



Bridgemark Real Estate Services Reports Second Quarter Results and Monthly Dividend

(TORONTO, ON) August 7, 2020 - Bridgemark Real Estate Services Inc. ("Bridgemark" or the "Company") (TSX: BRE) announced today its second quarter consolidated financial results and the approval of a monthly dividend to holders of the Company's restricted voting shares.

HIGHLIGHTS

- Revenue in the second quarter was \$11.4 million compared to \$11.8 million for the same period in 2019, on pandemic-driven weakness in Canadian real estate markets.
- The Company generated a net loss for the quarter of \$9.2 million or \$0.97 per share, on a fully diluted basis compared to earnings of \$7.8 million in the second quarter of 2019. The difference was due to non-cash, revaluation adjustments on the Exchangeable Units issued by the Company, driven by an increase in the Company's share price during the quarter.
- The Board of Directors approved a dividend to shareholders of \$0.1125 per restricted voting share payable September 30, 2020 to shareholders of record on August 31, 2020.
- The Company's annual shareholders' meeting will be held on August 7th, 2020 at 10 a.m. eastern time.

SECOND QUARTER OPERATING RESULTS

Revenues during the second quarter were \$11.4 million, compared to \$11.8 million in the same period in 2019. The decrease was primarily due to broad-based economic and real estate market weakness during the second quarter of 2020, driven by Canada's efforts to combat the pandemic.

The Company generated a net loss for the quarter of \$9.2 million, or \$0.97 per share on a fully diluted basis. These results included a \$11.0 million loss on the fair value of the Exchangeable Units issued by the Company driven by an increase in the Company's share price from \$8.43 at the start of the quarter to \$11.75 at June 30, 2020. In the second quarter of 2019 the Company generated net earnings of \$7.8 million which included a gain on the fair valuation of the Exchangeable Units of \$6.7 million due to a decrease in the share price during that quarter.

Distributable cash flow for the second quarter of 2020 amounted to \$3.1 million, compared to \$4.8 million generated during the second quarter of 2019. During the quarter, the Company provided certain rebates to its franchisees under an alternate fee plan designed to help the Company's network of REALTORS®¹ and brokerages manage through the uncertain times created by the recent pandemic. These rebates totaled approximately \$1.1 million during the quarter.

"After a strong start to the year, our revenues dropped sharply at the start of the second quarter, as the Company and industry overall complied with government and public health requests to restrict brokerage services to only those consumers with critical housing needs, to fight the spread of

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

COVID-19,” said Phil Soper, President and Chief Executive Officer, Bridgemark Real Estate Services Inc. “While the full impact of the pandemic on Canada’s real estate industry won’t be known for months to come, we are pleased with the pace and strength with which the market bounced back in late May and through June.

“I am immensely proud of the efforts of our team who successfully reengineered our processes to safely provide consumer clients with the critical real estate services they needed. From network-enabled virtual home showings in the field, to remote education and training at a national level, throughout the pandemic the Company has continued to provide the superior service levels our brands are famous for,” said Soper.

“Our investment in market-leading technology and services could not have come at a better time. The rollout of our new rlpSPHERE digital operating platform began during the quarter. This cloud-based, AI-driven system allows our agents and brokerages to serve existing clients and prospect for new, from anywhere on any device. It is a true market differentiator,” Soper continued.

While, historically, our fee structure has been biased towards fees that are fixed in nature, for the period from April 1, 2020 to December 2020, the Company implemented an alternative fee plan to its Franchisees. This temporary plan is a variable fee only plan and is designed to provide financial support to the Company’s franchisees and their agents. As such, for 2020, the Company’s franchise fees will be more closely correlated with the changes in the Canadian real estate market.

The Company has deferred payments of management fees and interest on Exchangeable Units totaling \$4.9 million under an agreement previously announced with Brookfield Business Partners L.P. and Bridgemark Real Estate Services Manager Limited. These deferrals will improve the Company’s liquidity to support operations and dividends in the short term.

MARKET UPDATE

During the first quarter of 2020, the Canadian real estate market continued on a positive trajectory that began in the second half of 2019. In mid-March, the pandemic and subsequent government and public health directives to restrict the spread of COVID-19, led to unprecedented market disruption and sharply lower home sales volumes that continued through mid-May 2020. During April and May, the Canadian Real Estate Association reported a 57.6%² and 39.8%³ year-over-year decrease in monthly sales, respectively. In June, pent up demand drove a 15.2% year-over-year increase in unit sales and a 5.4% year-over-year increase in CREA’s MLS® Home Price Index⁴ as consumer confidence returned and business activity began to recover. The full extent to which COVID-19 will continue to impact the Canadian Market and the business of the Company is not known at this time and cannot be reasonably predicted.

