

The Royal LePage Franchise Services Fund Announces Acquisition and Intent to Increase Distributions

Toronto, ON – December 11, 2006 – (TSX – RSF.UN)

Distributions to Increase in 2007

The Royal LePage Franchise Services Fund (the “Fund”) today declared an increase in its annual distribution target in 2007 of \$0.05 per unit, from \$1.15 to \$1.20 per unit. The increase in monthly distributions applies to unitholders of record on January 31, 2007. This distribution is expected to be formally declared in mid-January, consistent with the Fund’s distribution practice.

“The decision to increase distributions reflects our confidence in what has been a steadily growing business, characterized by strong financial results. We manage our business in a fiscally responsible fashion that includes a conservative payout ratio,” said Philip Soper, President and Chief Executive Officer. “Building on the Fund’s solid financial performance during 2006 and based on our outlook for 2007, we are confident that the business will be able to comfortably manage the level of increased distributions.”

The Fund has attracted over 2,800 net additional Realtors from its inception in August 2003 to September 2006. During 2006, the Fund has attracted 703 net additional Realtors, 313 organically and 390 to be acquired in January 2007, exceeding our objective this year of increasing the net Realtor count by 300 to 500 through recruitment, franchise conversions and acquisitions.

Acquisition Announced

The Fund also announced today that it has approved the acquisition from the Fund Manager of franchise agreements representing 22 real estate brokerage offices and 390 Realtors for approximately \$7.2 million. The purchase price will be finalized at the end of 2007 in accordance with the Management Services Agreement (“MSA”) between the Fund and the Fund management. Typically, the agreements have a term of at least 10 years. The transaction is expected to close early in January 2007.

Funding Through Internal Cash

As outlined in the Fund’s MSA, 80% of the 2007 acquisition price, and the final 20% balance owing from the 2006 acquisitions, will be paid in early January 2007. The combined payment of approximately \$6.7 million, which includes applicable taxes, will be funded internally.

“The Fund’s growth through acquisitions was ahead of plan again this year. We acquired solid real estate businesses across Canada, from Vancouver, British Columbia to Grand Falls, Newfoundland,” said Mr. Soper.

December 2006 Distribution

The Fund today declared a cash distribution of \$0.0958 per unit for the month of December 2006, payable January 30, 2007 to unitholders of record on the close of business on December 29, 2006.

About the 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 and Johnston & Daniel brand names. As at September 30, 2006, the Fund Network was comprised of 12,201 Realtors operating from 579 locations under 276 franchise agreements. The Fund Network has an approximate 20% share of the Canadian residential resale real estate market based on transactional dollar volume. Fund is a TSX listed income trust, which pays monthly distributions and trades under the symbol "RSF.UN".

Forward Looking Statements

This 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 general economic conditions, interest rates, availability of equity and debt financing and other risks detailed in the Fund's 2006 annual information form and from time to time in other reports of the Fund 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.

For more information contact:

Gurinder Sandhu
Vice President Finance
Residential Income Fund Manager Limited
(416) 510-5701
gsandhu@royallepage.ca
www.rsfund.ca