Brookfield Real Estate Services

For Immediate Release

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

Royalties increased 17.1%

Toronto, ON – May 6, 2008 – Brookfield Real Estate Services Fund (the "Fund") (TSX – BRE.UN), today announced that royalties for the quarter ended March 31, 2008 were up 17.1% over first quarter of 2007 to $8.1 million. Distributable cash[1] increased 14.3% to $5.6 million ($0.42 per unit), from $4.9 million ($0.37 per unit) in the first quarter of 2007. Net earnings were $1.3 million ($0.13 per unit), up 44% per unit compared with $0.9 million ($0.09 per unit) in the first quarter of 2007.

The year-over-year increase in royalties resulted from the accelerated growth in the Fund's underlying REALTOR®[2] network which includes the previously announced acquisition of La Capitale Real Estate Network ("La Capitale"), as well as transaction closings from record sales in the fourth quarter of 2007. The growth in distributable cash reflected the growth in royalties, moderated slightly by an increase in interest expense associated with the funding of the La Capitale acquisition.

"In the first quarter, we increased our REALTOR® network by 14.1% year over year through the major acquisition of La Capitale franchise contracts, the purchase of additional Royal LePage franchise contracts and organic growth," said Phil Soper, President and Chief Executive. "This growth boosted our fixed franchise fees, other fees and services, while record home sales in the fourth quarter of 2007 drove variable and premium franchise fees in the first quarter. These fees are recorded by the Fund after related sales transactions close, which is typically 45 to 60 days after the home sale. Home sales in the fourth quarter of 2007 were particularly robust in Toronto where buyers were anxious to avoid the city's new land transfer tax by closing sales transactions before February 1, 2008. Premium fees, which are derived from 24 franchise locations servicing the Greater Toronto Area, were particularly strong as a result.

"During the first quarter, the overall Canadian residential resale real estate market experienced moderating selling price increases, declining sales and increased new listings. Regional differences continued as some regions benefiting from booming natural resource-based industries, notably Saskatchewan and Manitoba, continued to experience double digit growth. Heavy snowfalls in Ontario and Quebec contributed to reduced sales."

Financial and Operating Highlights

For the three months ended March 31, 2008 and 2007

	Q1 2008		Q1 2007	
	(thousands)	(per unit)	(thousands)	(per unit)
Royalties	$ 8,092	$ 0.61	$ 6,910	$ 0.52
Earnings before non-controlling interest	$ 1,757	$ 0.13	$ 1,263	$ 0.09
Net earnings	$ 1,281	$ 0.13	$ 912	$ 0.09
Distributable cash	$ 5,618	$ 0.42	$ 4,915	$ 0.37
Distributions	$ 4,155	$ 0.31	$ 3,993	$ 0.30

[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 2008, the Fund grew organically by 146 REALTORS® and through acquisition of franchise contracts serviced by 1,272 REALTORS® resulting in the total of 14,590 REALTORS® as at March 31, 2008. The acquisitions occurred on January 1, 2008 and were comprised of franchise agreements operating under the La Capitale brand in Quebec represented by 1,060 agents and franchise agreements operating under the Royal LePage brand represented by 212 REALTORS®.

From November 4, 2007 to May 5, 2008, franchise contracts representing 12 locations serviced by an estimated 41 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, 2009. In addition, consistent with the Fund's historical approach to acquisitions, after evaluation, some of the La Capitale agreements purchased by the Manager were retained by the Manager for further development during 2008 and may be presented to the Fund's Trustees for acquisition in January of 2009.

Monthly Cash Distribution

The Brookfield Real Estate Services Fund today declared a cash distribution of $0.104 per unit for the month of May 2008, payable June 30, 2008, to unitholders of record on May 30, 2008.

Outlook

"During the first quarter of 2008, Canada's real estate market remained on stable footing, experiencing healthy year-over-year average house price gains across the country but reduced unit sales. Lower market activity in the first quarter will affect royalty fees in the second quarter, as variable and premium fees are recorded after transactions close. While more modest price increases were observed when compared to previous quarters, the solid appreciations noted in the first quarter are largely due to the shared effects of resilient local economies, high immigration levels, and relatively low interest rates," said Mr. Soper. "The structure of Canada's financial services industry, and the lending products they provide, has buffered Canada from the credit issues that currently exist within the U.S. housing market."

