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Royal LePage Franchise Services Fund Announces Second Quarter 2006 Results and Monthly Cash Distribution, www.rsfund.ca

Toronto, ON – August 8, 2006 – (TSX – RSF.UN) Royal LePage Franchise Services Fund (the "Fund") today announced record royalties for the second quarter of 2006. Royalty revenue for the second quarter totalled $7.9 million, an 11% increase over the same period in 2005. Distributable cash for the quarter of $5.7 million increased $0.2 million or 4% when compared to $5.5 million from the second quarter in 2005. Net earnings of $1.5 million or $0.15 per unit represented an increase of $0.1 million or 7% when compared to earnings of $1.4 million or $0.14 per unit from the second quarter of 2005.

This performance reflects growth in the Fund's underlying network of Realtors, and continued strength in the residential resale housing market. "Canada's housing market continued to make advances in the second quarter. A healthy Canadian economy combined with solid consumer confidence continues to drive demand for housing across the country. It is encouraging for our business that we appear to be near the end of an extended period of rising interest rates. Despite these increases, interest rates remain at levels close to historic lows," said Phil Soper, president and chief executive, Royal LePage Franchise Services Fund.

Financial and Operating Highlights
For the three months ended June 30, 2006 and 2005

	Q2 2006 (thousands)	Q2 2006 (per unit)	Q2 2005 (thousands)	Q2 2005 (per unit)
Royalties	$7,932	$0.60	$7,138	$0.54
Operating earnings before management fees[1]	$7,142	$0.54	$6,391	$0.48
Net Earnings	$1,525	$0.15	$1,436	$0.14
Distributable cash	$5,713	$0.43	$5,476	$0.41
Distributions	$3,824	$0.29	$3,662	$0.28

Fund Growth

During the quarter the Fund network organically grew by 177 Realtors. Together, with the 97 Realtors added during the first quarter, the Fund grew by 274 Realtors or 2.3% since January 1, 2006. With the anticipated acquisition of franchise contracts on January 1, 2007 representing 322 agents, the Fund currently has combined growth of 596 new Realtors, which exceeds the 2006 growth objective of adding 500 new Realtors.

[1]Defined as royalties less administration expense and interest expense

Monthly Cash Distribution

The Royal LePage Franchise Services Fund today declared a cash distribution of $0.0958 per unit for the month of August 2006, payable September 29, 2006, to unitholders of record on August 31, 2006.

Outlook

"Canada's housing market remained strong in the second quarter with the pace of growth varying greatly by region. Compared to the same period last year, Ontario, Quebec and Atlantic Canada maintained similar high sales volumes, with moderate price increases, while extraordinary demand and limited inventory drove double digit price increases in the west. Echoing the growth and activity of Canada's market to date, the national average house price is forecast to rise by 9.2 per cent year-over-year to $272,200 by the end of 2006, while transactions are projected to rise marginally to 485,000 unit sales, up by 0.4 per cent from 483,250 unit sales last year. With excellent coverage across the country, and higher Realtor productivity than the industry as a whole, the Fund remains very well positioned to generate continued growth for our unitholders," commented Phil 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 65% 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.

Q2 Conference Call

A conference call for investors, analysts and media to review the first quarter results will be held on Wednesday, August 9, 2006, at 10:00 a.m. (EST). To participate in the conference call, please dial toll free 1-866-296-6505 at approximately 9:50 a.m., EST. The pass code for this call is 53439. 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.rsfund.ca under "Financial Reports" which can be found under "Investment Info."

About Royal LePage Franchise Services Fund

The Royal LePage Franchise Services 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 and Johnston & Daniel brand names. As at June 30, 2006, the Fund Network was comprised of 12,162 Realtors operating from 580 locations under 277 franchise agreements. The Fund Network has an approximate 20% share of the Canadian residential resale real estate market based on transactional dollar volume. Royal LePage Franchise Services Fund is a TSX listed income trust, which pays monthly distributions and trades under the symbol "RSF.UN".

