



For Immediate Release

Brookfield Real Estate Services Fund Announces First Quarter Results and Monthly Cash Distribution

Royalties declined 13.5% in the first quarter while Canadian residential real estate market transaction dollar volume declined 33%

Toronto, ON – May 5, 2009 – Brookfield Real Estate Services Fund (the “Fund”) (TSX – BRE.UN), today announced that royalties for the quarter ended March 31, 2009 were \$7.0 million, 13.5% lower than royalties of \$8.1 million in the first quarter of 2008. Distributable cash¹ declined 15.8% to \$4.7 million (\$0.36 per unit), from \$5.6 million (\$0.42 per unit) in the first quarter of 2008. Net earnings were \$358,000 (\$0.04 per unit) compared with \$1.3 million (\$0.13 per unit) in the first quarter of 2008.

The year-over-year decrease in royalties reflected the impact of the slowdown in the Canadian resale real estate market, which decreased 33.3% in the quarter ended March 31, 2009 as compared to the same period in 2008. The Fund’s business model mitigates the effect of market cycles on the Fund’s cash available for distributions, as approximately 69% of the Fund’s royalties are fixed in nature, based on the number of agents rather than transactional dollar volume. The reduction in distributable cash results from the lower royalties which were partially offset by a reduction in management fees, while net earnings reflect these same factors as well as an increase in amortization of intangible assets related to franchise agreements acquired January 1, 2009 partially offset by a decrease in non-controlling interest.

“Consistent with the state of our overall economy, Canadian residential real estate markets declined during the first quarter,” said Phil Soper, President and Chief Executive. “While home prices fell somewhat in many parts of the country, it was a sharp decline in the number of homes trading hands that had the largest impact on industry revenue, and by extension, our business. In some regions, particularly in British Columbia and Alberta, sales volumes declined precipitously. The best performing markets were in Atlantic Canada, the Prairies and Quebec, where house price changes ranged from small declines to modest growth. As we focus our efforts on mitigating the impact of this recession on our business, which caused overall industry revenues to fall by one third, we can take some comfort that our decline was more modest. Our Fund’s royalties in the first quarter fell 13.5%, on lower variable and premium franchise fees, partially offset by a year over year increase in the number of REALTORS®² in the Fund network.”

Financial and Operating Highlights

For the three months ended March 31, 2009 and 2008

	Q1 2009		Q1 2008	
	<u>(thousands)</u>	<u>(per unit)</u>	<u>(thousands)</u>	<u>(per unit)</u>
Royalties	\$6,997	\$0.54	\$ 8,092	\$ 0.61
Net earnings	\$ 358	\$ 0.04	\$1,281	\$ 0.13
Distributable cash	\$ 4,731	\$ 0.36	\$ 5,618	\$ 0.42
Distributions	\$ 4,591	\$ 0.35	\$ 4,155	\$ 0.31

¹ 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.

² REALTOR® is a trademark identifying real estate licensees in Canada who are members of the Canadian Real Estate Association.

Fund Growth

During the first quarter of 2009, the Fund experienced a net loss of 218 REALTORS® organically but added 316 REALTORS® through the acquisition of 21 franchise agreements on January 1, 2009, for a net increase of 98 REALTORS®. At March 31, 2009, the Fund Network was comprised of 353 independently owned and operated franchises operating from 660 locations serviced by 14,692 REALTORS® with an approximate 22% share of the Canadian residential real estate market based on transactional dollar volume.

From November 1, 2008 through May 4, 2009, franchise contracts representing 10 locations serviced by an estimated 200 REALTORS® were added to the network. The Fund Manager, Brookfield Real Estate Services Limited, anticipates presenting these franchise contracts to the Fund's Trustees for purchase by the Fund on January 1, 2010. In addition, consistent with the Fund's historical approach to acquisitions, after evaluation, the La Capitale agreements purchased by the Manager and still retained by the Manager for further development, may be presented to the Fund's Trustees for acquisition in January of 2010.

