FIRSTSERVICE CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2018
(in US dollars)
August 2, 2018

The following Management's Discussion and Analysis ("MD&A") should be read together with the unaudited interim consolidated financial statements of FirstService Corporation (the "Company" or "FirstService") for the three and six month periods ended June 30, 2018 and the Company's audited consolidated financial statements, and MD&A, for the year ended December 31, 2017. The interim consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States ("GAAP"). All financial information herein is presented in United States dollars.

The Company has prepared this MD&A with reference to National Instrument 51-102 – Continuous Disclosure Obligations of the Canadian Securities Administrators (the "CSA"). Under the U.S./Canada Multijurisdictional Disclosure System, the Company is permitted to prepare this MD&A in accordance with the disclosure requirements of Canada, which requirements are different from those of the United States. This MD&A provides information for the three and six month periods ended June 30, 2018 and up to and including August 2, 2018.

Additional information about the Company, including the Company's Annual Information Form, which is included in FirstService's Annual Report on Form 40-F, can be found on SEDAR at www.sedar.com and on the US Securities and Exchange Commission website at www.sec.gov.

Consolidated review

We reported strong operating results for the second quarter ended June 30, 2018. Consolidated revenue growth was 12% relative to the same quarter in the prior year. The top-line performance included 6% organic growth, with the balance from recent acquisitions, and resulted in growth in adjusted EBITDA, operating earnings and earnings per share.

During the first two quarters of 2018, we acquired controlling interests in four businesses, all in the FirstService Brands segment. The total initial cash consideration for these acquisitions was $43.2 million. During the past year, we also completed several other acquisitions in our two divisions, which provided additional revenue growth for the second quarter of 2018. These tuck-under acquisitions increase the geographic footprint and our service offering at FirstService Residential. The acquisitions also support the execution of our company-owned strategy at FirstService Brands to acquire California Closets and Paul Davis Restoration franchises in selected key markets and expand our operations and broaden our service capabilities at Century Fire Protection.

Results of operations - three months ended June 30, 2018

Revenues for our second quarter were $495.3 million, 12% higher than the comparable prior year quarter. On an organic basis, revenues were up 6% with the balance coming from recent acquisitions.

Adjusted EBITDA (see "Reconciliation of non-GAAP measures" below) for the second quarter was $57.1 million versus $47.1 million reported in the prior year quarter. Our Adjusted EBITDA margin was 11.5% of revenues versus 10.7% of revenues in the prior year quarter, reflecting margin improvement from efficient labour management in our FirstService Residential segment. Operating earnings for the second quarter were $42.4 million, up from $35.3 million in the prior year quarter. The operating earnings margin was 8.5% versus 8.0% in the prior year quarter.

Depreciation and amortization expense totalled $12.9 million for the quarter relative to $10.4 million for the prior year quarter, with the increase primarily related to recently acquired company-owned operations in our FirstService Brands segment.

Net interest expense was $3.2 million, versus $2.6 million recorded in the prior year quarter.

The consolidated income tax rate for the quarter was 24%, compared to 33% of earnings before income tax in the prior year quarter, and relative to the statutory rate of 27% in both periods. The current period's tax rate was affected primarily by ASU No. 2016-09, *Compensation – Stock Compensation: Improvements to Employee Share-Based Payment Accounting*, which provides that tax effects of deductions in excess of compensation costs ("windfalls") and tax deficiencies ("shortfalls") be recorded in income tax expense. Prior to this update, the tax effects of windfalls and shortfalls were recorded primarily through equity.

Net earnings for the quarter were $29.9 million, versus $21.9 million in the prior year quarter. The increase was attributable to the growth in operating earnings in both the FirstService Residential and FirstService Brands segments and a lower tax rate.

The non-controlling interest ("NCI") share of earnings was $2.9 million for the second quarter, relative to $2.3 million in the prior period. The NCI redemption increment for the second quarter was $4.4 million, versus $1.6 million in the prior period, and was attributable to changes in the trailing two-year average of earnings of non-wholly owned subsidiaries.

