



BRIDGEMARQ REAL ESTATE SERVICES INC.

NOTICE OF SPECIAL MEETING

AND

**MANAGEMENT INFORMATION CIRCULAR
DATED MARCH 1, 2024**

**WITH RESPECT TO THE
SPECIAL MEETING OF SHAREHOLDERS**

TO BE HELD ON MARCH 25, 2024

The board of directors of Bridgemarq Real Estate Services Inc. (“Bridgemarq”) recommends that Shareholders vote FOR the Transaction Resolution (each as defined in the enclosed Management Information Circular).

These materials are important and require your immediate attention. They require Shareholders to make important decisions. If you have any questions or require more information with respect to voting your shares of Bridgemarq, please contact Bridgemarq’s proxy advisor, Carson Proxy Advisors, at 1-800-530-5189 (collect 416-751-2066) or info@carsonproxy.com, or Bridgemarq’s transfer agent, TSX Trust Company, at 1-800-387-0825 (Canada and U.S. only) or 416-682-3860 or shareholderinquiries@tmx.com.

**LETTER TO SHAREHOLDERS OF
BRIDGEMARQ REAL ESTATE SERVICES INC.**

March 1, 2024

Dear fellow shareholders:

On behalf of the board of directors (the “**Board**”) of Bridgemark Real Estate Services Inc. (the “**Company**”) and together with its subsidiaries, “**Bridgemark**”), I am pleased to invite you to a special meeting (the “**Meeting**”) of the holders of restricted voting shares (“**Restricted Voting Shares**”) and the special voting share of the Company (the “**Shareholders**”) being held virtually at <https://virtual-meetings.tsxtrust.com/1601> on Monday, the 25th day of March, 2024 at 11:00 a.m. (EDT).

On December 14, 2023, the Company entered into a definitive agreement (the “**Purchase Agreement**”) to indirectly acquire all of the issued and outstanding shares in the capital of Bridgemark Real Estate Services Manager Limited (the “**Manager**”) and Proprio Direct Inc. (“**Proprio**”) from an affiliate of Brookfield Business Partners L.P. (collectively, “**Brookfield**”) in consideration for the issuance by Residential Income Fund L.P. (the “**Partnership**”), an affiliate of the Company, of approximately 2,902,854 Class B subordinated limited partnership units (“**Class B LP Units**”), subject to certain customary purchase price adjustments (the “**Transaction**”). The Class B LP Units are exchangeable into Restricted Voting Shares on a one-for-one basis.

At the Meeting, Shareholders will be asked to consider and, if deemed advisable pass, an ordinary resolution (the “**Transaction Resolution**”) to approve the issuance of up to 3,000,000 Class B LP Units by the Partnership pursuant to the Transaction, and the issuance of the Restricted Voting Shares that may be issued by the Company upon the exchange of such Class B LP Units.

The Transaction is intended to position Bridgemark for future growth and will allow Bridgemark to:

- acquire a significant portfolio of high-quality residential real estate brokerages operating across Canada (the “**Brokerages**”), including 19 Royal LePage[®] and Johnston & Daniel[®] brokerages, 5 Via Capitale[®] brokerages and Proprio Direct[®], one of the leading and fastest growing virtual brokerages based in Québec; and
- by acquiring the Manager, internalize Bridgemark’s existing management services arrangements, including the retention of the employees of the Manager that have been responsible for managing Bridgemark and the Brokerages for the past two decades, and the termination of management fee payments to Brookfield.

At the 5-day volume-weighted average trading price of the Restricted Voting Shares, on the Toronto Stock Exchange as of December 13, 2023, the last trading day prior to the announcement of the entering into of the Purchase Agreement, of \$11.74 per Restricted Voting Share, the Class B LP Units issuable pursuant to the Transaction represented a value for the Transaction of approximately \$34 million. As a result of the Transaction, Brookfield’s ownership interest in the Company is expected to increase from approximately 28.4% to approximately 41.7%, subject to applicable purchase price adjustments.

The Transaction is a result of extensive arm’s length negotiations between Brookfield and a special committee of the Board (the “**Special Committee**”) comprised of independent directors appointed to review, consider, negotiate and evaluate the Transaction. The Special Committee retained an independent financial advisor and independent legal counsel to assist in the discharge of its mandate.

The Board, on the recommendation of the Special Committee, unanimously approved entering into the Purchase Agreement and recommends that Shareholders vote FOR the Transaction Resolution. The Transaction is expected to provide meaningful benefits to Bridgemark and Shareholders, including but not limited to:

- *Compelling Pro Forma Financial Metrics.* The Transaction is expected to meaningfully enhance the scale of Bridgemarq and deleverage the business through the settlement of certain deferred management fees and distributions owing to Brookfield. Given the expected liquidity of the pro forma entity, the Company anticipates maintaining existing levels of cash dividends per share, subject to the discretion of the Board.
- *Expanded Acquisition and Growth Opportunities.* With the acquisition of the Brokerages, the Transaction is expected to add to Bridgemarq’s capability to capture future growth across a broader spectrum of the real estate industry through both organic growth and future acquisition opportunities. The addition of highly-regarded best-in-class real estate brokerage operations is expected to provide Bridgemarq with the scale to grow in its current markets and to expand beyond those markets increasing value for Shareholders. Particularly, the Proprio model provides compelling opportunities to expand its platform to markets outside of Québec.
- *Expanded Revenue Opportunities.* The broadening of the business to include brokerage operations is expected to enable Bridgemarq to capture additional revenue and add increased capability to service sales representatives in the markets they serve.
- *Simplified Organizational Structure.* The Transaction is expected to result in a more traditional and simplified organizational model, allowing for increased efficiency of operations and focused, dedicated management.
- *Stronger Alignment of Interests.* The simplified organizational structure resulting from the Transaction is expected to create a stronger alignment of interests among management, the Board, and Shareholders and more efficient decision-making. By combining the Brokerages with the Royal LePage® and Via Capitale® franchise networks, the Transaction is also expected to empower the management team to respond to market dynamics more efficiently through its enhanced service offerings.
- *Strengthened Franchise Network.* With the expansion of business lines to include direct brokerage operations, Bridgemarq is expected to be in a better position to grow its industry-leading national network of REALTORS® and brokers in addition to diversifying its revenue streams.
- *Proven Leadership Team.* The business of Bridgemarq following the completion of the Transaction will be led by Spencer Enright as Chief Executive Officer, the current Chief Executive Officer of the Manager, and Mr. Enright will continue to serve as a director on the Board. The Company’s current Chief Financial Officer, Glen McMillan, will continue in his role with the Company. The Company’s current Chief Executive Officer, Phil Soper, will continue his role in managing all brokerage and franchise relationships as the President of the Company. Messrs. Enright, McMillan and Soper are talented and experienced executives whose dedicated efforts and focus will continue to benefit the future operations and business plans of Bridgemarq following the completion of the Transaction.
- *Benefits from Increased Size and Scale.* Upon completion of the Transaction, the Company will have broader revenue sources, which may be of interest to a broader investor base and potentially attract analyst coverage providing more exposure for the Company’s Restricted Voting Shares.

Further details regarding the expected benefits of the Transaction as well as details regarding the potential risks of the Transaction are included in the accompanying management information circular dated March 1, 2024 (the “Circular”).

Your vote is important.

Shareholders are encouraged to provide voting instructions on the enclosed form of proxy as soon as possible. The Company’s transfer agent, TSX Trust Company, must receive your proxy by no later than 11:00 a.m. (EDT) on March 21, 2024, or, if the Meeting is adjourned or postponed, no later than 48 hours (excluding Saturdays, Sundays and holidays) before any such adjourned or postponed Meeting. If you have any questions or require

more information with respect to voting your shares of the Company, please contact the Company's proxy advisor, Carson Proxy Advisors, at 1-800-530-5189 (collect 416-751-2066) or info@carsonproxy.com, or the Company's transfer agent, TSX Trust Company, at 1-800-387-0825 (Canada and U.S. only) or 416-682-3860 or shareholderinquiries@tmx.com.

If you are a non-registered Shareholder (for example, if you hold Restricted Voting Shares in an account with a broker or an intermediary), you should follow the voting procedures described in the form of proxy or voting instruction form provided by your intermediary or contact your intermediary for information as to how you can vote your Restricted Voting Shares. Note that the deadlines set by your intermediary for submitting your form of proxy or voting instruction form may be earlier than the dates described above.

The Circular describes the Transaction and includes certain additional information to assist you in considering how to vote on the Transaction Resolution. This information is important and you are urged to read this information carefully.

Thank you for your ongoing support as we prepare to take part in this important event in the history of Bridgemarq.

Sincerely,

Spencer Enright

Spencer Enright
Chair of the Board of Directors
Bridgemarq Real Estate Services Inc.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the special meeting (the “**Meeting**”) of holders (the “**Shareholders**”) of restricted voting shares (the “**Restricted Voting Shares**”) and the special voting share (the “**Special Voting Share**”) of BRIDGEMARQ REAL ESTATE SERVICES INC. (the “**Company**”) will be held by way of a virtual meeting accessible at <https://virtual-meetings.tsxtrust.com/1601> on Monday, the 25th day of March, 2024 at 11:00 a.m. (EDT) for the following purposes:

1. to consider and, if deemed advisable pass, with or without variation, an ordinary resolution (the “**Transaction Resolution**”), the full text of which is set out in Appendix B to the accompanying management information circular dated March 1, 2024 (the “**Circular**”), to approve the issuance of up to 3,000,000 Class B subordinated limited partnership units (the “**Class B LP Units**”) of Residential Income Fund L.P. (the “**Partnership**”), a subsidiary of the Company, and the issuance of the Restricted Voting Shares that may be issued by the Company upon the exchange of such Class B LP Units pursuant to the terms of the Exchange Agreement (as defined in the Circular), as consideration for the acquisition by the Partnership of all of the outstanding shares of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc. pursuant to a share purchase agreement dated December 14, 2023 among (*inter alia*) the Company, the Partnership and Brookfield BBP (Canada) L.P. (the “**Transaction**”), all as more particularly described in the Circular; and
2. to transact such other business as may be properly brought before the Meeting or any adjournment(s) or postponement(s) thereof.

The password to access the Meeting is “bresi2024” and is case sensitive.

The board of directors of the Company (the “**Board**”) has fixed the close of business on February 14, 2024 as the record date (the “**Record Date**”) for the determination of the Shareholders entitled to receive notice of, and to vote at, the Meeting. Only Shareholders whose names have been entered in the register of Shareholders as of the Record Date will be entitled to receive notice of, and to vote at, the Meeting. **The Board recommends that you vote FOR the Transaction Resolution.**

Shareholders are entitled to vote at the Meeting or by proxy, as described in the Circular under the heading “**PART I – VOTING INFORMATION**”. Only registered Shareholders, or the persons appointed as their proxies, are entitled to attend and vote at the Meeting. For information with respect to Shareholders who own their Restricted Voting Shares through an intermediary, see “**PART I – VOTING INFORMATION - Non-Registered Shareholders**” in the accompanying Circular.

Under the rules of the Toronto Stock Exchange, Brookfield BBP (Canada LP) and its affiliates will be excluded for purposes of the vote to approve the Transaction Resolution. Brookfield BBP (Canada LP) and its affiliates own 315,000 Restricted Voting Shares and one Special Voting Share of the Company.

Whether or not you are able to attend the Meeting, you are encouraged to provide voting instructions on the enclosed form of proxy as soon as possible. Bridgemarq’s transfer agent, TSX Trust Company (the “**Transfer Agent**”), must receive your proxy by no later than 11:00 a.m. (EDT) on March 21, 2024, or, if the Meeting is adjourned or postponed, no later than 48 hours (excluding Saturdays, Sundays and holidays) before any such adjourned or postponed Meeting. The completed form(s) of proxy must be deposited with the Transfer Agent by mail at TSX Trust Company, Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1, by fax at 416-595-9593, or by e-mail at proxyvote@tmx.com. If you intend to vote at the Meeting or wish your proxyholder to do so, you can obtain a control number by contacting TSX Trust Company at 1-866-751-6315 (within North America) or 1-416-682-3860 (outside of North America) by no later than 11:00 a.m. (EDT) on March 21, 2024.

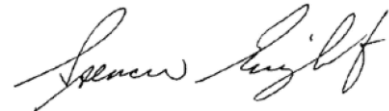
If you are a non-registered Shareholder (for example, if you hold Restricted Voting Shares in an account with a broker or an intermediary), you should follow the voting procedures described in the form of proxy or voting instruction form provided by your intermediary or contact your intermediary for information as to how you can

vote your Restricted Voting Shares. Note that the deadlines set by your intermediary for submitting your form of proxy or voting instruction form may be earlier than the dates described above.

Late proxies may be accepted or rejected by the Chair of the Meeting at their sole discretion. The Chair of the Meeting is under no obligation to accept or reject any particular late proxy. The time limit for deposit of proxies may be waived or extended by the Chair of the Meeting at their discretion, without notice.

DATED this 1st day of March, 2024.

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read "Spencer Enright". The signature is written in a cursive style with a large, stylized initial "S".

(signed) Spencer Enright Chairman of the Board

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BRIDGEMARQ REAL ESTATE SERVICES INC.

**MANAGEMENT INFORMATION CIRCULAR
FOR THE SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MARCH 25, 2024**

GENERAL MATTERS

Information Contained in this Circular

All capitalized terms used herein but not otherwise defined have the meanings set forth under “*Glossary*” attached as Appendix A to this Management Information Circular (the “**Circular**”).

This Circular is delivered in connection with the solicitation of proxies by and on behalf of management and the directors of the Company for use at the special meeting (the “**Meeting**”) of Shareholders and for the purposes set out in the foregoing Notice of Meeting and any adjournment or postponement thereof in connection with the proposed Transaction. At the Meeting, Shareholders will be asked to vote on a resolution approving the issuance by the Partnership of the Consideration Units and Deferred Distribution Payment Units pursuant to the Transaction and the issuance by the Company of the Underlying Shares.

No person is authorized to give any information or make any representation in connection with the Transaction not contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Company or as being accurate. For greater certainty, to the extent that any information provided on the Company’s website is inconsistent with this Circular, you should rely on the information provided in this Circular.

All summaries of and references to the Transaction documents in this Circular, including the Purchase Agreement, the Transition Services Agreement and the Voting Support Agreements, the Transaction Resolution and the Fairness Opinion are qualified in their entirety by the complete text of such documents, which are either included as an appendix to this Circular or available under the Company’s profile on SEDAR+ at www.sedarplus.ca. You are urged to read carefully the full text of these documents and this Circular, including all appendices and schedules thereto.

The information in this Circular is given as at March 1, 2024 unless otherwise indicated.

All information relating to Brookfield has been provided to the Company by Brookfield. The Company has relied upon this information without having made any independent inquiries as to the accuracy or completeness thereof; however, the Company has no reason to believe such information is misleading or inaccurate. Neither the Board nor Bridgemarq assumes any responsibility for the accuracy or completeness of such information or for any omission on the part of Brookfield to disclose facts or events which may affect the accuracy or completeness of any such information.

This Circular does not constitute an offer to sell or a solicitation of an offer to purchase any securities, or the solicitation of a proxy, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation of an offer or proxy solicitation.

Shareholders should not construe the contents of this Circular as legal, tax or financial advice and should consult with their own legal, tax, financial or other professional advisors in considering the relevant legal, tax, financial or other matters contained in this Circular.

General

Unless the context indicates otherwise, references to “we”, “us” and “our” in this Circular refer to the Company. Words in this Circular importing the singular number, where the context requires, include the plural and vice versa and words importing any gender include all genders. In this Circular, unless otherwise noted, all dollar amounts are expressed in Canadian dollars.

Trademarks and Trade Names

This Circular includes certain trademarks, such as “Royal LePage”, “Via Capitale”, “Johnston & Daniel”, “Proprio Direct” and “REALTORS” which are protected under applicable intellectual property laws and are our property or which we are permitted to use under license. Solely for convenience, our trademarks, copyrights and trade names referred to in this Circular may appear without the ®,™ or © symbol, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights to these trademarks, copyrights and trade names.

Forward-Looking Information

This Circular contains certain forward-looking information and forward-looking statements within the meaning of applicable securities laws (collectively, “**forward-looking statements**”) relating to future events, including statements with respect to the Transaction, and the future performance of Bridgemarq and the Target Entities as a combined company, in addition to business prospects or opportunities. Actual results may differ materially from those expressed or implied by forward-looking statements. The forward-looking statements contained in this Circular are expressly qualified by this cautionary statement. Forward-looking statements speak only as of the date of this Circular, unless otherwise indicated, and Bridgemarq does not intend, and does not assume any obligation, to update these forward-looking statements, except as required by applicable laws.

All statements other than statements of historical fact may be forward-looking statements. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, forecasts, guidance, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as “may”, “expect”, “anticipate”, “continue”, “will”, “appear”, “until”, “potential”, “intend”, “could” and similar expressions) are not statements of historical fact and may be forward-looking statements. Forward-looking statements include, but are not limited to, statements with respect to:

- the Transaction;
- the anticipated timing for completion of the Transaction;
- the anticipated benefits of the Transaction (including pro forma financial metrics, expanded growth opportunities and a strengthened Franchise Network);
- the likelihood of the Transaction being completed;
- certain statements made in, and based upon, the Fairness Opinion;
- statements related to the business and future activities of Bridgemarq and the Target Entities after the date of this Circular;
- the receipt and/or satisfaction of all approvals and conditions in connection with the Transaction;
- the anticipated costs and expenses of the Transaction; and
- such other statements regarding Bridgemarq’s expectations, intentions, plans and beliefs.

To the extent any forward-looking statements constitute future-oriented financial information or financial outlook, as those terms are defined under applicable securities laws, such statements are being provided to describe the current anticipated effect of the Transaction, and readers are cautioned that these statements may not be appropriate for any other purpose, including investment decisions.

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 Bridgemarq to differ materially from anticipated future results, performance or achievements 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 Purchase Agreement may be terminated in certain circumstances;
- the conditions to the completion of the Transaction may not be satisfied;
- required third party consents or approvals may not be obtained;
- changes in credit markets that affect the availability of credit;
- changes in interest rates;
- changes in the supply or demand of houses for sale in Canada or in any particular region within Canada;
- changes in the selling price for houses in Canada or any particular region within Canada;
- changes in the cash flow or profitability of Bridgemarq or the Target Entities;
- changes in the Company's strategy with respect to and/or ability to pay dividends;
- changes in the productivity of Bridgemarq's REALTORS® or the commissions they charge their customers;
- changes in government policy;
- consumer response to any changes in the housing markets in Canada or any changes in government policy;
- changes in laws or regulations (including tax laws);
- changes in general economic conditions (including interest rates, consumer confidence and other general economic factors or indicators);
- changes in global and regional economic growth;
- the level of residential real estate transactions;
- other developments in the residential real estate brokerage industry or with respect to Bridgemarq that could reduce the number of REALTORS® in the Franchise Network or revenue from the Franchise Network; and
- other risks detailed in the Annual Information Form, which is filed with securities commissions and posted on SEDAR+ at www.sedarplus.ca.

Forward-looking information is based on various material factors or assumptions, which are based on information currently available to management. Material factors or assumptions that were applied in drawing conclusions or making estimates set out in the forward-looking statements include, but are not limited to:

- the satisfaction or waiver of the terms and conditions of the Purchase Agreement, including Shareholder approval of the Transaction Resolution and any other required third party consents or approvals;
- anticipated economic conditions;
- anticipated impact of government policies;
- anticipated financial performance;
- anticipated market conditions;
- business prospects;
- the successful execution of Bridgemark's business strategies; and
- recent regulatory developments.

The factors underlying current expectations are dynamic and subject to change. Although the forward-looking statements contained in this Circular are based upon what management believes are reasonable assumptions, Bridgemark cannot assure readers that actual results will be consistent with these forward-looking statements. Bridgemark 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.

Non-GAAP Measures

References are made in Appendix D of this Circular to Net Revenue which is a non-GAAP financial measure (within the meaning of National Instrument 52-112 – *Non-GAAP and Other Financial Measures Disclosure*). Net Revenue does not have any standardized meaning under International Financial Reporting Standards and, accordingly, may not be comparable to similar measures used by other companies. “**Net Revenue**” is defined as total revenues, including gross commission income, management fee revenue and other revenue, less commission and other related costs and costs of other revenue. Net Revenue is a useful supplemental measure of performance as it provides investors with an indication of the amount of revenue generated by the Target Entities after deducting commission expenses to sales representatives and other direct costs of revenue available to pay operating expenses, financing costs, income taxes and invest in other investment opportunities and working capital requirements. See the reconciliation of Net Revenue to total revenue for the periods ended December 31, 2022 and December 31, 2021 as well as for the periods ended September 30, 2023 and September 30, 2022 in Appendix D of the Circular under “*MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*”.

Notice to Shareholders Not Resident in Canada

The Company is a corporation formed under the laws of the Province of Ontario. The solicitation of proxies involves securities of a Canadian issuer and is being effected in accordance with applicable corporate and securities laws in Canada. Shareholders should be aware that the requirements applicable to the Company under Canadian laws may differ from requirements under corporate and securities laws relating to corporations in other jurisdictions.

The enforcement of civil liabilities under the securities laws of other jurisdictions outside Canada may be affected adversely by the fact that the Company is governed under the laws of the Province of Ontario and all of its

directors and executive officers are residents of Canada. You may not be able to sue the Company or its directors or officers in a Canadian court for violations of foreign securities laws. It may be difficult to compel the Company to subject itself to a judgment of a court outside Canada.

THE TRANSACTION HAS NOT BEEN APPROVED OR DISAPPROVED BY ANY SECURITIES REGULATORY AUTHORITY (INCLUDING THE U.S. SECURITIES AND EXCHANGE COMMISSION OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE), NOR HAS ANY SECURITIES REGULATORY AUTHORITY PASSED UPON THE FAIRNESS OR MERITS OF THIS TRANSACTION OR UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE.

This Circular has been prepared in accordance with disclosure requirements in effect in Canada, which differ from disclosure requirements in other jurisdictions. Shareholders in the United States should be aware that the procedural and disclosure requirements of the proxy solicitation rules under the *United States Securities Exchange Act of 1934*, as amended, including those of Section 14(a) and Regulation 14A thereunder, are not applicable to the Company or to this Circular and that the requirements of Canadian law differ in material respects. In addition, the financial information relating to the Company and the Target Companies, including pro forma financial information, included in this Circular has been prepared under International Financial Reporting Standards and thus may not be comparable to financial statements and other information prepared in accordance with generally accepted accounting principals in the United States.

FREQUENTLY ASKED QUESTIONS

The following questions and answers address briefly certain key questions concerning the Transaction and the Meeting and should be read together with the more detailed information contained elsewhere in the Circular, including the appendices hereto and other documents referred to herein. This summary is qualified in its entirety by the more detailed information appearing or referred to elsewhere herein. Capitalized terms used in this section but not otherwise defined have the meanings set forth under “Glossary” attached as Appendix A to this Circular.

Questions Relating to the Transaction

Q. What is the Transaction?

- A. Under the Transaction, the Company will indirectly acquire all of the issued and outstanding shares in the capital of the Manager, who currently provides management services to the Company under the MSA, and Proprio from Brookfield pursuant to terms of the Purchase Agreement among the Company, the Partnership, Brookfield Business Partners L.P., the Vendor and Vendor Holdings, negotiated by the Special Committee on the Company’s behalf. The Target Entities own a portfolio of high-quality residential real estate brokerages operating across Canada. Upon the Closing, the Partnership, a subsidiary of the Company, will acquire the Target Entities by issuing approximately 2,838,769 Class B LP Units, subject to certain customary purchase price adjustments, and will issue 64,085 Class B LP Units to the Vendor in payment of certain distributions owing by the Partnership to the Vendor. At the 5-day volume-weighted average trading price of the Restricted Voting Shares, on the TSX as of December 13, 2023, the last trading day prior to the announcement of the entering into of the Purchase Agreement, of \$11.74 per Restricted Voting Share, the Consideration Units and Deferred Distribution Payment Units represented a value for the Transaction of approximately \$34 million. As a result of the Transaction, Brookfield’s ownership interest in the Company is expected to increase from approximately 28.4% to approximately 41.7%, subject to applicable purchase price adjustments.

Please refer to “PART II – THE TRANSACTION - Background of the Transaction” for a descriptive background of the Transaction.

Q. Was a special committee formed to review the Transaction?

- A. Yes. On March 8, 2023, the Board formed the Special Committee to, among other things, (i) review and negotiate the terms relating to the acquisition contemplated by the Proposal, (ii) review, consider and evaluate whether the Proposal is fair to and in the best interests of the Company, and (iii) provide its recommendation to the Board in respect of proceeding with the acquisition contemplated by the Proposal.

Q. What are the expected benefits to Shareholders of the Transaction?

- A. In making their respective recommendations, the Special Committee and the Board, with the benefit of advice from their advisors, reviewed and considered a significant amount of information and considered a number of factors relating to the Transaction. The Transaction is expected to provide a number of meaningful benefits to Shareholders, including but not limited to:
- *Compelling Pro Forma Financial Metrics.* The Transaction is expected to meaningfully enhance the scale of Bridgemarq and deleverage the business through the settlement of the Deferred Management Fee Payment and the Deferred Distribution Payment. Given the expected liquidity of the pro forma entity, the Company anticipates maintaining existing levels of cash dividends per share, subject to the discretion of the Board.
 - *Expanded Acquisition and Growth Opportunities.* With the acquisition of the Owned Brokerages, the Transaction is expected to add to Bridgemarq’s capability to capture future growth across a broader spectrum of the real estate industry through both organic growth and

future acquisition opportunities. The addition of highly-regarded best-in-class real estate brokerage operations is expected to provide Bridgemaq with the scale to grow in its current markets and to expand beyond those markets increasing value for Shareholders. Particularly, the Proprio model provides compelling opportunities to expand its platform to markets outside of Québec.

- *Expanded Revenue Opportunities.* The broadening of the Business to include brokerage operations is expected to enable Bridgemaq to capture additional revenue and add increased capability to service sales representatives in the markets they serve.
- *Simplified Organizational Structure.* The Transaction is expected to result in a more traditional and simplified organizational model, allowing for increased efficiency of operations and focused, dedicated management.
- *Stronger Alignment of Interests.* The simplified organizational structure resulting from the Transaction is expected to create a stronger alignment of interests among management, the Board, and Shareholders and more efficient decision-making. By combining the Owned Brokerages with the Royal LePage® and Via Capitale® Franchise Networks, the Transaction is also expected to empower the management team to respond to market dynamics more efficiently through its enhanced service offerings.
- *Strengthened Franchise Network.* With the expansion of business lines to include direct brokerage operations, Bridgemaq is expected to be in a better position to grow its industry-leading national network of REALTORS® and Brokers in addition to diversifying its revenue streams.
- *Proven Leadership Team.* The Business of Bridgemaq following the completion of the Transaction will be led by Spencer Enright as Chief Executive Officer, the current Chief Executive Officer of the Manager, and Mr. Enright will continue to serve as a director on the Board. The Company's current Chief Financial Officer, Glen McMillan, will continue in his role with the Company. The Company's current Chief Executive Officer, Phil Soper, will continue his role in managing all brokerage and franchise relationships as the President of the Company. Messrs. Enright, McMillan and Soper are talented and experienced executives whose dedicated efforts and focus will continue to benefit the future operations and business plans of Bridgemaq following the completion of the Transaction.
- *Benefits from Increased Size and Scale.* Upon completion of the Transaction, the Company will have broader revenue sources, which may be of interest to a broader investor base and potentially attract analyst coverage providing more exposure for the Company's Restricted Voting Shares.

Please refer to “PART II – THE TRANSACTION - Reasons for the Recommendation” for additional principal reasons that the Board and Special Committee determined that the proposed Transaction is in the best interests of the Company, as well as details regarding the potential risks of the Transaction.

Q. Why is Shareholder approval required for the Transaction?

- A. The Company is required to seek the approval of Shareholders pursuant to Section 611(b) of the TSX Company Manual because the Consideration issuable to an Insider, Brookfield, will exceed 10% of the number of Restricted Voting Shares outstanding prior to the Closing Date. Please refer to “PART II – THE TRANSACTION - Securities Laws Matters - Toronto Stock Exchange” for additional information.

Q. Has the Board unanimously approved the Transaction?

A. Yes. Upon the recommendation of the Special Committee, the Board determined that the Transaction and the entering into of the Purchase Agreement were in the best interests of the Company and has approved the Transaction and the entering into by the Company of the Purchase Agreement.

Q. Does the Board recommend that Shareholders vote FOR the Transaction Resolution?

A. Yes. The Board unanimously recommends that Shareholders vote FOR the Transaction Resolution.

Q. Was a fairness opinion prepared for the Special Committee in respect of the Transaction?

A. Yes. The Special Committee retained Blair Franklin as independent financial advisor to the Special Committee for the purposes of the Transaction. As part of this mandate, Blair Franklin was requested to provide an opinion as to the fairness, from a financial perspective, to the Company of the Consideration to be offered pursuant to the Transaction. Blair Franklin has prepared and delivered the Fairness Opinion dated December 14, 2023 to the Special Committee, stating that based upon and subject to the assumptions, limitations and qualifications set forth therein, as of December 14, 2023, the Consideration to be offered pursuant to the Transaction, is fair from a financial point of view to the Company.

Q. Are summaries of the terms of the material agreements for the Transaction available?

A. Yes. Please refer to “*PART II – THE TRANSACTION - Summary of the Material Agreements*” for summaries of the material terms of the Purchase Agreement, the Voting Support Agreements and the Transition Services Agreement, each of which are qualified in their entirety by the complete texts of the agreements, which are available under the Company’s profile on SEDAR+ at www.sedarplus.ca.

Q. When does the Company expect the Transaction to close? What are the conditions to closing?

A. The Company currently expects that the Transaction will close at the end of March 2024. The Closing is subject to various conditions, including (among others) the following mutual conditions for the benefit of the Vendor and Partnership, which are to be satisfied at or prior to Closing (unless waived upon the mutual consent of the Vendor and Partnership): (i) no Governmental Entity shall have enacted, issued, promulgated, enforced, or entered any law restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by the Purchase Agreement, (ii) the Transaction Resolution shall have been approved and adopted at the Meeting, (iii) the TSX shall have approved the listing of the Underlying Shares, (iv) the Competition Act Approval shall have been obtained and be in force, and (v) at or prior to the Closing, the Deferred Distribution Payment Units shall have been issued and delivered to the Vendor. The parties received an Advanced Ruling Certificate in respect of the Transaction on January 3, 2024, which satisfies the Competition Act Approval condition under the Purchase Agreement. On February 13, 2024, the Company received TSX Conditional Approval for the listing of up to 3,000,000 Underlying Shares issuable pursuant to the exchange of the Consideration Units and Deferred Distribution Payment Units issuable pursuant to the Transaction, subject to the Company fulfilling all of the conditions set out therein.

Q. Are there any risks that should be considered in connection with the Transaction?

A. Yes. There are a number of risks related to the Transaction which should be carefully considered by Shareholders prior to voting on the matters being put before Shareholders at the Meeting. In addition to the other information presented in this Circular (including the risks set out in the documents incorporated by reference in this Circular), please see “*PART II – THE TRANSACTION - Reasons for the Recommendation*” and “*PART IV – RISK FACTORS*” for a non-exhaustive list of risk factors that should be given special consideration, as well as the risks described in the Annual Information Form which is available under the Company’s profile on SEDAR+ at www.sedarplus.ca.

Q. Is the Company’s management changing?

A. The Company is currently managed by the Manager under the MSA. Upon closing of the Transaction, all of the employees of the Manager will become employees of the Company or its subsidiaries, providing full continuity of the management of the Company.

Q. Will the Company operate under the same name and using the same stock symbol?

A. Yes. The Company is acquiring the Manager and Proprio, which are currently owned by Brookfield. There will be no change to the Company’s stock listing, including the ticker symbol “BRE”.

Q. What happens to the MSA?

A. The MSA will be internalized in connection with closing, as the Manager will be acquired by Bridgemark and all of the employees of the Manager will become employees of Bridgemark. All management fee payments to Brookfield will cease on Closing.

Q. Is the Transaction expected to provide greater growth opportunities?

A. Yes. It is expected that by combining the franchise and brokerage businesses under one common ownership structure, the Company will unlock new growth opportunities across the broader spectrum of franchising, brokerage and ancillary service solutions.

Q. What role will Brookfield play going forward?

A. Brookfield has been a strong supporter of the Company since its inception in 2003, and the Company is pleased to continue to have Brookfield’s strong support following the Transaction as the largest Shareholder. Brookfield currently owns approximately 28.4% of the Company on a fully-diluted basis and after Closing, Brookfield’s ownership interest in the Company is expect to increase from approximately 28.4% to approximately 41.7%, subject to applicable purchase price adjustments.

Q. Will the Transaction impact the dividend payout amount?

A. The dividend policy of the Company is subject to and approved by the Board. The Company has paid out a significant portion of its cash flow in the past in the form of dividends to Shareholders. It is management’s expectation that the Company will continue to pay out a significant portion of its cash flow to Shareholders, subject to working capital requirements, other investment opportunities and the Board’s discretion. Based on management’s latest forecasts and the results of the Target Entities, the Company anticipates maintaining the current dividend level, subject to working capital, other investment requirements and the Board’s discretion.

Q. How do Shareholders buy/sell Restricted Voting Shares?

A. Shareholders can buy or sell Restricted Voting Shares by contacting the financial institution or platform by which the Shareholder invests. Only Shareholders of record as of the close of business on February 14, 2024 will be entitled to receive notice of, and to vote, at the Meeting.

Questions Relating to the Meeting

Q. Why did Shareholders receive this Circular?

A. Shareholders received this Circular because they will be asked at the Meeting to approve an ordinary resolution authorizing the issuance by the Partnership of the Consideration Units and the Deferred

Distribution Payment Units, and the issuance by the Company of the Underlying Shares, as set out in Appendix B to this Circular.

Q. When is the Meeting being held and how do Shareholders attend?

A. The Meeting will be held by way of a virtual meeting accessible at <https://virtual-meetings.tsxtrust.com/1601> on Monday, the 25th day of March, 2024 at 11:00 a.m. (EDT). The password to access the Meeting is “bresi2024” and is case sensitive. Please refer to “*PART I – VOTING INFORMATION - Attendance at the Meeting*” for more information about attending the meeting.

Q. Which Shareholders are entitled to vote?

A. Shareholders are entitled to vote at the Meeting and all adjournments or postponements thereof if they were a registered holder of Restricted Voting Shares or the Special Voting Share as of the close of business on February 14, 2024. In order to vote at the Meeting, Shareholders must obtain a control number by contacting TSX Trust Company at 1-866-751-6315 (within North America) or 1-416-682-3860 (outside of North America) by no later than 11:00 a.m. (EDT) on March 21, 2024. However, all Shareholders are encouraged to vote prior to the Meeting by following the instructions in form of proxy or voting instruction form provided by your intermediary.

Q. What is the quorum for the Meeting?

A. A quorum for the transaction of business at the Meeting is present if at least two Shareholders entitled to vote at the Meeting, whether present in person or represented by proxy, holding at least 10% of the outstanding shares of the Company (calculated on a fully-diluted basis) entitled to vote at the Meeting are present or represented by proxy.

Q. How many voting securities are outstanding and who are the principal holders?

A. As of the Record Date, there were 9,483,850 Restricted Voting Shares and one Special Voting Share outstanding. Each Restricted Voting Share entitles the holder thereof to one vote, and Restricted Voting Shares carry approximately 74% of the voting rights of the Company. The Special Voting Share entitles the holder thereof to the number of votes it would have upon the exchange of the Class B LP Units, and the Special Voting Share carries approximately 26% of the voting rights of the Company.

Brookfield holds the Special Voting Share and 100% of the 3,327,667 Class B LP Units outstanding, and 315,000 Restricted Voting Shares. **Brookfield will not be eligible to vote on the Transaction Resolution.**

For more information on the voting securities, please refer to “*PART I – VOTING INFORMATION - Voting Securities and Principal Holders of Voting Securities*”.

Q. What is the vote requirement to pass the Transaction Resolution?

A. The TSX Company Manual requires that the Transaction Resolution be approved by a majority of Shareholders who vote at the Meeting (whether in person or by proxy), excluding any Insider receiving Consideration Units and Deferred Distribution Payment Units, entitled to vote at the Meeting. As such, Brookfield will not be eligible to vote on the Transaction Resolution.

Q. When is the proxy cut-off?

A. Proxies must be received by the Transfer Agent not later than 11:00 a.m. (EDT) on March 21, 2024 or, if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays) before the commencement of any adjourned or postponed meeting. The completed form(s) of proxy must be

deposited with the Transfer Agent by mail at TSX Trust Company, Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1, by fax at 416-595-9593, or by e-mail at proxyvote@tmx.com.

Q. Who is soliciting Shareholders' proxy vote?

A. The management and directors of the Company are soliciting Shareholders' proxy with this Circular. While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally, by telephone or by other means by the directors, officers and employees of Bridgemarq and the Manager. Carson Proxy Advisors has been retained to provide strategic advice with respect to the Meeting and to assist with the solicitation of proxies.

Q. How do registered Shareholders vote?

A. Registered Shareholders can vote by proxy or by attending and voting at the Meeting. For more information on the appointment of proxies, please refer to "*PART I – VOTING INFORMATION - Appointment of Proxies*". If a Shareholder intends to vote at the Meeting or wishes their proxyholder to do so, they must obtain a control number by contacting TSX Trust Company at 1-866-751-6315 (within North America) or 1-416-682-3860 (outside of North America) by no later than 11:00 a.m. (EDT) on March 21, 2024.

Q. How do Non-Registered Shareholders vote?

A. As required by Canadian securities legislation, Non-Registered Shareholders will have received from their Intermediary a voting instruction form for the number of Restricted Voting Shares they beneficially own. Non-Registered Shareholders should contact their Intermediary as soon as practicable if they have any questions about how to complete the voting instruction form and to ensure that instructions respecting the voting of your Restricted Voting Shares are communicated to the appropriate person. A Non-Registered Shareholder must complete the voting instruction form, sign and return it in accordance with the directions on the form in order for their votes to be counted at the Meeting. Voting instruction forms in some cases permit the completion of the voting instruction form by telephone or through the internet.

For more information about voting as a Non-Registered Shareholder, please refer to "*PART I – VOTING INFORMATION - Non-Registered Shareholders*".

Q. How does a Shareholder vote if they are both a registered Shareholder and a Non-Registered Shareholder?

A. Should a Shareholder hold some shares as a registered Shareholder and others as a Non-Registered Shareholder, they will have to use both voting methods described above to vote all of their Restricted Voting Shares.

Q. Who votes a Shareholder's Restricted Voting Shares and how will they be voted if they return a form of proxy?

A. The management/director representatives designated in the enclosed form of proxy will vote or withhold from voting the Restricted Voting Shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions of the Shareholder as indicated on the proxy, and if a Shareholder specifies a choice with respect to any matter to be acted upon, the Restricted Voting Shares will be voted accordingly. In the absence of such direction, the Restricted Voting Shares will be voted by the management/director representatives FOR the Transaction Resolution.

Q. Can Shareholders appoint someone other than those named in the enclosed form of proxy to vote their Restricted Voting Shares?

A. Yes. Each Shareholder has the right to appoint a person or company other than the persons or company named in the enclosed form of proxy to represent such Shareholder at the Meeting or any adjournment or postponement thereof. Such appointee need not be a Shareholder.

Q. Can Shareholders revoke a previously submitted proxy or voting instruction form?

A. A registered Shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so:

- by delivering another properly executed form of proxy bearing a later date and depositing it as set out above;
- by depositing an instrument in writing revoking the proxy executed by the Shareholder or by the Shareholder's attorney authorized in writing (i) at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used, or (ii) with the Chair of the Meeting, prior to its commencement, on the day of the Meeting or any adjournment or postponement thereof; or
- in any other manner permitted by law.

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive the Meeting Materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive materials and to vote that is not received by the Intermediary at least seven days prior to the Meeting, or any adjournment or postponement thereof.

Q. Should Shareholders send in their proxy now?

A. Yes. Once Shareholders have carefully read and considered the information in this Circular, they should complete and submit the enclosed voting instruction form or form of proxy. Shareholders are encouraged to vote well in advance of the proxy cut-off time of 11:00 a.m. (EDT) on March 21, 2024 to ensure their Restricted Voting Shares are voted at the Meeting.

Q. What if I have other questions?

A. If you have any questions or require assistance with voting your Restricted Voting Shares, please contact the Company's proxy advisor, Carson Proxy Advisors, at 1-800-530-5189 (collect 416-751-2066) or info@carsonproxy.com, or the Company's transfer agent, TSX Trust Company, at 1-800-387-0825 (Canada and U.S. only) or 416-682-3860 or shareholderinquiries@tmx.com.

PART I – VOTING INFORMATION

Solicitation of Proxies

The information in this Circular is furnished in connection with the solicitation of proxies to be used at the special meeting of Shareholders of the Company to be held on Monday, the 25th day of March, 2024 at 11:00 a.m. (EDT), and at all adjournments or postponements thereof, for the purposes set forth in the accompanying Notice of Meeting. The Meeting will be held as a virtual-only meeting which will be conducted via a live webcast at <https://virtual-meetings.tsxtrust.com/1601>. Shareholders will not be able to attend the Meeting in person. A summary of the information Shareholders will need to attend the Meeting online is provided in this Circular.

While it is expected that the solicitation will be primarily by mail, proxies may be solicited personally, by telephone or by other means by the directors, officers and employees of Bridgemarq and the Manager. Directors, officers, and employees of Bridgemarq and the Manager will not receive any extra compensation for such activities. Carson Proxy Advisors (“**Carson Proxy**”) has been retained to provide strategic advice with respect to the Meeting and to assist with the solicitation of proxies. The cost of Carson Proxy’s proxy solicitation services is approximately \$40,000 in addition to reasonable out-of-pocket expenses. **The solicitation of proxies is being made by, or on behalf of, the management and directors of the Company, and the total cost of the solicitation will be borne by the Company.**

The Company may utilize the Broadridge QuickVote service to assist Shareholders with voting their Restricted Voting Shares. Certain beneficial Shareholders may be contacted by Carson Proxy Advisors to conveniently obtain a vote directly over the phone. Broadridge then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of Restricted Voting Shares to be represented at the Meeting.

The Company is not using “notice and access” to send its proxy related materials to Shareholders. Copies of such proxy-related materials will be sent to all Shareholders.

No person is authorized to give any information or to make any representation other than those contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Company. The delivery of this Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date hereof. The information herein is given as at March 1, 2024, except where otherwise noted.

Appointment of Proxies

The persons named in the enclosed form of proxy are directors and/or officers of the Company. **Each Shareholder has the right to appoint a person or company other than the persons or company named in the enclosed form of proxy to represent such Shareholder at the Meeting or any adjournment or postponement thereof. Such appointee need not be a Shareholder.** This right may be exercised by inserting the appointee’s name in the blank space provided in the form of proxy and completing the proxy or voting information form in accordance with the instructions therein. These instructions include the additional step of registering your proxyholder with the Company’s transfer agent, TSX Trust Company, after submitting the form of proxy or voting instruction form. The completed form(s) of proxy must be deposited with the Transfer Agent by mail at TSX Trust Company, Proxy Department, P.O. Box 721, Agincourt, Ontario, M1S 0A1, by fax at 416-595-9593, or by e-mail at proxyvote@tmx.com, so as to arrive not later than 11:00 a.m. (EDT) on March 21, 2024 or, if the Meeting is adjourned or postponed, 48 hours (excluding Saturdays, Sundays and holidays) before the commencement of any adjourned or postponed meeting. If you intend to vote at the Meeting or wish your proxyholder to do so, you can obtain a control number by contacting TSX Trust Company at 1-866-751-6315 (within North America) or 1-416-682-3860 (outside of North America) by no later than 11:00 a.m. (EDT) on March 21, 2024.

Non-Registered Shareholders

The information set forth in this section is of significant importance to many Shareholders, as a substantial number of Shareholders do not hold Restricted Voting Shares in their own name. Only registered holders of

Restricted Voting Shares, or persons they appoint as their proxyholder(s), are permitted to vote at the Meeting provided they follow the instructions in this Circular. However, in many cases, Restricted Voting Shares that are beneficially owned by a holder (a “**Non-Registered Shareholder**”) are registered either:

- (a) in the name of an intermediary (an “**Intermediary**”) that the Non-Registered Shareholder deals with in respect of the Restricted Voting Shares, such as, among others, banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered Registered Retirement Savings Plans, Registered Retirement Income Funds, Registered Education Savings Plans and similar plans; or
- (b) in the name of a depository (such as CDS Clearing and Depository Services Inc.) of which the Intermediary is a participant.

As required by Canadian securities legislation, if you are a Non-Registered Shareholder, you will have received from your Intermediary a voting instruction form for the number of Restricted Voting Shares you beneficially own. **You should contact your Intermediary as soon as practicable if you have any questions about how to complete the voting instruction form and to ensure that instructions respecting the voting of your Restricted Voting Shares are communicated to the appropriate person.** A Non-Registered Shareholder must complete the voting instruction form, sign and return it in accordance with the directions on the form in order for their votes to be counted at the Meeting. Voting instruction forms in some cases permit the completion of the voting instruction form by telephone or through the internet.

Since the Company has limited access to the names of its Non-Registered Shareholders, if you attend the Meeting, the Company may have no record of your shareholdings or of your entitlement to vote unless your Intermediary has appointed you as proxyholder. Therefore, if a Non-Registered Shareholder wishes to vote at the Meeting (or have another person vote at the Meeting on their behalf), the Non-Registered Shareholder must complete, sign and return the voting instruction form in accordance with the instructions provided. These instructions include the additional step of registering your proxyholder with the Company’s Transfer Agent, TSX Trust Company, after submitting the form of proxy or voting instruction form. **Failure to register the proxyholder with the Company’s Transfer Agent will result in the proxyholder not receiving a control number to vote in the Meeting. Those not receiving a control number from TSX Trust Company will be able to attend as a guest only. Guests will be able to listen to the Meeting, but will not be able to vote.** If you intend to vote at the Meeting or wish your proxyholder to do so, you **must** obtain a control number by contacting TSX Trust Company at 1-866-751-6315 (within North America) or 1-416-682-3860 (outside of North America) by no later than 11:00 a.m. (EDT) on March 21, 2024.

In accordance with the requirements of NI 54-101, the Company has distributed copies of the accompanying Notice of Meeting and this Circular (collectively, the “**Meeting Materials**”) to non-objecting beneficial owners and, for those Non-Registered Shareholders who have requested it, to the depository and Intermediaries for onward distribution to Non-Registered Shareholders. The Company intends to pay for Intermediaries to forward proxy-related materials and Form 54-101F7 to objecting beneficial owners.

Revocation

A Shareholder who has given a proxy has the power to revoke it as to any matter on which a vote has not already been cast pursuant to the authority conferred by such proxy and may do so:

- (a) by delivering another properly executed form of proxy bearing a later date and depositing it as set out above;
- (b) by depositing an instrument in writing revoking the proxy executed by the Shareholder or by the Shareholder’s attorney authorized in writing (i) at the registered office of the Company at any time up to and including the last business day preceding the day of the Meeting, or any adjournment or postponement thereof, at which the proxy is to be used, or (ii) with the Chair of

the Meeting, prior to its commencement, on the day of the Meeting or any adjournment or postponement thereof; or

- (c) in any other manner permitted by law.

