
Letter from the CEO

Dear Shareholders and Agents,

As the world continues to deal with the unprecedented effects of the coronavirus, firstly, my thoughts go first to the victims, their families and health-care and front-line workers battling the outbreak.

Developments are extremely fluid, and there is tremendous uncertainty on what the ultimate impact will be on overall economic growth and the real estate markets. At Real, meeting our responsibilities to all our stakeholders remain an essential part of our mission since our founding in 2014.

With social distancing and cessation of travel, we continue to leverage our mobile platforms and reimaging in-person viewings into digital experiences. The pandemic has stressed that digital is truly the way for every business – and is accelerating the pace of movement of technology, something that Real prides itself in comprehensively adopting in all parts of our business cycle. We are planning the next phase of this challenge – recovery, and looking forward to capitalizing on the opportunities we expect to see in our industry.

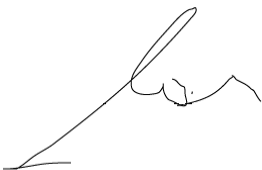
Today, more than ever, the real estate industry and the global business community as a whole, understand the necessity and resilience of tech connected businesses and we are proud to have been leading the trend replacing the traditional brokerage model with a tech powered one.

I am extremely proud of our network of agents who are doing their part to help their communities. Whether the contribution is big or small, this situation reminds us that we are all truly connected and have a part to play in the recovery of our economy.

In 2019, our annual revenue grew by 86%, surpassing \$15 million with approximately \$495 million worth of properties transacted. We plan to continue to service our agents and the broader market throughout the United States leveraging our unique process and technology. Overall, we are well-positioned to face the economic headwinds, and we will be primed for when the economy bounces back.

Going forward, we will continue to do everything we can to help our investors, agents, customers, employees, and communities emerge from this crisis stronger than ever. As always, I appreciate your invaluable trust and continued support in Real.

Thank you,



Tamir Poleg
Director and CEO
Real Technology Broker Ltd.

Introduction

This Management's Discussion and Analysis ("MD&A") is provided to enable a reader to assess the results of operations and financial condition of Real Technology Broker Limited for the years ended December 31, 2019 and 2018. This MD&A is dated May 20, 2020 and should be read in conjunction with the annual audited financial statements and related notes for the years ended December 31, 2019 and 2018 ("Annual Financial Statements"). Unless the context indicates otherwise, references to "Real", "the Company", "we", "us" and "our" in this MD&A refer to Real Technology Broker Limited and its operations.

Forward-looking information

Certain information included in this MD&A contains forward-looking information within the meaning of applicable Canadian securities laws. This information includes, but is not limited to, statements made in Business Overview and Strategy, Results from Operations, Debt Profile and other statements concerning Real's objectives, its strategies to achieve those objectives, as well as statements with respect to management's beliefs, plans, estimates and intentions, and similar statements concerning anticipated future events, results, circumstances, performance or expectations that are not historical facts. Forward-looking information generally can be identified by the use of forward-looking terminology such as "outlook", "objective", "may", "will", "would", "expect", "intend", "estimate", "anticipate", "believe", "should", "plan", "continue", or similar expressions suggesting future outcomes or events or the negative thereof. Such forward-looking information reflects management's beliefs and is based on information currently available. All forward-looking information in this MD&A is qualified by the following cautionary statements.

Forward looking information necessarily involves known and unknown risks and uncertainties, which may be general or specific and which give rise to the possibility that expectations, forecasts, predictions, projections or conclusions will not prove to be accurate, assumptions may not be correct and objectives, strategic goals and priorities may not be achieved. A variety of factors, many of which are beyond Real's control, affect the operations, performance and results of the Company and its subsidiaries, and could call actual results to differ materially from current expectations of estimated or anticipated events or results.

Although Real believes that the expectations reflected in such forward-looking information are reasonable and represent the Company's projections, expectations and beliefs at this time, such information involves known and unknown risks and uncertainties which may cause the Company's actual performance and results in future periods to differ materially from any estimates or projections of future performance or results expressed or implied by such forward-looking information. Important factors that could cause actual results to differ materially include but are not limited to: Business Overview, Results from Operations, Liquidity and Capital Resources, Capital Structure and Stock Option Plan. See Risks and Uncertainties for further information. The reader is cautioned to consider these factors, uncertainties, and potential events carefully and not to put undue reliance on forward-looking information, as there can be no assurance that actual results will be consistent with such forward-looking information.

