the second and third quarters. These represent the expenses of operating the Brokerage Operations as well as expenses that were previously incurred by the Manager in fulfilling its obligation to the Company under the terms of the MSA.

**Management fee expenses** are lower than the Prior Year Period as management of the Company has been internalized effective March 31, 2024 as a result of the Transaction.

**Interest on debt** of \$3.6 million was higher than the Prior Year due to higher interest rates.

**Interest on lease obligation** represents the interest charge related to the leased premises of the Brokerage Operations.

**Depreciation and amortization** for the YTD of \$8.3 million increased by \$3.2 million compared to the Prior Year Period due to the acquisition of the Brokerage Operations. Under the Transaction, the Company acquired a number of sales agreements associated with the Brokerage Operations which are amortized over a period of five years.

**Interest on Exchangeable Units** represents the distributions to Exchangeable Unitholders. For the YTD, total distributions amounted to \$6.9 million compared to \$4.4 million in the Prior Year Period due to the additional Exchangeable Units issued as consideration in the Transaction. Distributions to Exchangeable Unitholders are determined with reference to dividends paid on Bridgemarq's Restricted Voting Shares.

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

**Gain (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, 2024, the Company's Restricted Voting Shares were valued at \$14.00 per share compared to \$13.17 per share at December 31, 2023, resulting in a loss of \$2.9 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 decreased from \$12.84 per share at December 31, 2022 to \$12.76 per share at September 30, 2023, resulting in a gain of \$0.3 million.

**Gains on settlement of deferred payments and contract transfer obligation** totaling \$1.3 million for the YTD were recorded when certain deferred fees and other obligations to the Manager and to Brookfield were effectively settled pursuant to the Transaction.

**Loss on interest rate swap** was a non-cash item which represented the change in fair value of the Company's interest rate swaps. The interest rate swap matured in December 2023.

**Income tax expense.** The effective income tax rate paid by the Company for the YTD was 396% (Prior Year Period – 32%). 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 and fair valuation adjustments on Exchangeable Units) as well as items that are excluded from the determination of net earnings but included in the determination of taxable income (including, among other things, payments associated with franchise agreement expenses).

**Cash provided by operating activities** increased by \$3.9 million compared to the Prior Year Period. The increase is due to increased interest income and a reduction in working capital partly offset by higher interest costs.

**Cash provided by investing activities** increased by \$4.1 million compared to the Prior Year Period primarily due to cash acquired on the Transaction of \$4.0 million.

**Cash used in financing activities** increased by \$2.2 million due to lease payments of \$2.2 million as a result of the acquisition of the Brokerage Operations. Dividends paid to shareholders were consistent with the Prior Year Period.

## Variation of Operating Results for the Quarter and Financial Position

### Net earnings:

For the Quarter, the Company generated a net loss of \$10.8 million or \$1.14 per Share, compared to net earnings of \$8.6 million or \$0.26 per Share in the Prior Year Quarter.

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

- A \$114.0 million increase in revenue less \$106.2 million in commission expense and cost of other revenue primarily due to the results of the Acquired Businesses being included for the Quarter; partly offset by
- A loss of \$10.8 million on the fair valuation of the Exchangeable Units compared to a gain of \$6.8 million in the Prior Year Quarter;
- A \$6.1 million increase in operating expenses resulting from the acquisition of the Manager and the Brokerage Operations and increased professional fees associated with the Transaction;
- A \$1.6 million increase in depreciation and amortization expense due to the amortization of intangible assets acquired in the Transaction;
- A \$1.3 million increase in interest on Exchangeable Units due to the additional Exchangeable Units issued as consideration in the Transaction; and
- A \$0.7 million increase in interest expense due to higher interest rates and the inclusion of interest on lease obligations assumed on the acquisition of the Brokerage Operations.

### Adjusted Net Earnings:

Adjusted Net Earnings for the Quarter amounted to \$2.7 million compared to \$3.7 million in the Prior Year Quarter. Increased depreciation expense of \$1.6 million associated with the Acquired Businesses and higher interest partly offset by the operations of the Acquired Businesses accounted for the variance.

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

## Total Assets:

Total assets as at end of the Quarter increased by \$98.5 million compared to December 31, 2023 primarily as a result of the assets acquired in the Transaction.

## Total Liabilities:

Total liabilities at the end of the Quarter increased by \$110.3 million compared to December 31, 2023. The main drivers of the net increase were:

- \$85.3 million in liabilities assumed as a result of the Transaction;
- A \$40.8 million increase in the liability associated with the Exchangeable Units issued as consideration in the Transaction; and
- A \$2.9 million loss on the revaluation of Exchangeable Units; partly offset by
- A decrease of \$14.6 million in customer deposits released since the Transaction on settled transactions.

The identifiable assets and liabilities acquired in the Transaction are as follows:

Fair value of Exchangeable Units issued	\$	39,909
Cash paid for working capital adjustment	\$	131
Less:		
Cash acquired		4,146
Settlement of pre-existing relationships		6,328
Net Consideration	\$	29,566
<hr/>		
Cash held in trust	\$	52,367
Accounts receivable		3,091
Other current assets		4,246
Property and equipment		2,599
Other non-current assets		217
Right-of-use assets		19,034
Deferred income taxes, net		1,265
Intangible assets		12,400
Goodwill		19,602
Accounts payable and accrued liabilities		(13,883)
Customer deposits		(52,367)
Lease liabilities		(19,005)
Net assets acquired	\$	29,566