A Non-Registered Shareholder may revoke a voting instruction form or a waiver of the right to receive the Meeting Materials and to vote given to an Intermediary at any time by written notice to the Intermediary, except that an Intermediary is not required to act on a revocation of a voting instruction form or of a waiver of the right to receive materials and to vote that is not received by the Intermediary at least seven days prior to the Meeting, or any adjournment or postponement thereof.

Attendance at the Meeting

The Meeting will be held virtually which means that you will need access to the internet to attend the Meeting. You can attend the Meeting by accessing the Meeting website: <https://virtual-meetings.tsxtrust.com/1601>. The Meeting website will be accessible 60 minutes prior to the start of the Meeting. It is important that all attendees log in to the Meeting website at least ten minutes prior to the start of the Meeting to allow enough time to complete the log in process. Additional information regarding accessing and participating in the Meeting is available on the Company's website at www.bridgemarq.com/meeting-guide.

Registered Shareholders and duly appointed proxyholders (including Non-Registered Shareholders who have duly appointed themselves as proxyholder) that attend the Meeting online and have obtained a control number from TSX Trust Company will be able to vote by completing a ballot online during the Meeting through the live webcast platform.

Registered Shareholders and duly appointed proxyholders, after accessing the Meeting website, should click "***I have a control number***". You will then be prompted to enter your control number and the password "bresi2024" (case sensitive). The control number located on the form of proxy or in the email notification you received from TSX Trust Company is your control number. If you use your control number to log in to the Meeting, any vote you cast at the Meeting will revoke any proxy you previously submitted. If you do not wish to revoke a previously submitted proxy, you should not vote during the Meeting.

All other Non-Registered Shareholders or other interested parties, after accessing the Meeting website, should click on "***Guest***". You will then be prompted to complete an on-line form to attend the Meeting as a guest. As a guest, you will be able to listen to the Meeting but will not be able to ask questions or vote.

You will need the latest version of one of Chrome, Safari, Edge or Firefox (note that MS Explorer is **not** supported) to access the meeting. Please ensure your browser is compatible by logging in early. Please do not use Internet Explorer. Internal network security protocols including firewalls and VPN connections may block access to the TSX Trust Virtual Meeting Platform for the Meeting. If you are experiencing any difficulty connecting or watching the meeting, ensure your VPN setting is disabled or use a computer on a network not restricted to security settings of your organization.

Voting of Shares Represented by Management Proxies

The management/director representatives designated in the enclosed form of proxy will vote or withhold from voting the Restricted Voting Shares in respect of which they are appointed by proxy on any ballot that may be called for in accordance with the instructions of the Shareholder as indicated on the proxy, and if the Shareholder specifies a choice with respect to any matter to be acted upon, the Restricted Voting Shares will be voted accordingly. **In the absence of such direction, the Restricted Voting Shares will be voted by the management representatives FOR the Transaction Resolution.**

The enclosed form of proxy confers discretionary authority upon the management/director representatives designated therein with respect to amendments to, or variations of, matters identified in the Notice of Meeting and with respect to other matters that may properly come before the Meeting. As at the date of this Circular,

management of the Company knows of no such amendments, variations or other matters scheduled to come before the Meeting.

Quorum

A quorum for the transaction of business at the Meeting is present if at least two Shareholders entitled to vote at the Meeting, whether present in person or represented by proxy, holding at least 10% of the outstanding shares of the Company (calculated on a fully-diluted basis) entitled to vote at the Meeting are present or represented by proxy.

Voting Securities and Principal Holders of Voting Securities

The Record Date for the determination of the Shareholders entitled to receive the Notice of Meeting has been fixed at the close of business on February 14, 2024. Shareholders of record on the Record Date will be entitled to vote at the Meeting and at all adjournments or postponements thereof. As at the date of this Circular, the Company had outstanding 9,483,850 Restricted Voting Shares and one Special Voting Share.

An unlimited number of Restricted Voting Shares are authorized for issue by the Company. Each Restricted Voting Share is transferable. All Restricted Voting Shares are of the same class, with equal rights and privileges. The Restricted Voting Shares are not to be subject to future calls or assessments, and they entitle the holder thereof to one vote for each Restricted Voting Share held at all meetings of Shareholders (except that the holders of Restricted Voting Shares are not entitled to vote for the election of the Designated Directors appointed by the holder of the Special Voting Share). The Restricted Voting Shares carry approximately 74% of the voting rights attached to all voting securities of the Company.

The Company is authorized to issue one Special Voting Share and has issued one such Special Voting Share to Brookfield that will be used for providing voting rights in the Company in respect of its holdings of Class B LP Units. The Special Voting Share was issued in conjunction with, and cannot be transferred separately from, the Class B LP Units. The Special Voting Share entitles the holder to that number of votes equal to the number of Restricted Voting Shares that may be obtained upon the exchange of the Class B LP Units but will not otherwise entitle the holder to any rights with respect to the Company's property or income. The Special Voting Share carries approximately 26% of the voting rights attached to all voting securities of the Company. The holder of the Special Voting Share is entitled to vote for the election of the Designated Directors, but not the Elected Directors.

The Company is also authorized to issue an unlimited number of preferred shares. There are currently no preferred shares in the capital of the Company outstanding.

To the knowledge of the Directors and executive officers of the Company, the only persons or companies that beneficially own, control or direct, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Company are as follows:

Name	Number of Shares	Percentage of Class
Brookfield	1 Special Voting Share	100.0%

Brookfield also holds 100% of the Class B LP Units, being 3,327,667 Class B LP Units, and 315,000 Restricted Voting Shares. **Brookfield will not be eligible to vote on the Transaction Resolution.** See "*PART II – THE TRANSACTION - Shareholder Approval*".

PART II – THE TRANSACTION

Overview

On December 14, 2023, the Company announced that it had entered into a definitive agreement to indirectly acquire all of the issued and outstanding shares in the capital of the Manager and Proprio from Brookfield (the “**Transaction**”) pursuant to the Purchase Agreement among the Company, the Partnership, Brookfield Business Partners L.P., the Vendor and Vendor Holdings. Upon closing of the Transaction (the “**Closing**”), the Partnership, a subsidiary of the Company, will acquire the Target Entities by issuing approximately 2,838,769 Class B LP Units (the “**Consideration Units**”), subject to certain customary purchase price adjustments, and will issue 64,085 Class B LP Units (the “**Deferred Distribution Payment Units**”) to the Vendor in payment of certain distributions owing by the Partnership to the Vendor. The Class B LP Units are exchangeable into Restricted Voting Shares on a one-for-one basis (subject to customary anti-dilution adjustments) at the option of the holder pursuant to the terms of the Exchange Agreement. At the 5-day volume-weighted average trading price of the Restricted Voting Shares, on the TSX as of December 13, 2023, the last trading day prior to the announcement of the entering into of the Purchase Agreement, of \$11.74 per Restricted Voting Share, the Consideration Units and Deferred Distribution Payment Units represented a value for the Transaction of approximately \$34 million. As a result of the Transaction, Brookfield’s ownership interest in the Company is expected to increase from approximately 28.4% to approximately 41.7%, subject to applicable purchase price adjustments.

Each of the directors and executive officers of the Company has entered into a voting support agreement with the Vendor (the “**Voting Support Agreements**”). In addition, on closing of the Transaction, the Vendor and the Purchaser will enter into a transition services agreement (the “**Transition Services Agreement**”). The terms of the Voting Support Agreements and the Transition Services Agreement are described in further detail in this Circular. See “*PART II – THE TRANSACTION - Summary of the Material Agreements*”.

At the Meeting, Shareholders, will be asked to consider and, if deemed advisable pass, an ordinary resolution to approve the issuance by the Partnership of the Consideration Units and the Deferred Distribution Payment Units, and the issuance by the Company of the Underlying Shares, as set out in Appendix B to this Circular (the “**Transaction Resolution**”). Brookfield will not be eligible to vote on the Transaction Resolution.

Background of the Transaction

On March 8, 2023, Brookfield delivered a non-binding proposal (the “**Proposal**”) to the Board setting forth its interest in pursuing a transaction whereby the Company would acquire all of the issued and outstanding shares of the Manager and Proprio held by Brookfield and thereby indirectly acquiring all of Brookfield’s interest in the Owned Brokerages.

Upon receiving the Proposal, the Board convened a meeting to consider the Proposal and determined that the Proposal was sufficiently attractive to warrant further review. Accordingly, on March 8, 2023, the Board formed a special committee of independent directors (the “**Special Committee**”) to be chaired by Colum Bastable and including Lorraine Bell, Jitanjli Datt and Gail Kilgour to, among other things, (i) review and negotiate the terms relating to the acquisition contemplated by the Proposal, (ii) review, consider and evaluate whether the Proposal is fair to and in the best interests of the Company, and (iii) provide its recommendation to the Board in respect of proceeding with the acquisition contemplated by the Proposal.

On March 23, 2023, Brookfield delivered a non-binding letter of intent to the Board setting forth enhanced details surrounding the Proposal and confirming its interest in proceeding with the Transaction in consideration for 2,889,707 Class B LP Units from the Partnership.

The Special Committee interviewed law firms and financial advisors and engaged Blair Franklin Capital Partners Inc. (“**Blair Franklin**”) and Stikeman Elliott LLP (“**Stikeman**”) to act as the independent financial advisor and independent legal counsel to the Special Committee, respectively.

At its initial meeting held on March 27, 2023, the Special Committee reviewed the members' fiduciary duties as directors of the Company, particularly in light of the fact that the counterparty under the Transaction is Brookfield, the Company's largest shareholder. The Special Committee members also reviewed and confirmed their independence from both Brookfield and the Company pursuant to Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”). In addition, the Special Committee was advised that the Transaction would, if consummated, be a “related party transaction”, as defined under MI 61-101. The Special Committee was advised on the requirements of MI 61-101 relating to related party transactions, and exemptions which may be available from certain of those requirements.

The Special Committee also reviewed and approved the scope of financial review that Blair Franklin proposed to undertake in connection with the delivery of a fairness opinion to the Special Committee and the Board relating to the Transaction.

A data room was opened and Blair Franklin and Stikeman conducted detailed due diligence on the Manager, Proprio and the Owned Brokerages, including live presentations and question-and-answer sessions with senior management of those entities. Shortly after Blair Franklin provided its preliminary financial analysis to the Special Committee on May 9, 2023, Mr. Bastable, on behalf of the Special Committee, led negotiations with respect to the consideration payable to Brookfield in connection with the proposed Transaction.

Throughout the summer, Mr. Bastable, on behalf of the Special Committee, together with Blair Franklin and Stikeman, negotiated the value and the number of Class B LP Units to be issued in connection with the proposed Transaction with Brookfield and their advisors. Mr. Bastable regularly updated the Special Committee on his progress through a combination of formal meetings and informal conference calls and received input and advice from the Special Committee members. During these negotiations, the parties discussed settling the Deferred Management Fee Payment and Deferred Distribution Payment through the issuance of Class B LP Units as part of the Transaction.

Ultimately, on September 11, 2023, Brookfield and the Special Committee, agreed to a base price of 2,450,331 Class B LP Units to complete the proposed Transaction, subject to customary purchase price adjustments to be negotiated in the Purchase Agreement. In addition, \$5,648,645 in deferred management fees and \$967,686 in deferred distribution payments would be settled concurrently with closing for an additional 438,167 Class B LP Units as part of the Proposed Transaction.

Shortly after the purchase price was settled in principle, Stikeman completed their legal due diligence and, together with Goodmans LLP (“Goodmans”), counsel to Brookfield, reviewed and negotiated the Purchase Agreement and related ancillary agreements, including the Transition Services Agreement and form of Voting Support Agreement. The Special Committee members reviewed and commented on successive drafts of the Purchase Agreement and ancillary agreements as they were being negotiated and held formal meetings and informal update calls to provide their input on the status of the documentation.

On December 14, 2023, a meeting of the Special Committee was convened (with members of Stikeman and Blair Franklin present) to receive an update and a summary from Stikeman of the key terms of the substantially final draft of the Purchase Agreement and related ancillary agreements, including the Transition Services Agreement and form of Voting Support Agreement. The Special Committee received a presentation from Blair Franklin on its Fairness Opinion. Blair Franklin reviewed the methodologies and analysis underlying the Fairness Opinion and verbally advised the Special Committee that, subject to the assumptions, limitations and qualifications set forth in the Fairness Opinion, it was of the opinion that, as of the date of the Fairness Opinion, the Consideration to be offered pursuant to the Transaction, is fair from a financial point of view to the Company. “PART II – THE TRANSACTION - Fairness Opinion”.

After discussion, including of the matters discussed under the heading “Reasons for the Recommendation”, and consultation with its financial and legal advisors, and taking into account the best interests of the Company, the Special Committee unanimously determined that the Transaction is in the best interests of the Company.

Accordingly, the Special Committee accepted the Fairness Opinion and then unanimously recommended that the Board approve the Transaction and enter into the Purchase Agreement and further recommended that Shareholders vote in favour of the Transaction Resolution.

A meeting of the Board was then convened (with members of management, Stikeman and Blair Franklin present) to receive the Special Committee's recommendation and discuss certain matters, including those outlined under the heading "*Reasons for the Recommendation*". After this discussion and taking into account the recommendation of the Special Committee, the Board unanimously approved the Transaction and execution of the Purchase Agreement and ancillary documents and determined to recommend that Shareholders vote in favour of the Transaction Resolution.

Following these meetings and the recommendations and determinations of the Special Committee and the Board, Stikeman and Goodmans arranged for the execution of the Purchase Agreement and the Voting Support Agreements, as applicable.

The Company issued a press release announcing the Transaction on the evening of December 14, 2023.

Reasons for the Recommendation

The Special Committee and the Board, with the benefit of advice from the Company's advisors, reviewed and considered a significant amount of information and considered a number of factors relating to the Transaction. The following is a summary of the principal reasons that the Board and the Special Committee (i) have determined that the proposed Transaction is in the best interests of the Company and (ii) recommend that Shareholders vote in favour of the Transaction Resolution:

- *Compelling Pro Forma Financial Metrics.* The Transaction is expected to meaningfully enhance the scale of Bridgemarq and leverage the business through the settlement of the Deferred Management Fee Payment and the Deferred Distribution Payment. Given the expected liquidity of the pro forma entity, the Company anticipates maintaining existing levels of cash dividends per share, subject to the discretion of the Board.
- *Expanded Acquisition and Growth Opportunities.* With the acquisition of the Owned Brokerages, the Transaction is expected to add to Bridgemarq's capability to capture future growth across a broader spectrum of the real estate industry through both organic growth and future acquisition opportunities. The addition of highly-regarded best-in-class real estate brokerage operations is expected to provide Bridgemarq with the scale to grow in its current markets and to expand beyond those markets increasing value for Shareholders. Particularly, the Proprio model provides compelling opportunities to expand its platform to markets outside of Québec.
- *Expanded Revenue Opportunities.* The broadening of the Business to include brokerage operations is expected to enable Bridgemarq to capture additional revenue and add increased capability to service sales representatives in the markets they serve.
- *Simplified Organizational Structure.* The Transaction is expected to result in a more traditional and simplified organizational model, allowing for increased efficiency of operations and focused, dedicated management.
- *Stronger Alignment of Interests.* The simplified organizational structure resulting from the Transaction is expected to create a stronger alignment of interests among management, the Board, and Shareholders and more efficient decision-making. By combining the Owned Brokerages with the Royal LePage and Via Capitale Franchise Networks, the Transaction is also expected to empower the management team to respond to market dynamics more efficiently through its enhanced service offerings.

- *Strengthened Franchise Network.* With the expansion of business lines to include direct brokerage operations, Bridgemarq is expected to be in a better position to grow its industry-leading national network of REALTORS® and Brokers in addition to diversifying its revenue streams.
- *Proven Leadership Team.* The Business of Bridgemarq following the completion of the Transaction will be led by Spencer Enright as Chief Executive Officer, the current Chief Executive Officer of the Manager, and Mr. Enright will continue to serve as a director on the Board. The Company's current Chief Financial Officer, Glen McMillan, will continue in his role with the Company. The Company's current Chief Executive Officer, Phil Soper, will continue his role in managing all brokerage and franchise relationships as the President of the Company. Messrs. Enright, McMillan and Soper are talented and experienced executives whose dedicated efforts and focus will continue to benefit the future operations and business plans of Bridgemarq following the completion of the Transaction.
- *Benefits from Increased Size and Scale.* Upon completion of the Transaction, the Company will have broader revenue sources, which may be of interest to a broader investor base and potentially attract analyst coverage providing more exposure for the Company's Restricted Voting Shares.
- *Residential Real Estate Market.* The Company considered current industry, economic and market conditions and trends and the future prospects of the markets in which Bridgemarq operates, as well as information concerning the business, operations, assets, financial performance and condition, operating results and prospects of Bridgemarq, the Manager, Proprio and the Owned Brokerages.
- *Risks with Status Quo.* The Company considered its current business, operating model and strategic plan under its existing structure, and concluded that the combined business will be better positioned to pursue a growth and value maximizing strategy as compared with the existing structure.
- *Special Committee Oversight.* The terms of the Transaction and the Purchase Agreement are the result of an extensive arm's length negotiation process between the Special Committee, comprised solely of independent directors, with input from and consultation with its independent financial and legal advisors, and Brookfield.
- *Fairness Opinion.* Blair Franklin, an independent financial advisor to the Special Committee, provided the Fairness Opinion that, subject to the assumptions, limitations and qualifications set forth therein, as of December 14, 2023, the Consideration to be offered pursuant to the Transaction, is fair from a financial point of view to the Company.
- *Disinterested Shareholder Approval.* The Transaction is subject to approval by Shareholders, excluding any Insiders receiving Consideration Units or Deferred Distribution Payments Units pursuant to the Transaction (being Brookfield) in accordance with the policies of the TSX.

The Special Committee and the Board also considered a number of potential risks and potential negative factors in their deliberations relating to the Transaction, including the following:

- *Dilution.* As of the date of this Circular, Brookfield holds approximately 28.4% of the outstanding Restricted Voting Shares on a fully-diluted basis (assuming the exchange of all Class B LP Units into Restricted Voting Shares). As a result of the issuance of the Consideration Units and the Deferred Distribution Payment Units pursuant to the Transaction, Brookfield is expected to hold approximately 41.7% of the aggregate outstanding Restricted Voting Shares on a fully-diluted basis (assuming the exchange of all outstanding Class B LP Units into

Restricted Voting Shares), subject to applicable purchase price adjustments. As a result, if the Transaction is completed, Shareholders will experience dilution in their ownership of the Company.

- *Impact on Trading Price.* The issuance of Consideration Units and Deferred Distribution Payment Units pursuant to the Transaction could adversely impact the market price of the Restricted Voting Shares.
- *Future Volatility.* While the Transaction is expected to provide Bridgemarq with the scale to grow in its current markets and to expand beyond those markets, the Transaction may result in the Company's financial performance being more volatile than currently, and in particular the Company will be more exposed to downturns in the Canadian residential real estate market as compared to the status quo.
- *Anticipated Benefits May Not Occur.* Bridgemarq, following the completion of the Transaction, may not realize the benefits currently anticipated due to challenges associated with integrating the operations and personnel of the Target Entities.
- *Litigation.* Certain of the Target Entities are the subject of a class action lawsuit. While this lawsuit is in its early stages, and the Company views such Target Entities as having strong defences to this lawsuit and benefits from a limited indemnity from Brookfield in respect of any losses, it is possible that the class action may ultimately result in an adverse judicial decision or settlement, either of which may require the payment of an amount that is in excess of the level of indemnity from Brookfield.
- *Costs.* The Company will incur certain costs in connection with the Transaction, including fees for legal counsel and the Fairness Opinion, which will be payable even if the Transaction is not completed.
- *Conditions.* The completion of the Transaction is subject to several conditions that must be satisfied or waived, including, in particular, the approval of the Transaction Resolution and receipt of the approval of the TSX.
- *Termination.* The Purchase Agreement may be terminated by the parties thereto in certain limited circumstances, in which case the Transaction may not close and the market price for the Restricted Voting Shares may be adversely affected.
- *Acquisition Risk.* There are certain risks inherent in any acquisition including unknown or undisclosed risks or liabilities of the Target Entities for which Bridgemarq may not be sufficiently indemnified pursuant to the provisions of the Purchase Agreement, which could materially and adversely affect Bridgemarq's financial performance and results of operations.
- *Risk Factors.* The risks of the type and nature described under the heading "PART IV – RISK FACTORS" in this Circular.

The above summary of the information and factors considered by the Special Committee and the Board is not intended to be exhaustive, but includes a summary of the material information and factors considered by the Special Committee and the Board in their consideration of the Transaction.

In view of the variety of factors and the amount of information considered in connection with the Special Committee and the Board's evaluation of the Transaction, the Special Committee and the Board did not find it practicable to, and did not, quantify or otherwise attempt to assign any relative weight to each of the specific factors considered in reaching its determination and recommendation. The determination and recommendation of the Special Committee and the Board were made after consideration of the factors noted above, as well as other

factors and in light of the Special Committee and the Board’s knowledge of the business, financial condition and prospects of Bridgemarq, after taking into account the advice of the Special Committee and the Board’s financial, legal and other advisors. Individual members of the Special Committee and the Board may have assigned different weights to different factors.

The foregoing discussion of the information and factors considered by the Special Committee and the Board contains forward-looking statements, all of which are subject to various risks and assumptions. This information should be read in light of the factors described under the headings “*General Matters - Forward-Looking Information*” and “*PART IV – RISK FACTORS*”.

Summary of the Material Agreements

Purchase Agreement

The following is a summary of the material terms of the Purchase Agreement. This summary is qualified in its entirety by the complete text of the Purchase Agreement, which is available under the Company’s profile on SEDAR+ at www.sedarplus.ca.

Consideration

Pursuant to the terms of the Purchase Agreement, on Closing, the Partnership has agreed to acquire from the Vendor, and the Vendor has agreed to sell to the Partnership, all of the outstanding class A shares and common shares in the capital of the Manager and class A shares in the capital of Proprio (collectively, the “**Purchased Shares**”). In addition, on May 13, 2020, the Company and the Manager (among others) entered into an agreement to amend the terms of the Management Services Agreement pursuant to which the Partnership deferred the payment of certain management fees payable to the Manager under the Management Services Agreement (the “**Deferred Management Fee Payment**”) and the payment of certain distributions on the Class B LP Units to Brookfield (the “**Deferred Distribution Payment**”). The Purchase Agreement provides for the settlement and final satisfaction of (i) the Deferred Management Fee Payment through the acquisition by the Partnership of the Manager (which owns the liability associated with the Deferred Management Fee Payment) and (ii) the Deferred Distribution Payment through the payment of the Deferred Distribution Payment Units by the Partnership to the Vendor.

The Company intends to satisfy the purchase price for the Transaction (including the acquisition of the Purchased Shares and the settlement and final satisfaction of the Deferred Distribution Payment) by the issuance by the Partnership of approximately 2,902,854 Class B LP Units, subject to certain customary purchase price adjustments for (among other things) cash, debt, working capital and selling expenses of the Target Entities on the Closing.

Representations and Warranties

The Purchase Agreement contains representations and warranties made by the Vendor and Vendor Holdings in favour of the Company and the Partnership with respect to the Vendor and Vendor Holdings including, with respect to: power and authority, enforceability, organization and standing, no insolvency or reorganization proceedings, capitalization and title to the Purchased Shares, subsidiaries, corporate records, no conflicts and consents, no other agreements to purchase, financial statements, ordinary course conduct of the Target Entities’ business, sufficiency of assets, title to assets, no options, etc. to purchase assets, material contracts, owned real property, leased real property, environmental matters, compliance with laws and authorizations, legal proceedings, intellectual property, software and technology, privacy, employment matters, employee plans, taxes, insurance, no undisclosed liabilities, accounts receivable, no brokers and residency.

The Purchase Agreement also contains representations and warranties made by the Company and the Partnership in favour of the Vendor and Vendor Holdings including, with respect to: power and authority, enforceability, organization and standing, no insolvency or reorganization proceedings, no conflicts and consents, legal proceedings, no brokers, authorized and issued capital, the Consideration Units, Deferred Distribution Payment

Units and Underlying Shares, reporting issuer status, stock exchange compliance, no cease trade orders, Canadian partnership status and independent investigation.

Pre-Closing Covenants

The Vendor and Vendor Holdings have agreed that following the date of the Purchase Agreement and prior to the Closing or termination of the Purchase Agreement, subject to certain exceptions, they would, and would cause the Target Entities to: (i) conduct the Target Entities' business in the ordinary course in all material respects; (ii) use commercially reasonable efforts to maintain and preserve intact the current organization, Target Entities' business and franchise, keep available the services of the Target Entities' employees and agents and to preserve the rights, franchises, goodwill and relationships of the Target Entities' customers, suppliers, landlords, lenders, and others having business relationships with the Target Entities; (iii) use commercially reasonable efforts to not cause or permit to exist a breach of any of the representations and warranties of the Vendor and Vendor Holdings contained in the Purchase Agreement and to conduct the Target Entities' business in such a manner that on the Closing Date such representations and warranties will be true and correct and complete as if they were made on and as of such date; and (iv) not take certain actions (unless otherwise consented to by the Partnership).

The Purchase Agreement also contains customary negative and affirmative covenants of the Vendor, Vendor Holdings, the Company and the Partnership relating to, *inter alia*, access for due diligence, actions to satisfy closing conditions, notices and consents, supplements to the disclosure letter, pre-closing reorganization of the Vendor, TSX approval, confidentiality, notice of certain events and tax matters.

The Parties also agreed that none of the Vendor, Vendor Holdings or the Target Entities shall solicit, initiate or encourage any inquiries or proposals from, discuss or negotiate with, provide any non-public information to, or consider the merits of any inquiries or proposals from, or enter into any agreement with, any person (other than the Partnership) relating to any transaction involving the sale of any shares of the Target Entities or the sale of the Target Entities' business or a significant proportion of the Target Entities' assets or any other business combination.

Closing Conditions

The Closing is subject to, *inter alia*, the following mutual conditions for the benefit of the Vendor and Partnership, which are to be satisfied at or prior to Closing (unless waived in writing on mutual consent of the Vendor and Partnership): (i) no Governmental Entity shall have enacted, issued, promulgated, enforced, or entered any law restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by the Purchase Agreement, (ii) the Transaction Resolution shall have been approved and adopted at the Meeting, (iii) the TSX shall have approved the listing of the Underlying Shares, (iv) the Competition Act Approval shall have been obtained and be in force, and (v) at or prior to the Closing, the Deferred Distribution Payment Units shall have been issued and delivered to the Vendor.

The Closing is subject to, *inter alia*, the following conditions for the benefit of the Partnership, which are to be satisfied on or prior to Closing (unless waived in writing by the Partnership): (i) the representations and warranties of the Vendor and Vendor Holdings will be true and correct as of the Closing, (ii) the covenants of the Vendor and Vendor Holdings contained in the Purchase Agreement required to be fulfilled or complied with by the Closing shall have been fulfilled or complied with in all material respects, (iii) since the date of the Purchase Agreement, there shall not have occurred a Material Adverse Effect, and (iv) the Vendor and Vendor Holdings, as applicable, will have delivered to the Partnership certain closing documents as required and set out in the Purchase Agreement.

The Closing is subject to, *inter alia*, the following conditions for the benefit of the Vendor, which are to be satisfied on or prior to Closing (unless waived in writing by the Vendor): (i) the representations and warranties of the Company and the Partnership will be true and correct in all material respects as of the Closing; (ii) the covenants of the Company and the Partnership contained in the Purchase Agreement required to be fulfilled or complied with by the Closing shall have been fulfilled or complied with in all material respects, (iii) since the date of the Purchase Agreement, there shall not have occurred a Purchaser Material Adverse Effect and (iv) the

Company and the Partnership will have delivered to the Vendor certain closing documents as required and set out in the Purchase Agreement.

Indemnification Provisions

Under the terms of the Purchase Agreement, the Vendor and Vendor Holdings will indemnify and save Bridgemarq (including the Target Entities following Closing) harmless of and from (i) any breach or inaccuracy of any representation or warranty given by the Vendor or Vendor Holdings, (ii) any failure of the Vendor or Vendor Holdings to perform or fulfill any of their covenants or obligations, (iii) any liabilities of the Target Entities for taxes for any period ending on or before the Closing, other than to the extent any such liability was taken into account in determining the calculation of the Consideration Units or set out in the closing statements or otherwise discharged and extinguished on or prior to the Closing, (iv) any damages resulting from any misrepresentation contained in the information concerning the Vendor, Vendor Holdings and the Target Entities provided to the Company and included in this Circular, (v) any selling expenses of the Target Entities that is not taken into account in determining the calculation of the Consideration Units or set out in the closing statements or otherwise discharged and extinguished on or prior to the Closing, (vi) any debt of the Target Entities that is not taken into account in determining the calculation of the Consideration Units or set out in the closing statements or otherwise discharged and extinguished on or prior to the Closing and (vii) any damages resulting from settlements or final non-appealable judgements for any actions, claims, suits or proceedings, arbitration or alternative dispute resolution processes, administrative or other proceedings by or before any Governmental Entity as set forth in the Purchase Agreement.

The Company and the Partnership will indemnify and save the Vendor and Vendor Holdings harmless of and from (i) any breach or inaccuracy of any representation or warranty given by the Company or the Partnership, and (ii) any failure of the Company or the Partnership to perform or fulfill any of their covenants or obligations.

Other than in respect of breaches or inaccuracies of certain fundamental representations and tax representations, the Vendor and Vendor Holdings are not obligated to indemnify Bridgemarq (including the Target Entities following Closing) for any claims for breaches of representations and warranties until the aggregate amount of the damages incurred by indemnified persons exceeds \$370,000 in the aggregate, in which event the Vendor and Vendor Holdings shall be obligated to indemnify such indemnified persons from and against all damages in excess of such \$370,000 amount. The maximum aggregate liability of the Vendor and Vendor Holdings is \$37,000,000 for any inaccuracy or breach of any fundamental representation or tax representation and \$7,400,000 for any inaccuracy or breach of any other representations. The maximum aggregate liability of the Vendor and Vendor Holdings for any damages resulting from settlements or final non-appealable judgements for any actions, claims, suits or proceedings, arbitration or alternative dispute resolution processes, administrative or other proceedings by or before any Governmental Entity as set forth in the Purchase Agreement is \$3,500,000.

The representations and warranties contained in the Purchase Agreement will survive until the date that is eighteen (18) months after the effective date of the Purchase Agreement, except certain representations and warranties related to tax that will survive until 90 days after the expiration of the period during which any tax assessment may be issued by a Governmental Entity. None of the other covenants and agreements contained in the Purchase Agreement will survive the Closing, other than those which by their terms contemplate performance after the Closing, which survive the Closing for the period contemplated by their terms.

Post-Closing Covenants

The Purchase Agreement contains customary negative and affirmative post-closing covenants of the Vendor, Vendor Holdings, the Partnership and the Company, relating to, *inter alia*, access to books and records, director and officer indemnification and confidentiality.

The Purchase Agreement contains further restrictive covenants restricting Brookfield Business Partners L.P. and its wholly-owned subsidiaries for a period of three years from the Closing from causing, soliciting or inducing any employee or independent contractor of a Target Entity who is employed or engaged on Closing to terminate such employment or contractor relationship.

Termination Provisions

The Purchase Agreement may be terminated as follows: (i) by mutual consent of the Vendor and Vendor Holdings, on the one hand, and the Company and the Partnership, on the other hand, (ii) by the Partnership or the Company, if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Vendor or Vendor Holdings occurs that would cause any of the closing conditions to be incapable of being satisfied by the Outside Date, (iii) by the Vendor or Vendor Holdings, if a breach of any representation or warranty or failure to perform any covenant or agreement on the part of the Partnership or the Company occurs that would cause any of the closing conditions to be incapable of being satisfied by the Outside Date, (iv) by either the Partnership or the Vendor if any of the closing conditions becomes incapable of being satisfied on or prior to the Outside Date, or the Closing has not occurred by the Outside Date, (v) by the Vendor if all of the mutual conditions to closing and conditions to closing in favour of the Partnership have been satisfied or waived, the foregoing is irrevocably confirmed to the Partnership, and the Partnership fails to complete the Closing within three Business Days after such confirmation, and (vi) by the Partnership if all of the mutual conditions to closing and conditions to closing in favour of the Vendor have been satisfied or waived, the foregoing is irrevocably confirmed to the Vendor, and the Vendor fails to complete the Closing within three Business Days after such confirmation.

Voting Support Agreements

Each of the directors and executive officers of the Company has entered into a Voting Support Agreement with the Vendor pursuant to which, among other things, and subject to certain terms, conditions and exceptions, each of such director and executive officer has agreed to vote their Restricted Voting Shares in favour of the Transaction Resolution at the Meeting and any other matter necessary for the issuance of the Consideration as contemplated by the Purchase Agreement. In addition, each such director and executive officer has agreed, among other things and subject to the terms and conditions of the Voting Support Agreements, during the term of the Voting Support Agreements:

- at the Meeting, to vote or to cause to be voted all voting rights attaching to their Restricted Voting Shares against any action, proposal, transaction or agreement that could reasonably be expected to impede, delay, prevent, interfere with, frustrate or discourage the successful issuance of the Consideration as contemplated by the Purchase Agreement;
- no later than five (5) Business Days prior to the deadline for the delivery of proxies in respect of the Meeting, to deliver duly executed proxies or voting instruction forms, as the case may be, voting in favour of the Transaction Resolution, such proxy or voting instruction forms not to be revoked or withdrawn without the prior written consent of the Vendor;
- until the conclusion of the Meeting, except as contemplated by the Purchase Agreement or upon the settlement of awards or other securities of the Company or the exercise of other rights to purchase Restricted Voting Shares, not to, directly or indirectly (i) sell, transfer, gift, assign, grant a participation interest in, option, pledge, hypothecate, grant a security or voting interest in or otherwise convey or encumber (each, a “**Transfer**”), or enter into any agreement, option or other arrangement (including any profit sharing arrangement, forward sale or other monetization arrangement) with respect to the Transfer of any of its Restricted Voting Shares to any person; or (ii) agree to take any actions described in the foregoing clause (i);
- to promptly notify the Partnership and the Vendor of any new Restricted Voting Shares or any securities convertible into or exchangeable or exercisable for Restricted Voting Shares acquired by such person or over which such person acquires control or direction over (directly or indirectly), after the execution of the Voting Support Agreement and until the conclusion of the Meeting and acknowledges that such securities shall be subject to the Voting Support Agreement;

- except in the capacity as a director or officer of the Company to the extent permitted by the Purchase Agreement, not to, directly or indirectly take any action which may reasonably be expected to in any way adversely affect the success of the Transaction, including the issuance of the Consideration; and
- except as required pursuant to the Voting Support Agreement, not to grant or agree to grant any proxy or other right to vote their Restricted Voting Shares or enter into any voting trust or pooling agreement or arrangement in respect of their Restricted Voting Shares or enter into or subject any of their Restricted Voting Shares to any other agreement, arrangement, understanding or commitment, formal or informal, with respect to or relating to the voting or tendering thereof or revoke any proxy granted pursuant to the Voting Support Agreement.

Each Voting Support Agreement automatically terminates upon the earliest of: (i) the mutual agreement of the parties thereto, (ii) the termination of the Purchase Agreement in accordance with its terms, and (iii) the Closing Date.

Transition Services Agreement

The Vendor and the Partnership will enter into the Transition Services Agreement on Closing in substantially the form attached in Schedule 5.10 to the Purchase Agreement, pursuant to which, for a period of up to twelve months following the Closing, the Partnership will provide certain transitional services to the Vendor, including services with respect to finance and accounting, human resources and legal services, in consideration for certain monthly fees and the reimbursement of out-of-pocket expenses.

The Transition Services Agreement will terminate on the earlier of: (i) the date upon which the Partnership will have no continuing obligation to perform any of the transitional services as a result of the expiration or termination of all such services, (ii) a breach by the parties in accordance with the terms of the Transition Services Agreement, (iii) the occurrence of a bankruptcy, insolvency, assignment or certain other corporate action of a party in accordance with the terms of the Transition Services Agreement, or (iv) upon mutual agreement of the parties thereto.

Fairness Opinion

The Special Committee retained Blair Franklin as independent financial advisor to the Special Committee for the purposes of the Transaction. As part of this mandate, Blair Franklin was requested to provide an opinion as to the fairness, from a financial perspective, to the Company of the Consideration to be offered pursuant to the Transaction. In connection with this mandate, Blair Franklin has prepared and delivered the Fairness Opinion dated December 14, 2023 to the Special Committee, stating that based upon and subject to the assumptions, limitations and qualifications set forth therein, as of December 14, 2023, the Consideration to be offered pursuant to the Transaction, is fair from a financial point of view to the Company.

The full text of the written Fairness Opinion is attached as Appendix C to this Circular and should be read carefully in its entirety. The summary of the Fairness Opinion in this Circular is qualified in its entirety by reference to the full text of the Fairness Opinion. The Fairness Opinion is not a recommendation as to how any Shareholder should vote with respect to the Transaction or any other matter.

The Fairness Opinion was one of many factors considered by the Special Committee and the Board in evaluating the Transaction and in determining that the Transaction is in the best interests of the Company, and in recommending that Shareholders vote FOR the Transaction Resolution.

Pursuant to the terms of Blair Franklin's engagement agreement dated March 20, 2023 (the "**Engagement Agreement**"), it is to be paid a fixed fee in respect of the preparation and delivery of the Fairness Opinion. The Company has also agreed to indemnify Blair Franklin, and its affiliates, and each of their respective directors, officers, employees and agents from and against certain liabilities and to reimburse Blair Franklin for its

reasonable out-of-pocket expenses incurred in connection with its mandate. The compensation to Blair Franklin under the Engagement Agreement does not depend, in whole or in part, on the conclusion reached in the Fairness Opinion or the successful completion of the Transaction. Furthermore, Blair Franklin has not been asked to prepare and has not prepared a formal valuation or appraisal of any of the assets or securities of the Target Entities and the Fairness Opinion should not be construed as such. Blair Franklin provided the Fairness Opinion for the use of the Special Committee in connection with its evaluation of the Transaction, and the Fairness Opinion may not be used by any other person or relied upon by any other person other than the Special Committee without the express prior written consent of Blair Franklin.

In the ordinary course of its business and unrelated to the Transaction, Blair Franklin or its affiliates may provide financial advisory and other financial services to the Company, the Vendor and/or other interested parties in the Transaction in the future, for which Blair Franklin or its affiliates may receive compensation.

Blair Franklin has not been engaged to provide any financial advisory services with respect to the Transaction, other than to the Special Committee and the Board pursuant to the Engagement Agreement.

In preparing the Fairness Opinion, Blair Franklin performed certain financial analyses in respect of the Target Entities based on methodologies and assumptions that it considered appropriate in the circumstances. Methodologies employed by Blair Franklin included, among other things, comparable company, precedent transaction and discounted cash flow analyses.

In deciding to recommend and approve the Transaction, the Special Committee and the Board considered, among other things, the Fairness Opinion. The Fairness Opinion was one of many factors considered by the Special Committee and the Board in evaluating the Transaction and should not be viewed as determinative of the views of the Special Committee or the Board with respect to the Transaction or the Consideration to be offered pursuant to the Transaction. In assessing the Fairness Opinion, the Special Committee and the Board considered and assessed the independence of Blair Franklin, taking into account that no portion of the fees payable to Blair Franklin are contingent upon the determination made in the Fairness Opinion or upon the completion of the Transaction.

Recommendations of the Special Committee

The Special Committee unanimously determined that the Transaction and the entering into of the Purchase Agreement were in the best interests of the Company and recommended to the Board to approve the Transaction and the entering into of the Purchase Agreement and to recommend to Shareholders to vote FOR the Transaction Resolution.

Recommendations of the Board

Upon the recommendation of the Special Committee, the Board determined that the Transaction and the entering into of the Purchase Agreement were in the best interests of the Company and has approved the Transaction and the entering into by the Company of the Purchase Agreement. Accordingly, the Board recommends that the Shareholders vote FOR the Transaction Resolution.

Shareholder Approval

The Company is required to seek the approval of Shareholders pursuant to Section 611(b) of the TSX Company Manual because the Consideration issuable to an Insider, Brookfield, will exceed 10% of the number of Restricted Voting Shares outstanding prior to the Closing Date. See “PART II – THE TRANSACTION - Securities Laws Matters - Toronto Stock Exchange”.

It is a condition to the completion of the Transaction that the Transaction Resolution be approved at the Meeting.

The TSX Company Manual requires that the Transaction Resolution be approved by a majority of Shareholders who vote at the Meeting (whether in person or by proxy), excluding any Insider receiving Consideration Units and Deferred Distribution Payment Units, entitled to vote at the Meeting. **As such, Brookfield will not be eligible to vote on the Transaction Resolution.**

It is the intention of the persons named in the instrument of proxy, if not expressly directed otherwise in such instrument of proxy, to vote such proxies FOR the Transaction Resolution. The full text of the Transaction Resolution is set forth in Appendix B to this Circular.

Securities Laws Matters

General

The following is a brief summary of certain Canadian securities law considerations applicable to the Transaction. The Company is a reporting issuer in each of the provinces of Canada, and the Restricted Voting Shares are currently listed on the TSX under the symbol “BRE”. As such, the Company is, among other things, subject to certain applicable Canadian securities laws, including MI 61-101.

The issuance of the Consideration Units and the Deferred Distribution Payment Units pursuant to the Purchase Agreement will constitute a distribution of securities which is exempt from the prospectus requirements under applicable Canadian securities laws.

Under applicable Canadian securities laws, once completed, the Transaction will be considered a “significant acquisition”. Financial statements with respect to the Target Entities and pro forma consolidated financial information of the Company are included in this Circular.

MI 61-101 is intended to regulate certain transactions to ensure equality of treatment among shareholders, generally requiring enhanced disclosure, approval by a majority of shareholders excluding interested or related parties, independent valuations and, in certain instances, approval and oversight of the transaction by a special committee of independent directors. MI 61-101 provides that, in certain circumstances, where a “related party” of an issuer (as defined in MI 61-101) is a party to a transaction with the issuer, such transaction may be considered a “related party transaction” and may be subject to “minority approval” requirements and formal valuation requirements.

Pursuant to MI 61-101, a “related party” includes a “control person” of the issuer, a person that has beneficial ownership of, or control or direction over, 10% of the voting rights attached to the voting securities of the issuer and a person that manages or directs, to any substantial degree, the affairs or operations of the issuer under an agreement, arrangement or understanding between the person and the issuer. Brookfield is a related party of the Company as it is a control person of the Company, has beneficial ownership of, and control and direction, over more than 10% of the voting rights attached to the voting securities of the Company and manages the affairs and operations of Bridgemarq pursuant to the Management Services Agreement.

A “related party transaction” for an issuer includes both the purchase of an asset from a related party for valuable consideration and the issuance of a security to a related party. Accordingly, as Brookfield is a “related party” of the Company, the completion of the Transaction constitutes a “related party transaction” subject to the requirements of MI 61-101. As a result, the Board established the Special Committee to, among other matters, review, direct and supervise the process to be carried out by the Company and its professional advisors in assessing the Transaction, negotiate, review and consider the proposed structure, terms and conditions of the Transaction and make a recommendation to the Board with respect thereto.

Minority Approval and Valuation Exemption

MI 61-101 provides a number of circumstances in which a transaction between an issuer and a related party may be subject to formal valuation and minority approval requirements under MI 61-101. An exemption from such requirements is available when the fair market value of the transaction does not exceed 25% of the market

capitalization of the issuer. The Company has received exemptive relief from the requirements of MI 61-101 that, subject to certain conditions, permits it to be exempt from the minority approval and formal valuation requirements for transactions that would have a value of less than 25% of the Company's market capitalization, if the Class B LP Units held by Brookfield are included in the calculation of the Company's market capitalization. As a result, the 25% threshold, above which the minority approval and formal valuation requirements would apply, is increased to include the approximately 25% indirect exchangeable equity interest in the Company held by Brookfield in the form of Class B LP Units.

As the fair market value of the Transaction is less than 25% of the Company's market capitalization on a fully-diluted basis (assuming the exchange of all Class B LP Units on a one-for-one basis into Restricted Voting Shares), the Transaction is not subject to the formal valuation and minority approval requirements of MI 61-101.

Toronto Stock Exchange

It is expected that approximately 2,902,854 Class B LP Units, subject to certain customary purchase price adjustments, will be issuable pursuant to the Transaction, representing approximately 22.7% of the Restricted Voting Shares outstanding on a pre-Transaction and fully-diluted basis. Brookfield's ownership and voting interest in the Company, on a fully-diluted basis, is therefore expected to increase from approximately 28.4% pre-Transaction to approximately 41.7% post-Transaction, subject to applicable purchase price adjustments.

As described in further detail in the Purchase Agreement, the number of Consideration Units which may be issuable to Brookfield pursuant to the Transaction is equal to the result of the following purchase price adjustments (with capitalized terms having the meanings set forth in the Purchase Agreement):

Base Purchase Price	+ (Estimated Cash	-	Estimated Debt	-	Estimated Selling Expenses	+	Estimated Working Capital	-	Target Working Capital	+	Deferred Management Fee Payment	+	Note Receivable Amount) ÷	Purchase Price Adjustment Unit Price
2,450,331		\$__		\$__		\$__		\$__		\$2,066,157		\$5,648,645		\$216,768		\$15.10

While a number of the variables in this formula are fixed pursuant to the Purchase Agreement, the calculation of Estimated Cash, Estimated Debt, Estimated Selling Expenses and Estimated Working Capital will not be determined until the Closing Date. Accordingly, the maximum number of Consideration Units which may be issued at Closing cannot be determined as of the date of this Circular and will instead depend on the calculation of the foregoing variables on Closing.

The following examples, which are for illustrative purposes only, demonstrate the impact that these variables may have on the number of Consideration Units and total Class B LP Units (including the 64,085 Deferred Distribution Payment Units) which may be issued to Brookfield on Closing, as well as the effect such issuances would have on Brookfield's ownership and voting interest in the Company after giving effect to the Transaction, on a fully-diluted basis:

Example	Estimated Cash	Estimated Debt	Estimated Selling Expenses	Estimated Working Capital	Consideration Units	Total Class B LP Units	Brookfield's Interest after giving effect to the Transaction
1	\$nil	\$nil	\$nil	\$nil	2,975,601	3,039,686	42.2%
2	\$nil	\$nil	\$nil	-\$2,066,157	2,838,769	2,902,854	41.7%
3	\$nil	\$nil	\$2,500,000	-\$2,066,157	2,673,206	2,737,291	41.0%
4	\$nil	\$500,000	\$2,500,000	-\$2,066,157	2,640,094	2,704,179	40.9%
5	\$1,000,000	\$500,000	\$2,500,000	-\$2,066,157	2,706,319	2,770,404	41.2%
6	\$500,000	\$1,000,000	\$2,000,000	\$1,500,000	2,909,376	2,973,461	41.9%

In this Circular, disclosure with respect to the approximate number of Class B LP Units which are expected to be issued to Brookfield are provided on the basis of example 2 and are for illustrative purposes only.

