Brookfield Real Estate Services

For Immediate Release

Brookfield Real Estate Services Fund Announces Fourth Quarter and Fiscal 2008 Results and Monthly Cash Distribution
2008 Royalties increased 7.4%
2008 Distributions increased 9.3%

Toronto, ON – March 11, 2009 – (TSX – BRE.UN) Brookfield Real Estate Services Fund (the "Fund") today announced that royalties for the year ended December 31, 2008 increased 7.4% over 2007 to $34.9 million. Distributable cash increased 4.1% to $24.4 million ($1.84 per unit) from $23.5 million ($1.76 per unit) in 2007, and net earnings were $5.3 million ($0.53 per unit) compared with $7.7 million ($0.77 per unit) in 2007.

The year-over-year increase in royalties reflects continued growth in the Fund's underlying REALTOR®[1] network despite slowing real estate markets. The Fund's REALTOR® network grew 10.8% to 14,594 REALTORS® at year end while transaction dollar volume for the Canadian resale residential real estate market declined 17.6% to $131.9 billion. The year-over-year reduction in net earnings mainly results from increased amortization of intangible assets associated with the franchise agreements acquired in January 2008 and recording of a future income tax recovery of $1.8 million in 2007 in accordance with new tax legislation.

"Our ability to increase revenue in 2008 despite declining activity in the Canadian residential real estate market demonstrates the stability provided by our royalty structure and the continuing ability of our brands to attract new brokerages and agents," said Phil Soper, President and Chief Executive. "In 2008, approximately 69% of our royalties were fixed in nature, linked directly to the size of our network. Home sales activity slowed significantly as the year progressed but we continued to post year-over-year revenue growth, supporting distributable cash. This was most evident in the forth quarter when the Fund generated distributable cash of $5.3 million, consistent with the same period a year prior, while market transactional dollar volume decreased 40.5%.

"During 2008, we expanded our network of REALTORS® by 10.8% while the industry grew by only 2.8%. However, during the fourth quarter, our network did decline by 172 REALTORS® from the previous quarter, as less productive agents exited the industry. We remain responsive to our brokers and agents and have added services to assist them as the environment shifted to a buyers' market from one that was supply constrained."

A summary of our year-end and fourth quarter results is as follows:

	Fourth Quarter				Year Ended December 31,			
	2008		2007		2008		2007	
	(thousands)	(per unit)	(thousands)	(per unit)	(thousands)	(per unit)	(thousands)	(per unit)
Royalties	$ 7,740	$ 0.58	$ 7,448	$ 0.56	$ 34,883	$ 2.62	$ 32,491	$ 2.44
Net earnings	$ 200	$ 0.02	$ 917	$ 0.09	$ 5,270	$ 0.53	$ 7,718	$ 0.77
Distributable cash [2]	$ 5,310	$ 0.40	$ 5,320	$ 0.40	$ 24,437	$ 1.84	$ 23,478	$ 1.76
Distributions	$ 4,647	$ 0.35	$ 4,076	$ 0.31	$ 17,452	$ 1.31	$ 15,972	$ 1.20

[1] REALTOR® is a trademark identifying real estate licensees in Canada who are members of the Canadian Real Estate Association.
[2] Defined as royalties less administrative expenses, interest expense and management fee. Distributable cash does not have a standardized meaning under Canadian generally accepted accounting principles. Management believes that distributable cash is a useful supplemental measure of performance as it provides investors with an indication of the amount of cash for distribution to unitholders. Investors are cautioned that distributable cash should not be construed as an alternative to using net earnings as a measure of profitability or the statement of cash flows.

In the fourth quarter, royalty revenue increased 3.9% over the same quarter in 2008 to $7.7 million resulting from the increase in the network of REALTORS®, and the royalty fee structure which is predominantly based on agent count driven fixed fees. Distributable cash was unchanged at $5.3 million or $0.40 per unit.

In the fourth quarter net earnings were $0.2 million or $0.02 per unit compared to net earnings of $0.9 million or $0.09 per unit in the fourth quarter of 2007. The year over year fourth quarter decrease in net earnings mainly results from increased amortization of intangible assets associated with the franchise agreements acquired in January 2008, increased interest expense associated with the financing of the franchise agreements acquired on January 1, 2008 and an unrealized loss of $0.3 million recorded on an interest rate swap as this financial derivative is required to be valued at market under generally accepted accounting principles. This was slightly offset by a $0.3 million future income tax loss recorded in the fourth quarter of 2007.

Fund Growth

On January 1, 2009, the Fund began the year with a total of 14,910 REALTORS®, representing an increase of 466 REALTORS®, up 3.2% from January 1, 2008. This growth was in line with our annual growth target of 300 to 500 REALTORS®. Of the 466 additional REALTORS®, 150 were added organically through recruitment and 316 REALTORS® joined through the Fund's acquisition of 21 franchise contracts on January 1, 2009. Of these new contracts, 18 represented locations serviced by an estimated 230 agents operating under the Royal LePage brand and three represented locations serviced by an estimated 86 agents operating under the La Capitale Real Estate Network brand.

Monthly Cash Distribution

The Brookfield Real Estate Services Fund today declared a cash distribution of $0.117 per unit for the month of March 2009, payable April 30, 2009, to unitholders of record on March 31, 2009.