Monthly Cash Distribution

The Brookfield Real Estate Services Fund today declared a cash distribution of \$0.117 per unit for the month of May 2009, payable June 30, 2009, to unitholders of record on May 29, 2009.

Outlook

"We are encouraged by the overall resilience of real estate markets to date," said Mr. Soper. "We do not expect material improvement until the overall economy begins to stabilize. It is important to note that the quarter ended on a relatively positive note. While industry unit sales volumes in March 2009 were 13.7% below the same period in 2008, this represented the smallest year-over-year decline in six months. A positive trend in unit sales volumes will likely be the first indicator that the market is on the road to recovery. We may begin to see positive year over year comparables in the quantity of homes trading hands as early as the second half of 2009."

"Our primary focus during these very difficult economic times is to help our franchisees and our agents adapt to much slower market conditions," said Mr. Soper. "With focused training, recruiting and franchise acquisition efforts, we hope to mitigate the impact of lower sales volumes as the real estate industry works through this market correction. From a Unitholder perspective, it is the size of our REALTOR® network that is the primary driver of royalties and distributable cash. While the full impact of the recession on our business is not clear, we have strategies in place to mitigate key risk elements, which include accounts receivable collection and franchisee financial hardship, in addition to agent attrition."

"As supply levels have exceeded demand in many regions, we have encouraged our REALTORS® to shift their focus toward buyers, and in particular first-time buyers. As the spring market unfolds, it is obvious that this market segment is the most active group of home purchasers. Our agents have introduced first-time buyer seminars, web-based education offerings and even seller-driven offers. While new government programs have encouraged increased participation, new buyers are being drawn into home ownership predominantly by significantly improved housing affordability."

"While new government programs have encouraged increased participation, new buyers are being drawn into home ownership predominantly by significantly improved housing affordability. The combination of lower home prices in many regions of the country, and historically low mortgage rates, have opened the door for some buyers for the first time in years."

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. During the first quarter of 2009, the Fund acquired 168,400 units at an average price of \$8.67 per unit, for a total of 332,120 units purchased and cancelled since the inception of the program.

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 fees that are fixed in nature from a large number of long-term franchisee contracts, which provide revenue stability and help insulate the Fund from market fluctuations.

Q1 Conference Call

A conference call for investors, analysts and media to review the first quarter results will be held on Tuesday, May 5, 2009, at 2:00 p.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®. 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 March 31, 2009, the Fund Network was comprised of 14,692 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, 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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Interim Consolidated Balance Sheets

As at (in thousands of dollars)	March 31, 2009	December 31, 2008
	(unaudited)	
Assets		
Current assets		
Cash	\$ 155	\$ 7,924
Accounts receivable	3,428	3,224
Prepaid expenses	102	145
Deposit on acquisition (note 4)	1,572	–
	5,257	11,293
Intangible assets (note 5)	123,717	126,647
	\$ 128,974	\$ 137,940
Liabilities and Unitholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,979	\$ 2,551
Purchase obligation (note 4)	1,615	3,031
Distribution payable to unitholders	1,129	1,148
Long-term debt – current portion (note 7)	51,697	–
Financial derivative (note 7)	372	–
	56,792	6,730
Long-term debt (note 7)	–	51,615
Purchase obligation (note 4)	1,580	3,180
Financial derivative (note 7)	–	365
Future income tax liability (note 3)	1,244	1,193
Non-controlling interest	18,707	19,701
	78,323	82,784
Unitholders' equity	50,651	55,156
	\$ 128,974	\$ 137,940

See accompanying notes to the interim consolidated financial statements.