Pursuant to Section 611(b) of the TSX Company Manual, disinterested shareholder approval is required in circumstances where the number of securities issued or issuable to Insiders in payment of the purchase price for an acquisition exceeds 10% of the number of securities of the listed issuer outstanding on a non-diluted basis, prior to the date of closing of the transaction. Under the terms of the Transaction, the Consideration Units and Deferred Distribution Payment Units issuable to Brookfield exceed 10% of the issued and outstanding Restricted Voting Shares. As a result, the Company is required to seek the approval of Shareholders, excluding any Insider receiving Consideration Units and Deferred Distribution Payment Units (being Brookfield), pursuant to Section 611(b) of the TSX Company Manual.

In addition, pursuant to Section 613(a) of the TSX Company Manual, all security-based compensation arrangements must be approved by disinterested shareholders, excluding any Insiders entitled to receive a benefit under the arrangement. Under the terms of the Transaction, the settlement of the Deferred Management Fee Payment and the Deferred Distribution Payment are considered a security-based compensation arrangement pursuant to Section 613(b)(v) of the TSX Company Manual, because such payments constitute compensation to Brookfield involving the potential issuance of securities of the Company (being the Underlying Shares issuable upon the exchange of the Consideration Units and the Deferred Distribution Payment Units). As a result, the Company is required to seek the approval of Shareholders, excluding any Insider receiving benefits under the security-based compensation arrangement (being Brookfield), pursuant to Section 613(a) of the TSX Company Manual.

In addition, pursuant to Section 604(a)(ii) of the TSX Company Manual, the TSX will also generally require disinterested securityholder approval as a condition of acceptance of a notice of an issuance of securities pursuant to an acquisition if in the opinion of the TSX the transaction provides consideration to Insiders in aggregate of 10% or greater of the market capitalization of the listed issuer. As Brookfield will be receiving consideration in excess of 10% of the issued and outstanding Restricted Voting Shares of the Company pursuant to the Transaction, disinterested shareholder approval will generally be required by the TSX pursuant to Section 604(a)(ii) of the TSX Company Manual.

In accordance with the rules of the TSX, Brookfield will therefore not be eligible to vote its 315,000 Restricted Voting Shares and one Special Voting Share on the Transaction Resolution. The Special Voting Share entitles Brookfield to that number of votes equal to the number of Restricted Voting Shares that may be obtained upon the exchange of Brookfield's 3,327,667 Class B LP Units (representing approximately 26.0% of the voting rights attached to all voting securities of the Company).

On February 13, 2024, the Company received TSX Conditional Approval for the listing of up to 3,000,000 Underlying Shares issuable pursuant to the exchange of the Consideration Units and Deferred Distribution Payment Units issuable pursuant to the Transaction, subject to the Company fulfilling all of the conditions set out therein.

Other Regulatory Matters

Competition Act Clearance

Part IX of the Competition Act requires that the parties to a transaction that exceeds the thresholds set out in sections 109 and 110 of the Competition Act (a “**Notifiable Transaction**”) provide the Commissioner with pre-closing notification filings (“**Notifications**”) in respect of the transaction. Subject to certain exemptions discussed below, a Notifiable Transaction cannot be completed until the applicable waiting period under section 123 of the Competition Act has expired or been terminated by the Commissioner.

The initial waiting period for a Notifiable Transaction expires 30 days after the day on which the parties to the transaction have each submitted their respective Notifications. The parties are entitled to complete a Notifiable Transaction at the end of the 30-day period, unless the Commissioner requests additional information from the parties, pursuant to subsection 114(2) of the Competition Act (a “**Supplementary Information Request**”). If the Commissioner issues a Supplementary Information Request, the parties may not complete the transaction until 30 days after the parties comply with such Supplementary Information Request and may only complete the transaction following that 30-day period if there is no order issued by the Competition Tribunal in effect that prohibits completion at the relevant time.

A Notifiable Transaction may be completed before the end of the applicable waiting period in two circumstances: (i) the Commissioner notifies the parties that the Commissioner does not, at that time, intend to challenge the transaction by making an application under section 92 of the Competition Act (a “**No Action Letter**”); or (ii) the Commissioner issues an Advance Ruling Certificate. In the case of a No Action Letter, the Commissioner retains the right to challenge the transaction before the Competition Tribunal at any time within one year after the transaction is completed. Under the terms of the Purchase Agreement, Closing of the Transaction is conditional on either (i) both of (a) the applicable waiting periods under subsection 123 of the Competition Act having expired or having been waived in accordance with subsection 123(2) of the Competition Act or the obligation to provide a Notification in accordance with Part IX of the Competition Act having been waived in accordance with paragraph 113(c) of the Competition Act and (b) the Partnership having received a No Action Letter, or (ii) the receipt of an Advance Ruling Certificate.

Certain transactions have multiple transaction steps that could each be considered a Notifiable Transaction. In such circumstances, each step that is a Notifiable Transaction could be subject to the requirement to provide the Commissioner with Notifications. The Commissioner has established a written policy whereby such transactions may proceed with only one notice where the parties can demonstrate that all steps of such transactions constitute a sufficiently connected sequence of events.

The Transaction constitutes two or more Notifiable Transactions. Accordingly, on December 22, 2023, the Company and Brookfield jointly submitted a request to the Commissioner for an Advanced Ruling Certificate or, in the alternative, a waiver from the obligation to submit Notifications pursuant to subsection 113(c) of the Competition Act and a No Action Letter. That request characterized the Transaction as a multiple step transaction for which only one notice is required. The parties received an Advanced Ruling Certificate in respect of the Transaction on January 3, 2024, which satisfies the Competition Act Approval condition under the Purchase Agreement.

PART III - INFORMATION CONCERNING THE PARTIES

Information Concerning the Target Companies

For information on the Target Companies and their business, see Appendix D to this Circular.

Information Concerning the Company Following Completion of the Transaction

Overview

Bridgemarq is a Canadian-based real estate services firm that supplies Brokers and their 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. Bridgemarq is party to the MSA, which governs the management of the Company and the delivery of services to Brokers and REALTORS[®] by the Manager.

Following completion of the Transaction, the Target Entities will become wholly-owned subsidiaries of the Company, and the Company will continue to be a publicly-listed corporation.

Bridgemarq will acquire the Manager pursuant to the Transaction and internalize the management team which has managed Bridgemarq for over 20 years. This will remove the need for the MSA and eliminate the payment of management fees to an external party. Bridgemarq will continue to operate its existing business, with an internal management team, under its franchise operations.

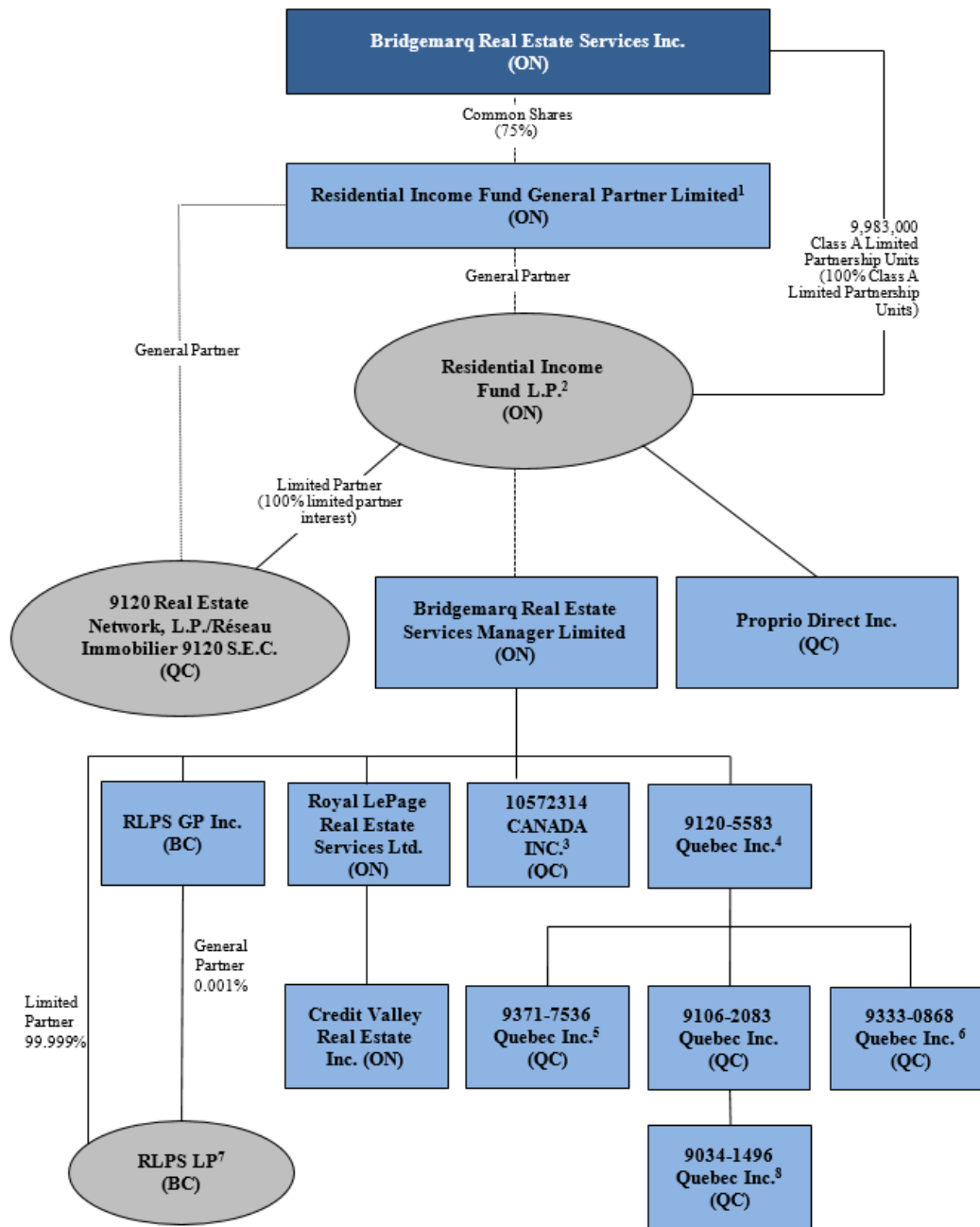
Bridgemarq will also acquire the Owned Brokerages pursuant to the Transaction, which operate full service real estate brokerage locations in British Columbia, Ontario and Québec under the Royal LePage[®], Via Capitale[®], Proprio Direct[®], Johnston & Daniel[®] and Les Immeubles Mont-Tremblant real estate brands. These Owned Brokerages provide services to REALTORS[®] which are complementary to those services provided under Bridgemarq's franchise operations. The Company will operate these brokerage locations under its brokerage operations.

The Royal LePage[®] and Johnston and Daniel[®] branded Owned Brokerages represent one of the largest brokerages in Canada (by agent count). They provide brokerage services to Canada's two largest markets in the greater Toronto area and greater Vancouver area. The innovative Proprio Direct brokerage is one of the largest brokerages in Québec and provides technology-focussed services to its sales representatives from one location in Laval, Québec. The Via Capitale and Mont Tremblant brokerages are much smaller and focus on niche markets in the greater Montréal region and the Mont Tremblant market, respectively.

Additional information regarding the Target Entities is available in Appendix D to this Circular and information regarding the Company is available under its SEDAR+ profiles at www.sedarplus.ca.

Organizational Chart

The following chart shows the expected corporate relationship between Bridgemarq and the Target Entities following the closing of the Transaction (unless otherwise indicated, all ownership is 100%):



Notes:

¹ Brookfield owns as of the date of this Circular, and is expected to own immediately following the completion of the Transaction, approximately 25% of the outstanding common shares of the General Partner.

² Brookfield is expected to own immediately following the completion of the Transaction approximately 6,230,521 Class B LP Units, subject to certain customary purchase price adjustments pursuant to the Purchase Agreement, being all of the outstanding Class B LP Units.

³ Operating under the name Les Immeubles Mont-Tremblant / Mont Tremblant Real Estate.

⁴ Operating under the name Via Capitale.

⁵ Operating under the name Via Capitale Concept.

⁶ Operating under the name Via Capitale Accès.

⁷ Operating under the name Royal LePage Sussex.

⁸ Operating under the name Via Capitale Du Mont-Royal.

Cash and Consolidated Capitalization

The following table sets out the cash and consolidated capitalization of the Company as at September 30, 2023 after giving effect to the Transaction and the issuance of the Consideration Units and Deferred Distribution Payment Units pursuant to the Transaction.

(In thousands of Canadian dollars)	As at September 30, 2023	As at September 30, 2023 after giving effect to the Transaction
Cash	\$ (6,943)	\$ (18,560)
Debt facilities	67,024	67,024
Class B LP Units ¹	42,461	79,501
Shareholders' Deficit	(52,880)	(53,925)
Total Cash and Capitalization	\$ 49,662	\$ 74,040

Notes:

¹ As at September 30, 2023, there was a total of 3,327,667 Class B LP Units outstanding. It is expected that approximately 2,902,854 Class B LP Units will be issued pursuant to the Transaction (subject to customary purchase price adjustments), which would result in a total of 6,230,521 Class B LP Units outstanding following the Closing.

The table above should be read in conjunction with the unaudited pro forma consolidated financial statements and the accompanying notes thereto attached as Appendix F to this Circular.

Pro Forma Information of the Company After Giving Effect to the Transaction

The selected unaudited pro forma consolidated financial information set forth below should be read in conjunction with the Company's unaudited pro forma consolidated financial statements and the accompanying notes attached as Appendix F to this Circular. The unaudited pro forma consolidated statement of financial position as at September 30, 2023 has been prepared using information from the Company's Q3 2023 Financial Statements and the Target Companies' Q3 2023 Financial Statements, and gives effect to the successful completion of the Transaction as if the Transaction occurred as at September 30, 2023. The unaudited pro forma consolidated statements of net and comprehensive earnings for the year ended December 31, 2022 and the nine month period ended September 30, 2023 have been prepared, respectively, from the Company's 2022 Financial Statements and the Target Companies' 2022 Financial Statements and the Company's Q3 2023 Financial Statements and the Target Companies' Q3 2023 Financial Statements. The pro forma statements of net and comprehensive earnings give effect to the successful completion of the Transaction as if the Transaction occurred on January 1, 2022.

The unaudited pro forma consolidated financial statements are not necessarily indicative of Bridgemark's consolidated financial position and results from operations if the events reflected therein were in effect for the periods presented nor do they purport to project Bridgemark's consolidated financial position or results from operations for any future period.

Actual amounts recorded upon completion of the Transaction may differ from the pro forma information presented in this Circular.

(In thousands of Canadian dollars)	As at September 30, 2023		
	Company	Target Entities	Company after giving effect to the Transaction
Assets	\$ 68,184	\$ 91,081	\$ 163,335
Liabilities	121,064	68,304	217,260
Shareholders' Equity (Deficit)	(52,880)	22,777	(53,925)

(In thousands of Canadian dollars, except per share amounts)	For the nine months ended September 30, 2023			For the year ended December 31, 2022		
	Company	Target Entities	Company after giving effect to the Transaction	Company	Target Entities	Company after giving effect to the Transaction
Revenue	\$ 37,629	\$288,622	\$ 310,586	\$ 49,871	\$432,725	\$ 461,487
Net and comprehensive earnings (loss)	5,036	\$(127)	350	20,969	430	22,822
Earnings per share (basic)	0.53	-	0.04	2.21	-	2.41
Earnings per share (diluted)	0.53	-	0.04	1.19	-	0.77

Documents Incorporated By Reference

The following documents of the Company are specifically incorporated by reference into and form an integral part of this Circular:

- (a) the annual information form of the Company dated March 27, 2023 for the fiscal year ended December 31, 2022 (the “**Annual Information Form**”);
- (b) the management information circular of the Company dated March 27, 2023 prepared in connection with the annual meeting of Shareholders held on May 11, 2023;
- (c) the audited consolidated financial statements of the Company comprising the consolidated balance sheets as at December 31, 2022 and 2021, and the consolidated statements of net and comprehensive earnings, changes in shareholders’ deficit and cash flows for the years then ended, together with notes thereto and the independent auditor’s report thereon (the “**Company’s 2022 Financial Statements**”);
- (d) the management discussion and analysis of the financial results and financial condition of the Company for the three months and the year ended December 31, 2022 (the “**Company’s 2022 MD&A**”);
- (e) the unaudited interim condensed consolidated financial statements of the Company comprising the interim condensed consolidated balance sheet as at September 30, 2023, and the interim condensed consolidated statements of net and comprehensive earnings, changes in shareholders’ deficit and cash flows for the three and nine months ended September 30, 2023 and 2022, together with notes thereto (the “**Company’s Q3 2023 Financial Statements**”);
- (f) the management discussion and analysis of the financial results and financial condition of the Company for the three and nine months ended September 30, 2023 (the “**Company’s Q3 2023 MD&A**”); and
- (g) the material change report of the Company dated December 22, 2023 with respect to the announcement of the execution of the Purchase Agreement.

Any documents of the type referred to above, any material change reports (excluding confidential material change reports, if any), any business acquisition reports and any other documents of the type described in item 11.1 of Form 44-101F1 – *Short Form Prospectus* filed by the Company with the securities commissions or similar authorities in each of the provinces of Canada after the date of this Circular and before the Meeting shall be deemed to be incorporated by reference into and form an integral part of this Circular.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Circular to the extent that a statement contained herein or in any other subsequently filed document that also is incorporated or is deemed to be incorporated by reference herein, modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or omission to state a material fact that was required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall be deemed, except as so modified or superseded, not to constitute a part of this Circular.

Information has been incorporated by reference in this Circular from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the Company at info@bridgemarq.com and are also available electronically under the Company's profile on SEDAR+ at www.sedarplus.ca.

Directors and Officers

Following the completion of the Transaction, Spencer Enright, the current Chief Executive Officer of the Manager and Chair of the Board, will become Chief Executive Officer of the Company and continue as a director on the Board. Lorraine Bell, currently a director on the Board and Chair of the Audit Committee of the Board, will succeed Mr. Enright as the independent Chair of the Board. Phil Soper, the Company's current Chief Executive Officer, will continue his role in managing all brokerage and franchise relationships as the President of the Company. The Company's current Chief Financial Officer, Glen McMillan, will continue his role with the Company.

Information with respect to the proposed Directors and executive officers of the Company following the completion of the Transaction (who are all currently directors and/or executive officers of the Company) is set out below, including their names, proposed position with the Company, principal occupations and municipalities of residence, as well as the year each Director first became a Director:

Directors

Name and Municipality of Residence	Proposed Position and/or Office with Company following Closing	Present Principal Occupation if Different from Office Held	Period During Which Served as Director	Restricted Voting Shares Beneficially Owned or Controlled as at March 1, 2024
Colum Bastable ^{1,2,4} Toronto, ON, Canada <i>Independent Director</i>	Director	Corporate Director	Since May 7, 2019	3,000
Lorraine Bell ^{1,2,5} New York, NY, USA <i>Independent Director</i>	Director, Chair of the Board, Chair of the Audit Committee	Corporate Director	Since Jan. 3, 2003	23,000
Jitanjali Datt ^{1,2,6} Toronto, ON, Canada <i>Independent Director</i>	Director	Strategic Advisor	Since Nov. 8, 2021	7,500
Spencer Enright ⁷ Oakville, ON, Canada <i>Related Director</i>	Director	Current Chief Executive Officer of the Manager	Since May 6, 2014	1,300

Name and Municipality of Residence	Proposed Position and/or Office with Company following Closing	Present Principal Occupation if Different from Office Held	Period During Which Served as Director	Restricted Voting Shares Beneficially Owned or Controlled as at March 1, 2024
Joe Freedman ⁸ Toronto, ON, Canada <i>Related Director</i>	Director	Corporate Director	Since Mar. 12, 2019	40,000
Gail Kilgour ^{1,2,9} Toronto, ON, Canada <i>Independent Director</i>	Director, Chair of the Governance Committee	Corporate Director	Since Jan. 3, 2003	10,000

- (1) Member of the Audit Committee.
- (2) Member of the Governance Committee.
- (3) As of March 1, 2024, the current Directors owned beneficially, directly and indirectly, 84,800 Restricted Voting Shares representing approximately 0.7% of the issued and outstanding Restricted Voting Shares (calculated on a fully-diluted basis).
- (4) **Colum Bastable** – Director. Mr. Bastable is a Corporate Director and a Fellow of the Institute of Chartered Accountants (Ireland) and holds an Honorary Doctorate of Laws from McMaster University, Ontario. Mr. Bastable has served as a senior executive in the real estate services industry for over 40 years including as Chairman, President and CEO of Cushman & Wakefield Canada Ltd., Managing Partner of Commercial Real Estate Services at Brascan Corporation, and CEO of Royal LePage Limited. Mr. Bastable is on the Board of Trustees of Slate Grocery REIT, an investment trust, where he chairs the Audit Committee and sits on the Governance and Nominating Committee. He is also a member of the Independent Review Committee of Bridgehouse Asset Managers, an asset management company. Mr. Bastable has served as a member of the Board of Trustees of Brookfield Canada Office Properties REIT, an investment trust, and as a Director of Toronto Hydro Corporation, an electric utility. Mr. Bastable has served on the Board of Governors of MacMaster University, a university, as Director of the YMCA, a not-for-profit organization, and on the Campaign Cabinet for the United Way in Toronto, a not-for-profit organization.
- (5) **Lorraine Bell** – Director and Chair of the Audit Committee, and proposed Chair of the Board following the completion of the Transaction. Ms. Bell is a Corporate Director and a Chartered Professional Accountant with many years of experience both as a Director and in the financial sector as a derivatives and risk management expert. Ms. Bell is a former Director of IBI Group Inc., a services and software company, where she was the Chair of the Audit Committee and a member of the Governance and Human Resources Committee. She also served twelve years as a Director of the Ontario Financing Authority, a government agency. She is a Director of the University of Toronto Associates in New York, Hot Docs Foundation (USA), a Trustee of the New York Genealogical and Biographical Society, a Director of the New York Caledonian Club and has been appointed a Global Scot by the Scottish Government.
- (6) **Jitanjali Datt** – Director. Ms. Datt is a Corporate Director and a strategic advisor at Forum Equity Partners, an investment management company. Prior to that, she worked in the investor relations department at Royal Bank of Canada and in equity research at the Canadian Imperial Bank of Commerce. Ms. Datt has studied at a number of progressive educational institutions including the Harvard Business School and the Rotman Initiative for Women in Business and holds the ICD.D designation from the Institute of Corporate Directors.
- (7) **Spencer Enright** – Director and current Chairman. Mr. Enright is a Chartered Professional Accountant and has been Chief Executive Officer of the Manager since December 2012 and is proposed to be the Chief Executive Officer of the Company following the completion of the Transaction. Mr. Enright acted as a Senior Vice-President and Chief Operating Officer of an affiliate of the Manager from 2010-2012. Mr. Enright sits on the Board of the Bridgemarq Real Estate Services Charitable Foundation, a charitable organization. Prior to joining Bridgemarq Real Estate Services, he worked in the food manufacturing industry as Senior Vice President and General Manager for The Minute Maid Company Canada Inc. and Chief Financial Officer for Coca-Cola Ltd.
- (8) **Joe Freedman** – Mr. Freedman is a corporate director and private equity investor. Mr. Freedman spent most of his career at Brookfield Asset Management, retiring as Senior Vice Chairman, Private Equity in 2020. While at Brookfield,

Mr. Freedman held a number of positions including General Counsel and head of mergers and acquisition transaction execution, fund formation and fund operations. Prior to joining Brookfield, Mr. Freedman practiced as a lawyer specializing in private equity transactions and mergers and acquisitions. Mr. Freedman is a director of not-for-profit organizations the Canadian Civil Liberties Association and The Centre for Aging and Brain Health Innovation and a number of private technology companies including RAD Technologies Inc. and Contact Free LLC.

- (9) **Gail Kilgour** – Director and Chair of the Governance Committee. Ms. Kilgour, is a Corporate Director with over 25 years of experience in the financial services industry. She is a past Vice-Chair of the Board of Directors for the Ontario Realty Corporation, a Crown Corporation, and Chair of its Governance Committee, a past director of Ontario Infrastructure and Lands Corporation, a Crown Corporation. She is a past Trustee of the University of Guelph, a university, where she chaired its Audit Committee and a past Chair of the Board of St. George’s Golf and Country Club.

Officers

Name, Municipality of Residence and Restricted Voting Shares Owned as at March 1, 2024	Proposed Position	Five-Year Occupational History
Spencer Enright Oakville, ON, Canada 1,300 shares	Chief Executive Officer	Mr. Enright was appointed Chief Executive Officer of the Manager in December 2012, and is proposed to be the Chief Executive Officer of the Company following completion of the Transaction. Mr. Enright acted as a Senior Vice-President and Chief Operating Officer of an affiliate of the Manager from 2010-2012. Mr. Enright sits on the Board of the Bridgemarq Real Estate Services Charitable Foundation, a charitable organization.
Glen McMillan Toronto, ON, Canada 7,000 shares	Chief Financial Officer	Mr. McMillan was appointed Chief Financial Officer of the Company on May 19, 2015, and is proposed to continue in that role following completion of the Transaction. Mr. McMillan is also the Chief Financial Officer of the Manager. Mr. McMillan was a Senior Vice President of Brookfield Capital Partners, an asset management company, from 2011-2015.
Philip Soper Toronto, ON, Canada 20,975 shares	President	Mr. Soper is the current President and Chief Executive Officer of the Company and President of the Manager and is proposed to continue as the President of the Company following completion of the Transaction. Mr. Soper joined the organization as Vice President and General Manager, Corporate Relocation Solutions in February 2001 and was named President of what is now the Company in 2002, and Chief Executive Officer in 2004.

Executive Compensation

The Company does not currently have any employees as all management and administrative services necessary to operate the Company are performed by the Manager under the terms of the MSA. Accordingly, the Company does not currently have an executive compensation program in place. The Company’s executive officers are currently paid a base salary, short-term incentives, consisting of annual bonuses, and other entitlements as described in Appendix E under the heading “Director and Executive Compensation” in respect of the services they provide to Bridgemarq that are paid by the Manager. In connection with the Transaction, the management of the Company’s operations will be internalized and the Company intends to design an executive compensation program to achieve the following objectives (among others):

- provide compensation opportunities in order to attract and retain talented, high-performing and experienced executive officers, whose knowledge, skills and performance are critical to its success;

- motivate its executive team to achieve its business and financial objectives;
- align the interests of its executive officers with those of its Shareholders by tying a meaningful portion of compensation directly to the long-term value and growth of its business; and
- provide incentives that encourage appropriate levels of risk-taking by its executive team and provide a strong pay-for-performance relationship.

Following the completion of the Transaction, the compensation of the Company's executive officers is expected to include three major elements: (i) base salary, (ii) short-term incentives, consisting of annual bonuses, and (iii) long-term equity incentives, all subject to such terms as may be determined by the Board. The compensation program will seek to reward the achievement of corporate and individual performance objectives, and to align executive officers' incentives with the Company's performance. The Company's philosophy is to pay fair, reasonable and competitive compensation with an equity-based component in order to align the interest of the Company's executive officers with those of Shareholders.

As the Company transitions from being externally managed to managing its own operations, it will continue to evaluate its philosophy and compensation program as circumstances require and plans to continue to review compensation on an annual basis. As part of this review process, the Company expects to be guided by the philosophy and objectives outlined above, as well as other factors which may become relevant.

Probable Acquisition

If the action to be taken at the meeting of securityholders is in respect of a significant proposed acquisition under which securities are to be changed, exchanged, issued or distributed, securities regulation in Canada requires that a reporting issuer must include disclosure described in the form of a prospectus in such information circular, including financial statements or other information about a proposed acquisition. If such financial statements or other information is required, such requirement must be satisfied by including either: (i) the financial statements or other information that will be required to be included in, or incorporated by reference into, a business acquisition report filed under NI 51-102; or (ii) satisfactory alternative financial statements or other information.

The Transaction constitutes a significant proposed acquisition for the Company. In respect of the Transaction, the Company satisfies the foregoing requirements by providing in this Circular:

- (a) the audited combined consolidated financial statements of the combined operations of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc. comprising the combined consolidated balance sheets as at December 31, 2022 and 2021, and the combined consolidated statements of net earnings and total comprehensive earnings, changes in total equity and cash flows for the years then ended, together with notes thereto and the independent auditor's report thereon (the "**Target Companies' 2022 Financial Statements**"), included in Appendix E;
- (b) the management discussion and analysis of the financial results and financial condition of the Target Companies for the three months and the year ended December 31, 2022, included in Appendix D;
- (c) the unaudited interim condensed combined consolidated financial statements of the combined operations of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc. comprising the interim condensed combined consolidated balance sheet as at September 30, 2023, and the interim condensed combined consolidated statements of net earnings and total comprehensive earnings, changes in total equity and cash flows for the three and nine months ended September 30, 2023 and 2022, together with notes thereto (the "**Target Companies' Q3 2023 Financial Statements**"), included in Appendix E;

- (d) the management discussion and analysis of the financial results and financial condition of the Target Companies for the three and nine months ended September 30, 2023, included in Appendix D; and
- (e) the unaudited pro forma consolidated financial statements of the Company comprising the unaudited pro forma consolidated statement of financial position as of September 30, 2023, and unaudited pro forma consolidated statements of net and comprehensive earnings for the nine months ended September 30, 2023 and the year ended December 31, 2022, included as Appendix F.

PART IV – RISK FACTORS

Shareholders should carefully consider all of the information disclosed or referred to in this Circular prior to voting on the matters being put before them at the Meeting. In addition to the other information presented in this Circular (including the risks set out in the documents incorporated by reference in this Circular), the following risk factors should be given special consideration.

Risks Related to the Transaction

Possible failure or delay in the Transaction

The Company currently expects that the Transaction will close at the end of March 2024. The closing of the Transaction is subject to the satisfaction of certain closing conditions. There is no certainty, nor can the Company provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied. The Company intends to complete the Transaction as soon as practicable after satisfying the required closing conditions. However, if the Transaction is not approved by Shareholders, or if, for any reason, the Transaction is not completed or its completion is materially delayed and/or the Purchase Agreement is terminated, then the market price of the Restricted Voting Shares may decline to the extent that the current market price of the Restricted Voting Shares reflects an assumption by the market that the Transaction will be completed.

Possible failure to achieve the anticipated benefits of the Transaction

The Company intends to integrate the Target Entities' business into its own, as well as to internalize the management of the business and affairs of Bridgemaq currently provided by the Manager pursuant to the MSA. However, comprehensive operational and strategic decisions and staffing decisions have not yet been made. As a result, the Transaction may present challenges to management, including the integration of management structures, operations, information technology and accounting systems and personnel, as well as special risks, including possible unanticipated liabilities, unanticipated costs, diversion of management's attention and the loss of key employees or customers.

The ability to realize the benefits of the Transaction may depend in part on successfully consolidating functions and integrating operations, procedures and personnel in a timely and efficient manner, as well as on Bridgemaq's ability to realize the anticipated growth opportunities and efficiencies from integrating the Target Entities' business into the Company following completion of the Transaction. The performance of Bridgemaq after completion of the Transaction could be adversely affected if Bridgemaq cannot retain key employees to assist in the ongoing operations. As a result of these factors, it is possible that the potential expected efficiencies will not be realized.

The difficulties that management of the Company encounters in the transition and integration processes could have an adverse effect on the revenues, level of expenses and operating results of Bridgemaq. The amount and timing of the efficiencies the parties hope to realize may not occur as planned. As a result of these factors, it is possible that any anticipated benefits from the Transaction will not be realized.

The pro forma financial statements contained in this Circular are presented for illustrative purposes only and are not intended to be an indication of Bridgemaq's financial condition or results of operations following the Transaction for a number of reasons. For example, the pro forma financial statements have been derived from the historical financial statements of the Target Entities and certain adjustments and assumptions have been made regarding Bridgemaq after giving effect to the Transaction. The information upon which these adjustments and assumptions have been made is preliminary, and these types of adjustments and assumptions are difficult to make with complete accuracy. Moreover, the pro forma financial statements do not reflect all costs that are expected to be incurred by Bridgemaq and the Target Entities in connection with the Transaction. For example, the impact of any incremental costs incurred in integrating the Target Entities is not reflected in the pro forma financial statements. As a result, the actual financial condition and results of operations of the Company following the Transaction may not be consistent with, or evident from, these pro forma financial statements. In addition, the assumptions used in preparing the pro forma financial information may not prove to be accurate, and other factors

may affect Bridgemark's financial condition or results of operations following the Transaction. Any potential decline in the Company's financial condition or results of operations may cause a significant decrease in the share price of the Company.

Accordingly, a variety of factors, including those risk factors set forth in this Circular, may adversely affect the ability to achieve the anticipated benefits of the Transaction.

Unexpected costs or liabilities related to the Transaction

Although the Company has conducted what it believes to be a prudent and thorough level of investigation in connection with the Transaction and has negotiated indemnities with Brookfield in the Purchase Agreement to cover certain potential future liabilities, such indemnities may be limited and an unavoidable level of risk remains regarding any undisclosed or unknown liabilities of, or issues concerning, the Target Entities. Following the Transaction, the Company may discover that it has acquired substantial undisclosed liabilities. See also " – Potential liabilities associated with the Transaction".

In addition, Bridgemark may be unable to retain the Target Entities' business relationships or employees following the Transaction. The continuing and collaborative efforts of the Target Entities' employees are important to its success and its business would be harmed if it were to lose their services. The existence of undisclosed liabilities and Bridgemark's inability to retain the Target Entities' ongoing relationships or employees could have an adverse impact on Bridgemark's business, financial condition and results of operations.

Potential liabilities associated with the Transaction

There may be liabilities that Bridgemark failed to discover or was unable to quantify accurately or at all in the due diligence review that it conducted prior to the execution of the Purchase Agreement, and Bridgemark may not be indemnified for some or all of these liabilities or the indemnification may be subject to limitations set forth in the Purchase Agreement. The discovery of any material liabilities, or the inability to obtain full indemnification for such liabilities, could have a material adverse effect on Bridgemark's business, financial condition or future prospects.

While the Company has estimated these potential liabilities for the purposes of making its decision to enter into the Purchase Agreement, there can be no assurance that any resulting liability will not exceed the Company's estimates. The amount of such liability could have a material adverse effect on Bridgemark's financial position. See also "– Unexpected costs or liabilities related to the Transaction".

Dilution

As of the date of this Circular, Brookfield holds approximately 28.4% of the outstanding Restricted Voting Shares on a fully-diluted basis (assuming the exchange of all Class B LP Units into Restricted Voting Shares). As a result of the issuance of the Consideration Units and the Deferred Distribution Payment Units pursuant to the Transaction, Brookfield is expected to hold approximately 41.7% of the aggregate outstanding Restricted Voting Shares on a fully-diluted basis (assuming the exchange of all outstanding Class B LP Units into Restricted Voting Shares), subject to applicable purchase price adjustments. As a result, if the Transaction is completed, Shareholders will experience dilution in their ownership of the Company.

Termination in certain circumstances

Each of the Company, on the one hand, and the Vendor, on the other hand, have the right, in certain circumstances, in addition to termination rights relating to the failure to satisfy the conditions of closing, to terminate the Purchase Agreement, including in the event of failure to receive Shareholder approval of the Transaction Resolution. Accordingly, there can be no certainty, nor can the Company provide any assurance, that the Purchase Agreement will not be terminated by either party prior to the completion of the Transaction. If, for any reason, the Transaction is not completed or its completion is materially delayed and/or the Purchase Agreement is terminated, the market

price of the Restricted Voting Shares may be materially adversely affected. Bridgemarq's business, financial condition or results of operations could also be subject to various material adverse consequences.

The Company will incur costs even if the Transaction is not completed

Certain costs related to the Transaction, such as legal, accounting and financial advisor fees, have already been paid or must be paid by Bridgemarq even if the Transaction is not completed. If the Transaction is not completed, there will be limited or no future benefit to these costs. This could be negatively perceived by capital markets and could adversely affect the share price of the Company.

The Transaction may divert the attention of the Company's Management

The Transaction could cause the attention of the Company's management to be diverted from the day-to-day operations. These disruptions could be exacerbated by a delay in the completion of the Transaction and could have an adverse effect on the business, operating results or prospects of Bridgemarq regardless of whether the Transaction is ultimately completed.

Information provided with respect to the Target Entities

This Circular contains disclosure regarding the Target Entities that is based on information provided to the Company by Brookfield and the Target Entities. Although the Company has conducted what it believes to be a prudent and thorough level of investigation of the Target Entities in connection with the Transaction, an unavoidable level of risk remains regarding the accuracy and completeness of the information provided to the Company by Brookfield and the Target Entities. While the Company has no reason to believe the information provided by Brookfield and the Target Entities is misleading, untrue or incomplete, there may be events which may have occurred with respect to the Target Entities or which may affect the completeness or accuracy of the information provided by Brookfield and the Target Entities which are unknown to the Company.

Use of Fairness Opinion

The Fairness Opinion is directed only to the fairness to the Company, from a financial point of view, of the Consideration payable in connection with the Transaction. The Fairness Opinion does not address the relative merits of the Transaction compared to other business strategies or transactions that might be available to the Company or the underlying business decision of the Company to effect the Transaction. The Fairness Opinion does not constitute a recommendation by Blair Franklin to any Shareholder as to how such Shareholder should vote or act with respect to any matters relating to the Transaction.

Risks Related to Bridgemarq and the Target Entities after the Transaction

Whether or not the Transaction is completed, the Company will continue to face many of the risks that it currently faces with respect to its business and affairs, including the risks described in the Annual Information Form which is incorporated by reference into this Circular and available under the Company's profile on SEDAR+ at www.sedarplus.ca. If the Transaction is completed, the Company will face many of the same and other risks, certain of which have been disclosed below.

Dividends are not guaranteed and may fluctuate with the Company's performance

Given the expected liquidity of the pro-forma entity, the Company anticipates it will be able to maintain its existing dividend levels, subject to the discretion of the Board. In the event that the financial performance of the Company is worse than expected for a prolonged period of time, there may be pressure on the Company's continued ability to maintain the payment of dividends at their current levels in the future.

There can be no assurance regarding the amounts of income to be generated by Bridgemarq and distributed to the Shareholders. The actual amount of dividends in respect of the Restricted Voting Shares depends upon numerous

factors, including the receipt of Franchise Fees from Franchisees and the profitability of Proprio and the Owned Brokerages.

Litigation

Certain of the Target Entities are the subject of a class action lawsuit. While the lawsuit is in its early stages, and the Company views such Target Entities as having strong defences to this lawsuit and the Company benefits from a limited indemnity from Brookfield in respect of any losses, it is possible that the class action may ultimately result in an adverse judicial decision or settlement, either of which may require the payment of an amount that is in excess of the level of indemnity from Brookfield.

Residential real estate resale industry

The performance of Bridgemarq is dependent upon the receipt of Franchise Fees. Franchise Fees are ultimately dependent on the number of REALTORS® in the Franchise Network and the level of residential real estate transactions in the Canadian market. The residential real estate market tends to be cyclical and typically is affected by changes in general economic and residential real estate conditions which are beyond the Company's control. Any of the following factors could negatively impact the residential real estate industry and have a material adverse effect on Bridgemarq's business by causing a lack of improvement or a decline in the number of home-sale transactions and/or stagnant or declining home prices, which in turn, could adversely affect Bridgemarq's revenues and profitability: increases in mortgage rates or inflation; prolonged periods of a high mortgage rate environment; a reduction in the affordability of homes; declines in consumer demand including a reduction in the number of immigrants and non-permanent residents entering the country; insufficient or excessive home inventory levels by market or price point; decreasing consumer confidence in the economy and/or the residential real estate market; stringent mortgage standards, reduced availability of mortgage financing or increasing down payment requirements or other mortgage challenges; legislative or regulatory changes that would adversely impact the residential real estate market; lower unit sales at the Owned Brokerages; homeowners retaining their homes for longer periods of time as a result of the high mortgage rate environment or any other reason, inventory shortages in new and existing housing or otherwise; and a decline in home ownership levels, including as a result of affordability or changing attitudes towards home ownership, particularly among potential first-time homebuyers who may delay, or decide not to, purchase a home, limits on the proclivity of home owners to purchase an alternative home, or changes in preferences to rent versus purchase a home.

Furthermore, Bridgemarq could be affected by the aging network of REALTORS® and Brokers across the country. The median age of a REALTOR® in the United States, according to the National Association of Realtors, is approximately 60 years, and the median age of an actively selling Broker-Owner in the United States is approximately 63 years and there can be no assurance that the number of individuals who seek to become REALTORS® will be sufficient to replace the number of REALTORS® who retire or otherwise leave the industry. REALTORS® are predominantly independent contractors and can terminate their independent contractor agreements with the respective Franchise at any time. In addition, pressure on the rate of commissions charged to the consumer could adversely affect the profitability of REALTORS®, brokerages and, ultimately, Bridgemarq. Tight market conditions where properties sell quickly could increase the appeal of limited service, low fee real estate brokerage models where services are delivered via technology as opposed to trained, licensed professionals. All of these factors could have a negative impact on the real estate industry and the Business of Bridgemarq.

Adverse developments in general business and economic conditions

Bridgemarq's business and operations and those of the Franchisees and Owned Brokerages are sensitive to general business and economic conditions in Canada and worldwide. Contraction in the economy, including the impact of recessions, slow economic growth, or a deterioration in other economic factors could have a material adverse impact on Bridgemarq's business, financial condition and results of operations. A deterioration in economic factors that particularly impact the residential real estate market and the business segments in which Bridgemarq operates, whether broadly or by geography and price segments have and could continue to have an adverse effect on Bridgemarq's results of operations and financial results, which may be material. These factors include, but are not limited to: short-term and long-term interest rates, inflation, fluctuations in debt and equity capital markets,

levels of unemployment, commodity prices, international balance of trade, changes in income tax rates, immigration, changes in government policy, changes in laws and regulations and foreign exchange rates, and the general condition of the Canadian and the world economy, none of which can be directly controlled by Bridgemarq.

The residential real estate market also depends upon the strength of financial institutions, which are sensitive to changes in the general macroeconomic environment. Weak capital, credit and financial markets, instability of financial institutions, and/or the lack of available credit or lack of confidence in the financial sector could materially and adversely affect Bridgemarq's business, financial condition and results of operations.

A host of factors beyond Bridgemarq's control could cause fluctuations in these conditions, including the political environment, disruptions in major geoeconomic regions, acts or threats of war or terrorism or sustained pervasive civil unrest, other geopolitical or economic instability or pandemics and natural disasters (such as the COVID-19 crisis), any of which could have a material adverse effect on Bridgemarq's business, financial condition and results of operations.

Competition

Royal LePage®, Johnston & Daniel®, Via Capitale®, and Proprio Direct® compete with other national brands in Canada as well as a large number of local and regional independent companies. Some competing franchisors and brokerages have strong brand recognition nationally and locally as well as the perception within the industry of having comparable or better technology, REALTOR® and Broker tools and extensive marketing plans and resources. Different fee structures offered by competing franchisors and brokerages allow for extensive annual marketing and media campaigns and potentially greater brand recognition among consumers. Some of the competing franchisors, particularly those that have a significant presence in the United States, have the advantage of spillover from U.S. advertising.

The Canadian real estate market continues to see new entrants, offering different value propositions from those of Bridgemarq's brands and the Owned Brokerages. Recent entrants have targeted the lower service offering segment of the real estate services market while others are offering different value propositions such as a focus on technology, alternate fee models for home-sellers and home-buyers, agent equity participation and different service models for REALTORS® and real estate Teams to expand their footprint. These competitors could expand their market share and capture a larger segment of the Canadian real estate market, which could impact the Business of Bridgemarq.

Demographics, economy, consumer confidence

Bridgemarq operates in the Canadian real estate market and attempts to recruit REALTORS® in every province in Canada to ensure that it is proportionally represented in each real estate market in Canada. The Canadian market is geographically large and economically diverse such that regional factors may negatively affect some regions where Bridgemarq does business but may not affect others which could affect Bridgemarq's ability to recruit new REALTORS® to the Franchise Network in some parts of the country.

While Bridgemarq did manage to grow its Franchise Network in most Canadian provinces in 2021 and 2022, these regional matters plus competition from well-funded competitive brands, the emergence of tech-driven business models and the increasing popularity of lower-service brokerages may make it difficult for Bridgemarq to successfully recruit REALTORS® in the future.

Immigration plays an important role in the real estate market. The number of new immigrants to Canada was sharply below historic levels in 2020 due to world-wide travel restrictions. In addition, the shift to employees working from home as a result of the pandemic has altered consumers' views on their ability or desire to purchase a home and the locale where they would consider purchasing. In 2021 and 2022, immigration levels increased to their highest levels ever and, according to policy statements by the federal government, are expected to remain at high levels in the coming years. In addition, many businesses in Canada have started to have their employees

return to work in the office for some portion of the work week. It is very difficult to estimate the impacts these or any other demographic factors could have on the Canadian real estate market and, ultimately Bridgema[®].

Increasing mortgage rates

Historically, rising interest rate environments have negatively impacted multiple aspects of our business, as increases in mortgage rates (as well as prolonged periods of high mortgage rates) generally have an adverse impact on home-sale transaction volume and housing affordability. The Company believes that increases in mortgage rates have been a key contributor to declines in residential real estate home-sale transaction volume since the first quarter of 2022 as higher mortgage rates increase the overall cost of home ownership making it more difficult for certain home-buyers and potential home-buyers to be able to afford to purchase a home.

The imposition of more stringent mortgage underwriting standards (due to changes in policy or otherwise) or a reduction in the availability of alternative mortgage products could also reduce homebuyers' ability to access the credit markets on reasonable terms and adversely affect the ability and willingness of prospective buyers to finance home purchases or to sell their existing homes. A significant decline in the number of home-sale transactions due to any of the foregoing could materially adversely affect Bridgema[®]'s financial and operating results.

Commission rate

Most REALTORS[®] in Canada are independent contractors. As such, the decision as to what rate to charge rests solely with the REALTOR[®] rather than with the Broker-Owner. Additionally, lower fee and fee-for-service brokerage operations have been active in Canadian residential resale real estate for many years with the number of brokerages participating in this sector increasing over time. The ability of REALTORS[®] to compete by advertising commission rates which are lower than those charged by REALTORS[®] in the Franchise Network and at the Owned Brokerages may put downward pressure on client commission rates. There are a variety of other factors that could contribute to declines in commission rates, including regulation, litigation, the rise of certain competitive brokerage or non-traditional competitor models, an increase in the popularity of discount brokers or other utilization of flat fees, rebates or lower commission rates on transactions as well as other competitive factors. Average home-sale prices and geographic mix have in the past and may in the future contribute to declines in the average commission rate, as higher priced homes tend to have a lower broker commission rate. The average commission rate for a home-sale transaction is a key driver for both the Owned Brokerages and the Franchise Network. Meaningful reductions in the average commission rate could materially adversely affect the Company's revenues, earnings and financial results.