Mr. Soper continued: "With the notable exception of a handful of small western cities, the country has returned to an environment characterized by balanced markets and moderate house price increases, averaging 7.1% for a standard two-storey home, in the first quarter. These conditions are more sustainable in the long term than the house price increases experienced over the past two years. Moderating markets can also provide growth opportunities for leading brands such as the Funds', as REALTORS® are more apt to seek quality brands to boost their productivity at such times.

"In 2008, our growth will reflect the addition of La Capitale as well as continued expansion of the Royal LePage network. We will continue to focus on improving REALTOR® productivity while growing our network organically and through acquisitions."

Based on its existing brands, the Fund targets increasing revenue by 10% over 2007, and its total network by a range of 300 to 500 REALTORS® through organic growth and acquisitions. This target is based on the Fund's current market outlook and continuing successful implementation of its growth strategy and is subject to a number of risks including those outlined under Forward-Looking Statements below and in the Fund's Annual Information Form available at www.sedar.com and on the Fund's website.

Financing the La Capitale Acquisition

On April 4, 2008, the Fund completed a $15 million Term Facility with a single Canadian financial institution to finance obligations arising from the acquisition of the La Capitale brand, trademarks and trademark license. On January 1, 2008, the Fund purchased trademarks, and certain franchise agreements of La Capitale for approximately $17.5 million, of which $14 million representing 80% of the estimated purchase price was payable on January 1, 2008. Interest on the Term Facility is fixed at 4.29% over the term of the facility which matures on February 17, 2010, the same date as the Fund's existing $38 million long-term debt obligations. On January 1, 2008, the Fund paid $1 million in respect of the initial $14 million La Capitale acquisition obligation and upon completion of the $15 million Term Facility the Fund paid the balance of the obligation.

The balance of the purchase price is to be paid in three annual installments in January 2009, 2010 and 2011, based on the audited average annual royalties earned from the acquired La Capitale franchise agreements during the 52-week period ending at the end of the 44th week of each of 2008, 2009 and 2010.

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 66% of the Fund's revenue in fiscal 2007 was based on fixed fees from a large number of long-term franchisee contracts, and the percentage would be similar with the addition of La Capitale. Fixed fees 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 6, 2008, at 2:00 p.m. (Eastern Time). To participate in the conference call, please dial toll free 1-866-296-6505 in Canada and 1-866-211-5938 in the U.S. approximately five minutes before the call. 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.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, 2008, the Fund Network was comprised of 14,590 REALTORS®. As at December 31, 2007, the Fund Network had an approximate 21% 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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Brookfield Real Estate Services Fund

Interim Consolidated Balance Sheets

As at (in thousands of dollars)	**March 31, 2008**	December 31, 2007
	(unaudited)	
Assets		
Current assets		
Cash	**$ 2,365**	$ 7,516
Accounts receivable	**3,272**	2,752
Prepaid expenses	**101**	84
	5,738	10,352
Deposit on acquisition (note 4)	**1,908**	–
Future income tax asset (note 3)	**799**	1,819
Intangible assets (note 5)	**121,857**	117,279
	$ 130,302	$ 129,450
Liabilities and Unitholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	**$ 2,336**	$ 2,232
Purchase obligation (note 5)	**5,358**	2,295
Distribution payable to unitholders	**1,038**	998
	8,732	5,525
Long-term debt (note 7)	**37,660**	37,617
Non-controlling interest	**21,542**	22,106
	67,934	65,248
Unitholders' equity	**62,368**	64,202
	$ 130,302	$ 129,450

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, 2008**	Three months ended March 31, 2007
Royalties		
Fixed franchise fees	**$ 4,336**	$ 3,621
Variable franchise fees	**1,921**	1,720
Premium franchise fees	**893**	737
Other fees and services	**942**	832
	8,092	6,910
Expenses		
Administration	**190**	174
Management fee	**1,473**	1,229
Interest expense	**811**	592
Amortization of intangible assets (notes 4 and 5)	**3,896**	3,652
	6,370	5,647
Earnings before the undernoted	**1,722**	1,263
Income tax (note 3)	**35**	–
Earnings before non-controlling interest	**1,757**	1,263
Non-controlling interest	**(476)**	(351)
Net and comprehensive earnings	**$ 1,281**	$ 912
Basic and diluted earnings per unit (9,983,000 units) (note 8)	**$ 0.13**	$ 0.09