The forward-looking information included in this MD&A is made as of the date of this MD&A and should not be relied upon as representing Real's views as of any date subsequent to the date of this MD&A. Management undertakes no obligation, except as required by applicable law, to publicly update or revise any forward-looking information, whether as a result of new information, future events or otherwise.

Business overview and strategy

Real is a growing multistate technology powered real estate brokerage. We focus our operations on development of technology that helps real estate agents perform better as well as building a scalable, efficient brokerage operation that is not dependent on a cost-heavy brick and mortar presence in the markets that we operate in.

Business overview and strategy (cont'd)

As a licensed real estate brokerage, our revenue is generated, primarily, by processing real estate transactions which entitle us to commissions. We pay a portion of our commission revenue to our agents and brokers. Our strength is our ability to offer real estate agents a higher value, at a lower cost, compared to other brokerages, while operating efficiently and scaling quickly.

Recent developments

Agent equity program

During the 2018 fiscal year, we launched our Agent Equity Program, incentivizing our agents for their contribution in Real's growth. Agents were compensated with stock options for closing transactions, referring other agents to the Company and reaching their sales caps. In March of 2020, we terminated the Agent Equity Program in anticipation of completing our listing on the TSX-V.

We perceive equity contributions to agents, teams and brokers as a major attraction and retention tool and will be working to introduce a new equity offering to our agents during 2020, focusing on attracting and retaining productive agents, teams and brokers.

Revenue-share model

As the vast majority of real estate agents are independent contractors, we believe that it is our responsibility to create multiple revenue sources and improve financial opportunities for agents. Our attractive commission split coupled with the equity incentives for agents provide great opportunities. We are now offering agents the opportunity to earn revenue-share, paid out of Real's portion of commissions, for new agents that they personally refer to Real. The program was recently launched and is being carefully rolled out. A successful implementation will have a major positive impact on our agent count and revenue growth.

Focus on teams

Real estate teams operate as "brokerages inside a brokerage". A team is typically formed by a high producing agent who attracts other agents to work with them and enjoy the lead flow and mentoring provided by the team leader. In an effort to attract teams, we introduced a team offering in 2018, consisting of a dedicated comprehensive customer relationship management and very favorable commission splits and caps to team leaders and members.

Path to profitability

Our primary focus during 2019 was to demonstrate our ability to maintain rapid growth with a clear path to profitability. As a result, we closely analyzed and monitored our spend and operational expenses, developed internal tools and processes for more efficient transaction processing and support, focused our geographic footprint, terminated the affiliation of non-producing agents who had been with us for a long period and closely monitored our return-on-investment in various marketing channels.

Emphasizing regional growth

After years of focusing our marketing efforts primarily on online advertising, we decided, in 2019, to experiment with "boots on the ground" recruiting and hired experienced and well-networked brokers as Regional Growth Leaders ("RGLs") in two markets. The thesis was that having a local person representing the company would provide a higher level of comfort for agents and teams interested in joining Real. We are still monitoring the impact of the RGLs on our overall growth and the cost effectiveness of such marketing activity.

Business overview and strategy (cont'd)

Recent developments (cont'd)

Tracking agent satisfaction

Agents' satisfaction is top-of-mind for Real and we use the Net Promoter Score® ("NPS") surveys for measurement and tracking. NPS is a measure of customer satisfaction and is measured on a scale between (-100) and 100. An NPS above 50 is considered excellent. The question we ask is "On a scale of zero to ten, how likely are you to recommend Real as a potential brokerage firm to other agents?". Our most recent NPS is 67.7, a strong indication to a very high level of satisfaction amongst our agents. We believe that NPS surveys help in ensuring we are delivering on the most important services and value to our agents. A high level of satisfaction contributes to the brand and organic growth of Real.

Artificial intelligence

During 2019, we launched "Flo", our AI support-focused bot. As a first step, Flo monitors support tickets arriving from our agents and directs the ticket to the relevant person within Real, based on historic data and understanding of who would be best to handle that specific case. We continue to develop Flo with the aim that it would be able to directly reply and handle a large percentage of our support tickets, based on historic support conversations data accumulated since founding Real.

Investing in commercial growth

The commercial real estate brokerage segment is dominated by large, often international, players. Agents working with such brand names are typically tied to their brokerage by long-term contractual obligations and specific clauses, preventing them from approaching the brokerage's clients should they elect to switch to a different brokerage. We identified a segment of agents, focused on tenant representation (mainly companies looking to rent office spaces) who work with their own clientele and wish to work more independently. They are often reluctant to join the leading commercial brokerages and take on the various restrictions imposed by them.