Normal Course Issuer Bid

On October 3, 2008, the Toronto Stock Exchange approved the Fund's notice of intention to make a normal course issuer bid for up to 499,150 of its units, representing 5% of its 9,983,000 units outstanding as of September 30, 2008. The Fund may purchase units at prevailing market prices during the period from October 7, 2008 to October 6, 2009. As of December 31, 2008, the Fund had purchased and cancelled 163,720 units at an average cost of $7.53 per unit, totaling $1.2 million. During the period January 1, 2009, through March 10, 2009, the Fund purchased and cancelled 168,400 units at an average cost of $8.67 per unit, totaling $1.5 million.

Outlook

"The current slowdown in housing markets reflects the end of an expansionary period for Canadian housing that goes back to the start of the decade, exacerbated by the impact of the global financial crisis on employment, mortgage financing availability and consumer confidence." said Mr.Soper.

"In the short term, the recession and the slowdown in housing markets will affect our business and place downward pressure on the Fund's performance. The impact of the market on our variable fees and the number of REALTORS® in our network are key drivers of our distributable cash. Our objective is to offset an anticipated increase in REALTOR® attrition with focused recruiting and franchise acquisition efforts. While it will be a difficult year for real estate practitioners, we believe that a strong company such as ours may uncover new acquisition opportunities as weaker firms seek affiliation with an organization that is able to provide differentiating services to their agents.

"The full impact of the market slowdown is not clear. The key variables that we are focused on during these difficult economic times are agent attrition, accounts receivable collection and franchisee financial hardship. Strategies have been put in place to mitigate each risk element.

"Longer term, our outlook for the industry remains positive and we believe in the Fund's substantial potential as we execute our multi-brand growth strategy. With leading brands and leading industry performance, we can continue to be a successful consolidator in Canada. With our well-developed operating platform, we believe that substantial growth opportunities will also emerge in the U.S.," concluded Mr. Soper.

Fund Structure

The Fund generates both fixed and variable fee components. Variable fees are primarily driven by the total transactional-dollar volume from agent sales commissions, while fixed franchise fees are based on the number of agents and sales representatives in the network. Approximately 69% of the Fund's revenue is based on fixed fees from a large number of long-term franchisee contracts, which provide revenue stability and help insulate the Fund from market fluctuations.

Q4 Conference Call

A conference call for investors, analysts and media to review the fourth quarter results will be held on Wednesday, March 11, 2009, at 10:00 a.m. (Eastern Time). To participate in the conference call, please dial toll free 1-800-319-4610 approximately five minutes before the call. For those unable to participate in the conference call, it will be available by webcast, and a replay will also be posted online following the conference call at www.brookfieldres.com under "News & Events".

About the Brookfield Real Estate Services Fund

The Fund is a leading provider of services to residential real estate REALTORS®[1]. The Fund generates cash flow from franchise royalties and service fees derived from a national network of real estate brokers and agents in Canada operating under the Royal LePage, La Capitale Real Estate Network and Johnston & Daniel brand names. At January 1, 2009, the Fund Network was comprised of 14,910 REALTORS®. The Fund Network has an approximate 22% share of the Canadian residential resale real estate market based on transactional dollar volume. The Fund is a TSX listed income trust, which pays monthly distributions and trades under the symbol "BRE.UN". The Fund's website address is www.brookfieldres.com

Forward-Looking Statements

This quarterly news release contains forward-looking information and other "forward-looking statements".The words such as "should", "will", "continue", "plan", "believe", "expect", "anticipate", "intend", "estimate" and other expressions which are predictions of or indicate future events and trends and which do not relate to historical matters identify forward-looking statements. Reliance should not be placed on forward-looking statements because they involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Fund to differ materially from anticipated future results, performance or achievement expressed or implied by such forward-looking statements. Factors that could cause actual results to differ materially from those set forward in the forward-looking statements include a change in general economic conditions, interest rates, consumer confidence, the level of residential resale transactions, the average rate of commissions charged, competition from other traditional real estate brokers or from discount and/or internet-based real estate alternatives, the availability of acquisition opportunities and/or the closing of existing real estate offices, other developments in the residential real estate brokerage industry or the Fund that reduce the number of and/or royalty revenue from the Fund's REALTORS®, our ability to maintain brand equity through the use of trademarks, the availability of equity and debt financing, a change in tax provisions, the effect of a residential resale market slowdown on franchisees' ability to meet contract terms with the Fund, and other risks detailed in the Fund's annual information form which is filed with securities commissions and posted on SEDAR at www.sedar.com. The Fund undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

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Brookfield Real Estate Services Fund

Consolidated Balance Sheets

As at December 31, 2008 and 2007 (in thousands of dollars)		**2008**		2007
Assets				
Current assets				
Cash	**$**	**7,924**	$	7,516
Accounts receivable		**3,224**		2,752
Prepaid expenses		**145**		84
		11,293		10,352
Future income tax asset (note 6)		**–**		1,819
Intangible assets (note 5)		**126,647**		117,279
	$	**137,940**	$	129,450
Liabilities and Unitholders' Equity				
Current liabilities				
Accounts payable and accrued liabilities	**$**	**2,551**	$	2,232
Purchase obligation (note 4)		**3,031**		2,295
Distribution payable to unitholders		**1,148**		998
		6,730		5,525
Long-term debt (note 8)		**51,615**		37,617
Purchase obligation (note 4)		**3,180**		–
Financial derivative (note 8)		**365**		–
Future income tax liability (note 6)		**1,193**		–
Non-controlling interest (note 9)		**19,701**		22,106
		82,784		65,248
Unitholders' equity		**55,156**		64,202
	$	**137,940**	$	129,450