ROYAL LEPAGE FRANCHISE SERVICES FUND

Interim Consolidated Balance Sheets

As at (in thousands of dollars)	June 30, 2006 (unaudited)	December 31, 2005
Assets		
Current assets		
Cash and cash equivalents	**$ 2,268**	$ 9,941
Accounts receivable	**3,320**	2,434
Prepaid expenses	**61**	84
	5,649	12,459
Deferred charges	**599**	684
Deposit on acquisition (note 3)	**1,423**	—
Intangible assets (note 3)	**129,356**	133,022
	$ 137,027	$ 146,165
Liabilities and Unitholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**$ 2,320**	$ 2,064
Purchase obligation (note 3)	**—**	2,893
Distribution payable to unitholders	**957**	915
	3,277	5,872
Long-term debt (note 5)	**38,000**	38,000
Non-controlling interest	**24,257**	25,824
	65,534	69,696
Unitholders' equity	**71,493**	76,469
	$ 137,027	$ 146,165

See accompanying notes to the interim consolidated financial statements

ROYAL LEPAGE FRANCHISE SERVICES FUND

Interim Consolidated Statement of Earnings

(unaudited)

(in thousands of dollars, except unit and per unit amounts)	**Three months ended June 30, 2006**	Three months ended June 30, 2005	**Six months ended June 30, 2006**	Six months ended June 30, 2005
Royalties				
Fixed franchise fees	**$ 3,453**	$ 2,999	**$ 6,833**	$ 5,944
Variable franchise fees	**2,498**	2,231	**4,108**	3,566
Premium franchise fees	**1,125**	1,103	**1,813**	1,679
Other fee revenue and services	**856**	805	**1,670**	1,545
	7,932	7,138	**14,424**	12,734
Expenses				
Administration	**190**	145	**350**	268
Management fee (note 7 (ii))	**1,429**	915	**4,540**	1,830
Interest expense	**600**	602	**1,190**	1,083
Amortization of intangible assets	**3,632**	3,521	**7,236**	6,992
	5,851	5,183	**13,316**	10,173
Earnings before undernoted	**2,081**	1,955	**1,108**	2,561
Non-controlling interest	**(556)**	(519)	**(345)**	(694)
Net earnings	**$ 1,525**	$ 1,436	**$ 763**	$ 1,867
Basic and diluted earnings per unit (9,983,000 units) (note 6)	**$ 0.15**	$ 0.14	**$ 0.08**	$ 0.19

See accompanying notes to the interim consolidated financial statements

ROYAL LEPAGE FRANCHISE SERVICES FUND

Interim Consolidated Statements of Unitholders' Equity

(unaudited)

(in thousands of dollars)		Units		Net Earnings		Distributions		Total
Balance, December 31, 2004	$	92,938	$	5,278	$	(15,518)	$	82,698
Changes during the period:								
Net earnings		—		1,867		—		1,867
Unit distributions		—		—		(5,493)		(5,493)
Balance, June 30, 2005	$	92,938	$	7,145	$	(21,011)	$	79,072
Balance, December 31, 2005	$	92,938	$	10,034	$	(26,503)	$	76,469
Changes during the period:								
Net earnings		—		763		—		763
Unit distributions		—		—		(5,739)		(5,739)
Balance, June 30, 2006	$	92,938	$	10,797	$	(32,242)	$	71,493

See accompanying notes to the interim consolidated financial statements

ROYAL LEPAGE FRANCHISE SERVICES FUND

Interim Consolidated Statements of Cash Flows

(unaudited)

