2023
ANNUAL REPORT

BRIDGEMARQ®
REAL ESTATE SERVICES

BRIDGEMARQ REAL ESTATE SERVICES INC.

PROFILE

Bridgemarq Real Estate Services Inc. ("Bridgemarq" and, together with its subsidiaries, the "Company") is a leading provider of services to residential real estate brokers and REALTORS® across Canada. The Company's franchise operations generate revenue from franchise fees that are received from real estate brokerages and REALTORS® operating under the Royal LePage®, Via Capitale® and Johnston & Daniel® brands. The Company's brokerage operations generate real estate sales commission income from home buyers and sellers at its Company-owned real estate brokerages operating under the Royal LePage, Proprio Direct®, Via Capitale and Johnston & Daniel Brands.

As at December 31, 2023, the Company's franchise network consisted of 20,529 REALTORS® and participated in approximately 28% of all home resales in Canada during 2023. The Company's brokerage operations currently provide services to approximately 2,800 REALTORS in Ontario, British Columbia and Quebec.

Bridgemarq is listed on the TSX and trades under the symbol "BRE". For further information about the Company, please visit www.bridgemarq.com.

COMPANY OPERATIONS

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

ROYAL LEPAGE®

Serving Canadians since 1913,
Royal LePage is the country's leading provider of services to real estate brokerages, with a network of more than 19,600 real estate professionals in over 670 locations nationwide. Since the mid-1990s, Royal LePage has more than tripled the size of its sales force. It offers its network of brokers and agents strong support with state-of-the-art marketing and lead generation tools, sophisticated business services, timely market data and analysis, as well as professional development through on-line and in-person training. Royal LePage is the only Canadian real estate company to have its own charitable foundation, the Royal LePage® Shelter Foundation™, which has been dedicated to supporting women's shelters and domestic violence prevention programs for more than 25 years.

PROPRIO DIRECT®

Established in 1987, Proprio Direct operates one of the largest real estate brokerages in Quebec (based on REALTOR® count) from a single office located in the Greater Montreal Area. With approximately 750 real estate professionals, this unique, consumer-centric brokerage platform combines interactive and informative on-line education and planning tools and the support and experience of a REALTOR® with the flexibility for home sellers to source buyers for their property.

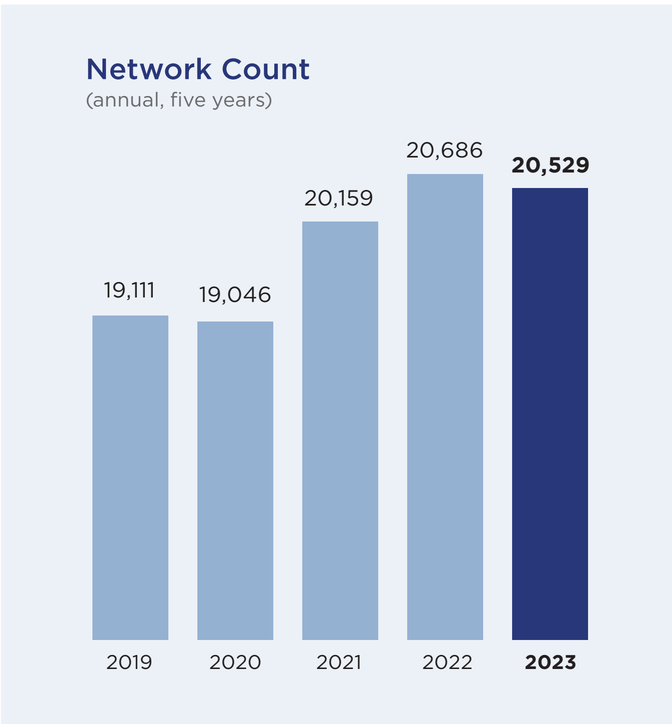
JOHNSTON & DANIEL®

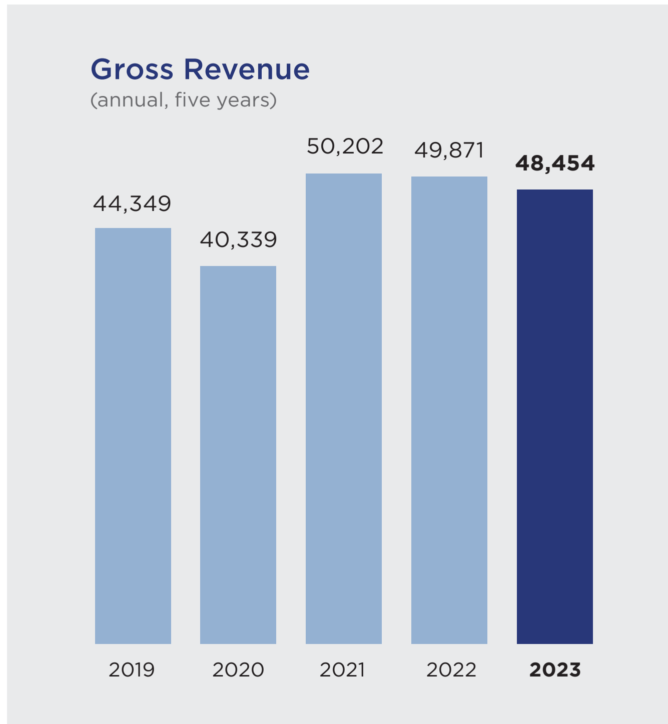
Founded in 1950, Johnston & Daniel is a leading residential real estate boutique firm with approximately 200 real estate professionals selling distinctive homes in southern Ontario. Johnston & Daniel operates as a division of Royal LePage Real Estate Services Ltd. and maintains its market leadership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

VIA CAPITALE®

Via Capitale's mission is to deliver the best possible service by focusing on the human aspect of each transaction, professionalism and innovation. Via Capitale has more than 910 sales representatives in 47 locations across the province of Quebec. It has launched numerous innovative, client-focused programs into the Quebec market through specialized web platforms, and has been a leading developer of real estate insurance programs for more than 20 years – making it the pioneer in this field and keeping the company at the forefront of the industry. Today, the Via Capitale name is synonymous with protection and innovation in the province of Quebec.

FINANCIAL HIGHLIGHTS





LETTER TO SHAREHOLDERS

Today marks a historic turning point for our organization. I am proud of what we've accomplished and humbled to have the opportunity to continue on this journey of expansion. The acquisition of several best-in-class brokerages and the internalization of the management team marks the beginning of an exciting new chapter, one that will provide greater opportunities for growth, a simplified organizational structure, a stronger franchise network and a renewed commitment to delivering favourable results to shareholders.

I am honoured and excited to be taking over as CEO of Bridgemarq®, and to continue in this capacity to work ever more closely with Phil Soper and the talented and experienced management team, as we look towards the future. Bolstered by our Company's solid foundation, collective expertise and shared vision, our capacity for success is boundless.

Canada's real estate industry is evolving at an unprecedented pace, driven by technological advancements and changing consumer expectations. In this environment, our ability to adapt, innovate, and prove ourselves as leaders is more critical than ever. I am thrilled at the opportunity to lead the charge.

Sincerely,

Spencer Enright
Chief Executive Officer

LETTER TO SHAREHOLDERS

‘Too much of a good thing’ was a theme of mine during the pandemic-fueled housing boom. This led naturally into ‘what goes too far up must come down,’ which accurately describes the recent flight path of our industry, from pandemic boom through the subsequent 2023 market correction. For Bridgemarq®, the journey has been less bumpy. While the industry overall contracted by 14% last year, Bridgemarq revenue was down by only 3%.

Many believe the high interest rate environment that has characterized the post-pandemic period peaked in 2023, and are forecasting that central banks around the world, including the Bank of Canada, will begin to unwind tight monetary policy. Despite widespread concerns that it would take a painful recession to tame inflation, it appears that our economy has avoided the worst characteristics of a hard landing, such as a spike in unemployment and mortgage defaults.

As I write this letter to shareholders in March of 2024, the residential real estate market appears to be well on its way to recovery, with positive trends evident in many geographies, including higher sales volumes, home price appreciation and a bump in listings inventory. And 2023, as tough as it was for much of the real estate brokerage industry, was just fine for homeowners. While sales volumes were off significantly, home values showed considerable resilience, declining only slightly. This in turn protected family balance sheets and shored up consumer confidence.

The resilience of home values in the face of sharply lower 2023 demand makes perfect sense, when considered in a broader context. Firstly, we have an acute shortage of homes in Canada. Half a million new households were formed in 2023 and we built just a quarter of a million homes. All levels of government are now focused on the housing supply issue and while we will see improvement, there appears to be little chance that we can build the number of properties in the near term required to fully satisfy the needs of a growing nation. The rate at which home prices are likely to rise in the coming years will likely be painful for prospective homeowners yet beneficial to the two-thirds of Canadians who own property.

It is important to note that consumers, including first-time buyers, have retained the capacity to trade in real estate, despite higher borrowing costs. We have low unemployment, higher than normal household savings, and an unprecedented transfer of inter-generational wealth, which helps with initial down payments.

At the point where about half of all mortgages in the country have rolled off those pandemic lows into higher cost borrowing, mortgage defaults remain at historic lows, with only 15 in 10,000 mortgage holders failing to meet their obligations to their lender.[1] Accolades are in order for the federal Office of the Superintendent of Financial Institutions for introducing the ‘mortgage stress test’ in 2018, which ensured borrowers would be prepared for more expensive mortgages, and for prudent risk management by Canada’s banks.

Many of the macroeconomic factors supporting Canada’s housing market extend to the commercial real estate brokerage sector. The growth in new residents drives the need for business ventures to serve them. Falling inflation reduces costs for both landlord and prospective tenants. Lower borrowing costs will stimulate activity. Some subsectors continue to outperform while others lag; industrial buildings remain in high demand and, with businesses continuing to grapple with what is the optimum space needed to serve a hybrid work-from-home workforce, demand in the office leasing market continues to perform unevenly.

The Canadian economy and real estate sector have weathered turbulent times well. The Company itself has done even better.

We continue to outperform by supporting our network of high producing real estate professionals with a three-pronged approach: a foundation of innovative technology and business services; a layer of unparalleled training and coaching; and impactful marketing and advertising programs. Our franchisees and agents in turn are empowered to provide consumer clients with expert advice and counsel. This clear differentiation continues to attract new agents and entire real estate companies into the Bridgemarq fold.

A salient proof point: the two largest and most impactful brand conversions to happen in Canadian real estate in recent years saw highly regarded brokerages previously aligned with American franchisors Re/Max and Keller Williams convert to our Royal LePage® brand in the past year.

[1] *Mortgage Delinquency Rate: Canada, Provinces and CMAs, December 18, 2023*

LETTER TO SHAREHOLDERS

Company Financial Performance

Despite a second consecutive year of reduced sales and transactional dollar volumes in Canadian real estate, we are pleased with the Company's 2023 performance and our proven ability to successfully navigate challenging market cycles. In 2023, revenues were $48.5 million, compared to $49.9 million in 2022.

If we compare the Company's financial performance in a difficult 2023 to the pre-pandemic levels of 2019, revenue was still up by close to 10%.

Dividends

Since inception, the company has prided itself on providing shareholders with an investment that produces meaningful, reliable income. The Board of Directors of the Company approved a dividend to shareholders of $0.1125 per restricted voting share payable April 30, 2024, to shareholders of record on March 28, 2024. This dividend distribution represents a target annual dividend of $1.35 per restricted voting share, which is unchanged from 2023.

Brokerage Acquisitions and Internalization of Management Team

On March 25th, Bridgemarq shareholders approved the acquisition of several best-in-class real estate brokerages from Brookfield. As part of the agreement, we will also internalize the management company that has provided services to Bridgemarq franchisees.

Operating in Canada's three largest provinces, the recently acquired brokerage assets are some of the best-managed and most successful real estate companies in the industry. The package includes Proprio Direct®, an innovative digital brokerage that supports brokers across the province of Quebec; and in B.C. and Ontario, two of the largest brokerage firms in our Royal LePage network.

These are exciting and important initiatives which will help to drive the long-term growth and success of our business. While the external management model was right for a time, Bridgemarq will now benefit from a broader revenue base and shareholders will appreciate the traditional and transparent unified business structure we have moved to. Our talented leadership team, with extensive tenure in the management company, is eager to leverage the improved efficiencies made possible from integrated operations.

This has resulted in some important changes to the structure of the management team. Lorraine Bell, who has been a valuable member of the Board for more than two decades, succeeds Spencer Enright as chair. Spencer will continue as a director of the Board and transition into the role of Chief Executive Officer of Bridgemarq. I will continue as President, and Glen McMillan will stay on as Chief Financial Officer.

LETTER TO SHAREHOLDERS

Canadian Real Estate Outlook

Post-pandemic, Canada's real estate economy suffered an extended barrage of interest rate increases aimed at taming a spike in inflation, which peaked at more than 8% in June of 2022. Uncertainty weighed on consumer confidence during this period. Following a much-publicized spring 2023 hold, the Bank of Canada reversed course and increased the overnight lending rate two more times during that summer, driving many would-be buyers out of the market again, and causing sales activity and prices to trend downward once more. Adding to pent-up demand, the year past saw a record volume of new Canadians and non-permanent residents seeking shelter, be it for rent or purchase.

At the time of writing, measures employed by our central bank are having the desired impact. Canada's inflation rate has fallen to within the central bank's target range of 2-3%, reaching 2.8% in February, 2024.[2] Markets broadly expect the central bank to begin cutting rates later this year.

Research we conducted during this period found that half of Canadians (51%) who put their home buying plans on hold over the last two years plan to return to the market when the bank rate dips.[3] The expected increase in activity will continue to put upward pressure on home prices.

The psychology driving sidelined buyers who intend to return to the market falls into one of two categories – those waiting for a reduction in the bank rate, and those waiting until they see a rise in the cost of new homes. Put simply, the improved affordability promised by waiting for more affordable borrowing costs may be erased by an increase in home prices. One of the primary values provided by our agents during these economic transitions is to offer evidence-based market timing advice.

It appears that the market correction bottomed out sometime in the fourth quarter of 2023. According to the Canadian Real Estate Association, the national residential real estate market grew by 5% in Q4 of 2023 compared to the same quarter in the prior year. The national average selling price increased 3.5% in the fourth quarter compared to the same period last year. We have observed similar trends in the first quarter of this year.

Looking ahead, we may see a modest increase in the volume of transactions in the first half of 2024, possibly increasing at a quicker pace in the second half if a cut in the bank rate materializes as many expect. Home prices could follow a similar path: modest year-over-year increases in the first half of 2024, with steeper gains as the year progresses.

Regionally, metro Toronto and Calgary appear to be leading the country in major market home price appreciation, followed by Vancouver, Montreal and Ottawa.

Real Estate Commission Lawsuits and American Civil Settlements

The National Association of Realtors (NAR) in the United States recently agreed to a US$418 million settlement in a lawsuit that alleged that the organization, and the U.S. industry it represents, was responsible for inflating commissions and unfairly obligating sellers to compensate buyer agents.

As part of the settlement, NAR has agreed to enforce a new rule prohibiting offers of broker compensation on America's multiple listings service (MLS). The settlement did preserve cooperative compensation offered separate from the MLS as an option. NAR denied any wrongdoing, stating that it chose certainty and clarity over long and protracted litigation.

After the U.S. lawsuit was initiated, two cases with similar allegations were filed and are currently underway in Canada. We, and all defendants in the Canadian cases, deny the allegations and are vigorously defending against the claims.

Canadian real estate brokerage regulations and practices differ from those practiced in the United States. And, competition law in Canada differs from the law in the U.S. The NAR settlement is specific to the circumstances in the United States and has no direct impact here or influence on the Canadian proceedings.

We will continue to inform and educate our stakeholders as these matters proceed. My philosophy has always been that change offers opportunity for an open-minded business that is willing to break with tradition in order to better serve customers.

[2] *Consumer Price Index, February 2024, March 19, 2024*

[3] *Half of sidelined homebuyers waiting for interest rate cuts to resume their purchase plans, February 27, 2024*

LETTER TO SHAREHOLDERS

Recruitment and Retention of Top Talent

Bridgemarq's national network closed 2023 with 20,529 REALTORS®, down slightly from 20,686 in 2022. As rising interest rates eroded affordability and negatively impacted consumer confidence over the past two years, the industry experienced materially fewer transactions, pushing less productive real estate professionals out of the industry overall. We are pleased with our ability to maintain an essentially stable agent count during a period of industry contraction, retaining and in fact recruiting top-performing sales professionals.

This 'flight to quality' is a phenomenon I have written about previously. In boom times, some high producing agents will choose a low-cost, narrow-service brokerage, with the attitude that they don't need a leading brand affiliation or rich brokerage support to attract clients and sell property. When the industry enters a downward cycle, with properties that are harder to sell, they often feel the need for differentiation offered by working with a premium brand, and the support available from a full-service brokerage, even if fees are higher.