See accompanying notes to the consolidated financial statements

Brookfield Real Estate Services Fund

Consolidated Statements of Earnings and Comprehensive Earnings

Years ended December 31 (in thousands of dollars, except unit and per unit amounts)		**2008**		2007
Royalties				
Fixed franchise fees	**$**	**17,698**	$	14,872
Variable franchise fees		**8,291**		8,566
Premium franchise fees		**4,450**		5,290
Other fees and services		**4,444**		3,763
		34,883		32,491
Expenses				
Administration		**817**		725
Management fee (note 3)		**6,455**		5,869
Interest expense		**3,174**		2,419
Other loss (note 8)		**365**		–
Amortization of intangible assets (note 5)		**16,886**		14,804
		27,697		23,817
Earnings before income tax and non-controlling interest		**7,186**		8,674
Future income tax recovery (note 6)		**48**		1,819
Earnings before non-controlling interest		**7,234**		10,493
Non-controlling interest (note 9)		**(1,964)**		(2,775)
Net and comprehensive earnings	**$**	**5,270**	$	7,718
Basic and diluted earnings per unit (9,974,391 weighted average units) (2007 – 9,983,000 units) (note 11)	**$**	**0.53**	$	0.77

See accompanying notes to the consolidated financial statements

Consolidated Statements of Unitholders' Equity

(in thousands of dollars)	Units	Contributed Surplus	Net Earnings	Distributions	Net Deficit	Total
Balance, January 1, 2007	$ 92,938	$ –	$ 13,506	$ (37,980)	$ (24,474)	$ 68,464
Changes during the period:						
Net income		–	7,718	–	7,718	7,718
Unit distributions		–	–	(11,980)	(11,980)	(11,980)
Balance, December 31, 2007	$ 92,938	$ –	$ 21,224	$ (49,960)	$ (28,736)	$ 64,202
Changes during the period:						
Issuer repurchases (Note 10)	(1,637)	404	–	–	–	(1,233)
Net earnings		–	5,270	–	5,270	5,270
Unit distributions		–	–	(13,083)	(13,083)	(13,083)
Balance, December 31, 2008	**$ 91,301**	**$ 404**	**$ 26,494**	**$ (63,043)**	**$ (36,549)**	**$ 55,156**

There is no accumulated other comprehensive income or loss to the Fund.

See accompanying notes to the consolidated financial statements

Brookfield Real Estate Services Fund

Consolidated Statements of Cash Flows

Years ended December 31, (in thousands of dollars)		2008		2007
Cash provided by (used for):				
Operating activities				
Net earnings for the year	**$**	**5,270**	$	7,718
Items not affecting cash				
Non-controlling interest		**1,964**		2,775
Future income tax recovery		**(48)**		(1,819)
Non-cash interest expense (note 8)		**283**		162
Change in value of derivatives		**365**		–
Amortization of intangible assets		**16,886**		14,804
Changes in non-cash working capital (note 13)		**(546)**		(769)
		24,174		22,871
Investing activities				
Purchase of intangible assets (note 4)		**(16,984)**		(5,757)
Payment of purchase price obligation		**(2,295)**		(576)
Repurchase of Fund units		**(291)**		–
		(19,570)		(6,333)
Financing activities				
Proceeds from Term Facility (Note 8)		**13,715**		–
Distributions paid to unitholders		**(12,933)**		(11,980)
Distributions paid to non-controlling interest		**(4,978)**		(3,993)
		(4,196)		(15,973)
Increase in cash during the year		**408**		565
Cash, beginning of year		**7,516**		6,951
Cash, end of year	**$**	**7,924**	$	7,516

See supplemental cash flow disclosure (note 13)

See accompanying notes to the consolidated financial statements

Notes to the Consolidated Financial Statements

December 31, 2008 and 2007 (in thousands of dollars)

1. Organization

Brookfield Real Estate Services Fund (the "Fund") is a limited purpose trust established under the laws of the Province of Ontario and pursuant to an Amended and Restated Declaration of Trust. On August 7, 2003, the Fund raised $99,830 (before issue costs) by issuing units on the Toronto Stock Exchange. These proceeds together with the proceeds of a term loan were utilized to acquire franchise agreements, relationships and trademark rights.

2. Significant Accounting Policies

Basis of presentation

These consolidated financial statements include the accounts of Brookfield Real Estate Services Fund, its wholly-owned subsidiary RL RES Holding Trust ("RLHT"), and its 75% owned subsidiaries, Residential Income Fund General Partner Limited ("RIFGP"), Residential Income Fund L.P. (the "Partnership"), 9120 Real Estate Network, L.P. ("LCLP"), a wholly owned subsidiary of the Partnership and 9188-5517 Quebec Inc., the "General Partner of LCLP". RIFGP is the managing general partner of the Partnership. Trilon Bancorp Inc. (the "non-controlling interest") owns the remaining 25% interest in the Partnership and RIFGP. The Fund receives certain management, administrative and support services from Brookfield Real Estate Services Ltd. ("BRESL"), a party related to the non-controlling interest via common control.

