Brookfield
Real Estate Services

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

Royalties increased 16.7% and distributable cash rose 20.5% amidst continuing strong housing markets

Toronto, ON – May 4, 2010 – Brookfield Real Estate Services Fund (the "Fund") (TSX – BRE.UN) today announced that royalties for the quarter ended March 31, 2010 were $8.2 million, up 16.7% from the same period in 2009. Distributable cash[1] during the quarter increased to $5.7 million, up 20.5% from the first quarter of 2009 while distributable cash per unit increased 22.2% or $0.08 per unit to $0.44 per unit due in part to the lower number of outstanding units resulting from the completion of the normal course issuer bid program in July 2009. Net earnings increased to $1.3 million ($0.13 per unit) from $0.4 million ($0.04 per unit) in the first quarter of 2009.

These results represented the third consecutive quarter of year-over-year revenue increases following declining revenues experienced in the first half of 2009. The growth in royalties and corresponding increase in distributable cash in the first quarter reflected the marked increase in home sale activity as compared with the slow first quarter of 2009 and the net growth and increased productivity of the Fund's REALTOR®[2] network. During the Quarter, fixed franchise fees, which are driven by the number of agents in the network, variable fees and premium fees which are driven by market activity, increased by 3.2%, 49% and 103%, respectively from the same period in 2009.

"The first quarter of 2010 continued where 2009 left off, as the housing market continued to be a primary beneficiary of low borrowing costs and improving consumer confidence," said Phil Soper, President and Chief Executive. "Pent-up demand, a constrained supply of homes listed for sale, and unseasonably warm weather prompted a spike in home sales in the country's largest housing markets – notably Toronto and Vancouver. Over the past two years, prices in these markets have taken a roller coaster ride, while markets such as Ottawa and Regina have experienced non-stop growth and others such as Montreal and Calgary have seen fairly level prices. Recent mortgage rate increases and an increase in properties listed for sale across the country would indicate that we are heading into a period of more balanced markets."

Financial and Operating Highlights

For the three months ended March 31, 2010 and 2009

	Q1 2010		Q1 2009	
	(thousands)	(per unit)	(thousands)	(per unit)
Royalties	$ 8,165	$ 0.64	$ 6,997	$ 0.54
Net earnings	$ 1,252	$ 0.13	$ 358	$ 0.04
Distributable cash	$ 5,699	$ 0.44	$ 4,731	$ 0.36
Distributions	$ 4,497	$ 0.35	$ 4,591	$ 0.35
Payout[3]	78.9%		97.0%	

[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.

[3] Payout represents distributions as a percentage of distributable cash.

Fund Growth
At March 31, 2010, the Fund Network was comprised of 369 franchises operating from 665 locations serviced by 15,270 REALTORS®, for a net organic gain of 222 REALTORS ® since January 1, 2010 and a net gain of 578 REALTORS® since March 31, 2009. On January 1, 2010, the Fund acquired from the Fund Manager, Brookfield Real Estate Services Limited ("the Manager"), 21 franchise agreements with 417 REALTORS® under the Royal LePage and La Capitale brands.

Monthly Cash Distribution
The Fund declared a cash distribution of $0.117 per unit for the month of May 2010, payable June 30, 2010 to unitholders of record on May 31, 2010.

Outlook
"After a buoyant, if geographically uneven start to the year, Canada's housing market is poised to moderate as 2010 unfolds. Even in the most frenzied pockets of market activity, the inevitable rise in interest rates coupled with home price appreciation will rein in demand as affordability erodes. We expect house prices will continue to rise, but the rate of appreciation should ebb steadily, month by month, throughout the remainder of the year, as a balance of supply and demand returns to the industry," Mr. Soper said.

"We continued to build our REALTOR® network and services during the recession and our brands entered 2010 well positioned to capitalize on growth opportunities."

The Canadian Real Estate Association (CREA) has forecast that MLS[1] activity will increase 13.3% to a record level in 2010 and that the national average home price will increase 5.4%, with average home price gains forecast in all provinces. Over the second half of the year, CREA expects national activity will trend downward as pent-up demand is reduced, interest rates begin rising, and the harmonized sales tax comes into effect in Ontario and B.C. Looking to 2011, CREA expects the average price to decline by 1.5%, with modest average price gains in all provinces except B.C. and Ontario.