For Bridgemarq, some very encouraging momentum has been building. Within the last year, brokerages previously affiliated with the two largest American franchisors have converted their business to our Royal LePage brand. In mid-2023, the long-time owners of Re/Max Little Oak in the Fraser Valley, one of the largest brokerage firms in suburban Vancouver, joined our Company. It is worth noting that after converting to Royal LePage, the firm has increased its roster of REALTORS® by 48% through acquisition and recruiting.

More recently, one of the largest brokerages in western Canada, Keller Williams ELITE Realty, has joined the Royal LePage family in Metro Vancouver, bringing some 175 top-performing sales representatives to the network.

What we hear, time and again, is that Royal LePage's proudly Canadian national identity, best-in-class training and coaching programs, and industry-leading technology offerings are what attracts people to the firm. Chief among these offerings is the proprietary, cloud-based AI-driven CRM ecosystem, rlpSPHERE. Tailored to meet the unique needs of a Canadian agent, it sets us apart from our competitors.

At the end of 2023, the Company's REALTORS® operated under 288 franchise agreements, provided services from 723 locations nationwide and participated in approximately 28% of all home resales in Canada. Royal LePage Commercial ended the year with 645 active commercial real estate practitioners and continues to be the largest and fastest growing commercial practice in Canada.

Our average REALTOR® generated approximately $2.9 million in transactional dollar volume during 2023, compared to $1.7 million generated by REALTORS® outside the Company network.

Innovative Products, Tools & Services

When real estate markets are busy, many real estate professionals postpone upgrading their skills and tools. When markets slow, interest in technologies and services that can help them grow their business and distinguish themselves from the competition increase measurably. In 2023, interest in and adoption of the Company's ground-breaking rlpSPHERE application suite continued to rise.

Since the digital platform's launch, more than 3.9 million consumer contacts have been added to the program's database, generating more than 330,000 consumer leads, and nearly 68 million calls, texts and emails have been sent to clients and prospects, many of them through our productivity-enhancing, AI-driven autopilot features.

Royallepage.ca continues to hold the title for the real estate company website of choice in Canada, with 42 million visits in 2023, 10% more than our closest competitor. In 2023, the Company rebranded and relaunched its commercial real estate website, including the integration of external listings and the addition of a new lead source for Royal LePage Commercial practitioners through our Smart Leads lead referral program. And, members of the Via Capitale® network were introduced to the innovative ViaTV, an online video platform that keeps brokers up to date with the latest news, training, events information, and other useful video content.

LETTER TO SHAREHOLDERS

Strong Brand Awareness

We know that awareness building and brand affinity remain an important component of the benefits provided to our network of agents and brokers. Our research shows that nine in ten Canadians are familiar with the Royal LePage brand and associate it with trust and reliability.

In 2023, Royal LePage unveiled the second phase of its highly impactful 'It's that simple' marketing campaign, offering brokerages and their salespeople enhanced customizable social media templates and video marketing assets. Our brand's LinkedIn, YouTube, Facebook and Instagram channels remain among the most followed and liked social media properties in Canadian real estate.

Experienced Leadership

Canada's housing market has been a dominant topic in daily news cycles across the country in recent years. The period of weakened sales activity and downward pressure on home prices, which followed the record highs reached during the pandemic real estate boom, triggered countless conversations in the nation's kitchens and newsrooms. With the nascent market recovery underway, Canadian consumers are looking to us for clear and accurate analysis of the economy and how it impacts property prices.

I take great pride in our leadership role as the Voice of Canadian Real Estate™. We continue to lead as the premier industry authority in Canadian media, surpassing our closest competitor by 16% in total media impressions in 2023, and maintaining our foothold as most quoted among the country's top media publications and broadcast outlets. Our in-depth quarterly house price reports, semi-annual recreational market studies, insightful analyses of consumer and demographic trends, and dependable forecasts have become indispensable resources for real estate journalists and the Canadian public. We are regularly approached to offer insights on significant economic events, policies and announcements that impact Canada's housing market, underscoring our role as industry leaders and steadfast advocates for consumers.

During the year, we earned two Canadian Public Relations Society awards for Best Use of Media relations for our *Millennial Demographics Survey* and our *Cost of Living Report.*

For the eleventh consecutive year, I was honoured to be named Canada's leading residential real estate executive, and one of the highest ranked overall, by the U.S.-based consultancy Swanepoel T3 Sixty. And, for the fifth year in a row, Carolyn Cheng, Chief Operating Officer of our Royal LePage franchise business, joined me on the prestigious list, the only Canadian female to be recognized.

Real estate media giant Inman named me one of the most influential leaders in the real estate industry last year. And, Karen Yolevksi, Chief Operating Officer of our owned Royal LePage brokerages, was named one of the most influential 'Real Leaders' in Ontario real estate in 2023 by the publication, Storeys.

That Bridgemarq's real estate executives continue to be recognized as among the world's best is a testament to our ability to lead and influence the industry not only in Canada, but internationally.

Our people have come together to do amazingly good work through the Foundation, supporting hundreds of emergency shelters and funding critical education and rehabilitation programs. In 2023, we expanded our philanthropic efforts into Canada's far north, into areas where we do not have offices but where a great need exists. We care deeply about Canada and all Canadians.

LETTER TO SHAREHOLDERS

Creating a Culture of Giving, Making a Difference

The Royal LePage® Shelter Foundation™, which marked its 25th anniversary in 2023, is the largest charity in Canada focused on eradicating violence in our neighbourhoods and in supporting the women and children who are impacted every day. It is a powerful, magic sauce that has helped us to create a positive, inclusive culture based on the pride of giving back to the communities that provide our livings and in which we raise our families. The Foundation brings our huge, widely distributed team together, focused on shared noble purpose that is both national and local in nature.

Beyond the retention benefits, our charitable efforts, which have no peer in the Canadian industry, have proven to attract top talent who are drawn to a firm that is so obviously committed to supporting the communities it serves. This appears to be a particularly important distinction among our growing ranks of millennial brokers and agents.

The Ecuador Challenge for Shelter – the 2023 edition of our adventure challenge series – raised a record-setting $1.7 million in November. I joined 110 colleagues from across Canada in raising funds for the Foundation, and then, divided into four expedition groups, wilderness camping and hiking through some of the highest active volcanoes in the world as we worked our way up to the base of famous Mt. Cotopaxi. For the 2024 Challenge this summer, I will again be fundraising and then joining the Royal LePage Riders Club on a motorcycle adventure through the desert, mountains, and jungles of Colombia.

SUMMARY

The year past was difficult; the year ahead looks to be much improved. Overall, I am pleased with the Company's performance, and excited by the bounty of opportunity ahead. Yes, there remains much to be done, and there are and will be new competitive threats and challenges. Building on the strength of thousands of fine people operating in virtually every community in the land, our brands' sterling reputations, and the highly skilled and dependable team of leaders steering the ship, I assure you we are up to the task.

I wish to thank you for your continued trust in the Company, and the Board of Directors for their sage guidance.

Sincerely,

Philip Soper
President

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

Introduction

This management's discussion and analysis ("MD&A") of the consolidated financial results and consolidated financial condition of Bridgemarq Real Estate Services Inc. for the three months and the year ended December 31, 2023, has been prepared as at March 28, 2024. The three months ended December 31, 2023 shall be referred to in this MD&A as the "Quarter" and the comparative period for the three months ended December 31, 2022 shall be referred to as the "Prior Year Quarter". The year ended December 31, 2023 shall be referred to as the "Year" and the comparative period for the year ended December 31, 2022 shall be referred to as the "Prior Year". The financial information presented herein has been prepared on the basis of International Financial Reporting Standards ("IFRS") and is expressed in Canadian dollars unless otherwise stated.

The definitions of terms capitalized in this MD&A are provided in the Glossary of Terms commencing on page 38.

This MD&A provides the reader with an assessment of the Company's past performance as well as its financial position, performance objectives and future outlook. The information in this document should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2023, which are prepared in accordance with IFRS. Additional information relating to the Company, including its 2023 Annual Information Form, is available on SEDAR+ at www.sedarplus.ca or on the Company's website at www.bridgemarq.com.

HIGHLIGHTS

The table below sets out selected historical information and other data for the Company.

- On December 14, 2023, the Company entered into an agreement to acquire the real estate brokerage operations owned by Brookfield and to internalize the management of the Company. The transaction was approved by the shareholders of Bridgemarq on March 25, 2024 and is expected to close before the end of March 2024. The Company will issue approximately 2,902,854 Exchangeable Units as consideration for the assets acquired and in settlement of certain deferred fees owing to Brookfield.

- Revenues for the Quarter amounted to $10.8 million, compared to the $10.4 million generated in the Prior Year Quarter. For the Year, revenues were $48.5 million compared to $49.9 million in the Prior Year. The change in revenues is primarily due to weakness in the Canadian Market as the overall value of Canadian residential real estate transactions in 2023 were down 14% compared to 2022, when the Bank of Canada began tightening monetary policy to combat inflation.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

- For the Quarter, the Company generated a net loss of $1.0 million or $0.11 per Share, compared to net earnings of $6.0 million or $0.18 per Share in the Prior Year Quarter. The lower net earnings are largely driven by a loss of $1.3 million on the valuation of the Exchangeable Units in the Quarter (compared to a $5.2 million gain in the Prior Year Quarter). For the Year, net earnings were $4.0 million, down from net earnings of $21.0 million in the Prior Year, driven by a loss on the Exchangeable Units valuation of $1.1 million in the Year (compared to a gain of $11.6 million in the Prior Year) and a loss of $1.4 million on the valuation of our interest rate swap (compared to a gain of $2.2 million in 2022). The fair valuation adjustment on the Exchangeable Units is directly related to changes in the market price of Bridgemarq's Restricted Voting Shares.

- For the Quarter, cash provided by operating activities amounted to $2.7 million, unchanged from the Prior Year Quarter as the impact of higher administration expenses was substantially offset by the benefit of higher revenues. For the Year, cash provided by operating activities amounted to $13.7 million compared to $15.6 in the Prior Year. Reduced revenues as a result of weaker real estate markets and higher administration expenses as a result of expenses associated with the evaluation of the Transaction, partly offset by lower management fees were the main cause of the weaker cash flows.

- The board of directors of Bridgemarq (the "Board") declared cash dividends of $0.34 per Restricted Voting Share during the Quarter, unchanged from the Prior Year Quarter. Total dividends paid during the Year amounted to $1.35 per Restricted Voting Share, unchanged from the Prior Year.

(in 000's) except per Share amounts and number of REALTORS®	**Three months ended December 31, 2023**	Three months ended December 31, 2022	Three months ended December 31, 2021	**Twelve months ended December 31, 2023**	Twelve months ended December 31, 2022	Twelve months ended December 31, 2021
Fixed franchise fees	**$ 8,466**	$ 8,445	$ 7,931	**$ 33,652**	$ 33,150	$ 31,016
Variable franchise fees	**1,593**	1,249	1,716	**11,193**	12,465	13,750
Other revenue	**766**	730	1,070	**3,609**	4,256	5,436
Revenues	**10,825**	10,424	10,717	**48,454**	49,871	50,202
Cost of other revenue	**(193)**	(315)	(253)	**(1,030)**	(1,207)	(1,035)
Administration expenses	**(1,060)**	(210)	(240)	**(2,885)**	(1,120)	(646)
Management fees	**(4,422)**	(4,496)	(4,631)	**(19,159)**	(19,872)	(20,158)
Interest expense	**(738)**	(759)	(735)	**(2,967)**	(2,970)	(2,960)
Write-off of intangible assets	**–**	–	–	**(201)**	(154)	–
Amortization of intangible assets	**(1,708)**	(1,761)	(1,862)	**(6,894)**	(7,168)	(7,631)
Operating Income	**$ 2,704**	$ 2,883	$ 2,996	**$ 15,318**	$ 17,380	$ 17,772
Cash provided by operating activities	**$ 2,688**	$ 2,669	$ 2,860	**$ 13,667**	$ 15,559	$ 15,681
Dividends	**$ 3,201**	$ 3,201	$ 3,201	**$ 12,803**	$ 12,803	$ 12,803
Interest on Exchangeable Units	**$ 1,452**	$ 1,452	$ 1,452	**$ 5,806**	$ 5,806	$ 5,806
Net and comprehensive earnings (loss)	**$ (1,039)**	$ 6,005	$ 2,518	**$ 3,997**	$ 20,969	$ 4,762
Number of REALTORS®	**20,529**	20,686	20,159	**20,529**	20,686	20,159
Net and comprehensive earnings (loss) per Share	**$ (0.11)**	$ 0.18	$ 0.22	**$ 0.42**	$ 1.19	$ 0.50
Dividends per Restricted Voting Share	**$ 0.34**	$ 0.34	$ 0.34	**$ 1.35**	$ 1.35	$ 1.35
Interest on Exchangeable Units per Exchangeable Unit	**$ 0.44**	$ 0.44	$ 0.44	**$ 1.74**	$ 1.74	$ 1.74

From June of 2020 through the first quarter of 2022, real estate markets in Canada were strong. There was a significant slowdown in transaction volume during the last part of 2022 into 2023 due, in part to interest rate increases from April 2022 through July 2023.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

ORGANIZATION

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

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

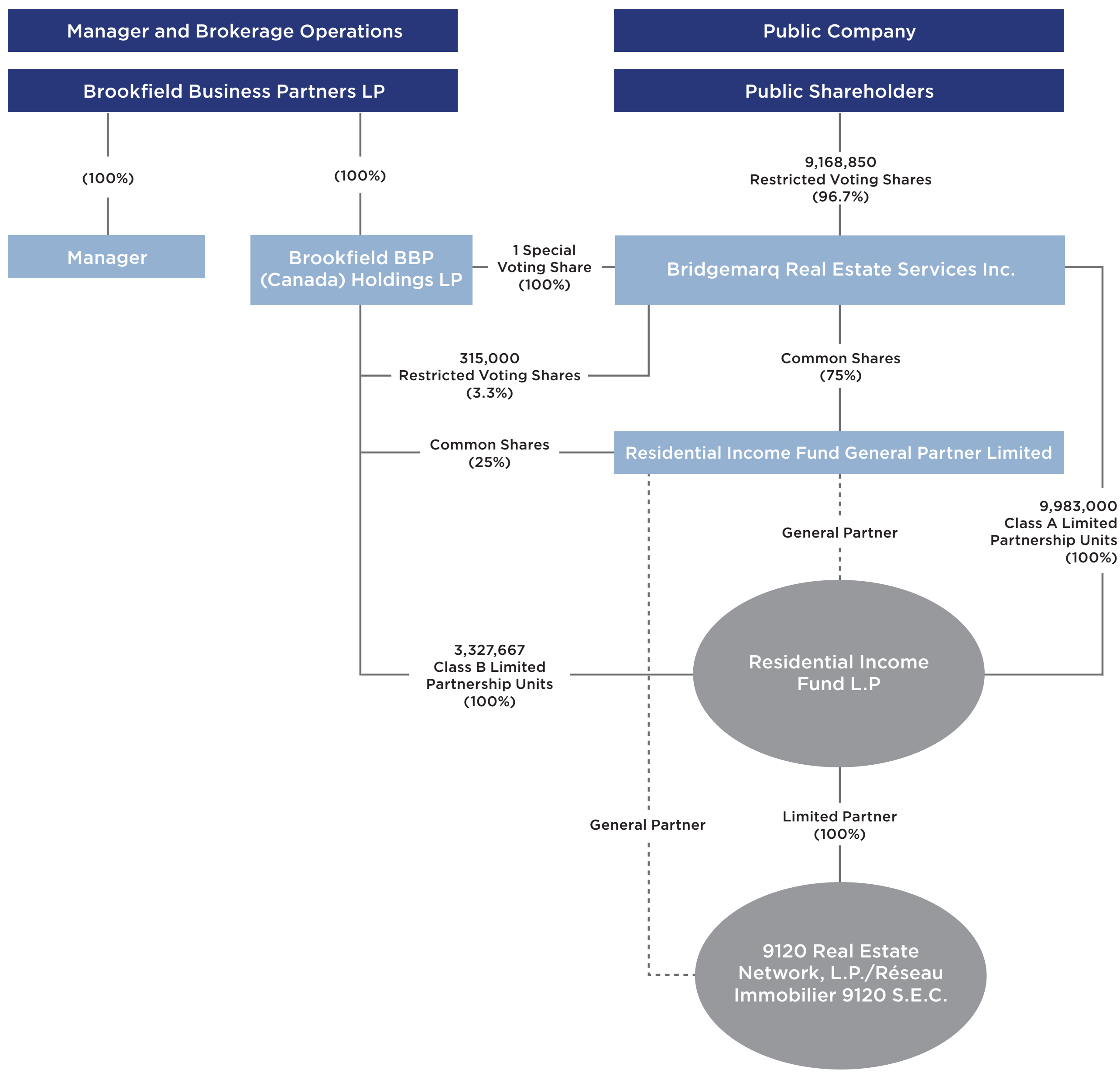
Brookfield owns the remaining 25% interest in the Partnership through its ownership of the Exchangeable Units, the remaining 25% interest in the General Partner through its ownership of 25 common shares in the General Partner and one Special Voting Share of Bridgemarq. The Special Voting Share entitles Brookfield to a number of votes at any meeting of the restricted voting shareholders equal to the number of Restricted Voting Shares that may be obtained upon the exchange of all the Exchangeable Units held by the holder and/or its affiliates. In addition to its ownership of the Exchangeable Units, the common shares of the General Partner and the Special Voting Share, Brookfield indirectly owns 315,000 Restricted Voting Shares. Upon closing the Transaction, Brookfield will receive approximately 2,902,854 Exchangeable Units (subject to customary purchase Price Adjustments) as consideration for the Transaction, increasing Brookfield's ownership in the Company (on a fully diluted basis) from approximately 28.4% to approximately 41.7%

The Company receives certain management, administrative and support services from the Manager. As part of the Transaction, the Company is acquiring the Manager. As a result, the management of the Company will be internalized and all employees of the Manager will become employees of the Company eliminating all payments to external parties related to the management of the Company.