Interim Consolidated Statements of Earnings and Comprehensive Earnings

(unaudited) (in thousands of dollars, except unit and per unit amounts)	Three months ended March 31, 2009	Three months ended March 31, 2008
Royalties		
Fixed franchise fees	\$ 4,467	\$ 4,336
Variable franchise fees	1,194	1,921
Premium franchise fees	420	893
Other fees and services	916	942
	6,997	8,092
Expenses		
Administration	217	190
Management fee	1,265	1,473
Interest expense	784	811
Other loss	7	–
Amortization of intangible assets (note 5)	4,141	3,896
	6,414	6,370
Earnings before the undernoted	583	1,722
Income tax (note 3)	(51)	35
Earnings before non-controlling interest	532	1,757
Non-controlling interest	(174)	(476)
Net and comprehensive earnings	\$ 358	\$ 1,281
Basic and diluted earnings per unit (9,726,024 weighted average units) (2008 – 9,983,000 units) (note 9)	\$ 0.04	\$ 0.13

See accompanying notes to the interim consolidated financial statements.

Interim Consolidated Statements of Unitholders' Equity

(unaudited)	Unitholders' Contribution	Contributed Surplus	Net Earnings	Distributions	Deficit	Total
Balance, January 1, 2008	\$ 92,938	\$ —	\$ 21,224	\$ (49,960)	\$ (28,736)	\$ 64,202
Changes during the period:						
Net income	—	—	1,281	—	1,281	1,281
Unit distributions	—	—	—	(3,115)	(3,115)	(3,115)
Balance, March 31, 2008	\$ 92,938	\$ —	\$ 22,505	\$ (53,075)	\$ (30,570)	\$ 62,368
Balance, January 1, 2009	\$ 91,301	\$ 404	\$ 26,494	\$ (63,043)	\$ (36,549)	\$ 55,156
Changes during the period:						
Issuer repurchases (note 8)	(1,684)	225	—	—	—	(1,459)
Net income	—	—	358	—	358	358
Unit distributions	—	—	—	(3,404)	(3,404)	(3,404)
Balance, March 31, 2009	\$ 89,617	\$ 629	\$ 26,852	\$ (66,447)	\$ (39,595)	\$ 50,651

See accompanying notes to the interim consolidated financial statements.

The Fund has no accumulated other comprehensive income at March 31, 2009 (March 31, 2008 – \$Nil).

Interim Consolidated Statements of Cash Flows

(unaudited)	Three months ended March 31, 2009	Three months ended March 31, 2008
Cash provided by (used for):		
Operating activities		
Net earnings for the period	\$ 358	\$ 1,281
Items not affecting cash		
Non-controlling interest	174	476
Future income tax expense (recovery)	51	(35)
Non-cash interest expense (note 7)	82	43
Change in value of financial derivative	7	–
Amortization of intangible assets	4,141	3,896
	4,813	5,661
Changes in non-cash operating working capital	209	(393)
	5,022	5,268
Investing activities		
Deposit on acquisition (note 4)	(1,572)	(1,908)
Purchase of intangible assets (note 4)	(1,176)	(2,061)
Payment of purchase price obligation (note 4)	(3,051)	(2,295)
Repurchase of Fund units (note 8)	(2,401)	–
	(8,200)	(6,264)
Financing activities		
Distributions paid to unitholders	(3,423)	(3,115)
Distributions paid to non-controlling interest	(1,168)	(1,040)
	(4,591)	(4,155)
Decrease in cash during the period	(7,769)	(5,151)
Cash, beginning of period	7,924	7,516
Cash, end of period	\$ 155	\$ 2,365
Supplementary Cash Flow Information		
Interest paid	\$ 653	\$ 559

See accompanying notes to the interim consolidated financial statements.

Notes to the Interim Consolidated Financial Statements

March 31, 2009 and 2008 (unaudited) (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.

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.

Seasonality

The Fund's business follows a seasonal pattern, with revenue traditionally being lower in the first and fourth quarters. Due to this seasonality, the interim earnings statements are not necessarily indicative of annual earnings.

2. Summary of Accounting Policies

The accompanying unaudited interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The accounting principles used in these interim consolidated financial statements are consistent with those used in the annual consolidated financial statements except as noted below. They do not include all the information and disclosure required by GAAP for annual audited financial statements, and should be read in conjunction with the December 31, 2008 annual consolidated financial statements.