The FirstService Residential segment reported revenues of $327.0 million for the second quarter, up 8% versus the prior year quarter, including 5% organic growth. Top-line growth was primarily driven by contract wins and new development in several of our larger markets. Adjusted EBITDA was $33.4 million, versus $28.7 million in the prior year quarter. Operating earnings for the second quarter were $27.5 million, versus $23.2 million for the second quarter of last year. Margin improvement resulted from ongoing cost efficiencies realized across our operating platform and further optimizing our allocation of labour and resources towards our property management and ancillary service contracts.

Second quarter revenues at our FirstService Brands segment were $168.4 million, up 21% relative to the prior year period and including 8% organic growth. Adjusted EBITDA for the quarter was $26.7 million, up from $21.6 million in the prior year period. Operating earnings for the second quarter were $19.1 million, versus $16.3 million in the prior year quarter. The performance was driven by continued strength across our service lines which are benefiting from the current robust home improvement market and also supported by a strong quarter at Century Fire Protection. Growth was further augmented by recent tuck under acquisitions across our company-owned operations at California Closets, Paul Davis Restoration and Century Fire.

Corporate costs, as presented in Adjusted EBITDA, were $3.0 million for the quarter, relative to $3.2 million in the prior year period. On a GAAP basis, corporate costs for the quarter were $4.3 million, relative to $4.2 million in the prior period.

Results of operations - six months ended June 30, 2018

Revenues for the six months ended June 30, 2018 were $921.8 million, 12% higher than the comparable prior year. Revenues on an organic basis were up 6% with the balance of growth coming from acquisitions.

Year-to-date Adjusted EBITDA (see "Reconciliation of non-GAAP measures" below) was $82.5 million versus $67.2 million reported in the comparable prior year period. Our Adjusted EBITDA margin was 9.0% of revenues versus 8.2% of revenues in the prior year period, primarily due to improved profitability in both segments. Operating earnings for the period were $53.4 million, up from $44.2 million in the prior year period. Our operating earnings margin increased to 5.8% versus 5.4% in the prior year period driven by strong profitability within both segments, and partially offset by increased depreciation and amortization in our FirstService Brands segment.

We recorded depreciation and amortization expense of $24.7 million for the six month period relative to $19.9 million for the prior year period, with the increase primarily related to recently acquired company-owned operations in our FirstService Brands segment.

Net interest expense for the six month period was $6.1 million, up from $4.9 million recorded in the prior year period. The increase was driven primarily by the increase in our average outstanding debt as well as our weighted average interest rate increasing to 4.0% from 3.6% in the prior year period.

Our consolidated income tax rate for the six month period was 18%, compared to 24% of earnings before income tax in the prior year-to-date period, and relative to the statutory rate of 27% in both periods. The current period's tax rate was affected primarily by ASU No. 2016-09. The effective tax rate for the full year is expected to be in the range of 20% to 25%.

Net earnings for the six month period were $38.8 million, versus $30.2 million in the prior year period. The increase was primarily attributable to strong profitability within both of our divisions, as well as recent acquisitions.

Our FirstService Residential segment reported revenues of $611.1 million for the six month period, up 7% over the prior year period. Excluding the impact of recently completed tuck-under acquisitions, revenue growth was 6% and broad-based across most markets. Adjusted EBITDA was $50.9 million relative to $43.1 million in the prior year period. Operating earnings were $38.9 million for the six month period, relative to $32.3 million in the prior year period. Year-over-year margin expansion reflects the further realization of operating efficiencies, and increased pricing discipline in our service contracts.

Year-to-date revenues at FirstService Brands were $310.7 million, an increase of 23% relative to the prior year period. Organic growth was 9%, while acquisitions contributed the remaining balance. Organic revenue growth resulted primarily from strong performance at our Paul Davis Restoration, California Closets and Century Fire Protection company-owned operations, as well as from higher system-wide sales at several of our franchised brands, which are benefiting from strong home improvement fundamentals. Adjusted EBITDA for the period was $37.8 million, or 12.2% of revenues, versus $29.9 million, or 11.8% of revenues, for the prior year period. Operating earnings were $24.2 million, or 7.8% of revenues, versus $20.2 million, or 8.0% of revenues, in the prior year period. The lower operating earnings margin compared to the prior year period was due to increased depreciation and amortization from recently acquired acquisitions.