Bridgemarq derives its revenue from franchise fees and other services it provides which are ancillary to the services it provides under Franchise Agreements. As a result of the Transaction, in addition to the Company's Franchise operations, the Company will own Brokerage Operations, 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 (the "Brokerage Operations"). The Brokerage Operations provide services to REALTORS® which are complementary to those services provided under the Company's franchise operations.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

The ownership structure of the Company and the Manager prior to the completion of the Transaction is set out below:



2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

BUSINESS OF THE COMPANY

The Company is a Canadian based real estate services firm that supplies REALTORS® with information, tools and services to assist them in providing efficient and effective delivery of real estate sales services in the communities they serve. Through a portfolio of prominent real estate services Brands, each of which offers a unique value proposition, the Company caters to the diverse service requirements of regional real estate professionals, in virtually all significant population centres across Canada. Pursuant to the Transaction, the Company will acquire the Brokerage Operations and as a result, will operate in two distinct operating segments: (1) the franchise operations which have been the Company's primary business since it was established in 2003, and (2) the Brokerage Operations.

Bridgemarq has historically paid a substantial amount of its cash flow to its shareholders in the form of dividends. The Company's revenue is driven primarily by franchise fees derived from long-term Franchise Agreements. These franchise fees have historically been weighted toward fees that are fixed in nature. The Company believes that this has proven to be effective in moderating the variations in overall industry activity that can occur in the Canadian Market.

The number of REALTORS® in the Franchise Network, the transaction volumes generated in the markets the Company serves, the transaction price of residential and commercial real estate, the manner in which the Company structures the contracted revenue streams, the success in attracting REALTORS® to the Company's Brands through their value propositions and the track record of the Company's Brands are all important factors in the Company's financial and operating performance. These factors, including, among others, general economic conditions and government and regulatory activity impact the Company's performance and are discussed in greater detail throughout this MD&A and in the Company's 2023 Annual Information Form, which is available at www.sedarplus.ca or on the Company's website at www.bridgemarq.com.

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

MANAGEMENT SERVICES AGREEMENT

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

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

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

As a result of the capitalization of certain Franchise Agreements and other contracts transferred to the Company upon entering into the MSA, a portion of management fees paid to the Manager is allocated toward reducing the Company's contract transfer obligation and associated interest expense, with the remainder charged to the Company's consolidated statement of net and comprehensive earnings. Management fees will no longer be payable to a third party once management of the Company is internalized under the terms of the Transaction.

The Company has deferred the payment of certain management fees to the Manager totaling $6.2 million. These deferred payments are non-interest bearing, are due no later than 2025 and are repayable in cash or the issuance of Exchangeable Units, at the option of the Company. These deferred payments will be settled as a result of the Transaction.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

ACQUISITION OF REAL ESTATE BROKERAGES AND INTERNALIZATION OF MANAGEMENT

On December 14, 2023, the Company announced that it had entered into a share purchase agreement among the Company, the Partnership and Brookfield to acquire all of the issued and outstanding shares in the capital of the Manager and Proprio Direct® from Brookfield and to settle certain deferred payments owing to Brookfield in consideration for the issuance of approximately 2,902,854 Exchangeable Units, subject to certain customary closing conditions.

The Company was required to seek the approval of shareholders for the issuance of the Exchangeable Units pursuant to the Transaction in accordance with the rules of the TSX. At a meeting of shareholders held on March 25, 2024, the shareholders of Bridgemarq approved the issuance of those Exchangeable Units. Brookfield was not entitled to vote at the meeting. The Transaction is expected to close before the end of March, 2024.

Upon closing of the Transaction, the Partnership will acquire the Target Entities and settle the deferred payments owing to Brookfield by issuing approximately 2,902,854 Exchangeable Units, subject to certain customary purchase price adjustments. The total value of the Transaction is approximately $34.1 million based on the 5-day volume-weighted average trading price of Bridgemarq's 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 share purchase agreement, of $11.74 per Restricted Voting Share. As a result of the Transaction, Brookfield's ownership interest in the Company (on a fully-diluted basis) is expected to increase from approximately 28.4% to approximately 41.7%, subject to applicable purchase price adjustments.

As a result of the acquisition of the Brokerage Operations, the Company will benefit from a broader revenue base and will earn revenues from the Gross Revenue of the acquired brokerages in addition to the franchise fees and ancillary revenues it currently generates from Franchisees. In addition, the Transaction will deleverage the business through the settlement of the deferred payments owing to the Manager and to Brookfield, and a simplified organizational structure will eliminate the requirement to pay management fees to a third party.

COMPANY REVENUES

As at December 31, 2023, the Franchise Network was comprised of 20,529 REALTORS® operating under 288 Franchise Agreements from 723 locations, providing services under the Royal LePage®, Via Capitale® and Johnston & Daniel® Brands. During the Year, REALTORS® in the Franchise Network participated in approximately 28% of all home resales in Canada.

The Company generates revenue from franchise fees with both fixed and variable components as well as other revenues. Fixed franchise fees represent fees that are payable to the Company as a fixed monthly amount per REALTOR® without regard to transaction volumes generated by that REALTOR®. Approximately 69% of the Company's revenues for the Year (Prior Year – 66%) were derived from fixed franchise fees. Variable franchise fees represent franchise and other fees that are payable to the Company based on the transaction volumes generated by REALTORS®, subject to a cap. Approximately 23% of the Company's revenues for the Year (Prior Year – 25%) were derived from variable franchise fees. Other revenues are derived from ancillary services provided to Franchisees outside of the services provided under the Franchise Agreements and include lead management fees received from Franchisees and fees for referral services paid by third parties. During the Year, other revenues represented 8% of total revenues (Prior Year – 9%).

In 2023, approximately 82% of the Company's annual franchise fees were partly insulated from the fluctuations in the Canadian Market as they were not directly driven by transaction volumes. This includes a portion of variable franchise fees, which are effectively fixed in nature due to the fact that they are subject to a cap. The Company believes that the combination of a revenue stream based on the number of REALTORS® in the Franchise Network, increasing REALTOR® productivity and steady, long-term growth in the Canadian Market provide the base for strong and stable cash flows. A description of each type of revenue follows:

Fixed Franchise Fees are earned based on the number of REALTORS® in the Franchise Network. Royal LePage Franchisees pay a fixed monthly fee of $136 per REALTOR® (prior to April 1, 2022 – $133 per REALTOR®). Fixed fees from Via Capitale Franchisees consist primarily of a fixed monthly fee of $180 per REALTOR® (prior to September 1, 2022 – $170 per REALTOR®). For those approximately 645 Royal LePage REALTORS® who participate in the Royal LePage® Commercial™ real estate program, an additional monthly fee of $100 was paid to the Company during the Year and the Prior Year.

Variable Franchise Fees are calculated as a percentage of Gross Revenues earned by REALTORS® in the Franchise Network. Variable franchise fees are substantially all earned from Royal LePage Franchisees, are driven by the transactional dollar volume transacted by the REALTORS® and are derived as 1% of each REALTOR®'s Gross Revenues, subject to a cap of $1,450 per year. Certain REALTORS® in the Royal LePage Network work as part of a Team. All REALTORS® who are members of a Team pay fixed franchise fees. However, for the purposes of the variable fee cap of $1,450, the Gross Revenues of all Team members are aggregated to one cap.

The amount of variable franchise fees paid by an individual REALTOR® can change depending upon, among other things, the total value of real estate they sell in a given year and increases or decreases in home prices. However, variable franchise fees are subject to a cap. For those REALTORS® or Teams who reach the cap, the variable franchise fee is effectively fixed in nature, in that the variable franchise fee paid by the REALTOR® will not change based on changes in the Canadian Market. In 2023, the variable fees associated with approximately 2,663 REALTORS® (2022 – 3,608) and 1,420 Teams (2022 – 1,502) (representing more than 4,263 REALTORS® (2022 – 4,509) that exceeded the cap accounted for approximately 12% of revenues (2022 – 15%).

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

OVERVIEW OF 2023 OPERATING RESULTS

Years ended December 31, (in 000's) except per Share amounts; Restricted Voting Shares outstanding; Exchangeable Units outstanding; Number of REALTORS®	**2023**	2022	2021
Fixed franchise fees	**$ 33,652**	$ 33,150	$ 31,016
Variable franchise fees	**11,193**	12,465	13,750
Other revenue	**3,609**	4,256	5,436
Revenues	**48,454**	49,871	50,202
Less:			
Cost of other revenue	**1,030**	1,207	1,035
Administration expenses	**2,885**	1,120	646
Management fees	**19,159**	19,872	20,158
Interest expense	**2,967**	2,970	2,960
	$ 22,414	$ 24,702	$ 25,403
Impairment and write-off of intangible assets	**(201)**	(154)	–
Amortization of intangible assets	**(6,894)**	(7,168)	(7,631)
Interest expense on Exchangeable Units	**(5,806)**	(5,806)	(5,806)
Gain (loss) on fair value of Exchangeable Units	**(1,098)**	11,547	(5,025)
Gain (loss) on interest rate swap	**(1,386)**	2,203	1,887
Loss on debt facility amendment	**(122)**	–	–
Current income tax expense	**(3,396)**	(3,948)	(3,818)
Deferred income tax recovery (expense)	**488**	(407)	(248)
Net and comprehensive earnings	**$ 3,997**	$ 20,969	$ 4,762
Basic earnings per Restricted Voting Share	**$ 0.42**	$ 2.21	$ 0.50
Diluted earnings per Share	**$ 0.42**	$ 1.19	$ 0.50
Dividends paid per Restricted Voting Share	**$ 1.35**	$ 1.35	$ 1.35
Interest expense per Exchangeable Unit	**$ 1.74**	$ 1.74	$ 1.74
Restricted Voting Shares outstanding	**9,483,850**	9,483,850	9,483,850
Exchangeable Units outstanding	**3,327,667**	3,327,667	3,327,667
Number of REALTORS®	**20,529**	20,686	20,159

(in 000's) As at	**December 31, 2023**	December 31, 2022	December 31, 2021
Total assets	**$ 64,892**	$ 72,629	$ 78,596
Total liabilities	**$ 122,012**	$ 120,943	$ 135,076

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

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.

Net Earnings:

For the Year, the Company generated net earnings of $4.0 million or $0.42 per Share, compared to net earnings of $21 million or $1.19 per Share in the Prior Year.

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

- A loss of $1.1 million on the fair valuation of the Exchangeable Units compared to a gain of $11.5 million in the Prior Year;
- A $1.4 million loss on the fair value of the interest rate swap upon settlement compared to a $2.2 million gain in the Prior Year;
- •A $1.8 million increase in administration expenses as a result of higher legal and consulting costs and directors' fees associated with the evaluation and negotiation of the Transaction;
- A $1.4 million decrease in revenue as a result of weakness in the Canadian Market; partly offset by
- A $1.4 million decrease in income tax expense;
- A $0.7 million decrease in management fees; and
- A $0.3 million decrease in amortization expense due to a number of intangible assets being fully amortized during the Year;

Total Assets:

Total assets as at end of the Year decreased by $7.7 million compared to December 31, 2022. The main drivers of the net decrease were as follows:

- A $6.8 million decrease in the carrying value of intangible assets, driven by amortization expense during the Year;
- A $1.4 million decrease in the interest rate swap asset upon expiry; and
- A $0.7 million decrease in cash; partly offset by
- A $0.5 million increase in the deferred income tax asset; and
- A $0.4 million increase in prepaid expenses.

Total Liabilities:

Total liabilities at the end of the Year increased by $1.1 million compared to December 31, 2022. The main drivers of the net increase were as follows:

- A $1.1 million increase in the liability associated with the Exchangeable Units, which is tied to the trading value of the Restricted Voting Shares (see further discussion under *Fourth Quarter Operating Results and Cash Flows – Gain (loss) on fair value of Exchangeable Units);*
- A $0.3 million increase in accounts payable and accrued liabilities; and
- A $0.1 million increase in the debt facilities; partly offset by
- A $0.6 million decrease in the contract transfer obligation.

DIVIDENDS AND DISTRIBUTIONS:

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

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

Variation of Operating Results for the Prior Year Compared to 2021

Revenues:

Revenues for the Prior Year decreased compared to the 2021 as a result of weakness in the Canadian Market in the last half of the Prior Year, partly offset by an increase in the number of REALTORS® in the Company Network.

Net Earnings:

For the Prior Year, the Company generated net earnings of $21.0 million or $1.19 per Share, compared to net earnings of $4.8 million or $0.50 per Share in 2021.

The primary drivers of the increase in net earnings compared to 2021 were:

- An $11.5 million gain on the fair valuation of the Exchangeable Units compared to a $5.0 million loss in 2021;
- A $0.5 million decrease in amortization expense due to a number of intangible assets being fully amortized during the Prior Year;
- A $0.3 million increase in the gain on the fair value of the interest rate swap; and
- A $0.3 million decrease in management fees; partly offset by
- A $0.5 million increase in administration expenses as a result of lower recoveries of bad debt expenses related to the 2021;
- A $0.3 million decrease in revenue as a result of weakness in the Canadian Market in the last half of the Prior Year;
- A $0.3 million increase in income tax expense;
- Write offs of intangible assets of $0.2 million during the Prior Year; and
- A $0.2 increase in the cost of other revenue.

Total Assets:

Total assets as at end of the Prior Year decreased by $6.0 million compared to December 31, 2021. The main drivers of the net decrease were as follows:

- A $7.3 million decrease in the carrying value of intangible assets, driven by amortization expense during the Prior Year;
- A $0.4 million decrease in the deferred income tax asset; and
- A $0.2 million decrease in current income tax receivable; partly offset by
- A $1.4 million increase in the interest rate swap asset (which was a liability in 2021);
- A $0.3 million increase in prepaid expenses
- A $0.2 million increase in cash and
- A $0.1 million increase in accounts receivable.

Total Liabilities:

Total liabilities at the end of the Prior Year decreased by $14.1 million compared to December 31, 2021. The main drivers of the net decrease were as follows:

- A $11.5 million decrease in the liability associated with the Exchangeable Units, which is tied to the trading value of the Restricted Voting Shares (see further discussion under *Fourth Quarter Operating Results and Cash Flows – Gain (loss) on fair value of Exchangeable Units);*
- A $1.5 million decrease in debt facilities as a result of debt repayments during the Prior Year;
- A $0.8 million decrease in the interest rate swap liability; and
- A $0.6 million decrease in the contract transfer obligation; partly offset by
- A $0.2 million increase in accounts payable and accrued liabilities; and
- A $0.2 million increase in deferred payments.

DIVIDENDS AND DISTRIBUTIONS:

Dividends approved by the Board on the Restricted Voting Shares were $1.35 per share in the Prior Year, consistent with 2021.