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The Fund's significant accounting policies are as follows:

Revenue recognition

Franchise fees are generally based on a percentage of an agent's gross revenue ("Variable Franchise Fees") to a specified maximum plus a dollar amount per agent ("Fixed Franchise Fees"). Gross revenue is the gross commission income (net of outside broker payments) paid in respect of the closings of residential resale real estate transactions. Variable Franchise Fees are recognized as income at the time a residential resale real estate transaction closes or lease is signed by the vendor or lessor. Fixed Franchise Fees are recognized as income as earned.

Premium franchise fees are calculated as a percentage ranging from 1% to 5% of an agent's gross commission income for a select number of franchise locations. These fees are recognized as income at the time a residential resale real estate transaction closes or a lease is signed by the vendor or lessor.

Other fee-based revenues are generally recognized as income when the related services have been provided. Any prepayment for future service is recorded as deferred revenue. Deferred revenue as at December 31, 2008 was $140 (2007 – $161).

Intangible assets

Intangible assets, consisting of franchise agreements, relationships and trademark rights are recorded at cost less accumulated amortization. The franchise agreements are being amortized over the term of the agreements using the effective rate method. Relationships are amortized over one renewal period, at the commencement of that period, using the effective rate method. The trademarks are amortized on a straight-line basis over the term of the agreement plus one renewal period, if applicable. The Fund reviews the carrying value of the intangible assets for impairment whenever events or circumstances indicate the carrying value may not be recoverable. If impairment is determined to exist, the intangible assets are written down to their fair value.

Earnings per unit

The earnings per unit are based on the weighted average number of units outstanding during the year. Diluted earnings per unit are calculated to reflect the dilutive effect, if any, of the non-controlling interest exercising its right to exchange its Subordinated LP Units of the Partnership into units of the Fund after August 7, 2008.

Use of estimates
The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination the carrying value of intangible assets, determination of the future tax balances, useful lives for amortization of intangible assets and provisions for contingencies. Actual results could differ from those estimates.

Financial instruments

i) On January 1, 2008, the Fund adopted CICA Handbook Sections 3862, *Financial Instruments – Disclosures* and Section 3863, *Financial Instruments – Presentation*. These two new sections, replace Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*, revising and enhancing disclosure requirements and carrying forward, unchanged, existing presentation requirements. These new sections place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Fund has included these disclosures in Note 14.

ii) All financial instruments are classified into one of the following five categories: held-for-trading; held-to-maturity; loans and receivables; available-for-sale or other financial liabilities. All financial instruments, including derivatives, are measured at fair value, except for loans and receivables, held-to-maturity instruments and other financial liabilities, which are measured at amortized cost. Transaction costs for financial liabilities are applied against these liabilities and amortized using the effective interest method, the resulting amortization being recorded as financial expenses. Gains and losses on held-for-trading financial instruments are included in net income in the period in which they arise.

The Fund made the following classifications:

Cash or cash equivalents	Held-for-trading
Accounts receivable	Loans and receivables
Accounts payable and accrued liabilities	Other financial liabilities
Purchase obligation	Other financial liabilities
Distributions payable to unitholders	Other financial liabilities
Long-term debt	Other financial liabilities

iii) The Fund utilizes a derivative financial instrument to manage its interest rate risk. Derivative financial instruments are classified as Held-for-trading and are carried at estimated fair values. Gains or losses arising from changes in fair value are recognized in the consolidated statement of earnings and are classified as other income or loss in the period the change occurs.

iv) The Fund did not have any financial instruments at December 31, 2008 that would result in Other Comprehensive Earnings to the Fund.

Capital Disclosures
On January 1, 2008, the Fund adopted CICA Handbook Section 1535, *Capital Disclosures*. This section establishes standards for disclosing information about an entity's capital and how it is managed to enable users of financial statements to evaluate the entity's objectives, policies and procedures for managing capital. The Fund has included this disclosure in Note 15.

Future Accounting Changes

Goodwill and Intangible Assets

On January 31, 2008, the CICA issued a new accounting standard, Section 3064 – *Goodwill and Intangible Assets*. Section 3064 will replace Section 3062 – *Goodwill and Other Intangible Assets* and Section 3450 – *Research and Development Costs*. Section 3064 establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. This new standard, regarding intangible assets, will be effective for the Fund in the first quarter of 2009. The Fund has evaluated this standard and determined that there is no impact to the consolidated financial statements.

Business Combinations

In January 2009, the CICA issued new accounting standards concerning Business Combinations (“Section 1582”), Non-controlling Interests (“Section 1602”) and Consolidated Financial Statements (“Section 1601”), which is based on the IASB’s International Financial Reporting Standard 3, “Business Combinations”. The new standards replace the existing guidance on business combinations and consolidated financial statements. The objective of the new standards is to harmonize Canadian accounting for business combinations with the international and U.S. accounting standards. The new standards are to be applied prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011, with earlier application permitted. Assets and liabilities that arose from business combinations whose acquisition dates preceded the application of the new standards shall not be adjusted upon application of these new standards. The Non-controlling Interests standard should be applied retrospectively except for certain items.