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, which provides revenue stability and helps 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 4, 2010, at 2:00 p.m. (Eastern Time). To participate in the conference call, please dial 1-800-319-4610 toll-free 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".

Annual General Meeting
The Fund's Annual General Meeting is being held May 4, 2010 at 10:00 am at the Hockey Hall of Fame, located in Brookfield Place, Toronto. The meeting is being audiocast live and the audiocast and presentation slides will be archived 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 brokers and their 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 brands. At March 31, 2010, the Fund Network was comprised of 15,270 agents. 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 that pays monthly distributions and trades under the symbol "BRE.UN". The Fund's website address is www.brookfieldres.com

[1] The term MLS® stands for Multiple Listing Service and is a registered trademark of the CREA.

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 that are predictions of or indicate future events and trends and that 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 that 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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Brookfield Real Estate Services Fund

Interim Consolidated Balance Sheets

As at (in thousands of dollars)	**March 31, 2010**	December 31, 2009
	(unaudited)	
Assets		
Current assets		
Cash	**$ 402**	$ 6,842
Accounts receivable	**3,300**	3,267
Prepaid expenses	**253**	–
Deposit on acquisition (note 4)	**2,220**	–
	6,175	10,109
Intangible assets (note 5)	**112,784**	114,840
	$ 118,959	$ 124,949
Liabilities and Unitholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**$ 3,273**	$ 3,079
Purchase obligation – current portion (note 4)	**1,815**	2,219
Distribution payable to unitholders	**1,110**	1,489
Financial derivative (note 8)	**–**	101
	6,198	6,888
Purchase obligation (note 4)	**109**	1,924
Long-term debt (note 8)	**52,197**	52,953
Future income tax liability (note 6)	**2,106**	2,079
Non-controlling interest	**16,382**	17,061
	76,992	80,905
Unitholders' equity	**41,967**	44,044
	$ 118,959	$ 124,949

See accompanying notes to the interim consolidated financial statements.

Brookfield Real Estate Services Fund

Interim Consolidated Statements of Earnings and Comprehensive Earnings

(unaudited) (in thousands of dollars, except unit and per unit amounts)	**Three months ended March 31, 2010**	Three months ended March 31, 2009
Royalties		
Fixed franchise fees	**$ 4,610**	$ 4,467
Variable franchise fees	**1,783**	1,194
Premium franchise fees	**851**	420
Other revenue and services	**921**	916
	8,165	6,997
Expenses		
Administration	**205**	217
Management fee	**1,513**	1,265
Interest expense	**748**	784
Other (income) loss (note 8)	**(101)**	7
Amortization of intangible assets (note 5)	**4,032**	4,141
	6,397	6,414
Earnings before income tax and non-controlling interest	**1,768**	583
Future income tax (note 6)	**(27)**	(51)
Earnings before non-controlling interest	**1,741**	532
Non-controlling interest	**(489)**	(174)
Net and comprehensive earnings	**$ 1,252**	$ 358
Basic and diluted earnings per unit (9,483,850 units) (2009 – 9,726,024 weighted average units) (note 10)	**$ 0.13**	$ 0.04

See accompanying notes to the interim consolidated financial statements.

Brookfield Real Estate Services Fund

Interim Consolidated Statements of Unitholders' Equity

(in thousands of dollars) (unaudited)	Unitholders' Contribution	Contributed Surplus	Net Earnings	Distributions	Deficit	Total
Balance, January 1, 2009	$ 91,301	$ 404	$ 26,494	$ (63,043)	$ (36,549)	$ 55,156
Changes during the period:						
Issuer repurchases	(1,684)	225	–	–	–	(1,459)
Net earnings	–	–	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
Balance, January 1, 2010	$ 87,947	$ 895	$ 32,073	$ (76,871)	$ (44,798)	$ 44,044
Changes during the period:						
Net earnings	–	–	1,252	–	1,252	1,252
Unit distributions	–	–	–	(3,329)	(3,329)	(3,329)
Balance, March 31, 2010	**$ 87,947**	**$ 895**	**$ 33,325**	**$ (80,200)**	**$ (46,875)**	**$ 41,967**

There is no accumulated other comprehensive income or loss to the Fund at March 31, 2010 (March 31, 2009 - $nil).