See accompanying notes to the interim consolidated financial statements

Interim Consolidated Statements of Unitholders' Equity

(unaudited) (in thousands of dollars)	Unitholders' Contribution	Net Earnings	Distributions	Deficit	Total
Balance, January 1, 2007	$ 92,938	$ 13,506	$ (37,980)	$ (24,474)	$ 68,464
Changes during the period:					
Net income	–	912	–	912	912
Unit distributions	–	–	(2,995)	(2,995)	(2,995)
Balance, March 31, 2007	$ 92,938	$ 14,418	$ (40,975)	$ (26,557)	$ 66,381
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**

See accompanying notes to the interim consolidated financial statements

The Fund has no accumulated other comprehensive income at March 31, 2008 (December 31, 2007 – $Nil).

Brookfield Real Estate Services Fund

Interim Consolidated Statements of Cash Flows

(unaudited) (in thousands of dollars)	**Three months ended March 31, 2008**	Three months ended March 31, 2007
Cash provided by (used for):		
Operating activities		
Net earnings for the period	**$ 1,281**	$ 912
Items not affecting cash		
Non-controlling interest	**476**	–
Future income tax recovery	**(35)**	351
Non-cash interest expense (note 7)	**43**	39
Amortization of intangible assets	**3,896**	3,652
	5,661	4,954
Changes in non-cash operating working capital	**(393)**	(1,150)
	5,268	3,804
Investing activities		
Deposit on acquisition (note 4)	**(3,949)**	(5,743)
Purchase of intangible assets (note 5)	**(20)**	(14)
Payment of purchase price obligation (note 4)	**(2,295)**	(576)
	(6,264)	(6,333)
Financing activities		
Distributions paid to unitholders	**(3,115)**	(2,953)
Distributions paid to non-controlling interest	**(1,040)**	(957)
	(4,155)	(3,910)
Decrease in cash during the period	**(5,151)**	(6,439)
Cash, beginning of period	**7,516**	6,951
Cash, end of period	**$ 2,365**	$ 512
Supplementary Cash Flow Information		
Interest paid	**$ 559**	$ 559

See accompanying notes to the interim consolidated financial statements

Notes to the Interim Consolidated Financial Statements

March 31, 2008 and 2007 (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”) and Residential Income Fund L.P. (the “Partnership”) and its wholly-owned subsidiaries 9120 Real Estate Network, L.P. (“LCLP”) 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. 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, 2007 annual consolidated financial statements.

Financial Instruments

On January 1, 2008, the Fund adopted CICA Handbook Section 3862, *Financial Instruments – Disclosures* and Section 3863, *Financial Instruments – Presentation.* These two new sections, issued by the CICA on December 1, 2006, replace Handbook Section 3861, *Financial Instruments – Disclosure and Presentation*, revising and enhancing disclosure requirements and carrying forward, unchanged, existing presentation requirements. These new sections place increased emphasis on disclosure about the nature and extent of risks arising from financial instruments and how the entity manages those risks. The Fund has included these disclosures in note 10.

Capital Disclosures

On January 1, 2008, the Fund adopted CICA Handbook Section 1535, *Capital Disclosures*. This section establishes standards for disclosing information about an entity’s capital and how it is managed to enable users of financial statements to evaluate the entity’s objectives, policies and procedures for managing capital. The Fund has included this disclosure in note 11.

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 those temporary tax differences expected to reverse after January 1, 2011 at the tax rates of 29.5% applicable to the Fund in 2011 and 28% applicable after January 1, 2012.

The Fund had a future income tax asset of $1,819 at December 31, 2007 and during the three months ended March 31, 2008, the Fund recorded an additional non-cash future tax asset of $35, arising from the temporary difference in the carrying value and tax bases of the Royal LePage franchise agreements. The total future income tax asset was $1,854 at March 31, 2008.

