

2021

ANNUAL REPORT



Profile

Bridgemarq Real Estate Services Inc. (“Bridgemarq” and, together with its subsidiaries the “Company”), through its relationship with Bridgemarq Real Estate Services Manager Limited (the “Manager”), is a leading provider of services to residential real estate brokers and REALTORS^{®1} across Canada. The Company generates cash flow primarily from fixed and variable franchise fees that are received from real estate brokers and REALTORS[®] operating under the Royal LePage, Via Capitale and Johnston & Daniel brands. Approximately 65 per cent of the Company’s franchise fees in 2021 were fixed in nature; this provides revenue stability and helps insulate cash flows from fluctuations in the Canadian real estate market. Franchise fee revenues are supported by long-term franchise agreements, predominantly driven by fixed fees based on the number of REALTORS[®] in the Company’s network. As at December 31, 2021, the Company network consisted of 20,159 REALTORS[®] and participated in approximately 26% of all home resales in Canada during the year. Bridgemarq is listed on the TSX and trades under the symbol “BRE”. For further information about the Company, please visit www.bridgemarq.com.

¹ The trademarks REALTOR[®], REALTORS[®] and the REALTOR[®] logo are controlled by The Canadian Real Estate Association (CREA) and identify real estate professionals who are members of CREA.

Company Operations

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

Royal LePage

Serving Canadians since 1913, Royal LePage is the country's leading provider of services to real estate brokerages, with a network of more than 19,000 real estate professionals in over 650 locations nationwide. Since the mid-1990s, Royal LePage has more than tripled the size of its sales force. It offers its network of brokers and agents strong support with state-of-the-art marketing and lead generation tools, sophisticated business services, timely market data and analysis, as well as professional development through on-line and in-person training. Royal LePage is the only national real estate company in Canada to have its own charitable foundation, the Royal LePage Shelter Foundation, dedicated to supporting women's and children's shelters and educational programs aimed at ending domestic violence. It is the largest such foundation in the country.



Johnston & Daniel

Founded in 1950, Johnston & Daniel is a leading residential real estate boutique firm with approximately 200 real estate professionals selling distinctive homes in southern Ontario. Johnston & Daniel operates as a division of Royal LePage Real Estate Services Ltd. and maintains its market leadership through a combination of rich training and development opportunities, strategic partnerships, in-house marketing services and powerful brand awareness.



Via Capitale

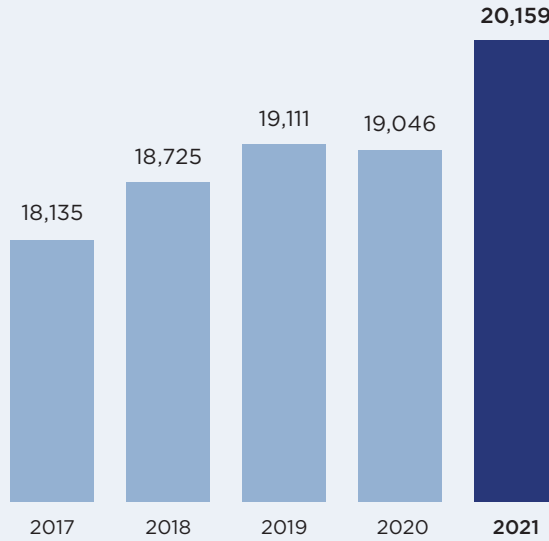
Via Capitale's mission is to deliver the best possible service by focusing on the human aspect of each transaction, professionalism and innovation. Via Capitale has approximately 900 brokers and agents in 55 locations across the province of Quebec. It has launched numerous innovative, client focused programs into the Quebec market through specialized web platforms, and has been a leading developer of real estate insurance programs for more than 20 years - making it the pioneer in this field and keeping the company at the forefront of the industry. Today, the Via Capitale name is synonymous with protection and innovation in the province of Quebec.



Financial Highlights

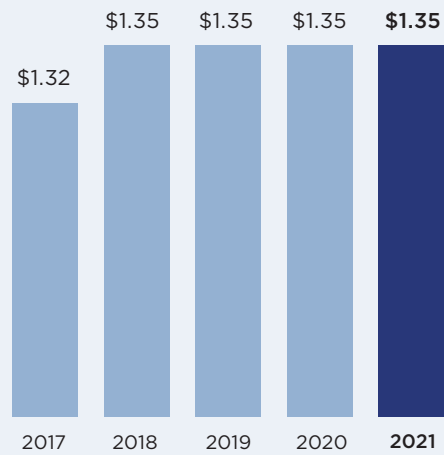
COMPANY GROWTH

(Number of REALTORS® as at December 31)

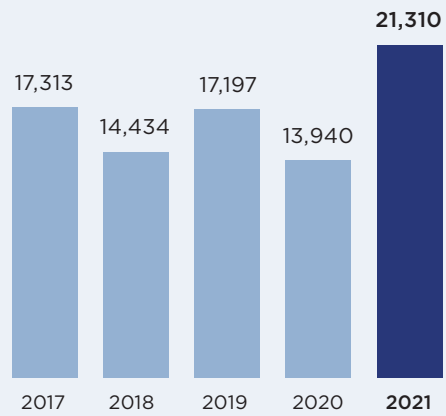


ANNUALIZED DIVIDENDS PER RESTRICTED VOTING SHARE

(Year ended December 31)



DISTRIBUTABLE CASH FLOW



This Annual Report makes reference to Distributable Cash Flow, a non-GAAP financial measure, and Distributable Cash Flow per Share, a non-GAAP ratio. These financial measures do not have any standardized meaning under IFRS and, accordingly, may not be comparable to similar measures used by other companies. Distributable Cash Flow is defined and discussed in Management's Discussion and Analysis of Results and Financial Condition which starts on page 6.

Letter to Shareholders

The real estate economy in the second calendar year of the pandemic did share characteristics with the 2020 market in that the industry expanded in both years. 2020 was a rollercoaster of a year – marked by early strength followed by an unprecedented collapse in the spring, when many of the nation's businesses were shuttered to keep us all safe, and followed by strong growth in the second half. The market trajectory in 2021 was straight-line gains through the entire year.

2021 far surpassed 2020 in volume of homes sold and also saw record selling prices across the country. While the strength of the market surprised many, the Company forecasted the expansion and was prepared to service the considerable pent-up buyer demand that drove the market. Bridgemarq pushed forward with opportune investments in technology, including rlpSPHERE, the nation's first and most comprehensive cloud-based, AI-driven operating platform. We continue to be confident in our brands' ability to harness the market's potential by attracting and retaining the best real estate professionals, and fuelling their productivity with innovative business services, coaching and training.

At the heart of another banner year is brand leadership with highly skilled teams at the helm. Our strong financial and operational results reflect a proven ability to adapt to the evolving challenges and opportunities presented by today's real estate markets.

CANADIAN REAL ESTATE

The 2021 Canadian market grew by 47% year-over-year to a record \$459 billion in transactional dollar volume, as both home prices and unit sales volume rose by some 20%. Demand for property was strong, both to purchase and to rent, as the home became the central place to live, work and play during the pandemic. And, despite rising prices, Canadians demonstrated a capacity to acquire homes, supported by very low borrowing costs and very high household savings.

Growth was seen in markets large and small in 2021, albeit with important differences. In the country's two largest metropolitan areas, greater Toronto and Vancouver, transactional volumes expanded to \$133 billion and \$53 billion, respectively. Toronto's performance can be attributed to equally strong gains in home prices and unit sales. In Vancouver, the story was one of strong sales volume growth and relatively modest price appreciation. Sales volumes were essentially flat in the Greater Montreal Area, after years of strong growth that began well before the onset of the pandemic, yet tight inventory levels and this steady demand drove prices up in Quebec as elsewhere in the nation.

Canadians have a growing awareness of the market forces that are causing home prices to rise at an uncomfortable rate, and they have responded by calling on political leaders at all levels of government to address the problem. Household formation is growing rapidly, as millennials, the most populous generation in history, leave their family homes, and as Canada attracts record numbers of new residents from abroad. Canada welcomed the most immigrants in a single year in its history² in 2021 reaching its target of 401,000 new permanent residents, a historic achievement that was last achieved in 1913 – the year our Royal LePage business was founded. Our research shows

that newcomers tend to rent homes in their first three years in Canada, which is greatly supportive of the investor market as it provides property rentals. The pace of new home construction has not kept pace with the rate of household formation for years, and the inventory of homes for sale hovers at all-time lows.

The housing shortage has resonated with governments and we are pleased that the emerging consensus is that Canada needs to focus on strategies that will increase housing supply, and less so on policies aimed at artificially quelling demand. During the 2021 federal election, all major parties, including the current government, recognized that the housing supply shortage is a problem that we need to build our way out of. During the election, the Liberal party promised to address the shortage of housing for rent or purchase in a number of ways, including providing cities new tools to build and repair homes and convert empty office space into housing. These efforts were projected to result in 1.4 million new homes built, preserved or repaired. At the provincial level, the government of the country's largest province, Ontario, has pledged \$45 million to speed the pace of new home construction by reducing the time and cost of the application and approval process.

It is worth noting that an increasing supply of housing is supportive of a growing agent salesforce and their productivity.

Economic growth was very strong in the fourth quarter of last year at 6.7%, and first-quarter 2022 growth is on pace to exceed previous projections. Driven by concerns about rising inflation, the Bank of Canada raised its target overnight rate to 0.5% on March 2nd, 2022. While this rate remains supportive of real estate markets and is still very low by historical standards, it is just a first move in what we expect will be additional increases in the coming year.

¹ The trademarks REALTOR®, REALTORS® and the REALTOR® logo are controlled by The Canadian Real Estate Association (CREA) and identify real estate professionals who are members of CREA.

² <https://www.canada.ca/en/immigration-refugees-citizenship/news/2021/12/canada-welcomes-the-most-immigrants-in-a-single-year-in-its-history.html>

Letter to Shareholders

SUPERIOR FINANCIAL PERFORMANCE

Benefitting from both the strength of the Canadian real estate market and operational excellence contributing to healthy network growth, 2021 was a profitable year for the Company. Revenue for the year was \$50.2 million, a 25% year-over-year increase, and Distributable Cash Flow rose 53% to \$21.3 million in the same period.

In 2020, our Company created the Pandemic Fee Relief Plan, a critical initiative to help the Company retain its salesforce through the pandemic's uncertainty. While building exceptional good will among the Company's network, this one-time reduction in revenue resulted in a 9% decrease in year-over-year revenue in 2020. If we compare the Company's 2021 financial performance to 2019, Revenue and Distributable Cash Flow rose 13% and 24% compared to pre-pandemic levels.

DIVIDENDS

On March 8, 2022, the Board of Directors of the Company approved a dividend to shareholders of \$0.1125 per restricted voting share payable April 29, 2022, to shareholders of record on March 31, 2022. This dividend distribution represents a target annual dividend of \$1.35 per restricted voting share, which is unchanged from 2021.

STRONG NETWORK GROWTH AND HEALTHY PRODUCTIVITY

The Company celebrated a new milestone in 2021 as Bridgemark's national network crossed the 20,000 mark, rising to 20,159 – a 6% year-over-year increase at the end of 2021. We are excited about our growth, which was generated primarily through organic demand, as it confirms the strength of our value proposition to real estate professionals. Critical to the Company's future success, our network growth was in markets where Canada is growing and our brands continue to meet the evolving real estate needs of Canadians through our culturally diverse network.

At the end of 2021, the Company's REALTORS® operated under 281 franchise agreements, provided services from 723 locations nationwide and participated in approximately 26% of all home resales in Canada. Our average REALTOR® generated approximately \$3.7 million in transactional dollar volume during 2021, compared to \$3.2 million generated by REALTORS® outside the Company network. Not only does the Company benefit financially from superior productivity through its fee structure, we believe that more productive agents are less likely to leave the industry if the market slows.

PRODUCTS & SERVICES

In highly competitive real estate markets, real estate professionals look for brands that can set them apart and drive their business. The Company's success in network growth is its powerful full-service brand offerings. In 2020, the Company made its largest ever technology investment with the launch of rlpSPHERE, a system that includes features such as integrated websites, superior lead generation, compelling insight into prospects and an automated client nurturing system with an AI-powered CRM. This powerful digital ecosystem supports both the Royal LePage and Johnston & Daniel offerings. Since launch, both brands have focused on product adoption and attracting new brokerages and real estate professionals to the brand through multichannel marketing targeting both the Company network and the broader real estate industry. With a design that allows for new technology to be seamlessly integrated into the digital ecosystem with little or no effort from its users, rlpSPHERE can be adapted to any future changes in the industry. In 2021, several updates were made to improve the user interface, increase functionality and offer improved marketing and consumer insight for real estate professionals. Also during the year, the Johnston & Daniel brand launched a consumer-facing website with rlpSPHERE integration to attract higher customer traffic while leveraging effective lead generation tools.

Royal LePage's consumer-facing products continue to draw significant traffic on Royalalpage.ca and Viacapitalevenu.com by offering a superior user experience. Royalalpage.ca is the top consumer choice among real estate services companies for listings-based platforms with 88 million visits in 2021.³ The brand's LinkedIn and Facebook pages are the most followed and liked pages in Canadian real estate. The brand also launched the Royal LePage Blog in spring of 2021 and received positive feedback from the network for providing high quality, branded content that they can share with their clients.

³ ComScore MyMetrix Multi-Platform All of Canada category of Real Estate January 2021 to December 2021. Total Visits in 000s

LEADERSHIP

The Voice of Canadian Real Estate

As consumers looked to the media to make sense of the pandemic's impact on the real estate market, the Company was at the forefront providing data, insights and commentary. We remained the number one voice in Canadian media with total media impressions outpacing our competitors. More importantly, we were highly successful in delivering our messaging in the most highly regarded outlets nationwide. In addition to annual campaigns, we also provide reports, data and commentary in response to emerging trends and news. In the run-up to the federal election, the Company provided a strong voice for consumers through the media in addressing the supply crisis with the creation of new homes as opposed to demand-side policies. The results of our media relations efforts included ongoing coverage in tier 1 national and regional media outlets.

During the year, we earned three Canadian Public Relations Society awards. Two awards were for media campaigns, including a national and regional forecast launched at the onset of the pandemic. This campaign also won a Best COVID-19 Pivot award.

I was honoured to be recognized as Canada's leading residential real estate executive by the US-based Swanepoel consultancy for the eighth year in a row. I was exceptionally proud that our Chief Operating Officer, Carolyn Cheng, joined me on the list of 200 international leaders for the second year after competing against 3,000 industry leaders worldwide. Our inclusion is gratifying as it not only shows our ability to lead and compete in Canada, but also how Canadian leadership compares globally.

GIVING BACK

Bridgemarq brands are building communities and creating a meaningful impact from Vancouver to Halifax. Last year, Via Capitale entered a 5-year partnership with Ronald McDonald Houses in Quebec City and Montreal to help families stay together when they have a sick child in hospital. In Toronto, Johnston & Daniel REALTORS® teamed up with the Royal LePage national network to raise needed funds for the Royal LePage Shelter Foundation, Canada's largest foundation dedicated to ending domestic violence. To date, the Foundation has raised over \$38 million dollars for national programs as well as shelters in the communities where funds are raised.

While the Company leads large charitable initiatives, we are in good company alongside our national network who independently campaign and raise funds for the Company's initiatives as well as brokerage-level initiatives. We continually inspire each other to do good things to make the world a better place.

SUMMARY

2021 was a banner year for the Company. Leveraging our brands' best-in-class technology, the national network was highly competitive during the significant market expansion, resulting in record financial results for the Company. We are very pleased to see the network grow so strongly, a testament to our success in best-in-class technology, products and services.

We entered 2022 with abundant optimism for another successful year rooted in our confidence that our brands can rise to new business challenges with creative innovation and commitment to operational excellence.

Sincerely,



PHILIP SOPER

President and Chief Executive Officer

2021 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 financial results and financial condition of Bridgemarq Real Estate Services Inc. for the three months and the year ended December 31, 2021, has been prepared as at March 7, 2022. The three months ended December 31, 2021, shall be referred to in this MD&A as the “Quarter”. The year ended December 31, 2021 shall be referred to as the “Year”. The comparative period of the three months ended December 31, 2020, shall be referred to in this MD&A as the “Prior Year Quarter”. The comparative period for the year ended December 31, 2021 shall be referred to as the “Prior Year”. The financial information presented herein has been prepared on the basis of International Financial Reporting Standards (“IFRS”) and is expressed in Canadian dollars unless otherwise stated.

The definitions of terms capitalized in this MD&A are provided in the Glossary of Terms commencing on page 42.

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

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

Management's Discussion and Analysis of Results and Financial Condition

Highlights

The table below sets out selected historical information and other data for the Company which should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2021.

- Net and comprehensive earnings for the Year were \$4.8 million, or \$0.50 per Restricted Voting Share, compared to \$0.8 million or \$0.08 per Restricted Voting Share, for the Prior Year.
- For the Quarter, the Company generated net earnings of \$2.5 million, compared to a net loss of \$8.0 million in the Prior Year Quarter. The improved results were driven by a \$3.6 million improvement in revenues and a gain on the fair valuation of the Company's Exchangeable Units of \$1.1 million compared to a loss of \$6.6 million in the Prior Year Quarter.
- For the Year, the Company generated Distributable Cash Flow of \$21.3 million or \$1.66 per Share, as compared to \$13.9 million or \$1.09 per Share generated for the Prior Year. Distributable Cash Flow increased for the Year primarily due to higher revenues, and lower rebates provided to Franchisees, partly offset by higher management fees and higher current income tax expense.
- For the Quarter, Distributable Cash Flow amounted to \$4.1 million, compared to \$1.9 million in the Prior Year Quarter driven by higher revenues, partly offset by higher management fees, higher administration expenses and higher current income tax expenses.
- For the Year, the board of directors of Bridgemark (the "Board") declared cash dividends of \$1.35 per Restricted Voting Share, unchanged from the Prior Year. At its meeting on March 7, 2022, the Board declared a dividend of \$0.1125 per Restricted Voting Share payable on April 29, 2022 to shareholders of record on March 31, 2022. The Company has maintained this dividend level for every month since August 2017.