Corporate costs, as presented in Adjusted EBITDA, for the six month period were $6.2 million, relative to $5.8 million in the prior year period. On a GAAP basis, corporate costs were $9.7 million versus $8.2 million in the prior year period, with the increase primarily attributable to stock-based compensation expense.

Summary of quarterly results (unaudited)

The following table sets forth FirstService's unaudited quarterly consolidated results of operations data for each of the ten most recent quarters. The information in the table below has been derived from FirstService's unaudited interim consolidated financial statements that, in management's opinion, have been prepared on a consistent basis and include all adjustments necessary for a fair presentation of information. The information below is not necessarily indicative of results for any future quarter.

Quarter	**Q1**	**Q2**	**Q3**	**Q4**
(in thousands of US$, except per share amounts)				
YEAR ENDING DECEMBER 31, 2018				
Revenues	$ 426,456	$ 495,348		
Operating earnings	11,073	42,350		
Net earnings per share				
Basic	0.17	0.63		
Diluted	0.17	0.62		
YEAR ENDED DECEMBER 31, 2017				
Revenues	$ 380,349	$ 441,666	$ 456,520	$ 438,109
Operating earnings	8,971	35,266	34,544	27,727
Net earnings per share				
Basic	0.12	0.50	0.43	0.41
Diluted	0.12	0.49	0.42	0.40
YEAR ENDED DECEMBER 31, 2016				
Revenues	$ 307,586	$ 385,104	$ 409,083	$ 381,116
Operating earnings	4,261	30,794	36,578	18,917
Net earnings (loss) per share				
Basic	(0.05)	0.35	0.44	0.19
Diluted	(0.05)	0.35	0.43	0.19
OTHER DATA				
Adjusted EBITDA - 2018	$ 25,414	$ 57,118		
Adjusted EBITDA - 2017	20,127	47,076	$ 53,149	$ 40,506
Adjusted EBITDA - 2016	12,716	40,245	46,703	30,660
Adjusted EPS - 2018	0.25	0.86		
Adjusted EPS - 2017	0.16	0.60	0.74	0.51
Adjusted EPS - 2016	0.08	0.52	0.62	0.41

Seasonality and quarterly fluctuations

Certain segments of the operations of FirstService are subject to seasonal variations. The seasonality of the service lines results in variations in quarterly revenues and operating margins. Variations can also be caused by acquisitions or dispositions, which alter the combined service mix.

The FirstService Residential segment generates peak revenues and earnings in the third quarter, as seasonal ancillary swimming pool management revenues are earned.

The FirstService Brands segment includes outdoor painting and other franchised operations, which generate the majority of their revenues during the second and third quarters.

Reconciliation of non-GAAP measures

In this MD&A, we make reference to "adjusted EBITDA" and "adjusted earnings per share", which are financial measures that are not calculated in accordance with GAAP.

Adjusted EBITDA is defined as net earnings, adjusted to exclude: (i) income tax; (ii) other expense (income); (iii) interest expense; (iv) depreciation and amortization; (v) acquisition-related items; and (vi) stock-based compensation expense. We use adjusted EBITDA to evaluate our own operating performance and our ability to service debt, as well as an integral part of our planning and reporting systems. Additionally, we use this measure in conjunction with discounted cash flow models to determine the Company's overall enterprise valuation and to evaluate acquisition targets. We present adjusted EBITDA as a supplemental measure because we believe such measure is useful to investors as a reasonable indicator of operating performance because of the low capital intensity of the Company's service operations. We believe this measure is a financial metric used by many investors to compare companies, especially in the services industry. This measure is not a recognized measure of financial performance under GAAP in the United States, and should not be considered as a substitute for operating earnings, net earnings or cash flow from operating activities, as determined in accordance with GAAP. Our method of calculating adjusted EBITDA may differ from other issuers and accordingly, this measure may not be comparable to measures used by other issuers. A reconciliation of net earnings to adjusted EBITDA appears below.