Interest on Exchangeable Units also remained consistent with 2021.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

KEY PERFORMANCE DRIVERS

Key performance drivers of the Company's business include:

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

Stability of the Company's Revenue Streams

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

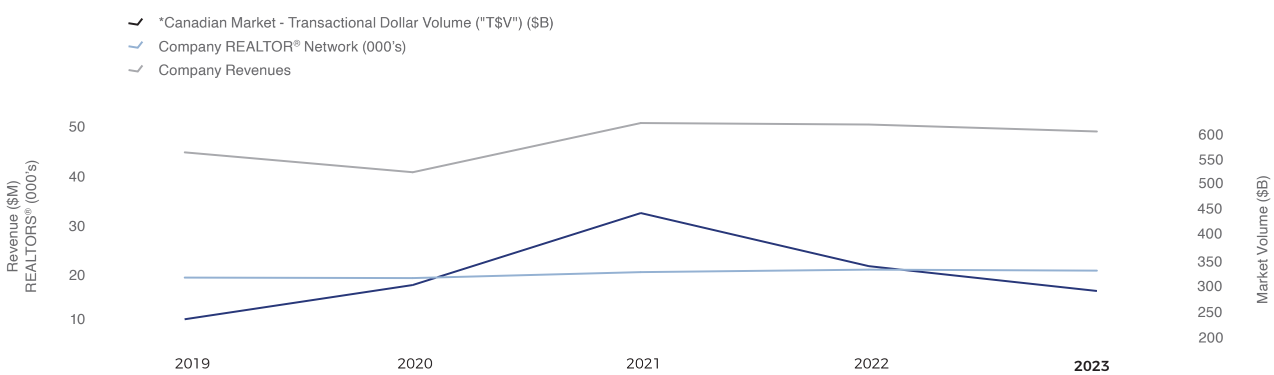
FIXED – FEE STRUCTURE

The Company estimates that for 2023, approximately 82% of its franchise fee revenues were fixed in nature. In addition to its fixed franchise fees, a substantial portion of the Company's variable franchise fees were effectively fixed in nature.

The amount of variable franchise fees paid by an individual REALTOR® can change depending upon, among other things, the total value of real estate they sell in a given year and increases or decreases in home prices across Canada. However, variable franchise fees are subject to an annual cap of $1,450 per REALTOR® or Team of REALTORS®. For those REALTORS® or Teams who reach the variable fee cap, the variable franchise fee is effectively fixed in nature, in that the variable franchise fee paid by the REALTOR® or Team does not change based on changes in the Canadian Market.

The chart below compares the Company's annual revenues to the Canadian Market and the underlying number of REALTORS® in the Franchise Network for the past five calendar years.

Revenues, Market and Realtor® Trends



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

INCREASE IN FEES

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

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

Effective September 1, 2022, the Company increased the monthly fixed franchise fees paid by Via Capitale Franchisees from $170 to $180 per REALTOR®.

Effective January 1, 2024, the Company increased the fees to be paid by REALTORS® operating under the Royal LePage and Johnston Daniel Brands with, the monthly fixed fees increasing by $3 to $139 and the maximum annual variable franchise fee increasing to $1,500.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

GEOGRAPHIC DISTRIBUTION OF THE FRANCHISE NETWORK

As at December 31, 2023, the Franchise Network of 20,529 REALTORS® operated through 288 Franchise Agreements, providing services from 723 locations across the country. Of the Brokerages in the Franchise Network, approximately 55% operate with fewer than 50 REALTORS® and represent approximately 14% of the REALTORS® in the Franchise Network. The Company's smallest Franchisees have one REALTOR® while the largest has over 1,550 REALTORS®.

The Franchise Network is geographically dispersed. As compared to the distribution of REALTORS® across Canada, the Company strives to grow the Franchise Network in all regions of Canada.

As at December 31, 2023	Canadian[1] REALTOR® Population	Company REALTOR® Population
Ontario	61%	58%
British Columbia	16%	13%
Quebec	10%	16%
Alberta	9%	6%
Maritimes	3%	4%
Prairies	3%	3%
Total	100%	100%

[1] *Source: CREA*

FRANCHISE AGREEMENTS

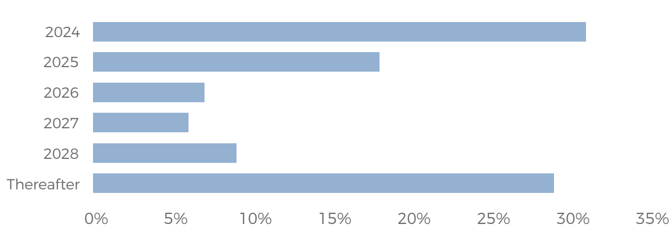
Franchise Agreements are contracts between the Company and Franchisees, which govern matters such as use of the Trademarks, rights and obligations of Franchisees and the Company, renewal terms, services to be provided to Franchisees and franchise fees.

The Royal LePage Franchise Agreements, which represent 94% of REALTORS® in the Franchise Network, are for 10 to 20-year terms with a standard renewal term of ten years. These long-duration contracts exceed the industry standard of five years and thereby reduce agreement renewal risk. In addition, the Company regularly attempts to extend contract terms a further ten years in advance of renewal dates when opportunities present themselves.

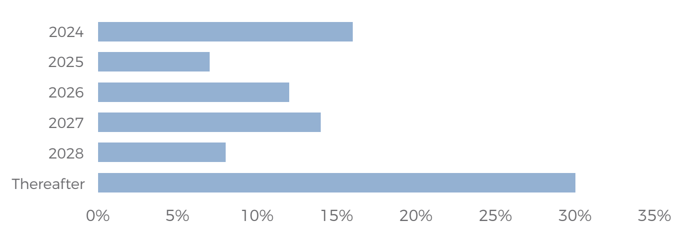
The Via Capitale Franchise Agreements, which represent 6% of REALTORS® in the Franchise Network, are typically five years in duration with standard renewal terms extending five years.

A summary of the Company's agreement renewal profiles as at December 31, 2023 for the Franchise Network is shown below.

% Of Franchise Agreements Up For Renewal
(by Number of REALTORS®)



% Of Franchise Agreements Up For Renewal
(by Number of Agreements)



RENEWALS

The Company has historically been able to achieve renewal success in more than 96% of Franchise Agreements as they come due, expressed as a percentage of the underlying number of REALTORS® associated with those agreements, over the past five years. Due to the ongoing success of the Company's Franchisees, a number of opportunities, such as increasing Franchisee locations, present themselves to renew Franchise Agreements before they come due.

During the Quarter, six (Prior Year Quarter – five) Franchisees, representing 283 REALTORS® (Prior Year Quarter – 86), extended the term of their Franchise Agreements or renewed.

During the Quarter, three (Prior Year Quarter – one) Franchise Agreements were terminated – with all the REALTORS® transferring to another franchise for one of the terminated agreements (Prior Year Quarter – one) and two of the terminated agreements resulting in a net loss of 96 agents.

For the Year, 25 Franchisees (Prior Year – 16), representing 972 REALTORS® (Prior Year – 581) in the Franchise Network, extended the term of their Franchise Agreements or renewed.

For the Year, ten Franchise Agreements (Prior Year – three) were terminated, of which four of the terminated agreements were as a result of Franchisees joining other operations (Prior Year – two) and six of the terminated agreements (Prior Year – one) resulted in the loss of 220 REALTORS® (Prior Year – five).

Number of REALTORS® in the Franchise Network

For the Year, the Franchise Network of 20,529 REALTORS® decreased by 157 REALTORS® compared to a net increase of 527 REALTORS® in the Prior Year.

As of December 31, except as noted	2019	2020	2021	2022	**2023**
Company Network					
Opening REALTOR® Count	18,725	19,111	19,046	20,159	**20,686**
Net REALTOR® growth (attrition) for the period	386	(65)	1,113	527	**(157)**
Closing REALTOR® Count[1]	19,111	19,046	20,159	20,686	**20,529**
% Change in the period	2%	0%	6%	3%	**-1%**

Canadian REALTOR® Population[2]	2019	2020	2021	2022	**2023**
CREA REALTOR® Membership	133,242	136,605	151,087	160,064	**164,598**
% Change in the period	3%	3%	11%	6%	**3%**

[1] 2023 REALTOR® count is as at December 31, 2023
[2] Source: CREA, CREA Membership for 2023 is as at December 31, 2023

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

Since January 1, 2019, the Franchise Network has grown by 10% from 18,725 REALTORS® to 20,529 at December 31, 2023. Growth in the Franchise Network in 2020 was negatively impacted by the pandemic but improved significantly in 2021 and 2022.

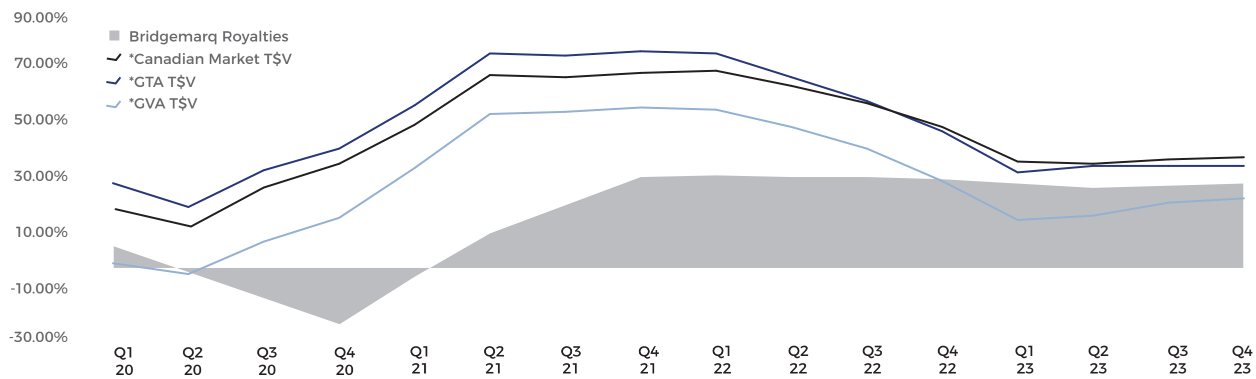
During the Year, growth in the REALTOR® base included the conversion of eight new Franchisees (Prior Year – four) representing 284 REALTORS® (Prior Year – 80). Net attrition from existing franchisees was due to weaker real estate markets and the termination of six franchisees whose agents left the Franchise Network.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

Transactional Dollar Volumes of the Canadian Market

The chart below shows the cumulative growth in the Canadian Market and select urban markets as compared to the growth in the Company's revenues since the first quarter of 2020.

QUARTERLY ROLLING TWELVE-MONTH % CHANGE



*Source: CREA

After four consecutive quarters of growth in transactional dollar volume through Q1 2020, home sale volumes fell dramatically in the face of government actions to combat the spread of COVID-19 during the second quarter of 2020. However, during the last half of 2020, through the second quarter of 2021, activity across Canada rebounded dramatically (to record levels in many markets) as pent-up demand, low interest rates, changing work and commuting patterns, increasing requirements for people to work from home and other factors increased the demand for housing. Housing market activity tempered somewhat in the last half of 2021 but continued near historic highs supported by continued increases in selling prices. The first quarter of 2022 represented the strongest first quarter ever in the Canadian Market with transactional dollar volumes improving marginally over the first quarter of 2021. However, this increase was a result of a 12% drop in home sale volumes offset by increased prices. In the second quarter of 2022, the market began to retreat from its historic highs. Commencing in March 2022, the Bank of Canada embarked on an aggressive campaign to increase interest rates in an effort to curb inflationary pressures. Higher borrowing costs, as well as concerns over affordability in general, dampened consumer demand through the last three quarters of 2022. Overall for 2022, the Canadian Market dropped 24% compared to 2021, represented by a 25% reduction in home sale volumes and a 2% reduction in the selling price of homes. Borrowing costs climbed in 2022 and into 2023, as the Bank of Canada prioritized inflation control in tightening monetary policy. From March, 2022 to July, 2023, the bank rate increased from 0.5% to 5.25% pushing many would-be buyers to the sidelines and contributing to slowing increases in home prices. Transaction dollar volume was down 26% year-over-year for the first half of 2023, but was higher by 7% in the second half. Overall, transaction dollar volume in 2023 was down 14% from 2022 as a result of an 11% drop in volumes and a 4% drop in average selling price.

The Company's revenues fell during the third and fourth quarters of 2020 compared to 2019 as a result of the implementation of a temporary fee plan implemented in the last nine months of 2020 to support REALTORS® during a time of uncertainty in the Canadian Market. In 2021, the Company's revenues rebounded and improved by 24% compared to 2020. The Company's revenues in 2022 were flat compared to 2021 as the impact of a higher REALTOR® count substantially offset the impact of the weaker Canadian Market. During first two quarters of 2023, the Company's revenues decreased due to continued weakness in the Canadian Market. In the third quarter, the Canadian Market closed up 10% as compared to Q3 2022.

During the Quarter, the Canadian Market closed up 5%, at $56.6 billion, as compared to the Prior Year Quarter at $54.1 billion. The increase in transactional dollar volume was driven by a 3% increase in price.

During the Quarter, the GTA market closed at $13.4 billion, flat as compared to the Prior Year Quarter.

During the Quarter, the Greater Vancouver market closed up 10%, at $6.4 billion, as compared to the Prior Year Quarter, driven by a 6% increase in selling price and a 3% increase in units sold.

During the Quarter, the Greater Montreal Area market closed down 2%, at $4.2 billion, as compared to the Prior Year Quarter, driven by a 6% decrease in units sold offset by a $4% increase in selling price.

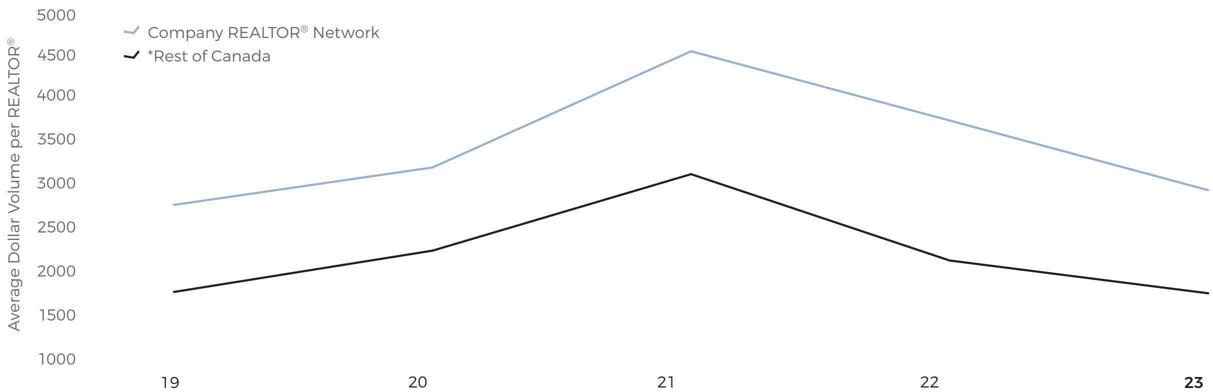
2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

REALTOR® Productivity

The average REALTOR® in the Franchise Network generated approximately $2.9 million in transactional dollar volume for the twelve months ended December 31, 2023, compared to an estimated $1.7 million in transactional dollar volume generated by an average Canadian REALTOR®, outside the Franchise Network. Management believes that the higher productivity of the Franchise Network makes the Company less prone to a loss of REALTORS® during a period of reduced transactional dollar volume. The average transactional dollar volume per REALTOR® for the past five calendar years is summarized in the chart below.

CANADIAN RESIDENTIAL REAL ESTATE MARKET REALTOR® PRODUCTIVITY

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



*Source: CREA

Products and Services Provided to REALTORS®

The Company provides a broad array of innovative products and services to Franchisees and REALTORS®. Most of these products and services are provided in exchange for the franchise fees paid by our Franchisees. These include, among others, the use of our real estate Brands to promote their businesses, use of and access to internal and external communication tools including our websites and intranets, education and learning services, recruiting support, business development coaching and consulting, and access to fully integrated technology tools to help them manage their business.

In addition to those products and services, the Company provides additional services, which are useful to REALTORS® and Franchisees, but are not provided under the Franchise Agreements. These include access to branded promotional materials, including office supplies and clothing, a lead referral service and mortgage referral services on behalf of certain financial institutions. Certain of these products and services provide incremental revenue to the Company.

The Manager, on behalf of the Company, invests in new products, tools and services to assist Franchisees in managing their businesses. During the Quarter, the Company continued to make enhancements to the rlpSPHERE platform – the fully customized and Canadianized cloud-based AI-driven CRM ecosystem, exclusive to Royal LePage – including the rollout of new tools like CORE Listing Machine and Design Centre, as well as new website templates. Earlier in the Year, the Company introduced significant enhancements to the listing marketing functionalities on the rlpSPHERE platform, including a new integrated user interface, automation optimizations and a suite of branded marketing templates.