See accompanying notes to the interim consolidated financial statements.

Brookfield Real Estate Services Fund

Interim Consolidated Statements of Cash Flows

(unaudited) (in thousands of dollars)	**Three months ended March 31, 2010**	Three months ended March 31, 2009
Cash provided by (used for):		
Operating activities		
Net earnings for the period	**$ 1,252**	$ 358
Items not affecting cash		
Non-controlling interest	**489**	174
Future income tax	**27**	51
Non-cash interest expense (note 8)	**63**	82
Change in value of derivative (note 8)	**(101)**	7
Amortization of intangible assets	**4,032**	4,141
	5,762	4,813
Changes in non-cash working capital	**41**	209
	5,803	5,022
Investing activities		
Deposits on acquisition (note 4)	**(2,220)**	(1,572)
Purchase of intangible assets (note 4)	**(1,976)**	(1,176)
Payment of purchase price obligation (note 4)	**(2,219)**	(3,051)
Repurchase of Fund units (note 9)	**–**	(2,401)
	(6,415)	(8,200)
Financing activities		
Proceeds of Term Facility (note 8)	**19,986**	–
Repayment of Term Facility (note 8)	**(15,000)**	–
Proceeds of Private Placement (note 8)	**32,195**	–
Repayment of long-term debt (note 8)	**(38,000)**	–
Distributions paid to unitholders	**(3,708)**	(3,423)
Distributions paid to non-controlling interest	**(1,301)**	(1,168)
	(5,828)	(4,591)
Decrease in cash during the period	**(6,440)**	(7,769)
Cash, beginning of period	**6,842**	7,924
Cash, end of period	**$ 402**	$ 155
Supplemental Cash Flow Information		
Interest paid	**$ 955**	$ 653

See accompanying notes to the interim consolidated financial statements.

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 4541219 Canada 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. 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, 2009 annual consolidated financial statements.

3. Future Accounting and Reporting Changes

The CICA has issued the following new accounting standards:

a)
International Financial Reporting Standards. The Accounting Standards Board of Canada ("ACSB") will converge Canadian GAAP for publicly accountable enterprises with International Financial Reporting Standards ("IFRS") over a transition period that will end effective January 1, 2011 with the adoption of IFRS. The ACSB announced on February 13, 2008 that IFRS will be required in 2011 for publicly accountable profit-oriented enterprises. The changeover date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. IFRS uses a conceptual framework similar to Canadian GAAP, but there are significant differences in recognition, measurement and disclosure requirements. As a result, the Fund has established an implementation team and a changeover plan to convert to these new standards according to the timetable set with these new rules. The Fund completed the scoping and diagnostic phase and is now in the implementation and review phase. At this time, other than additional disclosure and presentation requirements, management has determined that the most significant changes to the financial statements as a result of IFRS are the estimation and recognition of future purchase obligations and the associated deferred income tax impact on the balance sheet and statement of comprehensive earnings, which differs from our deposit accounting for these acquisitions as described in note 4, and the accounting for the Fund's exchangeable units.

b)
Section 1582 – Business Combinations, Section 1601 – Consolidated Financial Statements, Section 1602 – Non-controlling Interests. These sections are based on the IASB's International Financial Reporting Standard 3, "Business Combinations". These new standards replace the existing guidance on business combinations and consolidated financial statements. The objective of these new standards is to harmonize Canadian accounting for business combinations with the International and U.S. accounting standards. These 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. These amendments are not expected to have significant impact on the Fund's accounting for business combinations, consolidation of financial statements, and non-controlling interests.

c)
Section 3855, Financial Instruments – Recognition and Measurement. This section adds more guidance on the application of the effective interest rate method to previously impaired financial assets and embedded prepayment options. The amendments are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011 with early adoption permitted. The amendments are not expected to have significant impact on the Fund's accounting of its financial instruments.