Additional Franchises and franchise operations

The growth of revenues is dependent upon, among other things, the ability of Bridgema[®] to (i) maintain and grow the numbers of REALTORS[®] in the Franchise Network and at the Owned Brokerages; and (ii) execute its growth strategy for increasing the number of Franchisees and managing the profitability and growth of its Owned Brokerages. If Bridgema[®] is unable to attract qualified Franchisees and continue to grow the number of REALTORS[®] in the Franchise Network and the Owned Brokerages as it has historically, the Business of Bridgema[®] could be adversely affected. A variety of factors could impact Bridgema[®]'s ability to attract and retain REALTORS[®] and Franchisees, including but not limited to, intense competition from other brokerages as well as companies employing technologies or alternative models intended to disrupt historical real estate brokerage models; our ability to develop and deliver compelling products and services to REALTORS[®] and Franchisees; our ability to generate high-quality leads to independent REALTORS[®] and Franchisees; and our ability to adopt and implement commission plans (or pricing model structures) that are attractive to REALTORS[®]. Slowing of growth or a reduction in the number of REALTORS[®] could lead potential and existing Franchisees to begin to look elsewhere for alternative brand opportunities. The growth of the Franchise Network through adding new Franchisees is somewhat dependent upon the availability of qualified Brokers in desirable locations and new Brokers wishing to start up a real estate brokerage or purchase an existing one. If the number of qualified and new Brokers declines so too will the growth of the Franchise Network, which could materially adversely affect the Company's revenues, earnings and financial results.

The closure of Franchises may affect the amount of Franchise Fees

The amount of Franchise Fees payable by Franchisees is dependent both upon the number of Franchisees and the number of REALTORS[®] registered with each Franchisee. The closure or downsizing of a Franchisee office will negatively affect the amount of Franchise Fees received by Bridgemarq. Closure of an office could result from any number of factors, including, without limitation; a Broker-Owner being unable to sell or transfer their business to a new owner; the failure of an office due to a downturn in the economy or the closure or bankruptcy of a large industry in the city where the Broker-Owner operates. Any one of the above-mentioned factors, among others, could result in the exit of top-producing REALTORS[®] to competitors and could negatively affect the profitability of Franchisees and, ultimately, the Franchise Fees received by Bridgemarq.

Non-renewal of Franchise Agreements

The Manager has historically had a high degree of success in renewing Franchise Agreements after the end of their term. However, Franchisees and potential Franchisees have many options when selecting a franchisor or a brand with which to associate. Often these competing brands will offer financial and other incentives to induce Franchisees to convert to the competitor's brand upon expiry of the Franchise Agreement. In other cases, Franchisees may decide to leave the Franchise Network to operate as an independent brokerage, effectively establishing and promoting their own brand. As such, there can be no certainty that Bridgemarq will be able to renew all Franchisees at the end of the term of their Franchise Agreement. Moreover, with a significant concentration of REALTORS[®] in the Franchise Network employed at the largest Franchisees, one incomplete renewal can have a disproportionate impact on Franchise Fees. For example, approximately 36% of the REALTORS[®] in the Franchise Network are represented by the ten largest Franchisees in the Franchise Network, including the Owned Brokerages which represent approximately 10% of the Franchise Network. Therefore, Bridgemarq's inability to renew any of these larger Franchisees at the end of the term of their contract could negatively affect the Business and the financial position of Bridgemarq.

Increase in the number and size of Teams

Over the past several years, the number and size of Teams in the Franchise Network, at the Owned Brokerages and the industry in general has been growing and is expected to continue to increase. The largest Team in the Franchise Network is approximately 51 REALTORS[®], making that Team larger than 55% of Bridgemarq's Franchisees (based on REALTOR[®] count). While each Team operates differently, some Teams operate very independently from the brokerage with which they are affiliated. Some Teams offer services which are similar to those services offered by brokerages, such as Team brand affiliation, education, training, lead generation, marketing support and regulatory advice. To the extent these large Teams are operating independently of their brokerage, they may place less value on the services offered by Franchisees. This could cause some of these Teams to leave the Franchise Network and run as an independent real estate brokerage. Alternatively, Teams looking for growth through geographical expansion may choose to leave the Franchise Network and become affiliated with a competitor whose model supports such expansion. As the revenues of Bridgemarq are largely dependent upon the number of REALTORS[®] in the Franchise Network, the departure of large Teams could have a negative adverse effect on the Business and the profitability of Bridgemarq.

Dependence on key personnel

The success of Bridgemarq is largely dependent on the personal efforts of senior management. The real estate industry is a people and service-oriented business. While Bridgemarq, following completion of the Transaction, intends to provide competitive compensation to its employees and provides them with a positive work environment, the loss of key senior management personnel could have a materially adverse effect on the Business of Bridgemarq.

Intellectual property

The ability of Bridgemarq to maintain and increase revenue will depend on its ability to maintain its brand equity through the use of the Trademarks. All registered trademarks in Canada can be challenged pursuant to provisions

of the *Trademarks Act* (Canada), and the successful challenge of any of the Trademarks could have an adverse effect on Franchise Fees and REALTOR[®] retention. None of the Trademarks have been successfully challenged in the past, and Bridgemarkq has no reason to believe that there will be any material challenges in the future or, if challenged, that such challenges would be successful.

Bridgemarkq does not own the Royal LePage Trademarks. The Royal LePage Trademarks are licensed from a Canadian chartered bank. Royal LePage Limited (an affiliate of the Company) has obtained the exclusive rights to use the Royal LePage Trademarks, including the “Royal LePage” name and logo, in connection with its business of providing, in Canada, real estate services and those related financial services offered by Royal LePage Limited that relate to the purchase and sale of real estate, pursuant to the Royal LePage Licence Agreement. The rights to use the Royal LePage Trademarks in connection with the Business have been sub-licensed by Royal LePage Limited to Bridgemarkq. Pursuant to the terms of the Royal LePage Licence Agreement, the initial term of the agreement is for 25 years commencing as of December 2002 and the term automatically renews thereafter for additional five year periods under the same terms and conditions unless terminated in accordance with the terms of the Royal LePage License Agreement. The provisions under which the owner of the Royal LePage Trademarks may terminate the Royal LePage Licence Agreement include (i) a material breach of the Royal LePage Licence Agreement by the licensee; and (ii) a change of control of the licensee or the Partnership. Despite the limited circumstances under which the Royal LePage Licence Agreement could be terminated, there can be no assurance that circumstances will not arise pursuant to which the owner of the Trademarks may terminate the Royal LePage Licence Agreement. Any loss of the right of Bridgemarkq to use the Royal LePage Trademarks could have a materially adverse effect on the revenue generated by Bridgemarkq.

Consumer portal real estate business

Technology-driven, consumer portal real estate businesses have operated in the market for many years. While none have achieved material market share in Canada to date, innovation and technological advancement are constant, and disruptive business models could draw consumers away from traditional brokerages. New market entrants, including well-funded U.S. and international companies looking to disrupt the industry, may put pressure on the ability of Brokers and REALTORS[®] in the Franchise Network to continue to operate profitably. REALTORS[®] may need to pay higher costs associated with maintaining their current and potential client base or could see a reduction in their client base as buyers and sellers of real estate utilize these consumer portals in greater numbers. Brokerages (including the Owned Brokerages) may see these internet-based businesses provide services similar to what they provide to REALTORS[®] today, but at a lower cost or at a better quality. Some of these consumer portal businesses are also becoming brokerages, competing more directly with the traditional brokerage model. These factors could have a negative adverse effect on the Business of the Franchise Network and the Owned Brokerages, and ultimately, the profitability of Bridgemarkq.

Bridgemarkq may not successfully develop or procure products, services and technology that support its strategic initiatives

Bridgemarkq’s future success depends on its ability to continuously develop and improve, or procure, products, services, and technologies that are compelling to Franchisees and REALTORS[®]. Bridgemarkq has expended and expects to continue to expend substantial time, capital and other resources to identify the needs of the Owned Brokerages, Franchisees, REALTORS[®] and their customers and to develop product, service and technology offerings to meet their needs as well as those that will further complement Bridgemarkq’s businesses. Bridgemarkq will continue to prioritize certain offerings over others and our resource allocation decisions may cause Bridgemarkq to fail to capitalize on opportunities that could later prove to have greater commercial potential.

Bridgemarkq may incur unforeseen expenses in the development or procurement of, or enhancements to, products, services and technology, or may experience competitive delays in introducing new offerings as quickly as Bridgemarkq would like. Bridgemarkq also relies on third parties for the provision or development of certain key products that it offers to Franchisees and REALTORS[®]. Delays or other issues with such products could have a negative impact on Bridgemarkq’s recruitment and retention efforts, which may be material. In addition, the increasingly competitive industry for technology talent may impact Bridgemarkq’s ability to attract and retain employees involved in developing our technology products and services.

Furthermore, the investment and pace of technology development continue to accelerate across the industry, creating risk in the relative timing and attractiveness of Bridgemark's technology products and services, and there can be no assurance that the targeted end user will choose to use the products, services or technologies Bridgemark may develop or that they will find such products, services and technologies compelling. Bridgemark may be unable to maintain and scale the technology underlying its offerings, which could negatively impact the security and availability of its services and technologies. In addition, Bridgemark's competitors may develop or make available products, services or technologies that are preferred by REALTORS®, franchisees and/or consumers.

Any of the foregoing could adversely affect Bridgemark's value proposition to Franchisees and REALTORS®, which in turn could adversely affect Bridgemark's competitive position, business, financial condition and results of operations.

Information technology

Following the completion of the Transaction, Bridgemark will own a number of technology-based products and solutions as part of the Franchise Systems previously provided by the Manager pursuant to the terms of the MSA as well as those systems operated by the Owned Brokerages. While Bridgemark, the Manager and the Owned Brokerages are careful to ensure that these technology-based products and solutions are secure, these products (and Bridgemark's information systems in general) could be compromised by external parties. If Bridgemark's information systems were compromised it could lead to an inability to provide products and services to the Franchise Network or the REALTORS® affiliated with the Owned Brokerages for an extended period of time, which could result in lower revenues. In addition, in the event that Bridgemark or any Franchisee experiences a breach which results in the loss or theft of personal data, Bridgemark could suffer reputational harm which could have a material adverse impact on the Business and Bridgemark.

The Owned Brokerage operations are subject to geographic risks

The Owned Brokerages operate real estate brokerage offices located in and around large Canadian cities where competition for REALTORS® and Teams is particularly intense. Local and regional economic conditions in these locations at times differ materially from prevailing conditions in other parts of the country. Downturns in the residential real estate market or economic conditions that are concentrated in these regions, or in other geographic concentration areas for Bridgemark, could result in declines in the Owned Brokerages' total gross commission income and profitability that are disproportionate to the downturn experienced throughout the rest of Canada. These factors could negatively impact Bridgemark's financial results and such impact could have a material adverse effect on our financial position.

Government regulation

The residential real estate business is subject to significant regulatory and licensing requirements at both the federal and provincial levels. Licensing, educational and other requirements and regulations governing the buying and selling of residential properties, the operation of Brokerages and the required qualifications of REALTORS® and Brokers are subject to change and these changes cannot be predicted. Changes to these requirements could negatively impact, among other things, the propensity of individuals to become REALTORS® or Brokers, the cost of licensing to become a REALTOR® or Broker and the profitability of REALTORS®, Franchises in the Franchise Network and the Owned Brokerages. Any adverse effects on the Franchise Network or the Owned Brokerages could ultimately result in an adverse financial impact on Bridgemark.

Government policy

The federal and provincial governments have historically enacted policies which can directly or indirectly affect the market for residential real estate. These policies have served to, among other things, increase (or decrease) the repayment period of a mortgage that is eligible for government-sponsored mortgage insurance, increase (or decrease) the amount of down-payment required to obtain government-sponsored mortgage insurance, increase (or decrease) interest rates (which can have a direct impact on mortgage rates for home-buyers), change the borrower qualification criteria under which financial institutions can extend mortgage financing and increase (or

decrease) taxes including (but not limited to) land transfer tax, foreign buyer taxes, vacant homes taxes and property taxes. The Government of Canada, either directly or through its Crown Corporation, Canada Mortgage and Housing Corporation, and provincial and municipal governments in Canada can enact policies which have the direct or indirect effect of increasing or decreasing the volume and price of houses sold in Canada. Changes to government policies could negatively impact, among other things, the price of homes sold, the volume of homes sold, the propensity of people to purchase homes and the propensity of land developers to build homes, each of which could have an adverse financial impact on the Franchise Network, the Owned Brokerages and Bridgemark.

Potential litigation and other complaints

Bridgemark has been and could be, from time to time, the subject of complaints or litigation from members of the public complaining about poor service, misrepresentation or other legal issues. Bridgemark has been and could also be the subject of complaints or litigation from its Franchisees or REALTORS® about Franchise contract issues or other operational issues. Adverse publicity resulting from such allegations could materially affect revenue to Brokers (including the Owned Brokerages) and Franchise fees received by Bridgemark and could cause reputational harm to Bridgemark, whether the allegations are true or not, and whether Bridgemark or a Franchisee is ultimately held liable.

Bridgemark's Franchisees (other than the Owned Brokerages after the completion of the Transaction) are independent business operators and Bridgemark does not exercise control over their day-to-day operations. The Franchisees may not successfully operate a real estate brokerage business in a manner consistent with industry standards or may not affiliate with effective REALTORS® or employees. If the Franchisees or their REALTORS® were to engage in negligent or intentional misconduct or provide diminished quality of service to customers, Bridgemark's image and reputation may suffer materially, which could adversely affect Bridgemark's results of operations. Negligent or improper actions involving the Franchisees, including regarding their relationships with REALTORS®, clients and employees, have and may in the future also lead to direct claims against Bridgemark based on theories of vicarious liability, negligence, joint operations and joint employer liability which, if determined adversely, could increase costs, negatively impact the business prospects of the Franchisees and subject Bridgemark to incremental liability for their actions.

Additionally, Franchisees and REALTORS® may engage or be accused of engaging in unlawful or tortious acts. Such acts or the accusation of such acts could harm Bridgemark's brands' image, reputation and goodwill.

Bridgemark and the Target Entities are and may be parties to litigation, including class actions, in the areas of antitrust and anti-competition. The Company cannot provide any assurances that results in this litigation or other litigation in which Bridgemark or the Target Entities may be named will not have a material adverse effect on Bridgemark's business, results of operations or financial condition, either individually or in the aggregate. Litigation and other disputes are inherently unpredictable and subject to substantial uncertainties and unfavourable developments and resolutions could occur and even cases brought by Bridgemark can involve counterclaims asserted against Bridgemark. In addition, litigation and other legal matters, including class action lawsuits and regulatory proceedings challenging practices that have broad impact, can be costly to defend and, depending on the class size and claims, could be costly to settle. Insurance coverage may be unavailable for certain types of claims and even where available, insurance carriers may dispute coverage for various reasons (including the cost of defense). Additionally, there is a deductible for each such case and such insurance may not be sufficient to cover the losses Bridgemark incurs. Furthermore, the landscape of real estate regulations is dynamic and has and may in the future change as a result of litigation affecting the industry. Any such changes in the rules governing REALTORS® may impact the structure and payment of real estate commissions, introducing further additional risks to Bridgemark and the Target Entities.

Dependence of Bridgemark's franchise operations on the performance of Franchisees

The success of Bridgemark's franchise operations is largely dependent on the operations of its Franchisees. Franchisees are generally small businesses that are susceptible to a number of risks in the operation of their businesses, including risks associated with changes in legislation and regulations governing Franchisees, increases in the costs of operating Franchise locations, increases in the proportion of commission income paid to

REALTORS® and certain tax matters, including the possibility that the taxation authorities in Canada could challenge the characterization of REALTORS® as independent contractors and take the position that they are employees. Adverse changes in, or determinations in respect of, any such matters could adversely affect the operations of certain Franchisees and have a negative impact on the ability of such Franchisees to fulfil their obligations to pay Franchise Fees to Bridgemark.

Consumer preferences for the home buying and selling experience may change more quickly than Bridgemark can adapt its businesses

The real estate brokerage industry has relatively low barriers to entry for new participants and a growing number of companies are competing in non-traditional ways for a portion of the gross commission income generated by home-sale transactions, including new entrants that employ technologies intended to disrupt historical real estate brokerage models, minimize or eliminate the role brokers and sales agents perform in the home-sale transaction process, and/or shift the nature of the residential real estate transaction from the historic consumer-to-consumer model to a corporate-to-consumer model. Some of these models may have less exposure to risks related to the rise of the sales agent's share of commission income generated by home-sale transactions, as they are less reliant on agent services, or may operate under a lower cost structure, such as virtual or discount brokerages. Changes to industry rules and/or the introduction of disruptive products and services may also result in an increase in the number of transactions that do not utilize the services of sales agents, including for sale by owner transactions. Meaningful gains in market share by these alternative models and/or the introduction of other industry-disruptive competitors may adversely impact the Company's market share, which may have a material adverse effect on Bridgemark's operations and financial performance.

Leverage, restrictive covenants

Bridgemark has third-party debt service obligations under the Debt Facility. The degree to which Bridgemark is leveraged could have important consequences to the holders of the Class B LP Units and could adversely impact the amount of cash available for the Company to pay dividends and distributions. In addition, the amount of leverage in Bridgemark could negatively impact Bridgemark's ability to obtain additional financing for working capital in the future. All of the borrowings under the Debt Facility bear interest at variable interest rates meaning that an increase in market rates of interest could have an adverse impact on the cash flows of Bridgemark.

Bridgemark's ability to make scheduled payments of the principal or interest associated with its borrowings, or its ability to refinance its indebtedness will depend on its future cash flow, which is subject to the operations of Bridgemark, prevailing economic conditions, prevailing interest rate levels and financial, competitive, business and other factors, many of which are beyond the control of Bridgemark.

The Debt Facility contains numerous restrictive covenants that limit the discretion of Bridgemark with respect to certain business matters. These covenants place restrictions on, among other things, the ability of Bridgemark to incur additional indebtedness, to create liens or other encumbrances, to make distributions to its Shareholders, or to make certain other payments, investments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the Debt Facility contains a number of financial covenants that require the Company to meet certain financial ratios and financial condition tests. A failure to comply with the obligations in the Debt Facility could result in an event of default, which, if not cured or waived, could permit acceleration of the relevant indebtedness. If the indebtedness under the Debt Facility were to be accelerated, there can be no assurance that Bridgemark's assets would be sufficient to repay that indebtedness.

Brookfield control risk due to share ownership

Following the completion of the Transaction, Brookfield will own approximately 41.7% of the outstanding Restricted Voting Shares on a fully-diluted basis (assuming the exchange of all Class B LP Units into Restricted Voting Shares), subject to applicable purchase price adjustments. As a result, Brookfield will have the ability to exercise certain influence with respect to the affairs of the Company and may have the ability to prevent certain fundamental transactions. Brookfield's significant interest in the Company may discourage transactions involving a change of control of the Company, including transactions in which a holder of Restricted Voting Shares might

otherwise receive a premium for its Restricted Voting Shares over the then-current market price. Additionally, the future sale of all or a substantial number of the Restricted Voting Shares held by Brookfield or which are issuable upon the exchange of its Class B LP Units following Closing, or the perception that such sale could occur, could adversely affect prevailing market prices for the Restricted Voting Shares.

Nature of Restricted Voting Shares

The Restricted Voting Shares do not represent a direct investment in the Partnership and should not be viewed by Shareholders as Partnership interests. The Company's only assets are Class A ordinary limited partnership units of the Partnership and shares of the General Partner. Accordingly, all of the Company's operations are conducted by its direct and indirect subsidiaries. As a holding company, the Company requires dividends and other payments from its subsidiaries to meet cash requirements. While the Company presently anticipates that its subsidiaries will have sufficient cash flow to enable such subsidiaries to pay dividends or otherwise distribute cash to the Company, the terms of the Debt Facility could impact the ability of the subsidiaries to pay dividends and otherwise transfer cash or other assets to the Company in certain circumstances. As such, a decline in the Company's business, financial condition, cash flows or results of operation may result in, pursuant to the terms of the Debt Facility or otherwise, limitations on the Company's subsidiaries' ability to pay dividends or otherwise distribute cash to the Company. In such event, the Company may be unable to pay a dividend to holders of Restricted Voting Shares. In addition, the declaration and payment of future dividends will be at the discretion of the Board and may be limited by the Company's earnings, financial condition and legal or contractual restrictions.

The Company may issue additional Restricted Voting Shares diluting existing Shareholders' interests

The Company may issue an unlimited number of Restricted Voting Shares for such consideration and on such terms and conditions as shall be established by the Directors without the approval of any Shareholders. Additional Restricted Voting Shares will be issued by the Company upon the exchange of the Class B LP Units held by Brookfield.

Investment eligibility and foreign property

There can be no assurance that the Restricted Voting Shares will continue to be qualified investments under the Tax Act for tax-deferred plans. The Tax Act generally imposes penalties for the acquisition or holding of non-qualified or ineligible investments.

PART V – ADDITIONAL INFORMATION

Indebtedness of Directors and Executive Officers

Aggregate Indebtedness

As of the date hereof, there is no indebtedness owing to Bridgemarq from any of the Company's or the Manager's current or former executive officers, directors or employees, including in respect of indebtedness to others where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Bridgemarq.

Indebtedness of Directors and Executive Officers under Securities Purchase and Other Programs

No person who is, or at any time during the most recently completed financial year of the Company was, a director or executive officer of the Company or the Manager, and no associate of any such director or officer is, or at any time since the beginning of the most recently completed financial year of the Company has been, indebted to Bridgemarq, and no such persons owe a debt to another entity, which is the subject of a guarantee, support agreement, letter of credit or other similar arrangement provided by Bridgemarq.

Interest of Informed Persons in Material Transactions

As of the date of this Circular, Bridgemarq and the Manager, a wholly-owned subsidiary of Brookfield, have entered into the MSA under which the Manager provides professional management services to Bridgemarq for a ten-year term ending December 31, 2028 (subject to further renewal) as more fully described below under “*PART V – ADDITIONAL INFORMATION - Management of the Company*”. Under the terms of the MSA, Bridgemarq pays a fixed management fee of \$840,000 per month plus a variable management fee of 23.5% of cash operating income for the first five years of the agreement, increasing to 25.0% of cash operating income thereafter. The Manager has an opportunity to earn a higher variable management fee if the Company's share price exceeds certain thresholds. Under certain circumstances, Bridgemarq may pay the monthly fees to the Manager through the issuance by the Partnership of Class B LP Units. Upon completion of the Transaction, the management of the business and affairs of Bridgemarq pursuant to the MSA will be internalized and the MSA will no longer be necessary to the operation of the Company.

In connection with the Transaction, it is expected that on Closing, Vendor Holdings and Spencer Enright will enter into an agreement that will entitle Mr. Enright to certain payments upon the earlier of the termination of Mr. Enright's employment with Bridgemarq (other than for cause) or a sale of all or part of the interests of Vendor Holdings and its affiliates in the Company following the Closing. The aggregate value of such payments will depend on the fair market value of the Restricted Voting Shares at the time of such future event. Based on the fair market value of the Restricted Voting Shares as at the date of this Circular, the amount would be approximately \$1.3 million, which amount is subject to change. All amounts will be paid to Mr. Enright solely by Brookfield. Bridgemarq will have no liability for any such payment.

Except as disclosed in this Circular, including in connection with the Transaction and under “*PART II – THE TRANSACTION - Securities Laws Matters*”, there are no material interests, direct or indirect, of any director or executive officer of the Company, any Shareholder that beneficially owns, or controls or directs (directly or indirectly), more than 10% of any class or series of the Company's outstanding voting securities, or any associate or affiliate of any of the foregoing persons, in any matter to be acted upon at the Meeting.

Interest of Certain Persons or Companies in Matters to be Acted Upon

Except as discussed in this Circular, including under “*PART V – ADDITIONAL INFORMATION - Interest of Informed Persons in Material Transactions*”, no person who has been a director or executive officer of the Company at any time since the beginning of the last financial year, nor any associate or affiliate of any of the foregoing, has any material interest, directly or indirectly, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

Auditors, Transfer Agent and Registrar; Interests of Experts

The auditors of the Company are Deloitte LLP, Suite 200, 8 Adelaide Street West, Toronto, Ontario, Canada, M5H 0A9. Deloitte LLP is independent of the Company within the meaning of the rules of professional conduct of the Chartered Professional Accountants of Ontario.

The Transfer Agent and registrar for the Company is TSX Trust Company, 301-100 Adelaide Street West, Toronto, ON, M5H 4H1.

Blair Franklin prepared the Fairness Opinion described under the heading “*PART II – THE TRANSACTION - Fairness Opinion*”. As of the date hereof, the designated professionals of Blair Franklin, as a group, beneficially own, directly or indirectly, less than 1% of the outstanding securities of the Company.

Management of the Company

The MSA has an initial term of ten years expiring December 31, 2028 (the “**Initial Term**”) and is automatically renewable for successive ten-year terms unless notice of termination is given by the Company or the Manager at least twelve months prior to the expiry of the Initial Term or subsequent renewal term.

Pursuant to the provisions of the MSA, the Manager currently provides certain management, administrative and support services to Bridgemarq. The duties of the Manager include:

- ensuring compliance with continuous disclosure obligations under all applicable securities legislation and stock exchange requirements;
- providing accounting and financial services;
- ensuring prompt collections of all fees and other amounts payable to Bridgemarq under the Franchise Agreements and otherwise ensuring compliance by Franchisees with their respective obligations under the Franchise Agreements;
- pursuing the growth of the Franchise Network;
- negotiating and communicating with third parties with respect to contractual and other matters;
- providing investor relations services;
- providing to Shareholders all information to which Shareholders are entitled;
- calling, holding and distributing materials (including notices of meetings and information circulars) in respect of all meetings of Shareholders;
- determining the amounts payable from time to time to Shareholders; and
- dealing with Franchisees on questions of interpretation of the Franchise Agreements.

In addition to the management, administrative and support services listed above, the Manager has agreed, among other things, to:

- maintain and use reasonable efforts to expand the products and services offered to the REALTOR® Network, including ongoing improvement of technology, marketing and promotional tools;

- manage and supervise the management of the Franchisees in a manner consistent with that of a competent and qualified manager of similar franchises of branded residential resale real estate brokerages;
- monitor the compliance of Franchisees with the character and quality standards set out under the Franchise Agreements, including with respect to the Trademarks; and
- enforce the observance and performance of Franchise Agreements by owner/operators of Franchises in a manner that is consistent with good and prudent business practices.

In exercising its powers and discharging its duties under the Management Services Agreement, the Manager is required to exercise the degree of care, diligence and skill that a reasonably prudent manager having responsibilities of a similar nature would exercise in comparable circumstances. As a result of the services provided by the Manager under the MSA, the Manager is “a person or company in a special relationship with a reporting issuer” with respect to the Company for the purposes of the *Securities Act* (Ontario).

The MSA may be terminated prior to the end of the Initial Term or any subsequent renewal term on behalf of the Company by the independent Directors if a substantial deterioration in the business of the Partnership and Via Capitale Manager, taken as a whole, occurs that is not caused by force majeure, provided that such termination is approved at a meeting of Shareholders by a resolution approved by holders representing at least 50% of the aggregate number of issued and outstanding Restricted Voting Shares and the Special Voting Share and at least 66 2/3% of the aggregate number of shares voted at the meeting, in each case excluding any Restricted Voting Shares and the Special Voting Share held by the Manager or any of its affiliated entities. In the event of such termination, and provided that the Manager is not then in default, the Company will pay to the Manager a fee equal to the aggregate of all fees paid to the Manager under the MSA in the previous calendar year.

The MSA may be terminated by the Manager in the event of the insolvency or receivership of the Company, the Partnership, the General Partner or Via Capitale Manager or, in the case of default by the Company in the performance of a material obligation under the MSA (other than as a result of the occurrence of a force majeure event) that is not remedied within 30 days after written notice has been delivered. The MSA may be terminated by the Company, in the event of the insolvency or receivership of the Manager or, in the case of default by the Manager in the performance of a material obligation under the MSA (other than as a result of the occurrence of a force majeure event) that is not remedied within 30 days after written notice thereof has been delivered.

The MSA contains provisions to regulate any conflicts of interest that may arise and provides for indemnification by the Manager of the Company and by the Company of the Manager in certain circumstances. The MSA may be assigned by any party thereto with the prior written consent of all other parties.

On May 13, 2020, the Company entered into an agreement with the Manager and Brookfield under which the Company deferred payment of a portion of the monthly management fee payable to the Manager under the MSA, under certain circumstances, and payment of one distribution on the Class B LP Units held by Brookfield for the period between April 2020 and August 2020. Amounts deferred under this agreement are non-interest bearing and are due sixty months after the date of the deferral. Amounts owing under the agreement can be repaid in cash or through the issuance of Class B LP Units, at the option of the Company. As part of the Transaction, the amounts deferred under this agreement will be settled through the issuance of Class B LP Units issued to Brookfield.

The individuals serving as the directors and senior officers of the Manager are set forth in Appendix D to this Circular.

As a result of the Transaction, the management of the business and operations of Bridgemarq pursuant to the MSA will be internalized and the MSA will no longer be necessary to the operation of the Company. The Deferred Management Fee Payment and the Deferred Distribution Payment also will be settled as part of the Transaction.

Additional Information

The Company will provide any person or corporation, upon request to the Chief Financial Officer of Bridgemarq, with a copy of (a) Annual Information Form, (b) the Company's 2022 Financial Statements, (c) the Company's 2022 MD&A, (d) the Company's Q3 2023 Financial Statements, (e) the Company's Q3 2023 MD&A and (f) this Circular.

Financial information for the fiscal year ended December 31, 2022 is provided in the Company's 2022 Financial Statements, and the Company's 2022 MD&A.

Requests for the above-mentioned disclosure documents can be made by emailing the Chief Financial Officer of the Company at info@bridgemarq.com. These documents and additional information relating to Bridgemarq are also available on the Company's website at www.bridgemarq.com and on SEDAR+ at www.sedarplus.ca.

Other Business

The Company knows of no other matter to come before the Meeting other than the matters referred to in the accompanying Notice of Meeting.

DIRECTORS' APPROVAL

The contents and the sending of this Circular have been approved by the directors of the Company.

March 1, 2024

(signed) "*Spencer Enright*"

Spencer Enright

CONSENT OF BLAIR FRANKLIN CAPITAL PARTNERS INC.

To: The Special Committee of the Board of Directors (the “**Special Committee**”) of Bridgemarq Real Estate Services Inc. (the “**Company**”)

We refer to the fairness opinion dated December 14, 2023 (the “**Fairness Opinion**”) which we prepared for the Special Committee in connection with the proposed acquisition by Residential Income Fund L.P. (the “**Partnership**”), a subsidiary of the Company, of all of the outstanding shares of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc. pursuant to a share purchase agreement dated December 14, 2023 among (*inter alia*) the Company, the Partnership and Brookfield BBP (Canada) L.P. We consent to the filing of the Fairness Opinion in this management information circular of the Company dated March 1, 2024 (the “**Circular**”) with the applicable securities regulatory authorities, the inclusion of the Fairness Opinion and a summary of the Fairness Opinion in the Circular, and all references to the Fairness Opinion and our firm in the Circular.

The Fairness Opinion was given as at December 14, 2023 and remains subject to the assumptions, qualifications and limitations contained therein. In providing our consent, we do not intend that any person other than the Special Committee shall be entitled to rely upon the Fairness Opinion.

(Signed) “Blair Franklin Capital Partners Inc.”

BLAIR FRANKLIN CAPITAL PARTNERS INC.

Toronto, Ontario

March 1, 2024

APPENDIX A

GLOSSARY

Unless the context otherwise requires or where otherwise provided, the following words and terms shall have the meanings set forth below when used in this Circular, including the appendices hereto.

“**Annual Information Form**” has the meaning specified under “*PART III - INFORMATION CONCERNING THE PARTIES - Information Concerning the Company Following Completion of the Transaction - Documents Incorporated By Reference*”.

“**Advance Ruling Certificate**” means an advance ruling certificate issued by the Commissioner pursuant to Section 102 of the Competition Act in respect of the Transaction.

“**Blair Franklin**” has the meaning specified under “*PART II – THE TRANSACTION - Background of the Transaction*”.

“**Board of Directors**” or “**Board**” means the Board of Directors of the Company.

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

“**Broker**” means an individual licensed with the relevant regulatory body to manage a real estate brokerage office.

“**Broker-Owner**” means the individual or controlling group of individuals who have entered into Franchise Agreements to provide services under the Royal LePage, Johnston & Daniel or Via Capitale brands.

“**Brookfield**” means the Vendor and Vendor Holdings, together with their affiliates, but excluding the Target Entities.

“**Business**” means the business of providing residential property brokerage and other services to REALTORS® or Brokers and acting as a franchisor to Broker-Owners, and following completion of the Transaction, owning and operating the Owned Brokerages.

“**Business Day**” means any day of the year, other than a Saturday, Sunday or any day on which chartered banks are closed for business in Toronto, Ontario.

“**Canadian Real Estate Association**” or “**CREA**” is the national association that represents the real estate industry on federal public policy matters and provides member services and education to REALTORS®.

“**CBCA**” has the meaning specified under “*Appendix D - Name, Address and Incorporation*”.

“**Circular**” has the meaning specified under “*General Matters - Information Contained in This Circular*”.

“**Class A Redemption Amount**” and “**Class B Redemption Amount**” have the meanings specified under “*Appendix D - Description of the Target Companies’ Share Capital*”.

“**Class B LP Units**” means the Class B subordinated limited partnership units of the Partnership, all of which are held by Brookfield.

“**Closing**” has the meaning specified under “*PART II – THE TRANSACTION - Overview*”.

“**Closing Date**” means the date on which the Closing occurs.

“**Commissioner**” means the Commissioner of Competition appointed under subsection 7(1) of the Competition Act and includes any person duly authorized by the Commissioner to act on his behalf.

“**Company**” means Bridgemarq Real Estate Services Inc., a corporation formed under the laws of the Province of Ontario.

“**Company’s 2022 Financial Statements**” has the meaning specified under “*PART III - INFORMATION CONCERNING THE PARTIES - Information Concerning the Company Following Completion of the Transaction - Documents Incorporated By Reference*”.

“**Company’s 2022 MD&A**” has the meaning specified under *PART III - INFORMATION CONCERNING THE PARTIES - Information Concerning the Company Following Completion of the Transaction - Documents Incorporated By Reference*”.

“**Company’s Q3 2023 Financial Statements**” has the meaning specified under “*PART III - INFORMATION CONCERNING THE PARTIES - Information Concerning the Company Following Completion of the Transaction - Documents Incorporated By Reference*”.

“**Company’s Q3 2023 MD&A**” has the meaning specified under “*PART III - INFORMATION CONCERNING THE PARTIES - Information Concerning the Company Following Completion of the Transaction - Documents Incorporated By Reference*”.

“**Competition Act**” means the *Competition Act* (Canada) and the regulations promulgated thereunder.

“**Competition Act Approval**” means that, in connection with the transactions contemplated by the Purchase Agreement, either (i) both of (a) the applicable waiting periods under subsection 123(1) of the Competition Act shall have expired or have been waived in accordance with subsection 123(2) of the Competition Act or the obligation to provide a premerger notification in accordance with Part IX of the Competition Act shall have been waived in accordance with paragraph 113(c) of the Competition Act and (b) the Partnership shall have received written confirmation that the Commissioner does not intend to make an application under section 92 in respect of the Transaction, with such subsection (b) waivable solely in the Partnership’s discretion; or (ii) the Commissioner shall have issued an Advance Ruling Certificate.

“**Consideration**” means, collectively, the Consideration Units and the Deferred Distribution Payment Units.

“**Consideration Units**” has the meaning specified under “*PART II – THE TRANSACTION - Overview*”.

“**Debt Facility**” means the Company’s \$90 million debt facility.

“**Deferred Distribution Payment**” has the meaning specified under “*PART II – THE TRANSACTION - Purchase Agreement - Consideration*”.

“**Deferred Distribution Payment Units**” has the meaning specified under “*PART II – THE TRANSACTION - Summary of the Material Agreements - Purchase Agreement - Consideration*”.

“**Deferred Management Fee**” has the meaning specified under “*PART II – THE TRANSACTION - Summary of the Material Agreements - Purchase Agreement - Consideration*”.

“**Designated Director**” means a Director of the Company who is appointed as a Director by Brookfield. Brookfield is entitled to appoint up to two-fifths of the Directors so long as Brookfield holds an aggregate of at least 10% of the Restricted Voting Shares (on a diluted basis).

“**Director**” means a director of the Company.

“**Elected Directors**” means a Director who is not a Designated Director, but rather, is elected by the holders of Restricted Voting Shares.

“**Engagement Agreement**” has the meaning specified under “*PART II – THE TRANSACTION - Fairness Opinion*”.

“**Exchange Agreement**” means the amended and restated exchange agreement among, inter alia, Vendor Holdings, the Company and the Manager, made December 31, 2012, pursuant to which Vendor Holdings has the right to indirectly exchange Class B LP Units for shares of the Company on the basis of one Restricted Voting Share for each Class B LP Unit exchanged, subject to adjustment.

“**Fairness Opinion**” has the meaning specified under “*PART II – THE TRANSACTION - Fairness Opinion*”.

“**Fixed Franchise Fees**” means Franchise Fees which are based on a fixed monthly payment without regard to transaction volumes.

“**Form 54-101F7**” means Form 54-101F7 – *Request for Voting Instructions Made by Intermediary*.

“**Franchise**” or “**Franchisee**” means a residential real estate brokerage franchise operated pursuant to a Franchise Agreement with the Manager’s comprehensive systems, which include proprietary technological, marketing, promotional, communications and support systems.

“**Franchise Agreement**” means a franchise agreement between a Franchisee and Bridgemarq pursuant to which the Franchisee operates one or more brokerage offices offering residential brokerage services using the Trademarks and Franchise Systems.

“**Franchise Fees**” means fees paid by Franchisees to Bridgemarq for use of the Franchise Systems and other services provided by Bridgemarq as part of its Business. Franchise Fees include Fixed Franchise Fees and Variable Franchise Fees.

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

“**Franchise Systems**” means the Manager’s comprehensive systems of providing services to REALTORS® and Brokers, including proprietary technological, marketing, promotional, communications and support systems.

“**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 the Company.

“**Goodmans**” has the meaning specified under “*PART II – THE TRANSACTION - Background of the Transaction*”.

“**Governmental Entity**” means: (i) any governmental or public department, central bank, court, minister, governor-in-counsel, cabinet, commission, tribunal, judicial body, board, bureau, agency, commissioner or instrumentality, whether international, multinational, national, federal, provincial, state, municipal, local, foreign, or other; (ii) any subdivision or authority of any of the above; (iii) any stock exchange; and (iv) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the above.

“**Initial Term**” has the meaning specified under “*PART V – ADDITIONAL INFORMATION*” – “*Management of the Company*”.

“**Insider**” has the meaning ascribed thereto in the TSX Company Manual.

“**Intermediary**” has the meaning specified under “*PART I – VOTING INFORMATION - Non-Registered Shareholders*”.

“**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 Bridgemarq including management of the assets of Bridgemarq.

“**Manager**” means Bridgemarq Real Estate Services Manager Limited, a corporation incorporated under the laws of the Province of Ontario.

“**Manager Amalgamation**” has the meaning specified under “*Appendix D - Name, Address and Incorporation*”.

“**Manager Class A Shares**”, “**Manager Class B Shares**”, “**Manager Class C Shares**” and “**Manager Common Shares**” have the meanings specified under “*Appendix D - Description of the Target Companies’ Share Capital*”.

“**Material Adverse Effect**” means any event, occurrence, fact, condition or change that is or would reasonably be expected to be, in the aggregate, materially adverse to (i) the business, results of operations, financial condition, or assets of the Target Entities, or (ii) the ability of the Vendor to consummate the transactions contemplated by the Purchase Agreement; provided that “Material Adverse Effect” shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (a) general economic or political conditions; (b) conditions generally affecting the industries or markets in which the Target Entities operate; (c) any changes in financial, banking or securities markets, whether international, national or local (including any disruption thereof and any decline in the price of any security or any market index or any change in prevailing interest rates); (d) acts of war (whether or not declared), armed hostilities, terrorism, political conditions, civil unrest, cyberterrorism or cybercrime, including any escalation or worsening thereof; (e) any natural or man-made disaster, acts of God, epidemics and pandemics (including COVID-19, any evolutions or mutations thereof or related or associated epidemics, pandemics or disease outbreaks) or other public health emergency, including any worsening thereof and any restrictions imposed by Governmental Entities in respect of any of the foregoing, by decree or otherwise; (f) any action required or permitted by the Purchase Agreement or any action taken (or omitted to be taken) with the written consent of, or at the written request of, or by the Partnership or the Company; (g) any changes in applicable laws or accounting rules or the enforcement, implementation or interpretation thereof; (h) the announcement, pendency or completion of the transactions contemplated by the Purchase Agreement, including losses or threatened losses of employees, customers, suppliers, distributors or others having relationships with any of the Target Entities; or (i) any failure by the Target Entities to meet any internal or published projections, forecasts or revenue or earnings predictions (provided, however, that the events, circumstances, changes or effects underlying any such failure shall be taken into account in determining whether a Material Adverse Effect has occurred or would reasonably be expected to occur); provided, that with respect to clauses (a) through (e), the exclusion shall not apply to the extent such matter has a materially disproportionate effect on the Target Entities, taken as a whole, relative to others entities operating in the industries in which the Target Entities operate.

“**Meeting**” has the meaning specified under “*Information Contained in This Circular*”.

“**Meeting Materials**” has the meaning specified under “*PART I – VOTING INFORMATION - Non-Registered Shareholders*”.

“**MI 61-101**” has the meaning specified under “*PART II – THE TRANSACTION - Background of the Transaction*”.

“**Net Revenue**” has the meaning specified under “*Non-GAAP Measures*”.

“**NI 51-102**” means National Instrument 51-102 – *Continuous Disclosure Obligations*.

“**NI 54-101**” means National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer*.

“**No Action Letter**” has the meaning specified under “*PART II – THE TRANSACTION - Other Regulatory Matters - Competition Act Clearance*”.

“**Non-Registered Shareholder(s)**” has the meaning specified under “*PART I – VOTING INFORMATION - Non-Registered Shareholders*”.

“**Notice of Meeting**” means the notice of meeting accompanying this Circular.

“**Notification**” has the meaning specified under “*PART II – THE TRANSACTION - Other Regulatory Matters - Competition Act Clearance*”.

“**Notifiable Transaction**” has the meaning specified under “*PART II – THE TRANSACTION - Other Regulatory Matters - Competition Act Clearance*”.

“**OBCA**” means the *Business Corporations Act* (Ontario), as amended.

“**Outside Date**” means May 15, 2024.

“**Owned Brokerages**” means those real estate brokerages owned by the Target Companies.

“**Parties**” means Vendor Holdings, the Vendor, the Partnership, the Company and any other person who becomes a party to the Purchase Agreement, and “**Party**” means any one of the Parties individually.

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

“**Proposal**” has the meaning specified under “*PART II – THE TRANSACTION - Background of the Transaction*”.

“**Proprio**” or “**Proprio Direct**” means Proprio Direct Inc.

“**Proprio Class A Shares**”, “**Proprio Class B Shares**”, “**Proprio Class C Shares**”, “**Proprio Class D Shares**” and “**Proprio Class E Shares**” have the meanings specified under “*Appendix D - Description of the Target Companies’ Share Capital*”.

“**Proprio Class A Redemption Amount**”, “**Proprio Class B Redemption Amount**”, “**Proprio Class C Redemption Amount**”, “**Proprio Class D Redemption Amount**” and “**Proprio Class E Redemption Amount**” have the meanings specified under “*Appendix D - Description of the Target Companies’ Share Capital*”.

“**Purchase Agreement**” means the share purchase agreement dated as of December 14, 2023 among the Company, the Partnership, Brookfield Business Partners L.P., the Vendor and Vendor Holdings, as may be amended, supplemented and/or amended and restated from time to time.

“**Purchased Shares**” has the meaning specified under “*PART II – THE TRANSACTION - Summary of the Material Agreements - Purchase Agreement - Consideration*”.

“**Purchaser Material Adverse Effect**” means any event, occurrence, fact, condition or change that is or would reasonably be expected to be, in the aggregate, materially adverse to (i) the business, results of operations, financial condition or assets of Bridgemarq, or (ii) the ability of the Partnership and the Company to consummate the transactions contemplated by the Purchase Agreement; provided that “Purchaser Material Adverse Effect” shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (a) general economic or political conditions; (b) conditions generally affecting the industries or

markets in which Bridgemarq and its subsidiaries operate; (c) any changes in financial, banking or securities markets, whether international, national or local (including any disruption thereof and any decline in the price of any security or any market index or any change in prevailing interest rates); (d) acts of war (whether or not declared), armed hostilities, terrorism, political conditions, civil unrest, cyberterrorism or cybercrime, including any escalation or worsening thereof; (e) any natural or man-made disaster, acts of God, epidemics and pandemics (including COVID-19, any evolutions or mutations thereof or related or associated epidemics, pandemics or disease outbreaks) or other public health emergency, including any worsening thereof and any restrictions imposed by Governmental Entities in respect of any of the foregoing, by decree or otherwise; (f) any action required or permitted by the Purchase Agreement or any action taken (or omitted to be taken) with the written consent of, or at the written request of, or by the Vendor or Vendor Holdings; (g) any changes in applicable laws or accounting rules or the enforcement, implementation or interpretation thereof; (h) the announcement, pendency or completion of the transactions contemplated by the Purchase Agreement, including losses or threatened losses of employees, customers, suppliers, distributors or others having relationships with Bridgemarq or any of its subsidiaries; or (i) any failure by Bridgemarq to meet any internal or published projections, forecasts or revenue or earnings predictions (provided, however, that the events, circumstances, changes or effects underlying any such failure shall be taken into account in determining whether a Purchaser Material Adverse Effect has occurred or would reasonably be expected to occur); provided, that with respect to clauses (a) through (e), the exclusion shall not apply to the extent such matter has a materially disproportionate effect on Bridgemarq, taken as a whole, relative to others entities operating in the industries in which Bridgemarq operates.

“**REALTOR®**” is a member of the Canadian Real Estate Association who is licensed to trade in real estate and includes Brokers. The trademarks REALTOR®, REALTORS® and the REALTOR® logo are controlled by the Canadian Real Estate Association and identify real estate professionals who are members of CREA.

“**Record Date**” means February 14, 2024.

“**Restricted Voting Shares**” means the Restricted Voting Shares in the capital of the Company.

“**Royal LePage**” means, collectively, the Business as conducted by the Manager under the name Royal LePage, as a franchisor and as the Manager of the Partnership, the General Partner and Bridgemarq.

“**Royal LePage Licence Agreement**” means the licence agreement between The Royal Trust Company and Royal LePage Limited (a subsidiary of Brookfield Corporation), pursuant to which Royal LePage Limited was granted the exclusive rights to use the Royal LePage Trademarks, including the “Royal LePage” name and logo, in connection with its business of providing, in Canada, real estate services and those related financial services offered by Royal LePage.