In 2023, the Company rebranded and relaunched its commercial real estate website, including the integration of external listings and the addition of a new lead source for Royal LePage Commercial participants through Smart Leads. In addition, the Company rebranded and relaunched its corporate marketing offering as [RE] CREATE, an innovative and modern real estate marketing studio, available to members of the Johnston & Daniel brand. Also, Via Capitale launched ViaTV, an online video platform that provides agents with access to the latest news, training, events information, and other useful video content.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

THE CANADIAN RESIDENTIAL REAL ESTATE MARKET

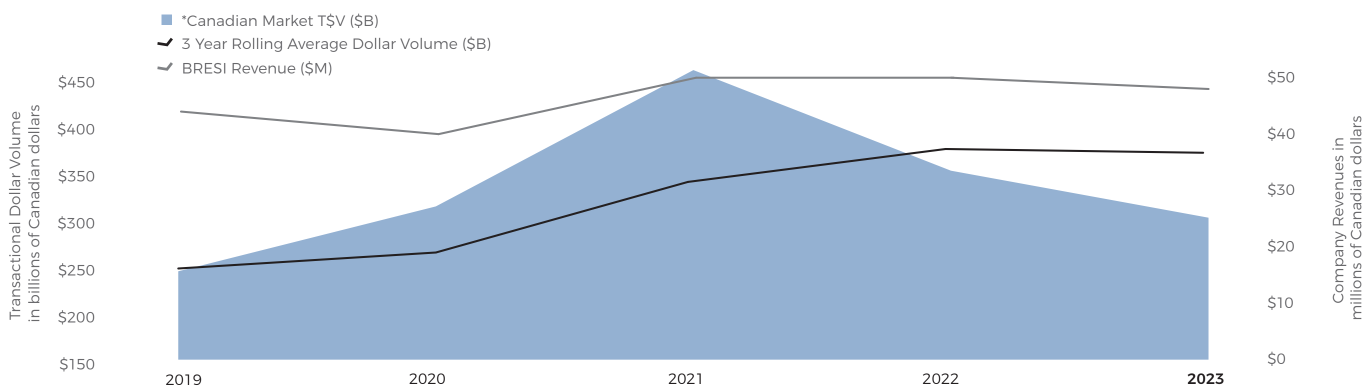
While the Canadian residential real estate market grew by 5% in Q4 of 2023 compared to the Prior Year Quarter, it recorded a decline of 26% compared to Q3 as activity slowed through the final months of the year.[1] According to the Canadian Real Estate Association, the national average selling price increased 3.5% in the Quarter compared to the same period last year, alongside a modest uptick in transactions of 1%. For the full year, the national average selling price decreased 4% in 2023 compared to the Prior Year, while unit sales declined 11%.

Despite a slowdown in market activity through 2023, which led to a gradual increase of inventory, home price declines have been modest due to a fundamental shortage of housing supply in Canada. The number of homes available remains well below what is needed today and what will be needed in the future as the population of the country increases.

The Bank of Canada held its overnight lending rate at 5% on March 6, 2024[2]. The market is broadly expecting that the Bank will begin cutting rates later this year. It is possible that many buyers who have been waiting on the sidelines for interest rates to come down will re-enter the market this spring, ahead of the highly anticipated easing of the central bank's key lending rate. The resultant boost in activity is expected to put further upward pressure on home prices.

TRANSACTION DOLLAR VOLUME – CANADIAN RESIDENTIAL REAL ESTATE MARKET

(2019-2023)

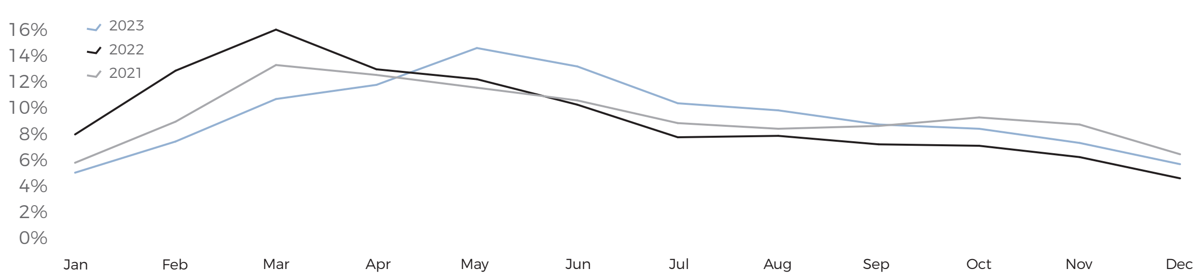


*Source: CREA

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

CANADIAN RESIDENTIAL REAL ESTATE MARKET

(*% Canadian Market T$V by month)



*Source: CREA

[1] CREA Canadian Housing Market Statistics
[2] Bank of Canada maintains policy rate, continues quantitative tightening, March 6, 2024

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

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

FOURTH QUARTER AND ANNUAL OPERATING RESULTS AND CASH FLOWS

(Unaudited) (in 000's) except per Share amounts and number of REALTORS®;	**Three months ended December 31, 2023**	Three months ended December 31, 2022	**Twelve months ended December 31, 2023**	Twelve months ended December 31, 2022
Revenues				
Fixed franchise fees	**$ 8,466**	$ 8,445	**$ 33,652**	$ 33,150
Variable franchise fees	**1,593**	1,249	**11,193**	12,465
Other revenue	**766**	730	**3,609**	4,256
	10,825	10,424	**48,454**	49,871
Less:				
Cost of other revenue	**193**	315	**1,030**	1,207
Administration expense	**1,060**	210	**2,885**	1,120
Management fees	**4,422**	4,496	**19,159**	19,872
Interest expense	**738**	759	**2,967**	2,970
	$ 4,413	$ 4,644	**$ 22,414**	$ 24,702
Impairment and write-off of intangible assets	**–**	–	**(201)**	(154)
Amortization of intangible assets	**(1,708)**	(1,761)	**(6,894)**	(7,168)
Interest on Exchangeable units	**(1,452)**	(1,452)	**(5,806)**	(5,806)
Gain (loss) on fair value of Exchangeable Units	**(1,364)**	5,191	**(1,098)**	11,547
Gain (loss) on interest rate swap	**(436)**	48	**(1,386)**	2,203
Loss on debt facility amendment	**–**	–	**(122)**	–
Earnings (loss) before income taxes	**$ (548)**	$ 6,670	**$ 6,906**	$ 25,324
Current income tax expense	**642**	668	**3,396**	3,948
Deferred income tax expense (recovery)	**(151)**	(3)	**(488)**	407
Net and comprehensive earnings	**$ (1,039)**	$ 6,005	**$ 3,997**	$ 20,969
Basic earnings (loss) per Restricted Voting Share	**$ (0.11)**	$ 0.63	**$ 0.42**	$ 2.21
Diluted earnings (loss) per Share	**$ (0.11)**	$ 0.18	**$ 0.42**	$ 1.19
Number of REALTORS®	**20,529**	20,686	**20,529**	20,686

Cash Flow Information (in 000's)				
Cash provided by (used for):				
Operating activities	**$ 2,688**	$ 2,669	**$ 13,667**	$ 15,559
Investing activities	**(687)**	(652)	**(1,477)**	(1,054)
Financing activities	**(3,201)**	(3,201)	**(12,866)**	(14,303)

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

FOURTH QUARTER OPERATING RESULTS AND CASH FLOWS

During the Quarter, the Company generated a net loss of $1.0 million compared to net earnings of $6.0 million in the Prior Year Quarter.

Revenues for the Quarter totaled $10.8 million, compared to $10.4 million for the Prior Year Quarter. Fixed franchise fees represented 78% of revenues for the Quarter (Prior Year Quarter – 81%). Variable franchise fees represented 15% of revenues for the Quarter (Prior Year Quarter – 12%). Revenues increased due to improved markets as overall activity in the Canadian Market increased by 5%.

Fixed franchise fees for the Quarter were flat compared to the Prior Year Quarter.

Variable franchise fees for the Quarter increased by 28% compared to the Prior Year Quarter due to improved markets.

Other Revenues for the Quarter increased by 5% compared to the Prior Year Quarter driven by an increase in lead referral volumes due to greater housing activity during the Quarter.

Cost of other revenue represents the direct costs associated with lead management referrals and other revenues. These costs decreased during the Quarter compared to the Prior Year Quarter due to a reduction in the costs associated with the QuickQuote™ program, which was launched in 2022.

Administration expenses of $1.1 million for the Quarter increased compared to the Prior Year Quarter due to higher legal and consulting costs and directors' fees associated with the evaluation and negotiation of the Transaction.

Management fee expense of $4.4 million for the Quarter was marginally lower than the Prior Year Quarter due to higher administration expenses partly offset by higher revenues.

Interest expense of $0.8 million was consistent with the Prior Year Quarter.

Amortization of Intangible Assets for the Quarter totaled $1.7 million compared to $1.8 million in the Prior Year Quarter.

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

Gain (loss) on fair value of Exchangeable Units represents the change in the fair value of the Exchangeable Units. The Exchangeable Units are valued based on the market value of the Company's Restricted Voting Shares. At December 31, 2023, the Company's Restricted Voting Shares were valued at $13.17 per share compared to $12.76 at September 30, 2023, resulting in a loss of $1.4 million for the Quarter. This loss represents an increase in the obligation associated with the conversion features of the Exchangeable Units. For the Prior Year Quarter, the price of the Company's Restricted Voting Shares decreased from $14.40 per share at September 30, 2022 to $12.84 at December 31, 2022 resulting in a gain of $5.2 million.

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

Income tax expense. The effective income tax rate paid by the Company for the Quarter was 90% (Prior Year Quarter – 10%). The Company's effective income tax rate is significantly different than the Company's enacted income tax rate of 26.5%. The difference in the effective income tax rate is driven by a number of items that are included in the determination of net earnings but excluded from the determination of taxable income (including, among other things, non-deductible amortization of intangible assets, interest on Exchangeable Units, fair valuation adjustments on Exchangeable Units, interest expense on accretion of deferred payments and gains or losses associated with the interest rate swaps) as well as items that are excluded from the determination of net earnings but included in the determination of taxable income (including, among other things, payments associated with the contract transfer obligation and franchise agreement expenses).

Cash provided by operating activities increased marginally compared to the Prior Year Quarter, primarily due to higher revenues partly offset by higher administration expenses.

Cash used in investing activities were substantially unchanged compared to the Prior Year Quarter.

Cash used in financing activities is comprised of dividends paid to shareholders and was consistent with the Prior Year Quarter.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

ANNUAL OPERATING RESULTS AND CASH FLOWS

For the Year, the Company generated net earnings of $4.0 million compared to net earnings of $21.0 million in the Prior Year.

Revenues for the Year totaled $48.5 million, compared to $49.9 million for the Prior Year. Fixed franchise fees represented 69% of revenues for the Year (Prior Year – 66%). Variable franchise fees represented 23% of revenues for the Year (Prior Year – 25%). Revenues decreased due to the impact of weakness in the Canadian Market, which was lower by 14% compared to the Prior Year.

Fixed franchise fees for the Year increased by 3% as compared to the Prior Year, due to an increase in the number of REALTORS® in the Franchise Network for most of the year.

Variable franchise fees for the Year decreased by 10%, due to weakness in the Canadian Market.

Other Revenues for the Year decreased by 15% due to a weaker Canadian Market. Other revenues consist of revenues earned from referral fees (including mortgage referrals and lead referrals to franchisees) which experienced decreases in volumes due to lower web traffic and lower mortgage initiations during the weaker real estate market.

Cost of other revenue represents the direct costs associated with lead management referrals and other revenues. These costs decreased during the Year due to a reduction in the costs associated with the QuickQuote program, which was launched in 2022.

Administration expenses of $2.9 million for the Year were higher than the Prior Year primarily due to higher legal and consulting costs and directors' fees associated with the evaluation and negotiation of the Transaction.

Management fee expense of $19.2 million for the Year were lower than in the Prior Year due to the impact of lower revenues and higher administration expenses.

Interest expense of $3.0 million was consistent with the Prior Year.

Amortization of Intangible Assets for the Year totaled $6.9 million compared to $7.2 million in the Prior Year. The lower charge is due to a number of intangible assets becoming fully amortized during the Year.

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

Loss on fair value of Exchangeable Units represents the change in the fair value of the Exchangeable Units. The Exchangeable Units are valued based on the value of the Company's Restricted Voting Shares. At December 31, 2023, the Company's Restricted Voting Shares were valued at $13.17 per share compared to $12.84 at December 31, 2022, resulting in a loss of $1.1 million for the Year. This loss represents an increase in the obligation associated with the conversion features of the Exchangeable Units. For the Prior Year, the price of the Company's Restricted Voting Shares decreased from $16.31 per share at December 31, 2021 to $12.84 at December 31, 2022, resulting in a gain of $11.5 million.

Loss on interest rate swap of $1.4 million is a non-cash item, which represented the change in fair value of the Company's interest rate swaps. The Company was party to an interest rate swap agreement to swap the variable interest rate obligation on $55.0 million of the Company's outstanding debt facilities to a fixed rate obligation of 3.94% through to expiry on December 31, 2023.

Income tax expense. The effective income tax rate paid by the Company for the Year was 42% (Prior Year – 17%). The Company's effective income tax rate is significantly different than the Company's enacted income tax rate of 26.5%. The difference in the effective income tax rate is driven by a number of items that are included in the determination of net earnings but excluded from the determination of taxable income (including, among other things, non-deductible amortization of intangible assets, interest on Exchangeable Units, fair valuation adjustments on Exchangeable Units, interest expense on accretion of deferred payments and gains or losses associated with the interest rate swaps) as well as items that are excluded from the determination of net earnings but included in the determination of taxable income (including, among other things, payments associated with the contract transfer obligation and franchise agreement expenses).

Cash provided by operating activities decreased by $1.9 million compared with the Prior Year as a result of lower revenues and higher administration expenses partly offset by lower income tax payments and lower management fees.

Cash used in investing activities increased by $0.4 million primarily due to higher franchise agreement expenses.

Cash used in financing activities decreased by $1.4 million due to a $1.5 million debt repayment in the Prior Year. Dividends paid to shareholders were consistent with the Prior Year.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

SUMMARY OF QUARTERLY RESULTS

For three months ended,	2023				2022			
(in 000's) except per Share amounts and number of REALTORS®;	**Dec. 31**	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31
Revenues								
Fixed franchise fees	**$ 8,466**	$ 8,439	$ 8,367	$ 8,380	$ 8,445	$ 8,452	$ 8,258	$ 7,995
Variable franchise fees	**1,593**	3,413	3,388	2,799	1,249	2,732	4,332	4,152
Other revenue	**766**	945	1,086	812	730	1,041	1,206	1,279
	10,825	12,797	12,841	11,991	10,424	12,225	13,796	13,426
Less:								
Cost of other revenue	**193**	266	345	226	315	353	288	251
Administration expenses	**1,060**	510	948	367	210	335	307	268
Management fees	**4,422**	4,997	4,888	4,852	4,496	4,884	5,276	5,216
Interest expense	**738**	746	740	743	759	754	743	714
	4,413	6,278	5,920	5,803	4,644	5,899	7,182	6,977
Impairment and write-off of intangible assets, net	**–**	(8)	(91)	(102)	–	(154)	–	–
Amortization of intangible assets	**(1,708)**	(1,711)	(1,734)	(1,741)	(1,761)	(1,771)	(1,817)	(1,819)
Interest on Exchangeable units	**(1,452)**	(1,452)	(1,452)	(1,452)	(1,452)	(1,452)	(1,452)	(1,452)
Gain (loss) on fair value of Exchangeable Units	**(1,364)**	6,755	(499)	(5,990)	5,191	(3,028)	8,119	1,265
Gain (loss) on interest rate swap	**(436)**	(420)	(152)	(378)	48	368	651	1,136
Loss on debt facility amendment	**–**	–	–	(122)	–	–	–	–
Earnings (loss) before income tax	**(548)**	9,442	1,992	(3,982)	6,670	(138)	12,683	6,107
Current income tax expense	**642**	990	827	937	668	911	1,222	1,147
Deferred income tax expense (recovery)	**(151)**	(149)	26	(214)	(3)	47	122	241
Net and comprehensive earnings (loss)	**$ (1,039)**	$ 8,601	$ 1,139	$ (4,705)	$ 6,005	$ (1,096)	$ 11,339	$ 4,719
Basic earnings (loss) per Restricted Voting Share	**$ (0.11)**	$ 0.91	$ 0.12	$ (0.50)	$ 0.63	$ (0.12)	$ 1.20	$ 0.50
Diluted earnings (loss) per Share	**$ (0.11)**	$ 0.26	$ 0.12	$ (0.50)	$ 0.18	$ (0.12)	$ 0.36	$ 0.38
Number of REALTORS®	**20,529**	20,796	20,752	20,619	20,686	20,761	20,538	20,321

DEBT FACILITIES

As at December 31, 2023, the Company's $90.0 million financing is comprised of the following three arrangements:

- A $55.0 million term facility (the "Term Facility"). The Term Facility bears interest at a variable rate of Banker's Acceptances ("Bas") +1.70% or Prime + 0.5%;
- A $30.0 million acquisition facility (the "Acquisition Facility") to support acquisitions pursued by the Company, bearing interest at a variable rate of Bas +1.70% or Prime + 0.5%. A standby fee of 0.15% applies on undrawn amounts under this facility; and
- A $5.0 million revolving operating facility (the "Operating Facility") to meet the Company's day-to-day operating requirements, bearing interest at a variable rate of Bas +1.70% or Prime + 0.5%.