(in 000's) except per Share amounts and number of REALTORS®	Three months ended December 31, 2021	Three months ended December 31, 2020	Three months ended December 31, 2019	Year ended December 31, 2021	Year ended December 31, 2020	Year ended December 31, 2019
Fixed franchise fees	\$ 7,931	\$ 1,191	\$ 7,303	\$ 31,016	\$ 11,247	\$ 29,285
Variable franchise fees	1,716	4,776	2,183	13,750	23,900	10,638
Other revenue	1,070	1,119	1,181	5,436	5,192	4,426
Revenues	10,717	7,086	10,668	50,202	40,339	44,349
Cost of other revenue	(253)	(235)	(107)	(1,035)	(716)	(524)
Administration (expense) recovery	(240)	171	(429)	(646)	(608)	(1,196)
Management fees	(4,631)	(4,185)	(3,730)	(20,158)	(16,875)	(15,478)
Interest expense	(735)	(758)	(761)	(2,960)	(3,001)	(3,031)
Current income tax expense	(715)	(82)	(675)	(3,818)	(2,090)	(2,989)
Cash used in investing activities	(66)	(84)	(944)	(275)	(3,109)	(3,934)
Distributable Cash Flow	\$ 4,077	\$ 1,913	\$ 4,022	\$ 21,310	\$ 13,940	\$ 17,197
Dividends	\$ 3,201	\$ 3,201	\$ 3,201	\$ 12,803	\$ 12,803	\$ 12,803
Interest on Exchangeable Units	\$ 1,451	\$ 1,451	\$ 1,451	\$ 5,806	\$ 5,806	\$ 5,806
Net and comprehensive earnings (loss)	\$ 2,518	\$ (7,977)	\$ 1,293	\$ 4,762	\$ 767	\$ 3,076
Number of REALTORS®	20,159	19,046	19,111	20,159	19,046	19,111
Net and comprehensive earnings (loss) per Share	\$ 0.22	\$ (0.84)	\$ 0.14	\$ 0.50	\$ 0.08	\$ 0.32
Dividends per Restricted Voting Share	\$ 0.34	\$ 0.34	\$ 0.34	\$ 1.35	\$ 1.35	\$ 1.35
Interest on Exchangeable Units per Exchangeable Unit	\$ 0.44	\$ 0.44	\$ 0.44	\$ 1.74	\$ 1.74	\$ 1.74
Distributable Cash Flow				\$ 21,310	\$ 13,940	\$ 17,197
Distributable Cash Flow per Share				\$ 1.66	\$ 1.09	\$ 1.34

Management's Discussion and Analysis of Results and Financial Condition

In March 2020, the World Health Organization declared a global pandemic caused by the outbreak of the novel coronavirus, specifically identified as "COVID-19". The outbreak and the development of a number of variant strains of COVID-19, has resulted in governments enacting various emergency measures to combat the spread of the virus over the past two years. While many of these measures have been relaxed, they are continuing and could be reinstated more strictly depending on the development of the virus and its variants. These emergency measures have included the implementation of travel restrictions, self-imposed quarantine, curfews, limitations on social gatherings, mandated reductions in retail and other economic activities and social distancing. These measures caused material disruption to the Company's business for a portion of 2020.

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

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

Organization

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

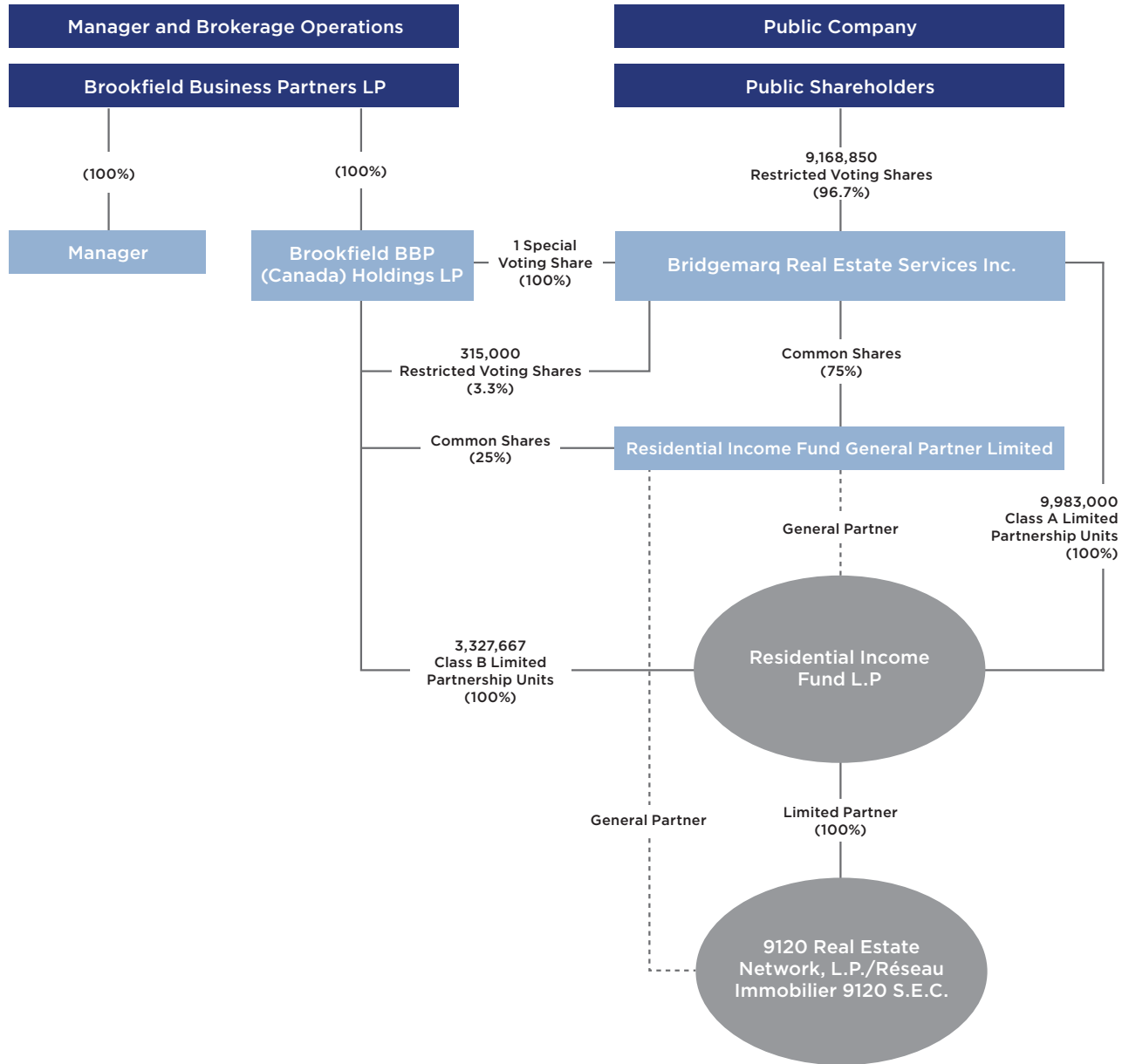
Bridgemarq directly owns a 75% interest in the Partnership which, in turn, owns VCLP. In addition, Bridgemarq directly owns a 75% interest in the General Partner. The Partnership and VCLP own and operate the assets from which Bridgemarq derives its revenue.

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

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

Management’s Discussion and Analysis of Results and Financial Condition

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



Management's Discussion and Analysis of Results and Financial Condition

Business 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 highly regarded real estate services Brands, each of which offers a unique value proposition, the Company caters to the diverse service requirements of regional real estate professionals, in virtually all significant population centres across Canada.

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

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

The number of REALTORS[®] in the Company Network, the transaction volumes generated in the markets the Company serves, the manner in which the Company structures the contracted revenue streams, the success in attracting REALTORS[®] to the Company's Brands through their value propositions and the track record of the Company's Brands are all important factors in the Company's financial and operating performance. These factors, including, among others, general economic conditions and government and regulatory activity impact the Company's performance and are discussed in greater detail throughout this MD&A and in the Company's 2021 Annual Information Form, which is available at www.sedar.com or on the Company's website at www.bridgemark.com.

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

Management Services Agreement

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

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

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

During the second quarter of 2020, the Company entered into an agreement with the Manager whereby the Company was permitted to defer payment of the monthly management fee payable under the MSA for the period from April, 2020 to December, 2020. The Company deferred \$5.6 million in management fee payments in 2020. Amounts deferred under this agreement are non-interest bearing and are due five years from the date of the deferral. Amounts owing under the agreement can be repaid in cash or through the issuance of Exchangeable Units at the option of the Company.

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

Management's Discussion and Analysis of Results and Financial Condition

Company Revenues

As at December 31, 2021, the Company received franchise fees under 281 Franchise Agreements representing 20,159 REALTORS® operating from 723 locations, providing services under the Royal LePage, Via Capitale and Johnston & Daniel Brands operating collectively as the Company Network. During the Year, agents in the Company Network participated in approximately 26% of all home resales in Canada, consistent with 27% in the Prior Year.

The Company generates revenue from franchise fees with both fixed and variable components as well as other revenues. Fixed franchise fees represent fees that are payable to the Company as a fixed monthly amount per REALTOR® without regard to transaction volumes generated by that REALTOR®. Approximately 62% of the Company's revenues for the Year (Prior Year – 28%) were derived from fixed franchise fees. Variable franchise fees represent franchise and other fees that are payable to the Company based on the transaction volumes generated by REALTORS®, subject to a cap. Approximately 27% of the Company's revenues for the Year (Prior Year – 59%) were derived from variable franchise fees. Other revenues are derived from ancillary services provided to Franchisees outside of the services provided under the Franchise Agreements and include lead management fees received from Franchisees and fees for referral services paid by third parties. During the Year, other revenues represented 11% of total revenues (Prior Year – 13%).

In 2021, approximately 78% of the Company's annual franchise fees were partly insulated from the fluctuations in the Canadian Market as they were not directly driven by transaction volumes. This is higher than in the Prior Year when approximately 65% of the Company's franchise fees were partly insulated from the fluctuations of the Canadian Market under the Relief Plan. These include a portion of variable franchise fees, which are effectively fixed in nature due to the fact that they are subject to a cap. The Company believes that the combination of a revenue stream based on the number of REALTORS® in the Network, increasing REALTOR® productivity and steady growth in the Canadian Market provides the base for strong and stable cash flows. A description of each type of revenue follows:

Fixed Franchise Fees are earned based on the number of REALTORS® in the Company Network. For the Year and the Prior Year, fixed franchise fees from Royal LePage Franchisees consisted of a fixed monthly fee of \$133 per REALTOR®. For the period from April 1, 2020 to December 31, 2020, fixed franchise fees were suspended under the Relief Plan for approximately 90% of the Royal LePage Network in favour of a higher variable fee, subject to a cap. Fixed fees from Via Capitale Franchisees consisted primarily of a fixed monthly fee of \$170 per REALTOR®. For those approximately 493 Royal LePage REALTORS® who participate in the Royal LePage commercial real estate program, an additional monthly fee of \$100 was paid to the Company during the Year.

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

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

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

The amount of variable franchise fees paid by an individual REALTOR® can change depending upon, among other things, the total value of real estate they sell in a given year and increases or decreases in home prices. However, variable franchise fees are subject to a cap. For those REALTORS® or Teams who reach the cap, the variable franchise fee is effectively fixed in nature, in that the variable franchise fee paid by the REALTOR® will not change based on changes in the Canadian Market. In 2021, the variable fees associated with approximately 4,559 REALTORS® (2020 – 4,710) and 1,343 Teams (2020 – 1,172) (representing more than 4,029 REALTORS® (2020 – 3,600) that exceeded the cap accounted for approximately 17% of revenues (2020 – 37%).

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

Management's Discussion and Analysis of Results and Financial Condition

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

Overview of 2021 Operating Results

Years ended December 31,
(in 000's) except per Share amounts;
Restricted Voting Shares outstanding;
Exchangeable Units outstanding;
Number of REALTORS®

	2021	2020	2019
Fixed franchise fees	\$ 31,016	\$ 11,247	\$ 29,285
Variable franchise fees	13,750	23,900	10,638
Other revenue	5,436	5,192	4,426
Revenues	50,202	40,339	44,349
Less:			
Cost of other revenue	1,035	716	524
Administration expenses	646	608	1,196
Management fees	20,158	16,875	15,478
Interest expense	2,960	3,001	3,031
	\$ 25,403	\$ 19,139	\$ 24,120
Impairment and write-off of intangible assets	-	(368)	(682)
Amortization of intangible assets	(7,631)	(8,505)	(10,560)
Interest expense on Exchangeable Units	(5,806)	(5,806)	(5,806)
Loss on fair value of Exchangeable Units	(5,025)	(266)	(499)
Gain (loss) on interest rate swap	1,887	(2,208)	(615)
Gain on deferred payments	-	1,191	-
Current income tax expense	(3,818)	(2,090)	(2,989)
Deferred income tax recovery (expense)	(248)	(320)	107
Net and comprehensive earnings	\$ 4,762	\$ 767	\$ 3,076
Basic earnings per Restricted Voting Share	\$ 0.50	\$ 0.08	\$ 0.32
Diluted earnings per Share	\$ 0.50	\$ 0.08	\$ 0.32
Dividends paid per Restricted Voting Share	\$ 1.35	\$ 1.35	\$ 1.35
Interest expense per Exchangeable Unit	\$ 1.74	\$ 1.74	\$ 1.74
Restricted Voting Shares outstanding	9,483,850	9,483,850	9,483,850
Exchangeable Units outstanding	3,327,667	3,327,667	3,327,667
Number of REALTORS®	20,159	19,046	19,111

(in 000's) As at	December 31, 2021	December 31, 2020	December 31, 2019
Total assets	\$ 78,596	\$ 88,959	\$ 94,793
Total liabilities	\$ 135,076	\$ 137,398	\$ 131,196

Management's Discussion and Analysis of Results and Financial Condition

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

Revenues:

Revenues have increased compared to the Prior Year as a result of an increase in agent count as well as the impact of the expiry of the Relief Plan on December 31, 2020.

Net Earnings:

For the Year, the Company generated net earnings of \$4.8 million or \$0.50 per Share, compared to net earnings of \$0.8 million or \$0.08 per Share in the Prior Year.

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

- A \$9.9 million increase in revenue as a result of strong real estate markets in 2021, the expiry of the Relief Plan on December 31, 2020 and an increase in agent count;
- A \$1.9 million gain on the fair value of the interest rate swap compared to a \$2.2 million loss in the Prior Year; and
- A \$0.9 million decrease in amortization expense due to a number of intangible assets being fully amortized during the Year;
- A \$0.3 million reduction in impairment of intangible assets; partly offset by
- A \$5.0 million loss on the fair valuation of the Exchangeable Units compared to a \$0.3 million loss in the Prior Year;
- A \$3.3 million increase in management fees;
- A \$1.7 million increase in current income tax expense due to increased taxable earnings; and
- A \$1.2 million decrease in gain on deferred payments;

Total Assets:

Total assets decreased by \$10.4 million during the Year compared to the Prior Year. The main drivers of the net decrease were as follows:

- A \$7.9 million decrease in the carrying value of intangible assets, driven by amortization expense during the Year;
- A \$2.9 million reduction in cash due to repayments of outstanding debt during the year;
- A \$0.3 million reduction in income taxes receivable due to tax refunds received during the Year; and
- A \$0.3 million reduction in deferred income tax asset; partly offset by
- A \$1.1 million increase in accounts receivable due to higher revenues in the Quarter compared to the Prior Year Quarter.

Total Liabilities:

Total liabilities decreased by \$2.4 million in the Year. The main drivers of the net increase were as follows:

- A \$5.0 million decrease in debt facilities due to repayments during the Year;
- A \$1.9 million decrease in the interest rate swap liability;
- A \$0.6 million decrease in the contract transfer obligation; and
- A \$0.2 million decrease in accounts payable and accrued liabilities during the Year; partly offset by
- A \$5.0 million increase in the liability associated with the Exchangeable Units, which is tied to the trading value of the Restricted Voting Shares (see further discussion under First Quarter Operating Results and Cash Flows – Gain (loss) on fair value of Exchangeable Units); and
- A \$0.2 million increase in deferred payments due to accretion of interest during the Year.

Management's Discussion and Analysis of Results and Financial Condition

DIVIDENDS AND DISTRIBUTIONS:

Dividends approved by the Board on the Restricted Voting Shares were \$1.35 per share in the Year, consistent with the Prior Year.

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

VARIATION OF OPERATING RESULTS FOR THE PRIOR YEAR COMPARED TO 2019

Revenues:

Revenues decreased in the Prior Year compared to 2019 as a result of the impact of the pandemic and the introduction of the Relief Plan. The Relief Plan resulted in approximately 82% of REALTORS® in the Company Network paying only variable franchise fees for the period from April 1st, 2020 to December 31, 2020. This resulted in a significant reduction in fixed franchise fee revenue, partly offset by a significant increase in variable franchise fee revenue.

Net Earnings:

For the Prior Year, the Company generated net earnings of \$0.8 million or \$0.08 per Share, compared to net earnings of \$3.1 million or \$0.32 per Share in 2019.

The primary drivers of the decrease in net earnings compared to 2019 were:

- A \$4.0 million decrease in revenue as a result of the implementation of the Relief Plan;
- A loss of \$2.2 million in the fair value of the interest rate swap compared to a loss of \$0.6 million in 2019;
- A \$1.4 million increase in management fees due to reduced amortization of the contract transfer obligation; partly offset by
- A \$2.1 million decrease in amortization due to a number of other contracts being fully amortized;
- A gain of \$1.2 million on deferred payments in the Prior Year;
- A \$0.9 million decrease in income tax expenses driven by a decrease in taxable income; and
- A \$0.6 million decrease in administration expenses due to bad debt recoveries in the Prior Year.