On January 1, 2009, the Fund adopted CICA Handbook Section 3064 – *Goodwill and Intangible Assets*. Section 3064 replaces Section 3062 – *Goodwill and Other Intangible Assets* and Section 3450 – *Research and Development Costs*. Section 3064 established standards for the recognition, measurement and disclosure of goodwill and intangible assets. The Fund has evaluated this standard and determined that there is no impact to the consolidated financial statements.

3. 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.

Due to the enactment of trust legislation, while the Fund is expected to not be liable for current taxes until January 1, 2011, beginning June 12, 2007, the Fund recognized future income taxes arising from temporary tax differences expected to reverse after January 1, 2011 at the tax rates of 30.5% applicable to the Fund in 2011 and 29% applicable after January 1, 2012.

The Fund had a future income tax asset of \$1,867 at December 31, 2008. During the three months ended March 31, 2009, the Fund recorded an additional non-cash future tax asset of \$102. The resulting total future income tax asset was \$1,969 at March 31, 2009.

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 income tax liability.

The Fund had future income tax liabilities of \$3,060 at December 31, 2008. During the three months ended March 31, 2009, the Fund recorded an additional income tax liability of \$153 in response to a 1% increase in the Ontario corporate taxation rate enacted on March 12, 2009. The total income tax liability at March 31, 2009 was \$3,213. When the future income tax liabilities are net against the future income tax assets described above, the results are a net future income tax liability of \$1,244 and \$1,193 at March 31, 2009 and December 31, 2008, respectively.

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

4. Asset Acquisitions

On January 1, 2009, the Partnership acquired 18 new 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 Amended and Restated Management Services Agreement (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 to be paid a year later, when the final purchase price is determined in accordance with the terms set out in the MSA. The Partnership used cash reserves to acquire these agreements.

On January 1, 2009, LCLP acquired three new La Capitale franchise agreements from BRESL. 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 out in the Amended and Restated Management Services Agreement (the "MSA"). A deposit of \$723, equal to 80% of the estimated purchase price, was paid from cash on hand on January 6, 2009. The estimated price is to be revised at the end of each of the next three years based on the average annual royalty stream earned over the three-year period from November 1, 2008 to October 31, 2011. The Partnership used cash reserves to acquire these agreements.

Until the final purchase price is determined, each quarter the purchase price obligation is recalculated based on the actual royalties received. Correspondingly, the deposit on acquisition is reduced by the calculated amount and transferred to intangible assets. The intangible assets are then amortized in accordance with the Fund's policy on a prospective basis. The recalculated purchase price obligation in excess of the deposit on acquisition is recorded as a purchase obligation and the corresponding amount added to the intangible assets and amortized as described above.

During the three months ended March 31, 2009, \$2,748 was paid and recorded as deposit on acquisition in respect of the Royal LePage and La Capitale acquisitions of which \$802 and \$374, respectively, was transferred from deposit on acquisition to intangible assets.

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 earned over the three-year period from November 1, 2007 to October 31, 2010.

The purchase obligations consist of the following:

	March 31, 2009			December 31, 2008
	Royal LePage	LCLP	Total	Total
Obligation at beginning of year	\$ 1,319	\$ 4,892	\$ 6,211	\$ 2,295
Payment of current obligations	(1,319)	(1,732)	(3,051)	(2,295)
	–	3,160	3,160	–
Legal and other acquisition costs for the current year	24	11	35	454
Payment of acquisition costs	–	–	–	(69)
Purchase obligation at the end of the period	\$ 24	\$ 3,171	\$ 3,195	\$ 385
80% deposit paid on current year's additions	\$ (2,025)	\$ (723)	\$ (2,748)	\$ (16,914)
Earned asset value during the quarter	802	374	1,176	22,740
Deposit on acquisition at the end of the period	\$ (1,223)	\$ (349)	\$ (1,572)	\$ 5,826
Net purchase obligation (deposit on acquisition)	\$ (1,199)	\$ 2,822	\$ 1,623	\$ 6,211
Deposit on acquisition	\$ (1,223)	\$ (349)	\$ (1,572)	\$ –
Purchase obligation, short-term	24	1,591	1,615	3,031
Purchase obligation, long-term,	–	1,580	1,580	3,180
Net purchase obligation (deposit on acquisition)	\$ (1,199)	\$ 2,822	\$ 1,623	\$ 6,211