As at December 31, 2023, the Company has drawn $55.0 million on the Term Facility, $12 million on the Acquisition Facility and nil on the Operating Facility.

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

Upon the closing of the Transaction, the Operating Facility will be increased to $10 million.

The covenants of this financing prescribe that the Company must maintain a ratio of Consolidated EBITDA to Senior Interest Expense at a minimum of 3:1 and a ratio of Senior Indebtedness to Consolidated EBITDA at a maximum of 4:1 as outlined in the loan agreement. Consolidated EBITDA is defined as earnings before income tax adjusted for amortization and net impairment or recovery of intangible assets, interest expense, hedging activities and fair value adjustments on the Exchangeable Units. Senior Indebtedness is defined as borrowings on the Company's debt facilities. Senior Interest Expense is defined as interest on Senior Indebtedness. The Company is compliant with these covenants for all periods presented.

The Company had entered into an interest rate swap agreement to swap the variable interest rate obligation on the $55.0 million Term Facility to a fixed rate obligation of 3.94% through December 31, 2023. This interest rate swap was a financial instrument and was disclosed at its fair value with any change in that fair value recorded as a gain or loss in the Company's consolidated statements of net and comprehensive earnings. The swap had matured at December 31, 2023 and therefore had a fair value of nil (December 31, 2022 – an asset of $1.4 million).

LIQUIDITY

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

The Company's ability to grow its revenues and cash flows from operating activities is dependent upon its ability to increase the size of the Franchise Network, which it can do by, a) supporting Franchisees in their efforts to recruit REALTORS® to their Brokerages, b) assisting Franchisees to acquire Brokerages from outside the Franchise Network and, c) entering into new Franchise Agreements. Following the completion of the Transaction, with the acquisition of the Brokerage Operations, the Company expects to add to its capability to capture future growth across a broad spectrum of the real estate industry through both organic growth and future acquisition opportunities. In addition, the Company has the opportunity to further grow its sources of other revenue and may consider other types of investments in the future. The Company has entered into the Acquisition Facility to provide capital resources for the Company to pursue growth opportunities. The Company met regularly with the Manager during the Year to determine the Manager's progress in identifying potential new Franchise Agreements.

During the Year, the Company generated cash from operating activities of $13.1 million, compared to $15.1 million in the Prior Year. The decrease is due to lower revenues and higher administration expenses partly offset by lower management fees and lower income taxes.

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

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

WORKING CAPITAL

Changes in the Company's net working capital are primarily driven by cash flow from operating activities, collections of accounts receivable, payments of accounts payable and payment of dividends and interest.

Overall, working capital increased to $7.1 million as at December 31, 2023 compared to a deficit of $58.4 million as at December 31, 2022. The increase in working capital resulted primarily from:

- The reclassification of debt facilities from current liabilities to non-current liabilities;
- A $0.4 million increase in prepaid interest expenses;
- A $0.3 million increase in accounts receivable and the current portion of notes receivable; and
- A $0.2 million decrease in the contract transfer obligation; partly offset by
- The maturity of the interest rate swap asset;
- A $0.7 million decrease in cash; and
- A $0.3 million increase in accounts payable.

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

($ 000's) As at	**Dec. 31, 2023**	Sept. 30, 2023	June 30, 2023	Mar. 31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022	Mar. 31, 2022	Change in Quarter	Change in Year
Current assets										
Cash	**$ 5,743**	$ 6,943	$ 5,915	$ 6,160	$ 6,419	$ 7,603	$ 6,536	$ 6,457	$ (1,200)	$ (676)
Accounts receivable and current portion of notes receivable	**3,781**	4,253	4,497	4,345	3,523	3,821	4,484	4,593	(472)	258
Prepaid expenses	**805**	385	362	371	406	342	223	154	420	399
Current income tax receivable	**85**	–	190	117	154	–	450	523	85	(69)
Interest rate swap asset	**–**	436	857	1,008	1,386	–	–	–	(436)	(1,386)
	10,414	12,017	11,821	12,001	11,888	11,766	11,693	11,727	(1,603)	(1,474)
Current liabilities										
Accounts payable and accrued liabilities	**$ 1,407**	$ 1,655	$ 1,508	$ 1,475	$ 1,138	$ 1,594	$ 1,701	$ 1,516	$ (248)	$ 269
Contract transfer obligation	**356**	419	481	542	602	595	588	580	(63)	(246)
Current income tax liability	**–**	73	–	–	–	–	–	–	(73)	–
Interest payable to Exchangeable Unitholders	**484**	484	484	484	484	484	484	484	–	–
Dividends payable to Restricted Voting shareholders	**1,067**	1,067	1,067	1,067	1,067	1,067	1,067	1,067	–	–
Debt facilities	**–**	–	–	–	66,959				–	(66,959)
	3,314	3,698	3,540	3,568	70,250	3,740	3,840	3,647	(384)	(66,936)
Net working capital	**$ 7,100**	$ 8,319	$ 8,281	$ 8,433	$(58,362)	$ 8,026	$ 7,853	$ 8,080	$ (1,219)	$ 65,462

Working capital increased by $65.5 million from the Prior Year due to the reclassification of debt facilities of $67.0 million from current liabilities at the end of the Prior Year to non-current liabilities, partly offset by the maturing of the interest rate swap during the Year.

CASH AND CAPITAL RESOURCES

A summary of cash and capital resources available to the Company as at December 31, 2023 and December 31, 2022 is presented below:

(in 000's) As at	**December 31, 2023**	December 31, 2022
Cash	**$ 5,743**	$ 6,419
Acquisition Facility	**18,000**	8,000
Operating Facility	**5,000**	5,000
Net borrowing capacity	**$ 23,000**	$ 13,000
Available resources	**$ 28,743**	$ 19,419

As at December 31, 2023, $12.0 million of the Acquisition Facility has been drawn by the Company, leaving $23.0 million of net borrowing capacity under the debt facilities.

In addition to the cash and capital resources included in the table above, the Company generates substantial cash flow from operating activities, which can be used to fund dividend payments and interest on Exchangeable Units and to repay amounts owing under the debt facilities, subject to other investment opportunities.

COMMITMENTS AND CONTINGENCIES

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

As at December 31,	2024	2025	2026	2027	2028	Beyond 2028	Total
Accounts payable and accrued liabilities	$ 1,407	$ –	$ –	$ –	$ –	$ –	$ 1,407
Current contract transfer obligation	356	–	–	–	–	–	$ 356
Interest payable to Exchangeable Unitholders	484	–	–	–	–	–	$ 484
Dividends payable to shareholders	1,067	–	–	–	–	–	$ 1,067
Interest on long-term debt	3,002	3,002	3,002	–	–	–	$ 9,006
Interest on contract transfer obligation	90	72	53	33	12	–	$ 260
Long term contract transfer obligation	–	374	394	413	434	–	$1,615
Debt facilities	–	–	67,000	–	–	–	$ 67,000
Deferred payments	–	6,616	–	–	–	–	$ 6,616
Exchangeable Units	–	–	–	–	–	43,825	$ 43,825
Total	$ 6,406	$ 10,064	$ 70,449	$ 446	$ 446	$ 43,825	$ 131,636

The Company and certain of the Brokerage Operations have been named as a defendant in two class-action lawsuits filed in April, 2021 and January, 2024, respectively, 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 April, 2021 action initially named the Toronto Regional Real Estate Board, CREA, seven major real estate brokerages (including certain of the Brokerage Operations) and five franchisors (including the Company). The franchisors were removed as defendants 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 January, 2024 action names CREA, numerous real estate boards across the provinces and territories, eight major real estate brokerages (excluding any of the Brokerage Operations) and eleven franchisors (including the Company). Neither of these actions has been certified as a class action and they remain in their early stages. The Company believes all allegations in both actions are entirely without merit and that the likelihood of any negative impact on the Company is remote.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off–balance sheet arrangements.

TRANSACTIONS WITH RELATED PARTIES

As at the date of this MD&A, Brookfield controlled approximately 28.4% of the Company through its ownership of the Exchangeable Units of the Partnership and 315,000 Restricted Voting Shares. The Exchangeable Units were issued by the Company at its inception to affiliates of Brookfield as consideration for certain assets purchased from those affiliates. These assets included the Trademarks and existing Franchise Agreements related to the business of its Royal LePage residential real estate brokerage franchise operations. Upon closing of the Transaction, the Company will issue approximately 2,902,854 Exchangeable Units (subject to certain customary purchase price adjustments) to Brookfield, increasing its interest in the Company to approximately 41.7%.

The Manager operates 25 corporately-owned Royal LePage residential Brokerage locations. These locations are serviced by more than 1,900 REALTORS® with 1,445 REALTORS® operating out of 17 locations in the GTA market, 451 REALTORS® operating from 6 locations in the Greater Vancouver market and 23 REALTORS® operating from two locations in Quebec.

The Manager also operates three corporately owned Via Capitale residential Brokerages in the Greater Montreal Area of Quebec serviced by approximately 127 REALTORS®.

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

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

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

a) during the first five years of the initial term of the MSA, the greater of:

(i) 23.5% of the Distributable Cash (as such term is defined in the MSA) of the Company; and

(ii) 0.342% of the Current Market Value (as such term is defined in the MSA), and

b) after the first five years of the initial term of the MSA, the greater of:

(i) 25.0% of the Distributable Cash of the Company; and

(ii) 0.375% of the Current Market Value.

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

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

The Company will acquire the Manager under the terms of the Transaction and, as a result, the management of the Company will be internalized and the MSA will no longer be required.

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

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

The Company's intangible assets are regularly monitored for indications of impairment and reversal of impairment in the carrying value of these assets. The Company's accounts receivables are regularly monitored to determine their collectability.

The preparation of financial statements requires management to select appropriate accounting policies and to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In particular, critical accounting policies and estimates utilized in the normal course of preparing the Company's consolidated financial statements require the determination of cash generating units, estimating of future cash flows utilized in assessing the fair value and related net impairment or recovery of intangible assets, determining the useful life of intangible assets, assessing the recoverability of accounts receivable, measuring deferred income taxes, measuring the fair value of deferred payments, measuring the fair value of the Exchangeable Units and the interest rate swap and measuring fair values used for disclosure purposes.

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

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The following are the critical judgements that have been made in applying the Company's accounting policies and that have the most significant impact on the amounts recorded in the consolidated financial statements.

Forward Looking Information for Accounts Receivable and Notes Receivable

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

Impairment of Intangible Assets and recovery of impairment

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

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

FINANCIAL INSTRUMENTS

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

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

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

The Company is now exposed to the risk of interest rate fluctuations on its $55.0 million Term Facility, its $30.0 million Acquisition Facility and its $5.0 million Operating Facility as the interest rates on these facilities are based on Prime or Banker's Acceptance interest rates. As at December 31, 2023, the Company has drawn $12.0 million on the Acquisition Facility, and nil on the Operating Facility.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

DISCLOSURE CONTROLS AND PROCEDURES ("DC&P")

The evaluation of the effectiveness of DC&P, as defined in National Instrument 52-109 *Certification of Disclosures in Issuers' Annual and Interim Filings,* was performed under the supervision of the President and Chief Executive Officer and the Chief Financial Officer. They concluded that these DC&P were adequate and effective as at December 31, 2023. The Company's management can therefore provide reasonable assurance that it receives material information relating to the Company in a timely manner so that it can provide investors with complete and reliable information.

INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Management has designed ICFR to provide reasonable assurance that the Company's financial reporting is reliable and that the Company's consolidated financial statements were prepared in accordance with IFRS. The design and effectiveness of ICFR was evaluated as defined in National Instrument 52-109 under the supervision of the President and Chief Executive Officer and the Chief Financial Officer. Based on the evaluations, they conclude that ICFR is adequate and effective to provide such assurance as at December 31, 2023. The design of ICFR is undertaken in accordance with the 2013 COSO framework.

OUTSTANDING RESTRICTED VOTING SHARES

Bridgemarq is authorized to issue an unlimited number of Restricted Voting Shares, an unlimited number of preferred shares and one Special Voting Share. As of March 28, 2024, Bridgemarq has issued 9,483,850 Restricted Voting Shares, no preferred shares and one Special Voting Share.

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

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

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

RISK FACTORS

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

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking information and other "forward-looking statements" within the meaning of applicable securities legislation. Words such as "ability", "are", "assessing", "assisting", "attracting", "automatically", "begin", "believe", "believes", "can", "can be", "changes", "continue", "could", "decreases", "dependent", "determination", "entering", "estimate", "estimated", "estimating", "estimates", "estimating", "estimation", "expectation", "expected", "extend", "forecasts", "future", "grow", "growth", "increase", "increases", "increasing", "intention", "may", "may be", "may not", "measuring", "objectives", "opportunity", "outlook", "possible", "potential", "pursue", "renew", "renewal", "renews", "seeks", "should", "to be", "will", "will not", 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, any resurgence of COVID-19 (including any impact of COVID-19 on the economy and the Company's business), 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, the methods used by shareholders or analysts to evaluate the value of the Company and its publicly-traded securities, changes in tax laws or regulations, and other risks detailed in the Company's annual information form, which is filed with securities commissions and posted on SEDAR+ at www.sedarplus.ca. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to management. Material factors or assumptions that were applied in drawing conclusions or making estimates set out in the forward-looking statements include, but are not limited to: anticipated economic conditions, anticipated impact of government policies, anticipated financial performance, anticipated market conditions, business prospects, the successful execution of the Company's business strategies and recent regulatory developments. The factors underlying current expectations are dynamic and subject to change. Although the forward-looking statements contained in this MD&A are based upon what management believes are reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

SUPPLEMENTAL INFORMATION

SHARE PERFORMANCE

(in Canadian dollars) except shares outstanding and average daily volume For three months ended,	**Dec. 31, 2023**	Sept. 30, 2023	June 30, 2023	Mar.31, 2023	Dec. 31, 2022	Sept. 30, 2022	June 30, 2022	Mar.31, 2022
Trading price range of units (TSX: "BRE")								
Close	**$ 13.17**	$ 12.76	$ 14.79	$ 14.64	$ 12.84	$ 14.40	$ 13.49	$ 15.93
High	**$ 13.38**	$ 15.93	$ 15.15	$ 14.86	$ 15.13	$ 14.70	$ 16.31	$ 17.13
Low	**$ 11.06**	$ 12.68	$ 14.00	$ 12.82	$ 12.54	$ 12.40	$ 13.10	$ 14.99
Average daily volume	**10,669**	6,692	8,087	11,698	12,131	11,454	13,394	10,490
Number of restricted voting shares outstanding at period end	**9,483,850**	9,483,850	9,483,850	9,483,850	9,483,850	9,483,850	9,483,850	9,483,850
Market capitalization ($000's)	**$168,728**	$ 163,475	$189,482	$ 187,561	$164,500	$184,486	$ 172,827	$204,087

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

CANADIAN RESIDENTIAL REAL ESTATE MARKET

For Three months ended	**Dec. 31 2023**	Sept. 30 2023	June 30 2023	Mar. 31 2023	Dec. 31 2022	Sept. 30 2022	June 30 2022	Mar. 31 2022
Canada								
Transaction dollar volume[1]	**$ 56,625**	$ 76,727	$ 106,545	$ 60,928	$ 54,104	$ 70,044	$ 110,678	$ 115,894
Average selling price	**$ 653,881**	$ 657,774	$ 718,874	$ 661,867	$ 631,959	$ 635,733	$ 708,655	$ 792,176
Number of units sold	**86,599**	116,647	148,211	92,054	85,613	110,178	156,180	146,298
Number of REALTORS® at period end[2]	**164,598**	164,453	163,188	160,586	160,064	158,905	153,744	151,087
Housing starts	**57,954**	62,229	63,264	40,066	60,801	67,146	67,660	44,983
Greater Toronto Area								
Transaction dollar volume[1]	**$ 13,404**	$ 16,644	$ 28,213	$ 16,075	$ 13,428	$ 16,553	$ 26,100	$ 33,324
Average selling price	**$ 1,097,239**	$ 1,104,425	$ 1,178,202	$ 1,089,819	$ 1,074,049	$ 1,076,779	$ 1,207,055	$ 1,299,591
Number of units sold	**12,216**	15,070	23,946	14,750	12,502	15,373	21,623	25,642
Housing starts	**7,448**	14,212	15,665	10,103	12,209	13,380	9,599	9,921
Greater Vancouver Area								
Transaction dollar volume[1]	**$ 6,422**	$ 8,446	$ 11,837	$ 6,646	$ 5,864	$ 6,647	$ 11,171	$ 13,540
Average selling price	**$ 1,280,989**	$ 1,285,690	$ 1,295,055	$ 1,233,197	$ 1,208,656	$ 1,209,223	$ 1,284,773	$ 1,325,262
Number of units sold	**5,013**	6,569	9,140	5,389	4,852	5,497	8,695	10,217
Housing starts	**8,027**	7,759	10,340	7,118	7,626	6,647	7,402	4,308
Greater Montreal Area								
Transaction dollar volume[1]	**$ 4,153**	$ 5,091	$ 6,839	$ 4,717	$ 4,243	$ 4,644	$ 8,462	$ 7,380
Average selling price	**$ 578,468**	$ 597,045	$ 581,647	$ 540,979	$ 554,311	$ 567,804	$ 605,958	$ 579,785
Number of units sold	**7,180**	8,527	11,758	8,719	7,654	8,178	13,964	12,728
Housing starts	**4,348**	4,960	2,945	2,982	4,442	5,597	9,053	5,057