Real Broker Commercial, LLC is our commercial-focused entity, offering commercial agents the freedom and flexibility to conduct their business the way they want to and to enjoy our multistate platform and favorable commission splits. It was established in partnership with Robert Kulik, one of our agents, who closed one of Manhattan's most-notable office lease deals during 2019, resulting in \$2,637 of revenue for Real.

Overall

We believe that building an operation that successfully supports a large number of agents and processes a large volume of transactions with minimal overhead is key to long term sustainability and value creation in the real estate brokerage industry.

Objectives

Real seeks to become one of US' leading real estate brokerages. Using our proprietary technology, we look to provide agents with all the tools they need in order to manage and market their business and succeed. Real plans to accomplish this through: (i) proprietary integration of technology and tools focused on facilitating and improving tasks performed by agents. (ii) the offering of attractive business terms to agents and creation of multiple potential revenue streams for agents (iii) providing excellent support and service to our agents (iv) the creation of a nationwide collaborative community of agents. Leveraging the engagement of real estate agents and home buyers and sellers, Real will seek to generate revenue through a variety of different channels.

Presentation of financial information and non-IFRS measures

Presentation of financial information

Unless otherwise specified herein, financial results, including historical comparatives, contained in this MD&A are based on Real's Annual Financial Statements, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the interpretations of the IFRS Interpretations Committee ("IFIRC"). Unless otherwise specified, amounts are in Canadian dollars and percentage changes are calculated using whole numbers.

Non-IFRS measures

In addition to the reported IFRS measures, industry practice is to evaluate entities giving consideration to certain non-IFRS performance measures, such as earnings before interest, taxes, depreciation and amortization ("EBITDA") or adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA").

Management believes that these measures are helpful to investors because they are measures that the Company uses to measure performance relative to other entities. In addition to IFRS results, these measures are also used internally to measure the operating performance of the Company.

These measures are not in accordance with IFRS and have no standardized definitions, and as such, our computations of these non-IFRS measures may not be comparable to measures by other reporting issuers. In addition, Real's method of calculating non-IFRS measures may differ from other reporting issuers, and accordingly, may not be comparable.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA")

EBITDA is used as an alternative to net income because it includes major non-cash items such as interest, taxes and amortization, which management considers non-operating in nature. A reconciliation of EBITDA to IFRS net income is presented under the section Results from Operations of this MD&A.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA")

Adjusted EBITDA is used as an alternative to net income because it excludes major non-cash items such as amortization, interest, stock-based compensation, current and deferred income tax expenses and other items management considers non-operating in nature. A reconciliation of adjusted EBITDA to IFRS net income is presented under section Results from Operations of this MD&A.

Results from operations

Select annual information

In thousands of U.S. dollars

<i>For the year ended December 31st</i>		2019	2018
Operating results			
Loss before tax		(2,251)	(2,524)
Net loss and comprehensive loss		(2,251)	(2,524)
Per share basis			
Basic loss per share		(0.05)	(0.06)
Diluted loss per share		(0.04)	(0.05)
<i>As at December 31st</i>		2019	2018
Total assets		408	1,357
Total debt	(ii)	598	784
Debt to total assets	(i) (iii)	147%	58%
EBITDA	(i) (iv)	(1,531)	(2,226)
Adjusted EBITDA	(i) (iv)	(1,043)	(2,251)

- (i) Represents a non-IFRS measure. Real's method for calculating non-IFRS measures may differ from other reporting issuers' methods and accordingly may not be comparable. For definitions and basis of presentation of Real's non-IFRS measures, refer to the non-IFRS measures section of this MD&A.
- (ii) Total debt is defined as accounts payable and other financial liabilities, less preferred equity.
- (iii) Debt to total assets is a non-IFRS measure and is calculated as total debt divided by total assets.
- (iv) EBITDA and Adjusted EBITDA is calculated on a trailing twelve month basis. Refer to non-IFRS measures section of this MD&A for further details.

For the year ended December 31, 2019, total revenues amounted to \$15,751 compared to \$8,444 for the year ended December 31, 2018. The change in revenues is primarily due to an increase in productive agents on our platform and our focus on increasing agents' productivity which translated into a larger transaction volume closed by our agents.