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

## SUMMARY OF QUARTERLY RESULTS

(Unaudited) For three months ended,	2024				2023			
(in 000's) except per Share amounts and number of REALTORS®;	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31
Revenues								
Gross Commission Income	\$109,624	\$ 92,037	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Franchise fees	11,522	11,929	11,076	10,059	11,852	11,755	11,179	9,694
Other revenue	5,665	6,538	691	766	945	1,086	812	730
	126,811	110,504	11,767	10,825	12,797	12,841	11,991	10,424
Less:								
Commissions	104,444	87,052	-	-	-	-	-	-
Cost of other revenue	1,973	2,311	152	193	266	345	226	315
Compensation	6,642	6,998	-	-	-	-	-	-
General and administration	1,884	1,874	1,111	1,060	510	948	367	210
Software, hosting and licensing	1,225	1,250	-	-	-	-	-	-
Premises	778	843	-	-	-	-	-	-
Marketing and communications	746	720	-	-	-	-	-	-
Other operating	288	627	-	-	-	-	-	-
Management fees	-	-	4,742	4,422	4,997	4,888	4,852	4,496
Interest on debt	1,102	1,205	1,193	738	746	740	743	759
Interest on lease obligation	314	320	-	-	-	-	-	-
	7,415	7,304	4,569	4,413	6,278	5,920	5,803	4,644
Impairment and write-off of intangible assets, net	(53)	(169)	(1,552)	-	(8)	(91)	(102)	-
Depreciation and amortization	(3,298)	(3,352)	(1,695)	(1,708)	(1,711)	(1,734)	(1,741)	(1,761)
Interest on Exchangeable units	(2,726)	(2,725)	(1,452)	(1,452)	(1,452)	(1,452)	(1,452)	(1,452)
Gain (loss) on fair value of Exchangeable Units	(10,810)	10,622	(2,662)	(1,364)	6,755	(499)	(5,990)	5,191
Gain on settlement of deferred payments	-	-	1,224	-	-	-	-	-
Gain on settlement of contract transfer obligation	-	-	99	-	-	-	-	-
Gain (loss) on interest rate swap	-	-	-	(436)	(420)	(152)	(378)	48
Loss on debt facility amendment	-	-	-	-	-	-	(122)	-
Earnings (loss) before income tax	(9,472)	11,680	(1,469)	(548)	9,442	1,992	(3,982)	6,670
Current income tax expense	1,246	494	575	642	990	827	937	668
Deferred income tax expense (recovery)	70	606	(76)	(151)	(149)	26	(214)	(3)
Net and comprehensive earnings (loss)	\$ (10,788)	\$ 10,580	\$ (1,968)	\$ (1,039)	\$ 8,601	\$ 1,139	\$ (4,705)	\$ 6,005
Basic earnings (loss) per Restricted Voting Share	\$ (1.14)	\$ 1.12	\$ (0.21)	\$ (0.11)	\$ 0.91	\$ 0.12	\$ (0.50)	\$ 0.63
Diluted earnings (loss) per Share	\$ (1.14)	\$ 0.17	\$ (0.21)	\$ (0.11)	\$ 0.26	\$ 0.12	\$ (0.50)	\$ 0.18
Adjusted Net Earnings	\$ 2,748	\$ 2,683	\$ 823	\$ 2,213	\$ 3,718	\$ 3,242	\$ 3,237	\$ 2,218
Adjusted Net Earnings Per Share	\$ 0.17	\$ 0.17	\$ 0.06	\$ 0.17	\$ 0.29	\$ 0.25	\$ 0.25	\$ 0.17
Number of REALTORS®	21,144	21,266	20,564	20,529	20,796	20,752	20,619	20,686

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

## DEBT FACILITIES

Effective March 31, 2024, the Company agreed to certain amendments to the Company's debt facilities in connection with the Transaction, including an increase in the Operating Facility from \$5 million to \$10 million. As at September 30, 2024, the Company's \$95.0 million financing is comprised of the following three arrangements:

- A \$55.0 million non-revolving term facility (the "Term Facility");
- A \$30.0 million revolving acquisition facility (the "Acquisition Facility") to support acquisitions pursued by the Company. A standby fee of 0.15% applies on undrawn amounts under this facility; and
- A \$10.0 million revolving operating facility (the "Operating Facility") to meet the Company's day-to-day operating requirements.

As at September 30, 2024, the Company has drawn \$55.0 million on the Term Facility, \$12 million on the Acquisition Facility and nil on the Operating Facility.

Borrowings under each of these arrangements bear interest at a variable rate of Banker's Acceptances ("BAs") +2.0% (2023 - BAs + 1.7%) or Prime + 0.8% (2023 - Prime + 0.5%) and 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 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.

## FREE CASH FLOW

Free Cash Flow represents operating income before deducting interest on leases, depreciation and amortization and net impairment and write-off of intangible assets, minus current income tax expense, minus additions to property and equipment and intangible assets, minus repayment of contract transfer obligations, minus lease payments. Free Cash Flow is used by the Company as a measure of the amount of cash generated by the Company, 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 Free Cash Flow for the Quarter and the YTD is presented in the table below with comparative amounts for the Prior Year Quarter and the Prior Year Period.

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

(Unaudited) (\$ 000's)	Three months ended Sept. 30, 2024	Three months ended Sept. 30, 2023	Nine months ended Sept. 30, 2024	Nine months ended Sept. 30, 2023
Revenues	\$ 126,811	\$ 12,797	\$ 249,172	\$ 37,629
Plus: Depreciation and amortization included in revenues	241	124	619	416
	<b>\$ 127,052</b>	<b>\$ 12,921</b>	<b>\$ 249,791</b>	<b>\$ 38,045</b>
Less:				
Commissions	104,444	-	191,496	-
Cost of other revenue	1,973	266	4,436	837
Compensation	6,642	-	13,640	-
General and administration	1,884	510	4,869	1,825
Software, hosting and licensing	1,225	-	2,475	-
Premises	778	-	1,622	-
Marketing and communications	746	-	1,466	-
Other operating	288	-	916	-
Management fees	-	4,997	4,742	14,737
Interest on debt	1,102	746	3,590	2,229
Current income tax expense	1,246	990	2,315	2,754
Lease payments	1,098	-	2,171	-
Additions to property and equipment and intangible assets	319	122	1,065	757
Repayment of contract transfer obligation	-	152	4	449
Free Cash Flow	<b>\$ 5,307</b>	<b>\$ 5,138</b>	<b>\$ 14,984</b>	<b>\$ 14,457</b>
Free Cash Flow per Share	<b>\$ 0.34</b>	<b>\$ 0.40</b>	<b>\$ 1.01</b>	<b>\$ 1.52</b>

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

Free Cash Flow for the Quarter totaled \$5.3 million, slightly higher than the \$5.1 million generated in the Prior Year Quarter. For the YTD, Free Cash Flow generated by the Company amounted to \$15.0 million compared to \$14.5 million in the Prior Year Period.

