THE EXIT FORMULA

(Canadian Revision Effective 03.23.26)

1. Franchisor

EXIT Realty Corp. International ("EXIT") is the Franchisor. EXIT provides strategic oversight and support of all EXIT Subfranchises and Franchises with regard to the establishment, maintenance and updates of all policies, procedures, standards, and business insight of EXIT. EXIT is not a real estate brokerage and does not belong to any real estate board.

2. Sales Representatives and EXIT Associates

Sales Representatives mean all licensed real estate salespersons and brokers performing services as an employee or independent contractor for an EXIT Franchise.

EXIT Associates mean all Subfranchisors, Franchisees, and Sales Representatives, as well as all non-licensed persons under written contract with a Franchise, Subfranchise or EXIT who have met the requirements outlined in section 9.d), below.

It is important that all EXIT Associates who maintain multiple roles within the EXIT System identify the role which represents their "primary" role, as described in Section 9.q) below, on appropriate EXIT documentation.

3. Effective Date

The Effective Date for Sales Representatives is defined as the date that (1) the Sales Representative's license is formally transferred under Franchise's Real Estate Broker's License, (2) the Sales Representative has executed a Sales Representative's Agreement which has been approved by EXIT, and (3) the EXIT Associate Profile (described in section 9.f) below) has been completed.

The Effective Date for all other EXIT Associates is defined as the date that (1) a written contract is executed with a Franchise, Subfranchise or EXIT, and (2) execution of the online EXIT Associate Profile.

The signing of the contract, the transfer of the real estate license and completion of the Associate Profile (see section 9.f) below) are prerequisites to generate the remuneration package outlined in this document. EXIT Associates may not make use of the EXIT trade name or any other proprietary marks of EXIT, on business cards, signage or in any published media, until these prerequisites have been met.

4. Annual Membership

a) Each EXIT Associate shall pay to EXIT an Annual Membership of $425.00. The Annual Membership is non-refundable and is due and payable on the effective date of the Sales Representative's Agreement or the date the person becomes a part of the EXIT System,

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as applicable, and on each July 1st thereafter. The Annual Membership for the first year shall be prorated, based on the number of days, to the following July 1st.

b) Loyalty Discount – Each EXIT Associate who at the time of membership renewal has been with the EXIT system for 5 years or longer will receive a loyalty discount toward his/her Annual Membership. The discounts are calculated in 5-year increments of 5% each. For example:

i) Over 5 years but less than 10 years with EXIT, Associate will receive a 5% discount of $21.25.

ii) Over 10 years but less than 15 years with EXIT, Associate will receive a 10% discount of $42.50.

iii) Over 15 years but less than 20 years with EXIT, Associate will receive a 15% discount of $63.75.

iv) Over 20 years but less than 25 years with EXIT, Associate will receive a 20% discount of $85.00.

v) Over 25 years but less than 30 years with EXIT, Associate will receive a 25% discount of $106.25.

This loyalty discount will continue for each 5-year increment Associate is with EXIT.

c) The payment of the Annual Membership is an absolute prerequisite for the receiving of any and all EXIT Sponsoring Bonuses, Retirement Benefits or awards and to ensure a presence on the EXIT website as well as access to EXIT resources. The Franchisor reserves the right to deduct the Annual Membership from said payments whenever necessary.

d) Franchises are responsible for the payment and collection of the Annual Membership from EXIT Associates. Franchise shall pay the Annual Membership to EXIT immediately upon the date that the new Sales Representative or EXIT Associate Agreement is signed, and upon the annual renewal date of July 1st. Payment shall be by electronic funds transfer or by Franchise's cheque. Annual Membership payable on the July 1st renewal date may also be paid online directly by EXIT Associates by VISA® or MasterCard®. Personal cheques will not be accepted.

e) Any amount not paid by the seventh (7th) day after its due date shall be charged a late fee of $50.

5. Commissions

Commission is defined as all revenues received through the Franchise from its Sales Representatives' activities ("Commissions").

For taxation purposes, EXIT Sales Representatives are Independent Contractors and as such are paid 100% of all gross Commissions earned from the sale, lease or exchange of real estate

property. The following dues are the standard payable by the Sales Representatives to their brokerage for services and systems rendered.

a) 30% of all gross Commissions on the first $100,000 earned per calendar year (pro-rated in the first calendar year) are paid to the Franchise by the Sales Representative.

b) 10% of all gross Commissions generated over $100,000 (pro-rated in the first calendar year) will be paid by the Sales Representative to the Franchise for the remainder of the calendar year.

