



Bridgemarq Real Estate Services Reports Third Quarter Results and Monthly Dividend

(TORONTO, ON) November 6, 2019 – Bridgemarq Real Estate Services Inc. (“Bridgemarq” or the “Company”) (TSX: BRE) announced today its third quarter consolidated financial results and the approval of a monthly dividend to holders of the Company’s restricted voting shares.

HIGHLIGHTS

- The Company’s network of REALTORS® (the “Network”) increased to 19,184, up from 18,799 as at September 30, 2018.
- Net earnings for the quarter were \$2.4 million or \$0.26 per Restricted Voting Share.
- Distributable cash flow for the first nine months was \$13.2 million compared to \$11.3 million for the same period in 2018.
- The Board of Directors of the Company approved a dividend of \$0.1125 per restricted voting share, payable December 31, 2019 to shareholders of record on November 29, 2019.

THIRD QUARTER OPERATING RESULTS

Net earnings for the quarter were \$2.4 million, or \$0.26 per Share, compared to \$12.5 million or \$1.32 per Share, for the same period in 2018. The primary driver of the reduction in net earnings is the determination of the fair value on the exchangeable units issued by the Company. The fair value of the exchangeable units is determined with reference to the trading price of the Company’s restricted voting shares.

Distributable cash flow for the first nine months of 2019 amounted to \$13.1 million, compared to \$11.3 million generated in 2018. The increase in distributable cash flow is due to a payment of \$8.6 million to acquire franchise agreements in the first quarter of 2018. No such payments were made in 2019 as a result of changes to the management services agreement which governs the management of the Company (the “MSA”). For the quarter, distributable cash flow was \$4.8 million, compared to distributable cash flow of \$6.7 million generated in the third quarter of 2018. The primary driver of the decline in the quarter was higher management fees paid as a result of changes to the MSA partly offset by lower income tax payments and higher revenues.

Revenues during the third quarter were \$11.6 million, compared to \$11.1 million in the same period in 2018 with the increase being primarily due to the increase in the number of REALTORS® represented by the Company’s real estate services brands. Revenues generated by the Company are primarily fixed in nature, based on the number of REALTORS® in the Network. This fixed nature of the Company’s revenues provides the Company some protection from the impact of a changing housing market, but also reduces the degree to which the Company participates in periods of rapid market expansion.

"The significant market correction that ran through 2018 and the first half of this year appears to be behind us," said Phil Soper, President and Chief Executive Officer, Bridgemarq Real Estate Services Inc. "Transaction volumes are now higher than the ten year average reflecting a significant improvement in year-over-year unit sales. Home prices in our largest cities have remained remarkably resilient since January 2018, with only mid-single digit declines in the worst cases. We are now seeing upward pressure on prices return.

"Real estate market slowdowns present opportunities for the Company as agents and potential franchisees will often consider a move to a higher quality brand to differentiate themselves in the tougher sales environment," said Soper. "The Company reinforces the wisdom of such moves by continuing to make the significant investments in technology, products and services necessary to maintain leadership in brokerage services."

THE COMPANY NETWORK

As at September 30, 2019, the Network was comprised of 19,184 REALTORS®, operating under 293 franchise agreements providing services from 674 locations, with an approximate one-fifth share of the Canadian residential real estate market ("Canadian Market") based on 2018 transactional dollar volume.

Since 2003, the Company's network has grown at a 5% compound annual growth rate, outperforming the 4% growth in the industry despite the addition of competitive offerings over the same time period.

CASH DIVIDEND

The Company declared a cash dividend of \$0.1125 per restricted voting share payable on December 31, 2019, to shareholders of record on November 29, 2019. This represents a targeted annual dividend of \$1.35 per restricted voting share.

CONFERENCE CALL

Bridgemarq Real Estate Services Inc. will host a conference call on Wednesday, November 6, 2019 at 10 a.m. ET to discuss its third quarter financial results.

To access the call by telephone, please dial 1-888-231-8191 or 647-427-7450.

To access the call online, please visit

<https://event.on24.com/wcc/r/2126774/FED0C7B72D8080CE9C00836D90068F78>

Please connect approximately ten minutes prior to the beginning of the call to ensure participation.

A recording of the conference call will be available in the Investor Centre section of the Company's website by Friday, November 15, 2019.

DISTRIBUTABLE CASH FLOW

This news release and accompanying financial statements make reference to distributable cash flow. Distributable cash flow is defined as operating income before deducting amortization and net impairment or recovery of intangible assets minus current income tax expense and minus cash used in investing activities. Distributable cash flow is used by the Company to measure the amount of cash generated from operations which is available to the Company's shareholders on a diluted basis, where such dilution represents the total number of shares of the Company that would be outstanding if holders of exchangeable units converted Class B LP units into restricted voting

shares. The Company uses distributable cash flow to assess its operating results and the value of its business and believes that many of its shareholders and analysts also find this measure useful. Distributable cash flow does not have any standard meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies.

FORWARD-LOOKING STATEMENTS

This news release contains forward-looking information and other “forward-looking statements”. Words such as, “addition”, “appears”, “continuing”, “have”, “maintain”, “reflecting”, “remained”, “present”, “reinforces”, “seeing”, “targeted”, and other expressions that are predictions of or could indicate future events and trends and that do not relate to historical matters identify forward-looking statements. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those indicated in the forward-looking statements include: changes in the supply or demand of houses for sale in Canada or in any particular region within Canada, changes in the selling price for houses in Canada or any particular region within Canada, changes in the Company’s strategy with respect to dividends, changes in the productivity of the Company’s REALTORS® or the commissions they charge their customers, changes in government policy, laws or regulations which could reasonably affect the housing markets in Canada, consumer response to any changes in the housing markets in Canada or any changes in government policy, laws or regulations, changes in general economic conditions (including interest rates, consumer confidence and other general economic factors or indicators), changes in global and regional economic growth, the demand for and prices of natural resources on local and international markets, the level of residential real estate transactions, competition from other real estate brokers or from discount and/or Internet-based real estate alternatives, the closing of existing real estate brokerage offices, other developments in the residential real estate brokerage industry or the Company that reduce the number of REALTORS® in the Company’s Network or royalty revenue from the Company’s Network, our ability to maintain brand equity through the use of trademarks, the methods used by shareholders or analysts to evaluate the value of the Company and its publicly traded securities, changes in tax laws or regulations, and other risks detailed in the Company’s annual information form, which is filed with securities commissions and posted on SEDAR at www.sedar.com. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to management. Material factors or assumptions that were applied in drawing conclusions or making estimates set out in the forward-looking statements include, but are not limited to: anticipated economic conditions, anticipated impact of government policies, anticipated financial performance, anticipated market conditions, business prospects, the successful execution of the Company’s business strategies and recent regulatory developments. The factors underlying current expectations are dynamic and subject to change. Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

About Bridgemarq Real Estate Services

Bridgemarq is a leading provider of services to residential real estate brokers and a network of over 19,000 REALTORS®. We operate in Canada under the Royal LePage, Via Capitale and Johnston & Daniel brands. For more information, go to bridgemarq.com.

Bridgemarq is an affiliate of Brookfield Business Partners, a business services and industrials company focused on owning and operating high-quality businesses that benefit from barriers to entry and/or low production costs. Brookfield Business Partners is listed on the New York and Toronto stock exchanges. Further information is available at bbu.brookfield.com.

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