(in thousands of US$)	Three months ended June 30		Six months ended June 30	
	2018	2017	**2018**	2017
Net earnings	**$ 29,894**	$ 21,934	**$ 38,829**	$ 30,202
Income tax	**9,285**	10,888	**8,613**	9,361
Other income, net	**(39)**	(110)	**(103)**	(205)
Interest expense, net	**3,210**	2,554	**6,084**	4,879
Operating earnings	**42,350**	35,266	**53,423**	44,237
Depreciation and amortization	**12,903**	10,356	**24,686**	19,851
Acquisition-related items	**548**	525	**1,109**	771
Stock-based compensation expense	**1,317**	929	**3,314**	2,344
Adjusted EBITDA	**$ 57,118**	$ 47,076	**$ 82,532**	$ 67,203

Adjusted earnings per share is defined as diluted net earnings per share, adjusted for the effect, after income tax, of: (i) the non-controlling interest redemption increment; (ii) acquisition-related items; (iii) amortization expense related to intangible assets recognized in connection with acquisitions; (iv) stock-based compensation expense; and (v) a stock-based compensation tax adjustment related to a US GAAP change. We believe this measure is useful to investors because it provides a supplemental way to understand the underlying operating performance of the Company and enhances the comparability of operating results from period to period. Adjusted earnings per share is not a recognized measure of financial performance under GAAP, and should not be considered as a substitute for diluted net earnings per share, as determined in accordance with GAAP. Our method of calculating this non-GAAP measure may differ from other issuers and, accordingly, this measure may not be comparable to measures used by other issuers. A reconciliation of net earnings to adjusted net earnings and of diluted net earnings per share to adjusted earnings per share appears below.

(in thousands of US$)	Three months ended June 30		Six months ended June 30	
	2018	2017	**2018**	2017
Net earnings	**$ 29,894**	$ 21,934	**$ 38,829**	$ 30,202
Non-controlling interest share of earnings	**(2,915)**	(2,330)	**(5,235)**	(4,159)
Acquisition-related items	**548**	525	**1,109**	771
Amortization of intangible assets	**4,736**	3,565	**8,650**	6,751
Stock-based compensation expense	**1,317**	929	**3,314**	2,344
Stock-based compensation tax adjustment for US GAAP change	**(622)**	(880)	**(3,037)**	(4,623)
Income tax on adjustments	**(1,574)**	(1,751)	**(3,111)**	(3,521)
Non-controlling interest on adjustments	**(145)**	(91)	**(255)**	(162)
Adjusted net earnings	**$ 31,239**	$ 21,901	**$ 40,264**	$ 27,603

(in US$)	Three months ended June 30		Six months ended June 30	
	2018	2017	**2018**	2017
Diluted net earnings per share	**$ 0.62**	$ 0.49	**$ 0.79**	$ 0.61
Non-controlling interest redemption increment	**0.12**	0.04	**0.13**	0.10
Acquisition-related items	**0.02**	0.01	**0.03**	0.02
Amortization of intangible assets, net of tax	**0.09**	0.06	**0.17**	0.11
Stock-based compensation expense, net of tax	**0.03**	0.02	**0.06**	0.04
Stock-based compensation tax adjustment for US GAAP change	**(0.02)**	(0.02)	**(0.08)**	(0.13)
Adjusted earnings per share	**$ 0.86**	$ 0.60	**$ 1.10**	$ 0.75

We believe that the presentation of adjusted EBITDA and adjusted earnings per share, which are non-GAAP financial measures, provides important supplemental information to management and investors regarding financial and business trends relating to the Company’s financial condition and results of operations. We use these non-GAAP financial measures when evaluating operating performance because we believe that the inclusion or exclusion of the items described above, for which the amounts are non-cash or non-recurring in nature, provides a supplemental measure of our operating results that facilitates comparability of our operating performance from period to period, against our business model objectives, and against other companies in our industry. We have chosen to provide this information to investors so they can analyze our operating results in the same way that management does and use this information in their assessment of our core business and the valuation of the Company. Adjusted EBITDA and adjusted earnings per share are not calculated in accordance with GAAP, and should be considered supplemental to, and not as a substitute for, or superior to, financial measures calculated in accordance with GAAP. Non-GAAP financial measures have limitations in that they do not reflect all of the costs or benefits associated with the operations of our business as determined in accordance with GAAP. As a result, investors should not consider these measures in isolation or as a substitute for analysis of our results as reported under GAAP.