(in thousands of dollars)	**Three months ended June 30, 2006**	Three months ended June 30, 2005	**Six months ended June 30, 2006**	Six months ended June 30, 2005
Cash provided by (used for):				
Operating activities				
Net earnings for the period	**$ 1,525**	$ 1,436	**$ 763**	$ 1,867
Items not affecting cash				
Non-controlling interest	**556**	519	**345**	694
Amortization of deferred charges	**41**	41	**85**	58
Amortization of intangible assets	**3,632**	3,521	**7,236**	6,992
Changes in non-cash working capital	**(925)**	(29)	**(565)**	(860)
	4,829	5,488	**7,864**	8,751
Investing activities				
Deposit on acquisition (note 3)	**—**	—	**(4,978)**	(7,048)
Purchase of intangible assets	**(15)**	(19)	**(15)**	7
Payment of purchase price obligation	**—**	—	**(2,893)**	—
	(15)	(19)	**(7,886)**	(7,041)
Financing activities				
Distributions paid to unitholders	**(2,869)**	(2,747)	**(5,739)**	(5,493)
Distributions paid to non-controlling interest	**(955)**	(915)	**(1,912)**	(1,830)
Proceeds from long-term debt	**—**	—	**—**	38,000
Repayment of term loan	**—**	—	**—**	(30,600)
Deferred charges	**—**	(35)	**—**	(801)
	(3,824)	(3,697)	**(7,651)**	(724)
Increase (decrease) in cash and cash equivalents during the period	**990**	1,772	**(7,673)**	986
Cash and cash equivalents, beginning of period	**1,278**	3,658	**9,941**	4,444
Cash and cash equivalents, end of period	**$ 2,268**	$ 5,430	**$ 2,268**	$ 5,430
Cash and cash equivalents are comprised of:				
Cash	**$ 1,268**	$ 1,430	**$ 1,268**	$ 1,430
Commercial Paper	**1,000**	4,000	**1,000**	4,000
	$ 2,268	$ 5,430	**$ 2,268**	$ 5,430
Supplementary Cash Flow Information				
Interest paid	**$ 559**	$ 557	**$ 1,118**	$ 808

See accompanying notes to the interim consolidated financial statements

Notes to the Interim Consolidated Financial Statements

As at and for the period ended June 30, 2006 (in thousands of dollars) (unaudited)

1. ORGANIZATION

Royal LePage Franchise 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 Royal LePage Franchise Services Fund, its wholly-owned subsidiary RL RES Holding Trust ("RLHT"), and its 75% owned subsidiaries, Residential Income Fund General Partner Limited ("RIFGP") and Residential Income Fund L.P. (the "Partnership"). 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 Residential Income Fund Manager Limited ("RIFML"), 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 financial statements, and should be read in conjunction with the December 31, 2005 annual consolidated financial statements.

3. INTANGIBLE ASSETS

On January 1, 2006, the Partnership acquired 16 franchise agreements from Residential Income Fund Manager Limited ("RIFML") at an estimated purchase price of $6,222 in accordance with the Management Services Agreement ("MSA"). On January 4, $4,978 was paid in cash on deposit against this purchase price obligation in accordance with the MSA. The final purchase price is based on the actual audited royalties derived from these franchises for the 12-month period ending October 31, 2006. Accordingly, the final purchase price is not determinable until that time.

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. These assets are then amortized in accordance with the Fund's policy and calculated on a prospective basis.

The recalculated purchase price obligation in excess of the deposit on acquisition will be recorded as a purchase obligation and the corresponding amount added to the intangible assets and amortized as described above.

During the three and six months ended June 30, 2006, $1,556 and $3,555, respectively, was transferred from "deposit on acquisition" and recorded as "intangible assets".

On May 1, 2006, $15 was paid in cash for legal due diligence relating to the January 1, 2006 acquisition and was recorded as "intangible assets".

3. INTANGIBLE ASSETS (cont'd)

On January 1, 2005, the Partnership acquired 38 franchise agreements from RIFM at a purchase price of $9,934 calculated in accordance with the MSA. On February 18, 2005, $7,041 was paid in cash against this purchase price obligation and the remaining $2,893 was paid in cash on January 4, 2006.

		June 30, 2006	
	Cost	**Accumulated Amortization**	**Net Book Value**
Franchise agreements	**$ 126,218**	**$ 38,265**	**$ 87,953**
Relationships and trademarks	**41,953**	**550**	**41,403**
	$ 168,171	**$ 38,815**	**$ 129,356**

		December 31, 2005	
	Cost	Accumulated Amortization	Net Book Value
Franchise agreements	$ 123,622	$ 31,136	$ 92,486
Relationships and trademarks	40,979	443	40,536
	$ 164,601	$ 31,579	$ 133,022

4. 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 banker 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 June 30, 2006, the operating credit facility had not been drawn upon.

5. LONG-TERM DEBT

On February 18, 2005, the Partnership completed the issuance of a $38,000 private debt placement (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.