Results from operations (cont'd)

A further breakdown in revenues generated during the year is included below:

<i>In thousands of US dollars</i>	2019	2018
Major service lines		
Commissions	15,672	8,297
Subscriptions	57	108
Other	22	39
Total revenue	15,751	8,444
Timing of revenue recognition		
Products transferred at a point in time	15,672	8,297
Services transferred over time	57	108
Revenue from contracts with customers	15,729	8,405
Other revenue	22	39
Total revenue	15,751	8,444

A further breakdown in expenses during the year is included below:

<i>In thousands of US dollars</i>	2019	2018
Commissions to agents	13,785	7,133
Salaries and benefits	1,058	807
Consultancy	853	1,499
General and administrative	655	485
Advertising	554	147
Dues and subscriptions	309	305
Depreciation	137	147
Travel	40	127
Other	5	119
Occupancy	23	48
Total cost of sales, selling expenses, administrative and research and development expenses	17,419	10,817

We believe that growth can and should be balanced with profits and therefore plan and monitor our spend responsibly to ensure we decrease our loss and work towards being EBITDA positive. Our loss as a percentage of total revenue was 15% in 2019 and 30% in 2018. This was primarily due to an increase in revenues and maturity and stabilization of our technology that enabled us to spend less resources on software development.

<i>For the year ended December 31st</i>	2019	2018
Revenues	15,751	8,444
Commissions to agents	13,785	7,133
Commissions to agents as a percentage of revenues	88%	84%

Results from operations (cont'd)

The commissions paid to agents increased from \$7,133 in 2018 to \$13,785 as a result of our increase in revenue and in number of real estate transactions closed by our agents. We typically pay our agents on average 85-90% of the gross commission earned on every real estate transaction and, as the total revenue increases, the total commission to agents expense increases accordingly.

Occupancy/rent expenses decreased in 2019 compared to 2018 following our decision to move to a smaller office in NY.

We advertise on multiple online platforms and websites such as Google Adwords, Facebook and Indeed in our efforts to attract agents. We track the performance of each of these channels and constantly optimize spending. Our advertising costs increased in 2019 to \$550 compared to \$147 in 2018 due to reclassification of marketing expenses and optimization of campaigns that allowed us to spend more while lowering our cost of acquisition of agents.

We finished 2019 with 11 full time employees, a decrease from over 15 full time employees at the end of 2018. The decrease was mainly attributed to automation implemented and software that replaced manual work.

We are charging a small portion of our agents a monthly subscription of \$40 or \$100 as a result of a pilot we did in the summer of 2017. The intention was to explore how charging a monthly fee would affect the type of agents joining us which resulted in the conclusion that introducing a mandatory monthly fee negatively affects agents recruiting and revenue in general. In addition, some agents pay us a monthly subscription for using some value-added software tools such as Customer Relationship Management software.

Liquidity and capital resources

Liquidity and cash management

Our primary sources of liquidity is cash and cash flows from operations as well as cash raised from investors in exchange for issuance of shares. The Company expects to meet all of its obligations and other commitments as they become due. The Company has various financing sources to fund operations and will continue to fund working capital needs through these sources along with cash flows generated from operating activities.

At December 31, 2019, our cash totaled \$53. Cash is comprised of financial instruments with an original maturity of 90 days or less from the date of purchase, primarily money market funds. We hold no marketable securities.

Financing activities

We believe that our existing balances of cash and cash equivalents, the amount to be raised in our Proposed Transaction (see Subsequent Events) that is expected to close concurrently with closing of the transaction with ADL Ventures Inc. and cash flows expected to be generated from our operations will be sufficient to satisfy our operating requirements for at least the next eighteen months.

Our future capital requirements will depend on many factors, including our level of investment in technology, our rate of growth into new markets and our marketing efforts. Our capital requirements may be affected by factors which we cannot control such as the residential real estate market, interest rates, and other monetary and fiscal policy changes to the manner in which we currently operate. In order to support and achieve our future growth plans, however, we may need or seek advantageously to obtain additional funding through equity or debt financing. We currently have no bank debt. If we are unable to raise additional capital when desired, our business and results of operations would likely suffer.

Liquidity and capital resources (cont'd)

Contractual obligations

As at December 31, 2019 the Company had no debt guarantees, leases, off-balance sheet arrangements or long-term obligations other than those noted in our results from operations. We have a lease for our offices in New York that expires on June 30th, 2023. The annual rent expenses for the lease for the period starting July 1st, 2019 and ending on June 30th, 2020 is \$87. Rent is paid monthly, for approximately \$7 per month.