Liquidity and capital resources

Net cash provided by operating activities for the six month period ended June 30, 2018 was $47.6 million, versus $49.2 million in the prior year period. The decrease in operating cash flow was primarily attributable to changes in non-cash working capital driven by increases in inventory to support growth in our company-owned operations in our FirstService Brands segment, as well as the timing of payroll and benefits and other accruals in both of our segments. We believe that cash from operations and other existing resources will continue to be adequate to satisfy the ongoing working capital needs of the Company.

For the six months ended June 30, 2018, capital expenditures were $19.6 million, versus $18.9 million for the prior year period. Significant capital purchases this year include service vehicles in the FirstService Brands segment, as well as information technology system investments in both segments. Based on our current operations, maintenance capital expenditures for the year ending December 31, 2018 are expected to be around $40 million.

In July 2018, we paid a quarterly dividend of $0.135 per share on the Subordinate Voting Shares and Multiple Voting Shares in respect of the quarter ended June 30, 2018.

Net indebtedness as at June 30, 2018 was $254.6 million, versus $212.4 million at December 31, 2017. Net indebtedness is calculated as the current and non-current portion of long-term debt less cash and cash equivalents. We are in compliance with the covenants contained in our financing agreements as at June 30, 2018 and, based on our outlook for the balance of the year, we expect to remain in compliance with these covenants. We had $89.8 million of available un-drawn credit as of June 30, 2018.

In relation to acquisitions completed during the past two years, we have outstanding contingent consideration totalling $17.9 million as at June 30, 2018 ($18.4 million as at December 31, 2017) assuming all contingencies are satisfied and payment is due in full. Such payments, if any, are due during the period extending to April 2020. The contingent consideration liability is recognized at fair value upon acquisition and is updated to fair value each quarter, unless it contains an element of compensation, in which case such element is treated as compensation expense over the contingency period. The contingent consideration is based on achieving specified earnings levels, and is paid or payable at the end of the contingency period. We estimate that, based on current operating results, approximately 85% of the contingent consideration outstanding as of June 30, 2018 will ultimately be paid.

The following table summarizes our contractual obligations as at June 30, 2018:

Contractual obligations (in thousands of US$)	**Payments due by period**				
	Total	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
Long-term debt	$ 309,482	$ 2,165	$ 31,778	$ 215,539	$ 60,000
Interest on long-term debt	40,565	11,095	18,081	9,661	1,728
Capital lease obligations	2,852	925	1,909	18	-
Contingent acquisition consideration	17,949	16,345	1,604	-	-
Operating leases	106,255	24,311	40,242	25,739	15,963
Total contractual obligations	$ 477,103	$ 54,841	$ 93,614	$ 250,957	$ 77,691

At June 30, 2018, we had commercial commitments totaling $5.6 million comprised of letters of credit outstanding due to expire within one year. We are required to make semi-annual payments of interest on our senior secured notes at an interest rate of 3.8%.

Redeemable non-controlling interests

In most operations where managers or employees are also minority owners, the Company is party to shareholders' agreements. These agreements allow us to "call" the minority position at a value determined with the use of a formula price, which is in most cases equal to a multiple of trailing two-year average earnings, less debt. Minority owners may also "put" their interest to the Company at the same price, with certain limitations including: (i) the inability to "put" more than one-third to one-half of their holdings in any twelve-month period; and (ii) the inability to "put" any holdings for at least one year after the date of our initial acquisition of the business or the date the minority shareholder acquired the stock, as the case may be. The total value of the minority shareholders' interests (the "redemption amount"), as calculated in accordance with shareholders' agreements, was as follows.