Total Assets:

Total assets decreased by \$5.8 million during the Prior Year compared to 2019. The main drivers of the net decrease were as follows:

- A \$7.7 million decrease in the carrying value of intangible assets, driven by amortization expense during the Prior Year;
- A \$2.0 million decrease in accounts receivable due to strong collections and lower revenues in the Prior Year Quarter compared to the fourth quarter of 2019; partly offset by
- A \$4.0 million increase in cash primarily due the deferral of certain management fees and interest on Exchangeable Units in the Prior Year under a deferral agreement with Brookfield and the Manager.

Total Liabilities:

Total liabilities increased by \$6.2 million in the Prior Year compared to 2019. The main drivers of the net increase were as follows:

- A \$5.6 million increase in deferred payments under a deferral agreement with Brookfield and the Manager;
- A \$2.2 million increase in the interest rate swap liability; partly offset by
- A \$1.9 million decrease in contract transfer obligation owing to the Manager for the transfer of the Franchise Agreements and other contracts on January 3, 2019.

DIVIDENDS AND DISTRIBUTIONS:

Dividends approved by the Board on the Restricted Voting Shares were \$1.35 per share in the Prior Year, consistent 2019.

Interest on Exchangeable Units also remained consistent with 2019.

Management's Discussion and Analysis of Results and Financial Condition

Key Performance Drivers

Key performance drivers of the Company's business include:

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

STABILITY OF THE COMPANY'S REVENUE STREAMS

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

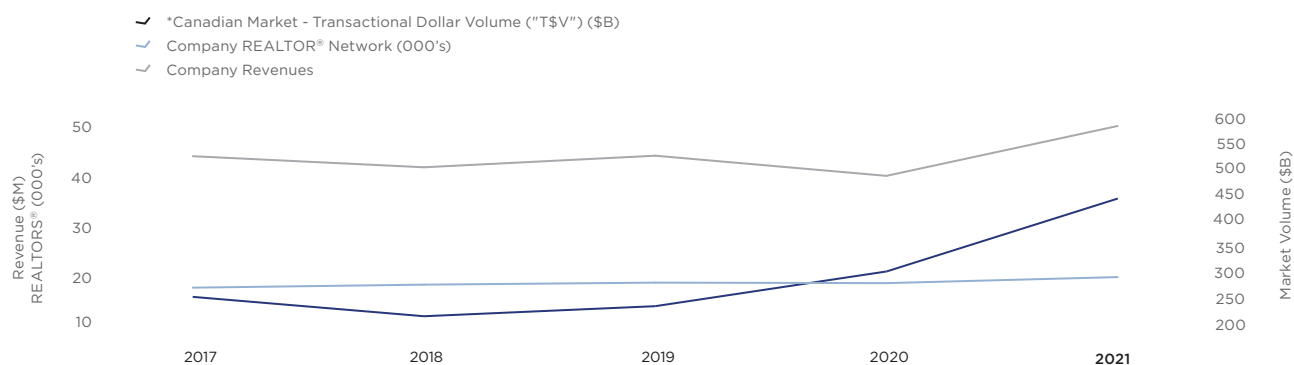
FIXED - FEE STRUCTURE

The Company estimates that for 2021, approximately 78% of its revenues were fixed in nature. In addition to its fixed franchise fees, a substantial portion of the Company's variable franchise fees were effectively fixed in nature.

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

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

REVENUES, MARKET AND REALTOR® TRENDS



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

INCREASE IN FEES

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

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

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

Management's Discussion and Analysis of Results and Financial Condition

In the Quarter, the Company announced an increase in the monthly fixed franchise fees paid by Royal LePage and Johnston & Daniel Franchisees from \$133 to \$136 per REALTOR® effective April 1, 2022 and increased the maximum annual variable franchise fee payable under its standard fee plan based on 1% of each REALTOR®'s or Team's Gross Revenue from \$1,400 to \$1,450 effective January 1, 2022.

GEOGRAPHIC DISTRIBUTION OF THE COMPANY NETWORK

As at December 31, 2021, the Company Network of 20,159 REALTORS® operated through 281 Franchise Agreements, providing services to 723 locations across the country. Of the Brokerages in the Company Network, approximately 63% operate with fewer than 50 REALTORS® and represent 14% of the REALTORS® in the Company Network. The Company's smallest Franchisees have one REALTOR® while the largest has more than 1,700 REALTORS®.

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

As at December 31, 2021	Canadian ¹ REALTOR® Population	Company REALTOR® Population
Ontario	61%	59%
British Columbia	16%	12%
Quebec	10%	16%
Alberta	8%	5%
Maritimes	3%	4%
Prairies	2%	4%
Total	100%	100%

¹ Source: CREA

FRANCHISE AGREEMENTS

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

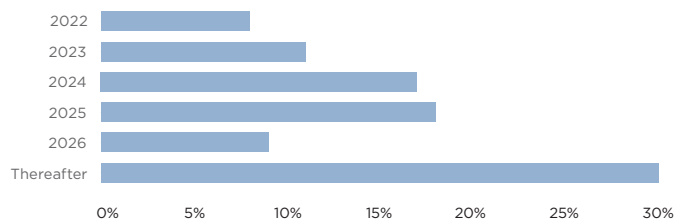
The Royal LePage Franchise Agreements, which represent 95% of the Company's REALTORS®, are for 10 to 20 year terms with a standard renewal term of ten years. These long-duration contracts exceed the industry standard of five years and thereby reduce agreement renewal risk. In addition, the Company regularly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

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

A summary of the Company's agreement renewal profiles as at December 31, 2021 for the Company Network is shown below.

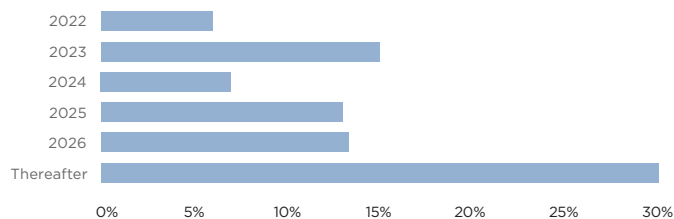
% OF FRANCHISE AGREEMENTS UP FOR RENEWAL

(by Number of REALTORS®)



% OF FRANCHISE AGREEMENTS UP FOR RENEWAL

(by Number of Agreements)



Management's Discussion and Analysis of Results and Financial Condition

RENEWALS

The Company has historically been able to achieve renewal success in more than 98% of Franchise Agreements as they come due, expressed as a percentage of the underlying number of REALTORS® associated with those agreements over the past 5 years. Due to the ongoing success of the Company's Franchisees, a number of opportunities, such as increasing Franchisee locations, present themselves to renew Franchise Agreements before they come due.

During the Quarter, six (Prior Year Quarter - four) Franchisees, representing 505 REALTORS® (Prior Year Quarter - 149), extended the term of their Franchise Agreements or renewed.

During the Quarter, one Franchise Agreement (Prior Year Quarter - one), was terminated which resulted in the loss of five REALTORS® (Prior Year - two).

For the Year, 22 Franchisees (Prior Year - nine), representing 973 REALTORS® (Prior Year - 349) in the Company Network, extended the term of their Franchise Agreements or renewed.

For the Year, seven Franchise Agreements (Prior Year - nine) were terminated, of which five were as a result of Franchisees merging operations (Prior Year - five) and two (Prior Year - four) resulted in the loss of seven REALTORS® (Prior Year - 27).

NUMBER OF REALTORS® IN THE COMPANY NETWORK

For the YTD, the Company Network of 20,159 REALTORS® increased by 1,113 REALTORS® compared to a net decrease of 65 REALTORS® in the Prior Year.

	2017	2018	2019	2020	2021 ²
Company Network					
Opening REALTOR® Count	17,580	18,135	18,725	19,111	19,046
Net REALTOR® growth (attrition) for the period	555	590	386	(65)	1,113
Closing REALTOR® Count	18,135	18,725	19,111	19,046	20,159
% Change in the period	3%	3%	2%	0%	6%

Canadian REALTOR® Population¹	2017	2018	2019	2020	2021
CREA REALTOR® Membership	125,316	129,752	133,242	134,803	147,556
% Change in the period	3%	4%	3%	1%	9%

¹Source: CREA, CREA Membership data as of December 31, 2021 not available as of MDA date

²As at December 31, 2021

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

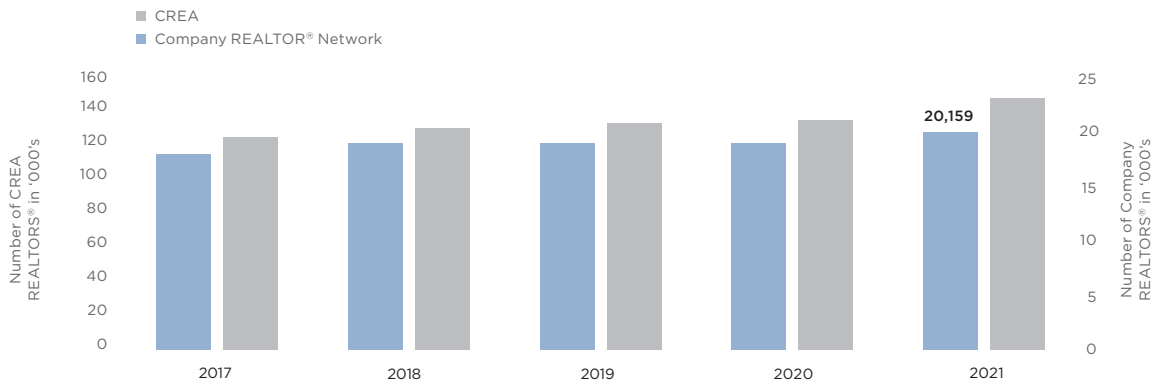
Since January 1, 2017, the Company Network has grown by 15% from 17,580 REALTORS® to 20,159 at December 31, 2021. Growth in the Company Network in 2020 was negatively impacted by the pandemic but improved significantly in 2021 marking the highest growth in the Company Network since 2015.

During the Year, the Company's net REALTOR® count grew by 1,113. This growth included the addition of four new Franchisees representing an addition of 70 agents. The remainder of the growth was due primarily to successful recruitment and retention efforts at our existing Franchisees.

Management's Discussion and Analysis of Results and Financial Condition

CANADIAN REAL ESTATE REALTORS®

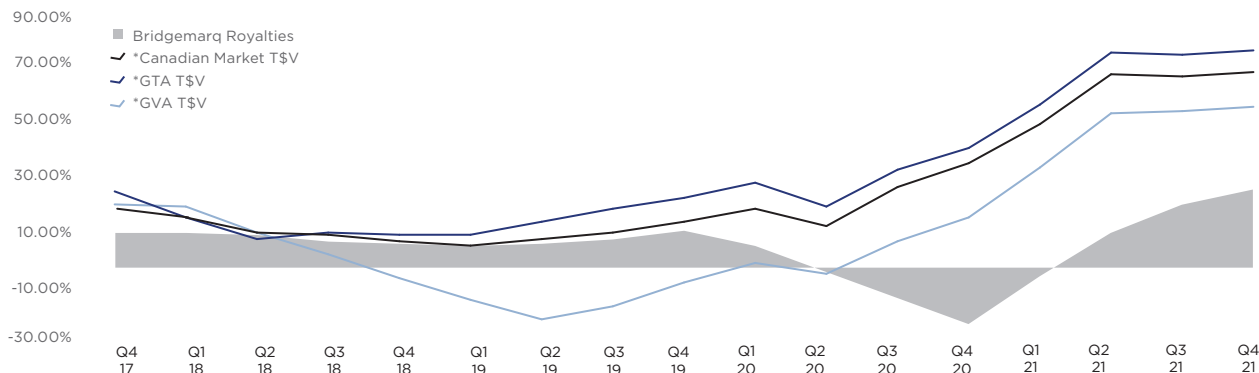
(Years ended December 31)



TRANSACTIONAL DOLLAR VOLUMES OF THE CANADIAN MARKET

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

QUARTERLY ROLLING TWELVE-MONTH % CHANGE



*Source: CREA

Transactional dollar volume of real estate in Canada began to decline nationally during the first quarter of 2017 as real estate values and volumes weakened. This downward trend continued until the first quarter of 2019 when the market in the Greater Toronto Area ("GTA") showed its first year-over-year quarterly improvement in twelve months. This momentum continued into the second quarter of 2019 when the market in the Greater Vancouver Area ("GVA") came off of 30-year lows. After four consecutive quarters of growth in transaction dollar volume, home sale volumes fell dramatically in the face of government actions to combat the spread of COVID-19 during the second quarter of 2020. However, during the last half of 2020, and into 2021, activity across Canada rebounded dramatically (to record levels in many markets) as pent-up demand, low interest rates, changing work and commuting patterns, increasing requirements for people to work from home and other factors increased the demand for housing. Housing market activity tempered somewhat in the last half of 2021, but continued near historic highs supported by continued increases in selling prices.

The Company's revenues fell during the fourth quarter of 2020 compared to the fourth quarter of 2019 as a result of revenues being capped under the Relief Plan. Upon expiry of the Relief Plan, the Company's revenues rebounded and improved by 24% during the Year compared to the Prior Year.

During the Quarter, the Canadian Market closed up 10%, at \$99.0 billion, as compared to the Prior Year Quarter at \$90.1 billion. The increase in transaction dollar volume was driven by a 13% increase in price partly offset by a 7% decrease in units sold.

During the Quarter, the GTA market closed up 14%, at \$28.6 billion, as compared to the Prior Year Quarter. The increase in transaction dollar volume was driven by an 18% increase in price partly offset by a 6% decrease in units sold.

Management's Discussion and Analysis of Results and Financial Condition

During the Quarter, the GVA market closed up 10%, at \$12.1 billion, as compared to the Prior Year Quarter, driven by a 10% increase in price partly offset by a 3% decrease in units sold.

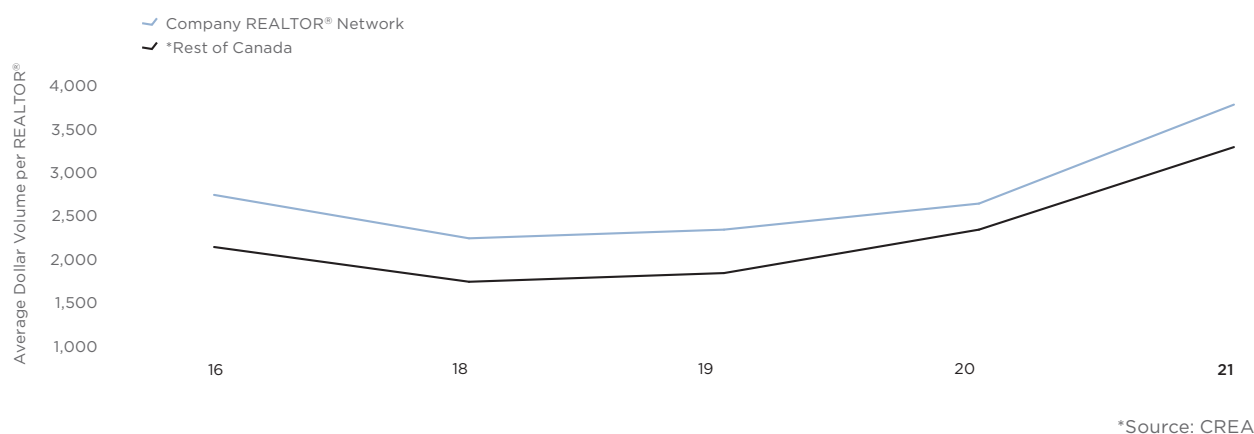
During the Quarter, the Greater Montreal Area market closed down 9%, at \$7.0 billion, as compared to the Prior Year Quarter, driven by a 21% decrease in units sold partly offset by an 13% increase in price.

REALTOR® Productivity

The average REALTOR® in the Company Network generated approximately \$3.7 million in transactional dollar volume for the twelve months ended December 31, 2021, compared to an estimated \$3.2 million in transactional dollar volume generated by an average Canadian REALTOR®, outside the Company Network. Management believes that the higher productivity of the Company's Network of REALTORS®, makes the Company less prone to a loss of REALTORS® during a period of reduced transactional dollar volume. The average transactional dollar volume per REALTOR® for the past five calendar years is summarized in the chart below.

CANADIAN RESIDENTIAL REAL ESTATE MARKET REALTOR® PRODUCTIVITY

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



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, access to internal and external communication tools and software, all benefits associated with our websites and intranets, support from our education and learning services and recruiting teams. In addition, the Company provides general business support, including business development coaching and consulting and access to fully integrated technology tools to help them manage their business.

The Company also provides additional services that are useful to REALTORS® and Franchisees for additional fees. These include access to branded promotional materials, lead referral services and mortgage referral services on behalf of certain financial institutions. These products and services provide incremental revenue to the Company and support the profitability of the Franchises in the Company Network. The Manager, on behalf of the Company, invests in new products, tools and services to assist Franchisees in managing and growing their businesses.

In the fourth quarter of 2021, the Manager launched an online campaign under the Royal LePage brand targeting recruitment of experienced REALTORS®. The Manager also enhanced support resources within rlpSPHERE, the Royal LePage brand's digital ecosystem introduced in 2020, to improve productivity and increase adoption. These enhancements included improved user interface, increased functionality and improved marketing and consumer insight for Franchisees and REALTORS®.

Also in 2021, the Manager launched an agent-focused recruitment campaign in Quebec to grow the businesses of Royal LePage franchisees in the region. The Manager has launched several new brand awareness initiatives including new consumer media campaigns as well as a consumer-facing website that focuses on real estate markets, buying and selling, home improvement and lifestyle content.

Management's Discussion and Analysis of Results and Financial Condition

In 2021, Royal LePage received three awards from the Canadian Public Relations Society for excellence in media relations. Over the past three years, Royal LePage has earned seven awards for its communication and public relations campaigns. These awards support brand awareness and provide the Company Network with additional opportunities to promote their businesses under the Royal LePage Brand.

In 2021, Johnston & Daniel unveiled an enhanced international marketing program and launched a new consumer-facing website to attract higher customer traffic to its luxury real estate services offering. The platform is integrated with rlpSPHERE, allowing the Brand to leverage powerful lead generation tools.

During the year, the Manager entered into an agreement with a Montreal-based mortgage firm to give Via Capitale clients access to improved insurance products and more competitive residential and commercial financing.