4. Asset Acquisitions

The Fund's purchase of franchise agreements are governed by terms set out in the Amended and Restated Management Services Agreement (the "MSA").

On January 1, 2010, the Partnership acquired 18 new Royal LePage franchise agreements from BRESL at an estimated purchase price of $4,205. A deposit of $3,364, equal to 80% of the estimated purchase price, was paid from cash on hand on January 4, 2010 and the remainder is to be paid a year later, when the final purchase price is determined.

On January 1, 2010, LCLP acquired three La Capitale franchise agreements from BRESL for an estimated purchase price of $1,040. A deposit of $832, equal to 80% of the estimated purchase price, was paid from cash on hand on January 4, 2010.

Until the final purchase price is determined, the purchase price obligation is recalculated at each period end 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, 2010, $1,976 was transferred from deposit on acquisition to intangible assets.

On January 1, 2009, the Partnership acquired 18 new Royal LePage franchise agreements from BRESL at a purchase price of $2,264 and $24 of related legal and other acquisition costs.

On January 1, 2009, LCLP acquired three new La Capitale franchise agreements from BRESL for an estimated purchase price of $1,050 and $2 of related costs. 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, 2008 to October 31, 2011. Then Partnership used cash on hand to acquire these agreements.

The purchase obligations consist of the following:

	March 31, 2010			December 31, 2009
Prior year acquisitions	**Royal LePage**	**LCLP**	**Total**	Total
Obligation at beginning of year	**$ 241**	**$ 3,902**	**$ 4,143**	$ 6,211
Payment of obligations	**(241)**	**(1,978)**	**(2,219)**	(3,051)
Price adjustment on prior year purchases	**–**	**–**	**–**	413
Purchase obligation at end of period	**$ –**	**$ 1,924**	**$ 1,924**	$ 3,573
Current year acquisitions				
80% deposit paid on current year's additions	**$ (3,364)**	**$ (832)**	**$ (4,196)**	$ (2,748)
Earned asset value during the period	**1,590**	**386**	**1,976**	3,318
(Deposit on acquisition) purchase obligation, end of the period	**$ (1,774)**	**$ (446)**	**$ (2,220)**	$ 570
Net (deposit on acquisition) purchase obligation	**$ (1,774)**	**$ 1,478**	**$ (296)**	$ 4,143
Summary				
Deposit on acquisition	**$ (1,774)**	**$ (446)**	**$ (2,220)**	$ –
Purchase obligation, short-term	**–**	**1,815**	**1,815**	2,219
Purchase obligation, long-term	**–**	**109**	**109**	1,924
Net (deposit on acquisition) purchase obligation	**$ (1,774)**	**$ 1,478**	**$ (296)**	$ 4,143

5. Intangible Assets

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

	March 31, 2010		
	Cost	**Accumulated Amortization**	**Net Book Value**
Franchise agreements	**$ 151,715**	**$ 95,335**	**$ 56,380**
Relationships and trademarks	**59,926**	**3,522**	**56,404**
	$ 211,641	**$ 98,857**	**$ 112,784**

	December 31, 2009		
	Cost	Accumulated Amortization	Net Book Value
Franchise agreements	$ 150,297	$ 91,844	$ 58,453
Relationships and trademarks	59,368	2,981	56,387
	$ 209,665	$ 94,825	$ 114,840

The additions to intangible assets during the three months ended March 31, 2010 and 2009:

	Royal LePage	LCLP	Three months ended March 31, 2010	Three months ended March 31, 2009
Franchise agreements	**$ 1,197**	**$ 221**	**$ 1,418**	$ 806
Relationships and trademarks	**393**	**165**	**558**	405
	$ 1,590	**$ 386**	**$ 1,976**	$ 1,211

6. Future Income Taxes

On October 31, 2006, the Minister of Finance announced proposed tax legislation ("SIFT rules") that will change the income tax rules applicable to publicly traded trusts rendering income trusts taxable in 2011. The SIFT rules were substantively enacted 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.