5. Intangible Assets

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

	March 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
Franchise agreements	\$ 147,982	\$ 80,065	\$ 67,917
Relationships and trademarks	57,704	1,904	55,800
	\$ 205,686	\$ 81,969	\$ 123,717
	December 31, 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

The additions to intangible assets during the three months ended March 31, 2009 and 2008 are summarized as follows:

	Royal LePage	LCLP	Three months ended March 31, 2009	Three months ended March 31, 2008
Franchise agreements	\$ 632	\$ 174	\$ 806	\$ 4,436
Relationships and trademarks	194	211	405	4,038
	\$ 826	\$ 385	\$ 1,211	\$ 8,474

6. 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 March 31, 2009, the operating credit facility had not been drawn upon.

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

7. 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	March 31, 2009	December 31, 2008
Private debt placement	\$ 37,835	\$ 37,791
Term Facility	13,862	13,824
	\$ 51,697	\$ 51,615

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 interest payable quarterly in arrears.

The private placement had a fair value of \$37,798 at March 31, 2009 (2008 – \$37,406).

During the three months ended March 31, 2009, \$45 of amortization of the issue costs was recorded as interest expense (2008 – \$43).

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 a Bankers’ Acceptance rates plus 1% with terms of up to six months. The Fund paid \$285 in issue costs for the Term Facility.

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%, which when added to the 1% stamp fee, results in an annual interest rate of 4.29% excluding legal and associated costs over the term of the facility. The Term Facility and interest rate swap mature on February 17, 2010.

The Term Facility had a fair value of \$14,000 on March 31, 2009. During the three months ended March 31, 2009, \$37 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 March 31, 2009 was in an unrealized loss position of \$372. Changes in the value of the swap agreement are recorded as other income or loss. During the three months ended March 31, 2009, \$7 was recorded as other loss.

8. Fund Units

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 affected 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.

During the three months ended March 31, 2009, the Fund purchased and cancelled 168,400 units at a total cost of \$1,459. The repurchased units had an issued value of \$1,684, resulting in a contributed surplus of \$225. On January 8, the Fund paid the \$942 NCIB settlement payable at December 31, 2008.

Fund Units	March 31, 2009		March 31, 2008	
	Units	Amount	Units	Amount
Beginning of period	9,819,280	\$ 91,301	9,983,000	\$ 92,938
NCIB purchases	(168,400)	(1,684)	—	—
End of period	9,650,880	\$ 89,617	9,983,000	\$ 92,938

9. Earnings per Unit

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

10. Related Party Transactions

Unless disclosed elsewhere, the Fund had the following transactions with parties related to the non-controlling interest during the three months ended March 31, 2009 and 2008. These transactions have been recorded at the exchange amount agreed to between the parties.

For the three months ended	March 31, 2009	March 31, 2008
a) Royalties		
Fixed, variable and other franchise fees	\$ 520	\$ 603
Premium franchise fees	\$ 358	\$ 774
b) Expenses		
Management fees	\$ 1,232	\$ 1,473
Insurance and other	\$ 27	\$ 25
Interest on Initial Purchase Obligation	\$ 13	\$ 210
c) Distributions		
Distributions paid to non-controlling interest	\$ 1,168	\$ 998