The products and services offered by the Company are supported by ongoing training programs for Brokers and REALTORS®, which assist in leveraging the Company's competitive advantages to attract and retain REALTORS®.

The Canadian Residential Real Estate Market

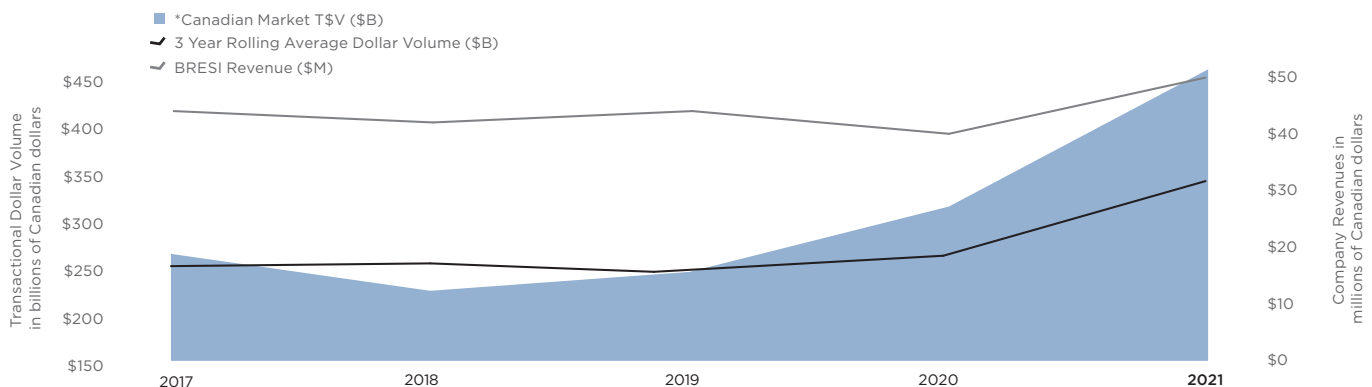
As Canadians continued to prioritize home ownership during the pandemic, home sales reached all-time record levels. The chronically low supply of housing continued to put upward pressure on home prices. Demand from new household formation; newcomers to Canada; and buyers who were not able to transact in 2021, are expected to continue to put upward pressure on home prices through the spring market as demand continues to outpace supply.

Low interest rates are generally supportive of real estate markets in Canada. On March 2, the Bank of Canada, increased the overnight rate by 25 basis points to 0.50%. This increase comes almost two years after the overnight rate was slashed to its current levels in response to uncertainty around the impact of the pandemic. Included in the announcement was the statement that economic growth is very strong and that inflation remains well above the Bank's target range. The Bank further stated it will use its monetary policy tools to return inflation to its 2% target¹. It remains to be seen how much interest rates will increase and what impact those increases could have on the Canadian Market.

While economic growth in the fourth quarter of 2021 was ahead of the Bank's forecast of 4% in 2021, there remains a concern that if a new wave of COVID-19 infections occurs, it could impact the economy and employment, potentially slowing housing demand.

TRANSACTION DOLLAR VOLUME - CANADIAN RESIDENTIAL REAL ESTATE MARKET

(2017-2021)



*Source: CREA

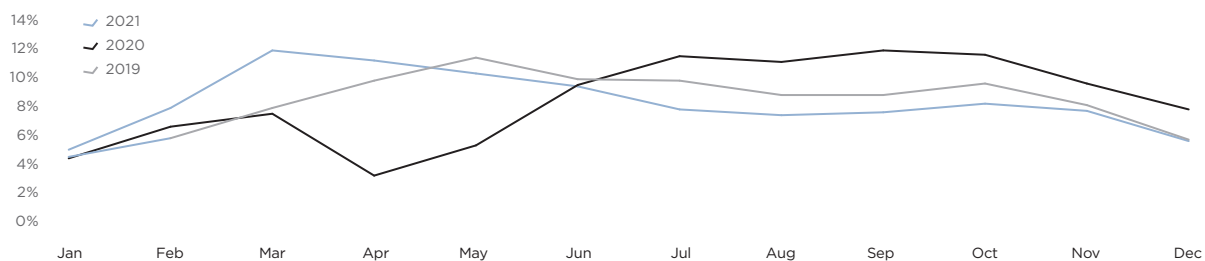
The Company's revenues are affected by the seasonality of the Canadian Market, which typically sees stronger transactional dollar volumes in the second and third quarters of each year. The impact of the seasonality of the Canadian Market is somewhat mitigated by the fixed-fee nature of the Company's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

¹ Source: <https://www.bankofcanada.ca/2022/03/fad-press-release-2022-03-02>

Management's Discussion and Analysis of Results and Financial Condition

CANADIAN RESIDENTIAL REAL ESTATE MARKET

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



*Source: CREA

In the chart above, we can see that historical seasonality patterns for the Canadian Market did not hold true for 2020, primarily due to the pandemic. Government restrictions around social interaction and travel and economic uncertainty emerged in March 2020, contributing to the Canadian Market experiencing its largest ever year-over-year declines in April and May 2020. From May, 2020 through December, 2020, real estate markets were very strong with much of the Canadian Market experiencing all-time monthly highs during this period, as low interest rates, pent-up demand and changing work-from-home patterns emerged. The strength in the Canadian Market continued into 2021, when the Canadian Market saw unusually strong activity in the first quarter. Historical seasonality patterns emerged through the remainder of 2021 with second quarter results higher than the last half of the year.

Canadian Market Outlook

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

From CREA²: On December 15, 2021, CREA released its most recent forecast for home sales activity via the Multiple Listing Service[®] (MLS[®]) Systems of Canadian real estate boards and associations.

Monthly home sales over Canadian MLS[®] Systems were not as volatile in 2021 as they were in 2020. That said, they were nonetheless still very unstable – similar to what was seen during the 2008-2009 financial crisis – but at a much higher level.

This volatility, ranging from a seasonally adjusted annualized high of 807,250 sales in March 2021 to a low of 585,250 sales in August 2021, then back up to around 650,000 in December 2021, was not the result of lockdowns or any major fluctuations in demand.

Rather, with the end-of-month supply of homes for sale setting new record-lows every month in 2021, it would seem the ups and downs of sales had more to do with where and how many properties came up for sale. When they did, the demand was there to scoop them up.

The number of months of inventory has only dipped below 2 months four times in history – in February and March of 2021, and then again in October and November – so it is not surprising that prices nationally rose by more than 20% in 2021 compared to 2020. While price growth is not expected to be as extreme in 2022, many of the conditions that supported it right up until the end of 2021 will still be there at the start of 2022.

Along with an unprecedented supply crunch, there are quite a few other factors that will play important roles in Canadian housing markets in 2022. Ongoing strong demand from an unobservable, but no doubt large number of households, waiting for new listings to show up will be one tailwind.

Many of those listings will likely show up as existing owners continue to move around in record numbers in response to the changes to our lives since the emergence of the COVID-19 pandemic. Demand should be further turbocharged by, and buyers will face increased competition from, the return of very strong or perhaps even all-time record levels of international immigration, depending on the evolution of the pandemic.

² Source: CREA Updates Resale Housing Market Forecast, December 15, 2021

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There will also be headwinds, chief among them higher interest rates. While the Bank of Canada has set the stage for a tightening cycle of still indeterminant size to begin as early as April of 2022, mortgage rates have already started to move higher, first this past spring, and again in the last few months.

At the moment, increases in mortgage rates are only affecting monthly payments, though with a 275-basis point stress test, these are still affordable. It is the level of the stress test, due soon for a re-evaluation by the Office of the Superintendent of Financial Institutions, that governs not what people can afford, but what they are allowed to borrow. As such, this re-assessment is a major wildcard. The fact that it is still quite high means it could be left alone for now to act as a kind of cushion against rising rates for young and/or first-time buyers.

Another wildcard are the promises made around housing in the recent federal election. Which of these will become policy in 2022 and how will they affect housing markets across Canada? Unfortunately, a major increase in new supply (the most needed but also most long-term of all of these interventions) is unlikely to make a major difference within the space of a year.

With all of that said, some 668,000 properties are projected to trade hands via Canadian MLS® systems in 2021 – a record-setting number by a margin of about 21% over 2020. This projection is a small upward revision from the September forecast, owing to an unexpected rebound in sales activity in the final quarter of the year.

The national average home price is projected to rise by 21.2% on an annual basis to \$687,500 in 2021, again, a little higher than in CREA's previous forecast. This historically large increase reflects the unprecedented imbalance of housing supply and demand, with the number of months of inventory nationally remaining close to 2 throughout 2021. The long-term average for that measure is more than 5 months.

On a monthly and quarterly basis, sales are forecast to remain historically strong in 2022 while at the same time trending slowly back in the direction of more typical levels. Limited supply, higher prices and higher interest rates are expected to tap the brakes on activity in 2022 compared to 2021; although, increased churn in resale markets resulting from the COVID-19-related shake-up is expected to continue to boost activity above what was normal before COVID-19. Indeed, it is possible that many of the moves associated with changes related to remote work won't play out until further down the road when we have more certainty about what the future will look like post-COVID-19.

National home sales are forecast to fall by 8.6% to around 610,700 units in 2022 – still the second-best year on record. This easing trend is expected to play out across most of the country with buyers facing both supply and affordability constraints, while at the same time, the urgency to purchase a home base to ride out the pandemic continues to fade.

Still, with supply at record lows, the national average home price is forecast to rise by 7.6% on an annual basis to around \$739,500 in 2022; although, for context, it should be noted that as of November 2021, the national average price was almost \$721,000, making this a somewhat conservative forecast given what the handoff from 2021 to 2022 is looking like.

From TRREB³: On February 3, 2022, TRREB published its market outlook for 2022.

The market outlook for 2022 is calling for strong home sales in the Greater Toronto Area (GTA) with the average selling price expected to hit a new record. The latest polling conducted for the Toronto Regional Real Estate Board (TRREB) by Ipsos shows detached homes are on the top of the list for buyers while the percentage of first-time home buyers will likely drop this year. Meanwhile, January began the same way December ended with home sales down.

The following points summarize TRREB's outlook for 2022:

- Total home sales reported through TRREB's MLS® System in the GTA will reach 110,000, representing a dip from 2021, but still a strong result in comparison to previous years.
- The average selling price for all home types combined is set to climb to \$1,225,000, an approximate increase of 12 per cent when compared to last year.
- In addition to labour market conditions and population growth, the prospect of multiple interest rate hikes by the Bank of Canada this year will be an important factor impacting housing markets in 2022. While BoC tightening cycles have historically led to fewer transactions, it is important to remember that home buyers have recently been held to a much higher qualification standard under the OSFI stress test. This could mitigate the impact of higher contract mortgage rates moving forward.

³ Source: TRREB Unveils Key Market Drivers for 2022 and January Numbers, February 3, 2022.

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"Immigration into Canada and the GTA is expected to be at or near record levels in 2022. All of these people will require a place to live. On top of this, job creation in average to above-average income sectors is expected to remain strong, further buoying consumer confidence to make a large-ticket purchase of a home. Unfortunately, the supply of listings will remain constrained, sustaining strong competition between buyers and double-digit growth in selling prices," said TRREB President Kevin Crigger.

"While home sales will remain strong historically, there are a few key factors that will see transactions slightly off last year's record pace. First, higher borrowing costs in 2022 will see some households on the margin of affordability temporarily put their purchase on hold. Second, after above-average per capita home sales in 2021, there will be some give-back in 2022, simply because the pool of ready buyers will be smaller. Finally, the perpetual lack of inventory in the GTA will preclude some willing buyers from getting a deal done – simply put: you can't buy what's not available for sale," added TRREB Chief Market Analyst Jason Mercer.

From the BoC⁴: On March 2, 2022, the Bank of Canada increased its target for the overnight rate to ½ %, with the Bank Rate at ¾ % and the deposit rate at ½ %. The Bank is continuing its reinvestment phase, keeping its overall holdings of Government of Canada bonds on its balance sheet roughly constant until such time as it becomes appropriate to allow the size of its balance sheet to decline.

The unprovoked invasion of Ukraine by Russia is a major new source of uncertainty. Prices for oil and other commodities have risen sharply. This will add to inflation around the world, and negative impacts on confidence and new supply disruptions could weigh on global growth. Financial market volatility has increased. The situation remains fluid and we are following events closely.

Global economic data has come in broadly in line with projections in the Bank's January *Monetary Policy Report* (MPR). Economies are emerging from the impact of the Omicron variant of COVID-19 more quickly than expected, although the virus continues to circulate and the possibility of new variants remains a concern. Demand is robust, particularly in the United States. Global supply bottlenecks remain challenging, although there are indications that some constraints have eased.

Economic growth in Canada was very strong in the fourth quarter of last year at 6.7%. This is stronger than the Bank's projection and confirms its view that economic slack has been absorbed. Both exports and imports have picked up, consistent with solid global demand. In January, the recovery in Canada's labour market suffered a setback due to the Omicron variant, with temporary layoffs in service sectors and elevated employee absenteeism. However, the rebound from Omicron now appears to be well in train: household spending is proving resilient and should strengthen further with the lifting of public health restrictions. Housing market activity is more elevated, adding further pressure to house prices. Overall, first-quarter growth is now looking more solid than previously projected.

CPI inflation is currently at 5.1%, as expected in January, and remains well above the Bank's target range. Price increases have become more pervasive, and measures of core inflation have all risen. Poor harvests and higher transportation costs have pushed up food prices. The invasion of Ukraine is putting further upward pressure on prices for both energy and food-related commodities. All told, inflation is now expected to be higher in the near term than projected in January. Persistently elevated inflation is increasing the risk that longer-run inflation expectations could drift upwards. The Bank will use its monetary policy tools to return inflation to the 2% target and keep inflation expectations well-anchored.

The policy rate is the Bank's primary monetary policy instrument. As the economy continues to expand and inflation pressures remain elevated, the Governing Council expects interest rates will need to rise further. The Governing Council will also be considering when to end the reinvestment phase and allow its holdings of Government of Canada bonds to begin to shrink. The resulting quantitative tightening (QT) would complement increases in the policy interest rate. The timing and pace of further increases in the policy rate, and the start of QT, will be guided by the Bank's ongoing assessment of the economy and its commitment to achieving the 2% inflation target.

⁴ Source: Bank of Canada increases policy interest rate, March 2, 2022

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Annual Operating Results and Cash Flows

Years ended December 31,
(in 000's) except per Share amounts;
Number of REALTORS®

	2021	2020
Revenues		
Fixed franchise fees	\$ 31,016	\$ 11,247
Variable franchise fees	13,750	23,900
Other revenue	5,436	5,192
	50,202	40,339
Less:		
Cost of other revenue	1,035	716
Administration expense	646	608
Management fees	20,158	16,875
Interest expense	2,960	3,001
	\$ 25,403	\$ 19,139
Impairment and write-off of intangible assets	-	(368)
Amortization of intangible assets	(7,631)	(8,505)
Interest on Exchangeable Units	(5,806)	(5,806)
Loss on fair value of Exchangeable Units	(5,025)	(266)
Gain (loss) on interest rate swap	1,887	(2,208)
Gain on deferred payments	-	1,191
Earnings before income taxes	\$ 8,828	\$ 3,177
Current income tax expense	3,818	2,090
Deferred income tax expense	248	320
Net and comprehensive earnings	\$ 4,762	\$ 767
Basic earnings per Restricted Voting Share	\$ 0.50	\$ 0.08
Diluted earnings per Share	\$ 0.50	\$ 0.08
Number of REALTORS®	20,159	19,046

Cash Flow Information
(in 000's)

Cash provided by (used for):		
Operating activities	\$ 15,139	\$ 19,866
Investing activities	(275)	(3,109)
Financing activities	(17,803)	(12,803)

ANNUAL OPERATING RESULTS AND CASH FLOWS

During the Year, the Company generated net earnings of \$4.8 million compared to net earnings of \$0.8 million in the Prior Year.

Revenues for the Year totaled \$50.2 million, compared to \$40.3 million for the Prior Year. Fixed franchise fees represented 62% of revenues for the Year (Prior Year - 28%). Variable franchise fees represented 27% of revenues for the Year (Prior Year- 59%). Revenues increased due to strong real estate markets in 2021, the expiry of the Relief Plan on December 31, 2020 and an increase in agent count.

Fixed franchise fees for the Year increased by 176% as compared to the Prior Year, due to the expiry of the Relief Plan on December 31, 2020 and an increase in the number of agents compared to 2020.

Variable franchise fees for the Year decreased by 42%, due to the expiry of the Relief Plan, partially offset by significant improvements in the Canadian Market.

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Other Revenues for the Year increased by 5% due to the strong Canadian Market. Other revenues consist of revenues earned from referral fees (including mortgage referrals and lead referrals to franchisees) which experienced significant increases in volumes due to greater web traffic and higher mortgage initiations during the strong real estate markets in the Year.

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

Administration expenses of \$0.6 million for the Year was in line with Prior Year but below historic levels due a recovery of bad debt expenses of \$0.3 million. Prior Year results reflect a bad debt recovery of \$0.4 million.

Management fee expense of \$20.2 million for the Year increased due to the increase in revenues compared to Prior Year. In addition, a smaller portion of the management fee paid to the Manager was allocated to the contract transfer obligation.

Interest expense of \$3.0 million was consistent compared to the Prior Year due to the interest accretion on deferred payments being substantially offset by debt repayments and the benefit of lower interest rates in the Year.

Amortization of Intangible Assets for the Year totaled \$7.6 million compared to \$8.5 million in the Prior Year. The lower charge is due to a number of intangible assets becoming fully amortized during 2020 and 2021.

Interest on Exchangeable Units represents the distributions to Exchangeable Unitholders. For the Year, total distributions amounted to \$1.74 per Exchangeable Unit, unchanged from the Prior Year. Distributions to Exchangeable Unitholders are determined with reference to dividends paid on Bridgemarq's Restricted Voting Shares.