[1] (in millions Canadian dollars)
[2] CREA Membership data as of December 31, 2023

For Twelve months ended	**Dec. 31 2023**	Sept. 30 2023	June 30 2023	Mar. 31 2023	Dec. 31 2022	Sept. 30 2022	June 30 2022	Mar. 31 2022
Canada								
Transaction dollar volume[1]	**$ 300,825**	$ 298,304	$ 291,620	$ 295,753	$ 350,719	$ 395,614	$ 429,899	$ 460,967
Average selling price	**$ 678,282**	$ 674,095	$ 668,768	$ 666,073	$ 703,875	$ 718,277	$ 720,758	$ 712,968
Number of units sold	**443,511**	442,525	436,056	444,025	498,269	550,782	596,453	646,547
Housing starts	**223,513**	226,360	231,277	235,673	240,590	241,550	235,784	234,622
Greater Toronto Area								
Transaction dollar volume[1]	**$ 74,336**	$ 74,359	$ 74,269	$ 72,156	$ 89,405	$ 104,597	$ 117,319	$ 131,358
Average selling price	**$ 1,126,604**	$ 1,122,102	$ 1,115,638	$ 1,123,087	$ 1,189,850	$ 1,197,613	$ 1,186,912	$ 1,153,774
Number of units sold	**65,982**	66,268	66,571	64,248	75,140	87,338	98,844	113,851
Housing starts	**47,428**	52,189	51,357	45,291	45,109	44,713	43,205	42,194
Greater Vancouver Area								
Transaction dollar volume[1]	**$ 33,350**	$ 32,793	$ 30,994	$ 30,328	$ 37,223	$ 43,428	$ 48,195	$ 52,810
Average selling price	**$ 1,277,232**	$ 1,263,684	$ 1,245,840	$ 1,241,284	$ 1,272,096	$ 1,270,462	$ 1,252,957	$ 1,229,531
Number of units sold	**26,111**	25,950	24,878	24,433	29,261	34,183	38,465	42,951
Housing starts	**33,244**	32,843	31,731	28,793	25,983	23,884	22,429	22,999
Greater Montreal Area								
Transaction dollar volume[1]	**$ 20,800**	$ 20,890	$ 20,442	$ 22,065	$ 24,727	$ 27,512	$ 28,766	$ 29,142
Average selling price	**$ 574,845**	$ 569,848	$ 563,001	$ 572,883	$ 581,490	$ 582,059	$ 576,119	$ 558,042
Number of units sold	**36,184**	36,658	36,309	38,515	42,524	47,267	49,931	52,221
Housing starts	**15,235**	15,329	15,966	22,074	24,149	27,069	29,132	29,320

[1] (in millions Canadian dollars)
Source: CREA, CMHC, TREB

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

GLOSSARY OF TERMS

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

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

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

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

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

"Brokerage Operations" means the real estate brokerage operations to be acquired from Brookfield pursuant to the Transaction operating under the Royal LePage®, Johnston & Daniel®, Via Capitale® and Proprio Direct® brands.

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

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

"Company" means Bridgemarq, together with its subsidiaries.

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

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

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

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

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

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

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

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

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

2023 MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS AND FINANCIAL CONDITION

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

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

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

"Proprio Direct" means Proprio Direct Inc., a corporation incorporated under the laws of Canada which operates a real estate brokerage in the Province of Quebec.

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

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

"Royal LePage" means a nationally recognized real estate Brand controlled by the Company.

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

"Share" means a Restricted Voting Share on a diluted basis, where such dilution represents the total number of shares of the Company that would be outstanding if holders of Exchangeable Units converted their Exchangeable Units into Restricted Voting Shares.

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

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

"Target Entities" means the Manager and Proprio Direct.

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

"TSX" means the Toronto Stock Exchange.

"Trademarks" means the trade-mark rights related to Bridgemarq's business.

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

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

"Via Capitale Network" means the network of Franchisees operating under the Via Capitale Brand.

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

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and Board of Directors of Bridgemarq Real Estate Services Inc.

Opinion

We have audited the consolidated financial statements of Bridgemarq Real Estate Services Inc. (the "Company"), which comprise the consolidated balance sheets as at December 31, 2023 and 2022, and the consolidated statements of net and comprehensive earnings, changes in shareholders' deficit and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information (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, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

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

Key Audit Matter

A key audit matter is a matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Intangible Assets – Valuation of Franchise Agreements — Refer to Notes 2 and 6 of the financial statements.

Key Audit Matter Description

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

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

How the Key Audit Matter was Addressed in the Audit

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

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

Other Information

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Yours, truly,

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
March 28, 2024

CONSOLIDATED BALANCE SHEETS

(In thousands of Canadian dollars)	Note	December 31, 2023	December 31, 2022
Assets			
Current assets			
Cash		$ 5,743	$ 6,419
Accounts receivable	4,13	3,494	3,502
Current portion of notes receivable	5	287	21
Current income tax receivable		85	154
Prepaid expenses		805	406
Interest rate swap asset	8	–	1,386
		10,414	11,888
Non-current assets			
Notes receivable	5	61	55
Deferred income tax asset	7	6,232	5,744
Intangible assets	6	48,185	54,942
		$ 64,892	$ 72,629
Liabilities and shareholders' deficit			
Current liabilities			
Accounts payable and accrued liabilities		$ 1,407	$ 1,138
Contract transfer obligation	3,13	356	602
Interest payable to Exchangeable Unitholders	10,13	484	484
Dividends payable to shareholders	12	1,067	1,067
Debt facilities	8	–	66,959
		3,314	70,250
Non-current liabilities			
Debt facilities	8	67,022	–
Deferred payments	9,13	6,235	5,992
Contract transfer obligation	3,13	1,616	1,974
Exchangeable Units	10	43,825	42,727
		122,012	120,943
Shareholders' deficit			
Restricted voting shares	11	140,076	140,076
Deficit		(197,196)	(188,390)
		(57,120)	(48,314)
		$ 64,892	$ 72,629

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board

Gail Kilgour
Director

Lorraine Bell
Director

CONSOLIDATED STATEMENTS OF NET AND COMPREHENSIVE EARNINGS

Years ended December 31, (In thousands of Canadian dollars, except share and per share amounts)	Note	2023	2022
Revenues			
Fixed franchise fees		**$ 33,652**	$ 33,150
Variable franchise fees		**11,193**	12,465
Other revenue		**3,609**	4,256
		48,454	49,871
Expenses			
Cost of other revenue		**1,031**	1,207
Administration expenses	4,13	**2,885**	1,120
Management fees	3,13	**19,159**	19,872
Interest expense	3,8,9	**2,967**	2,970
Write-off of intangible assets	6	**201**	154
Amortization of intangible assets	6	**6,894**	7,168
		33,137	32,491
Operating income		**15,317**	17,380
Interest on Exchangeable Units	10,13	**(5,806)**	(5,806)
Gain (loss) on fair value of Exchangeable Units	10	**(1,098)**	11,547
Gain (loss) on interest rate swap	8	**(1,386)**	2,203
Loss on debt facility amendment	8	**(122)**	–
Earnings before income tax		**6,905**	25,324
Current income tax expense		**3,396**	3,948
Deferred income tax (recovery) expense		**(488)**	407
Income tax expense	7	**2,908**	4,355
Net and comprehensive earnings		**$ 3,997**	$ 20,969
Basic earnings per share	12	**$ 0.42**	$ 2.21
Weighted average number of shares outstanding used in computing basic earning per share		**9,483,850**	9,483,850
Diluted earnings per share	12	**$ 0.42**	$ 1.19
Weighted average number of shares outstanding used in computing diluted earnings per share		**9,483,850**	12,811,517

See accompanying notes to the consolidated financial statements.

STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIT

(In thousands of Canadian dollars)	Restricted Voting Shares	Deficit	Shareholders' Deficit
Balance, December 31, 2022	$ 140,076	$ (188,390)	$ (48,314)
Net earnings	–	3,997	3,997
Dividends paid	–	(12,803)	(12,803)
Balance, December 31, 2023	**$ 140,076**	**$ (197,196)**	**$ (57,120)**

(In thousands of Canadian dollars)	Restricted Voting Shares	Deficit	Shareholders' Deficit
Balance, December 31, 2021	$ 140,076	$ (196,556)	$ (56,480)
Net earnings	–	20,969	20,969
Dividends paid	–	(12,803)	(12,803)
Balance, December 31, 2022	**$ 140,076**	**$ (188,390)**	**$ (48,314)**

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31, (In thousands of Canadian dollars)	Note	2023	2022
Cash provided by:			
Operating activities			
Net earnings for the period		$ 3,997	$ 20,969
Adjusted for			
Loss (gain) on fair value of Exchangeable Units	10	1,098	(11,547)
Loss (gain) on interest rate swap	8	1,386	(2,203)
Loss on debt facility amendment	8	122	–
Interest expense	3,8,9,10	9,143	8,906
Interest paid		(9,406)	(8,865)
Interest income		(404)	(129)
Interest received		404	129
Current income tax expense	7	3,396	3,948
Income taxes paid		(3,500)	(4,075)
Deferred income tax (recovery) expense	7	(488)	407
Write-off of intangible assets	6	201	154
Amortization of intangible assets	6	7,429	7,624
Net changes in non-cash working capital		289	241
		13,667	15,559
Investing activities			
Payment of contract transfer obligation	3,13	(604)	(573)
Payment of franchise agreement expenses	6	(873)	(481)
		(1,477)	(1,054)
Financing activities			
Repayments under debt facilities	8	–	(1,500)
Financing fees	8	(63)	–
Dividends paid to shareholders	12	(12,803)	(12,803)
		(12,866)	(14,303)
Increase (decrease) in cash during the year		(676)	202
Cash, beginning of the year		6,419	6,217
Cash, end of the year		$ 5,743	$ 6,419

See accompanying notes to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2023 and 2022
(Expressed in thousands of Canadian dollars, unless stated otherwise)

1. ORGANIZATION

Bridgemarq Real Estate Services Inc. ("Bridgemarq" and, together with its subsidiaries the "Company"), is incorporated under the *Ontario Business Corporations Act.* Bridgemarq is listed on the Toronto Stock Exchange ("TSX") under the symbol "BRE". The registered and head office of the Company is located at 39 Wynford Drive, Suite 200, Toronto, Ontario, M3C 3K5. Through its ownership interest in Residential Income Fund L.P. (the "Partnership"), Bridgemarq owns certain Franchise Agreements ("Franchise nts") and Trademark Rights ("Trademarks") of residential real estate brands in Canada.

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

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

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

During the year ended December 31, 2023, the Company derived approximately 93% of its revenues from franchise fees it receives under the Franchise Agreements (2022 – 91%).

2. MATERIAL ACCOUNTING POLICIES

Basis of Presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and have been authorized for issuance by the Board of Directors of the Company on March 28, 2024. Certain amounts presented on the Consolidated Statement of Cash Flows have been reclassified to conform with the presentation adopted in the current period.

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

Accounts Receivable and Notes Receivable

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

Intangible Assets

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

Franchise Agreements are amortized over the term of the agreements plus one renewal period using the straight-line method on an agreement-by-agreement basis. Trademarks are amortized on a straight-line basis over their expected useful lives of 30 years.

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

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

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

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

Revenue Recognition

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

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

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

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

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

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

Exchangeable Units

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

Income Taxes

Current income tax assets 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 deductions, tax credits and tax losses will be utilized to reduce taxes owing in future periods. The carrying amount of deferred income tax assets is reviewed periodically and reduced to the extent it is no longer probable that the income tax asset will be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability settled, based on the tax rates and laws that have been enacted or substantively enacted at the balance sheet date.

Earnings Per Share

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

Financial Instruments

The Company classifies its financial instruments as follows:

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

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

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

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

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

Critical Judgements and Estimates

The preparation of financial statements requires management to select appropriate accounting policies and to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In particular, critical accounting policies and estimates utilized in the normal course of preparing the Company's consolidated financial statements require the determination of cash generating units, the estimation of future cash flows utilized in assessing the fair value and related net impairment or recovery of intangible assets, assessing the recoverability of accounts receivable, measuring deferred income taxes, measuring the fair value of the Exchangeable Units and the interest rate swap and measuring fair values used for disclosure purposes.

In making estimates, management relies on external information and observable conditions where possible, supplemented by internal analysis as required. These estimates have been applied in a manner consistent with prior periods. Estimates used in the preparation of our financial statements including those associated with evaluations of intangible assets and collectability of accounts receivable may be subject to significant adjustments in future periods. The estimates are impacted by, among other things, movements in interest rates, changes in Canadian housing markets, other changes in the Canadian economy and cash flow forecasts, which are judgements and are uncertain. The interrelated nature of these factors prevents the Company from quantifying the overall impact of these movements on the Company's consolidated financial statements as, the estimates used by the Company may not be indicative of actual results. These sources of estimation uncertainty relate in varying degrees to virtually all asset and liability account balances.

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

Forward Looking Information for Accounts Receivable and Notes Receivable

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

Impairment of Intangible Assets and Recovery of Impairment

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

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

Standards and Interpretations Not Yet Adopted

In October 2022, the International Accounting Standards Board issued Non-current Liabilities with Covenants, which amended IAS 1 Presentation of Financial Statements. These amendments, among other things, clarify that a company can classify a liability as non-current only if it has a right to defer settlement of that liability for a period of at least twelve months after the reporting date. The Company's Exchangeable Units are classified as a liability under IAS 32 and are convertible into Restricted Voting Shares of Bridgemarq at the option of the holder. As the Company does not have the contractual ability to defer the settlement of any conversion of the Exchangeable Units, the Company must classify this liability as current commencing January 1, 2024, notwithstanding the fact that any settlement would be through the issuance of Restricted Voting Shares of Bridgemarq, and not through the payment of cash.

3. MANAGEMENT SERVICES AGREEMENT

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

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

For the year ended December 31, 2023, the Company incurred management fees of $19,876 (2022 – $20,588) for these services, $19,159 of which was charged to the consolidated statements of net and comprehensive earnings (2022 – $19,872) and $717 served to reduce the contract transfer obligation owing to the Manager plus related interest (2022 – $716).

Under the terms of the Transaction (described in Note 17), the Company will acquire the Manager which will eliminate the need for payments under the terms of the MSA to be made to a third party.

4. ACCOUNTS RECEIVABLE

Accounts receivable represent amounts due from the Company's franchise network for franchise fees and ancillary services. As at December 31, 2023, the Company had accounts receivable of $3,494 (2022 – $3,502) net of an allowance for doubtful accounts of $115 (2022 – $73). During the year ended December 31, 2023, administration expense included a bad debt expense of $76 (2022 – recovery of $49).

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

The table below summarizes the aging of accounts receivable as at December 31, 2023.

As at,	**December 31, 2023**	December 31, 2022
Current	**$ 2,860**	$ 2,649
30 days past due	**418**	466
60 days past due	**188**	187
90+ days past due	**143**	273
Subtotal	**$ 3,609**	$ 3,575
Allowance for doubtful acccounts	**(115)**	(73)
Accounts receivable	**$ 3,494**	$ 3,502

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

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

5. NOTES RECEIVABLE

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

6. INTANGIBLE ASSETS

Franchise agreement expenses are recorded as additions to intangible assets net of any recovery of previously paid franchise agreement expenses and net of any amortization of previously capitalized franchise agreement expenses. For the year ended December 31, 2023 the Company recorded a net increase of intangible assets related to franchise agreement expenses of $338 (2022 – $25). The net increase of intangible assets related to franchise agreement expenses reflects expenditures of $873 (2022 – $481) minus the amortization of previously capitalized franchise agreement expenditures of $535 (2022 – $456) which were recorded as a reduction of revenues.

For the year ended December 31, 2023, five Franchise Agreements (2022 – one) were terminated resulting in a write-off of intangible assets of $201 (2022 – $154).

A summary of intangible assets is provided in the charts below.