The assets of LCLP acquired by the Partnership as described in note 4 were obtained on a tax-deferred basis with the related tax value attributed to the partnership units of LCLP held by the Partnership. Accordingly, the individual agreements and trademarks of LCLP at the time of acquisition by the Fund do 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 of $1,055. Under GAAP the Fund is required to adjust the carrying value of the agreements by an amount equal to the income tax liability.

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

i) Royal LePage Franchise Agreement Acquisitions
On January 1, 2008, the Partnership acquired 16 new Royal LePage franchise agreements from BRESL. The estimated purchase price of $3,623 is based on an estimated annual royalty stream of $447 and has been calculated in accordance with a formula set out in the Amended and Restated Management Services Agreement (the “MSA”).
A deposit of $2,899, equal to 80% of the estimated purchase price, was paid from cash on hand on January 2, 2008 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, 2007, the Partnership acquired 22 Royal LePage franchise agreements from BRESL at a purchase price of $8,038 calculated in accordance with the MSA. The purchase price was paid from cash on hand with the deposit of $5,743 paid on January 2, 2007 and balance of $2,295 on January 2, 2008.

ii) La Capitale Asset Acquisition
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 $17,519 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 $2,539. Under these arrangements a deposit of $14,015, being 80% of the estimated purchase price (the “Initial Purchase Obligation”), was due on closing with the balance of the purchase price to be paid in annual installments over the next three years.

The Partnership paid an initial deposit of $1,050 from cash on hand on January 2, 2008. The balance of the Initial Purchase Obligation will be paid from proceeds of a new $15,000 financing which was completed on April 4, 2008 (see note 12).

iii) Deposit on Acquisition
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, 2008, $3,949 was paid and recorded as deposit on acquisition in respect of the Royal LePage and La Capitale acquisitions of which $991 and $1,050, respectively, was transferred from deposit on acquisition to intangible assets.

5. INTANGIBLE ASSETS

A summary of intangible assets is provided in the chart below. During the three months ended March 31, 2008, the intangible asset cost base increased by $8,474 with $7,463 and $1,011 resulting from the acquisition of the La Capitale and Royal LePage assets respectively (see note 4). The increase attributed to the Royal LePage assets was derived from the transfer from deposit on acquisition and $20 of related legal expenses, while the increase attributed to the La Capitale assets was comprised of $5,358 resulting from the quarterly purchase obligation recalculation, $1,055 from the future income tax liabilities (see note 3) and $1,050 from the transfer from deposit on acquisition.

	March 31, 2008		
	Cost	**Accumulated Amortization**	**Net Book Value**
Franchise agreements	**$ 137,829**	**$ 63,757**	**$ 74,072**
Relationships and trademarks	**48,866**	**1,081**	**47,785**
	$ 186,695	**$ 64,838**	**$ 121,857**

	December 31, 2007		
	Cost	Accumulated Amortization	Net Book Value
Franchise agreements	$ 133,393	$ 59,988	$ 73,405
Relationships and trademarks	44,828	954	43,874
	$ 178,221	$ 60,942	$ 117,279

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.

On February 25, 2008, the Partnership renewed the operating credit facility for an additional year, thereby extending the maturity date to March 6, 2009. All terms and conditions of the initial agreement are applicable during the renewal period.

As at March 31, 2008, the operating credit facility had not been drawn upon.

7. 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. The proceeds of the private placement, net of $822 in issue costs, were utilized by the Partnership to payout and retire its $30,600 term loan and to fund the Partnership’s January 1, 2005 franchise agreement acquisition obligations.

The Fund determines the fair value of the long-term debt by amortizing the debt and its related costs over the life of the agreement using the effective interest method. The debt had a fair value of $37,660 at March 31, 2008 (2007 – $37,617).

During the three months ended March 31, 2008, $43 of amortization of long-term debt was recorded as interest expense (2007 – $39).

8. EARNINGS PER UNIT

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

9. 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, 2008 and 2007. These transactions have been recorded at the exchange amount agreed to between the parties.