Loss on fair value of Exchangeable Units represents the change in the fair value of the Exchangeable Units. The Exchangeable Units are valued based on the value of the Company's Restricted Voting Shares. At December 31, 2021, the Company's Restricted Voting Shares were valued at \$16.31 per share compared to \$14.80 at December 31, 2020, resulting in a loss of \$5.0 million for the Year. This loss represents an increase in the obligation associated with the conversion features of the Exchangeable Units. For the Prior Year, the price of the Company's Restricted Voting Shares increased from \$14.72 at December 31, 2019 to \$14.80 at December 31, 2020, resulting in a loss of \$0.3 million.

Gain on interest rate swap of \$1.9 million is a non-cash item which represents the change in fair value of the Company's interest rate swaps. The Company has entered into an interest rate swap agreement to swap the variable interest rate obligation on \$55.0 million of the Company's outstanding debt facilities to a fixed rate obligation of 3.94% through maturity of the debt facilities on December 31, 2023.

Income tax expense The effective income tax rate paid by the Company for the Year was 46% (Prior Year- 76%). The Company's effective income tax rate is significantly different than the Company's enacted income tax rate of 26.5%. The difference in the effective income tax rate is driven by a number of items that are included in the determination of net earnings but excluded from the determination of taxable income (including, among other things, non-deductible amortization of intangible assets, interest on Exchangeable Units, fair valuation adjustments on Exchangeable Units, interest expense on accretion of deferred payments and gains or losses associated with the interest rate swaps) as well as items that are excluded from the determination of net earnings but included in the determination of taxable income (including, payments associated with the contract transfer obligation and franchise agreement expenses).

Cash provided by operating activities decreased to \$15.1 million compared to \$19.9 million, primarily due to the deferral of interest on Exchangeable Units and management fees in the Prior Year and an increase in working capital in the Year, partly offset by increased revenues in the Year.

Cash used in investing activities amounted to \$0.3 million compared to \$3.1 million in the Prior Year as a result of rebates provided under the Relief Plan in the Prior Year and lower management fee payments allocated to the contract transfer obligation.

Cash used in financing activities was higher by \$5.0 million compared to the Prior Year due to repayments under the debt facilities in the Year.

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Fourth Quarter Operating Results and Cash Flows

For three months ended,
(in 000's) except per Share amounts
and number of REALTORS®;

	Dec. 31, 2021	Dec. 31, 2020
Revenues		
Fixed franchise fees	\$ 7,931	\$ 1,191
Variable franchise fees	1,716	4,776
Other revenue	1,070	1,119
	10,717	7,086
Less:		
Cost of other revenue	253	235
Administration expense (recovery)	240	(171)
Management fees	4,631	4,185
Interest expense	735	758
	\$ 4,858	\$ 2,079
Impairment and write-off of intangible assets	-	(9)
Amortization of intangible assets	(1,862)	(2,017)
Interest on Exchangeable Units	(1,451)	(1,451)
Gain (loss) on fair value of Exchangeable Units	1,132	(6,622)
Gain on interest rate swap	688	205
Earnings (loss) before income taxes	\$ 3,365	\$ (7,815)
Current income tax expense	715	82
Deferred income tax expense	132	80
Net and comprehensive earnings (loss)	\$ 2,518	\$ (7,977)
Basic earnings (loss) per Restricted Voting Share	\$ 0.27	\$ (0.84)
Diluted earnings (loss) per Share	\$ 0.22	\$ (0.84)
Number of REALTORS®	20,159	19,046
Cash Flow Information (in 000's)		
Cash provided by (used for):		
Operating activities	\$ 2,318	\$ 1,793
Investing activities	(66)	(84)
Financing activities	(5,701)	(3,201)

FOURTH QUARTER OPERATING RESULTS AND CASH FLOWS

During the Quarter, the Company generated net earnings of \$2.5 million and cash provided by operating activities of \$2.3 million, as compared to a net loss of \$8.0 million and cash provided by operating activities of \$1.8 million in the Prior Year Quarter.

Revenues for the Quarter totaled \$10.7 million, compared to \$7.1 million for the Prior Year Quarter. Fixed franchise fees represented 74% of revenues for the Quarter (Prior Year Quarter - 17%). Revenues increased due to strong real estate markets in 2021, the expiry of the Relief Plan on December 31, 2020 and an increase in agent count .

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

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Variable franchise fees for the Quarter decreased by 64% compared to the Prior Year Quarter as a result of the expiry of the Relief Plan.

Other Revenues for the Quarter decreased by 4% compared to the Prior Year Quarter due to lower commissions on mortgage referrals partly offset by higher leads revenues.

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

Administration expenses for the Quarter increased to \$0.2 million due to bad debt expense of \$0.1 million in the Quarter compared to a recovery of bad debt expense of \$0.4 million in the Prior Year Quarter.

Management fee expense was \$4.6 million for the Quarter, which was 9% higher than the Prior Year Quarter due to higher revenues and a lower portion of management fee payments allocated to the amortization of the contract transfer obligation.

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

Amortization of Intangible Assets for the Quarter totaled \$1.9 million, a decrease of 8% compared to the Prior Year Quarter, as a number of intangible assets became fully amortized in 2020 and 2021.

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

Gain on fair value of Exchangeable Units represents the change in the fair value of the Exchangeable Units. The Exchangeable Units are valued based on the value of the Company's Restricted Voting Shares. At December 31, 2021, the Company's Restricted Voting Shares were valued at \$16.31 per share down from \$16.65 at September 30, 2021, resulting in a gain in the Quarter of \$1.1 million. For the Prior Year Quarter, the price of the Company's Restricted Voting Shares increased from \$12.81 per share at September 30, 2020 to \$14.80 per share at December 31, 2020 resulting in a loss of \$6.6 million for the Prior Year Quarter.

Gain on interest rate swap of \$0.7 million is a non-cash item which represents the change in fair value of the Company's interest rate swap which swaps the variable interest rate obligation on \$55.0 million of the Company's outstanding debt facilities to a fixed rate of 3.94% through December 31, 2023.

Income tax expense The effective income tax rate for the Quarter was 25% (Prior Year Quarter – greater than 100%). The Company's effective income tax rate is significantly different than the Company's enacted income tax rate of 26.5%. The difference in the effective income tax rate is driven by a number of items that are included in the determination of net earnings but excluded from the determination of taxable income (including, among other things, non-deductible amortization of intangible assets, interest on Exchangeable Units, fair valuation adjustments on Exchangeable Units, interest expense on accretion of deferred payments and gains or losses associated with the interest rate swaps) as well as items that are excluded from the determination of net earnings but included in the determination of taxable income (including, payments associated with the contract transfer obligation and franchise agreement expenses).

Cash provided by operating activities increased by \$0.5 million compared to the Prior Year Quarter as result of higher revenues, partly offset by higher management fee payments and higher income tax payments.

Cash used in investing activities decreased by \$0.1 million as a result of reduction in the amount of management fees allocated to repayment of the contract transfer obligation.

Cash used for financing activities increased by \$2.5 million compared to the Prior Year due to payments on debt facilities in the Quarter.

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Summary of Quarterly Results

For three months ended,	2021				2020			
(in 000's) except per Share amounts and number of REALTORS®;	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31
Revenues								
Fixed franchise fees	\$ 7,931	\$ 7,836	\$ 7,665	\$ 7,584	\$ 1,191	\$ 1,239	\$ 1,276	\$ 7,541
Variable franchise fees	1,716	3,483	4,806	3,745	4,776	8,038	8,467	2,619
Other revenue	1,070	1,115	1,481	1,770	1,119	1,460	1,651	962
	10,717	12,434	13,952	13,099	7,086	10,737	11,394	11,122
Less:								
Cost of other revenue	253	215	294	273	235	197	165	119
Administration expenses (recovery)	240	264	90	52	(171)	(50)	174	655
Management fees	4,631	4,986	5,364	5,177	4,185	4,411	4,203	4,076
Interest expense	735	740	745	740	758	761	732	750
	4,858	6,229	7,459	6,857	2,079	5,418	6,120	5,522
Impairment and write-off of intangible assets, net	-	-	-	-	(9)	(76)	(113)	(170)
Amortization of intangible assets	(1,862)	(1,905)	(1,913)	(1,951)	(2,017)	(2,041)	(2,198)	(2,249)
Interest on Exchangeable units	(1,451)	(1,452)	(1,452)	(1,452)	(1,451)	(1,452)	(1,452)	(1,452)
Gain (loss) on fair value of Exchangeable Units	1,132	1,730	(2,529)	(5,358)	(6,622)	(3,527)	(11,048)	20,931
Gain (loss) on interest rate swap	688	254	380	565	205	133	(211)	(2,335)
Gain on deferred payments	-	-	-	-	-	310	881	-
Earnings (loss) before income tax	3,365	4,856	1,945	(1,339)	(7,815)	(1,235)	(8,021)	20,247
Current income tax expense	715	987	1,008	1,108	82	722	556	730
Deferred income tax expense (recovery)	132	4	23	89	80	250	599	(609)
Net and comprehensive earnings (loss)	\$ 2,518	\$ 3,865	\$ 914	\$ (2,536)	\$ (7,977)	\$ (2,207)	\$ (9,176)	\$ 20,126
Basic earnings (loss) per Restricted Voting Share	\$ 0.27	\$ 0.41	\$ 0.10	\$ (0.27)	\$ (0.84)	\$ (0.23)	\$ (0.97)	\$ 2.12
Diluted earnings (loss) per Share	\$ 0.22	\$ 0.28	\$ 0.10	\$ (0.27)	\$ (0.84)	\$ (0.23)	\$ (0.97)	\$ 0.05
Number of REALTORS®	20,159	19,934	19,588	19,316	19,046	18,930	18,921	19,120

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DISTRIBUTABLE CASH FLOW

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

The calculation of Distributable Cash Flow for the Quarter and the Year is presented in the table below with comparative amounts for 2020.

(\$ 000's)	Three months ended December 31, 2021	Three months ended December 31, 2020	2021	2020
Revenues	10,717	7,086	50,202	40,339
Less:				
Cost of other revenue	253	235	1,035	716
Administration expense (recovery)	240	(171)	646	608
Management fees	4,631	4,185	20,158	16,875
Interest expense	735	758	2,960	3,001
Current income tax expense	715	82	3,818	2,090
Cash used for investing activities	66	84	275	3,109
Distributable Cash Flow	\$ 4,077	\$ 1,913	\$ 21,310	\$ 13,940
Distributable Cash Flow per Share	\$ 0.32	\$ 0.15	\$ 1.66	\$ 1.09

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

Distributable Cash Flow for the Quarter totaled \$4.1 million, an increase of \$2.2 million over the Prior Year Quarter primarily due to higher revenues, partly offset by higher management fees, higher administration expenses and higher current income tax expenses.

For the Year, the Company generated Distributable Cash Flow of \$21.3 million or \$1.66 per Share, as compared to \$13.9 million or \$1.09 per Share generated for the Prior Year. Distributable Cash Flow increased for the Year primarily due to higher revenues, and less cash used in investing activities due to rebates provided under the Relief Plan in the Prior Year, partly offset by higher management fees and higher current income tax expense.

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

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DISTRIBUTABLE CASH FLOW RECONCILED TO CASH FLOW FROM OPERATING ACTIVITIES

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

(\$ 000's)	Three months ended December 31, 2021	Three months ended December 31, 2020	2021	2020
Cash flow from operating activities	\$ 2,318	\$ 1,793	\$ 15,139	\$ 19,866
Add (deduct):				
Interest on Exchangeable Units	1,451	1,451	5,806	5,806
Income tax expense	(715)	(82)	(3,818)	(2,090)
Income taxes paid	1,470	900	4,350	2,880
Changes in non-cash working capital items	(319)	(2,002)	358	(2,585)
Interest expense	(2,148)	(2,164)	(8,602)	(8,620)
Interest paid	2,086	2,100	8,353	8,411
Interest income	-	(7)	(28)	(95)
Interest received	-	8	27	92
Deferral of payments	-	-	-	(6,616)
Cash used in investing activities	(66)	(84)	(275)	(3,109)
Distributable Cash Flow	\$ 4,077	\$ 1,913	\$ 21,310	\$ 13,940

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

Debt Facilities

As at December 31, 2020 the Company's \$80.0 million financing is comprised of the following three arrangements, maturing December 31, 2023:

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

During the Year, the Company repaid \$5.0 million of the amount outstanding on the Acquisition Facility. As at December 31, 2021, the Company has drawn \$55.0 million on the Term Facility, \$13.5 million on the Acquisition Facility and nil on the Operating Facility.

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

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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.

The Company has entered into an interest rate swap agreement to swap the variable interest rate obligation on the \$55.0 million Term Facility to a fixed rate obligation of 3.94% through December 31, 2023. This interest rate swap is a financial instrument and is disclosed at its fair value with any change in that fair value recorded as a gain or loss in the Company's consolidated statements of net and comprehensive earnings. At December 31, 2021 the Company determined that the fair value of the interest rate swap represents a liability of \$0.8 million (December 31, 2020 - \$2.7 million). For the Quarter, the Company recognized a fair value gain of \$0.7 million (Prior Year Quarter - \$0.2 million). For the Year, the Company recognized a fair value gain of \$1.9 million (Prior Year - loss of \$2.2 million).

Liquidity

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

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

During the Year, the Company generated Distributable Cash Flow of \$21.4 million, compared to \$13.9 million in the Prior Year. The increase is due to higher revenues, and less cash used in investing activities due to rebates provided under the Relief Plan in the Prior Year, partly offset by higher management fees and higher current income tax expense.

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

The Company paid dividends to shareholders and interest to holders of Exchangeable Units totaling \$18.6 million for the Year, unchanged from the Prior Year.

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 by \$2.0 million during the Year to \$6.9 million as at December 31, 2021. The decrease in working capital resulted primarily from:

- A \$2.9 million decrease in cash;
- A \$0.3 million decrease in income tax receivable; partly offset by
- A \$1.1 million increase in accounts receivable due to higher revenues in the Quarter relative to the fourth quarter of 2020; and
- A \$0.2 million decrease in accounts payable and accrued liabilities;

Management's Discussion and Analysis of Results and Financial Condition

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

(\$ 000's) As at	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	Mar. 31, 2020	Change in Quarter	Change in Year
Current assets										
Cash	\$ 6,217	\$ 9,666	\$ 8,608	\$ 9,065	\$ 9,156	\$ 10,648	\$ 9,418	\$ 3,979	\$(3,449)	\$(2,939)
Accounts receivable and current portion of notes receivable	3,458	3,918	4,436	4,260	2,376	4,132	5,139	5,038	(460)	1,082
Prepaid expenses	139	139	120	131	143	130	124	256	-	(4)
Current income tax receivable	320	-	35	294	652	145	147	73	320	(332)
	\$ 10,134	\$ 13,273	\$ 13,199	\$ 13,750	\$ 12,327	\$ 15,055	\$ 14,828	\$ 9,346	\$(3,589)	\$(2,193)
Current liabilities										
Accounts payable and accrued liabilities	\$ 1,107	\$ 1,377	\$ 1,778	\$ 1,650	\$ 1,283	\$ 1,342	\$ 2,197	\$ 1,172	\$(270)	\$(176)
Contract transfer obligation	573	566	559	552	549	604	842	1,280	7	24
Current income tax liability	-	315	-	-	-	-	-	-	(315)	-
Interest payable to Exchangeable Unitholders	484	484	484	484	484	484	968	484	-	-
Dividends payable to Restricted Voting shareholders	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	-	-
	3,231	3,809	3,888	3,753	3,383	3,497	5,074	4,003	(578)	(152)
Net working capital	\$ 6,903	\$ 9,914	\$ 9,311	\$ 9,997	\$ 8,944	\$ 11,558	\$ 9,754	\$ 5,343	\$(3,011)	\$(2,041)

Cash and Capital Resources

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

(in 000's) As at	December 31, 2021	December 31, 2020
Cash	\$ 6,217	\$ 9,156
Term Facility	-	-
Acquisition Facility	6,500	1,500
Operating Facility	5,000	5,000
Net borrowing capacity	\$ 11,500	\$ 6,500
Available resources	\$ 17,717	\$ 15,656

As at December 31, 2021, \$13.5 million of the Acquisition Facility has been drawn by the Company, leaving \$11.5 million net borrowing capacity under the debt facilities. This increase in net borrowing capacity at December 31, 2020 is due to repayments of \$5.0 million on the Acquisition Facility in the Year.

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

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Commitments

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

As at December 31,	2022	2023	2024	2025	2026	Beyond 2026	Total
Accounts payable and accrued liabilities	\$ 1,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,107
Current contract transfer obligation	573	-	-	-	-	-	\$ 573
Interest payable to Exchangeable Unitholders	484	-	-	-	-	-	\$ 484
Dividends payable to shareholders	1,067	-	-	-	-	-	\$ 1,067
Interest on long-term debt	2,699	2,699	-	-	-	-	\$ 5,398
Interest on contract transfer obligation	143	114	90	72	53	44	\$ 516
Long term contract transfer obligation	-	602	356	374	393	851	\$ 2,576
Interest rate swap liability	-	817	-	-	-	-	\$ 817
Debt facilities	-	68,500	-	-	-	-	\$ 68,500
Deferred payments	-	-	-	6,616	-	-	\$ 6,616
Exchangeable Units	-	-	-	-	-	54,274	\$ 54,274
Total	\$ 6,073	\$ 72,732	\$ 446	\$ 7,062	\$ 446	\$ 55,169	\$ 141,928

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

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

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

The Manager operates 25 corporately owned Royal LePage residential Brokerage locations. These locations are serviced by approximately 1,700 REALTORS® with 1,240 REALTORS® operating out of 15 locations in the GTA market, 438 REALTORS® operating from 8 locations in the GVA market and 22 REALTORS® operating from two locations in Quebec.

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

Management's Discussion and Analysis of Results and Financial Condition

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

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

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

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

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

Critical Accounting Estimates and Assumptions

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

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

The preparation of financial statements requires management to select appropriate accounting policies and to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In particular, critical accounting policies and estimates utilized in the normal course of preparing the Company's consolidated financial statements require the determination of cash generating units, the estimation of future cash flows utilized in assessing the fair value and related net impairment or recovery of intangible assets, determining the useful life of intangible assets, assessing the recoverability of accounts receivable, measuring deferred income taxes, measuring the fair value of deferred payments, measuring the fair value of the Exchangeable Units and the interest rate swap 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. The impact that COVID-19 and government response to containing it could have on the Canadian economy in the short and medium term is unknown. The risks and uncertainties resulting from the pandemic that may affect the Company's future earnings, cash flows and financial condition include the nature, severity and duration of any 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 our 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, which are highly 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.