	Franchise Agreements & Ancillary Agreements	Trademarks	Total
Cost			
At December 31, 2022	$ 244,865	$ 5,427	$ 250,292
Franchise agreement expenses and rebates	873	-	873
Write-off	(1,131)	-	(1,131)
At December 31, 2023	**$ 244,607**	**$ 5,427**	**$ 250,034**
Accumulated amortization			
At December 31, 2022	$ (191,779)	$ (3,571)	$ (195,350)
Amortization expense	(7,245)	(184)	(7,430)
Write-off	930	-	930
At December 31, 2023	**$ (198,094)**	**$ (3,755)**	**$ (201,849)**
Carrying value			
At December 31, 2022	$ 53,086	$ 1,856	$ 54,942
At December 31, 2023	**$ 46,513**	**$ 1,672**	**$ 48,185**

	Franchise Agreements & Ancillary Agreements	Trademarks	Total
Cost			
At December 31, 2021	$ 244,738	$ 5,427	$ 250,165
Franchise agreement expenses and rebates	481	–	481
Write-off	(354)	–	(354)
At December 31, 2022	**$ 244,865**	**$ 5,427**	**$ 250,292**
Accumulated amortization			
At December 31, 2021	$ (184,540)	$ (3,387)	$ (187,927)
Amortization expense	(7,439)	(184)	(7,623)
Write-off	200	–	200
At December 31, 2022	**$ (191,779)**	**$ (3,571)**	**$ (195,350)**
Carrying value			
At December 31, 2021	$ 60,198	$ 2,040	$ 62,238
At December 31, 2022	**$ 53,086**	**$ 1,856**	**$ 54,942**

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

7. INCOME TAXES

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

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

Years ended December 31,		2023		2022
Earnings (loss) before income tax recovery for the period:	**$**	**6,905**	$	25,324
Expected income tax expense (recovery) at statutory rate of 26.5% (2022 – 26.5%)		**1,830**		6,711
Increase (decrease) in income tax expense due to the following:				
Non-deductible amortization		**468**		475
Non-deductible loss (non-taxable gain) on fair value of Exchangeable Units		**291**		(3,060)
Non-deductible interest on Exchangeable Units		**1,539**		1,539
Income allocated to Exchangeable Unitholders		**(1,186)**		(1,336)
Recognition of deferred tax assets and other		**(34)**		26
Total income tax expense	**$**	**2,908**	$	4,355

The major components of income tax expense include the following:

Years ended December 31,		2023		2022
Current income tax expense	**$**	**3,396**	$	3,948
Deferred income tax expense (recovery)		**(488)**		407
Total income tax expense	**$**	**2,908**	$	4,355

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

		Intangible Assets		Contract transfer obligation		Other		Total
Deferred income tax assets (liabilities):								
At December 31, 2022	$	5,605	$	683	$	(544)	$	5,744
Deferred income tax recovery (expense)		215		(160)		432		488
At December 31, 2023	**$**	**5,820**	**$**	**523**	**$**	**(112)**	**$**	**6,232**

		Intangible Assets		Contract transfer obligation		Other		Total
Deferred income tax assets (liabilities):								
At December 31, 2021	$	5,327	$	834	$	(10)	$	6,151
Deferred income tax recovery (expense)		278		(151)		(534)		(407)
At December 31, 2022	**$**	**5,605**	**$**	**683**	**$**	**(544)**	**$**	**5,744**

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

8. DEBT FACILITIES

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

As at	December 31, 2023	December 31, 2022
Term facility	$ 55,000	$ 55,000
Acquisition facility	12,000	12,000
	$ 67,000	$ 67,000
Debt facility amendment adjustments and financing fees	22	(41)
Debt facilities	$ 67,022	$ 66,959

The Company has $90,000 (December 31, 2022 – $80,000) in financing available under a borrowing agreement with a Canadian Chartered Bank. On March 31, 2023, the Company reached an agreement with the lender to, among other things, increase the borrowings available under the debt facilities to $90,000, extend the term of the debt facilities through to December 31, 2026 ("Maturity") and amend the interest charged on borrowings under the debt facilities effective January 1, 2024.

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

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

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

A $5,000 revolving operating facility (the "Operating Facility") is available to meet the Company's day-to-day operating requirements. No amounts have been drawn on this facility at December 31, 2023. Upon closing of the Transaction (described in Note 17), the Operating Facility will increase to $10,000.

Borrowings under each of these arrangements are secured by a first ranking security interest in substantially all assets of the Company and bore interest in 2022 and 2023 at a variable rate of Banker's Acceptances (BAs) +1.70% or Prime + 0.5%, at the option of the Company. Effective January 1, 2024, the interest rate will increase to BAs + 2.00% or Prime +0.8%, at the option of the Company.

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

The Company entered into an interest rate swap agreement to swap the variable interest rate obligation on the $55,000 Term Facility to a fixed rate obligation of 3.94% through to December 28, 2023. The interest rate swap was a financial instrument and was disclosed at its fair value with any change in the fair value recorded as a gain or loss in the Company's consolidated statements of net and comprehensive earnings. The fair value was determined using a discounted cash flow model using observable yield curves and applicable credit spreads at a credit adjusted rate. At December 31, 2022, the Company determined that the fair value of the interest rate swaps represented an asset of $1,386. For the year ended December 31, 2023, the Company recognized a fair value loss of $1,386 (2022 – a fair value gain of $2,203).

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

9. DEFERRED PAYMENTS

The Company owes certain management fees to the Manager and interest on Exchangeable Units to BBP totaling $6,616 that were deferred in a prior year. These deferred payments are non-interest bearing, are due no later than 2025 and are repayable in cash or the issuance of Exchangeable Units, at the option of the Company. On initial recognition, the Company recorded these deferred payments at their fair value using an income approach to determine fair value. For the year ended December 31, 2023, the Company recorded interest expense of $243 (2022 – $233) reflecting accretion of the carrying value of the deferred payments using the effective interest rate method.

Under the terms of the Transaction (described in Note 17), deferred payments owing to BBP will be settled through the issuance of Exchangeable Units. Upon acquisition of the Manager, deferred payments owing to the Manager will offset the amounts showing as receivable on the books of the Manager, effectively settling the deferred payment obligation to the Manager.

10. EXCHANGEABLE UNITS

The Exchangeable Units are exchangeable on a one-for-one basis for restricted voting shares of Bridgemarq at the option of the holder. The Company measures the Exchangeable Units at their fair value using the closing price of the Company's restricted voting shares listed on the TSX. At December 31, 2023, the Company used the closing market price of Bridgemarq's restricted voting shares of $13.17 (December 31, 2022 – $12.84). During the year ended December 31, 2023, the Company recorded a loss of $1,098 related to the fair value of the Exchangeable Units (2022 – a gain of $11,547).

The Exchangeable Unitholders are entitled to cash distributions from the Partnership in respect of their economic interest in the Partnership as and when declared by the Board of Directors of RIFGP. Such distributions are made on a before tax basis and are directly taxable in the hands of the Exchangeable Unitholders. For the year ended December 31, 2023 the Board of Directors of RIFGP declared distributions payable to the Exchangeable Unitholders of $5,806 (2022 – $5,806).

11. SHARE CAPITAL

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

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

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

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

The following table summarizes the outstanding shares of Bridgemarq:

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

12. EARNINGS PER SHARE

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

(In thousands of Canadian dollars, except share and per share amounts)	2023	2022
Net earnings (loss) available to restricted voting shareholders – basic	$ 3,997	$ 20,969
Interest on Exchangeable Units	5,806	5,806
Loss (gain) on fair value of Exchangeable Units	1,098	(11,547)
Net earnings available to restricted voting shareholders – diluted	$ 10,901	$ 15,228
Weighted average number of shares outstanding used in computing basic earnings per share	9,483,850	9,483,850
Total outstanding Exchangeable Units	3,327,667	3,327,667
Weighted average number of shares outstanding used in computing diluted earnings per share	9,483,850	12,811,517
Basic earnings per share	$ 0.42	$ 2.21
Diluted earnings per share	$ 0.42	$ 1.19
Dividends declared	$ 12,803	$ 12,803
Restricted voting shares	9,483,850	9,483,850
Dividends per restricted voting share	$ 1.35	$ 1.35

13. RELATED PARTY TRANSACTIONS

The Company had the following transactions with related parties during the years ended December 31, 2023 and December 31, 2022. These transactions have been recorded at the exchange amount as agreed between the parties.

The Company's related parties include: Brookfield which controls approximately 28.4% of the Company through its ownership of the Exchangeable Units of the Partnership and 315,000 Restricted Voting Shares, five corporately owned Royal LePage residential Brokerage locations across the GTA, Greater Vancouver market and Quebec markets and three corporately owned Via Capitale residential Brokerages in the greater Montreal region of Quebec.

Year ended December 31,	2023	2022
a) Revenues		
Fixed franchise fees	$ 3,102	$ 2,792
Variable franchise fees	$ 902	$ 956
Other revenue, net	$ 151	$ 152
b) Expenses		
Cost of other revenue	$ 193	$ 144
Management fees	$ 19,159	$ 19,872
Insurance premiums and other	$ 33	$ 31
Interest on contract transfer obligation	$ 114	$ 143
c) Interest		
Interest to Exchangeable Unitholders	$ 5,806	$ 5,806

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

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

As at,	December 31, 2023	December 31, 2022
d) Accounts receivable		
Franchise fees receivable and other	**$ 340**	$ 315
e) Management fee and interest on contract transfer obligation	**$ 724**	$ 712
f) Contract transfer obligation	**$ 1,973**	$ 2,576
g) Interest payable to Exchangeable Unitholders	**$ 484**	$ 484
h) Deferred payments	**$ 6,235**	$ 5,992

The Company has no employees. Certain members of the Company's board of directors are compensated for their services. During the year ended December 31, 2023, the Company incurred $556 in directors' fees (2022 – $318). Directors' fees are included in administration expense.

14. FINANCIAL INSTRUMENTS

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

A) Credit Risk

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

As at December 31, 2023, the Company has recorded an allowance for doubtful accounts related to accounts receivable and notes receivable of $115 (2022 – $73).

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

B) Liquidity Risk

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

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

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

As at December 31,	2024	2025	2026	2027	2027	Beyond 2028	Total
Accounts payable and accrued liabilities	$ 1,407	$ –	$ –	$ –	$ –	$ –	$ 1,407
Current contract transfer obligation	356	–	–	–	–	–	$ 356
Interest payable to Exchangeable Unitholders	484	–	–	–	–	–	$ 484
Dividends payable to shareholders	1,067	–	–	–	–	–	$ 1,067
Interest on long-term debt	3,002	3,002	3,002	–	–	–	$ 9,006
Interest on contract transfer obligation	90	72	53	33	12	–	$ 260
Long term contract transfer obligation	–	374	394	413	434	–	$ 1,615
Debt facilities	–	–	67,000	–	–	–	$ 67,000
Deferred payments	–	6,616	–	–	–	–	$ 6,616
Exchangeable Units	–	–	–	–	–	43,825	$ 43,825
Total	$ 6,406	$ 10,064	$ 70,449	$ 446	$ 446	$ 43,825	$ 131,636

C) Interest Rate Risk

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

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

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

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

D) Fair Value

The fair value of certain of the Company's financial instruments, including cash, accounts receivable, notes receivable, accounts payable and accrued liabilities, interest payable to Exchangeable Unitholders and dividends payable to holders of restricted voting shares, are estimated by management to approximate their carrying values due to their short-term nature. The fair value of deferred payments is estimated to approximate its carrying value of $6,235 due to the Company's option to settle this amount through the issuance of Exchangeable Units. The fair value of the Company's outstanding borrowings of $67,000 approximate their carrying value of $67,022 and the fair value of the Company's outstanding contract transfer obligation approximates the carrying value of $1,972 as a result of their floating rate terms.

E) Fair Value Hierarchy

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

As at December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities (assets):				
Exchangeable Units	43,825	–	–	43,825
Interest rate swap asset	–	–	–	–
Total	$ 43,825	$ –	$ –	$ 43,825

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

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

15. MANAGEMENT OF CAPITAL

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

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

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

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

16. SEGMENTED INFORMATION

The Company has only one business segment which is providing information and services to REALTORS® and real estate brokerages in Canada through a portfolio of highly regarded real estate services brands. The economic characteristics are consistent across the Company's brands as they each provide services, similar in nature, in the Canadian residential real estate market. Of the Company's revenues for the year ended December 31, 2023, 95% (2022 – 95%) are generated from services provided under the Royal LePage and Johnston and Daniel brands and 5% (2022 – 5%) are generated from services provided under the Via Capitale brand.

17. SUBSEQUENT EVENT

During the year, the Company announced that it had entered into a share purchase agreement to acquire the Manager and certain real estate brokerage operations owned by BBP. In addition to acquiring these operating assets, the Company will settle the deferred fees owing to BBP. This transaction (the "Transaction") is considered a related party transaction under Canadian securities regulations and under the rules of the Toronto Stock Exchange and requires that the shareholders of the Company (excluding any voting interests held by BBP) approve the Transaction.

On March 25, 2024, the shareholders of the Company approved the Transaction. The Transaction is expected to close by the end of March 2024.

Consideration to be paid consists of approximately 2,902,854 Exchangeable Units, subject to adjustment based on closing asset values. The Company will account for this acquisition using the acquisition method in accordance with IFRS 3 *Business* Combinations and the results of the acquired businesses will be consolidated with those of the Company from the date of the closing of the Transaction. The purchase price associated with the Transaction is dependent upon the actual number of Exchangeable Units to be issued on closing and the fair value of those Exchangeable Units on the date of closing. The Company expects identifiable assets and liabilities acquired to include working capital, right-of-use assets, intangibles (including brands and independent sales representative contracts), and lease liabilities. Due to the measurement uncertainty with the final purchase price and the fact that the transaction has not yet closed, the Company has not completed the purchase price allocation. The Company expects to finalize the purchase price allocation prior to issuing its condensed consolidated interim financial statements for the first quarter of 2024.

Costs of $1,530 related to the Transaction are included in administration expenses for the year ended December 31, 2023.

BOARD OF DIRECTORS

The Company is governed by a Board of Directors with six members, four of whom are independent of the Company. The Board oversees the business and affairs of the Company. The Directors have adopted formal terms of reference regarding their responsibilities and all matters of governance. The Company has two standing committees: the Audit Committee and the Governance Committee.

Colum Bastable FCA (IRL), LL.D
Independent Director[1,2]

Lorraine Bell CPA, CA,
Independent Director,
Chair of the Board and Chair of the Audit Committee

Jitanjli Datt ICD.D
Independent Director[1,2]

Spencer Enright CPA, CA,
Director and CEO of the Company

Joe Freedman J.D. MBA
Director

Gail Kilgour ICD.D, MBA
Independent Director and
Chair of Governance Committee[1,2]

[1] Member of the Audit Committee
[2] Member of the Governance Committee

MANAGEMENT TEAM

Spencer Enright
Chief Executive Officer

Philip Soper
President

Glen McMillan
Chief Financial Officer

Paul Zappala
Executive Vice President & General Counsel

Karen Yolevski
Chief Operating Officer, Corporate Brokerages

Philippe Lecoq
President, Proprio Direct Inc.

Alexandra Gélinas
President, Via Capitale

Carolyn Cheng
Chief Operating Officer, Royal LePage Franchising

Sandra Webb
Senior Vice President, Marketing & Communications

Aideen Kennedy
Vice-President, Human Resources

OUR COMMITMENT TO END DOMESTIC VIOLENCE

Royal LePage professionals understand that a house is only a home if the people who live there feel safe. That's why, 25 years ago, we unanimously agreed that helping women and children find safety from domestic abuse should be where we channeled our big hearts and charitable efforts. Since its founding in 1998, the Royal LePage® Shelter Foundation™ has proudly grown to become the largest public foundation in Canada dedicated exclusively to funding women's shelters and domestic violence prevention. Royal LePage is the only Canadian real estate company with its own charitable foundation.

The Shelter Foundation has raised more than $46 million to-date and currently supports 200 local women's shelters and national partners. Our agents donate a portion of their commissions, and Royal LePage offices across Canada host local fundraising events. Our brokers, agents and staff also volunteer and provide in-kind goods to benefit the women and children residing in their local shelters. Every dollar raised goes directly to helping the more than 50,000 women and children who are served each year by the shelters and support programs we fund. More information about the Royal LePage Shelter Foundation can be found at **www.royallepage.ca/shelter.**

Support for the Royal LePage Shelter Foundation is a touchstone of identifying as a Royal LePage agent. That's why a growing number of agents donate for every home sold, as part of the Foundation's commission donation program. Many of our Royal LePage agents have joined the brand, in part, to support the Royal LePage Shelter Foundation. The Company is grateful for their contribution.

SHAREHOLDER INFORMATION

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

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