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

As at	March 31, 2009	December 31, 2008
d) Accounts receivable		
Franchise fees receivable and other	\$ 310	\$ 394
e) Accounts payable and accrued liabilities		
Distributions payable to non-controlling interest	\$ 389	\$ 389
Management fees	\$ 791	\$ 417
NCIB settlement payable	\$ —	\$ 942
f) Purchase obligation payable	\$ 3,195	\$ 6,211

11. 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. There is a risk that the lenders will not refinance maturing debts on terms and conditions acceptable to the Fund or on any terms at all. Management reduces liquidity risk by maintaining more conservative debt covenant ratios compared with those required by the covenants associated with the long-term debt. Also, the Fund has \$3,000 unutilized credit under the Operating Credit Facility and Term Facility described in notes 6 and 7 respectively. Subsequent to March 31, 2009, the Fund drew down on the balance of the Term Facility as described in note 13.

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

	2009	2010	2011	Total
Accounts payable and accrued liabilities	\$ 1,979	\$ –	\$ –	\$ 1,979
Purchase obligations	35	1,580	1,580	3,195
Distributions payable to unitholders	1,129	–	–	1,129
Private debt placement	–	38,000	–	38,000
Term facility	–	14,000	–	14,000
Total	\$ 3,143	\$ 53,580	\$ 1,580	\$ 58,303

c) Interest Rate Risk

The Fund has chosen to mitigate the interest rate 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, 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 are disclosed in note 7.

12. Management of Capital

The Fund's capital is comprised of its cash reserves, 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 long-term debt 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 period.

13. Subsequent Events

On April 2, 2009 the Fund drew down the remaining \$1,000 of the Term Facility described in note 7.

SUPPLEMENTAL INFORMATION – SELECTED FINANCIAL AND OPERATING INFORMATION

Three months ended (\$000's, unaudited)	June 30, 2007	Sept. 30, 2007	Dec. 31, 2007	March 31, 2008	June 30, 2008	Sept. 30, 2008	Dec. 31, 2008	March 31, 2009
Revenue								
Fixed franchise fees	\$ 3,714	\$ 3,749	\$ 3,788	\$ 4,336	\$ 4,440	\$ 4,431	\$ 4,491	4,467
Variable franchise fees	2,870	2,661	1,315	1,921	2,628	2,499	1,243	1,194
Premium franchise fees	1,306	1,899	1,348	893	1,106	1,514	937	420
Other fee revenue and services	948	986	997	942	1,230	1,203	1,069	916
	\$ 8,838	\$ 9,295	\$ 7,448	\$ 8,092	\$ 9,404	\$ 9,647	\$ 7,740	6,997

% Revenue by region

British Columbia	15	13	13	14	13	11	11	13
Prairies	11	9	9	10	10	9	10	10
Ontario	59	63	63	55	54	59	53	53
Quebec	12	11	11	18	20	18	22	21
Maritimes	3	4	4	3	3	3	4	3
	100	100	100	100	100	100	100	100

Three months ended Changes during the period	June 30, 2007	Sept. 30, 2007	Dec. 31, 2007	March 31, 2008	June 30, 2008	Sept. 30, 2008	Dec. 31, 2008	March 31, 2009
Number of REALTORS	178	125	87	1,418	181	(5)	(172)	98
Number of Agents	170	79	84	1,350	164	17	(132)	96
Number of fixed fee paying Sales Representatives	30	43	19	(7)	12	(11)	(30)	–
Number of locations	(6)	–	(3)	55	(2)	–	(1)	17
Number of franchise agreements	(6)	–	(4)	54	(1)	–	–	15
At end of period								
Number of REALTORS	12,960	13,085	13,172	14,590	14,771	14,766	14,594	14,692
Number of Agents	12,038	12,117	12,201	13,551	13,715	13,732	13,600	13,696
Number of fixed fee paying Sales Representatives	673	716	735	728	740	729	699	699
Number of locations	594	594	591	646	644	644	643	660
Number of franchise agreements	289	289	285	339	338	338	338	353