Capital management framework

Real defines capital as the aggregate of debt and equity. The Company's capital management framework is designed to maintain a level of capital that funds the operations and business strategies and builds long-term shareholder value.

The Company's objective is to manage its capital structure in such a way as to diversify its funding sources, while minimizing its funding costs and risks. For 2019, Real expects to be able to satisfy all of its financing requirements through use of some or all of the following: cash on hand, cash generated by operations, and through the public offerings of common equity (see Events after the Balance Sheet Date).

Other metrics

Earnings before interest, taxes, depreciation and amortization ("EBITDA")

<i>For the year ended December 31st</i>	2019	2018
Net loss and comprehensive loss	(2,251)	(2,524)
<i>Add (deduct):</i>		
– Taxes	-	-
– Interest	583	151
– Depreciation	137	147
EBITDA	(1,531)	(2,226)

Adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA")

<i>For the year ended December 31st</i>	2019	2018
Net loss and comprehensive loss	(2,251)	(2,524)
<i>Add (deduct):</i>		
– Taxes	-	-
– Interest	583	151
– Depreciation	137	147
– Stock-based compensation	488	(25)
EBITDA	(1,043)	(2,251)

Significant accounting policies and other explanatory information

The Company's significant accounting policies are described in note 4 of the Company's Annual Financial Statements. The preparation of the Annual Financial Statements requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosures as of the date of the Company's Annual Financial Statements. Actual results may differ from estimates under different assumptions and conditions.

Significant judgments include the timing of revenue recognition and consolidation adjustments. Our significant judgments have been reviewed and approved by the Audit Committee for completeness of disclosure on what management believes would be relevant and useful to investors in interpreting the amounts and disclosures in our Annual Financial Statements.

Changes in accounting policies

IFRS 15, Revenue from Contracts with Customers

The Company adopted IFRS 15 on its effective date of January 1, 2018 using the modified retrospective approach. IFRS 15 replaces IAS 18, *Revenue*. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. The standard requires entities to exercise judgment, taking into consideration all relevant facts and circumstances when applying each step of the model to contracts with customers.

The Company's assessment included a review of relevant contracts for the following key areas that are in the scope of IFRS 15, commissions from real estate contracts and service contracts with real estate agents. The Company has concluded that there are no significant differences in revenue recognition for these revenue streams between the point of transfer of risks and rewards under IAS 18 and the point of transfer of control under IFRS 15. No transitional adjustment has been recorded as at January 1, 2018 in the Annual Financial Statements.

IFRS 9, Financial Instruments

The Company adopted IFRS 9 on its effective date of January 1, 2018, using the modified retrospective basis with no restatement of comparative periods. IFRS 9 replaces IAS 39, *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method be used, replacing the multiple impairment methods in IAS 39. IFRS 9 also includes requirements relating to a new hedge accounting model, which represents a substantial overhaul of hedge accounting, which will allow entities to better reflect their risk management activities in the financial statements.

Under IFRS 9, financial assets are classified on the basis of both the business model in which the assets are managed and the contractual cash flow characteristics of the asset. Financial assets after initial recognition are classified and measured either as: (i) amortized cost; (ii) fair value through other comprehensive income (FVOCI) with fair value gains or losses recycled into net income on derecognition; or (iii) fair value through profit and loss (FVTPL). Financial liabilities are classified and measured either as: (i) amortize cost; or (ii) FVTPL. No transitional adjustments have been recorded relating to the Company's adoption of IFRS 9 as at January 1, 2018 in the Annual Financial Statements.

Changes in accounting policies (cont'd)

IASB Annual Improvements 2015-2017 Cycle (Issued in December 2017)

In December 2017, the IASB issued amendments to four standards IFRS 3, *Business Combinations*, IFRS 11, *Joint Arrangements*, IAS 12, *Income Taxes*, and IAS 23, *Borrowing Costs*. These amendments became effect on January 1, 2019. The implementation of these standards did not have a significant impact on the Annual Financial Statements.

IFRIC 23, Uncertainty over Income Tax Treatment

In June 2017, the IASB issued amendments as a clarification to requirements under IAS 12, *Income Taxes*. IFRIC 23 clarifies the application of various recognition and measurement requirements when there is uncertainty over income tax treatments. The amendments became effective on January 1, 2019. The amendments did not have an impact on the Annual Financial Statements.