(in thousands of US$)	**June 30 2018**	December 31 2017
FirstService Residential	**$ 73,817**	$ 70,906
FirstService Brands	**61,247**	45,562
	$ 135,064	$ 116,468

The amount recorded on our balance sheet under the caption "Redeemable non-controlling interests" ("RNCI") is the greater of: (i) the redemption amount (as above); and (ii) the amount initially recorded as RNCI at the date of inception of the minority equity position. As at June 30, 2018, the RNCI recorded on the balance sheet was $137.1 million. The purchase prices of the RNCI may be satisfied in cash or in Subordinate Voting Shares of FirstService. If all RNCI were redeemed with cash on hand and borrowings under our Facility, the *pro forma* estimated accretion to diluted net earnings per share for the six months ended June 30, 2018 would be $0.23 and the accretion to adjusted EPS would be $0.10.

Off-balance sheet arrangements

We do not have any material off-balance sheet arrangements other than those disclosed in notes 10 and 16 to the December 31, 2017 audited consolidated financial statements.

Critical accounting policies and estimates

The preparation of consolidated financial statements requires management to make estimates and assumptions with respect to the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. These estimates and assumptions are based upon management's historical experience and are believed by management to be reasonable under the circumstances. Such estimates and assumptions are evaluated on an ongoing basis and form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ significantly from these estimates. Our critical accounting policies and estimates have been reviewed and discussed with our Audit Committee. There have been no material changes to our critical accounting policies and estimates from those disclosed in the Company's MD&A for the year ended December 31, 2017, except as noted below.

On January 1, 2018, as a result of required changes under U.S. GAAP, FirstService adopted the new accounting standard ASC 606, Revenue from Contracts with Customers and all the related amendments ("New Revenue Standard") to all contracts using the full retrospective method. Our prior year 2017 financial results as reported herein have been recast in accordance with the New Revenue Standard to provide a consistent comparison to current year results. The impact is confined to our franchised operations within our FirstService Brands segment, particularly as it relates to the timing and recognition of franchise fees, as well as the gross revenue recognition of marketing fund fees. As a result, the effect of the New Revenue Standard on the prior year second quarter results was an increase of $6.8 million to our consolidated revenues, a decrease of $0.5 million to our consolidated Adjusted EBITDA and our consolidated operating earnings, resulting in a 30 basis points decrease to our consolidated Adjusted EBITDA and our consolidated operating earnings margin, and a decrease of $0.01 to our earnings per share. The same $6.8 million increase to our FirstService Brands revenues and $0.5 million decrease to our FirstService Brands Adjusted EBITDA and our FirstService Brands operating earnings resulted in a 120 basis point decrease to our FirstService Brands Adjusted EBITDA margin and a 100 basis point decrease to our FirstService Brands operating earnings margin for our recast segmented 2017 second quarter results.

Impact of recently issued accounting standards

In February 2016, FASB issued ASU No. 2016-02, *Leases*. This ASU affects all aspects of lease accounting and has a significant impact to lessees as it requires the recognition of a right-of use asset and a lease liability for virtually all leases including operating leases. In addition to balance sheet recognition, additional quantitative and qualitative disclosures will be required. The standard will be effective on January 1, 2019, at which time the Company will elect to adopt the ASU using a modified retrospective transition. The Company is currently assessing the impact of this standard on its financial position and results of operations. The Company expects the impact to be material to its balance sheet, but minimal impact to its statements of earnings and statements of cash-flows.

Financial instruments

We use financial instruments as part of our strategy to manage the risk associated with interest rates and currency exchange rates from time to time. We do not use financial instruments for trading or speculative purposes. As of the date of this MD&A, we have no such financial instruments in place.

Transactions with related parties

The Company has entered into office space rental arrangements and property management contracts with senior managers of certain subsidiaries. These senior managers are usually also minority shareholders of the subsidiaries. The business purpose of the transactions is to rent office space for the Company and to generate property management revenues for the Company. The recorded amount of the rent expense for the six months ended June 30, 2018 was $0.5 million (2017 - $0.5 million).

As at June 30, 2018, the Company had $2.6 million of loans receivable from minority shareholders (December 31, 2017 - $2.5 million). The business purpose of the loans receivable was to finance the sale of non-controlling interests in subsidiaries to senior managers. The loan amounts are measured based on the formula price of the underlying non-controlling interests, and interest rates are determined based on the Company's cost of borrowing plus a spread. The loans generally have terms of 5 to 10 years, but are open for repayment without penalty at any time.