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

The calculation of Free Cash Flow for the trailing twelve-month period ended September 30, 2024 is presented in the table below with comparative amounts for 2023.

For twelve months ended, (in 000's) except per Share amounts	September 30, 2024	September 30, 2023
Revenues	\$ 259,907	\$ 48,053
Plus: Depreciation and amortization included in revenues	1,154	873
	<b>\$ 261,061</b>	<b>\$ 48,926</b>
Less:		
Commissions	191,496	-
Cost of other revenue	4,629	1,152
Compensation	13,640	-
General and administration	5,929	2,035
Software, hosting and licensing	2,475	-
Premises	1,621	-
Marketing and communications	1,466	-
Other operating	915	-
Management fees	9,164	19,233
Interest on debt	4,238	2,988
Current income tax expense	2,957	3,422
Lease payments	2,171	-
Additions to property and equipment and intangible assets	1,597	1,263
Repayment of contract transfer obligation	159	595
Free Cash Flow	<b>\$ 18,604</b>	<b>\$ 18,238</b>
Free Cash Flow per Share	<b>\$ 1.30</b>	<b>\$ 1.42</b>

For the twelve-month period ending September 30, 2024, the Company generated Free Cash Flow of \$18.6 million or \$1.30 per Share, as compared to \$18.2 million or \$1.42 per Share generated for the twelve-month period ended September 30, 2023. While Free Cash Flow is higher compared to the twelve-month period ended September 30, 2023, Free Cash Flow per Share is lower due to the dilutive impact of the Exchangeable Units issued as consideration for the Acquired Businesses.

Free Cash Flow and Free 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. The Company believes that Free Cash Flow and Free 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 and lease payments 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 Free Cash Flow and Free 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.

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

## Free Cash Flow Reconciled to Cash Flow from Operating Activities

The tables below present reconciliations of cash flow from operating activities, as presented in the consolidated statements of cash flows, to Free Cash Flow for the Quarter and the twelve-month period ending September 30, 2024. Free Cash Flow is a measure used by the Company to assess the resources available to the Company for distribution to holders of Restricted Voting Shares and holders of Exchangeable Units subject to other uses for the cash.

(Unaudited) (\$ 000's)	Three months ended Sept. 30, 2024	Three months ended Sept. 30, 2023	Nine months ended Sept. 30, 2024	Nine months ended Sept. 30, 2023
Cash flow from operating activities	\$ 2,673	\$ 4,503	\$ 15,296	\$ 11,396
Add (deduct):				
Interest on Exchangeable Units	2,726	1,452	6,903	4,355
Interest on Lease Obligation	314	-	634	-
Current Income tax expense	(1,246)	(990)	(2,315)	(2,754)
Income taxes paid	831	900	2,402	2,700
Changes in non-cash working capital	1,697	(433)	(3,258)	40
Interest expense	(4,142)	(2,294)	(11,127)	(6,845)
Interest paid	3,871	2,273	9,689	6,772
Interest income	521	111	1,148	290
Interest received	(521)	(111)	(1,148)	(290)
Lease payments	(1,098)	-	(2,171)	-
Additions to property and equipment and intangible assets	(319)	(122)	(1,065)	(757)
Repayment of contract transfer obligation	-	(152)	(4)	(449)
<b>Free Cash Flow</b>	<b>\$ 5,307</b>	<b>\$ 5,138</b>	<b>\$ 14,984</b>	<b>\$ 14,457</b>

(Unaudited) For twelve months ended, (\$ 000's)	September 30, 2024	September 30, 2023
Cash flow from operating activities	17,985	14,066
Add (deduct):		
Interest on Exchangeable Units	8,355	5,808
Interest on lease obligation	634	-
Current income tax expense	(2,957)	(3,422)
Income taxes paid	3,202	3,525
Net changes in non-cash working capital	(3,594)	196
Interest expense	(13,595)	(9,238)
Interest paid	12,501	9,161
Interest income	1,261	362
Interest received	(1,261)	(362)
Lease payments	(2,171)	-
Additions to property and equipment and intangible assets	(1,597)	(1,263)
Repayment of contract transfer obligation	(159)	(595)
<b>Free Cash Flow</b>	<b>\$ 18,604</b>	<b>\$ 18,238</b>

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.

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

## LIQUIDITY

Revenues from franchise fees and other services provided to Franchisees by the Franchise Operations have historically been 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 continue to generate strong cash flow for the Company. Following the closing of the Transaction, the Company benefits from the operating cash flows of the Brokerage Operations. In addition the Company has \$12.1 million in cash and access to \$28.0 million in credit facilities to supplement the operating cash flows and Free Cash Flow generated by the Company. The Company believes that there is sufficient liquidity to allow it to meet its operating commitments in the future.

The Company's ability to grow its Free Cash Flow is dependent upon its ability to increase the size of the Franchise Network, which it may achieve by, a) supporting Franchisees in their efforts to recruit REALTORS® to their Brokerages, b) assisting Franchisees to acquire Brokerages from outside the Franchise Network and, c) entering into new Franchise Agreements. With the acquisition of the Brokerage Operations, the Company expects to add to its capability to capture future growth across a broader spectrum of the real estate industry through both organic growth and future acquisition opportunities. In addition, the Company has the opportunity to further 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 for the Company to pursue growth opportunities.

During the Quarter, the Company generated Free Cash Flow of \$5.3 million, compared to \$5.1 million in the Prior Year Quarter.

The Company paid dividends to shareholders and interest to holders of Exchangeable Units totaling \$5.9 million for the Quarter (Prior Year Quarter - \$4.7 million).