“**Royal LePage Network**” means, collectively, the network of Franchisees licensed under Franchise Agreements to carry on residential property brokerage operations using one or more Royal LePage Trademarks or the Johnston & Daniel brand.

“**Royal LePage Trademarks**” means the trademark rights related to the Business held by or licensed to Royal LePage pursuant to the Royal LePage Licence Agreement, including, without limitation, the “Royal LePage” name and logo.

“**Shareholders**” means the holders of Restricted Voting Shares and the Special Voting Share.

“**Special Committee**” has the meaning specified under “*PART II – THE TRANSACTION - Background of the Transaction*”.

“**Special Voting Share**” means the Special Voting Share in the capital of Bridgemarq issued to represent voting rights in Bridgemarq that accompany securities convertible into or exchangeable for Restricted Voting Shares, including the Class B LP Units held by Brookfield.

“**Stikeman**” has the meaning specified under “*PART II – THE TRANSACTION - Background of the Transaction*”.

“**Supplementary Information Request**” has the meaning specified under “*PART II – THE TRANSACTION - Other Regulatory Matters - Competition Act Clearance*”.

“**Target Companies**” means, collectively, the Manager and Proprio.

“**Target Entities**” means the Target Companies and the Owned Brokerages, being the Manager and its subsidiaries and Proprio; and “**Target Entity**” means any one of the Target Entities individually.

“**Target Entities’ Business**” means the business carried on by the Target Entities as being conducted at the date of the Purchase Agreement consisting of: (i) in the case of the Manager, the provision of management services in accordance with the Management Services Agreement (which, for greater certainty, excludes the businesses of Bridgemarq, the Partnership and their subsidiaries to whom the Manager provides management services), and (ii) in the case of the other Target Entities, the ownership and operation of residential and commercial real estate property brokerage offices.

“**Target Companies’ 2022 Financial Statements**” has the meaning specified under “*PART III - INFORMATION CONCERNING THE PARTIES*” – “*Information Concerning the Company Following Completion of the Transaction*” – “*Probable Acquisition*”.

“**Target Companies’ Q3 2023 Financial Statements**” has the meaning specified under “*PART III - INFORMATION CONCERNING THE PARTIES*” – “*Information Concerning the Company Following Completion of the Transaction*” – “*Probable Acquisition*”.

“**Tax Act**” means the *Income Tax Act* (Canada) and regulations thereto, as amended from time to time.

“**Team**” means a group of two or more REALTORS[®] who conduct the purchase and sale of real estate as a team.

“**Trademarks**” means the trademark rights related to the Business held by or licensed to the Target Entities including, without limitation, those which allow Bridgemarq to operate the Business under the Royal LePage, Johnston & Daniel and Via Capitale brands.

“**Transaction**” has the meaning specified under “*PART II – THE TRANSACTION - Overview*”.

“**Transaction Resolution**” has the meaning specified under “*PART II – THE TRANSACTION - Overview*”.

“**Transfer**” has the meaning specified under “*PART II – THE TRANSACTION - Summary of the Material Agreements Voting Support Agreements*”.

“**Transfer Agent**” means TSX Trust Company.

“**Transition Services Agreements**” has the meaning specified under “*PART II – THE TRANSACTION - Overview*”.

“**TSX**” means the Toronto Stock Exchange.

“**TSX Conditional Approval**” means the conditional approval of the listing of the Underlying Shares issuable pursuant to the Transaction on the TSX.

“**Underlying Shares**” means the Restricted Voting Shares that may be issued upon the exchange of the Consideration Units and Deferred Distribution Payment Units, pursuant to the terms of the Exchange Agreement.

“**Variable Franchise Fees**” means Franchise Fees which vary each month depending on the transaction volumes of each REALTOR[®] or Team.

“**Vendor**” means Brookfield BBP (Canada) Sub L.P., a limited partnership formed under the laws of the Province of Ontario.

“**Vendor Holdings**” means Brookfield BBP (Canada) L.P., a limited partnership formed under the laws of the Province of Ontario.

“**Via Capitale**” means, collectively, the Business as conducted by the Manager and the Via Capitale Manager.

“**Via Capitale Manager**” means 9120-5583 Quebec Inc., a wholly owned subsidiary of the Manager, incorporated under the laws of the Province of Québec, doing business under the name Réseau Immobilier La Capitale / La Capitale Real Estate Network.

“**Via Capitale Network**” means, collectively, the network of Franchisees licensed under Franchise Agreements to carry on residential property brokerage operations using one or more of the Via Capitale trademarks.

“**Voting Support Agreement**” has the meaning specified under “PART II – THE TRANSACTION - *Overview*”.

APPENDIX B

TRANSACTION RESOLUTION

BE IT RESOLVED as an ordinary resolution that:

1. The issuance by Residential Income Fund L.P. (the “**Partnership**”) of up to 3,000,000 Class B subordinated limited partnership units (the “**Class B LP Units**”), and the issuance by Bridgemarq Real Estate Services Inc. (the “**Company**”) of the restricted voting shares that may be issued by the Company upon the exchange of such Class B LP Units (the “**Underlying Shares**”) pursuant to the terms of the amended and restated exchange agreement dated as of December 31, 2012 among (*inter alia*) Brookfield BBP (Canada) L.P. (“**Vendor Holdings**”), the Company and Bridgemarq Real Estate Services Manager Limited (the “**Manager**”), as consideration for the acquisition by the Partnership of all of the outstanding shares of the Manager and Proprio Direct Inc. pursuant to a share purchase agreement dated as of December 14, 2023 (as amended, supplemented or otherwise modified in accordance with the terms therein, the “**Purchase Agreement**”) among (*inter alia*) the Company, the Partnership and Vendor Holdings (the “**Transaction**”), all as more particularly described in the management information circular of the Company dated March 1, 2024, as it may be amended, supplemented or otherwise modified, is hereby authorized, approved and adopted.
2. Notwithstanding that this resolution has been approved by the holders of restricted voting shares of the Company (collectively, the “**Shareholders**”), the directors of the Company are hereby authorized and empowered to, without further notice to or approval of the Shareholders: (i) amend, modify or supplement the Purchase Agreement, to the extent permitted thereby; and (ii) subject to the terms of the Purchase Agreement, disregard the approval of the Shareholders and not proceed with the Transaction and related transactions.
3. Any one director or officer of the Company is hereby authorized and directed, for and on behalf of the Company, to execute, or cause to be executed, under the corporate seal of the Company or otherwise, and to deliver, or cause to be delivered, all such other documents, agreements and instruments (including all such documents as are necessary or desirable to give effect to the listing of the Underlying Shares on the Toronto Stock Exchange in accordance with the Purchase Agreement) and to perform, or cause to be performed, all such other acts and things as in such director’s or officer’s opinion may be necessary or desirable to give full effect to the foregoing resolutions and the matters authorized thereby, such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

APPENDIX C
FAIRNESS OPINION



STRICTLY PRIVATE & CONFIDENTIAL

December 14, 2023

The Special Committee of the Board of Directors
Bridgemarq Real Estate Services Inc.
39 Wynford Drive
Toronto, Ontario
M3C 3K5

Attention: Mr. Colum Bastable, Chair of the Special Committee

To the Special Committee:

Blair Franklin Capital Partners Inc. (“Blair Franklin”) understands that Bridgemarq Real Estate Services Inc. (“BRESI” or the “Company”) is considering entering into a transaction (the “Transaction”) whereby Residential Income Fund L.P. (the “Partnership”), a wholly-owned subsidiary of the Company, would acquire from an affiliate of Brookfield Business Partners (“Brookfield”): (i) a significant portfolio of residential real estate brokerages across Canada (“Brokerages”), including 25 residential real estate brokerage locations operating under the Royal LePage, Johnston & Daniel, and Via Capitale banners, (ii) Proprio Direct Inc. (“Proprio Direct”), a virtual brokerage based in Quebec, and (iii) Bridgemarq Real Estate Services Manager Limited (the “Manager”).

Pursuant to the definitive agreement for the Transaction (the “Definitive Agreement”), the Partnership will issue approximately 2.9 million Class B limited partnership units (the “Consideration”) (the “Exchangeable Units”), subject to certain customary purchase price adjustments, to (i) acquire all of the issued and outstanding shares of the Brokerages, Proprio Direct, and the Manager, and (ii) repay to Brookfield certain management fees and distributions owing by the Partnership totalling approximately \$6.6 million in the aggregate, the payment of which was deferred by the Partnership in 2020. The Exchangeable Units are exchangeable on a one-for-one basis into an equivalent number of restricted voting shares of the Company (the “Restricted Voting Shares”).

As a result of the Transaction, Brookfield's ownership interest in the Company is expected to increase from approximately 28.4% to 41.7% (on a fully diluted basis), subject to certain customary purchase price adjustments.

The Special Committee of the Board of Directors of BRESI (the “Special Committee”) has retained Blair Franklin to provide its opinion (the “Opinion”) as to the fairness, from a financial point of view, of the Consideration to be paid by the Company pursuant to the Transaction. Blair Franklin has not been asked to prepare, and has not prepared, a formal valuation of BRESI, the Brokerages, Proprio Direct, or the Manager and the Opinion should not be construed as such.

Engagement of Blair Franklin

The Special Committee retained Blair Franklin as its independent financial advisor and executed an engagement agreement dated March 20, 2023 (the “Engagement Agreement”). The Engagement Agreement provides for the payment to Blair Franklin of fixed fees in respect of the preparation and delivery of its Opinion. No portion of Blair Franklin’s fees are contingent on the completion of the Transaction nor on the conclusions reached herein. In addition, Blair Franklin is to be reimbursed for its reasonable out-of-pocket expenses and is to be indemnified by the Company in certain circumstances.

Relationship with Related Parties

Blair Franklin is not an insider, associate, or affiliate (as such terms are defined in the *Securities Act* (Ontario)) of BRESI, Brookfield, or any of its respective associates or affiliates. Blair Franklin has not provided any financial advisory services or participated in any financing involving BRESI, Brookfield or any of their respective associates or affiliates within the past twenty-four months, other than services provided under the Engagement Agreement.

There are no other understandings, agreements, or commitments between Blair Franklin and BRESI, Brookfield, or any of their respective associates or affiliates, with respect to any current or future business dealings which is or would be material to Blair Franklin.

Credentials of Blair Franklin

Blair Franklin is an independent investment bank providing a full range of financial advisory services related to mergers and acquisitions, divestitures, minority investments, fairness opinions, valuations, and financial restructurings. Blair Franklin has been a financial advisor in a significant number of transactions throughout Canada and North America involving public and private companies in various industry sectors and has extensive experience in preparing fairness opinions in transactions similar to the Transaction.

The Opinion expressed herein is the opinion of Blair Franklin as a firm and the form and content herein has been approved for release by a committee of our principals, each of whom is experienced in mergers, acquisitions, divestitures, restructurings, minority investments, capital markets, fairness opinions and valuation matters.

Scope of Review:

In preparing the Opinion, Blair Franklin has reviewed and relied upon, among other things:

1. Discussions with management of BRESI (“Management”) and management of the Brokerages, Proprio Direct and the Manager;
2. Discussions with Brookfield regarding BRESI, the Brokerages, Proprio Direct, and the Manager;
3. Discussions with counsel to management of the Brokerages, Proprio Direct, and the Manager;
4. Discussions with the Board of Directors of BRESI, the Special Committee, and with counsel to the Special Committee;
5. Documents provided by Management, Brookfield, as well as management of the Brokerages, Proprio Direct, and the Manager with respect to the Transaction, BRESI, the Brokerages, Proprio Direct, and the Manager, including materials in an electronic data room containing financial details, forecasts, operating information, material contracts, and other items;
6. Financial forecasts of BRESI, the Brokerages, Proprio Direct, and the Manager provided by their respective management teams;
7. Management presentations and business overviews of BRESI, the Brokerages, Proprio Direct, and the Manager;
8. Publicly available information related to BRESI, including, but not limited to, historical audited and unaudited financial statements and the associated management’s discussion and analysis, prospectuses, annual reports, quarterly reports, annual information forms, press releases, and other documents from December 31, 2013, to September 30, 2023;
9. Historical unaudited financial statements of the Brokerages, Proprio Direct, and the Manager provided by their respective management teams;
10. Audited annual financial statements of the Brokerages, Proprio Direct, and the Manager collectively for years ended December 2021 and 2022;
11. Comparable trading and comparable transaction multiples for selected companies, and transactions considered relevant;
12. Equity research and general industry reports;
13. Shareholder and insider information available on SEDI, the Canadian System for Electronic Disclosure by Insiders;
14. Letter of Intent on the Transaction provided to the Company by Brookfield dated April 8, 2023;
15. Successive drafts of the Share Purchase Agreement;
16. Successive drafts of the Disclosure Letter;
17. Successive drafts of the Transition Services Agreement;
18. Successive drafts of the Voting and Support Agreement;

19. Successive drafts of the Report of the Special Committee;
20. Successive drafts of the Investor Relations presentation;
21. Successive drafts of the Press Release in connection with the Transaction;
22. A certificate provided to us by senior officers of BRESI as to certain factual matters; and
23. Such other information, documentation, analyses, and discussions that we have considered relevant in the circumstances.

Blair Franklin has not, to the best of its knowledge, been denied access by BRESI to any information that has been requested.

Blair Franklin has conducted such analyses, investigations, and testing of assumptions as were considered by Blair Franklin to be appropriate in the circumstances for the purposes of arriving at its opinion as to the fairness, from a financial point of view, of the Consideration to be offered pursuant to the Transaction but has not independently verified any of the assumptions contained in the information publicly disclosed by BRESI or provided by its representatives.

Prior Valuations

Senior officers of the Company have represented to Blair Franklin that, to the best of their knowledge, after due inquiry, there have been no valuations or appraisals of the Company, the Manager, the Brokerages or Proprio Direct or any material property of the Company, the Manager, the Brokerages or Proprio Direct or any of their respective subsidiaries made in the preceding 24 months and in the possession or control of the Company other than those that have been provided to Blair Franklin or, in the case of valuations known to the Company, which it does not have within its possession or control, notice of which has been given to Blair Franklin.

Assumptions and Limitations

The Opinion is subject to the assumptions, explanations and limitations hereinbefore described and as set forth below.

We have not been asked to prepare, and have not prepared, a formal valuation or appraisal of BRESI, the Brokerages, Proprio Direct, or the Manager and this Opinion should not be construed as such. We have, however, conducted such analyses as we considered necessary in the circumstances. In addition, the Opinion is not, and should not be construed as, advice as to the price at which BRESI Restricted Voting Shares may trade at any future date.

With the Special Committee's approval and as provided in the Engagement Agreement, Blair Franklin has relied, without independent verification, upon the completeness, accuracy and fair presentation in all material respects of all financial information and the completeness and accuracy of the other information, data, advice, opinions and representations obtained by it from public sources, Management of BRESI, and its associates and affiliates and advisors, or otherwise (collectively, the "Information") and we have assumed that the historical

information included in the Information did not omit to state any material fact or any fact necessary to be stated or necessary to make that Information not misleading in light of the circumstances in which it was made. This Opinion is conditional upon the completeness, accuracy, and fair presentation of such Information. Subject to the exercise of professional judgment and except as described herein, Blair Franklin has not attempted to verify independently the completeness, accuracy, or fair presentation of any of the Information. With respect to the forecasts, projections or estimates provided to Blair Franklin and used in the analysis supporting the Opinion, we have assumed that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of Management (or management of the Brokerages, Proprio Direct and the Manager, as the case may be) as to the matters covered thereby at the time of preparation and, in rendering the Opinion, we express no view as to the reasonableness of such forecasts or budgets or the assumptions on which they are based.

Representatives of BRESI and the Manager, have represented to Blair Franklin in a certificate delivered as at the date hereof, among other things, that (i) with the exception of forecasts, projections or estimates, the information, data and other material (financial or of business) provided orally by, or in writing by, the Company or any of its subsidiaries or its agents to Blair Franklin relating to BRESI, the Brokerages, Proprio Direct, the Manager or the Transaction for the purpose of preparing this Opinion was, at the date the Information was provided to Blair Franklin, and is, at the date hereof, complete, true and correct in all material respects and did not and does not contain any untrue statement of a material fact in respect of BRESI, the Brokerages, Proprio Direct, the Manager or the Transaction and did not and does not omit to state a material fact in respect of BRESI, the Brokerages, Proprio Direct, the Manager or the Transaction necessary to make the Information not misleading in light of the circumstances under which the Information was made or provided; (ii) any portions of the Information provided to Blair Franklin which constitute forecasts, projections or estimates were prepared using the assumptions identified therein, which, in the reasonable opinion of the Company, are (or were at the time of preparation and continue to be) reasonable in the circumstances, provided, further, that no representation is made that the results of any forecast, projections or estimates will be actually achieved, and that (iii) since those dates on which the Information was provided to Blair Franklin, except as was disclosed in writing to Blair Franklin, there has been no material change, financial or otherwise, in the financial condition, assets, liabilities (contingent or otherwise), business, operations or prospects of BRESI, the Brokerages, Proprio Direct, the Manager and no material change has occurred in the Information or any part thereof which would have, or which would reasonably be expected to have, a material effect on the Opinion.

Blair Franklin has made several assumptions in connection with its Opinion that it considers reasonable, including that, the conditions required to implement the Definitive Agreement will be met.

The Opinion is rendered on the basis of the securities markets, economic, financial and general business conditions prevailing as at the date hereof and the conditions, financial and otherwise, of BRESI, the Brokerages, Proprio Direct, the Manager and their respective subsidiaries and affiliates, as they were reflected in the Information and as they were represented to Blair

Franklin in discussions with management of BRESI, the Brokerages, Proprio Direct, the Manager. In its analyses and in preparing the Opinion, Blair Franklin made numerous assumptions with respect to industry performance, general business and economic conditions and other matters, many of which are beyond the control of Blair Franklin or any party involved in the Definitive Agreement.

The Opinion has been provided to the Special Committee of BRESI for its use and may not be used or relied upon by any other person without the express prior written consent of Blair Franklin. The Opinion does not constitute a recommendation as to how any shareholder of the Company should vote or act on any matter relating to the Transaction. Except for the inclusion of the Opinion in its entirety and a summary thereof (in a form acceptable to Blair Franklin) in disclosure documents and the filing of such disclosure documents and the Opinion on SEDAR+ and the submission by the Company of the Opinion to any relevant court or regulatory agency in connection with the approval of the Transaction, the Opinion is not to be disclosed, summarized, or quoted from without the prior written consent of Blair Franklin.

Blair Franklin believes that its analyses must be considered as a whole and that selecting portions of the analyses or the factors considered by it, without considering all factors and analyses together, could create a misleading view of the process underlying the Opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Any attempt to do so could lead to undue emphasis on any particular factor or analysis.

The Opinion is given as of the date hereof and Blair Franklin disclaims any undertaking or obligation to advise any person of any change in any fact or matter affecting the Opinion which may come or be brought to the attention of Blair Franklin after the date hereof. Without limiting the foregoing, in the event that there is any material change in any fact or matter affecting the Opinion after the date hereof, Blair Franklin reserves the right to change, modify or withdraw the Opinion.

All amounts herein are expressed in Canadian dollars, unless otherwise noted.

Fairness Conclusion

Based upon and subject to the foregoing and such other matters as we considered relevant, Blair Franklin is of the opinion that, as of the date hereof, the Consideration to be offered pursuant to the Transaction, is fair from a financial point of view to the Company.

Yours very truly,

(Signed) "Blair Franklin Capital Partners Inc."

BLAIR FRANKLIN CAPITAL PARTNERS INC.

APPENDIX D
INFORMATION CONCERNING THE TARGET COMPANIES

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FORWARD-LOOKING INFORMATION

Pursuant to the Transaction, the Partnership will acquire all of the issued and outstanding shares of the Target Companies, being the Manager and Proprio. This Appendix D contains forward-looking statements and information relating to, without limitation, the Target Companies' business, intentions, plans, expectations and anticipated financial performance or condition and future activities. See "Forward-Looking Information" in the accompanying management information circular dated March 1, 2024 (the "**Circular**").

All capitalized terms used herein but not otherwise defined have the meanings set forth under "*Glossary*" attached as Appendix A to the Circular.

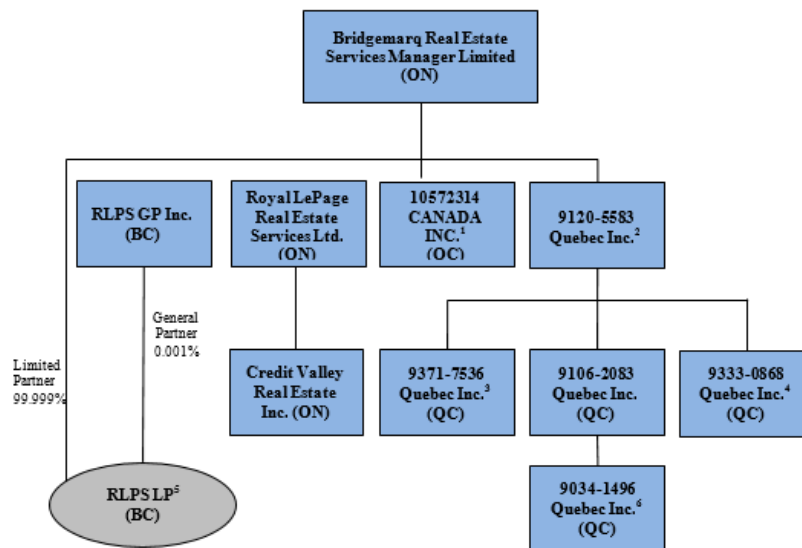
NAME, ADDRESS AND INCORPORATION

Residential Income Fund Manager Limited was incorporated under the OBCA on March 6, 2003, and amended its name on October 30, 2007 to Brookfield Real Estate Services Limited, on October 28, 2010 to Brookfield Real Estate Services Manager Limited and on January 7, 2019 to Bridgemarq Real Estate Services Manager Limited, in each case pursuant to Articles of Amendment. On July 1, 2023, Bridgemarq Real Estate Services Manager Limited and BRPS Pebble BranchCo Inc. (a wholly-owned subsidiary of Bridgemarq Real Estate Services Manager Limited) were amalgamated pursuant to the OBCA to form the Manager (collectively, the "**Manager Amalgamation**"). The head office and registered office of the Manager is located at 39 Wynford Drive, Suite 200, Toronto, Ontario, Canada, M3C 3K5.

Proprio Direct D.P. Inc. was incorporated under the *Canada Business Corporations Act* (the "**CBCA**") on September 7, 1989, and amended its name on August 19, 1994 to Proprio Direct Inc. pursuant to Articles of Amendment. The head office and registered office of Proprio is located at 200-3899 Autoroute des Laurentides, Laval, Québec, Canada, H7L 3H7.

TARGET ENTITIES CORPORATE STRUCTURE

The following diagram illustrates the organizational structure of the Manager and its material subsidiary entities. All identified subsidiaries are wholly-owned.



Notes:

¹ Operating under the name Les Immeubles Mont-Tremblant / Mont Tremblant Real Estate.

² Operating under the name Via Capitale.

³ Operating under the name Via Capitale Concept.

⁴ Operating under the name Via Capitale Accès.

⁵ Operating under the name Royal LePage Sussex.

⁶ Operating under the name Via Capitale Du Mont-Royal.

Proprio does not have any subsidiary entities.

DESCRIPTION OF THE BUSINESS

Overview

The Target Entities carry on their business through two business segments: brokerage operations and franchise operations. For the financial year ended December 31, 2022, the Target Entities generated approximately \$409 million and \$24 million of revenue (representing 94% and 6% of total revenue) from brokerage operations and franchise operations, respectively. This compared to approximately \$468 million and \$23 million of revenue (representing 95% and 5% of total revenue), respectively, for the financial year ended December 31, 2021. Brokerage operations are provided by Proprio and the subsidiaries of the Manager while franchise operations are provided by the Manager.

Brokerage Operations

The Owned Brokerages operate full service real estate brokerage locations in Ontario, British Columbia and Québec under the Royal LePage®, Via Capitale®, Proprio Direct®, Johnston & Daniel® and Les Immeubles Mont-Tremblant real estate brands. The Owned Brokerages provide services to real estate sales representatives to support them in assisting businesses or residential customers who wish to buy or sell commercial or residential real estate in Canada.

The brokerage offices operating under the Royal LePage, Johnston & Daniel and Via Capitale franchise brands are focussed on Canada's three largest markets being Toronto, Vancouver and Montréal, while the Proprio brokerages service the province of Québec primarily from one central location. Les Immeubles Mont-Tremblant operates in a smaller, high-value recreational/vacation property region north-east of Montreal.

As of December 31, 2023, the Owned Brokerages had approximately 25 company owned brokerage offices and approximately 2,835 independent sales agents working with such offices. Of those sales agents, approximately 69% operated under the Royal LePage and Johnston & Daniel brand names, approximately 5% operated under the Via Capitale brand name and approximately 26% operated under the Proprio Direct brand name.

The Owned Brokerages derive revenue primarily from gross commission income received through serving as the broker at the closing of real estate transactions. For the year ended December 31, 2023, the average home-sale broker commission rate was 1.9% which represents the average commission rate earned on either the "buy" side or the "sell" side of a home-sale transaction. Gross commission income is also earned on non-sale transactions such as home rentals.

Owned Brokerages operating under the Royal LePage, Johnston & Daniel, Via Capitale and Les Immobilier Mont-Tremblant brands pay standard Franchise Fees under the terms of their Franchise Agreements (which Franchise Fees will be eliminated upon consolidation after the completion of the Transaction). The remainder of gross commission income is split between the Broker and the independent sales agent in accordance with their applicable independent contractor agreement (which specifies the portion of the broker commission to be paid to the agent), which percentage varies by brokerage and by sales agent.

As full-service real estate brokerage companies, the Owned Brokerages promote the complementary services offered through the franchise operations of the franchisor, providing integrated services that enhance the customer experience and provide superior service to REALTORS®.

When the Owned Brokerages assist the seller in a real estate transaction, independent sales agents generally provide the seller with a full-service marketing program, which may include developing a direct marketing plan for the property, assisting the seller in pricing the property and preparing it for sale, listing it on multiple listing

services, advertising the property (including on websites), showing the property to prospective buyers, assisting the seller in sale negotiations, and assisting the seller in preparing for closing the transaction.

When the Owned Brokerages assist the buyer in a real estate transaction, independent sales agents generally help the buyer in locating specific properties that meet the buyer's personal and financial specifications, show properties to the buyer, assist the buyer in negotiating (where permissible) and preparing for closing the transaction.

In addition to providing services to REALTORS® to assist them in servicing their customers, the Owned Brokerages provide the legal, accounting and regulatory support to complete a real estate transaction. These services include, among others: maintaining trust accounts to hold consumer deposits as required under provincial real estate regulations; monitoring compliance with financial reporting regulations such as *Financial Transactions and Reports Analysis Centre of Canada*, among others; and the payment of sales representative commissions and excess deposit amounts to the appropriate parties.

Further particulars regarding the brokerage operations, in particular regarding the Owned Brokerages' role as Franchisees of Bridgemarq, are described in the Annual Information Form under the heading "Description of the Business", which is incorporated herein by reference.

Franchise Operations

The business of the Manager primarily consists of the provision of franchise management, administrative and support services to Bridgemarq under the terms of the MSA, including:

- (a) ensuring compliance with continuous disclosure obligations under all applicable securities legislation and stock exchange requirements;
- (b) providing accounting and financial services;
- (c) ensuring prompt collections under the Franchise Agreements and otherwise ensuring compliance by Franchisees with their respective obligations under the Franchise Agreements;
- (d) pursuing the growth of the Franchise Network through the addition of new Franchises;
- (e) negotiating and communicating with third parties with respect to contractual and other matters;
- (f) providing investor relations services;
- (g) providing to Shareholders all information to which such holders are entitled;
- (h) calling, holding and distributing materials (including notices of meetings and information circulars) in respect of all meetings of Shareholders;
- (i) determining the amounts payable from time to time to Shareholders; and
- (j) dealing with Franchisees on questions of interpretation of the Franchise Agreements.

In addition to the management, administrative and support services listed above, the Manager has agreed to, among other things, to:

- (a) maintain and use reasonable efforts to expand the Franchise Network, including ongoing improvement of technology, marketing and promotional tools;

- (b) manage and supervise the management of the Franchisees in a manner consistent with that of a competent and qualified manager of similar franchises of branded residential resale real estate brokerages;
- (c) collect all fees and other amounts payable to Bridgemarq under the Franchise Agreements;
- (d) monitor the compliance of Franchisees with the character and quality standards set out under the Franchise Agreements, including with respect to the Trademarks; and
- (e) enforce the observance and performance of Franchise Agreements by owner/operators of Franchises in a manner that is consistent with good and prudent business practices.

Further particulars regarding the MSA and the operations of the Manager in servicing Bridgemarq are described in the Annual Information Form under the heading “Description of the Business”, which is incorporated herein by reference. A copy of the MSA is available under the Company’s SEDAR+ profile at www.sedarplus.ca.

Upon completion of the Transaction, the management of the business and affairs of Bridgemarq pursuant to the MSA will be internalized and the MSA will no longer be necessary to the operation of the Company.

Competitive Conditions

The ability of the franchise operations and the brokerage operations to successfully compete is important to the Target Entities prospects for growth. Their ability to compete may be affected by, among other things: the recruitment, retention and performance of independent sales agents; the economic relationship between the broker and the agent (including the share of commission income retained by the agent and fees charged to or paid by the agent for services provided by the broker); consumer preferences; the location of offices and target markets; the services provided to independent sales agents; affiliation with a recognized brand name; community reputation; and technology and other factors, including macro-economic factors such as national, regional and local economic conditions. In addition, the legal and regulatory environment as well as the rules of the Canadian Real Estate Association, provincial industry associations and multiple listing services can also impact competition.

The Target Entities compete for consumer business as well as for independent sales agents with the following parties, among others: national and regional independent real estate brokerages and franchisors, discount and limited-service brokerages, non-traditional market participants and other franchisees. The Target Entities’ largest competitors include, but are not limited to, brokerages and franchisors operating under the brand names RE/MAX[®], Century 21[®], Sutton[®] Group Realty, Homelife[®], eXp Realty[®], Colliers[®], Maxwell Realty[®], Right at Home Realty Inc.[®] and Keller Williams[®]. The Target Entities also compete with leading listing aggregators, such as Zillow[®], Inc. and CREA’s Realtor.ca.

Competition among real estate brokerages and franchisors to grow their brokerage operations and franchise systems is intense. Competition for the sale of franchises in the real estate brokerage industry is based principally upon the perceived value that the franchisor provides to enhance the franchisee’s ability to grow its business and improve the recruitment, retention and productivity of its independent sales agents. The value provided by a franchisor encompasses many different aspects including: the quality of the brand, tools, technology, marketing and other services, the availability of financing provided to the franchisees, and the fees the franchisees must pay. Franchisee fees can be structured in numerous ways and can include: volume and other incentives, flat royalty and marketing fees, capped royalty fees, and discounted royalty and marketing fees. Taking into account competitive factors, the Target Entities have and may continue, from time to time, to introduce pilot programs or restructure or revise the model used at one or more franchised brands, including with respect to fee structures, minimum production requirements or other terms.

The real estate brokerage industry has barriers to entry for new participants consisting primarily of licensing and provincial certification requirements. This would include participants utilizing historical real estate brokerage models and those pursuing alternative variations of those models (including virtual brokerages and brokerages that offer the sales agents fewer services, but a higher percentage of commission income) as well as non-traditional

methods of marketing real estate (such as iBuyers). There are also market participants who differentiate themselves by offering consumers flat fees, rebates or lower commission rates on transactions (often coupled with fewer services). These competitors and their investors may pursue increases in market share over profitability, further complicating the competitive landscape.

While real estate brokers using historical real estate brokerage models typically compete for business primarily on the basis of services offered, brokerage commission, reputation, utilization of technology and personal contacts, participants pursuing non-traditional methods of marketing real estate may compete in other ways. For example, some companies employ technologies intended to disrupt historical real estate brokerage models or minimize or eliminate the role brokers and sales agents perform in the home-sale transaction process and/or shift the nature of the residential real estate transaction from the historic consumer-to-consumer model to a corporate-to-consumer model.

The successful recruitment and retention of independent sales agents and their teams is critical to the business and financial results of traditional brokerages, whether or not they are affiliated with a franchisor. Competition for productive independent sales agents is high and competition is most intense for highly productive independent sales agents with strong reputations in their respective communities.

Most of a brokerage's real estate listings are sourced through the sphere of influence of its independent sales agents, notwithstanding the growing influence of internet-generated and other company-generated leads. Many factors impact recruitment and retention efforts, including: remuneration (such as sales commission percentage and other financial incentives paid to independent sales agents); other expenses borne by independent sales agents; leads or business opportunities generated for independent sales agents from the brokerage; independent sales agents' perception of the value of the broker's brand affiliation; technology and data offerings, as well as marketing and advertising efforts by the brokerage or franchisor; the quality of the office manager, staff and fellow independent sales agents with whom they collaborate daily; the location and quality of office space, as well as continuing professional education; and other services provided by the brokerage or franchisor.

A variety of factors in recent years have negatively impacted the recruitment and retention of independent sales agents in the industry generally and have increasingly impacted the Target Entities' recruitment and retention of top producing agents and put upward pressure on the average share of commissions paid to affiliated independent sales agents. Such factors include: increasing competition; increasing levels of commissions paid to agents (including up-front payments and equity); changes in the spending patterns of independent sales agents (as more agents purchase services from third parties outside of their affiliated broker and franchisor); a heightening focus on leads or business opportunities generated for the independent sales agent from the brokerage; differentiation in the bundling of agent services or industry offerings (including virtual brokerages or other brokerages that offer the sales agent fewer services, but a higher percentage of commission income or other compensation, such as sign-on or equity awards); and the growth in independent sales agent teams. Competition comes from newer models as well, including brokerages that provide certain services to agents and agent teams, but with branding focused on the name of the agent or agent team, rather than the brokerage brand.

Some of the firms competing for sales agents use different commission plans, which may be appealing to certain sales agents. There are several different commission plan variations that have been historically utilized by real estate brokerages to compensate their independent sales agents. The types of variations in commissions splits between a broker and a sales representative, include, without limitation: fixed fee models, graduated commission models, capped models, uncapped models and a la carte service models, among others. In addition, brokerages may offer recruiting incentives where sales representatives are compensated for recruiting additional sales representatives. In some circumstances, the recruiting sales representative may earn a percentage of gross commission income earned by the recruit. In many of their markets, the Owned Brokerages offer a traditional graduated commission model (with certain variations), which emphasizes their value proposition.

The ability of a brokerage (whether company owned or franchised) to provide its independent sales agents with high-quality leads is increasingly important to the recruitment and retention of independent sales agents and sales agent teams and the attraction and retention of franchisees. Numerous companies that market and sell residential real estate leads to independent sales agents, including listing aggregators, compete with the Owned Brokerages' real estate benefit programs and other lead generation programs.

Intellectual Property

The Target Entities serve Canadian consumers and real estate professionals with some of the most relied-upon real estate portals in Canada, including royallepage.ca, royallepagecommercial.com, johnstonanddaniel.ca and viacapitalevenu.com. Together they attracted close to 48 million visits in 2023, making them among the busiest real estate websites in Canada.

The Target Entities generally protect their intellectual property rights through a combination of trademarks and trade secret laws as well as contractual provisions. The Target Entities have 25 registered trademarks for use in Canada, with 9 additional trademarks applications pending registration and over 250 registered domain names. In addition, the Target Entities license and sublicense intellectual property, including trademarks, from several key counterparties pursuant to contractual agreements.

Seasonality

The Canadian residential real estate industry tends to be cyclical, with downturns followed by periods of recovery and growth. The industry typically is affected by changes in general economic and residential real estate conditions. The Target Entities' Business is affected by these industry trends.

Employees

As of December 31, 2023, the Target Entities had 291 employees.

Restructuring Transactions

Other than the Manager Amalgamation completed on July 1, 2023, there have been no material restructuring transactions of the Target Entities since January 1, 2022. Immediately prior to the completion of the Transaction, all of the Purchased Shares will be transferred by Vendor Holdings to Vendor. Pursuant to the Transaction, all of the Purchased Shares will be transferred by Vendor to the Partnership.

RECENT HISTORY

On July 22, 2022, the Owned Brokerages acquired 110 sales representative contracts in the Greater Toronto Area that were previously affiliated with a competing brokerage, for proceeds of approximately \$1.3 million and an additional payment of approximately \$0.8 million payable over the two years following the acquisition date subject to certain operating thresholds being met.

On December 12, 2022, the Owned Brokerages acquired 100% of the outstanding shares of Credit Valley Real Estate Inc. for \$975,000. The acquisition included the transfer of 123 sales representatives in the Greater Toronto Area.

On December 14, 2023, the Company announced that it had entered into the Purchase Agreement, pursuant to which the Partnership will acquire all of the Purchased Shares. For further information regarding the Transaction, see "PART II – THE TRANSACTION" in the Circular.

DESCRIPTION OF THE TARGET COMPANIES' SHARE CAPITAL

Share Capital Structure

The Manager is authorized to issue an unlimited number of Class A shares ("**Manager Class A Shares**"), an unlimited number of Class B shares ("**Manager Class B Shares**"), an unlimited number of Class C shares ("**Manager Class C Shares**") and an unlimited number of common shares ("**Manager Common Shares**").

Proprio is authorized to issue an unlimited number of Class A shares ("**Proprio Class A Shares**"), an unlimited number of Class B shares ("**Proprio Class B Shares**"), an unlimited number of Class C shares ("**Proprio Class**

C Shares”), an unlimited number of Class D shares (“**Proprio Class D Shares**”) and an unlimited number of Class E shares (“**Proprio Class E Shares**”).

As of the date of the Circular, 100,000 Manager Class A Shares, 101 Manager Common Shares and 1,064 Proprio Class A Shares were issued and outstanding, each having the rights, privileges, restrictions and conditions described below.

Manager Class A Shares

Holders of Manager Class A Shares are entitled to: (a) receive notice of meetings called for the purpose of authorizing the dissolution of the Manager, or the sale, lease or exchange of all or substantially all the property of the Manager other than in the ordinary course, but are not entitled to vote at any meetings of the shareholders of the Manager; (b) the right to receive for each financial year of the Manager, a variable preferential non-cumulative dividend, not to exceed 8% of the Class A Redemption Amount, in priority to the holders of Manager Class B Shares, Manager Class C Shares and Manager Common Shares; and (c) the right to receive, before any distribution of any part of the assets of the Manager among the holders of any other class of shares, the redemption amount of the Manager Class A Shares determined in accordance with its articles (the “**Class A Redemption Amount**”), together with any dividends declared thereon and unpaid, and no more.

The Manager may, or any registered holder of Manager Class A Shares may require the Manager to, redeem the whole or any part of the Manager Class A Shares upon payment of the Class A Redemption Amount, together with any dividends declared thereon and unpaid.

The Manager may purchase for cancellation the whole or any part of the Manager Class A Shares at the lowest price which, in the opinion of the Manager’s directors, such Manager Class A Shares are obtainable. Subject to certain exceptions, the Manager shall purchase the Manager Class A Shares either (a) with the consent of all the holders of Manager Class A Shares, or (b) pursuant to tenders received by the Manager upon request.

Manager Class B Shares

Holders of Manager Class B Shares are entitled to: (a) receive notice of and attend any meetings of shareholders of the Manager and are entitled to one vote for each Manager Class B Share held; (b) the right to receive, subject to the prior rights and privileges attaching to the Manager Class A Shares but in priority to the Manager Class C Shares and the Manager Common Shares, for each financial year of the Manager, a fixed preferential non-cumulative dividend of \$0.08; and (c) the right to receive, subject to the prior rights and privileges attaching to the Manager Class A Shares and in priority to the Manager Class C Shares and the Manager Common Shares, a redemption price of \$1.00 per Manager Class B Share (the “**Class B Redemption Amount**”), together with any dividends declared thereon and unpaid, and no more.

The Manager may, or any registered holder of Manager Class B Shares may require the Manager to, redeem the whole or any part of the Manager Class B Shares upon payment of the Class B Redemption Amount, together with any dividends declared thereon and unpaid.

The Manager may purchase for cancellation the whole or any part of the Manager Class B Shares at the lowest price which, in the opinion of the Manager’s directors, such Manager Class B Shares are obtainable. Subject to certain exceptions, the Manager shall purchase the Manager Class B Shares either (a) with the consent of all the holders of Manager Class B Shares, or (b) pursuant to tenders received by the Manager upon request.

Manager Class C Shares

Holders of Manager Class C Shares are entitled to: (a) receive notice of meetings called for the purpose of authorizing the dissolution of the Manager, or the sale, lease or exchange of all or substantially all the property of the Manager other than in the ordinary course, but are not entitled to vote at any meetings of the shareholders of the Manager; (b) the right to receive, subject to the prior rights and privileges attaching to the Manager Class A Shares and Manager Class B Shares, any dividend declared by the Manager in equal amounts per share on all

the Manager Class C Shares and Manager Common Shares outstanding at the time; and (c) the right to receive subject to the prior rights and privileges attaching to Manager Class A Shares and Manager Class B Shares, the remaining property and assets of the Manager upon dissolution in equal amounts per share on all the Manager Class C Shares and Manager Common Shares outstanding at the time.

The Manager may purchase for cancellation the whole or any part of the Manager Class C Shares at the lowest price which, in the opinion of the Manager's directors, such Manager Class C Shares are obtainable. Subject to certain exceptions, the Manager shall purchase the Manager Class C Shares either (a) with the consent of all the holders of Manager Class C Shares, or (b) pursuant to tenders received by the Manager upon request.

Manager Common Shares

Holders of Manager Common Shares are entitled to: (a) receive notice of and attend any meetings of shareholders of the Manager and are entitled to one vote for each Manager Common Share held; (b) the right to receive, subject to the prior rights and privileges attaching to the Manager Class A Shares and Manager Class B Shares, any dividend declared by the Manager in equal amounts per share on all the Manager Class C Shares and Manager Common Shares outstanding at the time; and (c) the right to receive subject to the prior rights and privileges attaching to Manager Class A Shares and Manager Class B Shares, the remaining property and assets of the Manager upon dissolution in equal amounts per share on all the Manager Class C Shares and Manager Common Shares outstanding at the time.

The Manager may purchase for cancellation the whole or any part of the Manager Common Shares at the lowest price which, in the opinion of the Manager's directors, such Manager Common Shares are obtainable. Subject to certain exceptions, the Manager shall purchase the Manager Common Shares either (a) with the consent of all the holders of Manager Common Shares, or (b) pursuant to tenders received by the Manager upon request.

Proprio Class A Shares

Holders of Proprio Class A Shares are entitled to: (a) receive notice of and attend any meetings of holders of Proprio Class A Shares and are entitled to one vote for each Proprio Class A Share held, except meetings at which only holders of a specified class are entitled to vote; (b) the right to receive, subject to the prior rights and privileges attaching to the Proprio Class B Shares, the Proprio Class C Shares, the Proprio Class D Shares and the Proprio Class E Shares, any dividend declared by Proprio; and (c) the right to receive subject to the prior rights and privileges attaching to the Proprio Class B Shares, the Proprio Class C Shares, the Proprio Class D Shares and the Proprio Class E Shares, the remaining property and assets of Proprio upon dissolution.

Proprio Class B Shares

Holders of Proprio Class B Shares are entitled to: (a) no voting rights or any rights to receive notice of any meetings of shareholders, except as required by the CBCA; (b) the right to receive, in priority to the Proprio Class A Shares, the Proprio Class C Shares, the Proprio Class D Shares and the Proprio Class E Shares, a non-cumulative annual dividend, not to exceed 6% of the redemption amount of the Proprio Class B Shares determined in accordance with its articles (the "**Proprio Class B Redemption Amount**"); and (c) the right to receive, in priority to the Proprio Class A Shares, the Proprio Class C Shares, the Proprio Class D Shares and the Proprio Class E Shares, an amount equal to the Proprio Class B Redemption Amount.

Proprio may, or any registered holder of Proprio Class B Shares may require Proprio to, redeem the whole or any part of the Proprio Class B Shares upon payment of the Proprio Class B Redemption Amount. Proprio may purchase for cancellation the whole or any part of the Proprio Class B Shares for a price not to exceed the Proprio Class B Redemption Amount.

Proprio Class C Shares

Holders of Proprio Class C Shares are entitled to: (a) no voting rights or any rights to receive notice of any meetings of shareholders, except as required by the CBCA; (b) the right to receive, subject to the prior rights and

privileges of the Proprio Class B Shares but in priority to the Proprio Class A Shares, the Proprio Class D Shares and the Proprio Class E Shares, a non-cumulative annual dividend, not to exceed 6% of the redemption amount of the Proprio Class C Shares determined in accordance with its articles (the “**Proprio Class C Redemption Amount**”); and (c) the right to receive, subject to the prior rights and privileges of the Proprio Class B Shares, but in priority to the Proprio Class A Shares, the Proprio Class C Shares, the Proprio Class D Shares and the Proprio Class E Shares, an amount equal to the Proprio Class C Redemption Amount.

Proprio may, or any registered holder of Proprio Class C Shares may require Proprio to, redeem the whole or any part of the Proprio Class C Shares upon payment of the Proprio Class C Redemption Amount. Proprio may purchase for cancellation the whole or any part of the Proprio Class C Shares for a price not to exceed the Proprio Class C Redemption Amount.

Proprio Class D Shares

Holders of Proprio Class D Shares are entitled to: (a) no voting rights or any rights to receive notice of any meetings of shareholders, except as required by the CBCA; (b) the right to receive, subject to the prior rights and privileges of the Proprio Class B Shares and the Proprio Class C Shares, but in priority to the Proprio Class E Shares and the Proprio Class A Shares, a fixed non-cumulative preferential of 10% of the total amount of contribution received by Proprio in return for such share; and (c) the right to receive, subject to the prior rights and privileges of the Proprio Class B Shares and the Proprio C Shares, but in priority to the Proprio Class A Shares and the Proprio Class E Shares, an amount equal to the redemption amount of the Proprio Class D Shares determined in accordance with its articles (the “**Proprio Class D Redemption Amount**”).

Proprio may redeem the whole or any part of the Proprio Class D Shares upon payment of the Proprio Class D Redemption Amount. Proprio may purchase for cancellation the whole or any part of the Proprio Class D Shares for a price not to exceed the Proprio Class D Redemption Amount.

Proprio Class E Shares

Holders of Proprio Class E Shares are entitled to: (a) receive notice of and attend any meetings of holders of Proprio Class E Shares and are entitled to one vote for each Proprio Class E Share held, except meetings at which only holders of a specified class are entitled to vote; (b) the right to receive, subject to the prior rights and privileges of the Proprio Class B Shares, the Proprio Class C Shares and the Proprio Class D Shares, but in priority to the Proprio Class A Shares, a fixed non-cumulative preferential of 10% of the total amount of contribution received by Proprio in return for such share; and (c) the right to receive, subject to the prior rights and privileges of the Proprio Class B Shares, the Proprio Class C Shares and the Proprio Class D Shares, but in priority to the Proprio Class A Shares, an amount equal to the redemption amount of the Proprio Class E Shares determined in accordance with its articles (the “**Proprio Class E Redemption Amount**”).