The Company is assessing whether it will apply the new accounting standards at the beginning of its 2011 fiscal year or elect to early adopt the new accounting standards at the beginning of its 2010 fiscal year in order to minimize the amount of restatement when the Company adopts International Financial Reporting Standards (“IFRS”). The impact of the new standards on the Company’s results of operations, financial position and disclosures will be assessed as part of the Company’s IFRS transition project.

3. Management Services Agreement

On January 1, 2008, the Fund entered into an Amended and Restated Management Services Agreement (“MSA”) with BRESL, a party related to the non-controlling interest via common control. This agreement replaced the original Management Services Agreement which commenced August 7, 2003 with an initial term of 10 years and automatically renewable for successive 10-year periods subject to approval of the Fund and BRESL. The termination date and renewal periods of the MSA remain consistent with the original agreement. Under the MSA, BRESL is to provide certain management, administrative and support services to the Fund and its subsidiaries and in return is paid a monthly fee equal to 20% of the cash of the Partnership otherwise available for distribution and 30% of LCLP available for distribution. For the year ended December 31, 2008, BRESL earned $6,455 for these services (2007 – $5,869). The MSA also prescribes the conditions under which the Fund purchases contracts from BRESL and the formula for calculating the purchase price.

4. Asset Acquisitions

On January 1, 2008, the Partnership acquired 16 new Royal LePage franchise agreements from BRESL at a purchase price of $3,984 and $303 of related legal and other acquisition costs, in accordance with the terms set out in the MSA.

On January 1, 2008, the Partnership acquired 100% of the partnership units of LCLP, which holds franchise agreements operating under the La Capitale brand in Quebec and associated trademarks, and 100% of the shares of the General Partner of LCLP for an estimated purchase price of $18,907, including $151 of related legal and other acquisition costs from Trilon Bancorp Inc., the parent company of BRESL. The estimated purchase price is calculated in accordance with the terms of the Fund’s MSA and the Unit and Share Purchase Agreement negotiated by the Fund’s Trustees and is based on an estimated annual royalty stream of $2,718. The estimated price is to be revised at the end of each of the next two years based on the average annual royalty stream over the three-year period from November 1, 2007 to October 31, 2010.

The acquisitions during 2008 are summarized as follows:

	Royal LePage	LCLP	Total	2007 Total
Franchise agreements	$ 2,941	$ 10,842	$ 13,783	$ 8,038
Relationships and trademarks	1,346	11,125	12,471	–
	4,287	21,967	26,254	8,038
Future income tax liability	–	(3,060)	(3,060)	–
	$ 4,287	$ 18,907	$ 23,194	$ 8,038

The consideration paid, including transaction costs, consists of the following:

	Royal LePage	LCLP	Total	2007 Total
Cash on hand	$ 2,968	$ 1,050	$ 4,018	$ 5,743
Proceeds of term facility	–	12,965	12,965	–
	2,968	14,015	16,983	5,743
Remaining purchase price obligation, current	1,319	1,712	3,031	2,295
Remaining purchase price obligation, long-term	–	3,180	3,180	–
	$ 4,287	$ 18,907	$ 23,194	$ 8,038

On January 1, 2007, the Partnership acquired 22 Royal LePage franchise agreements from BRESL at a purchase price of $8,038 calculated in accordance with the MSA.

5. Intangible Assets

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

		2008	
	Cost	Accumulated Amortization	Net Book Value
Franchise agreements	**$ 147,176**	**$ 76,279**	**$ 70,897**
Relationships and trademarks	**57,299**	**1,549**	**55,750**
	$ 204,475	**$ 77,828**	**$ 126,647**

		2007	
	Cost	Accumulated Amortization	Net Book Value
Franchise agreements	$ 133,393	$ 59,988	$ 73,405
Relationships and trademarks	44,828	954	43,874
	$ 178,221	$ 60,942	$ 117,279

Amortization for the year ended December 31, 2008 was $16,886 (2007 – $14,804).

6. Future Income Taxes

On October 31, 2006, the Minister of Finance announced proposed tax legislation ("trust legislation") that will change the income tax rules applicable to publicly traded trusts rendering income trusts taxable in 2011. This trust legislation was substantively enacted into law on June 12, 2007, at which time the Fund gave accounting recognition to these new tax rules.

Prior to June 12, 2007, income tax obligations relating to distributions from the Fund were obligations of the unitholders and, accordingly, no provisions for income taxes were recorded by the Fund.

Under the trust legislation the Fund is not expected to be liable for current taxes until January 1, 2011. Beginning June 12, 2007, the Fund recognized future income taxes arising from those temporary tax differences expected to reverse after January 1, 2011 at the tax rates of 29.5% applicable to the Fund in 2011 and 28% thereafter.

The Fund had a future income tax asset of $1,819 at December 31, 2007. During the year ended December 31, 2008, the Fund recorded an additional non-cash future tax recovery of $48. The resulting future income tax asset totalled $1,867 as at December 31, 2008.