## 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 decreased to a deficit of \$86.7 million as at September 30, 2024 compared to \$8.3 million as at September 30, 2023. The decrease in working capital resulted primarily from:

- The reclassification of Exchangeable Units from non-current liabilities to current liabilities; and
- The assumption of negative working capital on closing the Transaction;

The Exchangeable Units do not represent a liability that requires any payment of cash. The Exchangeable Units are exchangeable on a one-for-one basis for Restricted Voting Shares at the option of the holder. If a takeover bid is made for 25% or more of the outstanding Restricted Voting Shares and a contemporaneous identical offer is not made for the Exchangeable Units, the holder can exchange the Exchangeable Units at a ratio of 1.1 Restricted Voting Shares per Exchangeable Unit. They are classified as a current liability under IAS 1 notwithstanding the fact that, under no circumstance, can the holder exchange the Exchangeable Units for any asset other than restricted voting shares.

## 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

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

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

(\$ 000's) As at	Sept. 30, 2024	June 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Change in Quarter	Change in Year
<b>Current assets</b>										
Cash	\$ 12,135	\$14,080	\$ 8,594	\$ 5,743	\$ 6,943	\$ 5,915	\$ 6,160	\$ 6,419	\$ (1,945)	\$ 5,192
Cash held in trust	37,785	61,564	52,367	-	-	-	-	-	(23,779)	37,785
Accounts receivable and current portion of notes receivable	5,435	7,104	7,570	3,781	4,253	4,497	4,345	3,523	(1,669)	1,182
Prepaid expenses and other current assets	2,719	4,359	4,415	805	385	362	371	406	(1,640)	2,334
Current income tax receivable	147	133	616	85	-	190	117	154	14	147
Interest rate swap asset	-	-	-	-	436	857	1,008	1,386	-	(436)
	<b>58,221</b>	87,240	73,562	10,414	12,017	11,821	12,001	11,888	(29,019)	46,204
<b>Current liabilities</b>										
Accounts payable and accrued liabilities	\$ 14,752	\$19,328	\$14,799	\$ 1,407	\$ 1,655	\$ 1,508	\$ 1,475	\$ 1,138	\$ (4,576)	\$ 13,097
Customer deposits	37,785	61,564	52,367	-	-	-	-	-	(23,779)	37,785
Contract transfer obligation	-	-	-	356	419	481	542	602	-	(419)
Lease liabilities	2,944	3,265	3,731	-	-	-	-	-	(321)	2,944
Current income tax liability	-	-	-	-	73	-	-	-	-	(73)
Interest payable to Exchangeable Unitholders	909	909	484	484	484	484	484	484	-	425
Dividends payable to Restricted Voting shareholders	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	-	-
Debt facilities	-	-	-	-	-	-	-	66,959	-	-
Exchangeable Units	87,480	76,670	87,292	-	-	-	-	-	10,810	87,480
	<b>144,937</b>	162,803	159,740	3,314	3,698	3,540	3,568	70,250	(17,866)	141,239
Net working capital	<b>\$ (86,716)</b>	\$(75,563)	\$( 86,178)	\$ 7,100	\$ 8,319	\$ 8,281	\$ 8,433	\$(58,362)	\$ (11,153)	\$(95,035)

# 2024 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, 2024 and December 31, 2023 is presented below:

(in 000's) As at	September 30, 2024	December 31, 2023
Cash	\$ 12,135	\$ 5,743
Acquisition Facility	18,000	18,000
Operating Facility	10,000	5,000
Net borrowing capacity	\$ 28,000	\$ 23,000
Available resources	\$ 40,135	\$ 28,743

As at September 30, 2024, \$12.0 million of the Acquisition Facility has been drawn by the Company, leaving \$28.0 million of net borrowing capacity under the debt facilities.

In addition to the cash and capital resources included in the table above, the Company generates substantial cash flow from operating activities, 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 requirements and other investment opportunities.

## COMMITMENTS AND CONTINGENCIES

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

As at September 30,	2024	2025	2026	2027	2028	Beyond 2028	Total
Accounts payable and accrued liabilities	\$ 14,752	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,752
Customer deposits	37,785	-	-	-	-	-	\$ 37,785
Leases	693	2,934	2,607	2,194	2,078	10,496	\$ 21,002
Interest payable to Exchangeable Unitholders	909	-	-	-	-	-	\$ 909
Dividends payable to shareholders	1,067	-	-	-	-	-	\$ 1,067
Interest on long-term debt	1,095	4,381	4,381	-	-	-	\$ 9,857
Debt facilities	-	-	67,000	-	-	-	\$ 67,000
Exchangeable Units	-	-	-	-	-	87,480	\$ 87,480
Total	\$ 56,301	\$ 7,315	\$ 73,988	\$ 2,194	\$ 2,078	\$ 97,976	\$ 239,852

The Company and certain of the Brokerage Operations have been named as defendants in two legal actions seeking orders certifying the actions as class proceedings filed in April, 2021 and January, 2024, respectively, which include, among other things, allegations of anti-competitive behaviour and seek general and special damages in an amount to be proven at trial. The April, 2021 action initially named the Toronto Regional Real Estate Board, CREA, seven major real estate brokerages (including certain of the Brokerage Operations) and five franchisors (including the Company). The franchisors were removed as defendants following a motion to strike ruled on by the Federal Court of Canada in September, 2023. This ruling was appealed, which appeals were heard over two days on October 7th and 8th. The court's decision is anticipated within the next six to twelve months. The January, 2024 action names CREA, numerous real estate boards across the provinces and territories, eight major real estate brokerages (excluding any of the Brokerage Operations) and eleven franchisors (including the Company). The outcome of this claim continues to largely depend on the outcome of the aforementioned lawsuit. Neither of these actions has been certified as a class action. The Company believes that all allegations in both actions are entirely without merit and that the likelihood of any negative impact on the Company is remote.

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

## OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

## TRANSACTIONS WITH RELATED PARTIES

As at the date of this MD&A, Brookfield controlled approximately 41.7% of the Company through its ownership of the Exchangeable Units of the Partnership and 315,000 Restricted Voting Shares.