Proprio may, or any registered holder of Proprio Class E Shares may require Proprio to, redeem the whole or any part of the Proprio Class E Shares upon payment of the Proprio Class E Redemption Amount. Proprio may purchase for cancellation the whole or any part of the Proprio Class E Shares for a price not to exceed the Proprio Class E Redemption Amount.

DIVIDENDS OR DISTRIBUTIONS

Dividends or Distributions Declared

In its three most recently completed financial years, and the current financial year, the Manager has paid one dividend. The dividend was paid to Vendor Holdings, the sole holder of Manager Class A Shares at the time of the dividend payment, in the amount of \$2,000,000 on December 3, 2021.

In its three most recently completed financial years, and the current financial year, Proprio has paid three dividends. The dividends were paid to Vendor Holdings, the sole holder of Proprio Class A Shares at the time of

the dividend payments, in the amounts of \$1,500,000 on June 23, 2022, \$1,400,000 on October 7, 2021 and \$2,000,000 on March 16, 2021.

Dividend and Distribution Policy

The amounts and timing of any dividends declared and paid are determined from time to time by the boards of the Target Entities in their discretion dependent upon, among other things, the prevailing economic conditions and the financial condition of the Target Entities at any given point in time.

CONSOLIDATED CAPITALIZATION

There have been no material changes in the share and loan capital of the Target Companies since September 30, 2023.

PRIOR SALES

Upon the Manager Amalgamation on July 1, 2023, the then-outstanding shares of Bridgemarq Real Estate Services Manager Limited and BRPS Pebble BranchCo Inc. were converted for no consideration into the outstanding shares of the Manager, being 100,000 Manager Class A Shares and 101 Manager Common Shares.

Except as set out above, during the 12 months preceding the date of the Circular, the Target Companies have not issued any shares.

PRINCIPAL SECURITYHOLDER

As of the date of the Circular, Vendor Holdings owns 100% of the issued and outstanding Purchased Shares. Immediately prior to Closing, all of the Purchased Shares will be transferred to the Vendor. Following Closing, the Partnership will own 100% of the issued and outstanding Purchased Shares.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

The Management’s Discussion and Analysis (the “**MD&A**”) for the year ended December 31, 2022 (the “**Annual MD&A**”) and the MD&A for the nine months ended September 30, 2023 (the “**Interim MD&A**”) are provided to enable a reader to assess the results of operations and financial condition of the combined operations of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc. (the “**Company**”) for the years ended December 31, 2022 and 2021 and the three and nine month periods ended September 30, 2023 and 2022, respectively. The Annual MD&A and the Interim MD&A are dated March 1, 2024.

The Annual MD&A and the Interim MD&A 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 these MD&As should be read in conjunction with the Company’s 2022 Financial Statements and the Company’s Q3 2023 Financial Statements, as applicable, which are prepared in accordance with IFRS.

Additional information relating to the Company is disclosed in the accompanying management information circular dated March 1, 2024 (the “**Circular**”).

Non-GAAP Financial Measures

The Annual MD&A and Interim MD&A make reference to Net Revenue which is a non-GAAP financial measure. Net Revenue does not have any standardized meaning under IFRS and, accordingly, may not be comparable to similar measures used by other companies. Net Revenue is defined in the Annual MD&A and Interim MD&A as total revenues including gross commission income, management fee revenue and other revenue less commission

and other related costs and costs of other revenue. Net Revenue is a useful supplemental measure of performance as it provides investors with an indication of the amount of revenue generated by the Target Companies after deducting commission expenses to sales representatives and other costs of revenue available to pay expenses and invest in other investment opportunities and working capital requirements. For further information, see the reconciliation of Net Revenue to Revenue for the periods ended December 31, 2022 and December 31, 2021 under “*Net Revenue Reconciliation*” in the Annual MD&A as well as for the periods ended September 30, 2023 and September 30, 2022 under “*Net Revenue Reconciliation*” in the Interim MD&A.

Forward-Looking Information

The Annual MD&A and Interim MD&A contain forward-looking information and other “forward-looking statements” within the meaning of applicable securities legislation. Words such as “assessing”, “automatically”, “can”, “change”, “continues”, “could”, “decreases”, “dependent”, “determination”, “estimate”, “estimated”, “estimating”, “estimation”, “expectation”, “expected”, “expects”, “extend”, “forecasts”, “future”, “grow”, “growth”, “increase”, “increases”, “increasing”, “likely”, “may”, “measuring”, “not expected”, “outlook”, “possible”, “potential”, “renew”, “renewal”, “seeks”, “should”, “to be”, “to be”, “will”, “will not”, “would” 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: changes in the supply or demand of houses for sale in Canada or in any particular region within Canada, changes in the selling price for houses in Canada or any particular region within Canada, changes in the Company’s cash flow, changes in the Company’s strategy with respect to and/or ability to pay dividends, changes in the productivity of the Company’s REALTORS® or the commissions they charge their customers, changes in government policy, laws or regulations which could reasonably affect the housing markets in Canada or the economy in general, changes to any products or services developed or offered by the Company, consumer response to any changes in the housing markets in Canada or any changes in government policy, laws or regulations, changes in general economic conditions (including interest rates, consumer confidence and other general economic factors or indicators), changes in global and regional economic growth, changes in the demand for and prices of natural resources on local and international markets, the level of residential real estate transactions, competition from other real estate brokers or from discount and/or Internet-based real estate alternatives, the closing of existing real estate brokerage offices, other developments in the residential real estate brokerage industry or the Company that reduce the number of REALTORS® in the Company’s network or revenue from the Company’s network, our ability to maintain brand equity through the use of trademarks, changes in tax laws or regulations, and other risks detailed in the Circular. In addition to the foregoing, as a venture issuer, the Company is not required to make representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting. Material factors or assumptions that were applied in drawing conclusions or making estimates set out in the forward-looking statements include, but are not limited to: anticipated economic conditions, anticipated impact of government policies, anticipated financial performance, anticipated market conditions, business prospects, the successful execution of the Company’s business strategies and recent regulatory developments. The factors underlying current expectations are dynamic and subject to change. Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Organization

Bridgemarq Real Estate Services Manager Limited (the “**Manager**”) was incorporated under the *Business Corporations Act* (Ontario) and Proprio Direct Inc. (“**Proprio**”) was incorporated under the *Canada Business Corporations Act*. The Manager and Proprio are wholly-owned subsidiaries of Brookfield BBP (Canada) L.P. (“**Brookfield**”) which is a subsidiary of Brookfield Business Partners L.P. (“**BBP**”) and is listed on the Toronto Stock Exchange (the “**TSX**”) under the symbol “BBU-UN” and on the NYSE under the symbol “BBU”. The

consolidated operations of the Company includes a number of operating corporations which are each 100% directly or indirectly owned by the Manager.

The Company's business operates in two business segments:

- Bridgemarq Real Estate Brokerage Group (the “**Brokerage Operations**”): The Brokerage Operations operate full service real estate brokerage locations in British Columbia, Ontario and Québec under the Royal LePage®, Via Capitale®, Proprio Direct®, Johnston & Daniel® and Les Immeubles Mont-Tremblant real estate brands. The Brokerage Operations provide services to real estate sales representatives to support them in assisting businesses or residential customers who wish to buy or sell residential or commercial real estate. Real estate commissions (or gross commission income) is generated from such services.
- Bridgemarq Real Estate Franchise Management Services (the “**Franchise Operations**”): The Franchise Operations provides franchise management services to Bridgemarq Real Estate Services Inc. (“**BRESI**”) under the Royal LePage®, Via Capitale® and Johnston & Daniel® real estate brands. BRESI is a related company by virtue of the fact that it is 28% indirectly controlled by BBP. BRESI is listed on the TSX under the symbol “BRE”. Management fee revenue is generated through the provisions of franchise administration services to BRESI under the terms of the fourth amended and restated management services agreement, made effective November 6, 2018, together with any amendments thereto (the “**MSA**”).

The Company also generates other revenues for organizing awards and recognition events for its brokers and sales representatives, for conducting brand-wide advertising campaigns and for miscellaneous services provided to sales representatives by the Brokerages, including rent and processing fees.

ANNUAL MD&A FOR THE YEAR ENDED DECEMBER 31, 2022

The Annual MD&A should be read in conjunction with the audited combined consolidated financial statements and related notes for the years ended December 31, 2022 and 2021 (the “**Financial Statements**”). The three months ended December 31, 2022 shall be referred to in this Annual MD&A as the “**Quarter**” and the comparative period for the three months ended December 31, 2021 shall be referred to as the “**Prior Year Quarter**”. The year ended December 31, 2022 shall be referred to as the “**Year**” and the comparative period for the year ended December 31, 2021 shall be referred to as the “**Prior Year**”. Unless the context indicates otherwise, references to “Brokerages”, “the Company”, “we”, “us” and “our” in this Annual MD&A refer to Bridgemarq Real Estate Services Manager Limited and its subsidiaries and Proprio Direct Inc. 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.

Overall Performance

The financial performance of the Company in the Year was impacted by weakness in the Canadian real estate market (the “**Canadian Market**”). The Canadian Market posted further declines in the Quarter as sales volumes decreased nationally by 38% compared to the Prior Year Quarter, and 25% for the Year compared to the record volumes recorded in the Prior Year. According to the Canadian Real Estate Association, the national average selling price declined 12% in the Quarter compared to the Prior Year Quarter, however home prices remain significantly higher than pre-pandemic levels, increasing 26% compared to the fourth quarter of 2019. A nationwide shortage in housing supply helped to keep prices from declining further, as the number of homes listed for sale declined compared to prior period levels. Home sales activity is expected to increase once interest rates stabilize.

Core inflation measures have been slow to come down from the high levels experienced recently, in part because of the country's strong job market, which continues to support consumer demand in the economy. The Bank of Canada implemented a series of interest rate hikes during the Year which contributed to lower home resales and

decreased demand throughout the Year. If the central bank continues to hold the policy rate at its current level, home resale activity in the market could return to levels consistent with historical trends.

It appears that any negative impact of the pandemic (declared by the World Health Organization in March 2020) on the Company's operations has lessened, however management continues to closely evaluate the impact of COVID-19 and the Canadian Market in general, on the Company's business. It is not possible to estimate the impact on the future financial results of the Company of any resurgence of COVID-19 or its variants.

During the Year, the Company completed two acquisitions which have served to increase the number of sales representatives at our Brokerages in the Greater Toronto Area:

- In the third quarter of 2022, the Company acquired 110 sales representative contracts in the Greater Toronto Area that were previously affiliated with a competing brokerage, for proceeds of approximately \$1.3 million and an additional payment of approximately \$0.8 million payable over the two years following the acquisition date subject to certain operating thresholds being met.
- In the fourth quarter of 2022, the Company acquired 100% of the outstanding shares of Credit Valley Real Estate Inc. for \$975,000, including the transfer of 123 sales representatives in the Greater Toronto Area.

Overview of 2022 Operating Results

(In thousands of Canadian dollars)	Three months ended December 31, 2022	Three months ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2021
Revenues				
Gross commission income	\$ 75,049	\$ 109,861	\$ 398,765	\$ 458,050
Management fee revenue	4,479	4,520	19,872	20,158
Other revenue	2,808	2,327	14,088	12,095
	<u>82,336</u>	<u>109,861</u>	<u>432,725</u>	<u>490,303</u>
Expenses				
Commission and other related costs	71,600	97,543	375,527	430,339
Cost of other revenue	456	783	4,092	2,170
Compensation	6,293	7,012	26,704	26,796
Software, hosting and licensing	1,388	1,545	5,115	4,986
Marketing and communications	1,109	1,327	4,122	3,918
General and administration	1,297	1,237	3,883	3,732
Premises	737	620	2,872	2,357
Other operating	583	350	1,838	998
Franchise fees	146	105	860	820
Interest	216	225	847	991
Depreciation and amortization	1,461	1,551	5,956	6,021
	<u>85,286</u>	<u>112,299</u>	<u>431,816</u>	<u>483,128</u>
Earnings before income tax	(2,950)	(2,438)	909	7,175
Current income tax expense	(686)	(448)	314	2,618
Deferred income tax expense (recovery)	(28)	119	165	(525)
Income tax expense	<u>(714)</u>	<u>(329)</u>	<u>479</u>	<u>2,093</u>
Net earnings and total comprehensive earnings	<u>\$ (2,236)</u>	<u>\$ (2,109)</u>	<u>\$ 430</u>	<u>\$ 5,082</u>

Cash Flow Information (In thousands of Canadian dollars)	Three months ended December 31, 2022	Three months ended December 31, 2021	Year ended December 31, 2022	Year ended December 31, 2021
Cash provided by (used for):				
Operating activities	1,420	(1)	4,415	11,192
Investing activities	(958)	(2,732)	(2,653)	(2,468)
Financing activities	(1,177)	(4,592)	(5,191)	(9,331)

(In thousands of Canadian dollars)	December 31, 2022	December 31, 2021
Total assets	\$ 88,290	\$ 115,701
Total liabilities	\$ 65,386	\$ 91,727

Variation Of Operating Results For The Year Compared To The Prior Year

Revenues

Revenues for the Year have decreased compared to the Prior Year as a result of weakness in the Canadian Market in the last half of the Year.

Net Earnings

For the Year, the Company generated net earnings of \$0.4 million, compared to net earnings of \$5.1 million in the Prior Year. The primary drivers of the decrease to net earnings compared to the Prior year were as follows:

- Revenues decreased by \$57.6 million compared to the Prior Year as a result of:
 - A \$59.3 million decrease in gross commission income as a result of weakness in the Canadian Market in the last half of the Year; and
 - A \$0.3 million decrease in management fee revenue as a result of a decrease in variable management fees directly attributed to a reduction in the cash operating income from BRESI, which was impacted by weakness in the Canadian Market in the last half of Year; partly offset by,
 - A \$2.0 million increase in other revenue as a result of the resumption of networking events after pandemic-caused cancellations in the Prior Year.
- Expenses were \$51.3 million lower compared to the Prior Year primarily due to:
 - A \$54.8 million decrease in commission and other related costs which is directly related to the reductions in gross commission revenue; and
 - A \$1.6 million decrease in income tax expense; partly offset by,
 - A \$1.9 million increase in cost of other revenue which is directly related to the resumption of networking events after pandemic-caused cancellations in the Prior Year.

Total Assets

Total assets as at end of the Year decreased by \$27.4 million compared to the Prior Year. The main drivers of the net decrease were:

- A \$26.2 million decrease in the Cash held in trust as a result of the weakness in the Canadian Market in the last half of the Year; and
- A \$3.4 million reduction in cash and cash equivalents due to acquisitions, purchase of intangible assets, and payment of dividends; partly offset by
- A \$1.3 million increase in intangible assets; and
- A \$1.2 million increase in income tax receivable.

Total Liabilities

Total liabilities decreased by \$26.3 million in the Year primarily due to a \$26.2 million decrease in customer deposits.

Dividends

Dividends approved and paid during the year amounted to \$1.5 million compared to \$5.4 million in the Prior Year.

Annual Operating Results And Cash Flows

For the Year, the Company generated net earnings of \$0.4 million compared to net earnings of \$5.1 million in the Prior Year.

Revenues for the Year totaled \$432.7 million, compared to \$490.3 million for the Prior Year. Gross commission income represented 92% of revenues for the Year (Prior Year– 93%). Revenues decreased due to weakness in the Canadian Market. Real estate activity in Canada began to weaken in the second quarter of 2021 after the Bank of Canada announced that it would attempt to control inflation by increasing interest rates. It then increased rates seven times during 2022, increasing the cost of borrowing and negatively impacting consumer capacity to purchase real estate.

Gross commission income for the Year decreased by 13% as compared to the Prior Year and commissions and other related costs decreased by 13% due to the weaker Canadian Market.

The impact of lower commission incomes was partly offset by an increase in other revenues as a result of the resumption of social and networking events which were cancelled in the Prior Year due to the pandemic. However, these events generate limited gross profit as costs of running those events increased by approximately the same amount.

Overall, total operating expenses decreased by \$51.3 million compared to the Prior Year. A \$54.8 million decrease in commissions and other related costs was partly offset by a \$1.9 million increase in costs of other revenues (due to increased costs for events following the COVID-19 pandemic), a \$0.8 million increase in other operating expense due to the costs associated with the resumption of travel after the COVID-19 pandemic, and a \$0.5 million increase in premises costs due to increased operating costs with the return to the office.

Cash provided by operating activities decreased by \$6.8 million compared to the Prior Year, primarily due to decreased revenues.

Cash used in investing activities increased by \$0.2 million compared to the Prior Year due to a small increase in cash invested in acquisitions.

Cash used in financing activities is comprised of dividends paid to shareholders, lease payments and interest expense. This amount decreased by \$4.1 million compared with the Prior Year due to lower dividends and lower payments for leased premises.

Fourth Quarter Operating Results And Cash Flow

For the Quarter, the Company generated a net loss of \$2.2 million compared to a net loss of \$2.1 million in the Prior Year Quarter.

Revenues for the Quarter totaled \$82.3 million, compared to \$109.9 million for the Prior Year Quarter. Gross commission income represented 91% of revenues for the Quarter (Prior Year Quarter – 93%). Revenues decreased due to weakness in the Canadian Market.

Gross commission income for the Quarter decreased by 26% as compared to the Prior Year Quarter and commissions and other related costs decreased by 27% due to the weaker Canadian Market.

The impact of lower commission incomes was partly offset by an increase in other revenues as a result of the resumption of social and networking events which were cancelled in the Prior Year due to the pandemic.

Overall total operating expenses decreased by \$27.0 million compared to the Prior Year Quarter. There was a \$26.0 million decrease in commissions and other related costs along with a decrease in compensation expense of \$0.8 million due to reduction in staff as a result of the lower volume of transactions.

Cash provided by operating activities increased by \$1.4 million in the Quarter compared to the Prior Year Quarter due to the timing of cash received for future events in the Quarter.

Cash used in investing activities decreased by \$1.8 million compared to the Prior Year Quarter. The costs associated with the acquisition of Royal LePage Credit Valley Real Estate during the Quarter were lower than the costs associated with the acquisition of Royal LePage Partners and Via Capitale du Mont-Royal in the Prior Year Quarter.

Cash used in financing activities is comprised of dividends paid to shareholders, lease payments and interest expense. The amount decreased by \$3.4 million compared with the Prior Year Quarter as there was a reduction in dividends paid in the Quarter.

Net Revenue Reconciliation

The table below reconciles revenue as presented in the statement of net and comprehensive earnings (loss) in the Financial Statements to Net Revenue for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Revenues	\$ 432,725	\$ 490,303
Less:		
Commission and other related costs	375,527	430,339
Cost of other revenue	4,092	2,170
Net Revenue	\$ 53,106	\$ 57,794

The table below reconciles revenue as presented in the quarterly results to Net Revenue for the quarters ending December 31, 2021 to quarters ending September 30, 2023:

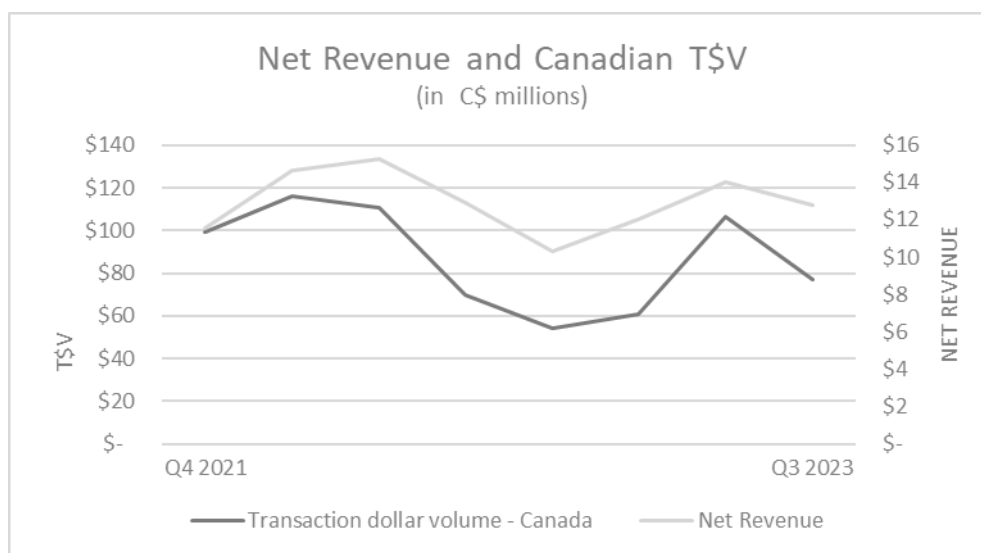
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	2023				2022			
Revenues	125,154	101,745	61,723	82,336	127,341	133,232	89,816	109,861
Less:								
Commission and other related costs	111,317	85,989	48,197	71,600	112,553	116,961	74,413	97,543
Cost of other revenue	1,036	1,763	1,519	456	1,848	1,039	749	783
Net Revenue	12,801	13,993	12,007	10,280	12,940	15,232	14,654	11,535

Summary of Quarterly Results

The following table provides selected quarterly financial information (in thousands, except per share data) for the eight most recently completed financial quarters ended December 31, 2022. This information reflects all adjustments of a recurring nature that are, in the opinion of management, necessary to present a fair statement of the results of operations for the periods presented. Quarter-to-quarter comparisons of financial results are not necessarily meaningful and should not be relied upon as an indication of future performance.

	Q3	Q2	Q1	Q4	Q3	Q2	Q1	Q4
	2023				2022			
Revenues	125,154	101,745	61,723	82,336	127,341	133,232	89,816	109,861
Cost of sales	112,353	87,752	49,716	72,056	114,401	118,000	75,162	97,558
Net Revenue	12,801	13,993	12,007	10,280	12,940	15,232	14,654	12,303
Profit (Loss) attributable to owner	404	722	(1,253)	(2,236)	274	2,650	(258)	(2,109)

The change in Net Revenue from quarter to quarter is directly attributable to the change in market value of residential real estate sales in the markets served by the Brokerages. The graph below shows the relationship between the Company's quarterly Net Revenue to the quarterly market value of real estate traded across Canada. The graph shows the cyclical nature of the real estate market and the direct relationship with the Net Revenue of the Company.



In addition to variations in the Canadian Market, the changes in quarterly Net Revenue were positively impacted by the acquisition of sales representative agreements as a result of the following transactions:

- the acquisition of 24 sales representative agreements previously affiliated with Royal LePage Partners in the fourth quarter of 2021;

- the acquisition of Via Capitale Du Mont Royale and 28 sales representative agreements from Via Capitale de l'Estrie in the fourth quarter of 2021;
- the acquisition 110 sales representative agreements previously affiliated with a competing brokerage located in the greater Toronto area in the third quarter of 2022; and
- the acquisition of Royal LePage Credit Valley Real Estate in the fourth quarter of 2022.

Liquidity

Our primary sources of liquidity are cash and cash flows from operations. The Company expects to meet all of its obligations and other commitments as they come due. The Company has various financing sources to fund operations and will continue to fund working capital needs through these sources along with cash flows generated from operating activities.

Balance Sheet Overview

(In thousands of Canadian dollars)	December 31 2022	December 31 2021
Assets		
<u>Current assets</u>		
Cash and cash equivalents	\$ 11,261	\$ 14,690
Cash held in trust	31,153	57,338
Accounts receivable	3,543	2,665
Contract transfer receivable	602	573
Due from related parties	712	818
Income tax receivable	1,232	-
Prepaid expenses and other assets	1,492	1,469
Total current assets	49,995	77,553
<u>Non-current assets</u>		
Contract transfer receivable	\$ 1,974	\$ 2,576
Deferred management fees receivable	5,116	4,917
Notes receivable	741	836
Other non-current assets	276	432
Property and equipment, net	3,756	3,795
Right-of-use assets, net	13,334	13,524
Deferred income taxes	1,661	2,074
Intangible assets, net	4,995	3,679
Goodwill	6,442	6,315
Total assets	\$ 88,290	\$ 115,701

(In thousands of Canadian dollars)	December 31 2022	December 31 2021
Liabilities and equity		
<u>Current liabilities</u>		
Accounts payable	\$ 10,027	\$ 8,828
Accrued liabilities	7,366	7,459
Customer deposits	31,153	57,338
Income tax payable	-	584
Lease liabilities	3,029	3,742
Total current liabilities	51,575	77,951
Lease liabilities	12,378	11,619
Other non-current liabilities	1,433	2,157
Total liabilities	65,386	91,727
Total owners' equity	22,904	23,974
Total liabilities and equity	\$ 88,290	\$ 115,701

For the year ended December 31, 2022, cash and cash equivalents totaled \$11.3 million, compared to \$14.7 million at December 31, 2021. Cash is comprised of cash held in our bank accounts and cash equivalents are short-term (generally with a maturity of three months or less) highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. The reduction in cash and cash equivalents for the year is a result of reduced cash flow from operating activities due to weak real estate markets partly offset by lower dividend payments and lower lease payments.

The Brokerage Operations are obligated, under provincial consumer protection regulation, to hold all deposits from consumers in a formal trust arrangement. These funds are not readily available to the Company to use in the operation of its business. Rather, these funds are held to honour the customer deposit liability on the Company's balance sheet.

The Company's working capital requirements are as follows:

(In thousands of Canadian dollars)	December 31 2022	December 31 2021
Current Assets		
Cash and cash equivalents	\$ 11,261	\$ 14,690
Cash held in trust	31,153	57,338
Accounts receivable	3,543	2,665
Contract transfer receivable	602	573
Due from related parties	712	818
Income tax receivable	1,232	-
Prepaid expenses and other assets	1,492	1,469
Total non-cash current assets	49,995	77,553
Non-Cash Current Liabilities		
Accounts payable	\$ 10,027	\$ 8,828
Accrued liabilities	7,366	7,459
Customer deposits	31,153	57,338
Income tax payable	-	584
Lease liabilities	3,029	3,742
Total non-cash current liabilities	51,575	77,951

The Company's working capital balance at December 31, 2022 was a net liability of \$1.6 million, meaning the company effectively uses its current liabilities to fund substantially all of its working capital requirements.

The change in the working capital balance compared to the balance at December 31, 2021 is due to an increase in accounts payable and lower cash and cash equivalent balances partly offset by an increase in accounts receivable and income taxes receivable.

The Company is exposed to liquidity risk in its ability to finance its working capital requirements and meet its cash flow needs. The Company has no third-party debt and generates substantial cash flow to finance its business. The following is a schedule of the Company's contractual liabilities and their expected payment dates as of December 31, 2022.

	2023	2024	2025	2026	2027	Beyond 2028	Total
Accounts payable	\$10,027	-	-	-	-	-	\$10,027
Accrued liabilities	7,366	-	-	-	-	-	7,366
Customer deposits	31,153	-	-	-	-	-	31,153
Leases.....	3,029	2,771	2,507	2,107	1,310	3,683	15,407
Other non-current liabilities	1,433	-	-	-	-	-	1,433
Total	\$53,008	\$2,771	\$2,5078	\$2,107	\$1,310	\$3,683	\$65,386

Cash and Capital Resources

The Company's capital is made up of its cash on hand and net owners' equity. The Company has \$2.5 million of revolving operating credit facilities which are available to meet the Company's day-to-day operating requirements. No amounts have been drawn on these facilities at December 31, 2022 or December 31, 2021. A portion of these revolving operating facilities is secured by a first ranking security of certain of the assets of the

Company. The Company has no other third-party debt. In the past, the Company has received capital from its owner (either directly or indirectly) to support investments in real estate brokerages.

The Company’s objectives in managing its capital include (i) maintaining financial flexibility to preserve its ability to meet financial obligations, (ii) deploying capital to invest in attractive investment opportunities, and (iii) providing an appropriate investment return to its owner through the payment of periodic dividends.

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 as they arise.

There were no changes in the Company’s approach to capital management and the Company did not have any commitments for capital expenditures during the years ended December 31, 2022 and 2021.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

As at the date of this Annual MD&A, BBP controls 100% of the Company. The Company also provides management services to BRESI under the terms of the MSA and pays franchise fees to BRESI from its corporately owned Royal LePage® and Via Capital® residential brokerages.

Under the MSA, the Company provides certain management, administrative and support services to BRESI and, in return, the Company is paid a monthly fee equal to \$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 through December 31, 2023, and (b) 25% of Distributable Cash or 0.375% of the market value of the Restricted Voting Shares on a diluted basis thereafter.

The contract transfer receivable on the Company’s balance sheet represents amounts due from BRESI related to the transfer of franchise agreements to BRESI in a prior year. A portion of the management fee earned under the MSA is allocated as a repayment of the contract transfer receivable with the remainder recorded as management fee revenue in the combined statement of net earnings and total comprehensive earnings.

The Company agreed to defer certain management fees owing from BRESI of approximately \$5.6 million from a prior year. These deferred payments are non-interest bearing, are due no later than 2025 and are repayable in cash or Class B subordinated limited partnership units (“**Class B LP Units**”) of Residential Income Fund L.P. at the option of BRESI. The Class B LP Units can be exchanged for Restricted Voting Shares.

The Company had the following transactions with BRESI or BBP during the years ended December 31, 2022 and December 31, 2021. These transactions have been recorded at the exchange, amount as agreed between the parties.

(\$ 000’s)	December 31, 2022	December 31, 2021
Management fee revenue received from BRESI	\$ 19,872	\$ 20,158
Interest on contract transfer receivable.....	143	171
Interest on deferred management fees receivables	199	191
Gross franchise fee expenses paid to BRESI.....	4,260	3,960
Insurance premiums paid to BBP	153	118

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

(\$ 000's)	December 31, 2022	December 31, 2021
Management fees receivable	\$ 712	\$ 818
Contract transfer receivable.....	2,576	3,149
Deferred management fees receivable.....	5,116	4,917
Franchise fees payable	457	456

Compensation expense paid to key management personnel totaled approximately \$2.2 million (2021 - \$1.8 million) and was comprised of short-term compensation of approximately \$1.8 million (2021 - \$1.8 million) and other long-term compensation of approximately \$0.4 million (2021 – nil).

The related party transactions entered into by the Company were transacted at contracted rates or at exchange amounts approximating fair market value.

Proposed Transaction

On December 14, 2023, BRESI announced that it had entered into a definitive agreement with Brookfield to (i) acquire all of the issued and outstanding shares of the Company and (ii) settle the deferred management fees and distributions owing to the Company and BBP in consideration for approximately 2.9 million Class B LP Units, subject to certain customary purchase price adjustments (collectively, the “**Transaction**”). The Transaction requires the approval of a majority of BRESI’s restricted voting shareholders, excluding the votes of Brookfield and its associates and affiliates.

Following completion of the Transaction, the Brokerages will become wholly-owned subsidiaries of BRESI, and BRESI will continue to be a publicly-listed corporation. The Transaction will remove the need for the MSA and will eliminate the payment of management fees from BRESI to the Manager.

Critical Judgements And Estimates

The preparation of financial statements requires management of the Company to select appropriate accounting policies and to make judgements, estimates and assumptions that affect the estimation of future cash flows utilized in assessing the fair value of goodwill and intangible assets and any related net impairment or recovery.

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. Estimates used in the preparation of the financial statements may be subject to significant adjustments in future periods. The interrelated nature of these factors prevents the Company from quantifying the overall impact of these movements on the Financial Statements. These sources of estimation uncertainty relate in varying degrees to virtually all asset and liability account balances.

The following is the critical judgement that has been made in applying the Company’s accounting policies that has the most significant effect on the amounts in the Financial Statements:

Impairment Of Goodwill

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

Financial Risks

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:

Credit Risk

A significant portion of the accounts receivable are collected by the Brokerage Operations on behalf of real estate agents or cooperating brokerages. All real estate transactions require the purchaser to pay a deposit which reduces the likelihood that a buyer will not complete the transaction. Credit risk also arises from the possibility that sales representatives may not pay amounts owing to the Brokerage Operations. Credit risk is limited to the recorded amount of accounts receivable and is mitigated by the fact that the Brokerage Operations has the ability to deduct any amounts owing from sales agents from the commission income they earn on their transactions with customers.

Market Risk

The Company operates real estate brokerage offices in a number of markets across the country. For the year ended December 31, 2022, the Brokerages Operations generated approximately 44% of its revenue from its offices in the Greater Toronto Area, 19% of its revenue from its offices in the Greater Vancouver area and 37% of its revenues from its offices in Québec. Real estate markets are cyclical and unpredictable which may contribute to volatility in the Company's cash flows. This market volatility is somewhat mitigated by the lower volatility associated with management fee revenues earned by the Franchise Operations and the geographic diversification of the Brokerage Operations.

Liquidity Risk

The Company is exposed to liquidity risk in its ability to finance its working capital requirements and meet its cash flow needs. The Company generally utilizes its current liabilities to finance all of its current assets. In addition, the Company has \$2.5 million of revolving operating credit facilities which are available to meet the Company's day-to-day operating requirements. No amounts have been drawn on these facilities at December 31, 2022 or December 31, 2021.

Fair Value

The fair value of certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, are estimated by management to approximate their carrying values due to their short-term nature. The fair value of deferred management fees receivable, the contract transfer receivable and notes receivable approximate their carrying values as a result of their floating rate terms.

Other Risks

Additional risks relating to the real estate brokerage industry and the business of the Company are outlined in the Circular under the heading "*PART IV – RISK FACTORS*".

Changes in Accounting Policies Including Initial Adoption

Adopted During the Period

During the Year, the Company adopted amendments to IAS 37-Provisions, Contingent Liabilities and Contingent Assets issued by the International Accounting Standards Board relating to the assessment of onerous contracts. These amendments clarified 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. There was no impact on the Company's consolidated financial statements as a result of these amendments.

To be Adopted in Future Periods

There are no new or anticipated standards which will become effective in future periods that are expected to have a material impact on the Financial Statements.

Financial Instruments

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, contract transfer receivable, due from related parties, deferred management fees receivable, notes receivable, accounts payable and accrued liabilities.

The Company is exposed to credit risk with respect to accounts receivable, contract transfer receivable, due from related parties, deferred management fees receivable and notes receivable to the extent that its counterparties are unable to pay their fees. The Company's credit risk is limited to the recorded amount of such receivables. Management reviews the financial position of its notes receivable on a regular basis to assess the likelihood of collection. The largest portion of accounts receivable at the Brokerage Operations consists of amounts receivable from sales representatives, where the brokerage has the right to offset any amounts receivable against any commissions owing to that sales representative. The remaining receivable amounts are due from BRESI which is a publicly-traded company. The Company regularly reviews the financial reporting of BRESI to assess the likelihood of collection.

Securities Outstanding

The Manager is authorized to issue an unlimited number of Class A shares, an unlimited number of Class B shares, an unlimited number of Class C shares and an unlimited number of common shares. As of the date of this MD&A, 100,000 Class A shares and 101 common shares in the capital of the Manager were issued and outstanding.

Proprio is authorized to issue an unlimited number of Class A shares, an unlimited number of Class B shares, an unlimited number of Class C shares, an unlimited number of Class D shares and an unlimited number of Class E shares. As of the date of this MD&A, 1,064 Class A shares in the capital of Proprio were issued and outstanding.

INTERIM MD&A FOR THE NINE-MONTH PERIOD ENDED SEPTEMBER 30, 2023

Introduction

This Management's Discussion and Analysis for the three and nine months ended September 30, 2023 (the "**Interim MD&A**") has been prepared to provide material updates to the results of operations and financial condition of the combined operations of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc. (the "**Company**") since the Company's annual management discussion and analysis for the years ended December 31, 2022 and 2021 (the "**Annual MD&A**"). This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A.

This Interim MD&A has been prepared to provide material updates to the results of operations and financial condition of the Company since the date of the Company's Annual MD&A. This Interim MD&A is prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – *Continuous Disclosure Obligations*. This Interim MD&A should be read in conjunction with the Company's Annual MD&A, the audited combined consolidated annual financial statements for the years ended December 31, 2022 and 2021, together with the notes thereto, and the unaudited interim condensed combined consolidated financial statements for the three and nine months ended September 30, 2023, together with the notes thereto (the "**Interim Financial Statements**"). The three months ended September 30, 2023 shall be referred to in this Interim MD&A as the "**Quarter**" and the comparative period for the three months ended September 30, 2022 shall be referred to as the "**Prior Year Quarter**". The nine-month period ended September 30, 2023 shall be referred to as the "**YTD**" and the comparative period for the nine-months ended September 30, 2022 shall be referred to as the "**Prior Year Period**". Unless the context indicates otherwise, references to "the Company", "we", "us" and "our" in this

Interim MD&A refer to Bridgemarq Real Estate Services Manager Limited and its subsidiaries and Proprio Direct Inc. 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.

Additional information relating to the Company is disclosed in the accompanying management information circular dated March 1, 2024 (the “Circular”).

Overall Performance

The Canadian residential real estate market grew by 10% in the Quarter, compared to the Prior Year Quarter.¹ Since April 2022, the Bank of Canada increased its key lending rate ten times, causing a slowdown in housing market activity and a decline in home prices across the country, following two years of pandemic-fueled growth. According to the Canadian Real Estate Association, the national average selling price increased 3% in the Quarter compared to the Prior Year Quarter, while transactions rose nearly 6%.

On a quarter-over-quarter basis, however, the national average selling price and volumes declined 9% and 21%, respectively. As activity slowed through the Quarter relative to the second quarter, major markets in Canada saw an increase in listings inventory, allowing critically low supply levels to build marginally. However, the number of available homes for sale remains well below what is needed to satisfy current and anticipated demand, from both current residents sitting on the sidelines and new immigrants arriving under Canada’s expansive immigration targets. Once interest rates begin to ease, buyers may begin to return to the market, once again creating competitive conditions and putting upward pressure on home prices.

The Bank of Canada held interest rates steady in September and October 2023 following two 25-basis-point hikes in the summer, keeping the overnight lending rate at 5%.² The central bank noted that while higher interest rates are moderating inflation on many goods, including food, elevated mortgage interest costs, rent and other housing costs remain a concern. The central bank said it will raise the policy rate further in the future if necessary. In September, Canada’s Consumer Price Index was up 3.8% compared to the same month last year and down from the 4.0% increase recorded in August.³ The central bank remains committed to achieving its target inflation rate of 2%, which it does not expect it will reach before the middle of 2025.

¹ *CREA Canadian Housing Market Statistics.*

² *Bank of Canada maintains policy rate, continues quantitative tightening, October 25, 2023.*

³ *Consumer Price Index, September 2023, October 17, 2023.*

Overview of Quarter Operating Results

(unaudited) (In thousands of Canadian dollars)	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Revenues				
Gross commission income	\$ 116,603	\$ 118,020	\$ 261,128	\$ 323,716
Management fee revenue	4,988	4,891	14,763	15,393
Other revenue	3,563	4,430	12,731	11,280
	125,154	127,341	288,622	350,389
Expenses				
Commission and other related costs	111,317	112,553	245,503	303,927
Cost of other revenue	1,036	1,848	4,318	3,636
Compensation	6,861	6,969	20,314	20,411
Software, hosting and licensing	1,177	1,355	3,516	3,727
Marketing and communications	809	746	2,934	3,013
General and administration	1,081	896	3,603	2,586
Premises	652	776	2,120	2,135
Other operating	370	539	1,495	1,255
Franchise fees	160	205	633	714
Interest	222	196	673	631
Depreciation and amortization	1,061	1,450	3,957	4,495
	124,746	127,533	289,066	346,530
Earnings (loss) before income tax	408	(192)	(444)	3,859
Current income tax expense (recovery)	(42)	(422)	668	1,000
Deferred income tax expense (recovery)	46	(44)	(985)	193
Income tax expense (recovery)	4	(466)	(317)	1,193
Net earnings (loss) and total comprehensive earnings	\$ 404	\$ 274	\$ (127)	\$ 2,666

Cash Flow Information (In thousands of Canadian dollars)	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Cash provided by (used for):				
Operating activities	\$ 2,817	\$ (2,019)	\$ 3,751	\$ 3,842
Investing activities	82	(1,175)	299	(1,695)
Financing activities	(1,227)	(1,108)	(3,694)	(4,861)

(In thousands of Canadian dollars)	September 30, 2023	December 31, 2022
Total assets	\$ 91,081	\$ 88,290
Total liabilities	\$ 68,304	\$ 65,386

Third Quarter Operating Results And Cash Flows

During the Quarter, the Company generated net earnings of \$0.4 million compared to net earnings of \$0.3 million in the Prior Year Quarter.

Revenues for the Quarter totaled \$125.2 million, compared to \$127.3 million for the Prior Year Quarter. Gross commission income represented 93% of revenues for the Quarter (Prior Year Quarter – 93%). Revenues decreased slightly due to weakness in the Greater Toronto Area. Overall, the market is down 2% compared to 2022 in the third quarter as the market continues to be impacted by the Bank of Canada tightening monetary policy to combat inflation.

Gross commission income for the Quarter decreased by 1% as compared to the Prior Year Quarter and commissions and other related costs decreased by 1% due to the Toronto market being weaker partly offset by the impact of the acquisition of Royal LePage Credit Valley Real Estate in the fourth quarter of 2022.

Overall total operating expenses decreased by \$2.8 million compared to the Prior Year Quarter primarily due to lower commissions and other related costs and lower cost of other revenue.

Cash provided by operating activities increased by \$4.8 million compared to the Prior Year Period, primarily due to reduced working capital requirements in the Quarter and the receipt of a \$1.1 million income tax refund received during the Quarter compared to tax instalments paid of \$0.4 million in the Prior Year Quarter.

Cash used in investing activities decreased by \$1.3 million compared to the Prior Year Quarter, primarily due to lower spending on property, equipment and intangibles.

Cash used in financing activities is comprised of dividends paid to shareholders and lease payments. This amount increased by \$0.1 million compared with the Prior Year Quarter, primarily due to higher payments for leased premises.

Year to Date Operating Results And Cash Flows

During the YTD, the Company generated a net loss of \$0.1 million compared to net earnings of \$2.7 million in the Prior Year Period.

Revenues for the YTD totaled \$288.6 million, compared to \$350.4 million for the Prior Year Period. Gross commission income represented 90% of revenues for the YTD (Prior Year Period – 92%). Revenues decreased due to weakness in the Canadian Market.

Gross commission income for the YTD decreased by 19.3% as compared to the Prior Year Period and commissions and other related costs decreased by 19.2% due to the weaker Canadian Market.

The impact of lower commission incomes was partly offset by an increase in other revenues as a result of an uptick in social and networking events during the return to normalcy following the pandemic.

Overall total operating expenses decreased by \$57.5 million compared to the Prior Year Period. A \$58.4 million decrease in commissions and other related costs was partly offset by a \$1.0 million increase in general and administration expense as people returned to work after the pandemic, a \$0.7 million increase in cost of other revenue and a \$0.2 million increase in other operating expenses.

Cash provided by operating activities was substantially unchanged from the Prior Year Period as the impact of lower earnings was offset by a reduction in working capital requirements.

Cash used in investing activities decreased by \$2.0 million compared to the Prior Year Period, primarily due to a decrease in additions to property, equipment and intangibles.

Cash used in financing activities is comprised of dividends paid to shareholders and lease payments. This amount decreased due to a dividend payment made in the Prior Year Period partly offset by higher lease payments.

Net Revenue Reconciliation

The table below reconciles revenue as presented in the statement of net and comprehensive earnings (loss) in the Interim Financial Statements to Net Revenue for the nine and three month period ended September 30, 2023 and 2022:

	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Revenues	\$ 125,154	\$ 127,341	\$ 288,622	\$ 350,389
Less:				
Commission and other related costs	111,317	112,553	245,503	303,927
Cost of other revenue	1,036	1,848	4,318	3,636
Net Revenue	\$ 12,801	\$ 12,940	\$ 38,801	\$ 42,826

Liquidity and Capital Resources

Revenues from real estate commissions (or gross commission income) is the largest source of liquidity for the Company. While the weakness in the Canadian Market has contributed to the decrease in such revenues in the YTD relative to the Prior Year Period, the Company believes that such gross commission income, 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 has \$2.5 million of revolving operating credit facilities which are available to meet the Company's day-to-day operating requirements. No amounts have been drawn on these facilities at September 30, 2023 or September 30, 2022.

There were no changes in the Company's approach to capital management and the Company did not have any commitments for capital expenditures during YTD and the Prior Year Period.

Related Party Transactions

As noted in the Annual MD&A under the heading “Proposed Transactions”, on December 14, 2023, BRESI announced that it had entered into a definitive agreement with Brookfield to (i) acquire all of the issued and outstanding shares of the Manager and Proprio and (ii) settle the deferred management fees and distributions owing to Brookfield in consideration for approximately 2.9 million Class B LP Units, subject to certain customary purchase price adjustments. Subsequent event disclosure with respect to the Transaction is included in the Interim Financial Statements. For further details with respect to the Transaction, see the Circular.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets out the names of the directors and executive officers for each of the Target Companies, and with respect to each such director and executive officer, all major positions and/or offices held in such Target Companies, the present principal occupation or employment if different from such position and the month and year such individual started with the Target Company. Each director is appointed to serve until the next annual meeting of shareholders of the Target Company or until such director’s successor is elected or appointed. No director or executive officer of the Target Companies beneficially owns, directly or indirectly, any securities of the Target Entities. Certain of the following individuals also serve as directors and executive officers of certain subsidiaries of the Manager.