“Home prices in the second quarter rose as buyers entered the market, attracted by extremely low interest rates and the perception of bargains-to-be-had,” Phil Soper said. “Across Ontario and Quebec in particular, the demand for housing outpaced the growth in new listings. We expect to see sellers return to the market in key supply-constrained regions in numbers that appear sufficient to meet demand as the year progresses.”

² CREA, *Canadian home sales and listings post record declines in April 2020*, May 15, 2020.

³ CREA, *Canadian home sales and new listings on the rise in May*, June 15, 2020.

⁴ CREA, *Canadian home sales and new listings up again in June*, July 15, 2020.

CASH DIVIDEND

The Company declared a cash dividend of \$0.1125 cents per restricted voting share payable on September 30, 2020 to shareholders of record on August 31, 2020. The dividend distribution represents a target annual dividend of \$1.35 per restricted voting share, which is consistent with 2019.

THE COMPANY NETWORK

As at June 30, 2020, the Network was comprised of 18,921 REALTORS®, operating under 298 franchise agreements providing services from 676 locations, with an approximate 17% share of the Canadian residential real estate market based on 2019 transactional dollar volume.

SHAREHOLDERS MEETING

The Company will be holding its annual meeting of shareholders On August 7th, 2020 at 10 a.m. eastern time. The meeting is a virtual only, live audio webcast.

To access the shareholders' meeting, please visit <https://web.lumiagm.com/116985571> and follow the login instructions. Shareholders and proxyholders will require their unique control number, which is provided by AST Trust Company Canada in accordance with the instructions provided to shareholders. Guests are welcomed to join the meeting by following the platform's instructions on the morning of the meeting.

For more information on participation at the virtual only, live audio webcast, please review the Company's meeting guide (<http://www.bridgemarq.com/meeting-guide>) and the Management Information Circular. For answers to frequently asked questions regarding the virtual meeting platform, please visit <https://go.lumiglobal.com/faq>.

DISTRIBUTABLE CASH FLOW

This news release and accompanying financial statements make reference to distributable cash flow. Distributable cash flow is defined as operating income before deducting amortization and net impairment or recovery of intangible assets, minus current income tax expense and minus cash used in investing activities. Distributable cash flow is used by the Company to measure the amount of cash generated from operations which is available to the Company's shareholders on a diluted basis, where such dilution represents the total number of shares of the Company that would be outstanding if holders of exchangeable units converted Class B LP units into restricted voting shares. The Company uses distributable cash flow to assess its operating results and the value of its business and believes that many of its shareholders and analysts also find this measure useful. Distributable cash flow does not have any standard meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other companies.

FORWARD-LOOKING STATEMENTS

This news release contains forward-looking information and other "forward-looking statements". Words such as "come", "continue", "predict", "appear", "should", "provide", "expect", "recovery", "will", and other expressions that are predictions of or could indicate future events and trends and that do not relate to historical matters identify forward-looking statements. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to differ

materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those indicated in the forward-looking statements include: the duration and effects of the COVID-19 pandemic, including the impact of COVID-19 on the economy and the Company's business, the impact of government or other regulatory initiatives to address the impact of the spread of COVID-19 on the Canadian economy, including the impact on real estate markets, 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 as a result of COVID-19, 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, consumer response to any changes in the housing markets in Canada or any changes in government policy, laws or regulations, changes in general economic conditions (including interest rates, consumer confidence and other general economic factors or indicators), changes in global and regional economic growth, the demand for and prices of natural resources on local and international markets, the level of residential real estate transactions, competition from other real estate brokers or from discount and/or Internet-based real estate alternatives, the closing of existing real estate brokerage offices as a result of COVID-19 or otherwise, other developments in the residential real estate brokerage industry or the Company that reduce the number of REALTORS® in the Company's Network or royalty revenue from the Company's Network, our ability to maintain brand equity through the use of trademarks, the methods used by shareholders or analysts to evaluate the value of the Company and its publicly traded securities, changes in tax laws or regulations, and other risks detailed in the Company's annual information form, which is filed with securities commissions and posted on SEDAR at www.sedar.com. Forward-looking information is based on various material factors or assumptions, which are based on information currently available to management. Material factors or assumptions that were applied in drawing conclusions or making estimates set out in the forward-looking statements include, but are not limited to: anticipated economic conditions, anticipated impact of government policies, anticipated financial performance, anticipated market conditions, business prospects, the successful execution of the Company's business strategies and recent regulatory developments, including as the foregoing relate to COVID-19. The factors underlying current expectations are dynamic and subject to change. Although the forward-looking statements contained in this press release are based upon what management believes are reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