Prior to the closing of the Transaction, the Manager operated the corporately-owned Royal LePage and Via Capitale residential Brokerage locations serving more than 2,000 REALTORS® primarily in the GTA market and Greater Vancouver and Greater Montreal Areas.

All of the corporately-owned operations operate under Franchise Agreements with standard fixed and variable franchise fees. The Franchise Agreements for the GTA are expected to be renewed during 2024. The Franchise Agreements for the Royal LePage Quebec locations are up for renewal in 2028. The Franchise Agreements for the Via Capitale Brokerages expire between 2024-2025.

The Company acquired all of the Royal LePage and Via Capitale Brokerages owned by Brookfield under the terms of the Transaction.

Prior to completion of the Transaction, the management of the Company was provided by the Manager under the terms of the MSA. The Manager was a company controlled by Brookfield. Under the MSA, the Manager provided certain management, administrative and support services to the Company and its subsidiaries and, in return, was 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.

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 payments for management fees were allocated toward reducing the Company's contract transfer obligation and associated interest expense, with the remainder charged to the Company's interim condensed consolidated statement of net and comprehensive loss.

The Company acquired the Manager under the terms of the Transaction and, as a result, the management of the Company has been internalized and the MSA will no longer be required. In addition, the contract transfer obligation and certain deferred fees owing to the Manager were settled as a result of the Transaction,

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 17 of the interim condensed consolidated financial statements.

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

## **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 Company's accounts receivables are regularly monitored to determine their collectability.

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 consolidated financial statements require; the determination of cash generating units, estimating 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 the Exchangeable Units and measuring fair values used for disclosure purposes.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates have been applied in a manner consistent with prior periods. While the Company believes that the potential impact of COVID-19 has lessened, it is possible that any future resurgence may affect the Company's future earnings, cash flows and financial condition and such effects are uncertain, including the nature, severity and duration of any resulting economic curtailment and the short to medium-term effect on Canadian real estate markets and the Canadian economy in general. Accordingly, estimates used in the preparation of the Company's financial statements including those associated with evaluations of intangible assets and collectability of accounts receivable may be subject to significant adjustments in future periods. The estimates are impacted by, among other things, movements in interest rates and cash flow forecasts, which involve judgements and are uncertain. The interrelated nature of these factors prevents the Company from quantifying the overall impact of these movements on the Company's 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 judgements that have been made in applying the Company's accounting policies and that have the most significant impact on the amounts recorded in the consolidated financial statements.

## ***IMPAIRMENT OF INTANGIBLE ASSETS AND RECOVERY OF IMPAIRMENT***

The Company ensures that the carrying value of intangible assets is not higher than its recoverable amount (i.e. the higher of: a) fair value less costs of disposal; and. b) value-in-use). The Company reviews intangible assets at each reporting period to determine whether indicators of impairment or a reversal of impairment exist on Agent Agreements, individual Franchise Agreements, franchise agreement expenses, Brands and Trademarks. Determining whether the value of an intangible asset, cash generating unit or the portfolio of intangible assets is impaired or has increased requires considerable judgement. When reviewing indicators for impairment or recovery of previously impaired intangible assets, the Company considers certain factors including, financial performance of the business, revenues earned, term to maturity of relevant contractual arrangements, historical agent count, collectability of receivables, estimated future revenues expected to be earned and underlying market conditions. The estimation of future cash flows and other forward-looking information requires significant judgement and is highly uncertain.

## ***IMPAIRMENT OF GOODWILL***

The Company annually reviews the carrying value of goodwill to determine if there is any impairment. Determining whether the value of goodwill is impaired requires considerable judgement. The assessment of impairment involves the use of accounting estimates and assumptions, changes in which could materially impact the financial condition or operating performance if actual results differ from such estimates and assumptions. Furthermore, significant negative industry or economic trends, disruptions to the business, unexpected significant changes or planned changes in use of the assets, a decrease in business results, growth rates that fall below management's assumptions, divestitures, or a significant loss in the number of sales representatives at a given brokerage may have a negative effect on the fair values and key valuation assumptions. The estimation of future cash flows and other forward-looking information requires significant judgement and is highly uncertain.

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

## ***FAIR VALUE OF ASSETS AND LIABILITIES IN A BUSINESS COMBINATION***

During the YTD, the Company acquired the shares of the Manager and Proprio Direct. The fair value of assets acquired and liabilities assumed in a business combination are estimated based on information available at the date of acquisition and involves considerable judgement in determining the fair values assigned to property, plant, equipment and intangible assets acquired and liabilities assumed on acquisition. The determination of these fair values involves analysis including the use of discounted cash flow models, estimated future margins, future growth rates and estimated future customer attrition. There is measurement uncertainty inherent in this analysis, particularly in the fair value measurement of contingent consideration, and actual results could differ from estimates.

## **FINANCIAL INSTRUMENTS**

The Company's financial instruments consist of cash, cash held in trust, accounts receivable, notes receivable, accounts payable and accrued liabilities, customer deposits, interest payable to Exchangeable Unitholders, dividends payable to holders of Restricted Voting Shares and debt facilities.

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 or sales representatives do not pay amounts owing to the Brokerage Operations. 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. Credit risk is also mitigated by the fact that the Brokerage Operations have the ability to deduct any amounts owing from sales representatives from the commission income they earn on their transactions with customers.

The Company was party to an interest rate swap agreement which swapped the variable interest rate obligation on the \$55.0 million Term Facility to a fixed rate obligation of 3.94% through to December 31, 2023.

The Company is now exposed to the risk of interest rate fluctuations on its \$55.0 million Term Facility, its \$30.0 million Acquisition Facility and its \$10.0 million Operating Facility as the interest rates on these facilities are based on Prime or BA interest rates.

## **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 concluded that these DC&P were adequate and effective as at September 30, 2024. 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 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, 2024. The design of ICFR is undertaken in accordance with the 2013 COSO framework.