Name and Municipality of Residence	Position and/or Office with Target Company	Present Principal Occupation if Different from Office Held	Starting Date of Employment at the Target Company
Spencer Enright ¹ Oakville, ON, Canada	Director of the Manager and Proprio, and Chief Executive Officer of the Manager	Chairman of the Board of the Company	March 2010 Director - January 2015 Officer – December 2010
Glen McMillan ² Toronto, ON, Canada	Director of the Manager and Proprio, and Senior Vice President and Chief Financial Officer of the Manager	Chief Financial Officer of the Company	May 2015 Director/Officer - May 2015
Philip Soper ³ Brooklin, ON Canada	Director and Chairman of Proprio, President of the Royal LePage Owned Brokerages and President of the Manager	President and Chief Executive Officer of the Company	February 2001 Director - June, 2017 Officer – October 2001
Paul Zappala ⁴ Toronto, ON, Canada	Executive Vice President & General Counsel and Corporate Secretary of the Manager	-	May 2017
Karen Yolevski ⁵ Toronto, ON, Canada	Chief Operating Officer of the Royal LePage Owned Brokerages	-	April 2021
Carolyn Cheng ⁶ Toronto, ON, Canada	Chief Operating Officer, Franchising of the Manager	-	April 2000
Sandra Webb ⁷ Richmond Hill, ON, Canada	Senior Vice President, Marketing & Communications of the Manager	-	September 1993
Aideen Kenndy ⁸ Toronto, ON, Canada	Vice President, Human Resources of the Manager	-	May 2017
Sharmila Selvarajah ⁹ Toronto, ON, Canada	Senior Vice President, Finance of the Royal LePage Owned Brokerages	-	May 2023

Philippe Lecoq ¹⁰ Montréal, QC, Canada	President of Proprio	-	March 2020
Alexandra Gélinas ¹¹ Montreal, QC, Canada	President of Via Capitale	-	May 2017

- (1) **Spencer Enright.** Mr. Enright is a Chartered Professional Accountant and has been Chief Executive Officer of the Manager since December 2012. Mr. Enright acted as a Senior Vice-President and Chief Operating Officer of an affiliate of the Manager from 2010-2012. Mr. Enright sits on the Board of the Bridgemarq Real Estate Services Charitable Foundation, a charitable organization. Prior to joining Bridgemarq Real Estate Services, he worked in the food manufacturing industry as Senior Vice President and General Manager for The Minute Maid Company Canada Inc. and Chief Financial Officer for Coca-Cola Ltd.
- (2) **Glen McMillan.** Prior to becoming the Chief Financial Officer of BRESI, Mr. McMillan was a Senior Vice President at Brookfield Asset Management. He has worked in executive finance roles for over 20 years, including Chief Financial Officer and Chief Restructuring Officer for Fraser Papers Inc. and as Vice President Finance and Secretary for Nexfor Inc. Mr. McMillan is a Chartered Professional Accountant and graduated with a Bachelor of Commerce from the University of Ottawa.
- (3) **Philip Soper.** Mr. Soper was named President of Royal LePage in October 2002, and Chief Executive in January 2004. Prior to joining Royal LePage in 2000 as General Manager, Corporate Relocation Services, Mr. Soper was General Manager of IBM Canada's Information Technology consulting and services business. Mr. Soper graduated from the University of Alberta with a Bachelor of Commerce and from the University of Western Ontario's Ivey Executive Program.
- (4) **Paul Zappala.** Mr. Zappala is a lawyer and joined the Manager in May 2017 as Executive Vice President & General Counsel, and Corporate Secretary. He has worked in executive operations and legal roles for over 20 years, including as Vice President and Corporate Counsel to a Fortune 500 company in the financial services and insurance industry. Prior to joining, Mr. Zappala was Executive Vice President, Legal & General Counsel with a leading Canadian appraisal management company.
- (5) **Karen Yolevski.** Ms. Yolevski holds the position of Chief Operating Officer for the Royal LePage branded Owned Brokerages operating as part of the Royal LePage Network. Prior to joining Ms. Yolevski held the role of Vice President of a Residential and Commercial Business and was the President for a leading Canadian appraisal management company and provider of outsourced technology solutions for the real estate industry. Ms. Yolevski also was a Vice President and General Counsel for a Canadian FinTech start up and a Partner in the Business and Real Estate Practice Group for a Toronto-based law firm.
- (6) **Carolyn Cheng.** Ms. Cheng joined the Manager as Director, Business Development for Brookfield Business Services in April 2000 and transitioned to the Royal LePage franchise operations in 2003. Ms. Cheng was named COO in May 2016. Prior to joining the franchise operations, she was a Senior Consultant with Deloitte Consulting
- (7) **Sandra Webb.** Ms. Webb joined the franchise operations in 1993 and was named Senior Vice-President Marketing & Communications in 2008. Prior to joining the franchise operations, Ms. Webb worked for the Johnston & Daniel brokerage.
- (8) **Aideen Kennedy** Ms. Kennedy holds the position of Vice President of Human Resources, People and Culture with the Manager. Prior to joining the Manager in 2017 Ms. Kennedy held various positions within Brookfield's affiliates since 2003, including as Vice President Human Resources with a leading Canadian appraisal management company.
- (9) **Sharmila Selvarajah:** Ms Selvarajah is the Senior Vice President, Finance for the Royal LePage branded Owned Brokerage operating as part of the Royal LePage Network and manages the Finance and Deal Administration teams. Prior to joining in May 2023 she held senior roles as a CFO for a creative design company where she optimized finance and operations leading change initiatives.
- (10) **Phillippe Lecoq.** Mr. Lecoq holds the position of President for Proprio Direct. Prior to joining in 2020, Mr. Lecoq spent his career leading technology companies in organizational and digital transformation as well as in international business

development and strategic partnering. Mr. Lecoq was also previously CEO of a technology company offering emerging governments worldwide software solutions designed to better manage and execute on their tax policies. Mr. Lecoq also was CEO and Director of a publicly listed company delivering process automation software to drive efficiencies in various fields such as financial institutions, healthcare, insurance, and government.

- (11) **Alexandra Gélinas.** Mme Gélinas has worked with the Via Capitale Manager since 2017, beginning her career with the company as director of franchise services, and with continuous advancement, proceeded to vice president of operations and development before being appointed President in 2024. Mme. Gélinas has more than 15 years of experience in the franchising industry in a variety of industries and management positions.

Committees of the Boards

The Target Companies do not have any committees of their respective boards of directors.

Cease Trade Orders and Bankruptcies

To the knowledge of the Target Companies, no director or executive officer of the Target Companies is, as at the date hereof, or has been, within 10 years before the date hereof, (i) a director, chief executive officer or chief financial officer of any company (including the Target Entities) that (a) was subject to an order (as defined below) that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer; or (b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or (ii) a director or executive officer of any company that, while the director or executive officer was acting in that capacity, or within a year after ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the company's assets; or (iii) become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold their assets.

For the purposes of this part, "order" means: (i) a cease trade order; (ii) an order similar to a cease trade order; or (iii) an order that denied the relevant company access to any exemption under applicable Canadian securities laws, in each case, that was in effect for a period of more than 30 consecutive days.

Penalties and Sanctions

To the knowledge of the Target Companies, no director, executive officer or the sole shareholder of the Target Companies has been subject to: (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to make an investment decision.

Conflicts of Interest

Conflicts of interest, if any, which arise will be subject to and governed by procedures prescribed by the applicable corporate statute which generally requires a director or officer of a Target Entity who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with such Target Entity to disclose their interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the applicable corporate statute. To the knowledge of the Target Companies, there are no conflicts of interest between the Target Entities and a director or officer of the Target Entities.

CORPORATE GOVERNANCE PRACTICES

The Target Companies' corporate governance policies and practices are reviewed regularly by the board of directors and updated as necessary or advisable. The Target Companies' corporate governance practices are consistent with practices for privately-held companies. As part of the Target Companies' commitment to effective corporate governance, the board monitors changes in corporate governance practices and regulatory requirements and develops its governance principles and guidelines accordingly.

Various of the Target Companies' directors are also directors of one or more of the Manager's subsidiaries. The time commitment required for serving on those boards is not materially greater than the time commitment required for serving solely on the board of the Target Companies. All of the material information regarding the Manager's subsidiaries is provided to the Target Companies' directors, so that once a director has undertaken the review and preparation necessary to serve as a director of the Target Companies, there is not substantial additional review or preparation required to serve as a director of the Manager's subsidiaries.

DIRECTOR AND EXECUTIVE COMPENSATION

Compensation Elements for Executive Officers

The Target Companies' compensation program consists of:

- (a) a base salary;
- (b) a short-term incentive program to certain employees;
- (c) a long-term incentive program for key members of senior management; and
- (d) standard ancillary benefits including RRSP matching contributions, medical and dental benefits, life insurance and long-term and short-term disability insurance.

The Target Companies' compensation program aims to provide its employees with base salaries consistent with industry and regional norms based on a review of comparable roles in similar companies on a regional basis. Base salaries are reviewed annually and approved by the Chief Executive Officer of the Manager. Salaries of the senior managers of the Target Companies are approved by Brookfield in its capacity as sole shareholder of the Manager and Proprio.

The short-term incentive plans of the Target Companies are generally determined as a percentage of base salary and are awarded on a discretionary basis as approved by the Chief Executive Officer. Short-term incentives for senior management of the Target Companies are approved by Brookfield. Short-term incentives are paid after considering company financial and operating performance as well as individual personal performance.

Long-term incentives may be provided to certain key senior managers of the Target Companies at the discretion of Brookfield.

Summary Compensation Table

The following table provides a summary of the compensation paid by the Target Companies to their directors and named executive officers for the two most recently completed financial years:

Compensation Excluding Compensation Securities							
Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of all other compensation (\$) ^{(1), (2)}	Total compensation (\$)
Spencer Enright, Director of the Manager and Proprio, and Chief Executive Officer of the Manager	2023	369,539	281,280	-	-	15,390	666,208 ⁽³⁾
	2022	358,775	351,740	-	-	206,793	917,309 ⁽⁴⁾
Glen McMillan, Director of the Manager and Proprio, and Senior Vice President and Chief Financial Officer of the Manager	2023	363,064	168,560	-	-	15,390	547,014 ⁽⁵⁾
	2022	352,489	207,347	-	-	95,768	655,604 ⁽⁶⁾
Philip Soper, Director and Chairman of Proprio, and President of the Manager	2023	351,404	160,384	-	-	15,390	527,178 ⁽⁷⁾
	2022	341,169	200,688	-	-	123,525	665,382 ⁽⁸⁾

Notes:

- On October 31, 2016, the Manager granted options of the Manager to each of the named executive officers. As the Company did not (and does not currently) have a plan pursuant to which option-based awards are granted, these options were granted pursuant to the Manager's then existing long-term incentive program in light of Messrs. Enright, McMillan and Soper's contributions to the Company. Mr. Enright received 14,000 options, Mr. McMillan received 10,500 options and Mr. Soper received 16,000 options. The options vested equally over a five-year period commencing on the first anniversary of the effective grant date. Each option was exercisable at a strike price equal to the fair value of one share of the Manager as of the effective grant date or, at the election of the holder, a payment equal to the difference between the fair market value of a share of the Manager for the quarter immediately preceding the applicable exercise date (as determined with reference to increases in the estimated value of the Manager and the Restricted Voting Shares) and the strike price of the option. Compensation for options paid during 2022, representing the exercise of all of the options issued to Messrs. Enright, McMillan and Soper on October 31, 2016, is included in "all other compensation" in the table. As of the date of this Circular, there is no option plan available to the executive officers.
- On October 31, 2016, the Manager granted to Mr. Enright 6,000 deferred share units of the Manager in respect of his service to the Company, with an effective grant date of January 2, 2013. As the Company did not (and does not currently) have a plan pursuant to which share-based awards are granted, these deferred share units were granted pursuant to the Manager's then existing long-term incentive program in light of Mr. Enright's contribution to the Company. On redemption, each deferred share unit entitles the holder to a cash amount equal to the fair market value of one share of the Manager as determined with reference to increases in the estimated value of the Manager and the Restricted Voting Shares. Based on the foregoing, the aggregate fair value on the effective grant date of Mr. Enright's deferred shares

units was \$540,000. No amounts relating to such deferred share units have been included in this summary compensation table.

- (3) All compensation amounts for Mr. Enright are received as compensation as an executive officer of the Target Entities, including the Manager. Of the amounts paid as an executive officer, \$233,174 total compensation was attributable to Mr. Enright's services to the Company (comprising a salary of \$129,339, a cash bonus of \$98,448 and RRSP contributions of \$5,387). This proportionate compensation was paid by the Manager and is reflective of the approximate time and effort Mr. Enright spent providing services to the Company as a portion of his overall efforts in providing services to the Manager.
- (4) All compensation amounts for Mr. Enright are received as compensation as an executive officer of the Target Entities, including the Manager. Of the amounts paid as an executive officer, \$321,058 total compensation was attributable to Mr. Enright's services to the Company (comprising a salary of \$125,571, a cash bonus of \$123,109, RRSP contributions of \$4,375 and the fair market value of options of \$68,003). This proportionate compensation was paid by the Manager and is reflective of the approximate time and effort Mr. Enright spent providing services to the Company as a portion of his overall efforts in providing services to the Manager.
- (5) All compensation amounts for Mr. McMillan are received as compensation as an executive officer of the Target Entities, including the Manager. Of the amounts paid as an executive officer, \$328,208 total compensation was attributable to Mr. McMillan's services to the Company (comprising a salary of \$217,838, a cash bonus of \$101,136 and RRSP contributions of \$9,234). This proportionate compensation was paid by the Manager and is reflective of the approximate time and effort Mr. McMillan spent providing services to the Company as a portion of his overall efforts in providing services to the Manager.
- (6) All compensation amounts for Mr. McMillan are received as compensation as an executive officer of the Target Entities, including the Manager. Of the amounts paid as an executive officer, \$393,363 total compensation was attributable to Mr. McMillan's services to the Company (comprising a salary of \$211,494, a cash bonus of \$124,408, RRSP contributions of \$7,500 and the fair market value of options of \$49,961). This proportionate compensation was paid by the Manager and is reflective of the approximate time and effort Mr. McMillan spent providing services to the Company as a portion of his overall efforts in providing services to the Manager.
- (7) All compensation amounts for Mr. Soper are received as compensation as an executive officer of the Target Entities, including the Manager. Of the amounts paid as an executive officer, \$421,742 total compensation was attributable to Mr. Soper's services to the Company (comprising a salary of \$281,123, a cash bonus of \$128,307 and RRSP contributions of \$12,312). This proportionate compensation was paid by the Manager and is reflective of the approximate time and effort Mr. Soper spent providing services to the Company as a portion of his overall efforts in providing services to the Manager.
- (8) All compensation amounts for Mr. Soper are received as compensation as an executive officer of the Target Entities, including the Manager. Of the amounts paid as an executive officer, \$532,305 total compensation was attributable to Mr. Soper's services to the Company (comprising a salary of \$272,935, a cash bonus of \$160,550, RRSP contributions of \$10,000 and the fair market value of options of \$88,820). This proportionate compensation was paid by the Manager and is reflective of the approximate time and effort Mr. Soper spent providing services to the Company as a portion of his overall efforts in providing services to the Manager.

Stock Option Plans and Other Incentive Plans

The Target Companies do not currently have any stock option plans that are in effect as of the date of this Circular as the Manager's option-based awards matured on December 31, 2022. Mr. Enright is the only holder of deferred share units, which will be terminated in connection with the Closing.

Executive Officer Employment Agreements

The offers of employment from the Manager to each of Messrs. Enright, McMillan and Soper provide for a base salary, an annual performance-based bonus, participation in the long-term incentive plan of the Manager, if any, and benefit entitlements. Such employment offers do not contemplate termination or change of control benefits in respect of such individual's service to and positions with the Manager.

RISK FACTORS OF THE TARGET ENTITIES

Risk factors relating to the Target Entities and their business are outlined in the Circular under the heading “*PART IV – RISK FACTORS*”.

OTHER MATTERS

Legal Proceedings and Regulatory Actions

The Target Entities are, from time to time, involved in legal proceedings of a nature considered normal to the Business. The Target Entities believe that none of the litigation in which they are currently involved, or have been involved since the beginning of the most recently completed financial year, individually or in the aggregate, is likely to have a material impact to their consolidated financial condition or results of operations.

Royal LePage Real Estate Services Ltd. has been named as a defendant in a class-action lawsuit filed in April 2021 which includes, among other things, allegations of anti-competitive behaviour and seeks general and special damages in an amount to be proven at trial. The suit initially named the Toronto Regional Real Estate Board, CREA, seven major real estate brokerages and five franchisors (including the Company). The franchisors were removed as defendants pursuant to a motion to strike ruled on by the Federal Court of Canada in September, 2023; however, this ruling is being appealed and it is possible this ruling could be reversed. The case has not yet been certified as a class action and remains in its very early stages. The defendants are contesting all claims, which they have argued are without merit.

Interests of Management and Others in Material Transactions

To the Target Companies’ knowledge, none of the directors, officers or the sole shareholder of the Target Companies and no known associate or affiliate of any of them, has or had any material interest, direct or indirect, in any transaction since January 1, 2021 that has materially affected or is reasonably expected to materially affect the Target Companies.

Auditor

The auditor of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc. is Deloitte LLP, 8 Adelaide Street West, Suite 200, Toronto, Ontario, Canada, M5H 0A9. Deloitte LLP is independent of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc. within the meaning of the rules of professional conduct of the Chartered Professional Accountants of Ontario.

Material Contracts

The Target Entities have not entered into any material contracts outside of the ordinary course of business since January 1, 2022, and no such material contract entered into before such date is still in effect, except for the Purchase Agreement, the MSA and the Franchise Agreements.

The particulars of the Purchase Agreement and the MSA are described in the Circular under the headings “*PART II – THE TRANSACTION - Summary of the Material Agreements - Purchase Agreement*” and “*PART V – ADDITIONAL INFORMATION – Management of the Company*”, respectively. The particulars of the Franchise Agreements are described in the Annual Information Form, under the heading “Franchise Agreements”. Copies of the Purchase Agreement and the MSA, are available under the Company’s SEDAR+ profile at www.sedarplus.ca.

Indebtedness of Directors and Executive Officers

To the knowledge of the Target Companies, no current or former director, officer or employee of the Target Entities, nor any associate or affiliate of any of them, is or was indebted to the Target Entities since the beginning of the most recently completed financial year.

IPO Venture Issuer

As at the date of the Circular, the Target Companies do not have any of their securities listed or quoted, have not applied to list or quote any of their securities, and do not intend to apply to list or quote any of their securities, on the TSX, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States of America (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

APPENDIX E

FINANCIAL STATEMENTS OF THE TARGET COMPANIES

Independent Auditor's Report

To the Board of Directors

Opinion

We have audited the financial statements of The Combined Operations of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc. (the "Company"), which comprise the combined consolidated Balance Sheets as at December 31, 2021 and 2022, and the combined consolidated statements of Net Earnings and total comprehensive earnings, combined consolidated statements of changes in total equity and cash flows for the years then ended, and notes to the combined 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, 2022 and 2021, 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.

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.

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.

Deloitte LLP

Chartered Professional Accountants
Toronto, Ontario
October 12, 2023

**Combined Operations of Bridgemarq Real Estate Manager Limited and Proprio Direct Inc.
Combined Consolidated Balance Sheets**

(In thousands of Canadian dollars)	Note	December 31 2022	December 31 2021
Assets			
<u>Current assets</u>			
Cash and cash equivalents		\$ 11,261	\$ 14,690
Cash held in trust		31,153	57,338
Accounts receivable		3,543	2,665
Contract transfer receivable	4	602	573
Due from related parties	11	712	818
Income tax receivable		1,232	-
Prepaid expenses and other assets		1,492	1,469
Total current assets		49,995	77,553
<u>Non-current assets</u>			
Contract transfer receivable	4	\$ 1,974	\$ 2,576
Deferred management fees receivable	5	5,116	4,917
Notes receivable		741	836
Other non-current assets		276	432
Property and equipment, net	7	3,756	3,795
Right-of-use assets, net	8	13,334	13,524
Deferred income taxes	10	1,661	2,074
Intangible assets, net	9	4,995	3,679
Goodwill	9	6,442	6,315
Total assets		\$ 88,290	\$ 115,701
Liabilities and equity			
<u>Current liabilities</u>			
Accounts payable		\$ 10,027	\$ 8,828
Accrued liabilities		7,366	7,459
Customer deposits		31,153	57,338
Income tax payable		-	584
Lease liabilities	8	3,029	3,742
Total current liabilities		51,575	77,951
Lease liabilities	8	12,378	11,619
Other non-current liabilities		1,433	2,157
Total liabilities		65,386	91,727
Total owners' equity		22,904	23,974
Total liabilities and equity		\$ 88,290	\$ 115,701

See accompanying notes to the combined consolidated financial statements.

**Combined Operations of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc.
Combined Consolidated Statements of Net Earnings and Total Comprehensive Earnings**

Years ended December 31 (In thousands of Canadian dollars)	Note	2022	2021
Revenues			
Gross commission income		\$ 398,765	\$ 458,050
Management fee revenue	11	19,872	20,158
Other revenue		14,088	12,095
		432,725	490,303
Expenses			
Commission and other related costs		375,527	430,339
Cost of other revenue		4,092	2,170
Compensation		26,704	26,796
Software, hosting and licensing		5,115	4,986
Marketing and communications		4,122	3,918
General and administration		3,883	3,732
Premises		2,872	2,357
Other operating		1,838	998
Franchise fees	11	860	820
Interest	8	847	991
Depreciation and amortization	7,8,9	5,956	6,021
		431,816	483,128
Earnings before income tax		909	7,175
Current income tax expense		314	2,618
Deferred income tax expense (recovery)		165	(525)
Income tax expense		479	2,093
Net earnings and total comprehensive earnings		\$ 430	\$ 5,082

See accompanying notes to the combined consolidated financial statements.

**Combined Operations of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc.
 Combined Consolidated Statements of Changes in Total Equity**

(In thousands of Canadian dollars)	Equity
Balance, December 31, 2021	\$ 23,974
Net earnings	430
Dividends paid	(1,500)
Balance, December 31, 2022	\$ 22,904

(In thousands of Canadian dollars)	Equity
Balance, December 31, 2020	\$ 24,292
Net earnings	5,082
Dividends paid	(5,400)
Balance, December 31, 2021	\$ 23,974

See accompanying notes to the combined consolidated financial statements.

**Combined Operations of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc.
Combined Consolidated Statements of Cash Flows**

Years ended December 31 (In thousands of Canadian dollars)	Note	2022	2021
Cash provided by:			
Operating activities			
Net earnings (loss) for the period		\$ 430	\$ 5,082
Adjusted for			
Interest income		(1,384)	(667)
Interest received		1,185	476
Current income tax expense	10	314	2,618
Income taxes paid		(2,130)	(2,627)
Deferred income tax expense (recovery)	10	165	(525)
Depreciation and amortization	7,8,9	5,956	6,021
Other non-cash		194	361
Net changes in non-cash working capital		(315)	453
		4,415	11,192
Investing activities			
Additions to property and equipment and intangibles	7,9	(2,370)	(2,470)
Repayments of contract transfer receivable	4	573	567
Repayment of notes receivable	6	95	118
Acquisitions, net of cash acquired	3	(951)	(683)
		(2,653)	(2,468)
Financing activities			
Interest expense	8	847	991
Lease payments	8	(4,538)	(4,922)
Dividends paid to shareholders		(1,500)	(5,400)
		(5,191)	(9,331)
Net change in cash for the year		(3,429)	(607)
Cash, beginning of the year		14,690	15,297
Cash, end of the year		\$ 11,261	\$ 14,690

See accompanying notes to the combined consolidated financial statements.

NOTES TO THE COMBINED CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2022 and 2021
(Expressed in thousands of Canadian dollars, unless stated otherwise)

1. Organization and Basis of Presentation

The Combined Operations of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc. (the “**Real Estate Operations**” or the “**Company**”) are comprised of the consolidated operations of Bridgemarq Real Estate Services Manager Limited, a corporation incorporated under the *Ontario Business Corporations Act* (“**BRESML**”) and Proprio Direct Inc., a corporation incorporated under the *Canada Business Corporations Act* (“**Proprio Direct**”).

The consolidated operations of BRESML include the following operating corporations, each of which is 100% directly, or indirectly owned by BRESML:

10572314 Canada Inc.
9106-2083 Quebec Inc.
9106-1496 Quebec Inc.
9333-0868 Quebec Inc.
9371-7536 Quebec Inc.
9120-5583 Quebec Inc.
Credit Valley Real Estate Inc.
RLPS GP Inc.
Royal LePage Real Estate Services Ltd.
Sequel Realty Ltd.

BRESML and Proprio Direct are wholly owned subsidiaries of Brookfield BBP (Canada) L.P. (“**BBP Canada**”), which is a subsidiary of Brookfield Property Partners L.P. (“**BBP**”). BBP is listed on the Toronto Stock Exchange under the symbol “BPY-UN” and on the NASDAQ under the symbol “BPY”.

The Real Estate Operations operate in two business segments.

Bridgemarq Real Estate Brokerage Group (the “Brokerage Operations”) – The Brokerage Operations operate full service real estate brokerage locations in British Columbia, Ontario and Québec under the Royal LePage®, Via Capitale®, Proprio Direct® Johnston and Daniel® and Les Immeubles Mont-Tremblant real estate brands. The Brokerage Operations provide services to real estate sales representatives to support them in assisting businesses or residential customers who wish to buy or sell residential or commercial real estate in Canada.

Bridgemarq Real Estate Franchise Management Services (the “Franchise Operations”) – The Franchise Operations provides franchise management services to Bridgemarq Real Estate Services Inc. (“BRESI”) under the Royal LePage®, Via Capitale® and Johnston and Daniel® real estate brands. BRESI is a related company by virtue of the fact that it is 28% indirectly controlled by BBP. BRESI is listed on the Toronto Stock Exchange under the symbol “BRE”.

These combined consolidated financial statements for the Real Estate Operations were prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“**IFRS**”) and have been authorized for issuance by the Boards of Directors of BRESML and Proprio Direct on October 12, 2023.

The total owners’ equity in these combined financial statements represents the equity of the owners’ interest in the net assets of the Real Estate Operations rather than the shareholders’ equity of the legal entities comprising the Real Estate Operations.

These combined financial statements have been prepared on a going concern basis and include the accounts of the Real Estate Operations.

NOTES TO THE COMBINED CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2022 and 2021
(Expressed in thousands of Canadian dollars, unless stated otherwise)

2. Significant Accounting Policies

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and cash equivalents. Cash equivalents are short-term (generally with a maturity of three months or less) highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Cash equivalents are held for meeting short-term cash requirements rather than for investment purposes.

CASH HELD IN TRUST

Cash held in trust represents customer deposits held in trust accounts established pursuant to provincial regulations. The Brokerage Operations recognize a corresponding customer deposit liability until the funds are released upon settlement of a real estate transaction.

ACCOUNTS 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 estimated allowance for uncollectable amounts.

LEASES

The Company leases certain of its operating premises and office equipment. Right-of-use assets represent the Company's right to use an underlying asset for the term of the lease and lease liabilities represent the Company's obligation to make lease payments under the terms of the lease. At the commencement of a lease arrangement, the Company records a liability for its lease obligation measured at the present value of the future lease payments adjusted for lease incentives and a right-of-use asset equal to the lease liability, adjusted for any prepayments and lease incentives received. The lease obligation is determined with reference to the term of the lease. Some leases include one or more options to renew or terminate the lease. The exercise of a lease renewal or termination option is assessed at the commencement of the lease and is reflected in the lease term if it is reasonably certain that the option will be exercised. The interest on the lease obligation is included in interest expense and recognized using the effective interest method over the term of the lease.

In addition to the contractual rental payments owing under individual lease agreements used in determining the cost amount of right-of-use assets, the Company may be obligated to pay other ancillary costs associated with the leased assets. These include utilities at leased premises, operating costs and operating escalation, property taxes, cleaning services and maintenance for leased assets. These expenses which are not reflected in the carrying value of right-of-use assets are charged to the combined statement of net and comprehensive earnings and are included in other operating expenses.

PROPERTY AND EQUIPMENT

Property and equipment includes furniture, fixtures and office equipment and leasehold improvements. Property and equipment are recorded at their initial cost, net of accumulated depreciation. Depreciation expense on furniture, fixtures and equipment is based on the estimated useful lives of the related assets which range from three to five years. Leasehold improvements are amortized over the lower of their estimated useful life or the term of the underlying lease.

BUSINESS COMBINATIONS

Business combinations are accounted for using the acquisition method. The identifiable assets and liabilities of the acquired business are recognized at their fair value at the acquisition date. The amount by which the purchase price paid exceeds the fair value of the net identifiable assets acquired is recognized as goodwill. Goodwill arising on acquisitions is reviewed annually for impairment.

NOTES TO THE COMBINED CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2022 and 2021
(Expressed in thousands of Canadian dollars, unless stated otherwise)

ASSET ACQUISITIONS

Asset acquisitions include the acquisition of sales representative contracts from competing brokerages. Such acquisitions are distinguished from business combinations as they do not meet the definition of a business. These contracts are recorded as intangible assets at their original cost and amortized on a straight-line basis over five years.

GOODWILL AND INTANGIBLE ASSETS

Goodwill represents the excess of consideration paid over the fair value of the net tangible assets and identifiable intangible assets acquired in a business combination. Intangible assets consist of sales representative contracts between a brokerage and its sales agents and brands that are acquired or transferred at the time of a business combination or an asset acquisition. These sales representative contracts, while short-term in nature, are subject to a very high rate of renewal and are amortized on a straight-line basis over a five-year period. Intangible assets are accounted for using the cost method and are recorded net of accumulated amortization. Brands are recorded at their fair value at the date of acquisition. Brands are measured at cost less net accumulated impairment losses and are not amortized as they are considered to have an indefinite useful life. Indefinite life intangible assets are tested for impairment at least annually and whenever there is an indication that the asset may be impaired. Goodwill is not amortized, but is subject to impairment testing annually, or whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The impairment assessment is performed at the individual brokerage level.

The assessment of goodwill impairment compares the carrying value of each relevant brokerage, including the carrying value of the related goodwill to its respective recoverable amount, which is the higher of its fair value if sold and its value-in-use. Where the carrying value of the goodwill is in excess of its recoverable amount, an impairment charge for the excess is recorded in the Company's combined consolidated statement of net earnings and total comprehensive earnings.

In testing goodwill, the fair value of each reporting unit is estimated using the income approach, a discounted cash flow method. The fair value of the Company's reporting units are determined utilizing the Company's annual operating plans, and long-term cash flow forecasts (including best estimates of future revenues and operating expenses, including commission expense) and terminal value assumptions as well as market and general economic conditions, trends in the industry. In addition, management uses other assumptions that management believes are reasonable including discount rates, cost of capital, trademark royalty rates, and long-term growth rates.

REVENUE RECOGNITION

BROKERAGE OPERATIONS

As the owner-operator of real estate brokerages, the Brokerage Operations assists home-buyers and sellers in acquiring or selling residential and commercial real estate. Real estate commissions (or gross commission income) are recognized at the point in time when a real estate transaction is closed and finalized by the REALTOR® and/or a lease is signed by the vendor or lessor. The commissions that the Company pays to REALTORS® is recognized concurrently with the associated revenue.

FRANCHISE OPERATIONS

The Franchise Operations earns management fee revenue through the provision of franchise administration services to BRESI under the terms of a Management Services Agreement (the "MSA"). 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 BRESI provides notice of their intention to terminate the MSA no later than six months prior to expiry. Management fees earned under the MSA include a fixed and a variable portion. Fixed management fees are earned as a fixed monthly amount of \$840. Fixed management fees are recognized over time, which is when the control of the services are transferred to BRESI.

Variable management fees are payable to the Franchise Operations calculated as the greater of i) 23.5% of the distributable cash (as defined in the MSA) of BRESI before management fees or ii) 0.342% of the market value of the

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restricted voting shares of BRESI on a diluted basis. Variable management fees are recognized as distributable cash of BRESI is earned.

OTHER REVENUES

Other revenues are earned by the Brokerage Operations and the Franchise Operations and include revenues from organizing awards and recognition events, amounts received from brokerages to conduct advertising campaigns and amounts received from REALTORS® for miscellaneous services provided by the brokerages such as rent and deal processing. Other revenue is recognized at the time the service or event occurs or when the service is provided to the REALTOR®.

INCOME TAXES

Current income tax assets are measured at the net amount expected to be recovered from 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 the 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.

FINANCIAL INSTRUMENTS

The Company classifies its financial instruments as follows:

<u>Financial Statement Item:</u>	<u>Classification:</u>	<u>Measurement:</u>
Cash and cash equivalents	Amortized Cost	Amortized Cost
Accounts receivable	Amortized Cost	Amortized Cost
Contract transfer receivable	Amortized Cost	Amortized Cost
Due from related party	Amortized Cost	Amortized Cost
Deferred management fees receivable	Amortized Cost	Amortized Cost
Notes receivable	Amortized Cost	Amortized Cost
Accounts payable and accrued liabilities	Amortized Cost	Amortized Cost

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 estimation of future cash flows utilized in assessing the fair value of goodwill and intangible assets and any related net impairment or recovery.

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. Estimates used in the preparation of the financial statements may be subject to significant adjustments in future periods. The interrelated nature of these factors prevents the Company from quantifying the overall impact of these movements on the Company's combined consolidated financial statements. 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:

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IMPAIRMENT OF GOODWILL

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

STANDARDS AND INTERPRETATIONS RECENTLY ADOPTED

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 has determined that there is no impact on the Company's combined financial statements as a result of these amendments.

STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

IAS 8 – AMENDMENT TO DEFINITION OF ACCOUNTING ESTIMATES

In February 2021, the IASB issued 'Definition of Accounting Estimates (Amendments to IAS 8)' to help entities to distinguish between accounting policies and accounting estimates. In addition, the IASB issued 'Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)' with amendments that are intended to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company has determined that the adoption of these amendments will have no material impact on the Company's combined financial statements.

IAS 12 – DEFERRED TAX RELATED TO ASSETS AND LIABILITIES RESULTING FROM A SINGLE TRANSACTION

In May 2021, the IASB issued 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)' that clarifies how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after January 1, 2023. The Company has determined that the adoption of this amendment will have no material impact on the Company's combined financial statements.

IAS 1 – CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT

In January 2020, the IASB issued an amendment to IAS 1, Presentation of Financial Statements to clarify its requirements for the presentation of liabilities in the statement of financial position. The limited scope amendment affected only the presentation of liabilities in the statement of financial position and not the amount or timing of its recognition. The amendment clarified that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period and specified that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability. It also introduced a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. On October 31, 2022, the IASB issued Non-Current Liabilities with Covenants (Amendments to IAS 1). These amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. The amendments are effective for January 1, 2024.

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The Company has determined that the adoption of this amendment will have no material impact on the Company's combined consolidated financial statements.

IAS 1 – DISCLOSURE OF MATERIAL ACCOUNTING POLICIES

In February 2021, the IASB issued an amendment to IAS 1 Disclosure of Accounting Policies. These amendments require that entities disclose material accounting policies, as defined, instead of significant accounting policies. We are currently assessing the impact of these amendments on the disclosure of our accounting policies. Effective for annual reporting periods beginning on or after January 1, 2023.

3. Business Combinations and Asset Acquisitions

ROYAL LEPAGE CREDIT VALLEY – BUSINESS COMBINATION

On December 12, 2022, the Company acquired all of the outstanding shares of Credit Valley Real Estate Inc. (operating as Royal LePage Credit Valley), a real estate brokerage operating in the greater Toronto area, for \$775 plus a deferred payment of \$200 which was payable subject to certain conditions. The deferred payment of \$200 was paid in January 2023. The allocation of the purchase price was as follows:

Working capital	\$	98
Cash and cash equivalents		24
Cash held in trust		1,738
Customer deposits		(1,738)
Property and equipment		19
Intangible assets		955
Goodwill		127
Deferred taxes		(248)
	\$	975

Intangible assets represent the fair value of 123 sales representative contracts that were transferred to the Company at the time of the acquisition. The acquisition strengthens the Brokerage Operations market share in the greater Toronto area.

The goodwill recognized on the acquisition of Royal LePage Credit Valley is attributable mainly to the expected future growth potential from the expanded agent base. None of the goodwill recognized is expected to be deductible for income tax purposes.

Included in the consolidated combined statement of earnings for the year ended December 31, 2022 is \$245 of revenue and nominal net earnings contributed by Royal LePage Credit Valley since the date of acquisition. On a pro forma basis, Royal LePage Credit Valley's revenue and net earnings available to common shareholders would have amounted to \$14,795 and \$256, respectively. This pro forma information incorporates the effect of the final purchase price equation as if Royal LePage Credit Valley had been acquired on January 1, 2022.

ACQUISITION OF ASSETS

On July 22, 2022, the Company acquired 110 sales representative contracts previously affiliated with a competing brokerage located in the greater Toronto area. Total proceeds to acquire these contracts was \$1,300, with \$1,100 paid in cash on the date of the acquisition and \$200 paid in one year. An additional \$750 payable over two years subject to certain operating thresholds being met.

VIA CAPITALE DU MONT ROYALE – BUSINESS COMBINATION

On December 7, 2021, the Company acquired all of the outstanding shares of 9034-1496 Quebec Inc. (operating as Via Capitale du Mont Royale), a real estate brokerage operating in the city of Montreal, for proceeds of \$534 consisting

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of cash proceeds of \$480 and deferred payments of \$54, which were paid in November and December 2022. The allocation of the purchase price was as follows:

Working capital	\$	30
Cash and cash equivalents		101
Cash held in trust		239
Customer deposits		(239)
Property and equipment		82
Intangible assets		321
	\$	534

The intangible assets represent the fair value of 66 sales representative contracts that were transferred to the Company at the time of the acquisition. The acquisition strengthens the Brokerage Operations market share in the greater Montreal area.

Included in the consolidated combined statement of earnings for the year ended December 31, 2021 is \$1,013 of revenue and nominal net earnings contributed by Via Capitale du Mont Royale since the date of acquisition. On a pro forma basis, Via Capitale du Mont Royale's revenue and net earnings available to common shareholders would have amounted to \$11,783 and \$147, respectively. This pro forma information incorporates the effect of the final purchase price equation as if Via Capitale du Mont Royale had been acquired on January 1, 2021.

VIA CAPITALE DE L'ESTRIE – ACQUISITION OF ASSETS

On November 29, 2021, the Company acquired 28 sales representative contracts of those sales representatives associated with Via Capitale de l'Estrie, a real estate brokerage office located in Québec. Total proceeds to acquire these contracts was \$250, which was paid over eighteen months.

ROYAL LEPAGE PARTNERS-ACQUISITION OF ASSETS

On October 7, 2021, the Company acquired 24 sales representative contracts of those sales representatives affiliated with Royal LePage Partners, a real estate brokerage office located in the city of Toronto. Total proceeds to acquire these contracts was \$750 paid on the date of the acquisition and up to \$800 payable over two years subject to certain operating thresholds being met.

4. Contract Transfer Receivable

The contract transfer receivable represents amounts due from BRESI related to the transfer of franchise agreements to BRESI in a prior year. A portion of the management fee earned under the MSA is allocated as a repayment of the contract transfer receivable with the remainder recorded as management fee revenue in the combined statement of net and comprehensive earnings. During the year, the Company recorded \$608 of management fees as a reduction in the contract transfer receivable (2021 - \$567) and \$147 as interest income (2021 - \$171).

5. Deferred Management Fees Receivable

The Company agreed to defer certain management fees owing from BRESI of \$5,648 from a prior year. These deferred payments are non-interest bearing, are due no later than 2025 and are repayable in cash or the issuance of exchangeable units in BRESI which can be converted to equity of BRESI, at the option of BRESI. 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, 2022, the Company recorded interest income of \$233 (2021 – \$224) reflecting accretion of the carrying value of the deferred payments using the effective interest method.

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6. Note Receivable, net

The Company has provided financing to an affiliated brokerage to acquire another brokerage. Monthly repayment amounts are calculated based on the profitability of the acquired brokerage. The term of the note has been extended and currently has no fixed term. Interest on the note receivable was 6% prior to March 2021, 0% from April 2021 to June, 2022 and 5.5% thereafter. Subsequent to the end of 2022, the Company agreed to reduce the interest to 0% for the period from January 2023 to September 2023. The carrying value of the note is net of an allowance for doubtful accounts of \$124. During 2022, the Company earned \$20 in interest revenue on the note receivable (2021 - \$19).

7. Property and Equipment, Net

The Company recorded depreciation expense related to property and equipment of \$1,209 (2021 - \$1,159).

	Furniture, fixtures and equipment	Leasehold improvements	Total
Cost			
At December 31, 2021	\$ 6,353	\$ 8,389	\$ 14,742
Additions	183	1,012	1,195
Additions related to business combinations (note 3)	17	2	19
Disposals	(296)	(1,349)	(1,645)
At December 31, 2022	\$ 6,257	\$ 8,054	\$ 14,311
Accumulated Depreciation			
At December 31, 2021	\$ (5,045)	\$ (5,902)	\$ (10,947)
Depreciation Expense	(524)	(685)	(1,209)
Disposal	253	1,348	1,601
At December 31, 2022	\$ (5,316)	\$ (5,239)	\$ (10,555)
Carrying Value			
At December 31, 2021	\$ 1,308	\$ 2,487	\$ 3,795
At December 31, 2022	\$ 941	\$ 2,815	\$ 3,756

	Furniture, fixtures and equipment	Leasehold improvements	Total
Cost			
At December 31, 2020	\$ 5,986	\$ 7,253	\$ 13,239
Additions	622	1,091	1,713
Additions related to business combinations (note 3)	11	71	82
Disposals	(266)	(26)	(292)
At December 31, 2021	\$ 6,353	\$ 8,389	\$ 14,742
Accumulated Depreciation			
At December 31, 2020	\$ (4,770)	\$ (5,312)	\$ (10,082)
Depreciation Expense	(527)	(629)	(1,156)
Disposals	252	39	291
At December 31, 2021	\$ (5,045)	\$ (5,902)	\$ (10,947)
Carrying Value			
At December 31, 2020	\$ 1,216	\$ 1,941	\$ 3,157
At December 31, 2021	\$ 1,308	\$ 2,487	\$ 3,795

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8. Right-of-Use Assets and Lease Liabilities

The Company's leases, which comprise real estate leases at its administrative offices and its real estate brokerages as well as its leases for office equipment, are for terms ranging from less than 1 year to 10 years.

RIGHT-OF-USE ASSETS, NET

		Property	Equipment	Total
Cost				
At December 31, 2021	\$	23,949	\$ 1,030	\$ 24,979
Additions		3,552	185	3,737
Disposals and other		(48)		(48)
At December 31, 2022	\$	27,453	\$ 1,215	\$ 28,668
Accumulated Amortization				
At December 31, 2021	\$	(10,839)	\$ (616)	\$ (11,455)
Amortization Expense		(3,681)	(252)	(3,933)
Disposals and other		65	(11)	54
At December 31, 2022	\$	(14,455)	\$ (879)	\$ (15,334)
Carrying Value				
At December 31, 2021	\$	13,110	\$ 414	\$ 13,524
At December 31, 2022	\$	12,998	\$ 336	\$ 13,334
Cost				
At December 31, 2020	\$	24,719	\$ 788	\$ 25,507
Additions		77	253	330
Disposals and other		(847)	(11)	(858)
At December 31, 2021	\$	23,949	\$ 1,030	\$ 24,979
Accumulated Amortization				
At December 31, 2020	\$	(7,719)	\$ (399)	\$ (8,118)
Amortization		(3,768)	(217)	(3,985)
Disposals and other		648	-	648
At December 31, 2021	\$	(10,839)	\$ (616)	\$ (11,455)
Carrying Value				
At December 31, 2020	\$	17,000	\$ 389	\$ 17,389
At December 31, 2021	\$	13,110	\$ 414	\$ 13,524

The Company recorded amortization expense related to right-of-use assets of \$3,933 (2021 - \$3,985).

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LEASE LIABILITIES

	December 31 2022	December 31 2021
Balance, beginning of year	\$ 15,361	18,962
Additions	3,738	330
Interest expense	847	991
Payment of lease liabilities	(4,539)	(4,922)
Balance, end of year	\$ 15,407	\$ 15,361

	December 31 2022	December 31 2021
Current portion of lease liabilities	\$ 3,029	\$ 3,742
Long-term portion of lease liabilities	12,378	11,619
Total lease liabilities	\$ 15,407	\$ 15,361

	December 31 2022	December 31 2021
Balance, beginning of year	\$ 15,361	18,962
Additions	3,737	330
Interest expense	847	991
Payment of lease liabilities	(4,538)	(4,922)
Balance, end of year	\$ 15,407	\$ 15,361

	December 31 2022	December 31 2021
Current portion of lease liabilities	\$ 3,029	\$ 3,742
Long-term portion of lease liabilities	12,378	11,619
Total lease liabilities	\$ 15,407	\$ 15,361

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9. Goodwill and Intangible Assets

INTANGIBLE ASSETS

	Agent Contracts	Brands	Websites and Software	Total
Cost				
At December 31, 2021	\$ 8,332	\$ 1,834	\$ 215	\$ 10,381
Additions	1,165	-	10	1,175
Additions from business combinations (note 3)	955	-	-	955
At December 31, 2022	\$ 10,452	\$ 1,834	\$ 225	\$ 12,511
Accumulated Amortization				
At December 31, 2021	\$ (6,650)	\$ -	\$ (52)	\$ (6,702)
Amortization Expense	(791)	-	(23)	(814)
At December 31, 2022	\$ (7,441)	\$ -	\$ (75)	\$ (7,516)

	Agent Contracts	Brands	Websites and Software	Total
Cost				
At December 31, 2020	\$ 7,011	\$ 1,834	\$ 208	\$ 9,053
Additions	750	-	7	757
Additions from business combinations (note 3)	571	-	-	571
At December 31, 2021	\$ 8,332	\$ 1,834	\$ 215	\$ 10,381
Accumulated Amortization				
At December 31, 2020	\$ (5,799)	\$ -	\$ (23)	\$ (5,822)
Amortization Expense	(851)	-	(29)	(880)
At December 31, 2021	\$ (6,650)	\$ -	\$ (52)	\$ (6,702)

GOODWILL

	Goodwill
Cost	
At December 31, 2020	\$ 6,315
Additions	-
At December 31, 2021	\$ 6,315
Goodwill	
Cost	
At December 31, 2021	\$ 6,315
Additions	127
At December 31, 2022	\$ 6,442

10. 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.

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

	December 31 2022	December 31 2021
Earnings before income tax for the period:	\$ 909	\$ 7,175
Expected income tax expense at statutory rate of 26.5% (2021 - 26.5%)	241	1,901
Increase (decrease) in income tax expense due to the following:		
Intangible assets	105	212
Other	133	(20)
Total income tax expense	\$ 479	\$ 2,093

The major components of income tax expense include the following:

	December 31 2022	December 31 2021
Current income tax expense	\$ 314	\$ 2,618
Deferred income tax expense (recovery)	165	(525)
Total income tax expense	\$ 479	\$ 2,093

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

	Opening Balance	Recognized In		Total
		Business Acquisition	Net Earnings	
Tax loss carryforward	\$ 391	\$ -	\$ 247	\$ 638
Other non-current liabilities	572		-	572
Leases	380		83	463
Depreciation and amortization	(70)		14	(56)
Other current assets and liabilities	929		57	986
Accrued liabilities	100		22	122
Contract transfer receivable	(992)		146	(846)
Other	239		(44)	195
At December 31, 2021	\$ 1,549	\$ -	\$ 525	\$ 2,074

	Opening Balance	Recognized In		Total
		Business Acquisition	Net Earnings	
Tax loss carryforward	\$ 638	\$ -	\$ 190	\$ 828
Other non-current liabilities	572		(192)	380
Leases	463		27	490
Depreciation and amortization	(56)	(248)	30	(274)
Other current assets and liabilities	986		(331)	655
Accrued liabilities	122		4	126
Contract transfer receivable	(846)		162	(684)
Other	195		(55)	140
At December 31, 2022	\$ 2,074	\$ (248)	\$ (165)	\$ 1,661

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As at December 31, 2022, the Company had approximately \$2,091 of Canadian non-capital tax loss carry forwards which expire between fiscal 2036 and 2042. The remaining deductible temporary differences do not expire under current income tax legislation. All deferred tax assets (including tax loss carryforwards and other tax credits) have been recognized in the combined consolidated balance sheets as it is probable that future taxable income will be available to the Company to utilize the benefits of those assets.

11. Related Party Transactions

The Real Estate Operations had the following transactions with BRESI or BBP during the years ended December 31, 2022 and December 31, 2021. These transactions have been recorded at the exchange amount as agreed between the parties.