While the Fund is not expected to be liable for current income taxes until January 1, 2011, the enactment of the SIFT rules lead to the Fund recognizing future income taxes in respect of temporary tax difference expected to reverse after December 31, 2010. These temporary differences arise from differences between the tax basis and the carrying amount of the Fund's intangible assets. These differences arose primarily due to the Fund's acquisition of certain intangible assets on a tax-deferred basis (meaning that the tax basis of the assets was lower than cost recorded for accounting), but are also affected by relative amounts of amortization deducted for tax and accounting purposes each year.

The Fund had a net future income tax liability of $2,079 at December 31, 2009. During the three months ended March 31, 2010, the Fund recorded a reduction of non-cash future tax asset of $27. The resulting net future income tax liability was $2,106 at March 31, 2010.

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.

7. Operating Credit Facility

On February 18, 2010, the Partnership renewed the 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 2.5% to 3% or the Bankers' Acceptance rate plus 3.5% to 4%, based on the ratio of total debt to Adjusted EBITDA of the Partnership as defined in the credit agreement. As at March 31, 2010, the revolver had not been drawn upon. Subsequent to the end of the quarter, the Fund drew on its revolver (see note 14).

8. Long-Term Debt

A summary of the Fund's long-term debt is comprised of the following debt facilities:

As at	March 31, 2010	December 31, 2009
Private debt placement	**$ 32,205**	$ 37,975
Term Facility	**19,992**	14,978
	$ 52,197	$ 52,953

On February 18, 2010, the Partnership completed the refinancing of its $53,000 debt obligations for a five year term maturing on February 17, 2015. The refinancing is comprised of a $32,700 private debt placement with a number of Canadian institutional investors with fixed interest of 5.809% and a $20,300 term facility provided by a Canadian financial institution with interest available in the form of a floating rate at prime plus 1.5% payable quarterly, or at Banker's Acceptance rates plus 3% with terms of up to six months.

The Fund incurred $819 in issue costs associated with the new debt obligations resulting in net proceeds of $52,181. These proceeds and cash on hand were utilized to repay the previous private placement of $38,000 and term facility of $15,000 that matured on February 17, 2010.

The private placement and term facility had fair values of $32,647 and $20,300, respectively at March 31, 2010 (2009 – $37,950 and $15,000).

During the three months ended March 31, 2010, $63 of amortization of the issue costs was recorded as interest expense (2009 – $82).

The swap agreement relating to the prior term facility that expired on February 17, 2010 was valued at its market value, which was a liability of $101 as at December 31, 2009. Upon maturity of the swap agreement, this liability was reversed and $101 of other income was recorded.

9. Fund Units

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, 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.

During the period from October 7, 2008 to October 6, 2009, the Fund repurchased 499,150 of its units under the normal course issuer bid ("NCIB") approved by the Toronto Stock Exchange ("TSX") on October 3, 2008.

10. Earnings Per Unit

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

11. 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, 2010 and 2009. These transactions have been recorded at the exchange amount agreed to between the parties.

For the three months ended	**March 31, 2010**	March 31, 2009
a) Royalties		
Fixed, variable and other franchise fees	**$ 645**	$ 520
Premium franchise fees	**$ 732**	$ 358
b) Expenses		
Management fees	**$ 1,513**	$ 1,232
Insurance and other	**$ 27**	$ 27
Interest on purchase obligation	**$ –**	$ 13
c) Distributions		
Distributions paid to non-controlling interest	**$ 1,168**	$ 1,168

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

As at	**March 31, 2010**	December 31, 2009
d) Accounts receivable		
Franchise fees receivable and other	**$ 490**	$ 585
e) Accounts payable and accrued liabilities		
Distributions payable to non-controlling interest	**$ 389**	$ 521
Management fees	**$ 2,164**	$ 1,656
f) (Deposit on acquisition) Purchase obligation payable, net	**$ (296)**	$ 4,143

12. 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 debt covenant ratios compared with those required by the covenants associated with the long-term debt. Also, the Fund has $2,000 unutilized credit under the revolver described in note 7. Subsequent to March 31, 2010, the Fund drew on its revolver as described in note 14.