The assets of LCLP acquired by the Partnership as described in Note 4 were obtained on a tax-deferred basis with the related tax value attributed to the partnership units of LCLP held by the Partnership. Accordingly, the individual franchise agreements and trademarks of the partnership at the time of acquisition by the Fund did not have a tax basis. The temporary difference between the carrying value of these agreements and zero tax basis results in a future income tax liability. Under GAAP the Fund is required to adjust the carrying value of the acquired assets by an amount equal to the future income tax liability. Accordingly, during the year ended December 31, 2008, the Fund recorded future income tax liabilities of $3,060, which net of the future income tax asset described above resulted in a net future income tax liability of $1,193.

In 2011, when the Fund is expected to become a taxable entity, income taxes payable may reduce net earnings and may affect distributable cash by an equal amount.

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

For the year ended December 31,		**2008**		2007
Expected income tax expense at a statutory tax rate of 33.5% (2007 36%)	**$**	**1,749**	$	2,129
Effect of current year's income being distributed to unitholders		**(1,749)**		(2,129)
Future income tax recovery due to the trust legislation		**–**		1,819
Future income tax recovery due to ongoing operations and intangible assets		**48**		–
Future income tax recovery	**$**	**48**	$	1,819

The tax effect of the estimated temporary differences as at December 31, 2010 that give rise to the net future tax (liability) asset is as follows:

		2008		2007
Future tax asset (liability):				
Intangible assets	**$**	**(1,193)**	$	1,819
Net future tax (liability) asset	**$**	**(1,193)**	$	1,819

7. Operating Credit Facility

On February 16, 2005, the Partnership obtained a credit facility (the "revolver") of up to $2,000 from a Canadian financial institution. This revolver may be used to provide working capital to the Partnership from time to time. The revolver is subject to annual renewal with outstanding principal under the revolver subject to interest at the lender's prime rate plus 1% to 1.5% or the Bankers' Acceptance rate plus 2% to 2.5%, based on the ratio of total debt to Adjusted EBITDA of the Partnership as defined in the credit agreement. As at December 31, 2008, the operating credit facility had not been drawn upon.

On March 6, 2009, the operating line was renewed until February 17, 2010.

8. Long-Term Debt

A summary of the Fund's long-term debt is comprised of the following debt facilities, both of which mature on February 17, 2010:

As at December 31		**2008**		2007
Private debt placement	**$**	**37,791**	$	37,617
Term Facility		**13,824**		–
	$	**51,615**	$	37,617

a) Private Placement

On February 18, 2005, the Partnership completed the issuance of a $38,000 private debt placement, net of $822 in issue costs (the "private placement") provided by Canadian institutional investors. The private placement is for a five-year term with interest fixed at 5.882%, and only interest payable quarterly in arrears.

The private placement had a fair value of $37,406 at December 31, 2008 (2007 – $37,576).

During the year ended December 31, 2008, $173 of amortization of the issue costs was recorded as interest expense (2007 – $162).

b) Term Facility

On April 4, 2008, in connection with the LCLP acquisition, the Partnership completed a $15,000 Term Facility with a single Canadian financial institution from which the Fund drew down $14,000 on closing. Interest on the Term Facility is available in the form of floating prime rate payable quarterly, or Bankers' Acceptance rates plus 1% with terms of up to six months. The Fund paid $285 in issue costs for the Term Facility.

The Fund elected to classify the Term Facility as Other Liability, consistent with the classification of its preexisting long-term debt.

On April 7, 2008, the Partnership entered into an interest rate swap agreement, which fixed the variable portion of the Term Facility's interest at 3.29% for a total effective annual interest rate of 4.29% before legal and associated costs over the term of the facility. The Term Facility and interest rate swap mature on February 17, 2010, the same date as the private placement described above.

The Term Facility had a fair value of $13,183 on December 31, 2008. During the year ended December 31, 2008, $110 of amortization of issue costs was recorded as interest expense.

The interest rate swap is a financial derivative valued separately from the Term Facility. The Fund values the swap agreement at its market value, which as at December 31, 2008 was in an unrealized loss position of ($365). Changes in the value of the swap agreement are recorded as other income or loss. During the year ended December 31, 2008, $365 was recorded as other loss.

9. Non-Controlling Interest

The non-controlling interest owns 25 common shares in RIFGP and 3,327,667 Class B limited partnership units of the Partnership which reflects an effective 25% interest in the Partnership. An equivalent amount of Special Fund Units, which represent voting rights in the Fund, also accompanied the Class B LP Units. The Fund indirectly holds the remaining 75% interest in the Partnership through Class A limited partnership units of the Partnership ("Ordinary LP Units").

Prior to August 7, 2008 ("Conversion Date"), distributions to holders of the Class B limited partnership units ("Class B LP Units") were subordinated to the distributions to the holders of Class A limited partnership units ("Class A LP Units"). The non-controlling interest is entitled to indirectly exchange, on a one-for-one basis, subject to adjustment, the Class B LP Units for Units of the Fund on or after the conversion date. After August 7, 2008, there are no longer any restrictions to the non-controlling interests in disposing of its Class B units.

Effective August 7, 2008, the subordination period ended and distributions were paid to the holders of Class B LP Units on the same monthly schedule as distributions paid to holders of Class A LP Units.

As at December 31, 2008, the non-controlling interest had not elected to exchange the Class B LP Units for Fund Units.