6. EARNINGS PER UNIT

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

7. RELATED PARTY TRANSACTIONS

i) Unless disclosed elsewhere, the Fund had the following transactions with parties related to the non-controlling interest during the three and six months ended June 30, 2006 and June 30, 2005. These transactions have been recorded at the exchange amount agreed to between the parties.

	Three months ended June 30, 2006	Three months ended June 30, 2005	**Six months ended June 30, 2006**	Six months ended June 30, 2005
a) Royalties				
Fixed, variable and other franchise fees	**$ 616**	$ 510	**$ 1,077**	$ 952
Premium franchise fees	**$ 926**	$ 930	**$ 1,496**	$ 1,420
b) Expenses				
Management fees	**$ 1,429**	$ 915	**$ 4,540**	$ 1,830
Insurance and other	**$ 23**	$ 22	**$ 46**	$ 44
c) Distributions				
Distributions paid to non-controlling interest	**$ 955**	$ 915	**$ 1,912**	$ 1,830

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

As at	**June 30, 2006**	December 31, 2005
d) Accounts receivable		
Franchise fees receivable and other	**$ 673**	$ 438
e) Accounts payable and accrued liabilities		
Distributions payable to non-controlling interest	**$ 957**	$ 915
Management fees	**$ 553**	$ 325

ii) Management Fees

From inception to December 31, 2005, the Fund had accumulated and retained cash of $9.4 million as a reserve, which in the event of the release of this reserve would result in a 20% management fee payable to RIFML. On January 1, 2006, the Fund released the $9.4 million in reserves, a portion of which was used to fund the 2005 and 2006 franchise agreements purchase obligations. As a result, additional management fees of $1.9 million relating to the $9.4 million in reserves were incurred on January 1, 2006.

SUPPLEMENTAL INFORMATION – SELECTED FINANCIAL AND OPERATING INFORMATION

($ 000's, unaudited)	Three months ended Sept. 30, 2004	Three months ended Dec. 31, 2004	Three months ended March 31, 2005	Three months ended June 30, 2005	Three months ended Sept. 30, 2005	Three months ended Dec. 31, 2005	Three months ended March 31, 2006	**Three months ended June 30, 2006**
Revenue								
Fixed franchise fees	$ 2,691	$ 2,718	$ 2,945	$ 2,999	$ 3,127	$ 3,261	$ 3,380	**$ 3,453**
Variable franchise fees	2,041	1,149	1,335	2,231	2,444	1,327	1,610	**2,498**
Premium franchise fees	1,489	1,009	576	1,103	1,497	1,065	688	**1,125**
Other fee revenue and services	731	660	740	805	869	872	814	**856**
	$ 6,952	$ 5,536	$ 5,596	$ 7,138	$ 7,937	$ 6,525	$ 6,492	**$ 7,932**

Additions for the period:	Three months ended Sept. 30, 2004	Three months ended Dec. 31, 2004	Three months ended March 31, 2005	Three months ended June 30, 2005	Three months ended Sept. 30, 2005	Three months ended Dec. 31, 2005	Three months ended March 31, 2006	**Three months ended June 30, 2006**
Number of Agents and Sales Representatives	210	13	750	323	119	205	443	**177**
Number of Agents	175	38	726	295	138	179	448	**130**
Number of fixed fee paying Sales Representatives	—	—	—	—	477	89	39	**40**
Number of locations	—	(6)	47	—	(4)	—	21	**(2)**
Number of franchisees	—	(1)	38	(1)	(2)	—	16	**(1)**
At end of period								
Number of Agents and Sales Representatives	10,132	10,145	10,895	11,218	11,337	11,542	11,985	**12,162**
Number of Agents	9,317	9,355	10,081	10,376	10,514	10,693	11,141	**11,271**
Number of fixed fee paying Sales Representatives	—	—	—	—	477	566	605	**645**
Number of locations	524	518	565	565	561	561	582	**580**
Number of franchisees	228	227	265	264	262	262	278	**277**

FORWARD LOOKING STATEMENTS

This Quarter's interim statement to unitholders 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 general economic conditions, interest rates, availability of equity and debt financing and other risks detailed from time to time in the Fund's reports filed with Securities Commissions. 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.

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