These payments are due immediately upon the finalization of each transaction.

6. Transaction Fees

Every sales or leasing transaction involves two "Transaction Sides", a "Selling Side" and a "Buying Side". Each "Transaction Side" is subject to the following Transaction Fees, payable to EXIT immediately upon the closing of each transaction:

a) **Transaction Fees (Residential and Commercial)**

Each Transaction Side is subject to a Transaction Fee as follows:

i) The Transaction Fees payable on Transaction Sides generating a gross Commission to the Franchise of between $250.01 and $2,500 ("Minimum Commissions") shall be $50.

ii) The Transaction Fees payable on Transaction Sides generating a gross Commission to the Franchise of between $2,500.01 to $5,000 shall be $150.

iii) The Transaction Fees payable on Transaction Sides generating a gross Commission to the Franchise of between $5,000.01 and $10,000 shall be $225.

iv) The Transaction Fees payable on Transaction Sides generating a gross Commission to the Franchise of between $10,000.01 and $25,000 shall be $300.

v) The Transaction Fees payable on Transaction Sides generating a gross Commission to the Franchise of over $25,000 shall be $400.

b) **Partial Commissions**

All Transaction Fees for Commissions on properties that are paid in installments either before or after the closing date of the transaction will be calculated in the same manner as noted in paragraph 6.a). For example, each installment of Commission will be entered into EXIT's computer reporting system separately, and the Transaction Fee will be calculated using the same formula that is used for all transactions.

c) **Referrals**

All Transaction Fees that pertain to referral Commissions shall be treated in the same manner as all transactions, except in the case of referrals between EXIT offices. The Transaction Fees that pertain to referral Commissions between EXIT offices shall be split in direct proportion to the percentage of Commission earned. For example, the office that receives 25% of the side pays 25% of the Transaction Fee.

d) **Nominal Revenue**

All Commissions are to be entered into MEMO and will be subject to transaction fees unless the gross revenue is $250.00 or less.

e) **Payment**

Transaction Fees are payable by Franchise to EXIT and Subfranchise, where applicable. Transaction Fees are payable at the finalization of the Transaction Side and are deducted from the Sales Representative's portion of the Commission.

A portion of each Transaction Fee is allocated as follows:

Description	$50 Fee	$150 Fee	$225 Fee	$300 Fee	$400 Fee
Canadian Advertising Fund	$12.00	$36.00	$54.00	$72.00	$96.00
Canadian Creative Fund	$1.67	$5.00	$7.50	$10.00	$13.33
Canadian Administrative Bonus Fund	$1.67	$5.00	$7.50	$10.00	$13.33
Canadian Charitable Fund	$1.67	$5.00	$7.50	$10.00	$13.33

These allocations are applied against the EXIT portion of each Transaction Fee after the Transaction Fee has been divided as provided in the Subfranchise Agreement between the Subfranchisor and EXIT.

The maximum Transaction Fees paid per calendar year per Sales Representative is $2,700 (pro-rated in the first calendar year).

7. Regional Development Fees

The Regional Development Fee is a fee used for the regional growth and development through advertising and promotion only within the region in which it is generated. Each Transaction Side is subject to the following Regional Development Fees, payable to EXIT immediately upon the closing of each transaction.

a) **Regional Development Fees (Residential and Commercial)**

Each Transaction End is subject to a Regional Development Fee of $35. However, minimum Commission residential transactions generating a gross Commission of $2,500 or less will not be subject to a Regional Development Fee.

b) **Partial Commissions**

All Regional Development fees for Commissions on all properties that are paid in installments either before or after the closing date of the transaction will be calculated in the same manner as noted in paragraph 7.a). For example, each installment of Commission will be entered into EXIT's computer reporting system separately and the Regional Development Fee will be calculated using the same formula that is used for all transactions.

c) **Referrals**

All Regional Development Fees that pertain to referral Commissions shall be treated in the same manner as all transactions, except in the case of referrals between EXIT offices. The Regional Development Fees that pertain to referral Commissions between EXIT offices shall be split in direct proportion to the percentage of Commission earned. For example, the office that receives 25% of the side pays 25% of the Regional Development Fee.

d) **Nominal Revenue**

All Commissions are to be entered into MEMO and will be subject to Regional Development Fees unless the gross revenue is $2,500.00 or less.

e) **Payment**

Regional Development Fees are payable by Franchise to EXIT. Regional Development Fees are payable at the finalization of the Transaction Side and are deducted from the Sales Representative's portion of the Commission.