About Bridgemarq Real Estate Services

Bridgemarq is a leading provider of services to residential real estate brokers and a network of approximately 19,000 REALTORS®¹. We operate in Canada under the Royal LePage, Via Capitale and Johnston & Daniel brands. For more information, go to bridgemarq.com.

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

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Bridgemark Real Estate Services Inc.

(Unaudited, in thousands of Canadian dollars, except per share information)

	June 30, 2020	December 31, 2019
Interim Balance Sheet Highlights		
Cash	\$ 9,418	\$ 5,202
Other current assets	5,410	4,943
Total current assets	14,828	10,145
Non-current assets	81,330	84,648
Total assets	\$ 96,158	\$ 94,793

Accounts payable and accrued liabilities	\$ 2,197	\$ 1,210
Interest payable on Exchangeable Units	968	484
Dividends payable to shareholders	1,067	1,067
Contract transfer obligation	842	1,920
Total current liabilities	5,074	4,681
Debt facilities	73,358	73,338
Deferred payments	4,012	-
Other non-current liabilities	6,469	4,194
Exchangeable Units	39,100	48,983
Total Liabilities	128,013	131,196
Shareholders' deficit	(31,855)	(36,403)
Total Liabilities and Shareholders' deficit	\$ 96,158	\$ 94,793

	Three months ended June 30, 2020	Three months ended June 30, 2019	Six Months ended June 30, 2019	Six Months ended June 30, 2019
Interim Earnings Highlights				
Fixed franchise fees	\$ 1,276	\$ 7,267	\$ 8,817	\$ 14,593
Variable franchise fees	8,467	3,233	11,086	5,378
Other revenue	1,651	1,338	2,613	1,984
Revenues	11,394	11,838	22,516	21,955
Cost of other revenue	(165)	(153)	(284)	(262)
Administration expenses	(174)	(316)	(829)	(714)
Management fees	(4,203)	(4,013)	(8,279)	(7,707)
Interest expense	(732)	(757)	(1,482)	(1,522)
Impairment, write-off and amortization of intangible assets	6,120	6,599	11,642	11,750
Interest on Exchangeable Units	(2,311)	(2,807)	(4,730)	(5,945)
Gain (loss) on fair value of Exchangeable Units	(1,452)	(1,452)	(2,904)	(2,904)
Gain (loss) on fair value of Exchangeable Units	(11,048)	6,655	9,883	(1,132)
Loss on interest rate swap	(211)	(460)	(2,546)	(1,429)
Gain on deferred payments	881	-	881	-
Income tax expense	(556)	(703)	(1,286)	(1,432)
Deferred income tax recovery (expense)	(599)	(80)	10	452
Net and comprehensive earnings (loss)	\$ (9,176)	\$ 7,752	\$ 10,950	\$ (640)
Basic earnings (loss) per Restricted Voting Share	\$ (0.97)	\$ 0.82	\$ 1.15	\$ (0.07)
Diluted earnings (loss) per Share	\$ (0.97)	\$ 0.20	\$ 0.31	\$ (0.07)

Interim Cash Flow Highlights				
Cash provided by operating activities:	\$ 10,485	\$ 4,658	\$ 13,375	\$ 6,117
Cash used for investing activities:	(1,845)	(1,002)	(2,757)	(1,964)
Cash used for financing activities:	(3,201)	(3,201)	(6,402)	(4,402)
Change in cash for the period	5,439	455	4,216	(249)
Cash, beginning of the period	3,979	3,635	5,202	4,339
Cash, end of the period	\$ 9,418	\$ 4,090	\$ 9,418	\$ 4,090

Interim Distributable Cash Flow Highlights

Distributable Cash Flow	\$ 3,719	\$ 4,894	\$ 7,599	\$ 8,354
Distributable Cash Flow per Share	\$ 0.29	\$ 0.38	\$ 0.59	\$ 0.65

	Twelve months ended June 30, 2020	Twelve months ended June 30, 2019
Distributable Cash Flow	\$ 16,988	\$ 18,131
Distributable Cash Flow per Share	\$ 1.33	\$ 1.42