Management's Discussion and Analysis of Results and Financial Condition

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 in the consolidated financial statements.

Forward Looking Information for Accounts Receivable and Notes Receivable

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

Impairment of Intangible Assets and recovery of impairment

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

Financial Instruments

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

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

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

The Company is exposed to the risk of interest rate fluctuations on its \$20.0 million Acquisition Facility and its \$5.0 million Operating Facility as the interest rates on these facilities are based on Prime or Banker's Acceptance interest rates. As at December 31, 2021, the Company has drawn \$13.5 million on the Acquisition Facility, and nil on the Operating Facility.

Management's Discussion and Analysis of Results and Financial Condition

Disclosure Controls and Internal Controls over Financial Reporting

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

DISCLOSURE CONTROLS AND PROCEDURES ("DC&P")

The evaluation of the effectiveness of DC&P, as defined in National Instrument 52-109 *Certification of Disclosures in Issuers' Annual and Interim Filings*, was performed under the supervision of the President and Chief Executive Officer and the Chief Financial Officer. They conclude that these DC&P were adequate and effective as at December 31, 2021. The Company's management can therefore provide reasonable assurance that it receives material information relating to the Company in a timely manner so that it can provide investors with complete and reliable information.

INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Management has designed ICFR to provide reasonable assurance that the Company's financial reporting is reliable and that the Company's 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 December 31, 2021. The design of ICFR is undertaken in accordance with the 2013 COSO framework.

Outstanding Restricted Voting Shares

Bridgemarq is authorized to issue an unlimited number of Restricted Voting Shares, an unlimited number of preferred shares and one Special Voting Share. As of March 7, 2022, Bridgemarq has issued 9,483,850 Restricted Voting Shares, no preferred shares and one Special Voting Share.

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

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

Risk Factors

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

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Forward-Looking Statements

This MD&A contains forward-looking information and other “forward-looking statements” within the meaning of applicable securities legislation. Words such as “all”, “appears”, “assist”, “attempts”, “attracting”, “are”, “believes”, “bottlenecks”, “buoying”, “can”, “caters”, “chronically”, “commitment”, “continue(s)”, “continued”, “contributing”, “consist”, “could”, “demand”, “derives”, “does”, “easing”, “estimate(s)”, “exceed(s)”, “expected”, “expects”, “exposed”, “forecast”, “further”, “future”, “gains”, “generates”, “give”, “governs”, “grow”, “growing”, “growth”, “has”, “have”, “higher”, “hit”, “impact”, “improve”, “include”, “increase(s)”, “increasing”, “is”, “judges”, “keep”, “lack”, “makes”, “many”, “may”, “moderating”, “momentum”, “moving”, “objectives”, “offers”, “on”, “ongoing”, “operate(s)”, “outlook”, “owing”, “play”, “potential”, “presents”, “pressure”, “projection”, “projects”, “promote”, “prospect”, “provide(s)”, “provided”, “purchase”, “pushing”, “rebound”, “record”, “receives”, “recovery”, “reflects”, “remain(s)”, “remaining”, “represent(s)”, “represent(ing)”, “resulting”, “retaining”, “return”, “rise”, “sees”, “shows”, “seek(s)”, “setting”, “shortages”, “should”, “strives”, “substantially”, “supplies”, “support”, “targeting”, “typical(ly)”, “uncertain(ly)”, “unstable”, “upward”, “will” and other expressions that are predictions of or could indicate future events and trends and that do not relate to historical matters, identify forward-looking statements. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those indicated in the forward looking statements include, but are not limited to: the duration and effects of the COVID-19 pandemic, including the impact of COVID-19 on the economy, the Company's business, government or other regulatory initiatives to address the spread of COVID-19 and changes in government policy, laws or regulations which could reasonably affect the housing market in Canada and consumer response thereto, a change in general economic conditions (including interest rates, consumer confidence, commodity prices, real estate legislation and regulations and other general economic factors or indicators), the level of residential real estate transactions, the availability of attractive investment opportunities, the average rate of commissions charged, competition from other real estate brokers or from discount and/or Internet-based real estate alternatives, the closing of existing real estate brokerage offices, other developments in the residential real estate brokerage industry or the Company that reduce the number of REALTORS® in the Company's Network or revenue from the Company's Network, availability to generate sufficient cash flows in the future to pay dividends to holders of Restricted Voting Shares and interest to Exchangeable Unitholders, ability to acquire, renew and/or extend Franchise Agreements, the ability to increase fees, the ability to maintain brand equity through the use of trademarks, the methods used by shareholders or analysts to evaluate the value of the Company and its publicly traded securities, the availability of equity and debt financing, conversion of Exchangeable Units into Restricted Voting Shares, a change in tax law or regulations, and other risks detailed in the Company's annual information form, which is filed with securities commissions and posted on SEDAR at www.sedar.com. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to management. Material factors or assumptions that were applied in drawing conclusions or making estimates set out in the forward-looking statements include, but are not limited to: anticipated economic conditions, anticipated impact of government policies, anticipated financial performance, anticipated market conditions, business prospects, the successful execution of the Company's business strategies, regulatory developments and the ability to obtain financing on acceptable terms, including as the foregoing relate to COVID-19. The factors underlying current expectations are dynamic and subject to change. Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. The forward-looking statements in this MD&A are made as of the date of this MD&A and the Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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Supplemental Information HISTORY OF DIVIDENDS DECLARED

(per Restricted Voting Share*)

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

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

SHARE PERFORMANCE

(in Canadian dollars)
except shares outstanding
and average daily volume
For three months ended,

	Dec. 31, 2021	Sept. 30, 2021	June 30, 2021	Mar. 31, 2021	Dec. 31, 2020	Sept. 30, 2020	June 30, 2020	Mar. 31, 2020
Trading price range of units (TSX: "BRE")								
Close	\$ 16.31	\$ 16.65	\$ 17.17	\$ 16.41	\$ 14.80	\$ 12.81	\$ 11.75	\$ 8.43
High	\$ 17.44	\$ 17.46	\$ 18.00	\$ 17.00	\$ 14.88	\$ 14.19	\$ 11.99	\$ 15.85
Low	\$ 16.19	\$ 16.07	\$ 15.80	\$ 14.33	\$ 14.75	\$ 11.14	\$ 6.59	\$ 6.31
Average daily volume	7,651	8,578	11,397	14,371	10,677	11,576	17,592	27,027
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)	\$208,956	\$ 213,312	\$ 219,974	\$ 210,237	\$ 189,610	\$ 164,116	\$ 150,535	\$ 108,001

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CANADIAN RESIDENTIAL REAL ESTATE MARKET

For Three months ended	Dec. 31 2021	Sept. 30 2021	June 30 2021	Mar. 31 2021	Dec. 31 2020	Sept. 30 2020	June 30 2020	Mar. 31 2020
Canada								
Transaction dollar volume ¹	\$ 98,999	\$ 104,328	\$ 141,746	\$ 113,813	\$ 90,071	\$ 109,085	\$ 55,949	\$ 57,920
Average selling price	\$ 716,728	\$ 680,485	\$ 685,108	\$ 682,552	\$ 607,280	\$ 604,211	\$ 538,831	\$ 531,722
Number of units sold	138,126	155,849	206,274	166,746	148,814	185,561	108,087	108,930
Number of REALTORS® at period end ²	147,556	144,058	140,331	136,605	134,803	133,120	133,476	133,242
Housing starts	61,761	61,380	66,498	54,502	57,457	58,971	47,525	38,170
Greater Toronto Area								
Transaction dollar volume ¹	\$ 28,620	\$ 29,275	\$ 40,139	\$ 35,298	\$ 25,161	\$ 31,244	\$ 14,401	\$ 17,656
Average selling price	\$ 1,158,686	\$ 1,079,381	\$ 1,075,636	\$ 1,053,585	\$ 929,699	\$ 920,168	\$ 891,167	\$ 890,822
Number of units sold	24,700	26,879	36,630	33,503	26,358	32,821	16,152	19,820
Housing starts	11,813	11,872	8,588	9,625	8,502	12,155	11,090	6,840
Greater Vancouver Area								
Transaction dollar volume ¹	\$ 12,070	\$ 11,414	\$ 15,786	\$ 14,084	\$ 10,986	\$ 10,839	\$ 5,343	\$ 6,536
Average selling price	\$ 1,234,888	\$ 1,175,834	\$ 1,179,171	\$ 1,159,167	\$ 1,079,033	\$ 1,103,099	\$ 1,049,475	\$ 1,029,394
Number of units sold	9,774	9,779	13,181	12,150	10,075	10,065	5,122	6,349
Housing starts	5,527	5,192	7,972	7,322	6,192	6,415	5,384	4,380
Greater Montreal Area								
Transaction dollar volume ¹	\$ 7,028	\$ 5,898	\$ 8,837	\$ 7,719	\$ 7,717	\$ 7,291	\$ 4,329	\$ 6,004
Average selling price	\$ 566,879	\$ 556,034	\$ 551,624	\$ 534,155	\$ 501,339	\$ 499,339	\$ 465,748	\$ 435,379
Number of units sold	12,397	10,842	16,254	15,425	15,679	15,381	10,156	14,661
Housing starts	7,362	7,660	9,241	8,080	7,981	8,017	6,268	5,008

¹ (in millions Canadian dollars)

² CREA Membership data as of Dec 31, 2021 not available as of MDA date

Source: CREA, CMHC, TREB

For Twelve months ended	Dec. 31 2021	Sept. 30 2021	June 30 2021	Mar. 31 2021	Dec. 31 2020	Sept. 30 2020	June 30 2020	Mar. 31 2020
Canada								
Transaction dollar volume ¹	\$ 458,886	\$ 449,958	\$ 454,715	\$ 368,917	\$ 313,025	\$ 280,278	\$ 238,014	\$ 258,379
Average selling price	\$ 687,990	\$ 663,965	\$ 642,802	\$ 605,569	\$ 567,699	\$ 547,462	\$ 517,728	\$ 513,347
Number of units sold	666,995	677,683	707,395	609,208	551,392	511,959	459,729	503,322
Housing starts	244,141	239,837	237,428	218,455	202,123	194,620	190,727	199,324
Greater Toronto Area								
Transaction dollar volume ¹	\$ 133,332	\$ 129,874	\$ 131,842	\$ 106,104	\$ 88,462	\$ 80,104	\$ 68,385	\$ 77,058
Average selling price	\$ 1,095,475	\$ 1,052,716	\$ 1,019,568	\$ 974,916	\$ 929,699	\$ 903,484	\$ 856,453	\$ 842,465
Number of units sold	121,712	123,370	129,312	108,834	95,151	88,661	79,847	91,467
Housing starts	41,898	38,587	38,870	41,372	38,587	36,598	33,094	29,911
Greater Vancouver Area								
Transaction dollar volume ¹	\$ 53,353	\$ 52,270	\$ 51,695	\$ 41,252	\$ 33,704	\$ 30,180	\$ 26,327	\$ 27,624
Average selling price	\$ 1,188,693	\$ 1,156,789	\$ 1,136,872	\$ 1,102,638	\$ 1,066,198	\$ 1,039,979	\$ 1,006,457	\$ 998,948
Number of units sold	44,884	45,185	45,471	37,412	31,611	29,020	26,158	27,653
Housing starts	26,013	26,678	27,901	25,313	22,371	22,091	22,182	26,749
Greater Montreal Area								
Transaction dollar volume ¹	\$ 29,481	\$ 30,171	\$ 31,564	\$ 27,056	\$ 25,341	\$ 22,586	\$ 19,681	\$ 21,481
Average selling price	\$ 536,826	\$ 518,395	\$ 503,100	\$ 477,680	\$ 453,505	\$ 434,135	\$ 415,008	\$ 405,084
Number of units sold	54,918	58,200	62,739	56,641	55,877	52,026	47,422	53,029
Housing starts	32,343	32,962	33,319	30,346	27,274	25,290	23,052	25,031

¹ (in millions Canadian dollars)

Source: CREA, CMHC, TREB

Management's Discussion and Analysis of Results and Financial Condition

DISTRIBUTABLE CASH FLOW AND ITS UTILIZATION

(\$ 000's)	Year ended Dec. 31, 2021	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018	Year ended Dec. 31, 2017
Fixed franchise fees	\$ 31,016	\$ 11,247	\$ 29,285	\$ 28,326	\$ 26,816
Variable franchise fees	13,750	23,900	10,638	10,737	10,853
Other revenue	5,436	5,192	4,426	-	-
Premium franchise fees	-	-	-	2,964	6,569
Revenues	50,202	40,339	44,349	42,027	44,238
Less:					
Cost of other revenue	1,035	716	524	-	-
Administration expenses	646	608	1,196	1,259	816
Management fees	20,158	16,875	15,478	7,616	8,178
Interest Expense	2,960	3,001	3,031	2,686	2,532
Current income tax expense	3,818	2,090	2,989	5,183	5,280
Cash used for investing activities	275	3,109	3,934	10,849	10,119
Distributable Cash Flow	\$ 21,310	\$ 13,940	\$ 17,197	\$ 14,434	\$ 17,313
Less:					
Dividends to shareholders	12,803	12,803	12,803	12,803	12,485
Interest to Exchangeable Unitholders	5,806	5,806	5,806	5,806	5,750
Total distributions	\$ 18,609	\$ 18,609	\$ 18,609	\$ 18,609	\$ 18,235
Total redistributions as a percentage of Distributable Cash Flow ¹	87%	133%	108%	129%	105%

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

CASH FLOW FROM OPERATING ACTIVITIES RECONCILED TO DISTRIBUTABLE CASH FLOW

(\$ 000's)	Year ended Dec. 31, 2021	Year ended Dec. 31, 2020	Year ended Dec. 31, 2019	Year ended Dec. 31, 2018	Year ended Dec. 31, 2017
Cash Flow from Operating activities	\$ 15,139	\$ 19,866	\$ 15,600	\$ 18,971	\$ 21,060
Add (deduct):					
Changes in non-cash working capital items	358	(2,585)	(924)	(229)	608
Interest on Exchangeable Units	5,806	5,806	5,806	5,806	5,750
Change in accrued income taxes	532	790	698	758	35
Change in accrued interest expense	(249)	(209)	(49)	(23)	(21)
Change in accrued interest income	(1)	(3)	-	-	-
Deferral of payments	-	(6,616)	-	-	-
Cash used in investing activities	(275)	(3,109)	(3,934)	(10,849)	(10,119)
Distributable Cash Flow	\$ 21,310	\$ 13,940	\$ 17,197	\$ 14,434	\$ 17,313

Management's Discussion and Analysis of Results and Financial Condition

SELECTED OPERATING INFORMATION

As at	Dec. 31, 2021	Dec. 31, 2020	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2017
Number of REALTORS®	20,159	19,046	19,111	18,725	18,135
Number of locations	723	662	678	673	658
Number of franchise agreements	281	289	301	291	293

Management's Discussion and Analysis of Results and Financial Condition

Glossary of Terms

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

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

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

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

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

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

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

"Company" means Bridgemarq, together with its subsidiaries.

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

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

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

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

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

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

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

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

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

Management’s Discussion and Analysis of Results and Financial Condition

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Independent Auditor's Report

To the Shareholders of Bridgemarq Real Estate Services Inc.

Opinion

We have audited the consolidated financial statements of Bridgemarq Real Estate Services Inc. (the "Company" which comprise the consolidated balance sheets as at December 31, 2021 and December 31, 2020, and the consolidated statements of net and comprehensive earnings, changes in shareholders' deficit and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Intangible Assets - Valuation of Franchise Agreements – Refer to Note 6 of the Financial Statements

Key Audit Matter Description

The Company's evaluation of the Franchise Agreements for impairment involves the comparison of the recoverable amounts of the Franchise Agreements to their carrying amounts. An impairment charge is recorded when the carrying amount exceeds the recoverable amount. The Company uses a discounted cash flow model to estimate the recoverable amount of its Franchise Agreements. This requires management to make significant estimates and assumptions. Those with the highest degree of subjectivity are probability of franchise renewal, forecasts of future revenues from Franchise Agreements and discount rates.

Given the significant judgments made by management to estimate the recoverable amounts of its Franchise Agreements, performing audit procedures to evaluate the reasonableness of the estimates and assumptions related to the probability of franchise renewal, the forecasts of future revenues from Franchise Agreements and the discount rates required a high degree of auditor judgments and increased audit effort, including the involvement of fair value specialists.

Independent Auditor's Report

How the Key Audit Matter Was Addressed in the Audit

Our audit procedures related to the probability of franchise renewal, forecasts of future revenues from Franchise Agreements and discount rates used by management to determine the recoverable amounts of the Franchise Agreements included the following, among others:

- Evaluated management's renewal history probability assessment to determine whether the probability assessment of expected future cash flows made by management is reasonable.
- Evaluated cash flows from management service expenditures that are not allocable to individual cash generating units but are considered on an overall basis for purpose of evaluating impairment of Franchise Agreements.
- Evaluated management's ability to accurately forecast future revenues by comparing actual results to management's historical forecasts.
- Evaluated the reasonableness of management's forecasts of future revenues from Franchise Agreements by comparing the forecasts to:
 - o Historical revenues;
 - o Internal communication to management and the Board of Directors; and
 - o Forecasted information included in the Company's press releases and trends in industry reports.
- Assess the impact of changes in the regulatory environment on management's probability of franchise renewal and forecasts of future revenues from Franchise Agreements.
- With the assistance of a valuation specialist, evaluate the reasonableness of the discount rates by testing the source information underlying the determination of the discount rates and developing a range of independent estimates and compare those to the discount rates used by management.

Other Information

Management is responsible for the other information. The other information comprises:

- Management's Discussion and Analysis
- The information, other than the financial statements and our auditor's report thereon, in the Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

The Annual Report is expected to be made available to us after the date of the auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

Independent Auditor's Report

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Paul Fletcher.