The maximum Regional Development Fees paid per calendar year per Sales Representative is $500 (pro-rated in the first calendar year).

8. Company Development Fee

a) Franchise shall pay EXIT a Company Development Fee of 10% of the first $100,000 of gross Commissions per calendar year earned and received by the Franchise for transactions generated by each Sales Representative, including the Broker and Franchisee. The maximum Company Development Fee per calendar year per Sales Representative is $10,000 (pro-rated in the first calendar year).

b) The Company Development Fee shall be paid by Franchise to EXIT at the finalization of each Transaction Side via electronic funds transfer. All Company Development Fees shall be deposited into a designated trust account by EXIT upon receipt.

c) All Commissions of $250.00 or less are not subject to Company Development Fees.

9. Sponsoring Bonus

a) The introduction of a person ("Recruit") to the EXIT System, who is subsequently hired by a Franchise as an EXIT Associate, is a process known as "Sponsoring."

b) Franchisees control the actual hiring of Sales Representatives. Every effort should be made by Franchisees to develop a high-quality sales force to assist the public in the sale and purchase of real estate, in an ethical and business-like manner. The Sponsoring process is intended to assist Franchisees in attracting this type of high-quality work force.

c) A Sponsoring Bonus is paid to the person or persons responsible for the introduction that results in the recruitment of a new Sales Representative into the EXIT System (the "Sponsor"). Each EXIT Associate is eligible to receive a Sponsoring Bonus for Sponsoring equal to 10% of the gross Commissions generated by the Recruit.

d) All non-licensed persons under written contract with a Franchisee, a Subfranchisor or EXIT are required to virtually attend and successfully complete EXIT's E-Boss online training course before being eligible to participate in EXIT's Sponsoring program.

e) The Sponsoring Bonus is paid by EXIT up to a maximum of $10,000 per Recruit per calendar year (pro-rated in the first calendar year), less applicable Sponsoring Bonus Fees (defined in subsection 9.m) below.

f) It is mandatory that each Sales Representative be sponsored into the EXIT System. Sales Representatives cannot be designated as their own Sponsor, nor can two Sales Representatives sponsor each other. The Sponsorship must be acknowledged and verified, by each Recruit, in a manner satisfactory to EXIT via EXIT's online "EXIT Associate Profile".

g) In the event that a Recruit is introduced to the EXIT System by two Sponsors, then the Sponsoring Bonus will be split evenly between the Sponsors. A Recruit cannot be sponsored into the EXIT System by more than two Sponsors.

h) EXIT Franchise offices may be designated as the Sponsor for a Recruit. For the purposes of awards recognition only, the Franchise Sponsor will be required to name the individual(s) responsible for the introduction of the Recruit. All other Sponsoring Bonuses will be payable to an individual Sponsor, unless the Sponsor signs a direction that their Sponsoring Bonuses be paid to a Canadian or U.S. legal entity of which they (including the interests of their spouse) owns the controlling voting and equity interests. In order for this redirection to be effective, documents acceptable to EXIT must be provided verifying the Sponsor's interest in the entity. A Sponsor cannot redirect their Sponsoring Bonuses to more than one legal entity. Unless a beneficiary has been designated, as provided in Section 11(a) below, payment of the Sponsoring Bonuses to the redirected legal entity shall end upon the Sponsor's death.

i) EXIT, as Franchisor, is responsible for the payment of all Sponsoring Bonuses throughout the entire EXIT System. Sponsoring Bonuses for all EXIT Associates will be made payable by electronic funds transfer (whenever possible) to the Sponsor.

j) The Sponsoring Bonus is paid by EXIT after the Company Development Fee designated for the same Recruit is received by EXIT. If funds are received electronically the bonus is typically paid out within seven days. In the rare event that the Company Development Fee is not received electronically, or the associate has not elected to receive the Sponsoring Bonus electronically, the corresponding Sponsoring Bonus will be issued by cheque. A $25.00 cheque processing fee will be deducted from the cheque total and payment will be remitted within 30 days.

k) Sponsoring Bonuses are calculated and paid out in the currency of the country in which the transaction is finalized.

l) Sponsoring Bonuses are not part of any transaction record sheet and do not pertain to any trade or sale of real estate. Sponsoring Bonuses are <u>never</u> paid out by Subfranchisors, Franchisees or Sales Representatives. This is the full responsibility of EXIT.