A summary of the non-controlling interest is as follows:

	2008	2007
Non-controlling interest, beginning of year	**$ 22,106**	$ 23,324
Share of earnings for the year	**1,964**	2,775
Distributions during the year	**(4,369)**	(3,993)
Non-controlling interest, end of year	**$ 19,701**	$ 22,106

10. Fund Units

i) The Fund is authorized to issue an unlimited number of units, each of which represents an equal undivided beneficial interest in any distributions from the Fund. All units are of the same class with equal rights and privileges.

Pursuant to the Amended and Restated Declaration of Trust, the holder of the Special Fund Units, which accompanied the Class B LP Units (see Note 9), will be entitled to vote in all votes of Fund unitholders, as if they were holders of the number of units of the Fund they would receive if Class B LP Units were exchanged into units of the Fund as of the record date of such votes, and will be treated in all respects as unitholders of the Fund for the purpose of any such votes. The Special Fund Units are not entitled to receive distributions.

Units are redeemable at the option of the holder at a price based on the market value as defined in the Declaration of Trust, subject to a maximum of $50,000 in cash redemptions by the Fund in any one month. The limitation may be waived at the discretion of the Trustees of the Fund.

ii) On October 3, 2008, the Toronto Stock Exchange (“TSX”) approved the Fund’s notice of intention to make a normal course issuer bid (“NCIB”) for up to 499,150 of its units, representing 5% of its 9,983,000 outstanding units as of September 30, 2008. The Fund may purchase units at prevailing market prices during the period from October 7, 2008 to October 6, 2009. Purchases are made at market prices in accordance with the rules and policies of the TSX. Daily purchases are effected through the facilities of the TSX and limited to 3,800 units, other than block purchase exceptions. The Fund believes that the purchase by the Fund of a portion of its outstanding units may from time to time be an appropriate use of available resources and in the best interests of the Fund and its unitholders.

The Fund finances these purchases with a special distribution from the Partnership. Units purchased are cancelled at the end of each month.

As at December 31, 2008, the Fund purchased and cancelled 163,720 units at a total cost of $1,233. The repurchased units had an issued value of $1,637, resulting in a contributed surplus of $404.

	2008		**2007**	
Fund Units	**Units**	**Amount**	Units	Amount
Beginning of year	**9,983,000**	**$ 92,938**	9,983,000	$ 92,938
NCIB purchases	**(163,720)**	**(1,637)**	–	–
End of year	**9,819,280**	**$ 91,301**	9,983,000	$ 92,938

The number of Class A and Class B LP Units remain unchanged.

11. Earnings per Unit

The Special Fund Units, referred to in Note 9, were not included in the diluted per unit calculations as the effect would have been anti-dilutive.

12. Related Party Transactions

Unless disclosed elsewhere, the Fund had the following transactions with parties related to the non-controlling interest during years ended December 31, 2008 and 2007. These transactions have been recorded at the exchange amount agreed to between the parties.

			2008		2007
a)	Royalties				
	Fixed, variable and other franchise fees	**$**	**2,359**	$	2,248
	Premium franchise fees	**$**	**3,943**	$	4,473
b)	Expenses				
	Management fees	**$**	**6,455**	$	5,869
	Insurance and other	**$**	**102**	$	101
	Interest	**$**	**595**	$	–
c)	Distributions				
	Distributions paid to non-controlling interest	**$**	**4,978**	$	3,993

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

			2008		2007
d)	Accounts receivable				
	Franchise fees receivable and other	**$**	**394**	$	554
e)	Accounts payable and accrued liabilities				
	Distributions payable to non-controlling interest	**$**	**389**	$	998
	Management fees	**$**	**417**	$	429
	NCIB settlement payable	**$**	**942**	$	–
f)	Purchase obligation	**$**	**6,211**	$	2,295

13. Supplemental Cash Flow Information

			2008		2007
a)	Changes in non-cash working capital				
	Accounts receivable	**$**	**(472)**	$	(53)
	Prepaid expenses		**(61)**		8
	Accounts payable and accrued liabilities		**163**		(766)
	Distributions payable to unitholders		**150**		42
		$	**(546)**	$	(769)
b)	Supplementary information				
	Interest paid	**$**	**2,942**	$	2,235

14. Financial Instruments

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

a) Credit Risk

Credit risk arises from the possibility that the franchisees may experience financial difficulty and be unable to pay outstanding franchise fees. The Fund's credit risk is limited to the recorded amount of accounts receivable. Management reviews the financial position of all franchisees during the application process and closely monitors outstanding accounts receivable on an ongoing basis.

b) Liquidity Risk

The Fund is exposed to liquidity risk in its ability to finance its working capital requirements and meet its cash flow needs including paying ongoing future distributions to unitholders. Management reduces liquidity risk by maintaining more conservative working capital ratios compared with those required by the covenants associated with the long-term debt. Also, the Fund has $3,000 unutilized credit under the Term Facility and the revolver described in Notes 7 and 8 respectively.