Deloitte LLP

Chartered Professional Accountants
Toronto, Ontario
March 7, 2022

Consolidated Balance Sheets

(In thousands of Canadian dollars)	Note	December 31, 2021	December 31, 2020
Assets			
Current assets			
Cash		\$ 6,217	\$ 9,156
Accounts receivable	4,13	3,425	2,348
Current portion of notes receivable	5	33	28
Current income tax receivable		320	652
Prepaid expenses		139	143
		10,134	12,327
Non-current assets			
Notes receivable	5	74	91
Deferred income tax asset	7	6,150	6,398
Intangible assets	6	62,238	70,143
		\$ 78,596	\$ 88,959
Liabilities and shareholders' deficit			
Current liabilities			
Accounts payable and accrued liabilities		\$ 1,107	\$ 1,282
Contract transfer obligation	3,13	573	549
Interest payable to Exchangeable Unitholders	10,13	484	484
Dividends payable to shareholders	12	1,067	1,067
		3,231	3,382
Non-current liabilities			
Debt facilities	8	68,419	73,379
Deferred payments	9,13	5,759	5,535
Contract transfer obligation	3,13	2,576	3,149
Interest rate swap liability	8	817	2,704
Exchangeable Units	10	54,274	49,249
		135,076	137,398
Shareholders' deficit			
Restricted voting shares	11	140,076	140,076
Deficit		(196,556)	(188,515)
		(56,480)	(48,439)
		\$ 78,596	\$ 88,959

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board



Gail Kilgour
Director



Lorraine Bell
Director

Consolidated Statements of Net and Comprehensive Earnings

Years ended December 31, (In thousands of Canadian dollars, except share and per share amounts)	Note	2021	2020
Revenues			
Fixed franchise fees		\$ 31,016	\$ 11,247
Variable franchise fees		13,750	23,900
Other revenue		5,436	5,192
		50,202	40,339
Expenses			
Cost of other revenue		1,035	716
Administration expenses	4,5,13	646	608
Management fees	3,13	20,158	16,875
Interest expense	3,8,9	2,960	3,001
Impairment and write-off of intangible assets	6	-	368
Amortization of intangible assets	6	7,631	8,505
		32,430	30,073
Operating income			
Interest on Exchangeable Units	10,13	(5,806)	(5,806)
Loss on fair value of Exchangeable Units	10	(5,025)	(266)
Gain (loss) on interest rate swap	8	1,887	(2,208)
Gain on deferred payments		-	1,191
Earnings before income tax		8,828	3,177
Current income tax expense		3,818	2,090
Deferred income tax expense		248	320
Income tax expense	7	4,066	2,410
Net and comprehensive earnings		\$ 4,762	\$ 767
Basic earnings per share	12	\$ 0.50	\$ 0.08
Weighted average number of shares outstanding used in computing basic earning per share		9,483,850	9,483,850
Diluted earnings per share	12	\$ 0.50	\$ 0.08
Weighted average number of shares outstanding used in computing diluted earnings per share		12,811,517	12,811,517

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Changes in Shareholders' Deficit

(In thousands of Canadian dollars)	Restricted Voting Shares	Deficit	Shareholders' Deficit
Balance, December 31, 2020	\$ 140,076	\$ (188,515)	\$ (48,439)
Net earnings	-	4,762	4,762
Dividends paid	-	(12,803)	(12,803)
Balance, December 31, 2021	\$ 140,076	\$ (196,556)	\$ (56,480)

(In thousands of Canadian dollars)	Restricted Voting Shares	Deficit	Shareholders' Deficit
Balance, December 31, 2019	\$ 140,076	\$ (176,479)	\$ (36,403)
Net earnings	-	767	767
Dividends paid	-	(12,803)	(12,803)
Balance, December 31, 2020	\$ 140,076	\$ (188,515)	\$ (48,439)

See accompanying notes to the consolidated financial statements.

Consolidated Statements of Cash Flows

Years ended December 31,
(In thousands of Canadian dollars)

	Note	2021	2020
Cash provided by:			
Operating activities			
Net earnings for the year		\$ 4,762	\$ 767
Adjusted for			
Loss on fair value of Exchangeable Units	10	5,025	266
Loss (gain) on interest rate swap	8	(1,887)	2,208
Deferred payments	9, 13	-	5,425
Interest expense	3,8,9,10	8,602	8,620
Interest paid		(8,353)	(8,411)
Interest income		28	95
Interest received		(27)	(92)
Current income tax expense	7	3,818	2,090
Income taxes paid		(4,350)	(2,880)
Deferred income tax expense	7	248	320
Impairment and write-off of intangible assets	6	-	368
Amortization of intangible assets	6	7,631	8,505
Net changes in non-cash working capital		(358)	2,585
		15,139	19,866
Investing activities			
Payment of contract transfer obligation	3,13	(549)	(1,920)
Recovery (payment) of franchise agreement expenses, net	6	274	(1,189)
Interest expense on contract transfer obligation	3,13	171	223
Interest expense paid on contract transfer obligation	3,13	(171)	(223)
		(275)	(3,109)
Financing activities			
Repayments under debt facilities	8	(5,000)	-
Dividends paid to shareholders	12	(12,803)	(12,803)
		(17,803)	(12,803)
Increase (decrease) in cash during the year		(2,939)	3,954
Cash, beginning of the year		9,156	5,202
Cash, end of the year		\$ 6,217	\$ 9,156

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

Years ended December 31, 2021 and 2020

(Expressed in thousands of Canadian dollars, unless stated otherwise)

1. Organization

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

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

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

The Company receives certain management, administrative and support services from Bridgemarq Real Estate Services Manager Ltd. (“BRESML”, and together with its subsidiaries, the “Manager”), an indirect wholly owned subsidiary of BBP. The Company is party to an amended and restated Management Services Agreement (the “MSA”) with the Manager which governs the relationship between the Manager and the Company. The MSA has an initial term of ten-years expiring on December 31, 2028. On expiry, the MSA automatically renews for an additional ten-year term unless the Company or the Manager provides notice of their intention to terminate the MSA no later than six months prior to expiry.

During the year ended December 31, 2021, the Company derived approximately 89% of its revenues from franchise fees it receives under the Franchise Agreements (2020 – 87%).

2. Significant Accounting Policies

BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and have been authorized for issuance by the Board of Directors of the Company on March 7, 2022.

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

ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE

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

INTANGIBLE ASSETS

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

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

The Company may incur franchise agreement expenses prior to or concurrent with entering into Franchise Agreements including payments to franchisees or prospective franchisees to defray the costs of converting REALTORS® or brokerages to the Company’s brands as well as contract specific legal costs, if any. The Company may also provide certain fee rebates to franchisees under certain circumstances. These costs and rebates (net of any amounts recovered from franchisees) are capitalized on an agreement-by-agreement basis and amortized over the same term as the agreement to which they relate or, where the underlying agreement is less than a year, charged to the consolidated statement of net and comprehensive earnings. The amortization charge for these fee rebates and any franchise agreement expenses represented by cash payments to franchisees is recorded as a reduction in revenues.

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

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

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

REVENUE RECOGNITION

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

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

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

In April, 2020, the Company announced temporary changes to the franchise fees it charged in order to respond to the impact of COVID-19 and to maintain Bridgemarq's market share by supporting franchisees. For the period from April 1, 2020 to December 31, 2020, the Company suspended fixed franchise fees and increased variable franchise fees (subject to a cap) for franchisees representing approximately 82% of the Company's REALTORS®. The Company reverted to its standard fee plan, which is weighted more towards fixed franchise fees, on January 1, 2021.

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

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

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

The Company's revenues are affected by the seasonality of Canadian real estate markets, which historically have seen stronger transactional dollar volumes in the second and third quarters of each year. This historical seasonality pattern did not occur in 2020 or 2021 as the Canadian real estate market was impacted by a world wide pandemic, particularly in the second quarter of 2020, and changes in home buying and selling behaviour of consumers throughout 2020 and 2021 in response to the pandemic. There can be no certainty that this historical seasonality pattern will occur in any future year.

EXCHANGEABLE UNITS

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

INCOME TAXES

Current income tax assets and liabilities are measured at the net amount expected to be recovered from or paid to tax authorities based on the tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred income tax assets or liabilities are determined using the liability method on temporary differences between the tax bases and the carrying amounts of assets and liabilities. Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, if any, to the extent that it is probable that deductions, tax credits and tax losses will be utilized to reduce taxes owing in future periods. The carrying amount of deferred income tax assets is reviewed periodically and reduced to the extent it is no longer probable that the income tax asset will be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability settled, based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

EARNINGS PER SHARE

Earnings per share is based on the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated to reflect the dilutive effect, if any, of the Exchangeable Unitholders exercising their right to exchange Class B LP units of the Partnership into restricted voting shares of Bridgemarq.

FINANCIAL INSTRUMENTS

The Company classifies its financial instruments as follows:

Financial Statement Item:	Classification:	Measurement:
Cash	Amortized Cost	Amortized Cost
Accounts Receivable	Amortized Cost	Amortized Cost
Notes Receivable	Amortized Cost	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost	Amortized Cost
Contract transfer obligation	Amortized Cost	Amortized Cost
Interest payable to Exchangeable Unitholders	Amortized Cost	Amortized Cost
Dividends payable to shareholders	Amortized Cost	Amortized Cost
Debt Facilities	Amortized Cost	Amortized Cost
Deferred payments	Amortized Cost	Amortized Cost
Interest rate swap liability	FVTPL	Fair Value
Exchangeable Units	FVTPL	Fair Value

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Financial liabilities classified as fair value through profit or loss (“FVTPL”) are not financial liabilities that are held for trading.

All financial instruments measured at fair value are categorized into one of three hierarchy levels, described below, for disclosure purposes. Each level is based on the transparency of the inputs used to measure the fair values of assets and liabilities:

- Level 1 – inputs that are unadjusted quoted prices of identical instruments in active markets.
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – inputs used in a valuation technique that are not based on observable market data in determining fair values of the instruments.

Transaction costs for financial liabilities classified as amortized costs are applied against these liabilities and amortized using the effective interest method, the resulting amortization being recorded as interest expense. Gains and losses on financial instruments classified as FVTPL are included in net and comprehensive earnings in the period in which they arise.

CRITICAL JUDGEMENTS AND ESTIMATES

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 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 future cash flows utilized in assessing the impairment and recovery of intangible assets, determining the useful life of intangible assets, assessing the recoverability of accounts receivable and notes receivable, measuring deferred income taxes, and the measuring the fair values of financial instruments. 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. The impact that COVID-19 and government response to containing it could have on the Canadian economy in the short and medium term is unknown. The risks and uncertainties resulting from the pandemic that may affect the Company’s future earnings, cash flows and financial condition include the nature, severity and duration of any 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 our 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, which are highly 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.

The following are the critical judgements that have been made in applying the Company’s accounting policies and that have the most significant effect on the amounts in the consolidated financial statements:

FORWARD LOOKING INFORMATION FOR ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE

The measurement of estimated credit losses for accounts receivable and notes receivable and the assessment of increases in credit risk consider information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information requires significant judgement and is highly uncertain as a result of, among other factors, the unknown potential future impact of the COVID-19 pandemic. In assessing the valuation of accounts receivable and notes receivable, the Company evaluates each 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 or reversed.

IMPAIRMENT OF INTANGIBLE ASSETS AND RECOVERY OF IMPAIRMENT

Under IAS 36, Impairment of Assets, the Company ensures that intangible assets and the related direct acquisition costs are not carried at more than their recoverable amount. The Company regularly reviews intangible assets to determine whether indicators of impairment or a reversal of impairment exists on individual Franchise Agreements, Ancillary Agreements, rebates and Trademarks. Determining whether the value of an intangible asset 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, franchise fees earned, term to maturity, 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 as a result of, among other things, the unknown potential future impact of the COVID-19 pandemic.

Notes to the Consolidated Financial Statements

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STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

INTEREST RATE BENCHMARK REFORM - PHASE 2

In August 2020, the IFRS Board issued amendments focussed on the effects of interest rate benchmark reform on a Company's financial statements that arise when, for example, an interest rate benchmark used to calculate interest on a financial asset is replaced with an alternative benchmark rate. The Phase 2 amendments address issues that might affect financial reporting during the reform of an interest benchmark, including the effects of changes to contractual cash flows or hedging relationships arising from the replacement of an interest rate benchmark with an alternative benchmark rate. The amendment is effective for annual reporting periods beginning on or after January 1, 2021. The Company has determined that there is no impact on the Company's consolidated financial statements as a result of this amendment to the interest rate benchmark.

IAS 37 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In May 2020, the International Accounting Standards Board developed amendments to IAS 37 to clarify that, for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for contracts with unfulfilled obligations on or after January 1, 2022. The Company is currently assessing the potential impact of this amendment on its accounting policies and consolidated financial statements.

3. Management Services Agreement

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

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

For the year ended December 31, 2021, the Company incurred management fees of \$20,878 (2020 - \$19,018) for these services, \$20,158 of which was charged to the consolidated statements of net and comprehensive earnings (2020 - \$16,875) and \$720 was used to reduce the contract transfer obligation owing to the Manager plus related interest (2020 - \$2,143).

4. Accounts Receivable

Accounts receivable represent amounts due from the Company's franchise network for franchise fees plus amounts due pursuant to the Ancillary Agreements. As at December 31, 2021, the Company had accounts receivable of \$3,425 (2020 - \$2,348) net of an allowance for doubtful accounts of \$140 (2020 - \$310). During year ended December 31, 2021, administration expense included a bad debt recovery of \$255 (2020 - recovery of \$284).

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

The table below summarizes the aging of accounts receivable as at December 31, 2021 and December 31, 2020.

As at December 31,	2021	2020
Current	\$ 3,025	\$ 1,962
30 Days	311	322
60 Days	65	63
90+ Days	164	311
Subtotal	\$ 3,565	\$ 2,658
Allowance for doubtful accounts	(140)	(310)
Accounts receivable	\$ 3,425	\$ 2,348

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

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5. Notes Receivable

The Company has certain franchisees with which it has entered into a signed formalized payment plan in respect of franchise fees due to the Company which were in arrears. Amounts under these payment plans which are due greater than one year from the financial statement date have been classified as non-current. The terms stipulated in the payment plan require the franchisees to repay the total outstanding balance in monthly payments plus interest at an agreed rate. As at December 31, 2020, the Company recorded an allowance for doubtful accounts related to notes receivable of \$85.

During the year ended December 31, 2021, administration expense included a bad debt recovery related to notes receivable of \$85 (2020 - \$60).

As at December 31,	2021	2020
Current portion	\$ 33	\$ 88
Receivable in 13-24 months	33	53
Receivable thereafter	41	63
Subtotal	107	204
Allowance for doubtful accounts	-	(85)
Notes receivable	\$ 107	\$ 119

6. Intangible Assets

Franchise agreement expenses and rebates are recorded as additions to intangible assets net of any recovery of previously paid franchise agreement expenses and net of any amortization of previously capitalized franchise agreement expenses. For the year ended December 31, 2021, the Company recorded net franchise agreement expenses of \$267 (2020 - net additions of \$1,723). Net reductions of intangible assets reflect amortization of those franchise agreement expenses and rebates of \$541 (2020 - \$534) recorded as a reduction of revenues.

For the year ended December 31, 2021, the Company identified no Franchise Agreements with a carrying amount in excess of their recoverable amount (2020 - 15). For the year ended December 31, 2020, the Company recognized an impairment charge of \$368 related to those Franchise Agreements.

For the year ended December 31, 2021, the Company identified no Franchise Agreement that were subject to early termination or non-renewal (2020 - three). Each of the three Franchise Agreements identified in 2020 was fully amortized and as such, no write-off was recorded. For the year ended December 31, 2020, the Company identified twelve Ancillary Agreements that were fully amortized and expired during the year.

A summary of intangible assets as at December 31, 2021 and December 31, 2020 is provided in the charts below.

Year ended December 31, 2021	Franchise Agreements & Ancillary Agreements	Trademarks	Total
Cost			
At December 31, 2020	\$ 244,470	\$ 5,427	\$ 249,897
Franchise agreement expenses and rebates, net	(274)	-	(274)
At December 31, 2021	\$ 244,196	\$ 5,427	\$ 249,623
Accumulated amortization			
At December 31, 2020	\$ (176,550)	\$ (3,204)	\$ (179,754)
Amortization expense	(7,448)	(183)	(7,631)
At December 31, 2021	\$ (183,998)	\$ (3,387)	\$ (187,385)
Carrying value			
At December 31, 2020	\$ 67,920	\$ 2,223	\$ 70,143
At December 31, 2021	\$ 60,198	\$ 2,040	\$ 62,238

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Year ended December 31, 2020	Franchise Agreements & Ancillary Agreements	Trademarks	Total
Cost			
At December 31, 2019	\$ 246,231	\$ 5,427	\$ 251,658
Franchise agreement expenses and rebates, net	1,189	-	1,189
Impairment	(368)	-	(368)
Agreements expiring during the year	(2,582)	-	(2,582)
At December 31, 2020	\$ 244,470	\$ 5,427	\$ 249,897
Accumulated amortization			
At December 31, 2019	\$ (170,812)	\$ (3,019)	\$ (173,831)
Amortization expense	(8,320)	(185)	(8,505)
Agreements expiring during the year	2,582	-	2,582
At December 31, 2020	\$ (176,550)	\$ (3,204)	\$ (179,754)
Carrying value			
At December 31, 2019	\$ 75,419	\$ 2,408	\$ 77,827
At December 31, 2020	\$ 67,920	\$ 2,223	\$ 70,143

7. Income Taxes

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

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

Years ended December 31,	2021	2020
Earnings before income tax for the period:	\$ 8,828	\$ 3,177
Expected income tax expense at statutory rate of 26.5% (2020 - 26.5%)	2,339	842
Increase (decrease) in income tax expense due to the following:		
Non-deductible amortization	488	496
Non-deductible loss (non-taxable gain) on fair value of Exchangeable Units	1,332	71
Non-deductible interest on Exchangeable Units	1,539	1,539
Income allocated to Exchangeable Unitholders	(1,415)	(706)
Recognition of deferred tax assets and other	(217)	168
Total income tax expense	\$ 4,066	\$ 2,410

The major components of income tax expense include the following:

Years ended December 31,	2021	2020
Current income tax expense	\$ 3,818	\$ 2,090
Deferred income tax expense	248	320
Total income tax expense	\$ 4,066	\$ 2,410

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

	Intangible Assets	Contract transfer obligation	Other	Total
Deferred income tax assets (liabilities):				
At December 31, 2020	\$ 4,988	\$ 980	\$ 430	\$ 6,398
Deferred income tax recovery (expense)	339	(146)	(441)	(248)
At December 31, 2021	\$ 5,327	\$ 834	\$ (11)	\$ 6,150

	Intangible Assets	Contract transfer obligation	Other	Total
Deferred income tax assets:				
At December 31, 2019	\$ 5,098	\$ 1,488	\$ 132	\$ 6,718
Deferred income tax recovery (expense)	(110)	(508)	298	(320)
At December 31, 2020	\$ 4,988	\$ 980	\$ 430	\$ 6,398

8. Debt Facilities

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

As at	December 31, 2021	December 31, 2020
Term facility	\$ 55,000	\$ 55,000
Acquisition facility	13,500	18,500
	\$ 68,500	\$ 73,500
Financing fees	(81)	(121)
Debt facilities	\$ 68,419	\$ 73,379

The Company has \$80,000 in financing available under a borrowing agreement with a Canadian Chartered Bank. The debt facilities under this agreement are comprised of the following, which mature on December 31, 2023 ("Maturity"):

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

A \$20,000 revolving acquisition facility (the "Acquisition Facility") is available to support acquisitions pursued by the Company. A standby fee of 0.15% applies on undrawn amounts under the Acquisition Facility. Repayment of principal outstanding is due on Maturity. During 2021, the Company repaid \$5,000 outstanding under the Acquisition Facility.