m) Each Sponsoring Bonus is subject to a Sponsoring Bonus Fee of 10% of the Sponsoring Bonus per Transaction Side to a maximum of $75 per Transaction Side. Sponsoring Bonus Fees for referrals between EXIT offices will be pro-rated in the same manner as outlined in paragraph 6.c) above. In the event of the death of the Sponsor, an additional administration fee of $35 will be deducted from each Sponsoring Bonus prior to disbursement. The Sponsoring Bonus Fee shall cease each calendar year once the sponsored Sales Representative generates $100,000 of gross Commissions for their Franchise(s) in that calendar year (pro-rated in the first calendar year). The Sponsoring Bonus Fee is deducted by EXIT prior to disbursement of the Sponsoring Bonus.

n) The Franchise with whom the Recruit is registered should be named the Sponsor if no Sponsor has been provided. This must be acknowledged, in writing, by the Recruit.

o) Sponsoring Bonuses will be paid for Sponsoring throughout the entire EXIT System. Franchisees, Subfranchisors and EXIT agree to honor the payment of all Sponsoring Bonuses in accordance with this Formula.

p) This bonus structure will continue for as long as both the Sponsor and the Recruit remain licensed and/or employed within the EXIT System, or until the Sponsor or Recruit enters the EXIT Part-time and Retirement Program (explained in Section 10. below) or the EXIT Beneficiary Program (explained in Section 11. below).

q) In the event a Sponsor leaves the EXIT System, the Sponsor loses his rights to any Sponsoring Bonuses, unless the Sponsor returns to the EXIT System within 30 days of departure. For any Recruits the Sponsor sponsored into the EXIT system prior to the Sponsor's departure, the Sponsoring Bonuses accruing subsequent to the Sponsor's departure will be redirected to the primary role Franchise or Subfranchise most recently under written contract with the Sponsor for at least 90 days prior to the time of departure, or, if the Franchise no longer exists, to EXIT or Subfranchise, where applicable. For purposes of the EXIT Formula, the "primary role" Franchise or Subfranchise will be designated by the Sponsor/EXIT Associate, if there is more than one role performed by the Sponsor.

r) Should a Recruit return to the EXIT System within two years of departure, then the named Sponsor at the time of the Recruit's termination will, upon reinstatement of the Recruit, be entitled to receive the Sponsoring Bonus for this Recruit. If the Sponsor is no longer in the EXIT System, or has lost their sponsorship due to circumstances outlined in 9(q), then the EXIT Franchise that held the Sponsor's license, or employed the Sponsor at the time of departure, will immediately become the Sponsor or, if the Franchise no longer exists, EXIT, or Subfranchisor where applicable, will become the Sponsor.

s) Should a former EXIT Associate return to the EXIT System after an absence of more than two years, the returning EXIT Associate will be processed as a new EXIT Associate.

10. EXIT Part-time and Retirement Program

a) All EXIT Associates are automatically eligible to receive Sponsoring Bonuses at the rate of 10% until December 31st of the year in which the EXIT Associate joins EXIT. For those Associates who join after October 1st, the 10% eligibility will continue for the remainder of the calendar year in which the EXIT Associate joins EXIT, and for the entire calendar year following.

b) If the EXIT Associate does not close a minimum of eight Transaction Sides or earn at least $40,000 in gross closed Commissions per calendar year (pro-rated in the first year and extended as noted in 10.a) above for those EXIT Associates who join after October 1st), the EXIT Associate shall be designated "part-time" for the following calendar year. (This minimum sales production does not apply to Franchisees or Subfranchisors.)

c) An EXIT Associate may "retire" from the real estate business entirely and continue to receive Sponsoring Bonuses by signing an Affidavit stating that they will not work in any capacity for a competing real estate company. The EXIT Associate will continue to be affiliated with EXIT under the umbrella of the Franchise or Subfranchise that formerly held the Associate's license or contract, with the approval of the Franchisee or Subfranchise.

d) If an EXIT Associate becomes "part-time" or "retires", any Sponsoring Bonuses payable to the EXIT Associate (Sponsor) shall automatically reduce from the equivalent of 10% to 7% of the gross Commissions generated by the Recruit, to a maximum of $7,000 per Recruit per calendar year, less Sponsoring Bonus Fees (defined in paragraph 9.m) above). The other 3% shall be paid to the "primary role" Franchise or Subfranchise with whom the Sponsor is under contract or for whom the Sponsor worked at the time of retirement or, if the Franchise no longer exists, to EXIT or Subfranchise, where applicable. The Sponsoring Bonus shall be paid out by EXIT by electronic funds transfer directly to the Sponsor or by cheque, sent in care of the Franchise for whom the retired Sponsor last worked or was last registered prior to retirement or to the Franchise or Subfranchise that holds the contract for the part-time EXIT Associate.

e) The Sponsoring Bonus will be restored to the 10% level immediately upon the finalization of the 8th Transaction Side or $40,000 in gross closed Commissions in the current calendar year by the Sales Representative. Restoration is not retroactive.

f) A retired or part-time EXIT Associate may continue to sponsor more Recruits into the EXIT System.