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

## 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 August 12, 2024, 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 real estate brokerage industry and the business of the Company are outlined in the Company's Annual Information Form, which is available at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Company's website at [www.bridgemarq.com](http://www.bridgemarq.com) under *Investor Centre/Other Disclosure Reports*. Additional discussion regarding these risks as appropriate is provided in this MD&A.

# 2024 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 “appear”, “assessing”, “assumptions”, “attracting”, “believes”, “can be”, “continue”, “could”, “dependent”, “depending”, “determining”, “estimated”, “estimates”, “estimating”, “estimation”, “expected”, “expects”, “expecting”, “forward-looking”, “further”, “future”, “grow”, “growth”, “if”, “increasing”, “may”, “may have”, “may not”, “measuring”, “not expected”, “objectives”, “opportunity”, “outlook”, “possible”, “potential”, “providing”, “pursue”, “retaining”, “shall be”, “to be”, “uncertain”, “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: any resurgence of COVID-19 (including any impact of COVID-19 on the economy and the Company's business), changes in the supply or demand of houses for sale in Canada or in any particular region within Canada, changes in the selling price for houses in Canada or any particular region within Canada, changes in the Company's cash flow, changes in the Company's strategy with respect to and/or ability to pay dividends, changes in the productivity of the Company's REALTORS® or the commissions they charge their customers, changes in government policy, laws or regulations which could reasonably affect the housing markets in Canada or the economy in general, changes to any products or services developed or offered by the Company, consumer response to any changes in the housing markets in Canada or any changes in government policy, laws or regulations, changes in general economic conditions (including interest rates, consumer confidence and other general economic factors or indicators), changes in global and regional economic growth, changes in the demand for and prices of natural resources on local and international markets, the level of residential real estate transactions, competition from other real estate brokers or from discount and/or Internet-based real estate alternatives, the closing of existing real estate brokerage offices, other developments in the residential real estate brokerage industry or the Company that reduce the number of REALTORS® in the Company's network or revenue from the Company's network of REALTORS®, our ability to maintain brand equity through the use of trademarks, the methods used by shareholders or analysts to evaluate the value of the Company and its publicly-traded securities, changes in tax laws or regulations, and other risks detailed in the Company's annual information form, which is filed with securities commissions and posted on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca). Forward-looking information is based on various material factors or assumptions, which are based on information currently available to management. Material factors or assumptions that were applied in drawing conclusions or making estimates set out in the forward-looking statements include, but are not limited to: anticipated economic conditions, anticipated impact of government policies, anticipated financial performance, anticipated market conditions, business prospects, the successful execution of the Company's business strategies and recent regulatory developments, including as the foregoing relate to COVID-19. The factors underlying current expectations are dynamic and subject to change. Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

## SUPPLEMENTAL INFORMATION

### SHARE PERFORMANCE

(in Canadian dollars)

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

	Sept. 30, 2024	June 30, 2024	Mar. 31, 2024	Dec. 31, 2023	Sept. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022
Trading price range of units (TSX: "BRE")								
Close	\$ 14.00	\$ 12.27	\$ 13.97	\$ 13.17	\$ 12.76	\$ 14.79	\$ 14.64	\$ 12.84
High	\$ 14.24	\$ 14.00	\$ 14.35	\$ 13.38	\$ 15.93	\$ 15.15	\$ 14.86	\$ 15.13
Low	\$ 12.15	\$ 11.50	\$ 12.76	\$ 11.06	\$ 12.68	\$ 14.00	\$ 12.82	\$ 12.54
Average daily volume	8,000	6,963	7,750	10,669	6,692	8,087	11,698	12,131
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
Market capitalization (\$000's)	\$ 220,254	\$ 193,036	\$ 219,782	\$ 168,728	\$ 163,475	\$ 189,482	\$ 187,561	\$ 164,500

### CANADIAN RESIDENTIAL REAL ESTATE MARKET

For Three months ended	Sept. 30 2024	June 30 2024	Mar. 31 2024	Dec. 31 2023	Sept. 30 2023	June 30 2023	Mar. 31 2023	Dec. 31 2022
<b>Canada</b>								
Transaction dollar volume <sup>1</sup>	\$ 80,247	\$ 102,011	\$ 71,085	\$ 56,625	\$ 76,727	\$ 106,545	\$ 60,928	\$ 54,104
Average selling price	\$ 662,214	\$ 700,012	\$ 684,190	\$ 653,881	\$ 657,774	\$ 718,874	\$ 661,867	\$ 631,959
Number of units sold	121,180	145,728	103,896	86,599	116,647	148,211	92,054	85,613
Number of REALTORS® at period end <sup>2</sup>	163,002	160,989	160,012	164,598	164,453	163,188	160,586	160,064
Housing starts	58,404	60,925	49,568	57,954	62,229	63,264	40,066	60,801
<b>Greater Toronto Area</b>								
Transaction dollar volume <sup>1</sup>	\$ 16,689	\$ 23,502	\$ 17,867	\$ 13,404	\$ 16,644	\$ 28,213	\$ 16,075	\$ 13,428
Average selling price	\$ 1,094,946	\$ 1,161,227	\$ 1,093,003	\$ 1,097,239	\$ 1,104,425	\$ 1,178,202	\$ 1,089,819	\$ 1,074,049
Number of units sold	15,242	20,239	16,347	12,216	15,070	23,946	14,750	12,502
Housing starts	9,419	10,381	12,148	7,448	14,212	15,665	10,103	12,209
<b>Greater Vancouver Area</b>								
Transaction dollar volume <sup>1</sup>	\$ 7,665	\$ 10,574	\$ 7,607	\$ 6,422	\$ 8,446	\$ 11,837	\$ 6,646	\$ 5,864
Average selling price	\$ 1,266,457	\$ 1,333,354	\$ 1,290,786	\$ 1,280,989	\$ 1,285,690	\$ 1,295,055	\$ 1,233,197	\$ 1,208,656
Number of units sold	6,052	7,930	5,893	5,013	6,569	9,140	5,389	4,852
Housing starts	6,225	6,651	7,627	8,027	7,759	10,340	7,118	7,626
<b>Greater Montreal Area</b>								
Transaction dollar volume <sup>1</sup>	\$ 5,895	\$ 7,883	\$ 6,083	\$ 4,153	\$ 5,091	\$ 6,839	\$ 4,717	\$ 4,243
Average selling price	\$ 618,996	\$ 606,929	\$ 584,539	\$ 578,468	\$ 597,045	\$ 581,647	\$ 540,979	\$ 554,311
Number of units sold	9,523	12,989	10,407	7,180	8,527	11,758	8,719	7,654
Housing starts	3,116	6,558	2,815	4,348	4,960	2,945	2,982	4,442
<b>Quebec</b>								
Transaction dollar volume <sup>1</sup>	\$ 10,282	\$ 13,072	\$ 10,218	\$ 7,340	\$ 8,744	\$ 11,091	\$ 8,021	\$ 7,116
Average selling price	\$ 502,512	\$ 501,928	\$ 478,886	\$ 463,921	\$ 477,517	\$ 473,461	\$ 438,759	\$ 439,600
Number of units sold	20,462	26,043	21,337	15,821	18,312	23,426	18,282	16,187
Housing starts	9,610	12,422	6,757	8,779	10,101	7,632	6,078	10,655