Disclosure controls and procedures and internal control over financial reporting

Disclosure controls and procedures

The CEO and CFO have designed or caused to design controls to provide reasonable assurance that: (i) material information relating to the Company is made known to management by others, particularly during the period in which the annual and interim filings are being prepared; and (ii) information required to be disclosed by the Company in its annual and interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time frame specified in the securities legislation.

Based on the evaluations, the CEO and CFO have concluded that the Company's disclosure controls and procedures were adequate and effective.

Internal control over financial reporting

Real has established internal controls over financial reporting to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of Annual Financial Statements for external purposes in accordance with IFRS. Management, including the Company's CEO and CFO, have determined that as at December 31, 2019 and 2018, the internal controls over financial reporting were effective.

Inherent limitations

It should be noted that in a control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Given the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, including instances of fraud, if any, have been detected. These inherent limitations include, among other items: (i) that management's assumptions and judgments could ultimately prove to be incorrect under varying conditions and circumstances; (ii) the impact of any undetected errors; and (iii) controls may be circumvented by unauthorized acts of individuals, by collusion of two or more people, or by management override.

Disclosure controls and procedures and internal control over financial reporting (cont'd)

Key management compensation

The Company's key management personnel are comprised of the Board of Directors and current members of the executive team, the Chief Executive Officer, the Chief Financial Officer and the Chief Marketing Officer. Key management personnel compensation for the year consistent of the following:

<i>In thousands of US dollars</i>	2019	2018
Salaries and benefits	429	483
Short-term employee benefits	8	7
Consultancy	19	-
Share-based payments (recovery)	488	(25)
	944	465

Executive officers participate in the Company's stock option program. Furthermore, real estate agents of the Company are entitled to participate in the stock option program if they meet certain eligibility criteria.

Market conditions and industry trends

General

Throughout 2019, homes buyers leveraged decreasing interest rates to purchase homes at an increased level. The consensus amongst economists is that interest rates will remain under 4% during 2020 which is likely to support an increasing demand from home buyers.

Inventory

According to National Association of Realtors ("NAR"), the inventory of existing homes for sale in the U.S. was 1.6 million as of January 2019 and decreased to 1.4 million at the end of December 2019. As a result, inventory has decreased from 3.7 average months of supply as of December 2018 to 3.0 average months' supply as of December 2019.

Mortgage rates

According to the Federal Housing Finance Agency, mortgage rates on commitments for 30-year, conventional, fixed-rate first mortgages averaged 3.9% for 2019 compared to 4.5 in 2018. Mortgage rates are forecasted to slightly increase in 2020. To the extent mortgage rates increase further, consumers continue to have financing alternatives such as adjustable rate mortgages or shorter-term mortgages which can be utilized to obtain a mortgage rate that is lower than a comparable 30-year fixed-rate mortgage.

Factors that may negatively affect growth in the housing industry include prolonged periods of slow economic growth, increased prevalence of unemployment, increasing mortgage interest rates, increase in home sales prices, insufficient inventory levels, regulations imposed by local, state and federal government agencies, geopolitical instability, first time home buyers inability to save due to increasing rent prices, other debt including credit cards and student loans, and adverse shifts in consumer attitudes towards home ownership.

Market conditions and industry trends (cont'd)

Existing home sales

NAR existing home sale transactions for month end December 2019 increased 10.8% to a seasonally-adjusted annual rate of 5.54 million, compared to the same period in 2018. On a full-year basis, total existing-home sales ended at 5.34 million, the same level as in 2018. During this same period, Real revenue increased 86% compared to the same period in 2018. As of their most recent releases, NAR is forecasting existing home sales to decrease by 10% in 2020.

Regardless of whether the housing market continues to show solid demands and price increases or slows down, Real is positioned to continue to capture market share due to our low-cost, high-value model, affording agents, teams and brokers increased income and ownership opportunities which are increasingly important in times of economic uncertainty.

Existing home sales price

Existing home sales average price for December 2019 was \$274 compared to \$254 in December 2018

Risks and uncertainties

There are a number of risk factors that could cause future results to differ materially from those described herein. The risks and uncertainties described herein are not the only ones the Company faces. Additional risks and uncertainties, including those that the Company does not know about as of the date of this MD&A, or that it currently deems immaterial, may also adversely affect the Company's business. If any of the following risks actually occur, the Company's business may be harmed, and its financial condition and the results of operation may suffer significantly.