		As at March 31, 2008		As at March 31, 2007
a) Royalties				
Fixed, variable and other franchise fees	**$**	**603**	$	508
Premium franchise fees	**$**	**774**	$	618
b) Expenses				
Management fees	**$**	**1,473**	$	1,229
Insurance and other	**$**	**25**	$	25
Interest on Initial Purchase Obligation	**$**	**210**	$	–
c) Distributions				
Distributions paid to non-controlling interest	**$**	**998**	$	957

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

		2008		2007
d) Accounts receivable				
Franchise fees receivable and other	**$**	**408**	$	425
e) Accounts payable and accrued liabilities				
Distributions payable to non-controlling interest	**$**	**1,040**	$	998
Management fees	**$**	**458**	$	469
Purchase obligation	**$**	**5,358**	$	–
Interest on Initial Purchase Obligation	**$**	**210**	$	–

10. 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. Over 90% of the Fund's accounts receivable as at March 31, 2008 was less than 60 days outstanding.

b) Fair Value

The fair value of the Fund's financial instruments, which consist of cash, accounts receivable, accounts payable and accrued liabilities, purchase obligations, distributions payable to unitholders and the long-term debt are estimated by management to approximate their carrying values.

11. 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.

12. SUBSEQUENT EVENT

On April 4, 2008, in connection with the La Capitale asset acquisition, the Partnership completed a $15,000 Term Facility with a single Canadian financial institution. Interest on the Term Facility is available in the form of floating prime rate payable quarterly, or a Bankers' Acceptance rate plus 1% with terms of up to six months. With effect from April 7, 2008, the Partnership entered into an interest rate swap agreement which fixed the variable portion of the Term Facility's interest at 3.29% for a total effective annual interest rate of 4.29% before legal and associated costs over the term of the facility. The Term Facility matures on February 17, 2010, the same date as the Fund's existing $38,000 long-term debt obligations described in note 5.

SUPPLEMENTAL INFORMATION – SELECTED FINANCIAL AND OPERATING INFORMATION

Three months ended ($000's, unaudited)	June 30, 2006	Sept. 30, 2006	Dec. 31, 2006	March 31, 2007	June 30, 2007	Sept. 30, 2007	Dec. 31, 2007	**March 31, 2008**
Revenue								
Fixed franchise fees	$ 3,453	$ 3,485	$ 3,509	$ 3,621	$ 3,714	$ 3,749	$ 3,788	**$ 4,336**
Variable franchise fees	2,498	2,377	1,347	1,720	2,870	2,661	1,315	**1,921**
Premium franchise fees	1,125	1,685	990	737	1,306	1,899	1,348	**893**
Other fee revenue and services	856	923	919	832	948	986	997	**942**
	$ 7,932	$ 8,470	$ 6,765	$ 6,910	$ 8,838	$ 9,295	$ 7,448	**$ 8,092**
% Revenue by region								
British Columbia	15	14	14	15	15	13	13	**14**
Prairies	11	11	11	11	11	9	9	**10**
Ontario	57	59	59	58	59	63	63	**55**
Quebec	13	12	12	12	12	11	11	**18**
Maritimes	4	4	4	4	3	4	4	**3**
	100	100	100	100	100	100	100	**100**

Three months ended **Changes during the period**	June 30, 2006	Sept. 30, 2006	Dec. 31, 2006	March 31, 2007	June 30, 2007	Sept. 30, 2007	Dec. 31, 2007	**March 31, 2008**
Number of REALTORS	177	39	(52)	633	178	125	87	**1,418**
Number of Agents	130	36	(49)	610	170	79	84	**1,350**
Number of fixed fee paying Sales Representatives	40	(1)	–	(1)	30	43	19	**(7)**
Number of locations	(2)	(1)	(1)	22	(6)	–	(3)	**55**
Number of franchise agreements	(1)	(1)	(1)	20	(6)	–	(4)	**54**
At end of period								
Number of REALTORS	12,162	12,201	12,149	12,782	12,960	13,085	13,172	**14,590**
Number of Agents	11,271	11,307	11,258	11,868	12,038	12,117	12,201	**13,551**
Number of fixed fee paying Sales Representatives	645	644	644	643	673	716	735	**728**
Number of locations	580	579	578	600	594	594	591	**646**
Number of franchise agreements	277	276	275	295	289	289	285	**339**