<sup>1</sup> (in millions Canadian dollars)

<sup>2</sup> CREA Membership data as of September 30, 2024

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

For Twelve months ended	Sept. 30 2024	June 30 2024	Mar. 31 2024	Dec. 31 2023	Sept. 30 2023	June 30 2023	Mar. 31 2023	Dec. 31 2022
<b>Canada</b>								
Transaction dollar volume <sup>1</sup>	\$ 309,969	\$306,449	\$ 310,983	\$300,825	\$298,304	\$ 291,620	\$ 295,753	\$ 350,719
Average selling price	\$ 677,670	\$ 676,682	\$682,948	\$ 678,282	\$ 674,095	\$ 668,768	\$ 666,073	\$ 703,875
Number of units sold	457,403	452,870	455,353	443,511	442,525	436,056	444,025	498,269
Housing starts	226,851	230,676	233,015	223,513	226,360	231,277	235,673	240,590
<b>Greater Toronto Area</b>								
Transaction dollar volume <sup>1</sup>	\$ 71,462	\$ 71,417	\$ 76,128	\$ 74,336	\$ 74,359	\$ 74,269	\$ 72,156	\$ 89,405
Average selling price	\$ 1,115,833	\$ 1,118,126	\$ 1,126,505	\$ 1,126,604	\$ 1,122,102	\$ 1,115,638	\$ 1,123,087	\$ 1,189,850
Number of units sold	64,044	63,872	67,579	65,982	66,268	66,571	64,248	75,140
Housing starts	39,396	44,189	49,473	47,428	52,189	51,357	45,291	45,109
<b>Greater Vancouver Area</b>								
Transaction dollar volume <sup>1</sup>	\$ 32,266	\$ 33,047	\$ 34,311	\$ 33,350	\$ 32,793	\$ 30,994	\$ 30,328	\$ 37,223
Average selling price	\$1,296,460	\$1,300,823	\$ 1,289,149	\$ 1,277,232	\$1,263,684	\$1,245,840	\$ 1,241,284	\$1,272,096
Number of units sold	24,888	25,405	26,615	26,111	25,950	24,878	4,433	29,261
Housing starts	28,530	30,064	33,753	33,244	32,843	31,731	28,793	25,983
<b>Greater Montreal Area</b>								
Transaction dollar volume <sup>1</sup>	\$ 24,015	\$ 23,211	\$ 22,167	\$ 20,800	\$ 20,890	\$ 20,442	\$ 22,065	\$ 24,727
Average selling price	\$ 598,888	\$593,589	\$585,306	\$ 574,845	\$569,848	\$ 563,001	\$ 572,883	\$ 581,490
Number of units sold	40,099	39,103	37,872	36,184	36,658	36,309	38,515	42,524
Housing starts	16,837	18,681	15,068	15,235	15,329	15,966	22,074	24,149
<b>Quebec</b>								
Transaction dollar volume <sup>1</sup>	\$ 40,912	\$ 39,374	\$ 37,393	\$ 35,197	\$ 34,973	\$ 34,340	\$ 36,363	\$ 40,287
Average selling price	\$ 489,007	\$483,036	\$ 473,957	\$464,085	\$ 458,918	\$ 452,325	\$ 458,758	\$463,888
Number of units sold	83,663	81,513	78,896	75,841	76,207	75,918	79,263	86,847
Housing starts	37,568	38,059	33,269	32,590	34,466	35,493	44,190	48,395

<sup>1</sup> (in millions Canadian dollars)

Source: CREA, CMHC, TREB

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

## FREE CASH FLOW

(Unaudited) (in 000's) except per Share amounts	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Revenues	126,811	12,797	249,172	37,629
Expenses				
Commissions	(104,444)	-	(191,496)	-
Cost of other revenue	(1,973)	(266)	(4,436)	(837)
Operating Expenses	(11,563)	(5,507)	(29,730)	(16,562)
Interest on debt	(1,102)	(746)	(3,590)	(2,229)
Amortization of incentive payments	241	124	619	416
Current income tax expense	(1,246)	(990)	(2,315)	(2,754)
Lease payments	(1,098)	-	(2,171)	-
Additions to property and equipment and intangible assets	(319)	(122)	(1,065)	(757)
Repayment of contract transfer obligation	-	(152)	(4)	(449)
Free Cash Flow	\$ 5,307	\$ 5,138	\$ 14,984	\$ 14,457
Cash provided by operating activities	\$ 2,673	\$ 4,503	\$ 15,296	\$ 11,396
Dividends	\$ 3,201	\$ 3,201	\$ 9,602	\$ 9,602
Interest on Exchangeable Units	\$ 2,726	\$ 1,452	\$ 6,903	\$ 4,355
Net and comprehensive earnings (loss)	\$ (10,788)	\$ 8,601	\$ (2,179)	\$ 5,036
Diluted earnings (loss) per Share	\$ (1.14)	\$ 0.26	\$ (0.23)	\$ 0.53