A \$5,000 revolving operating facility (the "Operating Facility") is available to meet the Company's day-to-day operating requirements. No amounts have been drawn on this facility at December 31, 2021.

Borrowings under each of these arrangements are secured by a first ranking security interest in substantially all assets of the Company and bear interest at a variable rate of Banker's Acceptances (BAs) +1.70% or Prime + 0.5%, at the option of the Company.

The Company's ability to borrow under these arrangements is subject to the Company maintaining certain financial covenants. Under these covenants, the Company must maintain a ratio of Consolidated EBITDA to Interest Expense on Senior Indebtedness at a minimum of 3.0 to 1 and a ratio of Senior Indebtedness to Consolidated EBITDA at a maximum of 4.0 to 1. The Company is obligated to make limited principal repayments under the Debt Facilities in circumstances where the ratio of Senior Indebtedness to Consolidated EBITDA exceeds 3.4:1. Such payments shall continue until the ratio of Senior Indebtedness to Consolidated EBITDA is less than 3.25:1.

Consolidated EBITDA is defined as net earnings before income taxes, fair value adjustments on interest rate swaps and Exchangeable Units, impairment and amortization of intangible assets and interest expense. Senior Indebtedness is defined as borrowings on the Company's debt facilities. At December 31, 2021 and December 31, 2020, the Company complied with all covenants under the debt facilities.

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The Company has entered into an interest rate swap agreement to swap the variable interest rate obligation on the \$55,000 Term Facility to a fixed rate obligation of 3.94% through to Maturity. The interest rate swap is a financial instrument and is disclosed at its fair value with any change in the fair value recorded as a gain or loss in the Company's consolidated statements of net and comprehensive earnings. The fair value is determined using a discounted cash flow model using observable yield curves and applicable credit spreads at a credit adjusted rate. At December 31, 2021, the Company determined that the fair value of the interest rate swaps represents a liability of \$817 (2020 - \$2,704). For the year ended December 31, 2021, the Company recognized a fair value gain of \$1,887 (2020 - loss of \$2,208).

9. Deferred Payments

The Company deferred payment in 2020 of certain management fees owing to the Manager and interest on Exchangeable Units owing to BBP totalling \$6,616 pursuant to an agreement with BBP and the Manager. These deferred payments are non-interest bearing, are due no later than 2025 and are repayable in cash or the issuance of Exchangeable Units, at the option of the Company. On initial recognition, the Company recorded these deferred payments at their fair value using an income approach to determine fair value. For the year ended December 31, 2021, the Company recorded interest expense of \$224 (2020 - \$110) reflecting accretion of the carrying value of the deferred payments using the effective interest rate method.

10. Exchangeable Units

The Exchangeable Units are exchangeable on a one-for-one basis for restricted voting shares of Bridgemarq at the option of the holder. The Company measures the Exchangeable Units at their fair value using the closing price of the Company's restricted voting shares listed on the TSX. At December 31, 2021, the Company used the closing market price of Bridgemarq's shares of \$16.31 (2020 - \$14.80). During the year ended December 31, 2021, the Company recorded a loss \$5,025 related to the fair value of the Exchangeable Units (2020 - \$266).

The Exchangeable Unitholders are entitled to cash distributions from the Partnership in respect of their economic interest in the Partnership as and when declared by the Board of Directors of RIFGP. Such distributions are made on a before tax basis and are directly taxable in the hands of the Exchangeable Unitholders. For the year ended December 31, 2021 the Board of Directors of RIFGP declared distributions payable to the Exchangeable Unitholders of \$5,806 (2020 - \$5,806).

11. Share Capital

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

Each restricted voting share represents a proportionate voting right in Bridgemarq, and holders of the restricted voting shares are entitled to dividends declared and distributed by Bridgemarq. No additional restricted voting shares were issued during the years ended December 31, 2021 or December 31, 2020.

No preferred shares were issued or outstanding as at December 31, 2021 or December 31, 2020.

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

As at December 31,	2021	2020
Restricted voting shares	9,483,850	9,483,850
Special voting share	1	1

Notes to the Consolidated Financial Statements

Years ended December 31, 2021 and 2020

(Expressed in thousands of Canadian dollars, unless stated otherwise)

12. Earnings Per Share

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

(In thousands of Canadian dollars, except share and per share amounts)

	2021	2020
Net earnings available to restricted voting shareholders - basic	\$ 4,762	\$ 767
Interest on Exchangeable Units	5,806	5,806
Loss on fair value of Exchangeable Units	5,025	266
Net earnings available to restricted voting shareholders - diluted	\$ 15,593	\$ 6,839
Weighted average number of shares outstanding used in computing basic earnings per share	9,483,850	9,483,850
Total outstanding Exchangeable Units	3,327,667	3,327,667
Weighted average number of shares outstanding used in computing diluted earnings per share	12,811,517	12,811,517
Basic earnings per share	\$ 0.50	\$ 0.08
Diluted earnings per share	\$ 0.50	\$ 0.08
Dividends declared	\$ 12,803	\$ 12,803
Restricted voting shares	9,483,850	9,483,850
Dividends per restricted voting share	\$ 1.35	\$ 1.35

13. Related Party Transactions

In addition to transactions disclosed elsewhere in the consolidated financial statements, the Company had the following transactions with parties related to the Manager or the Exchangeable Unitholders during the years ended December 31, 2021 and December 31, 2020. These transactions have been recorded at the exchange amount as agreed between the parties.

Year ended December 31,	2021	2020
a) Revenues		
Fixed franchise fees	\$ 2,680	\$ 734
Variable franchise fees	\$ 1,051	\$ 2,275
Other revenue, net	\$ 149	\$ 86
b) Expenses		
Management fees	\$ 20,158	\$ 16,875
Insurance premiums and other	\$ 28	\$ 22
Interest on contract transfer obligation	\$ 171	\$ 223
c) Interest		
Interest to Exchangeable Unitholders	\$ 5,806	\$ 5,806

Notes to the Consolidated Financial Statements

Years ended December 31, 2021 and 2020

(Expressed in thousands of Canadian dollars, unless stated otherwise)

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

As at,	2021	2020
d) Accounts receivable		
Franchise fees receivable and other	\$ 290	\$ 140
e) Management fees and Interest on contract transfer obligation	\$ 818	\$ 839
f) Contract transfer obligation	\$ 3,149	\$ 3,698
g) Interest payable to Exchangeable Unitholders	\$ 484	\$ 484
h) Deferred payments	\$ 5,759	\$ 5,535

Certain members of the Company's board of directors are compensated for their services. During the year ended December 31, 2021, the Company incurred \$270 in directors' fees (2020 - \$288). Directors' fees are included in administration expense.

14. Financial Instruments

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

A) CREDIT RISK

Credit risk arises from the possibility that franchisees may not pay amounts owing to the Company. The Company's credit risk is limited to the recorded amount of accounts receivable and notes receivable. The Manager reviews the financial position of all franchisees during the application process and closely monitors outstanding accounts receivable on an ongoing basis to evaluate the risk of a default occurring over the expected life of the accounts receivable. This monitoring includes evaluating the franchisee's historical payment patterns, the current financial health of the franchisee and expected or possible changes in future events or market conditions to determine whether a provision should be recorded. The estimation and application of monitoring future events or market conditions requires significant judgement and is uncertain.

As at December 31, 2021, the Company has recorded an allowance for doubtful accounts related to accounts receivable and notes receivable of \$140 (December 31, 2020 - \$395).

B) LIQUIDITY RISK

The Company is exposed to liquidity risk in its ability to finance its working capital requirements and meet its cash flow needs, including paying dividends to shareholders of restricted voting shares and interest to Exchangeable Unitholders. The Company manages liquidity risk by maintaining conservative debt levels compared with those required by the covenants associated with the debt facilities. The Company has a \$20,000 Acquisition Facility, of which \$13,500 has been drawn, and a \$5,000 undrawn Operating Facility. During 2021, the Company repaid \$5,000 outstanding under the Acquisition Facility.

Notes to the Consolidated Financial Statements

Years ended December 31, 2021 and 2020

(Expressed in thousands of Canadian dollars, unless stated otherwise)

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

As at December 31,	2022	2023	2024	2025	2026	Beyond 2026	Total
Accounts payable and accrued liabilities	\$ 1,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,107
Current contract transfer obligation	573	-	-	-	-	-	\$ 573
Interest payable to Exchangeable Unitholders	484	-	-	-	-	-	\$ 484
Dividends payable to shareholders	1,067	-	-	-	-	-	\$ 1,067
Interest on long-term debt	2,699	2,699	-	-	-	-	\$ 5,398
Interest on contract transfer obligation	143	114	90	72	53	44	\$ 516
Long term contract transfer obligation	-	602	356	374	393	851	\$ 2,576
Interest rate swap liability	-	817	-	-	-	-	\$ 817
Debt facilities	-	68,500	-	-	-	-	\$ 68,500
Deferred payments	-	-	-	6,616	-	-	\$ 6,616
Exchangeable Units	-	-	-	-	-	54,274	\$ 54,274
Total	\$ 6,073	\$ 72,732	\$ 446	\$ 7,062	\$ 446	\$ 55,169	\$ 141,928

C) INTEREST RATE RISK

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

The Company has entered into a five-year interest rate swap to fix the interest on the Company's \$55,000 Term Facility at 3.94% until December 31, 2023.

The Acquisition Facility bears interest at a variable rate of BAs + 1.70% or Prime + 0.5%. Management has elected to pay interest at variable interest rates on the Acquisition Facility and monitors this position on an ongoing basis. An increase of 1% in the Company's effective interest rate on its variable rate debt would result in an increase in its annual interest expense of approximately \$135.

D) FAIR VALUE

The fair value of certain of the Company's financial instruments, including cash, accounts receivable, notes receivable, accounts payable and accrued liabilities, interest payable to Exchangeable Unitholders and dividends payable to holders of restricted voting shares, are estimated by management to approximate their carrying values due to their short-term nature. The fair value of deferred payments is estimated to approximate its carrying value of \$5,759 due to the Company's option to settle this amount through the issuance of Exchangeable Units at any time. The fair value of the Company's outstanding borrowings of \$68,500 approximate their carrying value of \$68,418 and the fair value of the Company's outstanding contract transfer obligation approximates the carrying value of \$3,149 as a result of their floating rate terms.

Notes to the Consolidated Financial Statements

Years ended December 31, 2021 and 2020

(Expressed in thousands of Canadian dollars, unless stated otherwise)

E) FAIR VALUE HIERARCHY

The following table summarizes the financial instruments measured at fair value in the consolidated balance sheets as at December 31, 2021 and December 31, 2020, classified using the fair value hierarchy.

As at December 31, 2021	Level 1	Level 2	Level 3	Total
Financial liabilities:				
Exchangeable Units	54,274	-	-	54,274
Interest rate swap liability	-	817	-	817
Total	\$ 54,274	\$ 817	\$ -	\$ 55,091

As at December 31, 2020	Level 1	Level 2	Level 3	Total
Financial liability:				
Exchangeable Units	49,249	-	-	49,249
Interest rate swap liability	-	2,704	-	2,704
Total	\$ 49,249	\$ 2,704	\$ -	\$ 51,953

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

15. Management of Capital

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

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

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

The covenants of the debt facilities prescribe that the Company must maintain a ratio of Consolidated EBITDA to Senior Interest Expense on Senior Indebtedness at a minimum of 3.0 to 1 and a ratio of Senior Indebtedness to Consolidated EBITDA at a maximum of 4.0 to 1.

Senior Indebtedness is defined as borrowings under the Company's debt facilities. As at December 31, 2021 and December 31, 2020. The Company is compliant with all financial covenants. There were no changes in the Company's approach to capital management during the year.

16. Segmented Information

The Company has only one business segment which is providing information and services to REALTORS® and real estate brokerages in Canada through a portfolio of highly regarded real estate services brands. The economic characteristics are consistent across the Company's brands as they each provide services, similar in nature, in the Canadian residential real estate market. Of the Company's revenues for the year ended December 31, 2021, 95% (2020 - 92%) are generated from services provided under the Royal LePage and Johnston and Daniel brands and 5% (2020 - 8%) are generated from services provided under the Via Capitale brand.

Board of Directors

The Company is governed by a Board of Directors with six members, four of whom are independent of the Company and its Manager. The Board oversees the business and affairs of the Company. The independent Directors also monitor the performance of the Manager, Bridgemarq Real Estate Services Manager Limited, a subsidiary of Brookfield Business Partners, on behalf of the Company to ensure compliance with the terms of the Management Services Agreement. The Directors have adopted formal terms of reference regarding their responsibilities and all matters of governance. The Company has two standing committees: the Audit Committee and the Governance Committee.

COLUM BASTABLE FCA (LRL)
LL.D Independent Director^{1,2}

LORRAINE BELL
CPA, CA, Independent Director
and Chair of Audit Committee^{1,2}

JITANJLI DATT
Independent Director

SPENCER ENRIGHT
CPA, CA, Director and Chairman of the Board

JOE FREEDMAN J.D.
MBA, Director

GAIL KILGOUR ICD.D
Independent Director and Chair
of Governance Committee^{1,2}

¹ Member of the Audit Committee

² Member of the Governance Committee

Management Team

THE COMPANY

Philip Soper
President and Chief Executive Officer

Glen McMillan
Chief Financial Officer

THE MANAGER

Spencer Enright
Chief Executive Officer

Philip Soper
President

Glen McMillan
Chief Financial Officer

Luc Poupart
President, Via Capitale

Carolyn Cheng
Chief Operating & Technology Officer

Karen Yolevski
Chief Operating Officer, Corporate Brokerages

Paul Zappala
Executive Vice-President, General Counsel

Sandra Webb
Senior Vice President, Marketing & Communications

Harpartap Saini
Controller

Penny Egan
Assistant Vice-President, Franchising

Our Commitment to Shelter Victims of Domestic Violence

According to the United Nations, violence against women and girls is one of the most widespread, persistent and devastating human rights violations in our world today and remains largely unreported due to the impunity, silence, stigma and shame surrounding it.¹ Canadians agree the issue is serious. A recent Environics poll discovered a majority (86% women & 80% men) believe violence against women to be the most serious issue affecting women today.² The pandemic has heightened the issue with shelter intakes significantly rising.



Nearly twenty-five years ago, the Royal LePage Shelter Foundation was founded to help local shelters provide a safe haven and new beginnings for women and children. Since its inception more than \$38 million has been raised, helping more than 50,000 women and children every year. More information about the Royal LePage Shelter Foundation can be found at: www.royallepage.ca/shelter.

Today, Royal LePage is the only major Canadian real estate company with its own branded charity. The Royal LePage Shelter Foundation is the largest public foundation in Canada dedicated exclusively to supporting women's shelters and domestic violence prevention programs. Royal LePage offices across Canada partner with local women's shelters to provide much-needed financial support and essential goods and services. Funds raised by Royal LePage offices remain in their local communities, including over \$3.3 million in 2021. Bridgemarq Real Estate Services Manager Limited pays the administration costs of the foundation so that 100% of funds raised go directly towards the cause.

Support for the Royal LePage Shelter Foundation is a touchstone of identifying as a Royal LePage agent. That's why a growing number of agents donate for every home sold, as part of the Foundation's commission donation program. Royal LePage agents tell us the Royal LePage Shelter Foundation is a factor in their decision to join the brand and the Company is grateful for their contribution.

Shareholder Information

We regularly provide shareholders with information about the Company through our annual report, quarterly reports, and news releases. Information is available online at www.bridgemarq.com. On the website you will find information about the Company including annual and quarterly reports, press releases, webcasts, slide presentations, and dividend information.

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AUDITORS

Deloitte LLP

CORPORATE COUNSEL

Goodmans LLP

TSX SYMBOL: BRE

Shares are eligible investments for DPSPs, RRSPs, RRIFFs and RESPs.

DIRECT INQUIRIES TO:

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Bridgemarq Real Estate Services
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¹ <https://www.un.org/en/observances/ending-violence-against-women-day>

² https://www.environicsinstitute.org/docs/default-source/default-document-library/women-in-canadian-society-final_completebb9463869be946d48d461aa33b18ed23.pdf?sfvrsn=3a7d2571_0



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