Outstanding share data

The authorized capital of the Company consists of an unlimited number of preference shares, issuable in series, an unlimited number of Subordinate Voting Shares and an unlimited number of Multiple Voting Shares. The holders of Subordinate Voting Shares are entitled to one vote in respect of each Subordinate Voting Share held at all meetings of the shareholders of the Company. The holders of Multiple Voting Shares are entitled to twenty votes in respect of each Multiple Voting Share held at all meetings of the shareholders of the Company. Each Multiple Voting Share is convertible into one Subordinate Voting Share at any time at the election of the holders thereof.

As of the date hereof, the Company has outstanding 34,630,581 Subordinate Voting Shares and 1,325,694 Multiple Voting Shares. In addition, as at the date hereof, 1,701,950 Subordinate Voting Shares are issuable upon exercise of options granted under the Company's stock option plan.

Canadian tax treatment of dividends

For the purposes of the enhanced dividend tax credit rules contained in the Income Tax Act (Canada) and any corresponding provincial and territorial tax legislation, all dividends (and deemed dividends) paid by us to Canadian residents on our Subordinate Voting Shares and Multiple Voting Shares are designated as "eligible dividends". Unless stated otherwise, all dividends (and deemed dividends) paid by us hereafter are designated as "eligible dividends" for the purposes of such rules.

Changes in internal controls over financial reporting

There have been no changes in our internal controls over financial reporting during the three and six month periods ended June 30, 2018 that have materially affected or are reasonably likely to materially affect our internal controls over financial reporting.

Forward-looking statements

This MD&A contains forward-looking statements with respect to expected financial performance, strategy and business conditions. The words “believe,” “anticipate,” “estimate,” “plan,” “expect,” “intend,” “may,” “project,” “will,” “would,” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management. Forward-looking statements involve significant known and unknown risk and uncertainties. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. Factors which may cause such differences include, but are not limited to those set out below and those set out in detail in the “Risk Factors” section of the Company’s Annual Information Form, which is included in the Company’s Annual Report on Form 40-F:

- Economic conditions, especially as they relate to commercial and consumer credit conditions and consumer spending.
- Commercial real estate property values, vacancy rates and general conditions of financial liquidity for real estate transactions.
- Residential real estate property values, resale rates and general conditions of financial liquidity for real estate transactions.
- Extreme weather conditions impacting demand for our services or our ability to perform those services.
- Competition in the markets served by the Company.
- Labour shortages or increases in wage and benefit costs.
- The effects of changes in interest rates on our cost of borrowing.
- Unexpected increases in operating costs, such as insurance, workers’ compensation, health care and fuel prices.
- Changes in the frequency or severity of insurance incidents relative to our historical experience.
- The effects of changes in foreign exchange rates in relation to the US dollar on the Company’s Canadian dollar denominated revenues and expenses.
- Our ability to make acquisitions at reasonable prices and successfully integrate acquired operations.
- Political conditions, including any outbreak or escalation of terrorism or hostilities and the impact thereof on our business.
- Changes in government policies at the federal, state/provincial or local level that may adversely impact our businesses.

We caution that the foregoing list is not exhaustive of all possible factors, as other factors could adversely affect our results, performance or achievements. The reader is cautioned against undue reliance on these forward-looking statements. Although we believe that the assumptions underlying our forward-looking statements are reasonable, any of the assumptions could prove inaccurate and, therefore, there can be no assurance that the results contemplated in such forward-looking statements will be realized. The inclusion of such forward-looking statements should not be regarded as a representation by the Company or any other person that the future events, plans or expectations contemplated by the Company will be achieved. We note that past performance in operations and share price are not necessarily predictive of future performance. We disclaim any intention and assume no obligation to update or revise any forward-looking statement even if new information becomes available, as a result of future events except as required by securities law.

Additional information

Additional information regarding the Company, including our Annual Information Form, is available on SEDAR at www.sedar.com.