## ADJUSTED NET EARNINGS

(Unaudited) (in 000's) except per Share amounts	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Revenues	126,811	12,797	249,172	37,629
Expenses				
Commissions	(104,444)	-	(191,496)	-
Cost of other revenue	(1,973)	(266)	(4,436)	(837)
Operating Expenses	(11,563)	(5,507)	(29,730)	(16,562)
Interest on debt	(1,102)	(746)	(3,590)	(2,229)
Interest on lease obligation	(314)	-	(634)	-
Depreciation and amortization (and impairment)	(3,351)	(1,719)	(10,120)	(5,387)
Operating Income	\$ 4,064	\$ 4,559	\$ 9,166	\$ 12,614
Income tax expense	(1,316)	(841)	(2,915)	(2,417)
Adjusted Net Earnings	\$ 2,748	\$ 3,718	\$ 6,251	\$ 10,197
Adjusted Net Earnings Per Share	\$ 0.17	\$ 0.29	\$ 0.42	\$ 0.80

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

(Unaudited) (in 000's) except per Share amounts	Three months ended September 30, 2024	Three months ended September 30, 2023	Nine months ended September 30, 2024	Nine months ended September 30, 2023
Net and comprehensive earnings (loss)	\$ (10,788)	\$ 8,601	\$ (2,179)	\$ 5,036
Add (deduct):				
Interest on Exchangeable Units	2,726	1,452	6,903	4,355
Gain (loss) on fair value of Exchangeable Units	10,810	(6,755)	2,850	(266)
Gain on settlement of deferred payments	-	-	(1,224)	-
Gain on settlement of contract transfer obligation	-	-	(99)	-
Loss on interest rate swap	-	420	-	950
Loss on debt facility amendment	-	-	-	122
Adjusted Net Earnings	\$ 2,748	\$ 3,718	\$ 6,251	\$ 10,197
Adjusted Net Earnings Per Share	\$ 0.17	\$ 0.29	\$ 0.42	\$ 0.80

## GLOSSARY OF TERMS

“**Acquired Businesses**” means Brokerage Operations and the Manager acquired from Brookfield under the terms of the Transaction.

“**Adjusted Net Earnings**” means operating income minus income tax expense. Adjusted Net Earnings is used by the Company to measure the operating results of the Company on a fully-diluted basis excluding certain non-cash or non-recurring non-operating items that do not directly impact the ongoing operations of the Company. Adjusted Net Earnings 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.

“**Adjusted Net Earnings per Share**” means Adjusted Net Earnings divided by the total number of Restricted Voting Shares outstanding, on a diluted basis. Adjusted Net Earnings per Share is used by the Company to measure the operating results of the Company on a fully-diluted basis excluding certain non-cash or non-recurring non-operating items that do not directly impact the ongoing operations of the Company. Adjusted Net Earnings 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.

“**Agent Agreement**” means the agreement under which a real estate Brokerage agrees to provide certain services to a sales representative in exchange for a fee, generally determined as a percentage of the Gross Revenue earned by the sales representative.

“**Brands**” means the real estate services brands owned or controlled by Bridgemarq namely, Royal LePage, Johnston & Daniel, Via Capitale, Proprio Direct and Les Immeubles Mont-Tremblant.

“**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.

“**Brokerage Operations**” means the real estate brokerage operations of the Company operating under the Royal LePage®, Johnston & Daniel®, Via Capitale®, Proprio Direct® and Les Immeubles Mont-Tremblant Brands.

“**Brookfield**” means Brookfield BBP (Canada) L.P., 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.

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

“**Company**” means Bridgemarq, together with its subsidiaries.

“**Exchangeable Units**” means the Class B subordinated limited partnership units of the Partnership, of which 6,248,544 are outstanding as of the date hereof and were issued by the Partnership 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 and as consideration for the Transaction. The Exchangeable Units, except as otherwise noted, have economic and voting rights equivalent in all material respects to the Class A limited partnership units of the Partnership which are owned by Bridgemarq. The Exchangeable 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<sup>®</sup>, including use of the Trademarks.

“**Franchisees**” means Brokerages which pay franchise fees under the Franchise Agreements.

“**Franchise Network**” means collectively the Royal LePage Network and the Via Capitale Network.

“**Franchise Operations**” means the franchise real estate services operations of the Company operating under the Royal LePage<sup>®</sup>, Johnston & Daniel<sup>®</sup> and Via Capitale<sup>®</sup> Brands.

“**Free Cash Flow**” means operating income before deducting interest on leases, depreciation and amortization and net impairment and write-off of intangible assets, minus current income tax expense, minus additions to property and equipment and intangible assets, minus repayment of contract transfer obligations, minus lease payments. Free 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. Free 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.

“**Free Cash Flow per Share**” means Free 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. Free Cash Flow per Share is a non-GAAP financial ratio and does not have any standard meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies.

“**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<sup>®</sup> associated with such Franchisee.

“**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.

“**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, prior to the completion of the Transaction, the Manager provided management and administrative services to the Company including management of the assets of the Company.

“**Manager**” means Bridgemarq Real Estate Services Manager Limited, a corporation incorporated under the laws of the Province of Ontario and a subsidiary of Bridgemarq. Prior to the completion of the Transaction, the Manager was a subsidiary of Brookfield and provided management and administrative services to the Company, including management of the assets of the Company.

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

# 2024 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

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

**"Proprio Direct"** means Proprio Direct Inc., a corporation incorporated under the laws of Canada which operates a real estate brokerage in the Province of Quebec, 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 their Exchangeable 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 Unitholder would obtain if they converted their Exchangeable Units to Restricted Voting Shares.

**"SEDAR+"** means the System for Electronic Data Analysis and Retrieval +, 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.

**"Transaction"** means the transaction under which the Company acquired certain real estate brokerage operations of Brookfield, internalized the management of the Company and settled certain deferred payments owing to Brookfield as further described in Acquisition of Real Estate Brokerages and Internalization of Management.

**"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.

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