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

	2009	2010	2011	**Total**
Accounts payable and accrued liabilities	$ 2,551	$ –	$ –	$ **2,551**
Purchase obligations	3,031	1,590	1,590	**6,211**
Distributions payable to unitholders	1,148	–	–	**1,148**
Private debt placement	–	38,000	–	**38,000**
Term facility	–	14,000	–	**14,000**
Total	**$ 6,730**	**$ 53,590**	**$ 1,590**	**$ 61,910**

c) Interest Rate Risk

The Fund has chosen to mitigate the interest rate risk associated with the Term Facility by entering into an interest rate swap agreement to effectively fix the interest rate associated with the Term Facility.

d) Fair Value

The fair value of the Fund's financial instruments, which consist of cash, accounts receivable, accounts payable and accrued liabilities, purchase obligation and distributions payable to unitholders are estimated by management to approximate their carrying values due to their short-term nature. The fair market value of the Fund's long-term debt and derivative liability is disclosed in Note 8.

15. Management of Capital

The Fund's capital is comprised of its cash, long-term debt, unitholders' equity and non-controlling interest.

The Fund's objectives when managing capital are to maintain a capital structure that provides financing options to the Fund while remaining compliant with the covenants associated with the long-term debt; maintain financial flexibility to preserve its ability to meet financial obligations, including debt servicing and distributions to unitholders; and deploy capital to provide an appropriate investment return to its unitholders.

The Fund's financial strategy is designed to maintain a flexible capital structure consistent with the objectives stated above and to respond to changes in economic conditions.

The covenants of the Private Placement and Term Facility prescribe that the Fund must maintain a ratio of adjusted EBITDA to Senior Interest Expense at a minimum of 5.00 to 1 and a ratio of Senior Indebtedness to Adjusted EBITDA at a maximum 2.25 to 1. The Fund is compliant with all financial covenants.

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

16. Subsequent events

Acquisitions

Royal LePage franchise agreements

On January 1, 2009, the Partnership acquired 21 Royal LePage franchise agreements from BRESL. The estimated purchase price of $2,532 is based on an estimated annual royalty stream of $481 and has been calculated in accordance with a formula set out in the MSA. A deposit of $2,025, equal to 80% of the estimated purchase price, was paid from cash on hand on January 2, 2009 and the remainder is payable a year later, when the final purchase price is calculated in accordance with the terms set out in the MSA.

La Capitale franchise agreements

On January 1, 2009, the Partnership acquired three LCLP agreements from BRESL. These contracts represent 86 agents operating from 4 locations. The estimated purchase price of $903 is based on an estimated annual royalty stream of $201 and has been calculated in accordance with a formula set forth in the MSA. A deposit of $723, being 80% of the estimated value, was paid from cash on hand on January 6, 2009. Under terms negotiated with the Fund's trustees, the balance of the purchase price is to be paid in annual installments over the next three years. The management fee attributed to revenue generated from these contracts will be 30% and the accretive factor applied to these contracts on vend-in was 10%.

Operating Credit Facility

On March 6, 2009, the operating line was renewed until February, 17, 2010.

NCIB

During the period from January 1 to March 10, 2009, the Fund purchased and cancelled 168,400 units at a total cost of $1,459. The Fund had 9,650,880 outstanding Class A Units at March 10, 2009.

SUPPLEMENTAL INFORMATION – SELECTED FINANCIAL AND OPERATING INFORMATION

Three months ended ($000's, unaudited)	March 31, 2007	June 30, 2007	Sept. 30, 2007	Dec. 31, 2007	March 31, 2008	June 30, 2008	Sept. 30, 2008	**Dec. 31, 2008**
Revenue								
Fixed franchise fees	$ 3,621	$ 3,714	$ 3,749	$ 3,788	$ 4,336	$ 4,440	$ 4,431	**$ 4,491**
Variable franchise fees	1,720	2,870	2,661	1,315	1,921	2,628	2,499	**1,243**
Premium franchise fees	737	1,306	1,899	1,348	893	1,106	1,514	**937**
Other fee revenue and services	832	948	986	997	942	1,230	1,203	**1,069**
	$ 6,910	$ 8,838	$ 9,295	$ 7,448	$ 8,092	$ 9,404	$ 9,647	**$ 7,740**
% Revenue by region								
British Columbia	15	15	13	13	14	13	11	**11**
Prairies	11	11	9	9	10	10	9	**10**
Ontario	58	59	63	63	55	54	59	**53**
Quebec	12	12	11	11	18	20	18	**22**
Maritimes	4	3	4	4	3	3	3	**4**
	100	100	100	100	100	100	100	**100**

Three months ended **Changes during the period**	March 31, 2007	June 30, 2007	Sept. 30, 2007	Dec. 31, 2007	March 31, 2008	June 30, 2008	Sept. 30, 2008	**Dec. 31, 2008**
Number of REALTORS	633	178	125	87	1,418	181	(5)	**(172)**
Number of Agents	610	170	79	84	1,350	164	17	**(132)**
Number of fixed fee paying Sales Representatives	(1)	30	43	19	(7)	12	(11)	**(30)**
Number of locations	22	(6)	–	(3)	55	(2)	–	**(1)**
Number of franchise agreements	20	(6)	–	(4)	54	(1)	–	**–**
At end of period								
Number of REALTORS	12,782	12,960	13,085	13,172	14,590	14,771	14,766	**14,594**
Number of Agents	11,868	12,038	12,117	12,201	13,551	13,715	13,732	**13,600**
Number of fixed fee paying Sales Representatives	643	673	716	735	728	740	729	**699**
Number of locations	600	594	594	591	646	644	644	**643**
Number of franchise agreements	295	289	289	285	339	338	338	**338**