Limited operating history

Our limited operating history makes it difficult for potential investors to evaluate our business or prospective operations. As an early stage company, we are subject to all the risks inherent in the initial organization, financing, expenditures, complications and delays inherent in a new business. Investors should evaluate an investment in us in light of the uncertainties encountered by developing companies in a competitive and evolving environment. Our business is dependent upon the implementation of our business plan. We may not be successful in implementing such plan and cannot guarantee that, if implemented, we will ultimately be able to attain profitability.

Additional financing

We will need additional capital in the future to continue to execute our business plan. Therefore, we will be dependent upon additional capital in the form of either debt or equity to continue our operations. At the present time, we do not have arrangements to raise additional capital, and we will need to identify potential investors and negotiate appropriate arrangements with them. We may not be able to arrange enough investment within the time the investment is required or that if it is arranged, that it will be on favorable terms. If we cannot obtain the needed capital, we may not be able to become profitable and may have to curtail or cease our operations.

Success of the platform

Our business strategy is dependent on our ability to develop platforms and features to attract new businesses and users, while retaining existing ones. Staffing changes, changes in user behavior or development of competing platforms may cause users to switch to alternative platforms or decrease their use of our platform. There is no guarantee that agents will use these features and we may fail to generate revenue. Additionally, any of the following events may cause decreased use of our platform:

Risks and uncertainties (cont'd)

Success of the platform (cont'd)

- Emergence of competing platforms and applications;
- Inability to convince potential agents to join our platform;
- Technical issues on certain platforms or in the cross-compatibility of multiple platforms;
- Securities breaches with respect to our data;
- A rise in safety or privacy concerns; and
- An increase in the level of spam or undesired content on the network.

Management team

We are highly dependent on our management team, specifically our Chief Executive Officer. If we lose key employees, our business may suffer. Furthermore, our future success will also depend in part on the continued service of our key management personnel and our ability to identify, hire, and retain additional personnel. We do not carry "key-man" life insurance on the lives of our executive officer, employees or advisors. We experience intense competition for qualified personnel and may be unable to attract and retain the personnel necessary for the development of our business. Because of this competition, our compensation costs may increase significantly.

Monetization of platform

There is no guarantee that our efforts to monetize the Real platform will be successful. Furthermore, our competitors may introduce more advanced technologies that deliver a greater value proposition to realtors in the future. All these factors individually or collectively may preclude us from effectively monetizing our business which would have a material adverse effect on our financial condition and results of operation.

Agents engagement

Our business model involves attracting real estate agents to our platform. There is no guarantee that growth strategies will bring new agents to our network. Changes in relationships with our partners, contractors and businesses we retain to grow our network may result in significant increases in the cost to acquire new agents. In addition, new agents may fail to engage with our network to the same extent current agents are engaging with our network resulting in decreased use of our network. Decreases in the size of our agents base and/or decreased engagement on our network may impair our ability to generate revenue.

Managing growth

Successful implementation of our business strategy requires us to manage our growth. Growth could place an increasing strain on our management and financial resources. To manage growth effectively, we need to continuously: (i) evaluate definitive business strategies, goals and objectives; (ii) maintain a system of management controls; and (iii) attract and retain qualified personnel, as well as, develop, train and manage management-level and other employees. If we fail to manage our growth effectively, our business, financial condition or operating results could be materially harmed.

Competition

We compete with both start-up and established technology companies and brokerages. Our competitors may have substantially greater financial, marketing and other resources than we do and may have been in business longer than we have or have greater name recognition and be better established in the technological or real estate markets than we are. If we are unable to compete successfully with other businesses in our existing market, we may not achieve our projected revenue and/or user targets which may have a material adverse effect on our financial condition.

Risks and uncertainties (cont'd)

Volatility

The market price of our common stock could fluctuate significantly in response to various factors and events, including, but not limited to: our ability to execute our business plan; operating results below expectations; announcements regarding regulatory developments with respect to the real estate industry; our issuance of additional securities, including debt or equity or a combination thereof, necessary to fund our operating expenses; announcements of technological innovations or new products by us or our competitors; and period-to-period fluctuations in our financial results. In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our common stock.

Loss of investment

An investment in our securities is speculative and involves a high degree of risk. Potential investors should be aware that the value of an investment in the Company may go down as well as up. In addition, there can be no certainty that the market value of an investment in the Company will fully reflect its underlying value. Investors could lose their entire investment. Because we can issue additional shares of common stock, purchasers of our common stock may incur immediate dilution and experience further dilution.