11. EXIT Beneficiary Program

a) Sponsors may select a beneficiary to receive the Sponsoring Bonuses upon the death of the Sponsor. Beneficiary designation shall be in writing on documentation supplied or approved by EXIT and must be delivered to EXIT prior to the Sponsor's death. The designated beneficiary may be an individual, or a trust. The Sponsoring Bonuses shall end upon the death of the Sponsor if a beneficiary has not been designated. If an individual beneficiary has been designated, the Sponsoring Bonuses shall end upon the death of the beneficiary.

b) Upon the death of a Sponsor, the Sponsoring Bonuses shall be payable to the Sponsor's designated beneficiary and shall automatically be reduced from an amount equivalent to 10% to 5% of the gross Commissions generated by the Recruit, to a maximum of $5,000 per Recruit per calendar year, less Sponsoring Bonus Fees (defined in paragraph 9.m) above). The other 5% shall be paid to the "primary role" Franchise that held the Sponsor's license or, if the Sponsor was not a licensed Sales Representative, to the Franchise for whom the Sponsor worked at the time of the Sponsor's death or, if the Franchise no longer exists, to EXIT or Subfranchise, where applicable.

12. Data Transfer and Access

All Multiple listings, all transaction record sheet data, all information pertaining to license transfers for recruitment and termination of EXIT Associates and all current information pertaining to retired EXIT Associates (collectively, "Business Information") will be transmitted to EXIT by Franchise immediately upon execution, via a specified computer reporting system made available by EXIT currently known as MEMO. The payment details entered into the MEMO system must agree with the payment details that are reported to government tax agencies.

13. The EXIT Referral System

a) It is recommended that the Commission split for EXIT referrals shall remain uniform. The standard rate of Commission to be paid for an EXIT listing referral is 40% of the listing Commission received. The standard rate of Commission to be paid for an EXIT buyer referral is 25% of the selling Commission received. All referrals must be confirmed in writing on documentation supplied or approved by EXIT.

b) Should a transaction be a referral whereby a portion of the Commission is payable on closing to another Sales Representative, then all pertinent data must be submitted to the Franchise prior to the finalization of the Transaction Record Sheet.

14. Non-competition

As a condition to receiving Sponsoring Bonuses, the EXIT Associate shall not work (directly or indirectly) for any business that is in any way competitive with the business conducted by EXIT or EXIT Franchise, as determined in the sole discretion of EXIT. If the EXIT Associate becomes licensed with or provides services to (whether directly or indirectly) a competing real estate company during the same time that they are licensed with or providing services for an EXIT office and if the competing arrangement continues for 30 days, as determined in the sole discretion of

EXIT, the Sponsoring Bonuses accruing subsequent to the EXIT Associate's commencement of the competing arrangement and all Recruits of that EXIT Associate will be redirected to the primary role Franchise or Subfranchise most recently under written contract with the EXIT Associate for at least 90 days prior to the action, or if the Franchise no longer exists, to the Subfranchise.

15. Modifications to the EXIT Formula

It is understood that this EXIT Formula may not be changed or modified in any way without the prior express written permission of EXIT. EXIT reserves the right to modify this EXIT Formula and may increase the Annual Membership and fees up to 5% per year. If EXIT increases any amounts less than 5%, the unused portion may be carried over to subsequent years. Any modification shall become effective upon notice to all Subfranchisors and Franchisees. It shall be Franchisee's obligation to notify its Sales Representatives and employees of modifications in the EXIT Formula.

16. Currency

Except as provided in Section 9.k) above, all amounts described in the EXIT Formula are in Canadian Dollars and subject to applicable taxes.

THIS FORMULA MUST FORM PART OF EACH EXIT CONTRACT FOR ALL EXIT ASSOCIATES AND REVISIONS TO THIS FORMULA MUST BE PROVIDED TO EACH EXIT ASSOCIATE IN A TIMELY MANNER.