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

	2010	2011	2012	Beyond 2012	**Total**
Accounts payable and accrued liabilities	$ 3,273	$ –	$ –	$ –	$ 3,273
Purchase obligations	–	1,815	109	–	1,924
Distributions payable to unitholders	1,110	–	–	–	1,110
Private debt placement	–	–	–	32,700	32,700
Term facility	–	–	–	20,300	20,300
Total	$ 4,383	$ 1,815	$ 109	$ 53,000	$ 59,307

C) INTEREST RATE RISK

The Fund is exposed to the risk of interest rate fluctuations on its operating credit and term facilities as the interest rates on these facilities are tied to the prime and Bankers' Acceptance rates. Management has elected to continue with a floating rate position on these facilities and monitors this position on an ongoing basis. The Fund's $32,700 private debt placement is fixed and accordingly does not have risk of interest rate fluctuations.

D) FAIR VALUE

The fair value of the Fund's financial instruments, which consist of cash, accounts receivable, deposits on acquisitions, 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. Similarly, the Fund's floating rate debt has a fair value that approximates its face value. The Fund determines the fair value of the fixed rate debt through the use of a discounted cash flow analysis using relevant risk-free bond rates plus an applicable risk premium. The fair value of the Fund's long-term debt is disclosed in note 8.

13. Management of Capital

The Fund's capital is comprised of its cash on hand, 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 Earnings Before Interest, Taxes, Depreciation and Amortization ("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.

14. Subsequent Events

On April 19, 2010, the Fund drew $1,700 on its revolver described in note 7 in the form of a 30-day Bankers' Acceptance, which yielded $1,694 in cash, net of $6 interest paid in advance. The cash was utilized to pay $1,612 of outstanding management fees and associated taxes and interest.

Supplemental Information – Selected Financial and Operating Information

Three months ended ($000's, unaudited)	June 30, 2008	Sept. 30, 2008	Dec. 31, 2008	March 31, 2009	June 30, 2009	Sept. 30, 2009	Dec. 31, 2009	**March 31, 2010**
Revenue								
Fixed franchise fees	$ 4,440	$ 4,431	$ 4,491	$ 4,467	$ 4,445	$ 4,459	$ 4,471	**$ 4,610**
Variable franchise fees	2,628	2,499	1,243	1,194	2,312	2,738	1,631	**1,783**
Premium franchise fees	1,106	1,514	937	420	920	1,674	1,341	**851**
Other fee revenue and services	1,230	1,203	1,069	916	1,162	1,157	1,052	**921**
	$ 9,404	$ 9,647	$ 7,740	$ 6,997	$ 8,839	$ 10,028	$ 8,495	**8,165**
% Revenue by region								
British Columbia	13	11	11	13	12	12	12	**12**
Prairies	10	9	10	10	9	9	9	**10**
Ontario	54	59	53	53	54	56	56	**56**
Quebec	20	18	22	21	22	20	20	**19**
Maritimes	3	3	4	3	3	3	3	**3**
	100	100	100	100	100	100	100	**100**

Three months ended Changes during the period	June 30, 2008	Sept. 30, 2008	Dec. 31, 2008	March 31, 2009	June 30, 2009	Sept. 30, 2009	Dec. 31, 2009	**March 31, 2010**
Number of REALTORS®	181	(5)	(172)	98	(74)	(51)	64	**639**
Number of Agents	164	17	(132)	96	(81)	(46)	51	**579**
Number of fixed fee paying Sales Representatives	12	(11)	(30)	0	(2)	2	8	**64**
Number of locations	(2)	0	(1)	17	(5)	(3)	(5)	**18**
Number of franchise agreements	(1)	0	0	15	(3)	1	(2)	**20**
At end of period								
Number of REALTORS®	14,771	14,766	14,594	14,692	14,618	14,567	14,631	**15,270**
Number of Agents	13,715	13,732	13,600	13,696	13,615	13,569	13,620	**14,199**
Number of fixed fee paying Sales Representatives	740	729	699	699	697	699	707	**771**
Number of locations	644	644	643	660	655	652	647	**665**
Number of franchise agreements	338	338	338	353	350	351	349	**369**