	December 31 2022	December 31 2021
Management fee revenue received from BRESI	\$ 19,872	\$ 20,158
Interest on contract transfer receivable	\$ 143	\$ 171
Interest on deferred management fees receivables	\$ 199	\$ 191
Gross Franchise fee expenses paid to BRESI	\$ 4,260	\$ 3,960
Insurance premiums	\$ 153	\$ 118

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

	December 31 2022	December 31 2021
Management fees receivable	\$ 712	\$ 818
Contract transfer receivable	\$ 2,576	\$ 3,149
Deferred management fees receivable	\$ 5,116	\$ 4,917
Franchise fees payable	\$ 457	\$ 456

Compensation expense paid to key management personnel totaled \$2,238 (2021 - \$1,793) and was comprised of short-term compensation of \$1,849 (2021-\$1,793) and other long-term compensation of \$389 (2021-nil).

12. 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

A significant portion of the accounts receivable is collected by the Brokerage Operations on behalf of real estate agents or cooperating brokerages. All real estate transactions require the purchaser to pay a deposit which reduces the likelihood that a buyer will not complete the transaction. Credit risk also arises from the possibility that sales

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representatives may not pay amounts owing to the Brokerage Operations. Credit risk is limited to the recorded amount of accounts receivable and is mitigated by the fact that the Brokerage Operations has the ability to deduct any amounts owing from sales agents from the commission income they earn on their transactions with customers.

B) MARKET RISK

The Company operates real estate brokerage offices in a number of markets across the country. For the year ended December 31, 2022, the Brokerages Operations generated approximately 44% of its revenue from its offices in the greater Toronto area, 19% of its revenue from its offices in the Greater Vancouver area and 37% of its revenues from its offices in the greater Montreal area. Real estate markets are cyclical and unpredictable which may contribute to volatility in the Company's cash flows. This market volatility is someone mitigated by the lower volatility associated with management fee revenues earned by the Franchise Operations and the geographic diversification of the Brokerage Operations.

C) LIQUIDITY RISK

The Company is exposed to liquidity risk in its ability to finance its working capital requirements and meet its cash flow needs. The Company has no third-party debt and generates substantial cash flow to finance its business.

	2023	2024	2025	2026	2027	Beyond 2028	Total
Accounts payable	\$10,027	-	\$ -	\$ -	\$ -	\$ -	10,027
Accrued liabilities	7,366	-	-	-	-	-	7,366
Customer deposits	31,153	-	-	-	-	-	31,153
Leases	4,408	3,382	2,978	2,448	1,540	3,554	18,310
Other non-current liabilities	1,433	-	-	-	-	-	1,433
Total	\$54,387	\$ 3,382	\$ 2,978	\$ 2,448	\$ 1,540	\$ 3,554	\$68,289

D) FAIR VALUE

The fair value of certain of the Company's financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, are estimated by management to approximate their carrying values due to their short-term nature. The fair value of deferred management fees receivable, the contract transfer receivable and notes receivable approximate their carrying values as a result of their floating rate terms.

13. Management of Capital

The Company's capital is made up of its cash on hand and net Owners' equity. The Company has no third-party debt. In the past, the Company has received capital from its owner (either directly or indirectly) to support investments in real estate brokerages.

The Company has \$2,500 of revolving operating credit facilities which are available to meet the Company's day-to-day operating requirements. No amounts have been drawn on these facilities at December 31, 2022. A portion of these revolving operating facilities is secured by a first ranking security of certain of the assets of the Company.

The Company's objectives in managing its capital include; a) maintaining financial flexibility to preserve its ability to meet financial obligations; b) deploying capital to invest in attractive investment opportunities and c) provide an appropriate investment return to its owner through the payment of periodic dividends.

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.

NOTES TO THE COMBINED CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2022 and 2021
(Expressed in thousands of Canadian dollars, unless stated otherwise)

There were no changes in the Company's approach to capital management during the years ended December 31, 2022 and 2021.

14. Segmented Information

The Real Estate Operations operate in two business segments. These segments are determined based on the nature of their operations, the products and services they provide and the nature of the customers they service. Within the Brokerage Operations, there are a number of brokerage locations that operate in different geographical regions under different real estate brands. These brokerage locations have been grouped to form the Brokerage Operations due to the nature of their operations and the commonality in how they generate revenues. All of the brokerage locations in the Brokerage Operations operate in Canada. The Franchise Operations provides management services to a number of real estate Brands. These brands have been grouped to form the Franchise Operations due to the nature of their operations and the commonality in how they generate revenues. All of the brands in the Franchise Operations operate in Canada.

Management evaluates the operating results of each segment based upon revenue and EBITDA. EBITDA is defined as net and comprehensive earnings before income tax expense, interest expense and depreciation and amortization. The Real Estate Operations presentation of EBITDA may not be comparable to similar measures used by other companies.

The table below reconciles net and comprehensive earnings as presented in the statement of net and comprehensive earnings to EBITDA used by management to evaluate the business segments of the Real Estate Operations:

	December 31 2022	December 31 2021
Net earnings and total comprehensive earnings	\$ 430	\$ 5,082
Income tax expense	479	2,093
Earnings before income taxes	909	7,175
Add: Interest expense	847	991
Depreciation and amortization	5,956	6,021
EBITDA	\$ 7,712	\$ 14,187

NOTES TO THE COMBINED CONSOLIDATED FINANCIAL STATEMENTS

Years ended December 31, 2022 and 2021

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

The tables below provide selected segment disclosure for certain financial statement balances.

	December 31 2022	December 31 2021
Segment EBITDA		
Brokerage Operations	\$ 6,448	\$ 12,108
Franchise Operations	1,264	2,079
Total EBITDA	\$ 7,712	\$ 14,187

	December 31 2022	December 31 2021
Segment Revenue		
Brokerage Operations	\$ 408,616	\$ 467,618
Franchise Operations	24,109	22,685
Total Revenue	\$ 432,725	\$ 490,303

	December 31 2022	December 31 2021
Segment Depreciation and amortization		
Brokerage Operations	\$ 5,221	\$ 5,170
Franchise Operations	735	851
Total depreciation and amortization	\$ 5,956	\$ 6,021

	December 31 2022	December 31 2021
Segment Assets		
Brokerage Operations	\$ 75,860	\$ 99,911
Franchise Operations	12,916	15,692
Total assets	\$ 88,776	\$ 115,603

**Combined Operations of Bridgemarq Real Estate Services Manager Limited
and Proprio Direct Inc.**

For the three and nine months ended September 30, 2023 and 2022

**Combined Operations of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc.
Interim Condensed Combined Consolidated Balance Sheets**

(unaudited) (In thousands of Canadian dollars)	Note	September 30, 2023	December 31 2022
Assets			
<u>Current assets</u>			
Cash and cash equivalents		\$ 11,617	\$ 11,261
Cash held in trust		36,762	31,153
Accounts receivable		3,394	3,543
Contract transfer receivable		437	602
Due from related parties	8	898	712
Income tax receivable		293	1,232
Prepaid expenses and other assets		1,615	1,492
Total current assets		55,016	49,995
<u>Non-current assets</u>			
Contract transfer receivable		\$ 1,708	\$ 1,974
Deferred management fees receivable	4,8	5,271	5,116
Notes receivable		434	741
Other non-current assets		170	276
Property and equipment, net	5	3,057	3,756
Right-of-use assets, net	6	11,802	13,334
Deferred income taxes		2,646	1,661
Intangible assets, net	7	4,535	4,995
Goodwill	7	6,442	6,442
Total assets		\$ 91,081	\$ 88,290
Liabilities and equity			
<u>Current liabilities</u>			
Accounts payable		\$ 9,504	\$ 10,027
Accrued liabilities		7,114	7,366
Customer deposits		36,762	31,153
Lease liabilities	6	3,137	3,029
Total current liabilities		56,517	51,575
Lease liabilities	6	10,354	12,378
Other non-current liabilities		1,433	1,433
Total liabilities		68,304	65,386
Total owners' equity		22,777	22,904
Total liabilities and equity		\$ 91,081	\$ 88,290

See accompanying notes to the interim condensed combined consolidated financial statements.

**Combined Operations of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc.
Interim Condensed Combined Consolidated Statements of Net Earnings (Loss) and
Total Comprehensive Earnings (Loss)**

(unaudited) (In thousands of Canadian dollars)	Note	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Revenues					
Gross commission income		\$ 116,603	\$ 118,020	\$ 261,128	\$ 323,716
Management fee revenue	8	4,988	4,891	14,763	15,393
Other revenue		3,563	4,430	12,731	11,280
		125,154	127,341	288,622	350,389
Expenses					
Commission and other related costs		111,317	112,553	245,503	303,927
Cost of other revenue		1,036	1,848	4,318	3,636
Compensation		6,861	6,969	20,314	20,411
Software, hosting and licensing		1,177	1,355	3,516	3,727
Marketing and communications		809	746	2,934	3,013
General and administration		1,081	896	3,603	2,586
Premises		652	776	2,120	2,135
Other operating		370	539	1,495	1,255
Franchise fees	8	160	205	633	714
Interest	6	222	196	673	631
Depreciation and amortization	5,6,7	1,061	1,450	3,957	4,495
		124,746	127,533	289,066	346,530
Earnings (loss) before income tax		408	(192)	(444)	3,859
Current income tax expense (recovery)		(42)	(422)	668	1,000
Deferred income tax expense (recovery)		46	(44)	(985)	193
Income tax expense (recovery)		4	(466)	(317)	1,193
Net earnings (loss) and total comprehensive earnings		\$ 404	\$ 274	\$ (127)	\$ 2,666

See accompanying notes to the interim condensed combined consolidated financial statements.

**Combined Operations of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc.
Interim Condensed Combined Consolidated Statements of Changes in Total Equity**

(unaudited)

(In thousands of Canadian dollars)

		Equity
Balance, December 31, 2022	\$	22,904
Net loss		(127)
Balance, September 30, 2023	\$	22,777

(In thousands of Canadian dollars)

		Equity
Balance, December 31, 2021	\$	23,974
Net earnings		2,666
Dividends paid		(1,500)
Balance, September 30, 2022	\$	25,140

See accompanying notes to the interim condensed combined consolidated financial statements.

**Combined Operations of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc.
Interim Condensed Combined Consolidated Statements of Cash Flows**

(unaudited) (In thousands of Canadian dollars)	Note	Three months ended September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Cash provided by:					
Operating activities					
Net earnings (loss) for the period		\$ 404	\$ 274	\$ (127)	\$ 2,666
Adjusted for					
Interest income		(680)	(358)	(1,783)	(821)
Interest received		627	304	1,628	673
Interest expense	6	222	196	673	631
Current income tax expense (recovery)		(42)	(422)	668	1,000
Income taxes (paid) received		1,103	(427)	271	(1,591)
Deferred income tax expense (recovery)		46	(44)	(985)	193
Depreciation and amortization	5,6	1,061	1,450	3,957	4,495
Other non-cash		294	19	381	80
Net changes in non-cash working capital		(218)	(3,011)	(932)	(3,484)
		2,817	(2,019)	3,751	3,842
Investing activities					
Additions to property and equipment and intangibles	5,7	(91)	(1,346)	(164)	(2,167)
Repayments of contract transfer receivable		152	144	431	428
Repayment of notes receivable		21	27	32	44
		82	(1,175)	299	(1,695)
Financing activities					
Lease payments	6	(1,227)	(1,108)	(3,694)	(3,361)
Dividends paid		-	-	-	(1,500)
		(1,227)	(1,108)	(3,694)	(4,861)
Net change in cash for the period		1,672	(4,302)	356	(2,714)
Cash, beginning of the period		9,945	16,278	11,261	14,690
Cash, end of the period		\$ 11,617	\$ 11,976	\$ 11,617	\$ 11,976

See accompanying notes to the interim condensed combined consolidated financial statements.

NOTES TO THE INTERIM CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

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

1. Organization and Basis of Presentation

The Combined Operations of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc. (the “**Real Estate Operations**” or the “**Company**”) are comprised of the consolidated operations of Bridgemarq Real Estate Services Manager Limited, a corporation incorporated under the *Ontario Business Corporations Act* (“**BRESML**”) and Proprio Direct Inc., a corporation incorporated under the *Canada Business Corporations Act* (“**Proprio Direct**”).

The consolidated operations of BRESML include the following operating corporations, each of which is 100% directly, or indirectly owned by BRESML:

10572314 Canada Inc.
9106-2083 Quebec Inc.
9106-1496 Quebec Inc.
9333-0868 Quebec Inc.
9371-7536 Quebec Inc.
9120-5583 Quebec Inc.
Credit Valley Real Estate Inc.
RLPS GP Inc.
Royal LePage Real Estate Services Ltd.
Sequel Realty Ltd.

BRESML and Proprio Direct are wholly owned subsidiaries of Brookfield BBP (Canada) L.P. (“**BBP Canada**”), which is a subsidiary of Brookfield Business Partners L.P. (“**BBP**”). BBP is listed on the Toronto Stock Exchange and on the New York Stock Exchange.

The Real Estate Operations operate in two business segments.

Bridgemarq Real Estate Brokerage Group (the “Brokerage Operations”) – The Brokerage Operations operate full service real estate brokerage locations in British Columbia, Ontario and Québec under the Royal LePage®, Via Capitale®, Proprio Direct® Johnston and Daniel® and Les Immeubles Mont-Tremblant real estate brands. The Brokerage Operations provide services to real estate sales representatives to support them in assisting businesses or residential customers who wish to buy or sell residential or commercial real estate in Canada.

Bridgemarq Real Estate Franchise Management Services (the “Franchise Operations”) – The Franchise Operations provides franchise management services to Bridgemarq Real Estate Services Inc. (“**BRESI**”) under the Royal LePage®, Via Capitale® and Johnston and Daniel® real estate brands. BRESI is a related company by virtue of the fact that it is 28% indirectly controlled by BBP. BRESI is listed on the Toronto Stock Exchange under the symbol “BRE”.

The total owners’ equity in these interim condensed combined financial statements represents the equity of the owners’ interest in the net assets of the Real Estate Operations rather than the shareholders’ equity of the legal entities comprising the Real Estate Operations.

2. Material Accounting Policies

BASIS OF PREPARATION

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

NOTES TO THE INTERIM CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

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

These interim condensed combined consolidated financial statements have been prepared for the nine-months period ended September 30, 2023 (the “**Period**”) with comparative information for 2022, are prepared on a going concern basis and include the accounts of the Real Estate Operations.

These interim condensed combined consolidated financial statements have been prepared in Canadian dollars as the functional currency.

GOODWILL AND INTANGIBLE ASSETS

Goodwill represents the excess of consideration paid over the fair value of the net tangible assets and identifiable intangible assets acquired in a business combination. Intangible assets consist primarily of sales representative contracts between a brokerage and its sales agents that are acquired or transferred at the time of a business combination or an asset acquisition. These sales representative contracts, while short-term in nature, are subject to a very high rate of renewal and are amortized on a straight-line basis over a five-year period. Intangible assets are accounted for using the cost method and are recorded net of accumulated amortization. Goodwill is not amortized, but is subject to impairment testing annually, or whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The impairment assessment is performed at the individual brokerage level.

The assessment of goodwill impairment compares the carrying value of each relevant brokerage, including the carrying value of the related goodwill to its respective recoverable amount, which is the higher of its fair value if sold and its value-in-use. Where the carrying value of the goodwill is in excess of its recoverable amount, an impairment charge for the excess is recorded in the Company’s Interim condensed combined Consolidated Statement of Net Earnings and Total Comprehensive Earnings.

In testing goodwill, the fair value of each reporting unit is estimated using the income approach by applying a discounted cash flow method. The fair value of the Company’s reporting units are determined utilizing the Company’s annual operating plans, and long-term cash flow forecasts (including best estimates of future revenues and operating expenses, including commission expense) and terminal value assumptions as well as market and general economic conditions, trends in the industry. In addition, management uses other assumptions that management believes are reasonable including discount rates, cost of capital, trademark royalty rates, and long-term growth rates.

REVENUE RECOGNITION

BROKERAGE OPERATIONS

As the owner-operator of real estate brokerages, the Brokerage Operations assists home-buyers and sellers in acquiring or selling residential and commercial real estate. Real estate commissions (or gross commission income) are recognized at the point in time when a real estate transaction is closed and finalized by the REALTOR® and/or a lease is signed by the vendor or lessor. The commissions that the Company pays to REALTORS® is recognized concurrently with the associated revenue.

FRANCHISE OPERATIONS

The Franchise Operations earns management fee revenue through the provision of franchise administration services to BRESI under the terms of a Management Services Agreement (the “**MSA**”). 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 BRESI provides notice of their intention to terminate the MSA no later than six months prior to expiry. Management fees earned under the MSA include a fixed and a variable portion. Fixed management fees are earned as a fixed monthly amount of \$840. Fixed management fees are recognized over time, which is when the control of the services are transferred to BRESI.

Variable management fees are payable to the Franchise Operations calculated as the greater of i) 23.5% of the distributable cash (as defined in the MSA) of BRESI before management fees or ii) 0.342% of the market value of the restricted voting shares of BRESI on a diluted basis. Variable management fees are recognized as distributable cash of BRESI is earned.

NOTES TO THE INTERIM CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

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

OTHER REVENUES

Other revenues are earned by the Brokerage Operations and the Franchise Operations and include revenues from organizing awards and recognition events, amounts received from brokerages to conduct advertising campaigns and amounts received from REALTORS® for miscellaneous services provided by the brokerages such as rent and deal processing. Other revenue is recognized at the time the service or event occurs or when the service is provided to the REALTOR®.

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. In 2022, the seasonality of Canadian real estate markets was impacted by changes in the Canadian interest rate environment. There can be no certainty that this historical seasonality pattern will recur in any future period.

3. Business Combinations and Asset Acquisitions

ROYAL LEPAGE CREDIT VALLEY – BUSINESS COMBINATION

On December 12, 2022, the Company acquired all of the outstanding shares of Credit Valley Real Estate Inc. (operating as Royal LePage Credit Valley), a real estate brokerage operating in the greater Toronto area, for \$775 plus a deferred payment of \$200 which was payable subject to certain conditions. The deferred payment of \$200 was paid in January 2023. The allocation of the purchase price was as follows:

Working capital	\$	98
Cash and cash equivalents		24
Cash held in trust		1,738
Customer deposits		(1,738)
Property and equipment		19
Intangible assets		955
Goodwill		127
Deferred taxes		(248)
	\$	975

Intangible assets represent the fair value of 123 sales representative contracts that were transferred to the Company at the time of the acquisition. The acquisition strengthens the Brokerage Operations market share in the greater Toronto area.

The goodwill recognized on the acquisition of Royal LePage Credit Valley is attributable mainly to the expected future growth potential from the expanded agent base. None of the goodwill recognized is expected to be deductible for income tax purposes.

ACQUISITION OF ASSETS

On July 22, 2022, the Company acquired 110 sales representative contracts previously affiliated with a competing brokerage located in the greater Toronto area. Total proceeds to acquire these contracts was \$1,300, with \$1,100 paid in cash on the date of the acquisition and \$200 paid in July 2023. An additional \$750 payable over two years subject to certain operating thresholds being met.

4. Deferred Management Fees Receivable

The Company agreed to defer certain management fees owing from BRESI of \$5,648 from a prior year. These deferred payments are non-interest bearing, are due no later than 2025 and are repayable in cash or the issuance of exchangeable units in BRESI which can be converted to equity of BRESI, at the option of BRESI. For the three and nine month periods, the Company recorded interest income of \$53 and \$155 (2022 – \$54 and \$148) reflecting accretion of the carrying value of the deferred payments using the effective interest method.

NOTES TO THE INTERIM CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

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

5. Property and Equipment, Net

The Company recorded depreciation expense related to property and equipment in the three months period ended of \$275 (2022 - \$302) and nine months period ended of \$814 (2022 - \$886).

	Furniture, fixtures and equipment	Leasehold improvements	Total
Cost			
At December 31, 2021	\$ 6,353	\$ 8,389	\$ 14,742
Additions	183	1,012	1,195
Additions related to business combinations (note 3)	17	2	19
Disposals	(296)	(1,349)	(1,645)
At December 31, 2022	\$ 6,257	\$ 8,054	\$ 14,311
Accumulated Depreciation			
At December 31, 2021	\$ (5,045)	\$ (5,902)	\$ (10,947)
Depreciation expense	(524)	(685)	(1,209)
Disposals	253	1,348	1,601
At December 31, 2022	\$ (5,316)	\$ (5,239)	\$ (10,555)

	Furniture, fixtures and equipment	Leasehold improvements	Total
Cost			
At December 31, 2022	\$ 6,257	\$ 8,054	\$ 14,311
Additions	70	45	115
Disposals	(1,809)	(277)	(2,086)
At September 30, 2023	\$ 4,518	\$ 7,822	\$ 12,340
Accumulated Depreciation			
At December 31, 2022	\$ (5,316)	\$ (5,239)	\$ (10,555)
Depreciation expense	(288)	(526)	(814)
Disposals	1,809	277	2,086
At September 30, 2023	\$ (3,795)	\$ (5,488)	\$ (9,283)
Carrying Value			
At December 31, 2022	\$ 941	\$ 2,815	\$ 3,756
At September 30, 2023	\$ 723	\$ 2,334	\$ 3,057

6. Right-of-Use Assets and Lease Liabilities

The Company's leases, which comprise real estate leases at its administrative offices and its real estate brokerages as well as its leases for office equipment, are for terms ranging from less than one year to ten years.

NOTES TO THE INTERIM CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

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

RIGHT-OF-USE ASSETS, NET

		Property	Equipment	Total
Cost				
At December 31, 2021	\$	23,949	\$ 1,030	\$ 24,979
Additions		3,552	185	3,737
Disposals		(48)	-	(48)
At December 31, 2022	\$	27,453	\$ 1,215	\$ 28,668
Accumulated Amortization				
At December 31, 2021	\$	(10,839)	\$ (616)	\$ (11,455)
Amortization Expense		(3,681)	(252)	(3,933)
Disposals		65	(11)	54
At December 31, 2022	\$	(14,455)	\$ (879)	\$ (15,334)
Cost				
At December 31, 2022	\$	27,453	\$ 1,215	\$ 28,668
Additions		1,990	128	2,118
Disposals		(1,013)	(68)	(1,081)
At September 30, 2023	\$	28,430	\$ 1,275	\$ 29,705
Accumulated Amortization				
At December 31, 2022	\$	(14,455)	\$ (879)	\$ (15,334)
Amortization expense		(2,436)	(201)	(2,637)
Disposals		-	68	68
At September 30, 2023	\$	(16,891)	\$ (1,012)	\$ (17,903)
Carrying Value				
At December 31, 2022	\$	12,998	\$ 336	\$ 13,334
At September 30, 2023	\$	11,539	\$ 263	\$ 11,802

The Company recorded amortization expense related to right-of-use assets in the three months period ended \$1,061 (2022- \$992) and in the nine months period ended of \$2,637 (2022 - \$2,966).

NOTES TO THE INTERIM CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

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

LEASE LIABILITIES

	September 30 2023	December 31 2022
Balance, beginning of period	\$ 15,407	15,361
Additions	2,118	3,737
Interest expense	673	847
Disposals	(1,013)	-
Payment of lease liabilities	(3,694)	(4,538)
Balance, end of period	\$ 13,491	\$ 15,407

	September 30 2023	December 31 2022
Current portion of lease liabilities	\$ 3,137	\$ 3,029
Long-term portion of lease liabilities	10,354	12,378
Total lease liabilities	\$ 13,491	\$ 15,407

7. Goodwill and Intangible Assets

INTANGIBLE ASSETS

	Agent Contracts	Brands	Websites and Software	Total
Cost				
At December 31, 2021	\$ 8,332	\$ 1,834	\$ 215	\$ 10,381
Additions	1,165	-	10	1,175
Additions from business combinations (note 3)	955	-	-	955
At December 31, 2022	\$ 10,452	\$ 1,834	\$ 225	\$ 12,511
Accumulated Amortization				
At December 31, 2021	\$ (6,650)	\$ -	\$ (52)	\$ (6,702)
Amortization Expense	(791)	-	(23)	(814)
At December 31, 2022	\$ (7,441)	\$ -	\$ (75)	\$ (7,516)

	Agent Contracts	Brands	Websites and Software	Total
Cost				
At December 31, 2022	\$ 10,452	\$ 1,834	\$ 225	\$ 12,511
Additions	-	-	49	49
At September 30, 2023	\$ 10,452	\$ 1,834	\$ 274	\$ 12,560
Accumulated Amortization				
At December 31, 2022	\$ (7,441)	\$ -	\$ (75)	\$ (7,516)
Amortization expense	(488)	-	(21)	(509)
At September 30, 2023	\$ (7,929)	\$ -	\$ (96)	\$ (8,025)

NOTES TO THE INTERIM CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

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

Carrying Value	Agent Contracts	Brands	Websites and Software	Total
At December 31, 2022	\$ 3,011	\$ 1,834	\$ 150	\$ 4,995
At September 30, 2023	\$ 2,523	\$ 1,834	\$ 178	\$ 4,535

GOODWILL

	Goodwill
Cost	
At December 31, 2021	\$ 6,315
Additions (note 3)	127
At December 31, 2022	\$ 6,442

	Goodwill
Cost	
At December 31, 2022	\$ 6,442
Additions	-
At September 30, 2023	\$ 6,442

8. Related Party Transactions

The Real Estate Operations had the following transactions with BRESI or BBP during the three and nine months ended September 30th. These transactions have been recorded at the exchange amount as agreed between the parties.

	Three Months Ended September 30 2023	Three Months Ended September 30 2022	Nine Months Ended September 30 2023	Nine Months Ended September 30 2022
Management fee revenue received from BRESI	\$ 4,988	\$ 4,891	\$ 14,763	\$ 15,393
Interest on contract transfer receivable	\$ 28	\$ 35	\$ 88	\$ 114
Interest on deferred management fees receivables	\$ 53	\$ 54	\$ 155	\$ 148
Gross Franchise fee expenses paid to BRESI	\$ 1,056	\$ 1,050	\$ 3,296	\$ 3,365
Insurance premiums	\$ 39	\$ 33	\$ 117	\$ 103

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

	September 30 2023	December 31 2022
Management fees receivable	\$ 898	\$ 712
Contract transfer receivable	\$ 2,145	\$ 2,576
Deferred management fees receivable	\$ 5,271	\$ 5,116
Franchise fees payable	\$ 526	\$ 457

Compensation expense paid to key management personnel for the three-month period ended September 30th totaled \$287 (2022- \$273) and in the nine-month period ended September 30th totaled \$1,459 (2022 - \$1,577).

NOTES TO THE INTERIM CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

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

9. Segmented Information

The Real Estate Operations operate in two business segments.

Management evaluates the operating results of each segment based upon revenue and EBITDA. EBITDA is defined as net and comprehensive earnings before income tax expense, interest expense and depreciation and amortization. The Real Estate Operations presentation of EBITDA may not be comparable to similar measures used by other companies.

The table below reconciles net and comprehensive earnings as presented in the statement of net and comprehensive income to EBITDA used by management to evaluate the business segments of the Real Estate Operations:

	Three months Ended September 30 2023	Three months Ended September 30 2022	Nine months Ended September 30 2023	Nine months Ended September 30 2022
Net earnings (loss) and total comprehensive earnings	\$ 404	\$ 274	\$ (127)	\$ 2,666
Income tax expense (recovery)	4	(466)	(317)	1,193
Earnings (loss) before income taxes	408	(192)	(444)	3,859
Add: Interest expense	222	196	673	631
Depreciation and amortization	1,061	1,450	3,957	4,495
EBITDA	\$ 1,691	\$ 1,454	\$ 4,186	\$ 8,985

The tables below provide selected segment disclosure for certain financial statement balances.

	Three months Ended September 30 2023	Three months Ended September 30 2022	Nine months Ended September 30 2023	Nine months Ended September 30 2022
Segment Revenue				
Brokerage Operations	\$ 119,788	\$ 120,547	\$ 270,213	\$ 331,375
Franchise Operations	5,366	6,794	18,409	19,014
Total Revenue	\$ 125,154	\$ 127,341	\$ 288,622	\$ 350,389

	Three months Ended September 30 2023	Three months Ended September 30 2022	Nine months Ended September 30 2023	Nine months Ended September 30 2022
Segment earnings (loss) before income tax				
Brokerage Operations	\$ 1,019	\$ (9)	\$ 837	\$ 2,905
Franchise Operations	(611)	(183)	(1,281)	954
Total earnings (loss) before income tax	\$ 408	\$ (192)	\$ (444)	\$ 3,859

NOTES TO THE INTERIM CONDENSED COMBINED CONSOLIDATED FINANCIAL STATEMENTS

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

	Three months Ended September 30 2023	Three months Ended September 30 2022	Nine months Ended September 30 2023	Nine months Ended September 30 2022
Segment Depreciation and amortization				
Brokerage Operations	\$ 900	\$ 1,271	\$ 3,451	\$ 3,934
Franchise Operations	161	179	506	561
Total depreciation and amortization	\$ 1,061	\$ 1,450	\$ 3,957	\$ 4,495

	Three months Ended September 30 2023	Three months Ended September 30 2022	Nine months Ended September 30 2023	Nine months Ended September 30 2022
Segment EBITDA				
Brokerage Operations	\$ 2,137	\$ 1,445	\$ 4,943	\$ 7,419
Franchise Operations	(446)	9	(757)	1,566
Total EBITDA	\$ 1,691	\$ 1,454	\$ 4,186	\$ 8,985

	September 30 2023	December 31 2022
Segment Assets		
Brokerage Operations	\$ 70,653	\$ 75,374
Franchise Operations	20,428	12,916
Total assets	\$ 91,081	\$ 88,290

10. Subsequent Events

On December 14, 2023, the owners of the Company signed an agreement to sell the Company to Bridgemarq Real Estate Services Inc. (BRESI). The agreement is subject to the approval of BRESI's shareholders which will be sought at a meeting to be held in 2024.

APPENDIX F

UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

Bridgemarq Real Estate Services Inc.
Unaudited Pro Forma Consolidated Balance Sheet
As at September 30, 2023

(In thousands of Canadian dollars)	Bridgemarq	Target Entities	Pro Forma Adjustments	Note	Pro Forma Consolidated
Assets					
<u>Current assets</u>					
Cash and cash equivalents	\$ 6,943	\$ 11,617	\$ -		\$ 18,560
Cash held in trust	-	36,762	-		36,762
Accounts receivable	4,085	3,394	-		7,479
Contract transfer receivable	-	437	(437)	f (iv)	-
Due from related parties	-	898	(898)	f (vi)	-
Current portion of notes receivable	168	-	-		168
Income tax receivable	-	293	393	g	686
Prepaid expenses and other current assets	385	1,615	-		2,000
Interest rate swap asset	436	-	-		436
Total current assets	12,017	55,016	(942)		66,091
<u>Non-current assets</u>					
Contract transfer receivable	-	1,708	(1,708)	f (iv)	-
Deferred management fees	-	5,271	(5,271)	f (v)	-
Notes receivable	191	434	-		625
Other non-current assets	-	170	-		170
Property and equipment, net	-	3,057	-		3,057
Right-of-use assets, net	-	11,802	-		11,802
Deferred income taxes	6,081	2,646	(22)	g	8,705
Intangible assets, net	49,895	4,535	18,455	a	72,885
Goodwill	-	6,442	(6,442)	a	-
Total assets	\$ 68,184	\$ 91,081	\$ 4,070		\$ 163,335
Liabilities and shareholders' deficit					
<u>Current liabilities</u>					
Accounts payable and accrued liabilities	\$ 1,655	\$ 16,618	\$ 585	f (vi)	\$ 18,858
Customer deposits	-	36,762	-		36,762
Contract transfer obligation	419	-	(419)	f (iv)	-
Current income taxes payable	73	-	-		73
Lease liabilities	-	3,137	-		3,137
Interest payable to Exchangeable Unitholders	484	-	-		484
Dividends payable to shareholders	1,067	-	-		1,067
Total current liabilities	3,698	56,517	166		60,381
<u>Non-current liabilities</u>					
Debt facilities	67,024	-	-		67,024
Deferred payments	6,173	-	(6,173)	a, f (v)	-
Contract transfer obligation	1,708	-	(1,708)	f (iv)	-
Lease liabilities	-	10,354	-		10,354
Other non-current liabilities	-	1,433	(1,433)	a	-
Exchangeable Units	42,461	-	37,040	a	79,501
Total liabilities	121,064	68,304	27,892		217,260
<u>Shareholders' deficit</u>					
Restricted voting shares	140,076	-	-		140,076
Total owner's equity	-	22,777	(22,777)	a	-
Deficit	(192,956)	-	(1,045)	a, g	(194,001)
Total shareholders' deficit	(52,880)	22,777	(23,822)		(53,925)
Total liabilities and shareholders' deficit	\$ 68,184	\$ 91,081	\$ 4,070		\$ 163,335

See accompanying notes to the unaudited pro forma consolidated financial statements.

Bridgemarq Real Estate Services Inc.
Unaudited Pro Forma Consolidated Statement of Net and Comprehensive Earnings

Nine months ended September 30, 2023
(In thousands of Canadian dollars,
except per share amounts)

	Bridgemarq	Target Entities	Pro Forma Adjustments	Note	Pro Forma Consolidated
Revenues					
Gross Commission Income	\$ -	\$ 261,128	\$ -		\$ 261,128
Management fee revenue	-	14,763	(14,763)	f (i)	-
Franchise fees	34,786	-	(633)	f (ii)	34,153
Other revenue	2,843	12,731	(269)	f (iii)	15,305
	37,629	288,622	(15,665)		310,586
Expenses					
Commission and other related costs	-	245,503	-		245,503
Cost of other revenue	837	4,318	-		5,155
Management fees	14,737	-	(14,737)	f (i)	-
Compensation	-	20,314	-		20,314
Software, hosting and licensing	-	3,516	-		3,516
Marketing and communications	-	2,934	-		2,934
General and administration	1,825	3,603	(697)	e	4,731
Premises	-	2,120	-		2,120
Other operating	-	1,495	-		1,495
Franchise fees	-	633	(633)	f (ii)	-
Interest expense	2,229	673	(269)	f (iii)	2,633
Write-off of intangible assets	201	-	-		201
Depreciation and amortization	5,186	3,957	2,493	a	11,636
	25,015	289,066	(13,843)		300,238
Operating income	12,614	(444)	(1,822)		10,348
Interest on Exchangeable Units	(4,355)	-	(3,799)	b	(8,154)
Gain on fair value of Exchangeable Units	266	-	232	c	498
Gain on interest rate swap	(950)	-	-		(950)
Loss on debt facility amendment	(122)	-	-		(122)
Earnings before income tax	7,453	(444)	(5,389)		1,620
Current income tax expense	2,754	668	(830)	a,g	2,592
Deferred income tax recovery	(337)	(985)	-		(1,322)
Income tax expense	2,417	(317)	(830)		1,270
Net and comprehensive earnings	\$ 5,036	\$ (127)	\$ (4,559)		\$ 350
Basic earnings per share	\$ 0.53				\$ 0.04
Diluted earnings per share	\$ 0.53				\$ 0.04

See accompanying notes to the unaudited pro forma consolidated financial statements.

Bridgemarq Real Estate Services Inc.
Unaudited Pro Forma Consolidated Statement of Net and Comprehensive Earnings

Year ended December 31, 2022
(In thousands of Canadian dollars,
except per share amounts)

	Bridgemarq	Target Entities	Pro Forma Adjustments	Note	Pro Forma Consolidated
Revenues					
Gross Commission Income	\$ -	\$ 398,765	\$ -		\$ 398,765
Management fee revenue	-	19,872	(19,872)	f (i)	-
Franchise fees	45,615	-	(860)	f (ii)	44,755
Other revenue	4,256	14,088	(377)	f (iii)	17,967
	49,871	432,725	(21,109)		461,487
Expenses					
Commission and other related costs	-	375,527	-		375,527
Cost of other revenue	1,207	4,092	-		5,299
Management fees	19,872	-	(19,872)	f (i)	-
Compensation	-	26,704	-		26,704
Software, hosting and licensing	-	5,115	-		5,115
Marketing and communications	-	4,122	-		4,122
General and administration	1,120	3,883	2,181	e	7,184
Premises	-	2,872	-		2,872
Other operating	-	1,838	-		1,838
Franchise fees	-	860	(860)	f (ii)	-
Interest expense	2,970	847	(377)	f (iii)	3,440
Write-off of intangible assets	154	-	-		154
Depreciation and amortization	7,168	5,956	3,324	a	16,448
	32,491	431,816	(15,604)		448,703
Operating income	17,380	909	(5,505)		12,784
Interest on Exchangeable Units	(5,806)	-	(5,065)	b	(10,871)
Gain (loss) on fair value of Exchangeable Units	11,547	-	10,073	c	21,620
Gain on interest rate swap	2,203	-	-		2,203
Earnings before income tax	25,324	909	(497)		25,736
Current income tax expense	3,948	314	(1,920)	a,g	2,342
Deferred income tax expense	407	165	-	-	572
Income tax expense	4,355	479	(1,920)		2,914
Net and comprehensive earnings	\$ 20,969	\$ 430	\$ 1,423		\$ 22,822
Basic earnings per share	\$2.21				\$2.41
Diluted earnings per share	\$1.19				\$0.77

See accompanying notes to the unaudited pro forma consolidated financial statements.

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2023 and the year ended December 31, 2022
(Expressed in thousands of Canadian dollars, unless stated otherwise)

1. PROPOSED TRANSACTION

On December 14, 2023, Bridgemarq Real Estate Services Inc., (“**Bridgemarq**” and together with its subsidiaries, the “Company”) announced that it had entered into a definitive agreement to indirectly acquire all of the issued and outstanding shares in the capital of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc. (collectively, the “**Target Companies**” and together with their subsidiaries, the “**Target Entities**”) from a subsidiary of Brookfield Business Partners L.P. (“**Brookfield**”) (the “**Transaction**”) pursuant to the purchase agreement among the Company and Brookfield and certain of its affiliates. Upon closing of the Transaction, the Company will issue to Brookfield 2,838,769 Class B LP Units, or Exchangeable Units, to acquire the Target Entities and 64,085 Class B LP Units, to settle the deferred payments owing by the Company to Brookfield for a total of 2,902,854 Class B LP Units subject to certain customary purchase price adjustments. The Class B LP Units are exchangeable into Restricted Voting Shares of Bridgemarq on a one-for-one basis (subject to customary anti-dilution adjustments) at the option of the holder. As a result of the Transaction, Brookfield’s ownership interest in the Company is expected to increase from approximately 28.4% to approximately 41.7%.

2. BASIS OF PRESENTATION

These unaudited pro forma consolidated financial statements have been prepared in connection with the Transaction and have been prepared from information derived from, and should be read in conjunction with, the consolidated financial statements of the Company and the combined consolidated financial statements of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc., each prepared in accordance with International Financial Reporting Standards using the accounting policies applied to prepare the audited annual financial statements of the Company and the audited financial statements of the Target Companies as at December 31, 2022.

Bridgemarq has reviewed the accounting policies and disclosures of the Target Companies and determined that there are no adjustments required to the balances reflected in the financial statements of the Target Companies to conform to the accounting policies employed by Bridgemarq. Accounts payable and accrued liabilities of the Target Companies have been combined in the unaudited pro forma consolidated balance sheet as at September 30, 2023 to conform to the presentation followed by Bridgemarq.

These unaudited pro forma consolidated financial statements include:

- (a) An unaudited pro forma consolidated balance sheet as at September 30, 2023 combining:
- The unaudited interim consolidated balance sheet of the Company as at September 30, 2023;
 - The unaudited interim combined consolidated interim balance sheet of the combined operations of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc. as at September 30, 2023; and
 - The adjustments described in Note 3.

This unaudited pro forma consolidated balance sheet gives effect to the Transaction as if it had closed on September 30, 2023.

- (b) An unaudited pro forma consolidated statement of net earnings for the nine months ended September 30, 2023 combining:
- The unaudited interim consolidated statement of net earnings of the Company for the nine months ended September 30, 2023;
 - The unaudited interim combined consolidated statement of net loss of the combined operations of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc. for the nine months ended September 30, 2023; and

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2023 and the year ended December 31, 2022
(Expressed in thousands of Canadian dollars, unless stated otherwise)

- The adjustments described in Note 3.

This unaudited pro forma consolidated statement of net earnings for the nine months ended September 30, 2023 gives effect to the Transaction as if it had closed on January 1, 2022.

(c) An unaudited pro forma consolidated statement of net earnings for the year ended December 31, 2022 combining:

- The audited consolidated statement of net and comprehensive earnings of the Company for the year ended December 31, 2022;
- The audited combined consolidated statement of net earnings and total comprehensive earnings of the combined operations of Bridgemarq Real Estate Services Manager Limited and Proprio Direct Inc. for the year ended December 31, 2022; and
- The adjustments described in Note 3.

This unaudited pro forma consolidated statement of net and comprehensive earnings for the year ended December 31, 2022 gives effect to the Transaction as if it had closed on January 1, 2022.

The unaudited pro forma consolidated financial statements have been prepared for illustrative purposes only to show the effect of the Transaction assuming it had closed on the dates indicated.

The unaudited pro forma financial statements are not intended to be indicative of Bridgemarq's financial position or the results that would actually have occurred, or the results expected in future periods, had the events reflected herein occurred on the dates indicated. Actual amounts recorded subsequent to the Transaction will differ from those reflected in the unaudited pro forma financial statements and such differences could be material. The information upon which such adjustments and assumptions were made was preliminary and adjustments and assumptions of this nature are difficult to make with complete accuracy.

The historical consolidated financial statements and historical combined consolidated financial statements have been adjusted to give effect to unaudited pro forma events that are:

- directly attributable to the Transaction; and
- factually supportable.

The unaudited pro forma financial statements do not reflect and do not give effect to:

- any integration costs that may be incurred as a result of the Transaction;
- operating efficiencies and expanded growth opportunities that may result from the Transaction; or
- any other benefits expected to be derived from combining the Company and the Target Entities.

3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The pro forma consolidated financial statements have been presented assuming that the Transaction, as described elsewhere in this information circular, closed on January 1, 2022 for the pro forma consolidated statements of net and comprehensive earnings and on September 30, 2023 for the pro forma consolidated balance sheet. These unaudited pro forma consolidated financial statements give effect to the following items:

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2023 and the year ended December 31, 2022
(Expressed in thousands of Canadian dollars, unless stated otherwise)

- (a) The issuance of 2,838,769 Class B LP Units to acquire all of the issued and outstanding shares of the Target Companies and 64,085 Class B LP Units to settle the deferred payments owing by the Company to Brookfield.

The estimated consideration to be paid in the Transaction for purposes of determining the pro forma balance sheet is based on the closing price of Bridgemarq's Restricted Voting Shares on the TSX on September 30, 2023 of \$12.76 per share or approximately \$36,223 for the acquisition of the shares of the Target Companies and \$817 for the settlement of deferred payments owing to Brookfield. For purposes of determining the pro forma consolidated statements of net and comprehensive earnings, the consideration paid in the Transaction is based on the closing price of Bridgemarq's Restricted Voting Shares on the TSX on December 31, 2021 of \$16.31 per share.

The Transaction will be accounted for a business combination per IFRS 3, *Business Combinations* which requires recognition of the identifiable assets acquired and liabilities assumed measured at acquisition-date fair value. The preliminary purchase price allocation for the shares of the Target Companies is as follows:

(In thousands of Canadian dollars)

Fair value of identifiable assets acquired	80,104
Fair value of intangible assets acquired	22,990
Fair value of liabilities assumed	<u>(66,871)</u>
Fair value of net assets acquired	<u><u>36,223</u></u>

The fair value of the intangible assets acquired includes the fair value of certain brands utilized by the Target Entities and brokerage contracts with independent sales representatives of the Target Entities. Brands are not amortized, as they are considered to have an indefinite useful life, and are reviewed for impairment on an annual basis. Independent sales representative contracts, while short-term in nature, are subject to a very high rate of renewal and are amortized on a straight-line basis over a five-year period. Intangible assets are accounted for using the cost method and are recorded net of accumulated amortization.

The fair value of the liabilities assumed includes an adjustment for the carrying value of other non-current liabilities of the Target Entities to reflect the fair value of the related obligation as nil.

- (b) Interest on Exchangeable Units, which represents the distributions to Exchangeable Unitholders, was adjusted to reflect the distributions on the Exchangeable Units issued as a result of the Transaction from the date of their issuance.
- (c) A gain on fair value of Exchangeable Units, which represents the change in the fair value of the Exchangeable Units, was recorded to reflect the gain resulting from the fair valuation of the Exchangeable Units from the date of their assumed issuance. The Exchangeable Units are valued based on the market value of the Company's Restricted Voting Shares. At January 1, 2022, Bridgemarq's Restricted Voting Shares were valued at \$16.31. At December 31, 2022, Bridgemarq's Restricted Voting Shares were valued at \$12.84. At September 30, 2023, Bridgemarq's Restricted Voting Shares were valued at \$12.76 per share.
- (d) Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Restricted Voting Shares outstanding of 9,483,850, which is unchanged as a result of the Transaction. The diluted earnings per share is calculated by adjusting the weighted average number of Restricted Voting Shares to assume conversion of all of the Exchangeable Units. Pro forma diluted earnings per share has been calculated based on 15,714,371 shares outstanding on a fully-diluted basis, which has been adjusted to give effect to the 2,902,854 Exchangeable Units issued as a result of the Transaction.

NOTES TO THE UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2023 and the year ended December 31, 2022
(Expressed in thousands of Canadian dollars, unless stated otherwise)

- (e) Estimated costs incurred to complete the Transaction (“**Transaction Costs**”) include legal fees, advisory fees and directors fees and have been reflected in the pro forma financial statements as having been fully accrued in the unaudited pro forma consolidated balance sheet as at September 30, 2023. For purposes of the unaudited pro forma consolidated statements of net earnings, the Transaction Costs have been reflected as having been spent or accrued in the year ended December 31, 2022.
- (f) The elimination of transactions and balances between the Company and the Target Entities are as follows.
 - (i) Management fee expenses: Bridgemarq’s management fee expense is eliminated against the related management fee revenue recognized by the Target Entities.
 - (ii) Franchise fee revenue: Bridgemarq’s franchise fees revenue received from the Target Entities is eliminated against the related franchise fees expense recorded by the Target Entities.
 - (iii) Interest expense: Bridgemarq’s interest expense on deferred payments and interest expense on the contract transfer obligation is eliminated against the related ‘other revenue’ recorded by the Target Entities.
 - (iv) Contract transfer obligation: Bridgemarq’s contract transfer obligation is eliminated against the related contract transfer receivable recorded by the Target Entities.
 - (v) Deferred management fees: Bridgemarq’s deferred management fee payable has been eliminated against the deferred management fee receivable recorded by the Target Entities.
 - (vi) Due to related parties: Unpaid management fees recorded as accounts payable by Bridgemarq are eliminated against the related management fees receivable recorded by the Target Entities.
- (g) The income tax effect of the pro forma adjustments is based on the Company’s statutory income tax rate of 26.5% and reflects the deduction of Transaction Costs and a lower allocation of partnership of income of a subsidiary of Bridgemarq as a result of the issuance of Class B LP Units under the terms of the Transaction.

VOTE TODAY

If you have any questions or require assistance with voting your shares, please contact:



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