As of the date of this MD&A, we are authorized to issue up to 123,000 ordinary shares of which 1,187 shares of ordinary shares are issued and outstanding. Our Board of Directors has the authority to cause us to issue additional shares of common stock without consent of any of stockholders. In addition, we are authorized to issue up to 66,000 shares of preferred stock of which 11,750 shares of preferred stock are issued and outstanding as of the date of this MD&A. Consequently, our stockholders may experience further dilution in their ownership of our stock in the future, which could have an adverse effect on the trading market for our common stock.

Furthermore, our Certificate of Incorporation gives our Board the right to create one or more new series of preferred stock. As a result, our Board may, without stockholder approval, issue preferred stock with voting, dividend, conversion, liquidation or other rights that could adversely affect the voting power and equity interests of the holders of our common stock. Preferred stock, which could be issued with the right to more than one vote per share, could be used to discourage, delay or prevent a change of control of our Company, which could materially adversely affect the price of our common stock.

An investment in our securities is speculative and involves a high degree of risk. Potential investors should be aware that the value of an investment in the Company may go down as well as up. In addition, there can be no certainty that the market value of an investment in the Company will fully reflect its underlying value. Investors could lose their entire investment.

Cyber security threats

A cyber incident is an intentional or unintentional event that could threaten the integrity, confidentiality or availability of the Company's information resources. These events include, but are not limited to, unauthorized access to information systems, a disruption to our information systems, or loss of confidential information. Real's primary risks that could result directly from the occurrence of a cyber incident include operational interruption, damage to our public image and reputation, and/or potentially impact the relationships with our customers.

We have implemented processes, procedures and controls to mitigate these risks, including, but not limited to, firewalls and antivirus programs and training and awareness programs on the risks of cyber incidents. These procedures and controls do not guarantee that the financial results may not be negatively impacted by such an incident.

Subsequent events

Issuance of convertible debentures

On February 16, 2020, the Company issued convertible debentures of \$200. The convertible debentures are non-interest bearing unless it is paid subsequent to March 25, 2020, the target date for the Qualifying Transaction (see below), which after will bear bearing interest at 4% per annum.

Qualifying transaction

On August 13, 2019, ADL Ventures Inc. ("ADL") entered into a Letter of Intent with Real, which provides for the acquisition of all of the issued and outstanding securities of Real in exchange for:

(a) the issuance of common shares of ADL to shareholders of Real on the basis of 1.0083 ADL common shares for each Real common share (including Real common shares to be issued upon conversion of Real preferred shares on a one-for-one basis immediately prior to the closing of the transaction); and

(b) convertible securities of ADL in exchange for outstanding convertible securities of Real, with appropriate adjustments.

On May, 2020, ADL and Real entered into a Transaction Agreement (the "Qualifying Transaction"). Following the closing, the resulting issuer will be named "Real Technology Brokerage Inc.", and will carry on the business of Real.

Coronavirus ("COVID-19")

Since December 31, 2019, the outbreak of the novel string of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused a material interruption to businesses, resulting in a global economic slowdown.

The global equity markets have experienced significant volatility and weakness, with the government and central bank reacting with significant monetary and fiscal interventions designed to stabilize the economic conditions. The duration and impact of COVID-19 is unknown, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of those developments and the impact on the financial results and condition of the Company and its operating subsidiaries in future periods.

Paycheck Protection Program Loan

On May 9, 2020, the Company entered into a loan agreement with JPMorgan Chase Bank as the lender ("Lender") in an aggregate principal amount of \$172 ("PPP Loan") as part of the Paycheck Protection Program under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act. The PPP Loan is evidenced by a promissory note. Subject to the terms of the promissory note, the PPP Loan bears interest at a rate of 1% per annum, with the first six months of interest deferred, has a term of 2 years, and is unsecured and guaranteed by the Small Business Administration. The Company may apply to the Lender for forgiveness of PPP Loan, with the amount which may be forgiven equal to the sum of payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Company during a predefined period as determined by the CARES Act.

Real Technology Broker Limited

Management's Discussion and Analysis

For the years ended December 31, 2019 and 2018



Additional information

These documents, as well as additional information regarding Real, have been filed electronically on Real's website at www.joinreal.com. Additional information, including the directors' and officers' remuneration and indebtedness, principal holders of Real's securities, common share issuances, options to purchase the Company's securities authorized for issuance under the equity compensation plans, as of December 31, 2019, will be contained in Real's Management Information Circular to be furnished in connection with the annual meeting of the shareholders to be held on June, 2020.